

CITY OF GULF BREEZE, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025



Prepared by the Finance Department
Tanya Strickland, Director of Finance

Table of Contents

Introductory Section

Transmittal Letter.....	2 - 9
GFOA Certificate of Achievement	10
Organization Chart.....	11
City Officials.....	12

Financial Section

Independent Auditors' Report.....	13 - 16
Management's Discussion and Analysis.....	17 - 32
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	34
Statement of Activities.....	35
Fund Financial Statements	
Balance Sheet—Governmental Funds	36
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	37
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds.....	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	39
Statement of Net Position – Proprietary Funds.....	40
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	41
Statement of Cash Flows – Proprietary Funds	42
Statement of Fiduciary Net Position – Fiduciary Funds	43
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	44
Notes to Financial Statements	45 - 75
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	77
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Urban Core Redevelopment Fund.....	78
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Impact Fees Fund	79
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Stormwater Fund	80
Schedule of Changes in Total OPEB Liability and Related Ratios.....	81
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Florida Municipal Pension Trust Fund	82
Schedule of Contributions – Florida Municipal Pension Trust Fund.....	83
Schedule of Investment Returns – Florida Municipal Pension Trust Fund.....	84
Other Supplementary Information	
Combining Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	88

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	89
Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Traffic Citation Special Revenue Fund	90
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Tourist Development Special Revenue Fund	91
Combining Financial Statements	
Combining Statement of Net Position – Nonmajor Proprietary Funds	94
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Proprietary Funds	95
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	96

Statistical Section

Table 1	– Net Position by Component – Last Ten Fiscal Years	98
Table 2	– Changes in Net Position – Last Ten Fiscal Years	99 - 101
Table 3	– Charges for Services by Function and Program – Last Ten Fiscal Years	102
Table 4	– Components of Fund Balance – Last Ten Fiscal Years	103
Table 5	– Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	104
Table 6	– Property Tax Levies and Collections – Last Ten Fiscal Years	105
Table 7	– Assessed Value of Taxable Property – Last Ten Fiscal Years	106
Table 8	– Property Tax Rates per \$1,000 of Taxable Value – All Direct and Overlapping Governments – Last Ten Fiscal Years	107
Table 9	– Principal Property Taxpayers – Current Fiscal Year and Nine Years Ago	108
Table 10	– Special Assessment Billings and Collections – Last Ten Fiscal Years	109
Table 11	– Outstanding Debt – Last Ten Fiscal Years	110
Table 12	– Ratio of Total Debt to Assessed Value – Last Ten Fiscal Years	111
Table 13	– Composition of Legal Debt Margin	112
Table 14	– Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	113
Table 15	– Computation of Direct and Overlapping Debt – General Obligations	114
Table 16	– Revenue Bond Coverage – South Santa Rose Utility Certificates – Last Ten Fiscal Years	115
Table 17	– Miscellaneous Demographical Statistics – Last Ten Fiscal Years	116
Table 18	– Table of Property Value, Construction, and Bank Deposits – Last Ten Fiscal Years	117
Table 19	– Principal Employers – Current Year and Nine Years Ago	118
Table 20	– Permits – Last Ten Fiscal Years	119
Table 21	– Water Service Rates	120
Table 22	– Sewer Service Rates	121
Table 23	– Solid Waste Service Rates	122
Table 24	– Natural Gas Service Rates	123
Table 25	– Insurance Coverage	124
Table 26	– Full-time Equivalent City Government Employees by Function – Last Ten Fiscal Years	125
Table 27	– Operating Indicators by Function – Last Ten Fiscal Years	126
Table 28	– Capital Asset Statistics by Function – Last Ten Fiscal Years	127

Other Reports

Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i>	129 - 130
Independent Auditors' Report on Compliance for Each Major Federal Program and Each Major State Project and Report on Internal Control Over Compliance in Accordance with Chapter 10.650, Rules of the Auditor General	131 - 133
Schedule of Expenditures of Federal Awards and State Financial Assistance	134
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	135
Schedule of Findings and Questioned Costs	136 - 139
Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of Florida Office of the Auditor General	140 - 143
Independent Accountants' Examination Report	144
Management's Response to Findings	145 - 147

INTRODUCTORY SECTION



City of Gulf Breeze
1070 Shoreline Drive
Gulf Breeze, Florida 32561
850.934.5115

September 4, 2026

To the Honorable Mayor, City Council Members, and the Citizens of the City of Gulf Breeze, Florida:

Florida law establishes financial reporting and audit requirements for local governments. In accordance with Sections 218.32 and 218.39, Florida Statutes, we are pleased to submit the Annual Comprehensive Financial Report of the City of Gulf Breeze, Florida, for the fiscal year ended September 30, 2025. This report has been prepared to provide a complete and transparent presentation of the City's financial position and results of operations and includes the independent audit required by Florida law.

Management assumes full responsibility for the completeness and reliability of the information in this report, based on a comprehensive internal control framework it has established for this purpose. The cost of internal control should not exceed its anticipated benefits. Accordingly, the objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

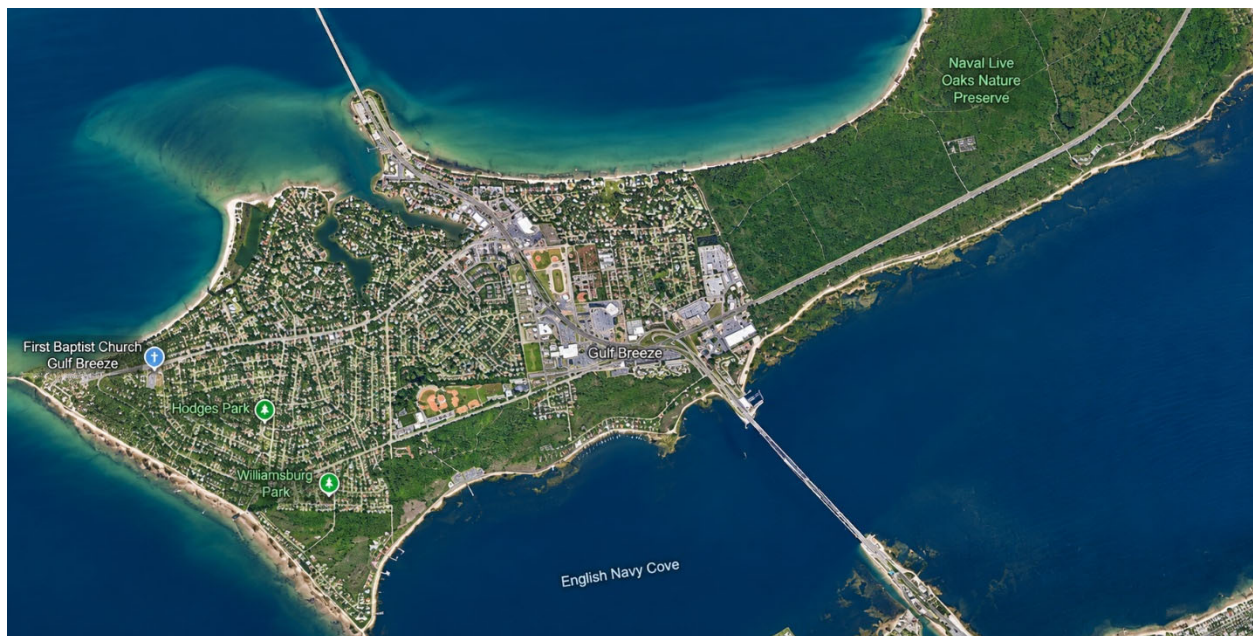
James Moore & Co., P.L., a firm of certified public accountants, has audited the City of Gulf Breeze's financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall presentation of the financial statements. Based on the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Gulf Breeze's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented in Section II - Financial Section, as the first component of the Financial Section of this report.

Management's Discussion and Analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the Financial Statements.

PROFILE OF THE GOVERNMENT

The City of Gulf Breeze was incorporated on August 10, 1961, and is located at the end of the Fairpoint Peninsula in Santa Rosa County. The City of Gulf Breeze covers approximately 4.5 square miles and had an estimated population of 6,342 as of April 1, 2025. The city has 18 miles of waterfront and three protected bayous, where residents enjoy a wide range of waterfront activities. Gulf Breeze is separated to the north by a three-mile bridge across Pensacola Bay from the City of Pensacola and Escambia County, and by the Bob Sikes Bridge (commonly known as the Pensacola Beach Bridge) over Santa Rosa Sound to Pensacola Beach. To the east is the approximately 1,329-acre Naval Live Oaks portion of Gulf Islands National Seashore, located within the city limits and offering nature trails, picnic facilities, National Park Service facilities, and beach access.

The city operates under the Council/Manager form of government. The City Council is composed of five members. Under the city charter, one Council seat is the Mayor's office, and four Council members are elected at large. Council terms run for four years, with terms expiring in alternating years. Mayoral and Council terms begin 30 days after the date of election. The Mayor and Council enact ordinances and resolutions related to municipal services, levy taxes, establish appropriations, issue debt, and institute other fees and regulations that aid in the maintenance of equitable treatment and quality standards within the municipality. All legislative and administrative powers of the municipality, and the determination of all matters of policy, are vested in the municipal council. Each member of Council, including the Mayor, has one vote on each matter. The City Manager is the head of the administrative branch of the government. The City Manager has full authority, acting on behalf of the City Council, over each department, department heads, and city employees, and over all city operations. The City Manager ensures that management functions are carried out in accordance with the policies and procedures endorsed by Council, and that personnel requirements and budget constraints are upheld by department heads responsible for managing the daily operations necessary to provide services to the city's residents and businesses.



City of Gulf Breeze – Google Earth Photo

The City of Gulf Breeze employs approximately 174 employees, including 141 full-time employees, organized into seven departments that provide a full range of municipal services. These services include police protection, volunteer fire protection, finance and accounting, community services, public utility services, recreation, and administrative services. The city's public services include police, fire, parks and recreation, and streets and drainage, as well as enterprise operations, which include water, sewer, stormwater drainage, and natural gas. The city contracts with a private firm through a competitive bid process to provide solid waste and recycling collection services within city limits. Public safety is provided through twenty-four-hour police protection by the fully accredited police department, along with a fully trained volunteer fire department. The police department has received numerous awards for professionalism and innovation and was the first department in Northwest Florida to receive accreditation. The fire department is a hybrid of paid leadership and volunteer-certified firefighters and medics. As of FY2025, the Gulf Breeze Fire Department maintained an ISO Public Protection Classification (PPC) rating of 4, reflecting the community's fire protection capabilities, including department operations

and available water supply. The establishment and professional operation of these departments not only provide peace of mind for residents but also help lower insurance rates for residents.

The City of Gulf Breeze is a stable, full-service, innovative government recognized as a leader in financial programs. As reported in the accompanying financial statements, the city includes all funds of the primary government and all of its component units. Component units are legally separate entities for which the primary government is financially accountable, such as the Community Redevelopment Area (CRA). Additionally, the Capital Trust Agency and Capital Trust Authority are separate legal entities that perform operating functions for the City.

Local Economy

The City of Gulf Breeze's economic base is approximately 73% residential and 27% commercial. Approximately 70% of residential properties located outside the Community Redevelopment Area (CRA) receive a homestead exemption, compared with approximately 25% of residential properties located within the CRA. Because the City of Gulf Breeze is only 4.5 square miles and is bounded by Pensacola Bay, Santa Rosa Sound, and the federally protected Naval Live Oaks area of Gulf Islands National Seashore, opportunities for outward expansion are limited. Accordingly, infill development and redevelopment remain the City's primary opportunities for economic development.

In 1988, the City established the Community Redevelopment Agency (CRA) to support redevelopment and improvements within the City's commercial corridor through tax increment financing (TIF). The CRA Plan was extended in 2018 for thirty years. Over time, CRA-supported redevelopment has contributed to significant commercial, medical, and institutional investment within the corridor, including the Andrews Institute, medical offices and facilities, retail centers, and other commercial development. The CRA continues to focus on infrastructure, mobility, public-space improvements, beautification, public safety, and support for local businesses. Recent initiatives include utility undergrounding along U.S. 98, the Daniel Circle Streetscape project, planning for the U.S. 98 multimodal overpass, improvements to Wayside and Vista Parks, sidewalk and paving improvements, and the CRA Façade Improvement Grant Program. Gulf Breeze also benefits from established community assets—including highly rated public schools, health care facilities, parks and recreational amenities, a public library, community facilities, and proximity to the Pensacola metropolitan area—that contribute to the City's economic vitality and quality of life.

Some of Florida's highest-performing public schools are in Santa Rosa County. Schools serving the Gulf Breeze area have a long record of strong academic performance, consistently earning high marks under Florida's school accountability system. Gulf Breeze schools have also repeatedly earned the Florida Department of Education's "Five Star School Award," which recognizes excellence in community and business partnerships, family involvement, volunteerism, student community service, and School Advisory Council participation.

Parks, recreation, and access to the waterfront are defining components of Gulf Breeze's quality of life. Early in the City's history, Mayor Dr. C. J. Heinberg and the City Council requested and received from Santa Rosa County more than 233 acres of land, which became Shoreline Park. As of FY2025, the City's recreational amenities include 11 sports fields, six children's parks, 10 tennis courts, six pickleball courts, two public boat launches, a dog park, a skate park, a disc golf course, competitive sand volleyball facilities, picnic areas, nature reserves and beaches, nature trails, the Wetlands Trail Boardwalk, and bicycle and multi-use paths.

The City's peninsula setting provides residents with extensive access to parks, natural areas, and surrounding waterways while remaining just minutes from the City of Pensacola and the Gulf of Mexico. The City maintains two popular public boat launch facilities at Shoreline Park and Mariners Landing, both located near Pensacola Pass. Gulf Breeze also maintains approximately 105 acres of undeveloped park property along the waterfront, providing additional opportunities to enjoy the City's natural coastal environment.

Long-term Financial Planning

Future financial requirements are directly tied to the vision and goals set forth in the City of Gulf Breeze Comprehensive Plan, 5-Year Resiliency Strategic Plan, Most Livable City Master Plan, Community Redevelopment Area Plan Update, and Ten-Year Capital Improvement Plan.

The purpose of the Comprehensive Plan is to guide the City's long-term growth and development, management of natural resources, and provision of infrastructure and public services. Recommended strategies for accomplishing the goals of the Comprehensive Plan are organized by plan element and, during the 2020–2025 planning period, were further implemented through the City's five-year Resiliency Strategic Plan.

The CRA Plan Update and the Most Livable City Plan further guide redevelopment within the City's commercial corridor by promoting smart-growth infill, mixed-use development, and multimodal infrastructure to reduce automobile dependency and enhance connectivity.

The purpose of the Capital Improvement Plan is to provide a fiscal planning tool for identifying needed capital projects, allocating funding, and scheduling project implementation. Capital needs are identified through submissions from the City's departments as part of the planning and budget process. Capital planning considers not only initial project costs but also the ongoing maintenance and operational costs associated with those investments.

The Capital Trust Authority is an interlocal agency formed in 2022 by the City of Gulf Breeze and the City of Quincy. The Capital Trust Agency (CTA), an earlier interlocal agency, was formed in 1999 by the City of Gulf Breeze and the Town of Century to facilitate conduit financing programs. The City provides administrative support for CTA's bond sponsorship programs. Historically, revenues from these financing programs have accounted for more than 80% of the City's ad valorem tax revenues, enabling the City to maintain a comparatively low millage rate.



The City Council annually reviews and updates its comprehensive 10-year Capital Improvement Plan (CIP), which serves as a long-range budget and infrastructure planning tool. The CIP identifies anticipated capital needs, project schedules, funding sources, and planned investments across City operations. Continued improvements in long-term project tracking and monitoring support the City's efforts to strengthen capital planning and budget practices.

The Budget

The annual budget serves as the foundation of the City's financial planning and control. Development of the annual budget marks the beginning of the City's financial planning process. A town meeting is held to commence the budget development process. City departments then prepare and submit appropriation requests to the City Manager for review and finalization by mid-June. The City Manager reviews the departmental requests, anticipated revenues, expenditures, capital needs, and other funding requirements to develop a balanced proposed budget for presentation to the City Council.

Beginning in July, several public budget workshops are held, during which the proposed budget is presented to the Mayor and City Council for review and discussion. The City Council considers departmental funding requests, proposed expenditures, revenues, capital improvements, and other budget priorities. A determination regarding the City's proposed millage rate is made, and the required public notices regarding the proposed budget and millage rate are provided in accordance with Florida's Truth in Millage (TRIM) requirements. The final budget is adopted following the requisite public hearings no later than September 30, the close of the City's fiscal year.

Budgetary control is maintained by the City Manager, Finance Director, and Department Directors through a continuous review process. Expenditures are made and monitored in accordance with the adopted budget. Budget transfers and adjustments are processed in accordance with City policy and applicable approval requirements. When changes to the adopted budget are necessary during the fiscal year, authorized adjustments are incorporated through the City's budget amendment process.

Relevant Financial Policies

The City of Gulf Breeze maintains a comprehensive formal investment policy that governs the investment of surplus and restricted reserve funds in accordance with Section 218.415 of the Florida Statutes. During FY2025, the City competitively procured professional investment advisory services and entered into an agreement with Hancock Whitney Bank to provide investment advisory services and support the management and oversight of the City's investment portfolio. The City also maintains established reserves for debt service, insurance, and emergency/disaster recovery.

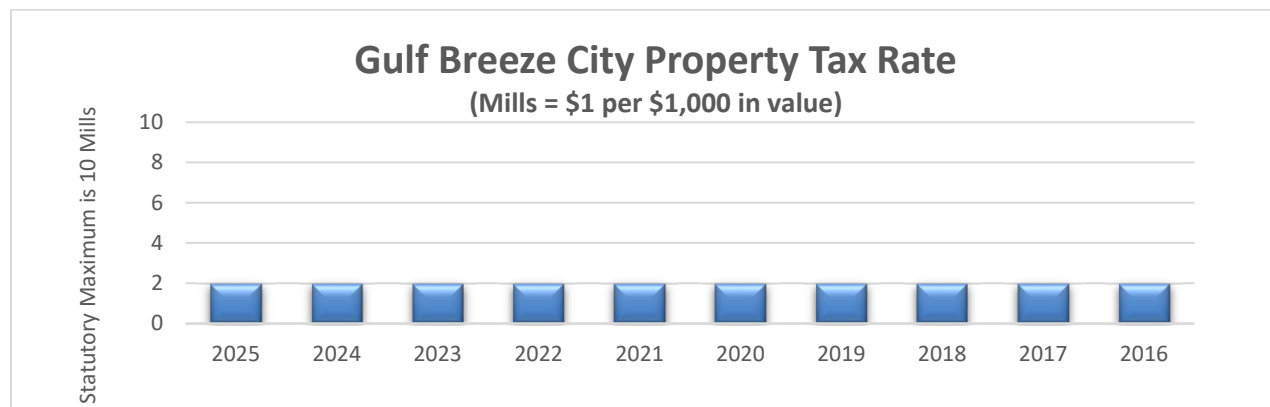
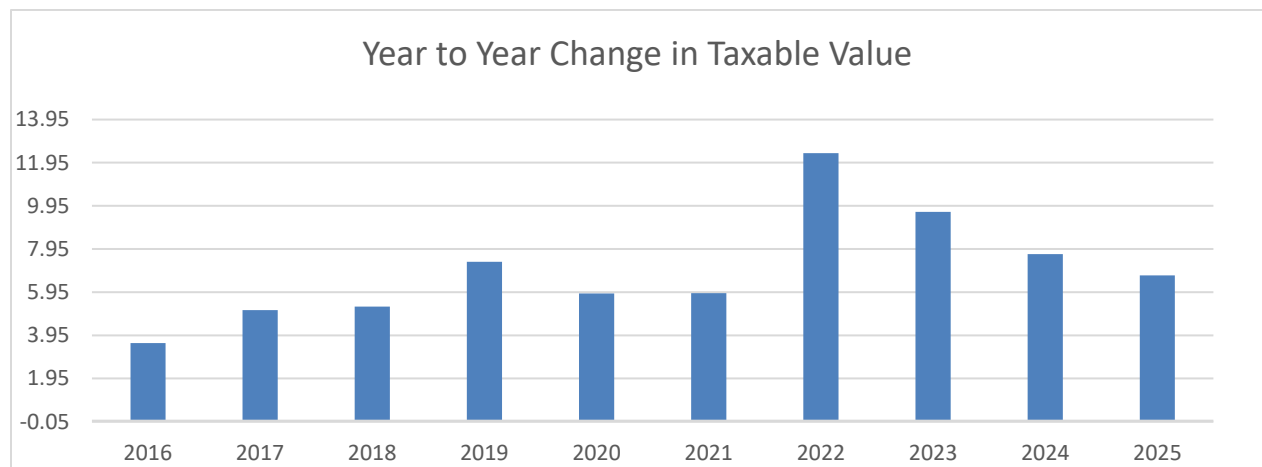
FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when viewed in the broader context of the economic, environmental, and operational conditions in which the City of Gulf Breeze operates. During FY2025, inflation remained elevated but substantially below the levels seen during the post-pandemic period, with the U.S. Consumer Price Index increasing by 3.0% over the 12 months ended September 2025. The City continued to experience cost pressures across goods, services, construction, utilities, and infrastructure investment, while uncertainty surrounding tariffs and construction material pricing posed additional challenges for capital planning.

The City has largely recovered from the effects of the global pandemic, supply-chain disruptions, and the significant storm events experienced during 2020–2022. The City's diversified revenue streams and established emergency reserves, including a fund balance target equivalent to approximately six months of operating expenditures, strengthen the City's ability to maintain operations and respond to unforeseen events and emergencies. At the same time, the scale of the City's capital program and infrastructure needs has increased the importance of grants, state and federal appropriations, enterprise revenues, and long-term capital planning in maintaining the City's financial position.

Property Values

The City's certified taxable property value increased approximately 6.73% in 2025, from \$1.275 billion in 2024 to \$1.361 billion in 2025. Property values have experienced sustained growth over the preceding decade, including increases in assessed City property value of 7.71% in 2024, 9.67% in 2023, 12.39% in 2022, 5.90% in 2021, 5.89% in 2020, 7.36% in 2019, 5.28% in 2018, 5.12% in 2017, 3.59% in 2016, and 3.14% in 2015. (Reference Table VII in the Statistical Section on the next page.)



The City's millage rate has remained relatively stable in recent years, reflecting the City Council's longstanding priority of maintaining a low property tax rate. For FY2025, the City maintained an operating millage rate of 1.9723 mills. (See Table VIII in the Statistical Section.)

Ongoing Major Capital Initiatives

All budgets are constrained by available revenues. Capital projects are prioritized so that available funds are allocated based on need, Council priority, and their impact on City services. Gulf Breeze is a largely built-out community lauded for its superior City services. General Fund revenues are projected to remain relatively flat, with sales tax revenues and the millage rate remaining relatively stable compared with recent years, while infrastructure needs continue to grow. Funds for capital maintenance also rely on enterprise funds generated by the City's "business-like" operations, including natural gas, water, and sewer. Other major capital projects will require grants, state and federal appropriations, government bonds, or other long-term borrowing.

Enterprise capital projects are funded by their respective enterprise revenues, such as the Water and Sewer Fund and the Natural Gas Fund. Additional capital projects selected by the Council may be funded, in whole or in part, by funds derived from non-recurring revenue sources.

Transportation: A number of transportation and multimodal improvements are included in the City's Ten-Year Capital Improvement Plan. These include the continued implementation of the City's paving and resurfacing program, road sign replacement, sidewalk maintenance and expansion, the Multi-Use Pathway, and planned streetscape improvements within the Community Redevelopment Area (CRA).

Technology: The Ten-Year Capital Improvement Plan (CIP) reflects a continued commitment to technology improvements focused on safety, efficiency, and customer communication. Projects include implementation of supervisory control and data acquisition (SCADA) technology to improve response to sewer system issues and reduce staff inspection time, expansion of automatic meter-reading capabilities through an additional base station, investments in geographic information system (GIS) technology to improve emergency-response tracking, and periodic replacement and upgrades of server and other general technology equipment.

Maintenance of City Facilities and Assets: Buildings require renovation, and large equipment items require maintenance and replacement. The FY2025 CIP includes funding for replacement vehicles and equipment, improvements to City facilities, fire hydrant replacements, potable water plant improvements, water main and sewer system improvements, and natural gas maintenance and expansion. FY2025 capital investments also include improvements to the Parks Maintenance Shop, boating and fishing access facilities, replacement police vehicles, and continued investment in utility infrastructure. The Ten-Year CIP further provides for the removal of the City's aged elevated water tank and improvements to City Hall to accommodate staff and operational needs.

Environmental Protection and Green Space: The CIP continues to prioritize stormwater runoff hazards and environmental impacts through stormwater infrastructure improvements, waterline replacements associated with infrastructure changes, and ongoing maintenance projects. The City Council has approved an eight-year citywide Septic-to-Sewer (STS) program, reclaimed-water expansion, a dredging master plan, shoreline restoration, and waterfront improvements. The City has also secured significant grant funding for septic-to-sewer conversions and for the design and future construction of the Shoreline Drainage Basin Project. These investments support improved water quality, environmental protection, infrastructure resiliency, and preservation of the City's coastal resources.

Awards and Acknowledgments

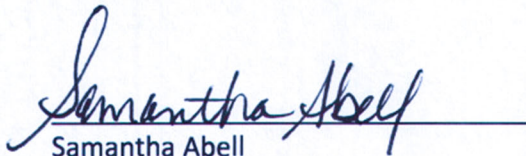
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Gulf Breeze for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. This marked the 22nd consecutive year that the City received this prestigious recognition. To receive the Certificate of Achievement, a government must publish an easily readable, efficiently organized annual comprehensive financial report that complies with both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for one year. The City submitted its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024, to GFOA for consideration for the award for the 23rd consecutive year.

We would like to express our appreciation to the Mayor and City Council for their direction and support in conducting the City's financial operations responsibly and progressively and in maintaining the financial integrity of the City of Gulf Breeze. The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the dedicated services of the Finance Department staff, City Clerks, and the City's Department Directors.

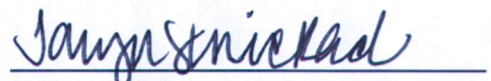
Other City departments, while not extensively involved in year-end audit activities, contribute significantly to ensuring the accuracy and integrity of accounting information throughout the year. Their diligence is essential in assisting the Finance Department in providing the citizens of Gulf Breeze with an accurate and comprehensive financial report.

We would also like to acknowledge James Moore & Co., P.L., for its professional assistance in conducting the City's independent financial audit. Its suggestions and attention to detail continue to enhance the quality of the City's financial reporting.

Respectfully submitted,



Samantha Abell
City Manager



Tanya Strickland
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Gulf Breeze
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

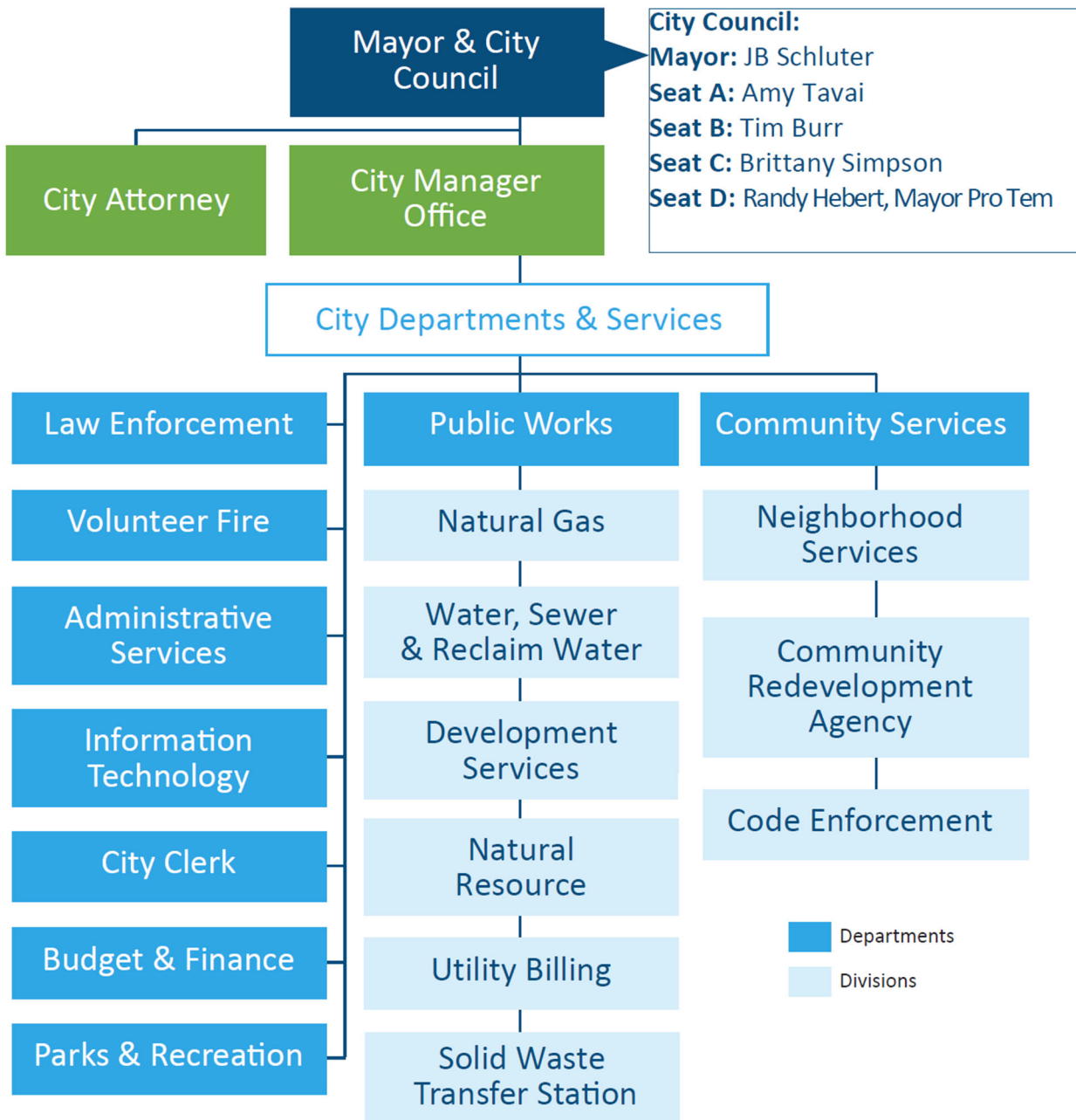
September 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF GULF BREEZE

ORGANIZATIONAL CHART



Elected Officials – City Council

Mayor: JB Schluter

Seat A: Amy White Tavai

Seat B: Tim Burr

Seat C: Brittany Simpson

Seat D: Randy Hebert, Mayor Pro Tem

Appointed Officials

City Manager: Samantha Abell

City Attorney: Mary Jane Bass

CITY OF
GULF BREEZE
— Established 1828 —

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council,
City of Gulf Breeze, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gulf Breeze, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

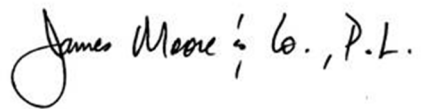
The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included In the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Tallahassee, Florida
September 4, 2026

City of Gulf Breeze, Florida
Management's Discussion and Analysis

As management of the City of Gulf Breeze, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the additional information provided in our letter of transmittal, which begins on page vi of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$100,447,992 (net position). Of this amount, \$23,728,396 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The governmental total unrestricted net position decreased by approximately \$7,500,000 or 50.3%, and the business-type total unrestricted net position decreased by approximately \$3,130,000 or 15.6%.
- The City's total net position increased by approximately \$15,600,000 or 18.4% over the prior fiscal year.
- The governmental funds of the City reported combined ending fund balances of approximately \$16,900,000, an decrease of approximately \$8,400,000 or 10.3%, as total revenues of approximately \$14,800,000 plus total other financing sources of \$3,700,000 are less than the total expenditures and other financing uses of approximately \$27,000,000.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$7,500,000, or approximately 62.3% of the total General Fund expenditures for the year ended September 30, 2025.
- The City's total assets and deferred outflows increased by approximately \$44,800,000 or 32.0% from the prior year.
- The City's total net investment in capital assets increased by approximately \$26,800,000 or 64.8%.
- The City's total liabilities and deferred inflows increased by approximately \$29,200,000, or 51.7%, over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide

City of Gulf Breeze, Florida
Management's Discussion and Analysis

Government-Wide Financial Statements – The City's government-wide financial statements are designed to provide readers with a broad overview, similar to that of a private-sector business.

The Statement of Net Position provides information on the City's total assets and liabilities, with the difference between them reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses reported in this statement may include items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are primarily supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general government, public works, police, fire, parks and recreation, and community services. The City's business-type activities include water and sewer, natural gas, and solid waste.

The government-wide financial statements include the City itself, as the primary government, and its blended component units, Gulf Breeze Financial Services (GBFS) and the Community Redevelopment Agency (CRA). Although legally separate entities, blended component units are, in substance, part of the City's operations and are reported as part of the primary government. The government-wide financial statements are presented on pages 34-35 of this report.

Funds

Fund Financial Statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds: the General Fund, Urban Core Redevelopment Fund, Impact Fee Fund, Stormwater Special Revenue Fund, Traffic Citation Special Revenue Fund, Tourism Development Special Revenue Fund, and Police Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Urban Core Redevelopment Fund (UCR), the Impact Fee Fund, and the Stormwater Fund, which are considered major funds. Data from the remaining three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of the combining statements elsewhere in this report.

The City adopts annual budgets for its General Fund, Urban Core Redevelopment Fund, and Stormwater Fund. Budget-to-actual schedules are provided for these funds to demonstrate compliance with the adopted budgets.

The fundamental financial statements for the governmental fund are on pages 36-39 of this report.

Proprietary Funds – All of the City's proprietary funds are maintained as enterprise funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility operations, including water operations and distribution, sewer collection and treatment, natural gas operations and distribution, and solid waste services, as well as the activities of Gulf Breeze Financial Services (GBFS), a blended component unit of the City.

Proprietary fund financial statements provide more detailed information about the City's enterprise activities. Separate information is presented for the Water & Sewer Fund, Natural Gas Fund, GBFS Fund, and Solid Waste Control Fund. The Water & Sewer Fund, Natural Gas Fund, and GBFS Fund are classified as major enterprise funds. Data for the remaining non-major enterprise funds are combined into a single aggregated presentation, with individual fund information provided in the combining statements elsewhere in this report.

The basic proprietary fund financial statements are located on pages 40-42 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's fiduciary funds include the Police Officers' Retirement Fund and the D.A.R.E. Escrow Custodial Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements are located on pages 43-44 of this report.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements are located on pages 45-75 of this report.

Other Information

Along with the basic financial statements and notes, this report includes specific required supplementary information about budget comparisons and the City's progress in funding pension obligations for employees. This additional information is available on pages 77-84.

The combining statements referred to earlier in connection with non-major governmental and proprietary funds are presented immediately after the required supplementary information. Combining and individual fund statements and schedules are located on pages 88-96 of this report.



Fishing Pier at Mariners Landing

City of Gulf Breeze, Florida
Management's Discussion and Analysis
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$100,400,000 at the close of the most recent fiscal year, as reported in Table 1 below.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 19,370,046	27,698,043	\$ 21,991,772	\$ 29,919,675	\$ 41,361,818	\$ 57,617,718
Capital assets	38,283,427	34,443,465	87,198,502	29,943,436	125,481,929	64,386,901
Total assets	<u>\$ 57,653,473</u>	<u>\$ 62,141,508</u>	<u>\$ 109,190,274</u>	<u>\$ 59,863,111</u>	<u>\$ 166,843,747</u>	<u>\$ 122,004,619</u>
DEFERRED OUTFLOWS	<u>\$ 667,460</u>	<u>\$ 701,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 667,460</u>	<u>\$ 701,046</u>
LIABILITIES						
Current liabilities	\$ 3,781,462	\$ 848,819	\$ 15,240,578	\$ 8,081,168	\$ 19,022,040	\$ 8,929,987
Noncurrent liabilities:	16,074,117	19,737,220	30,673,259	7,290,893	46,747,376	27,028,113
Total liabilities	<u>\$ 19,855,579</u>	<u>\$ 20,586,039</u>	<u>\$ 45,913,837</u>	<u>\$ 15,372,061</u>	<u>\$ 65,769,416</u>	<u>\$ 35,958,100</u>
DEFERRED INFLOWS	<u>\$ 1,293,869</u>	<u>\$ 1,880,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,293,869</u>	<u>\$ 1,880,027</u>
NET POSITION						
Net investment in capital assets	\$ 23,257,447	\$ 19,631,864	\$ 44,810,496	\$ 21,671,478	\$ 68,067,943	\$ 41,303,342
Restricted	7,165,785	6,536,886	1,485,798	2,705,096	8,651,583	9,241,982
Unrestricted	6,748,253	14,207,738	16,980,143	20,114,476	23,728,396	34,322,214
Total net position	<u>\$ 37,171,485</u>	<u>\$ 40,376,488</u>	<u>\$ 63,276,437</u>	<u>\$ 44,491,050</u>	<u>\$ 100,447,922</u>	<u>\$ 84,867,538</u>

The City's net investment in capital assets (e.g., land, buildings, machinery and equipment), less any outstanding debt used to acquire those assets, totaled \$68,067,943 (68% of total net position) as of September 30, 2025. The City uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$8,651,583 (9% of total net position) of the City's net position represents resources subject to external restrictions on their use. The remaining \$23,728,396 of unrestricted net position (23% of total net position) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

At the end of the current fiscal year, the City reports positive balances in all categories of net position, both in the separate governmental and business-type activities.

Governmental activities before transfers decreased the City's net position by approximately \$1,300,000. The key elements of this change are presented in Table 2A below.

	Governmental Activities		Year over year change	
	2025	2024	\$ Amount	Pct of 2024
REVENUES				
Property taxes	3,870,293	3,549,650	\$ 320,643	9.0%
Other taxes	4,631,743	4,551,336	80,407	1.8%
Charges for services	3,120,437	2,096,915	1,023,522	48.8%
Intergovernmental and grants	1,028,905	1,867,107	(838,202)	-44.9%
Other revenues	2,145,496	3,002,280	(856,784)	-28.5%
Total revenues	<u>14,796,874</u>	<u>15,067,288</u>	<u>(270,414)</u>	<u>-1.8%</u>
EXPENSES				
General government	1,960,538	3,632,117	(1,671,579)	-46.0%
Public safety	4,372,203	4,706,040	(333,837)	-7.1%
Transportation	1,867,300	2,254,746	(387,446)	-17.2%
Physical environment	560,504	403,439	157,065	38.9%
Community redevelopment	286,155	294,218	(8,063)	-2.7%
Culture and recreation	3,768,853	2,891,856	876,997	30.3%
Sewer and stormwater	-	-	-	0.0%
Interest expense	622,071	633,130	(11,059)	-1.7%
Total expenses	<u>13,437,624</u>	<u>14,815,546</u>	<u>(1,377,922)</u>	<u>-9.3%</u>
Transfers	<u>(4,564,253)</u>	<u>1,431,385</u>	<u>(5,995,638)</u>	<u>-418.9%</u>
Change in net position	<u>(3,205,003)</u>	<u>1,683,127</u>	<u>(4,888,130)</u>	<u>-290.4%</u>
Net position, beginning of year	<u>40,376,488</u>	<u>38,693,361</u>	<u>1,683,127</u>	<u>4.3%</u>
Net position, end of year	<u>\$ 37,171,485</u>	<u>\$ 40,376,488</u>	<u>\$ (3,205,003)</u>	<u>-7.9%</u>

For comparative purposes, total revenues for government activities decreased by \$270,414, or 1.8%, from the prior fiscal year. The largest share of this decrease is attributable to settlement proceeds received in the prior year, which were associated with financing transactions initiated by the City's GBFS department in 1985.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

Contributions from the component unit remained unchanged from the prior year. The CTA is reported as a discretely presented component unit of the City and issues separate financial statements. Funding for the fiscal year ending September 30, 2025, remained consistent with the prior fiscal year at \$1,000,000.

Property taxes increased by \$320,643, or 9.0%, while the millage rate remained consistent. Intergovernmental revenues decreased by \$838,202, or 44.9%, primarily from County gasoline taxes. Other taxes increased by \$80,407, or 1.8%, driven by higher tourist development taxes, electricity franchise fees, and municipal taxes. Operating grants decreased by \$1,516,341, or 66%, primarily related to the Coronavirus State and Local Fiscal Relief Funds received in prior years.

The City experienced an increase in service charges of \$1,023,522, or 48.8% compared to the prior fiscal year. The increase was attributable, in part, to increases in the City's fee schedules adopted during FY2025.

The corresponding total expenses decreased by \$1,377,922, or approximately 9.3%, over the prior year.

The largest share of the decrease in governmental activities expenses was approximately \$1.7 million related to general government. The decrease primarily reflects lower general government expenses compared to the prior year, which included several nonrecurring and other expenses that did not continue at the same level in the current year.

The City's cultural and recreation expenditures increased by \$876,997 or 4.1%, due to a variety of factors, including increased recreation/community center programs including expanding the summer camp program operations, and additional depreciation expense.

The City's transportation expenses decreased by \$387,446, or 17.2%, due to reduced paving costs.

Physical environment expenses increased by \$157,065, or 38.9%, primarily due to projects within the tax increment financing district (TIF). Public safety expenses increased by \$333,837, or 7.1%. Governmental expenses related to debt service interest decreased by \$11,059 or 1.7%, due to continued debt repayments.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

Business-type activities before transfers increased the City's net position by approximately \$14,200,000. The key elements of this change are shown in Table 2B below.

	Business-type Activities		Year over year change	
	2025	2024	\$ Amount	Pct of 2024
REVENUES				
Charges for services				
Water and sewer	\$ 14,528,675	\$ 13,475,000	1,053,675	7.8%
Natural gas	4,701,247	4,477,621	223,626	5.0%
Solid waste control	1,324,831	1,248,270	76,561	6.1%
Gulf Breeze Financial Services	29,151	233,111	(203,960)	-87.5%
Intergovernmental and grants	9,054,041	1,392,432	7,661,609	550.2%
Other revenues	2,920,183	1,402,031	1,518,152	108.3%
Total revenues	32,558,128	22,228,465	10,329,663	46.5%
EXPENSES				
Water and sewer	13,337,916	10,366,313	2,971,603	28.7%
Natural gas	3,735,805	3,474,916	260,889	7.5%
Solid waste control	1,181,763	1,243,935	(62,172)	-5.0%
Gulf Breeze Financial Services	81,510	56,834	24,676	43.4%
Total expenses	18,336,994	15,141,998	3,194,996	21.1%
Transfers	4,564,253	(1,431,385)	5,995,638	-418.9%
Change in net position	18,785,387	5,655,082	13,130,305	232.2%
Net position, beginning of year	44,491,050	38,835,968	5,655,082	14.6%
Net position, end of year	\$ 63,276,437	\$ 44,491,050	\$ 18,785,387	42.2%

In the fiscal year ending September 30, 2025, revenues from charges for services for the business-type activities increased by \$1,149,902, or 5.9%, from the prior fiscal year. The largest share of this increase came from revenues generated by the water and sewer funds.

Additionally, charges for services for Natural Gas increased by \$223,626, while Solid Waste remained relatively consistent with the prior year and Gulf Breeze Financial Services decreased as operations continued to wind down.

Capital grants and contributions increased by \$7,661,609, or 550.2%, from the prior fiscal year. The increase was primarily attributable to RESTORE grant funding received for construction of the City's \$64 million Thomas E. Lambert Reclamation Facility. Other revenues for business-type activities increased by approximately \$1,500,000, or 108.3%, over the prior fiscal year.

The enterprise investment earnings decreased by \$589,956 or 52.3%, with a total investment gain of \$538,293. Substantially all of this amount is from the City's blended component unit, GBFS. More information can be obtained by contacting GBFS in writing at 315 Fairpoint Drive, Gulf Breeze, FL 32561. GBFS is a blended component unit of the City and issues separate financial statements. The City established an Investment Policy and Investment Committee in the latter part of 2018, and as a result, reserve funds are being invested.

Business-type expenditures increased by \$3,194,996, or 21.1%, over the prior fiscal year, primarily due to increased expenses in the Water and Sewer Fund. Natural Gas Fund expenses increased by

City of Gulf Breeze, Florida

Management's Discussion and Analysis

\$260,889, or 7.5%, primarily due to the cost of gas, while Solid Waste Fund expenses decreased by \$62,172, or 5%.



City of Gulf Breeze, Florida
Management's Discussion and Analysis

Table 2c below compares the changes in net position for both governmental and business-type activities over the past two fiscal years.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Property taxes	3,870,293	3,549,650	\$ -	\$ -	\$ 3,870,293	\$ 3,549,650
Other taxes	4,631,743	4,551,336	-	-	4,631,743	4,551,336
Charges for services	3,120,437	2,096,915	20,583,904	19,434,002	23,704,341	21,530,917
Intergovernmental and grants	1,028,905	1,867,107	9,054,041	1,392,432	10,082,946	3,259,539
Other revenues	2,145,496	3,002,280	2,920,183	1,402,031	5,065,679	4,404,311
Total revenues	14,796,874	15,067,288	32,558,128	22,228,465	47,355,002	37,295,753
EXPENSES						
General government	1,960,538	3,632,117	-	-	1,960,538	3,632,117
Public safety	4,372,203	4,706,040	-	-	4,372,203	4,706,040
Transportation	1,867,300	2,254,746	-	-	1,867,300	2,254,746
Physical environment	560,504	403,439	-	-	560,504	403,439
Community redevelopment	286,155	294,218	-	-	286,155	294,218
Culture and recreation	3,768,853	2,891,856	-	-	3,768,853	2,891,856
Water and sewer	-	-	13,337,916	10,366,313	13,337,916	10,366,313
Natural gas	-	-	3,735,805	3,474,916	3,735,805	3,474,916
Solid waste control	-	-	1,181,763	1,243,935	1,181,763	1,243,935
Gulf Breeze Financial Services	-	-	81,510	56,834	81,510	56,834
Interest expense	622,071	633,130	-	-	622,071	633,130
Total expenses	13,437,624	14,815,546	18,336,994	15,141,998	31,774,618	29,957,544
Transfers	(4,564,253)	1,431,385	4,564,253	(1,431,385)	-	-
Change in net position	(3,205,003)	1,683,127	18,785,387	5,655,082	15,580,384	7,338,209
Net position, beginning of year	40,376,488	38,693,361	44,491,050	38,835,968	84,867,538	77,529,329
Net position, end of year	\$ 37,171,485	\$ 40,376,488	\$ 63,276,437	\$ 44,491,050	\$ 100,447,922	\$ 84,867,538

City of Gulf Breeze, Florida
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,911,067, a decrease of \$8,416,544, or 33%, compared with the prior year. Definitions of fund balance classifications are provided in the notes to the financial statements.

As of September 30, 2025, the governmental funds have a total of \$5,412,344 restricted for the following purposes:

Community Redevelopment	\$3,616,660
Debt service requirements	\$658,025
Infrastructure & improvements	\$886,579
Public safety-related projects.	\$251,080

As of September 30, 2025, the governmental funds have a total of \$288,480 committed for the following purposes:

Beautification	\$13,562
Community funds	\$437
Parks subdivision	\$24,481
Self-insurance	\$250,000

As of September 30, 2025, the governmental funds have a total of \$5,560,347 assigned for the following purposes:

Disaster Recovery	\$100,000
Infrastructure	\$3,030,504
Public Safety	\$532,910
Stormwater management	\$1,050,411
Subsequent year's budget	\$846,522

City of Gulf Breeze, Florida
Management's Discussion and Analysis

Approximately 31.1% (\$5,256,478) of the governmental fund balances remain unassigned by the government, and \$393,418 is non-spendable because it is set aside for inventory and prepaid items. The City strives to maintain adequate operating reserves, with a general target of approximately six months reserves for its major funds. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the fund's total operational expenditures. The unassigned fund balance of \$7,494,460 represents 62.3% of the total General Fund expenditures of \$12,030,280 for the fiscal year ending September 30, 2025.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, the unassigned fund balance totaled \$7.5 million, and the total fund balance totaled \$9.6 million. The City's General Fund balance decreased by \$900,000 during the current fiscal year. This decrease is primarily due to capital outlay expenditures incurred during the current fiscal year.

At the end of the current fiscal year, the assigned fund balance in the stormwater fund totaled \$1.0 million, while the total fund balance totaled \$1.1 million. The fund balance of the City's stormwater fund decreased by \$30,000 during the current fiscal year. This decrease is primarily due to capital outlay and other expenditures, which were slightly outpaced by taxes and other revenues in the current year.

The CRA Fund is used specifically for improvements within the City's defined commercial TIF district. Long-term planning and projects within the district are managed by the CRA, as defined in the CRA plan. The CRA plan is approved by the Santa Rosa County taxing authorities and by City Council Resolution 19-89, as required under Chapter 163, Part III, of the Florida Statutes. These tax revenues also support and enhance economic development within the district, including traffic management, lighting, and landscaping. The CRA's fiscal year-end fund balance is \$3.6 million, and these funds will be used for projects under the renewed 30-year plan submitted to the Florida Department of Economic Opportunity in 2020.

At the end of the current fiscal year, the Impact Fee Fund had an assigned fund balance of \$3.0 million, a decrease of \$1.4 million from the prior year, primarily due to the transfer of prior-year impact fees to the Water and Sewer Fund for capital projects.

Proprietary Funds – A government's proprietary funds may be classified into two fund types: enterprise funds and internal service funds. For the City, enterprise funds report activities for which fees are charged to external users for goods or services. An activity is required to be accounted for as an enterprise fund if it meets any of the following criteria: (1) the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; (2) laws or regulations require that fees and charges be designed to recover costs, including capital costs such as depreciation or debt service; or (3) the activity's pricing policies are designed to establish fees and charges to recover its costs, including capital costs such as depreciation or debt service.

Enterprise fund accounting is designed to highlight the extent to which fees and charges are sufficient to cover the cost of providing goods and services.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

The unrestricted net position of the City of Gulf Breeze's proprietary funds totaled \$16,980,143 at the end of the fiscal year, a decrease of \$2,678,951 from the prior fiscal year. The following table presents the unrestricted net position for proprietary funds at the fiscal years ended September 30, 2025, and 2024.

<i>September 30,</i>	2025	2024
Water and sewer fund	\$ 5,435,849	\$ 8,017,990
Natural gas fund	516,569	947,120
Gulf Breeze Financial Services	11,340,571	10,854,571
Non-major proprietary funds	(312,846)	(160,587)
Total unrestricted net position	<u>\$ 16,980,143</u>	<u>\$ 19,659,094</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final amended budget for the fiscal year showed budgeted expenditures of \$12,794,344 and actual expenditures of \$11,320,198 for a difference of \$1,474,146. The City may amend a budget at any time during a fiscal year or within (60) days after the end of the fiscal year. To comply with this requirement, the final budget amendment for the fiscal year ended September 30, 2025, was adopted by the City Council on November 17, 2025, through Resolution No. 57-2025. Some estimates were used in the final budget, and once the final audited figures were calculated, the difference between the final actual expenditures and the budget estimates was not material.

The General Fund's final budgeted revenues exceeded actual revenues by \$864,999. Because estimates are often used to close the books at the fiscal year-end, the final audited figures are not considered material to an overall \$9,166,911 budget for the fiscal year ending September 30, 2025.

The highlights of the budgetary changes are as follows:

The original fiscal year General Fund adopted budget was \$13,043,414, and the final amended budget was \$13,440,681, for a difference of \$397,267, or approximately 3.0% more than the original adopted budget. The change from the original adopted budget to the final adopted budget is primarily due to the carryforward of prior-year purchase orders for projects and purchases that were not completed by the end of FY2024, along with other year-end personnel and operating expenditure adjustments.

The Council has established the level of budgetary control at the fund and budget classification levels. The City Manager and the Director of Finance are authorized to transfer budgeted amounts within departments and within budget categories within the same fund; however, any revisions that alter the total expenditures of any fund or fall outside the budgeted categories must be approved by the City Council. The City Council approves budget changes throughout the fiscal year, and the Director of Finance prepares quarterly budget Resolutions to ratify budgetary changes approved by the Council.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ACTIVITY

Capital Assets

A year-over-year comparison of capital asset balances is as follows:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$1,665,972	\$1,665,972	\$2,663,827	\$2,663,827	\$4,329,799	\$4,329,799
Construction in progress	12,338,673	8,086,485	58,651,402	12,402,245	70,990,075	20,488,730
Buildings and improvements	17,845,291	17,845,291	696,501	813,685	18,541,792	18,658,976
Improvements other than buildings	24,719,860	24,179,774	13,921,465	11,603,412	38,641,325	35,783,186
Infrastructure	9,701,771	9,426,679	49,485,317	49,485,317	59,187,088	58,911,996
Machinery and equipment	8,606,429	8,265,816	8,628,400	8,351,050	17,234,829	16,616,866
Accumulated depreciation	(36,594,569)	(35,026,551)	(54,519,824)	(54,960,058)	(91,114,393)	(89,986,609)
Total	\$38,283,427	\$34,443,466	\$79,527,088	\$30,359,478	\$117,810,515	\$64,802,944

For Fiscal Year 2025, the City of Gulf Breeze's total investment in capital assets, net of accumulated depreciation, increased by approximately \$53.4 million, or 83.0%, compared with the prior fiscal year. Governmental activities capital assets increased by approximately \$3.8 million, or 11.1%, while business-type activities capital assets increased by approximately \$49.6 million, or 165.6%. Accumulated depreciation increased by approximately \$1.1 million, or 1.3%, overall.

Some of the major changes in capital assets are summarized below:

- Business-type construction in progress increased by approximately \$46.2 million, primarily reflecting continued construction of the City's \$64 million wastewater and reclamation facility expansion project.
- Governmental construction in progress increased by approximately \$4.0 million, from \$8.4 million to \$12.3 million, reflecting continued investment in governmental capital projects.
- Additional governmental capital asset activity included approximately \$1.5 million in additions to depreciable assets, primarily machinery and equipment, improvements other than buildings, and infrastructure.

Additional information on the City's capital assets can be found in Note 4 in the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the City had a total long-term debt of \$53,880,299, including \$7,384,656 due within one year. Governmental debt is to be repaid from general government revenues. Business-type obligations are secured by specified revenue sources.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

A year-over-year comparison of non-current liability balances is as follows:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue bonds	\$18,390,936	\$18,389,346	\$14,651,641	\$5,588,140	\$33,042,577	\$23,977,486
State revolving loan	-	-	19,009,060	424,061	19,009,060	424,061
Notes payable	-	-	890,110	953,610	890,110	953,610
Financing lease obligation	-	-	165,781	165,780	165,781	165,780
Compensated absences	430,097	272,229	342,674	210,228	772,771	482,457
Total	\$18,821,033	\$18,661,575	\$35,059,266	\$7,341,819	\$53,880,299	\$26,003,394

The City did not issue any new debt instruments during the year ended September 30, 2025. The governmental bonds and business-type debt instruments declined during the year due to scheduled periodic debt service.

There are no limitations on the amount of debt the City may issue, neither by the City's charter, code of ordinances, nor by the Florida Statutes. Additional information on the City's long-term obligations can be found in Note 10 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Total assessed property values within the City increased approximately 7.1% over the prior tax year from \$1,272,120,515 to \$1,361,825,487.
- Per capita income decreased from \$71,812 to \$69,961, or approximately 2.6% below the prior fiscal year.
- Capital outlay expenditures increased by approximately 3.0%, from approximately \$5.6 million in fiscal year 2024 to \$5.8 million in fiscal year 2025.

Major capital projects for the upcoming fiscal year include:

- Gulf Breeze Regional Water Reclamation Facility Upgrade & Expansion - \$23.8M
- Septic-to-Sewer (STS) Conversion Program - \$18.25M
- Neighborhood Collectors Underground Utility Conversion - \$8.6M
- Asbestos-Cement (AC) Water Main Replacements - \$4.0M
- Regional Reclaimed Water Expansion – Phase III - \$3.55M
- Other Highlights:
 - In 2018, the City Council adopted an updated thirty-year Community Redevelopment Area (CRA) Plan, extending the redevelopment program through 2048. The CRA continues to provide a framework for redevelopment, infrastructure improvements, economic development, and other eligible improvements within the City's commercial corridor.
 - The City completed significant recreational improvements at Shoreline Park North, including construction of four new pickleball courts and resurfacing and restriping of ten tennis courts and two outdoor basketball courts. The improvements were completed and accepted by the City in April 2025.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

- Continued investment in the City's water infrastructure included completion of the Highpoint Water Main Replacement Project, which replaced approximately 1,400 linear feet of aging asbestos-cement water main, and commencement of the Shoreline Waterline Replacement Project to replace additional aging asbestos-cement water infrastructure.
- Restoration and redevelopment of Mariners Landing (formerly Wayside Park) continued following damage sustained during Hurricane Sally. Public boat-ramp access was restored in FY2025, representing a significant milestone in the phased restoration of this waterfront recreational facility.
- The City continued the implementation of its Septic-to-Sewer (STS) Conversion Program to improve water quality and transition properties from onsite septic systems to central sewer service. Construction on the Florida and Montrose STS project began in January 2025, while property connections associated with the Fairpoint conversion project continued.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 1070 Shoreline Drive, Gulf Breeze, Florida 32561.

The City's website is www.cityofgulfbreeze.us.

BASIC FINANCIAL STATEMENTS

These basic financial statements contain Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements.

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Capital Trust Agency, Inc.	Capital Trust Authority, Inc.
ASSETS					
Equity in pooled cash and cash equivalents	\$ 9,139,702	\$ 4,206,722	\$ 13,346,424	\$ 3,114,977	\$ 2,463,725
Investments	2,702,793	9,742,411	12,445,204	-	-
Receivables, net	441,353	5,406,837	5,848,190	158,093	16,512
Internal balances	(556,790)	556,790	-	-	-
Due from affiliates	-	-	-	39,894	-
Due from other governments	366,869	-	366,869	-	-
Inventories	30,385	515,970	546,355	-	-
Prepaid items	-	-	-	9,890	5,066
Deposits	3,218	-	3,218	-	-
Net pension asset	1,753,441	-	1,753,441	-	-
Restricted assets:					
Equity in pooled cash	5,489,075	1,563,042	7,052,117	-	-
Capital assets:					
Capital assets, not being depreciated	14,004,645	61,315,229	75,319,874	-	-
Other capital assets, net of depreciation	24,278,782	18,211,859	42,490,641	-	-
Investment in joint venture	-	7,671,414	7,671,414	-	-
Total assets	<u>\$ 57,653,473</u>	<u>\$ 109,190,274</u>	<u>\$ 166,843,747</u>	<u>\$ 3,322,854</u>	<u>\$ 2,485,303</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	\$ 667,460	\$ -	\$ 667,460	\$ -	\$ -
Total deferred outflows	<u>\$ 667,460</u>	<u>\$ -</u>	<u>\$ 667,460</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 526,028	\$ 8,836,145	\$ 9,362,173	\$ 11,233	\$ -
Due to other governments	19,671	-	19,671	-	-
Due to affiliates	-	-	-	9,350	39,894
Customer deposits	-	1,698,454	1,698,454	-	-
Retainage payable	102,714	-	102,714	-	-
Unearned revenue	38,317	29,242	67,559	5,078	121,016
Accrued interest payable	201,275	185,538	386,813	-	-
Noncurrent liabilities:					
Due within one year:					
Bonds and notes payable	2,781,632	4,236,323	7,017,955	-	-
Lease payable	-	165,781	165,781	-	-
Compensated absences	111,825	89,095	200,920	-	-
Due in more than one year:					
Bonds and notes payable, net	15,628,112	30,314,488	45,942,600	-	-
Compensated absences	318,272	253,579	571,851	-	-
Total OPEB liability	127,733	105,192	232,925	-	-
Total liabilities	<u>\$ 19,855,579</u>	<u>\$ 45,913,837</u>	<u>\$ 65,769,416</u>	<u>\$ 25,661</u>	<u>\$ 160,910</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	\$ 1,293,869	\$ -	\$ 1,293,869	\$ -	\$ -
Total deferred inflows	<u>\$ 1,293,869</u>	<u>\$ -</u>	<u>\$ 1,293,869</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 23,257,447	\$ 37,611,775	\$ 60,869,222	\$ -	\$ -
Restricted for:					
Community redevelopment	3,616,660	-	3,616,660	-	-
Debt service	658,025	1,485,798	2,143,823	-	-
Infrastructure	886,579	-	886,579	-	-
Public safety	251,080	-	251,080	-	-
Net pension asset	1,753,441	-	1,753,441	-	-
Unrestricted	6,748,253	22,678,864	29,427,117	3,297,193	2,324,393
Total net position	<u>\$ 37,171,485</u>	<u>\$ 63,276,437</u>	<u>\$ 100,447,922</u>	<u>\$ 3,297,193</u>	<u>\$ 2,324,393</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF GULF BREEZE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Capital Trust Agency, Inc.	Capital Trust Authority, Inc.
Governmental activities:									
General government	\$ 1,960,538	\$ 2,451,406	\$ 107,810	\$ -	\$ 598,678	\$ -	\$ 598,678	\$ -	\$ -
Public safety	4,372,203	727,141	76,324	-	(3,568,738)	-	(3,568,738)	-	-
Transportation	1,867,300	-	-	-	(1,867,300)	-	(1,867,300)	-	-
Physical environment	560,504	-	-	-	(560,504)	-	(560,504)	-	-
Community redevelopment	286,155	-	-	-	(286,155)	-	(286,155)	-	-
Culture and recreation	3,768,853	539,861	-	-	(3,228,992)	-	(3,228,992)	-	-
Interest on long-term debt	622,071	-	-	-	(622,071)	-	(622,071)	-	-
Total governmental activities	<u>13,437,624</u>	<u>3,718,408</u>	<u>184,134</u>	<u>-</u>	<u>(9,535,082)</u>	<u>-</u>	<u>(9,535,082)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water and sewer	13,337,916	14,528,675	-	9,054,041	-	10,244,800	10,244,800	-	-
Natural gas	3,735,805	4,701,247	-	-	-	965,442	965,442	-	-
Solid waste control	1,181,763	1,324,831	-	-	-	143,068	143,068	-	-
Gulf Breeze Financial Services	81,510	29,151	-	-	-	(52,359)	(52,359)	-	-
Total business-type activities	<u>18,336,994</u>	<u>20,583,904</u>	<u>-</u>	<u>9,054,041</u>	<u>-</u>	<u>11,300,951</u>	<u>11,300,951</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 31,774,618</u>	<u>\$ 24,302,312</u>	<u>\$ 184,134</u>	<u>\$ 9,054,041</u>	<u>(9,535,082)</u>	<u>11,300,951</u>	<u>1,765,869</u>	<u>-</u>	<u>-</u>
Component Units									
Capital Trust Agency, Inc.	\$ 1,180,565	\$ 1,069,081	\$ -	\$ -	-	-	-	(111,484)	-
Capital Trust Authority, Inc.	\$ 912,754	\$ 1,891,051	\$ -	\$ -	-	-	-	-	978,297
General revenues:									
Property taxes					3,870,293	-	3,870,293	-	-
Sales taxes					1,163,236	-	1,163,236	-	-
Franchise and utility taxes					2,110,135	-	2,110,135	-	-
Public service taxes					704,011	-	704,011	-	-
Other taxes					654,361	-	654,361	-	-
State revenue sharing					213,087	-	213,087	-	-
Other intergovernmental revenues					33,713	-	33,713	-	-
Investment earnings (loss)					719,985	538,293	1,258,278	83,139	53,606
Miscellaneous revenues					1,425,511	2,348,353	3,773,864	-	-
Gain on disposal of capital assets					-	33,537	33,537	-	-
Transfers					(4,564,253)	4,564,253	-	-	-
Total general revenues and transfers					<u>6,330,079</u>	<u>7,484,436</u>	<u>13,814,515</u>	<u>83,139</u>	<u>53,606</u>
Change in net position					<u>(3,205,003)</u>	<u>18,785,387</u>	<u>15,580,384</u>	<u>(28,345)</u>	<u>1,031,903</u>
Net position - beginning, as restated					<u>40,376,488</u>	<u>44,491,050</u>	<u>84,867,538</u>	<u>3,325,538</u>	<u>1,292,490</u>
Net position - ending					<u>\$ 37,171,485</u>	<u>\$ 63,276,437</u>	<u>\$ 100,447,922</u>	<u>\$ 3,297,193</u>	<u>\$ 2,324,393</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF GULF BREEZE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	General	Urban Core Redevelopment	Impact Fees	Stormwater	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,456,677	\$ 3,870,048	\$ 3,021,414	\$ 1,459,360	\$ 821,278	\$ 14,628,777
Investments	2,702,793	-	-	-	-	2,702,793
Receivables, net	363,774	-	9,090	68,489	-	441,353
Due from other governments	100,870	-	-	170,833	95,166	366,869
Due from other funds	943,374	-	-	-	2,445	945,819
Inventories	20,070	-	-	10,315	-	30,385
Advances to other funds	363,033	-	-	-	-	363,033
Total assets	<u>\$ 9,950,591</u>	<u>\$ 3,870,048</u>	<u>\$ 3,030,504</u>	<u>\$ 1,708,997</u>	<u>\$ 918,889</u>	<u>\$ 19,479,029</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 279,800	\$ 253,388	\$ -	\$ 52,063	\$ 63,162	\$ 648,413
Customer deposits	15,590	-	-	-	-	15,590
Unearned revenue	38,317	-	-	-	-	38,317
Due to other funds	2,445	-	-	500,000	164	502,609
Advances from other funds	-	-	-	-	1,363,033	1,363,033
Total liabilities	<u>336,152</u>	<u>253,388</u>	<u>-</u>	<u>552,063</u>	<u>1,426,359</u>	<u>2,567,962</u>
FUND BALANCES						
Nonspendable:						
Inventories	20,070	-	-	10,315	-	30,385
Advances to other funds	363,033	-	-	-	-	363,033
Restricted for:						
Community redevelopment	-	3,616,660	-	-	-	3,616,660
Debt service	561,817	-	-	96,208	-	658,025
Infrastructure	886,579	-	-	-	-	886,579
Public safety	-	-	-	-	251,080	251,080
Committed for:						
Beautification	13,562	-	-	-	-	13,562
Community funds	437	-	-	-	-	437
Parks subdivision	24,481	-	-	-	-	24,481
Self-insurance	250,000	-	-	-	-	250,000
Assigned to:						
Disaster recovery	100,000	-	-	-	-	100,000
Infrastructure	-	-	3,030,504	-	-	3,030,504
Public safety	15,993	-	-	-	516,917	532,910
Stormwater management	-	-	-	1,050,411	-	1,050,411
Subsequent year's budget	846,522	-	-	-	-	846,522
Unassigned	6,531,945	-	-	-	(1,275,467)	5,256,478
Total fund balances	<u>9,614,439</u>	<u>3,616,660</u>	<u>3,030,504</u>	<u>1,156,934</u>	<u>(507,470)</u>	<u>16,911,067</u>
Total liabilities and fund balances	<u>\$ 9,950,591</u>	<u>\$ 3,870,048</u>	<u>\$ 3,030,504</u>	<u>\$ 1,708,997</u>	<u>\$ 918,889</u>	<u>\$ 19,479,029</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balances - total governmental funds \$ 16,911,067

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets	74,877,996	
Less: accumulated depreciation	<u>(36,594,569)</u>	38,283,427

On the governmental fund statements, a net pension liability (asset) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability (asset) of the defined benefit pension plans is reported as a noncurrent liability (asset). Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension asset	1,753,441	
Deferred outflows related to pensions	667,460	
Deferred inflows related to pensions	<u>(1,293,869)</u>	1,127,032

On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

Total OPEB liability		(127,733)
----------------------	--	-----------

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Bonds and notes payable	(18,390,936)	
Accrued interest payable	(201,275)	
Compensated absences	<u>(430,097)</u>	(19,022,308)

Net position of governmental activities		<u><u>\$ 37,171,485</u></u>
--	--	-----------------------------

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Urban Core Redevelopment	Impact Fees	Stormwater	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,814,813	\$ 1,927,916	\$ -	\$ 1,163,236	\$ 596,071	\$ 8,502,036
Licenses, fees, and permits	98,858	-	1,448,979	-	-	1,547,837
Intergovernmental	693,189	-	-	110,261	-	803,450
Charges for services	498,175	-	-	608,771	-	1,106,946
Fines and forfeitures	254,341	-	-	-	484,511	738,852
Investment income (loss)	682,284	-	-	-	37,450	719,734
Miscellaneous	260,252	1,611	-	34,521	64,860	361,244
Contributions from component unit	1,000,000	-	-	-	-	1,000,000
Total revenues	8,301,912	1,929,527	1,448,979	1,916,789	1,182,892	14,780,099
Expenditures						
Current:						
General government	1,673,307	-	-	-	-	1,673,307
Public safety	4,185,931	-	-	-	276,099	4,462,030
Economic environment	414,986	-	-	-	-	414,986
Physical environment	-	-	-	560,504	-	560,504
Transportation	-	-	-	1,448,719	-	1,448,719
Culture and recreation	2,476,163	-	-	-	55,138	2,531,301
Community redevelopment	-	239,278	-	-	-	239,278
Capital outlay	2,024,434	1,825,508	-	365,116	1,559,868	5,774,926
Debt service:						
Principal retirement	284,592	446,725	-	203,334	-	934,651
Interest and fiscal charges	260,035	198,466	-	139,799	-	598,300
Debt issuance costs	750	-	-	9,913	-	10,663
Total expenditures	11,320,198	2,709,977	-	2,727,385	1,891,105	18,648,665
Excess (deficiency) of revenues over expenditures	<u>(3,018,286)</u>	<u>(780,450)</u>	<u>1,448,979</u>	<u>(810,596)</u>	<u>(708,213)</u>	<u>(3,868,566)</u>
Other financing sources (uses)						
Transfers in	2,833,340	-	-	899,159	-	3,732,499
Transfers out	(710,082)	(595,067)	(6,007,139)	(118,464)	(866,000)	(8,296,752)
Proceeds from sale of capital assets	3,850	-	-	-	12,425	16,275
Total other financing sources (uses)	2,127,108	(595,067)	(6,007,139)	780,695	(853,575)	(4,547,978)
Net change in fund balances	<u>(891,178)</u>	<u>(1,375,517)</u>	<u>(4,558,160)</u>	<u>(29,901)</u>	<u>(1,561,788)</u>	<u>(8,416,544)</u>
Fund balances, beginning of year	10,505,617	4,992,177	7,588,664	1,186,835	1,054,318	25,327,611
Fund balances, end of year	<u>\$ 9,614,439</u>	<u>\$ 3,616,660</u>	<u>\$ 3,030,504</u>	<u>\$ 1,156,934</u>	<u>\$ (507,470)</u>	<u>\$ 16,911,067</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds **\$ (8,416,544)**

Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	5,509,537
Depreciation expense	(1,669,575)

Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position.

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.

These amounts are as follows:

Principal repayment of general long-term debt	934,651
---	---------

Amortization of bond discounts and bond issuance costs, reported in the

Statement of Activities, does not require the use of current financial resources, therefore, it is not reported as an expenditure in governmental funds

Debt issuance costs	(23,189)
---------------------	----------

Governmental funds report contributions to defined benefit pension and OPEB plans as expenditures.

However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future total OPEB/net pension liability. Also included in expense in the statement of activities are amounts required to be amortized in future years related to pensions and OPEB.

Change in net pension liability and deferred inflows/outflows related to pensions	519,393
Change in total OPEB liability and deferred inflows/outflows related to OPEB	(7,137)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in accrued interest on long-term debt	10,081
Change in compensated absences liability	(62,220)

Change in net position of governmental activities	\$ (3,205,003)
--	-----------------------

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				
	Water & Sewer	Natural Gas	Gulf Breeze Financial Services	Nonmajor Proprietary Funds	Total
ASSETS					
Cash and cash equivalents	\$ 3,010,274	\$ 409,278	\$ 671,339	\$ 115,831	\$ 4,206,722
Investments	82,529	-	9,659,882	-	9,742,411
Accounts receivable, net	4,857,191	447,063	9,350	93,233	5,406,837
Inventories	181,866	334,104	-	-	515,970
Restricted current assets					
Cash and cash equivalents	1,205,096	280,702	-	12,025	1,497,823
Total current assets	<u>9,336,956</u>	<u>1,471,147</u>	<u>10,340,571</u>	<u>221,089</u>	<u>21,369,763</u>
Noncurrent assets:					
Restricted cash	65,219	-	-	-	65,219
Capital assets:					
Land	2,663,827	-	-	-	2,663,827
Construction in progress	57,920,406	715,452	-	15,544	58,651,402
Building and improvements	498,932	197,569	-	-	696,501
Infrastructure	43,463,221	6,022,096	-	-	49,485,317
Equipment and furniture	6,135,485	2,357,406	47,627	87,882	8,628,400
Improvements other than buildings	12,751,856	840,274	113,344	215,991	13,921,465
Accumulated depreciation	(47,436,396)	(6,825,432)	(138,456)	(119,540)	(54,519,824)
Total capital assets, net	<u>75,997,331</u>	<u>3,307,365</u>	<u>22,515</u>	<u>199,877</u>	<u>79,527,088</u>
Advances to other funds	-	-	1,000,000	-	1,000,000
Investment in joint venture	7,671,414	-	-	-	7,671,414
Total noncurrent assets	<u>83,733,964</u>	<u>3,307,365</u>	<u>1,022,515</u>	<u>199,877</u>	<u>88,263,721</u>
Total assets	<u>\$ 93,070,920</u>	<u>\$ 4,778,512</u>	<u>\$ 11,363,086</u>	<u>\$ 420,966</u>	<u>\$ 109,633,484</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 8,574,109	\$ 188,198	\$ -	\$ 73,838	\$ 8,836,145
Customer deposits	1,305,222	381,207	-	12,025	1,698,454
Unearned revenue	29,242	-	-	-	29,242
Due to other funds	15,590	-	-	427,620	443,210
Compensated absences	65,376	18,890	-	4,829	89,095
Current portion of lease payable	165,781	-	-	-	165,781
Payable from restricted assets:					
Current maturities on long-term debt	4,164,029	72,294	-	-	4,236,323
Accrued interest payable	174,382	11,156	-	-	185,538
Total current liabilities	<u>14,493,731</u>	<u>671,745</u>	<u>-</u>	<u>518,312</u>	<u>15,683,788</u>
Noncurrent liabilities:					
Bonds and notes payable, net	30,004,111	310,377	-	-	30,314,488
Compensated absences	186,072	53,762	-	13,745	253,579
Total OPEB liability	82,651	20,663	-	1,878	105,192
Total noncurrent liabilities	<u>30,272,834</u>	<u>384,802</u>	<u>-</u>	<u>15,623</u>	<u>30,673,259</u>
Total liabilities	<u>\$ 44,766,565</u>	<u>\$ 1,056,547</u>	<u>\$ -</u>	<u>\$ 533,935</u>	<u>\$ 46,357,047</u>
NET POSITION					
Net investment in capital assets	\$ 34,471,395	\$ 2,917,988	\$ 22,515	\$ 199,877	\$ 37,611,775
Restricted for debt service	1,205,096	280,702	-	-	1,485,798
Restricted for DEP-required capital improvement	1,500,000	-	-	-	1,500,000
Unrestricted	11,127,864	523,275	11,340,571	(312,846)	22,678,864
Total net position	<u>\$ 48,304,355</u>	<u>\$ 3,721,965</u>	<u>\$ 11,363,086</u>	<u>\$ (112,969)</u>	<u>\$ 63,276,437</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				
	Water & Sewer	Natural Gas	Gulf Breeze Financial Services	Nonmajor Proprietary Funds	Total
Operating revenues					
Charges for services	\$ 14,528,675	\$ 4,701,247	\$ -	\$ 1,324,831	\$ 20,554,753
Financial services	-	-	29,151	-	29,151
Total operating revenues	<u>14,528,675</u>	<u>4,701,247</u>	<u>29,151</u>	<u>1,324,831</u>	<u>20,583,904</u>
Operating expenses					
Personal services	3,963,578	1,445,798	-	277,188	5,686,564
Contractual services and supplies	6,954,361	1,985,528	77,228	888,746	9,905,863
Depreciation and amortization	1,799,586	291,570	4,282	15,829	2,111,267
Total operating expenses	<u>12,717,525</u>	<u>3,722,896</u>	<u>81,510</u>	<u>1,181,763</u>	<u>17,703,694</u>
Operating income (loss)	<u>1,811,150</u>	<u>978,351</u>	<u>(52,359)</u>	<u>143,068</u>	<u>2,880,210</u>
Nonoperating revenues (expenses)					
Interest earnings/(loss)	5,496	-	532,797	-	538,293
Income from joint venture	1,124,332	-	-	-	1,124,332
Gain (loss) on disposal of capital assets	23,112	10,425	-	-	33,537
Interest and amortization expense	(620,391)	(12,909)	-	-	(633,300)
Miscellaneous	1,099,355	115,247	1,280	8,139	1,224,021
Total nonoperating revenues (expenses)	<u>1,631,904</u>	<u>112,763</u>	<u>534,077</u>	<u>8,139</u>	<u>2,286,883</u>
Income (loss) before contributions and transfers	<u>3,443,054</u>	<u>1,091,114</u>	<u>481,718</u>	<u>151,207</u>	<u>5,167,093</u>
Capital grants	9,054,041	-	-	-	9,054,041
Transfers in	6,176,279	-	-	-	6,176,279
Transfers out	(1,099,182)	(459,082)	-	(53,762)	(1,612,026)
Change in net position	<u>17,574,192</u>	<u>632,032</u>	<u>481,718</u>	<u>97,445</u>	<u>18,785,387</u>
Net position, beginning of year	30,730,163	3,089,933	10,881,368	(210,414)	44,491,050
Net position, end of year	<u>\$ 48,304,355</u>	<u>\$ 3,721,965</u>	<u>\$ 11,363,086</u>	<u>\$ (112,969)</u>	<u>\$ 63,276,437</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				
	Water & Sewer	Natural Gas	Gulf Breeze Financial Services	Non-Major Proprietary Funds	Total
Cash flows from operating activities					
Cash received from customers	\$ 12,768,223	\$ 4,528,858	\$ 19,801	\$ 1,274,844	\$ 18,591,726
Cash paid to employees	(3,919,096)	(1,443,703)	-	(274,845)	(5,637,644)
Cash paid to suppliers	(2,590,611)	(1,988,929)	(77,228)	(1,265,730)	(5,922,498)
Cash paid for interfund charges	-	-	-	-	-
Other receipts	2,223,687	115,247	20,039	8,139	2,367,112
Net cash provided by (used in) operating activities	<u>8,482,203</u>	<u>1,211,473</u>	<u>(37,388)</u>	<u>(257,592)</u>	<u>9,398,696</u>
Cash flows from noncapital financing activities					
Transfers from other funds	6,176,279	-	-	-	6,176,279
Transfers to other funds	(1,099,182)	(459,082)	-	(53,762)	(1,612,026)
Interfund loans	-	-	(1,000,000)	374,620	(625,380)
Net cash provided by (used in) noncapital financing activities	<u>5,077,097</u>	<u>(459,082)</u>	<u>(1,000,000)</u>	<u>320,858</u>	<u>3,938,873</u>
Cash flows from capital and related financing activities					
Impact fees	-	-	-	-	-
Acquisition and construction of capital assets	(50,670,869)	(960,784)	-	(63,266)	(51,694,919)
Capital grants	9,054,041	-	-	-	9,054,041
Proceeds from sale of capital assets	23,112	10,425	-	-	33,537
Principal payments of long-term debt	(1,070,075)	(70,291)	-	-	(1,140,366)
Proceeds from issuance of long-term debt	27,585,000	-	-	-	27,585,000
Interest paid	(548,562)	(12,909)	-	-	(561,471)
Net cash provided by (used in) capital and related financing activities	<u>(15,627,353)</u>	<u>(1,033,559)</u>	<u>-</u>	<u>(63,266)</u>	<u>(16,724,178)</u>
Cash flows from investing activities					
Interest received	5,496	-	532,797	-	538,293
Purchases of investments	(866,965)	-	-	-	(866,965)
Sales of investments	-	-	791,175	-	791,175
Net cash provided by (used in) investing activities	<u>(861,469)</u>	<u>-</u>	<u>1,323,972</u>	<u>-</u>	<u>462,503</u>
Net change in cash and cash equivalents	<u>(2,929,522)</u>	<u>(281,168)</u>	<u>286,584</u>	<u>-</u>	<u>(2,924,106)</u>
Cash and cash equivalents, beginning of year	7,210,111	971,148	384,755	127,856	8,693,870
Cash and cash equivalents, end of year	<u>\$ 4,280,589</u>	<u>\$ 689,980</u>	<u>\$ 671,339</u>	<u>\$ 127,856</u>	<u>\$ 5,769,764</u>
Cash and cash equivalents classified as:					
Unrestricted	\$ 3,010,274	\$ 409,278	\$ 671,339	\$ 115,831	\$ 4,206,722
Restricted	1,270,315	280,702	-	12,025	1,563,042
Total cash and cash equivalents	<u>\$ 4,280,589</u>	<u>\$ 689,980</u>	<u>\$ 671,339</u>	<u>\$ 127,856</u>	<u>\$ 5,769,764</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 1,811,150	\$ 978,351	\$ (52,359)	\$ 143,068	\$ 2,880,210
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	1,799,586	291,570	4,282	15,829	2,111,267
Other income	2,223,687	115,247	1,280	8,139	2,348,353
Changes in assets and liabilities:					
Accounts receivable	(1,760,452)	(172,389)	(9,350)	(49,987)	(1,992,178)
Inventories	(46,923)	(23,133)	-	-	(70,056)
Other assets	-	-	18,759	-	18,759
Accounts payable and accrued liabilities	4,302,449	4,587	-	(376,984)	3,930,052
Customer deposits	108,224	15,145	-	-	123,369
Compensated absences	47,971	4,403	-	6,208	58,582
Total OPEB liability	(3,489)	(2,308)	-	(3,865)	(9,662)
Net cash provided by (used in) operating activities	<u>\$ 8,482,203</u>	<u>\$ 1,211,473</u>	<u>\$ (37,388)</u>	<u>\$ (257,592)</u>	<u>\$ 9,398,696</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Police Officers' Retirement Fund	Custodial Fund
ASSETS		
Investments, at fair value	\$ 9,245,276	\$ -
Total assets	<u>\$ 9,245,276</u>	<u>\$ -</u>
NET POSITION		
Restricted for others	\$ -	\$ 6,451
Restricted for pensions	9,245,276	-
Total net position	<u>\$ 9,245,276</u>	<u>\$ 6,451</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Police Officers' Retirement Fund	Custodial Fund
Additions		
Contributions:		
Employer	\$ 337,059	\$ -
Plan members	45,974	-
State	120,970	-
Total contributions	<u>504,003</u>	<u>-</u>
Investment earnings (loss)		
Net appreciation (depreciation) in fair value of investments	694,028	-
Interest and dividends	-	258
Total investment earnings (loss)	<u>694,028</u>	<u>258</u>
Less: investment expense	<u>(17,819)</u>	<u>-</u>
Net investment income (loss)	<u>676,209</u>	<u>258</u>
Total additions	<u>1,180,212</u>	<u>258</u>
Deductions		
Benefit payments and refunds	1,020,568	-
Administrative expenses	20,580	5,756
Total deductions	<u>1,041,148</u>	<u>5,756</u>
Change in net position	<u>139,064</u>	<u>(5,498)</u>
Net position, beginning of year	9,106,212	11,949
Net position, end of year	<u><u>\$ 9,245,276</u></u>	<u><u>\$ 6,451</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Gulf Breeze, Florida (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City was chartered as a municipality by a Special Act of the Florida Legislature on May 1, 1961, under Chapter 61.2207, Laws of Florida, pursuant to House Bill number 557. On August 10, 1961, residents voted to adopt the charter and elected the first city officials. As authorized by its charter, the City provides the following services: public safety (police, fire, and inspection), highways and streets, water and sewer, natural gas, sanitation, stormwater drainage, culture and recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units. In evaluating the City as a reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements in accordance with GASB Codification Section 2100, *The Financial Reporting Entity*. In accordance with GASB Codification Section 2100, the City (primary government) is financially accountable if it appoints a voting majority of the potential component unit's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of September 30, 2025, the City of Gulf Breeze had four component units which have been presented in the financial statements of the primary government as either "discretely presented component units" or "blended component units." The component units are: the Urban Core Redevelopment (Community Redevelopment Agency), Gulf Breeze Financial Services, Inc., Capital Trust Agency, Inc. and Subsidiary, and Capital Trust Authority, Inc.

(b) **Blended component units**—Urban Core Redevelopment (Community Redevelopment Agency) was established by the City in December 1989 based on the Finding of Necessity documentation required pursuant to Chapter 163, Florida Statutes and is a blended component unit reported as a major governmental fund in the City's financial statements. Pursuant to Resolution No. 18-89, the City Council, including the Mayor, serve as the Community Redevelopment Agency board of directors who approves the annual operating budget and has operational responsibility for the component unit. The Community Redevelopment Agency issues separate financial statements which may be obtained by writing to Gulf Breeze Financial Services, Inc., 315 Fairpoint Drive, Gulf Breeze, FL 32561 or calling (850) 934-4046.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

Gulf Breeze Financial Services, Inc. (GBFS) was incorporated as of March 6, 1997. The members of the City Council, including the Mayor, serve as directors of GBFS. GBFS was formed exclusively for the purposes of assisting the City of Gulf Breeze in administration, operation, marketing, organizing, and servicing of various financing programs such as the Gulf Breeze Local Government Loan Program through which the City is either a participant or a sponsor of such financing programs, usually involving the issuance of bonds. Gulf Breeze Financial Services, Inc. is a blended component unit reported as an enterprise fund in the City's financial statements. GBFS issues separate financial statements which may be obtained by writing to Gulf Breeze Financial Services, Inc., 315 Fairpoint Drive, Gulf Breeze, FL 32561 or calling (850) 934-4046.

(c) **Discretely presented component units**—Capital Trust Agency, Inc. (CTA) was established by the City on May 19, 1999, with Resolution 14-99 and incorporated on June 30, 1999, with the directors appointed by the City Council. CTA was formed for the purposes of assisting in the financing, acquisition, construction, development, equipping, maintenance, operation, and/or promotion of certain facilities, intangibles, and capital projects. The City exclusively benefits from the activity of CTA and received \$750,000 in miscellaneous revenues during the fiscal year ending September 30, 2025. In 2007, CTA and GBFS formed Capital Trust Agency Community Development Entity, LLC (CTA-CDE) to attract tax credit fund incentives into financing projects to help renew Florida's distressed neighborhoods. CTA holds a 99% ownership interest in CTA-CDE and is the managing member. Accordingly, CTA presents its financial information consolidated with that of CTA-CDE (Subsidiary). CTA and Subsidiary is reported as a discretely presented component unit. CTA and Subsidiary issues separate financial statements which may be obtained by writing to Capital Trust Agency, Inc., 315 Fairpoint Drive, Gulf Breeze, FL 32561 or calling (850) 934-4046.

Capital Trust Authority, Inc. (CTAu) was established by the City on June 6, 2022, under Resolution 14-99 and incorporated on June 2, 2022, with the directors appointed by the City Council. CTAu was formed for the purposes of assisting in the financing, acquisition, construction, development, equipping, maintenance, operation, and/or promotion of certain facilities, intangibles, and capital projects. The City exclusively benefits from the activity of CTAu and received \$250,000 in miscellaneous revenues during the fiscal year ending September 30, 2025. For the year ended September 30, 2025, CTAu is reported as a discretely-presented component unit. CTAu issues separate financial statements which may be obtained by writing to Capital Trust Authority, Inc., 315 Fairpoint Drive, Gulf Breeze, FL 32561 or calling (850) 934-4046.

(d) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report aggregated information for the overall government for all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, including fines and forfeitures; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments, when applicable. Grants and contributions included as program revenues are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, taxes and other items not properly included among program revenues are reported as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund balances and transfers between funds reported within governmental activities and between funds reported within business-type activities are eliminated. Residual balances outstanding between governmental activities and business-type activities are reported as internal balances in the government-wide financial statements. Exceptions to the general elimination of interfund activity are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's wastewater and sanitation services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

(e) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all applicable eligibility requirements, including time requirements, imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefits, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under leases are reported as other financing sources.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are considered susceptible to accrual and are recognized as revenues of the current fiscal period when measurable and available. Entitlements and other formula-based intergovernmental revenues are recognized when all applicable eligibility requirements, including time requirements, have been met and the resources are available. Expenditure-driven grants are recognized when qualifying expenditures have been incurred, all other applicable eligibility requirements have been met, and the resources are available. Only the portion of special assessments receivable that meets the revenue recognition criteria of the current period is recognized as revenue. All other revenue items are considered measurable and available only when cash is received by the City.

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of the governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, each of which is displayed as a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary fund financial statements are presented by fiduciary fund type. Fiduciary funds are used to report fiduciary activities for which the resources cannot be used to support the City's own programs.

The City reports the following major governmental funds:

General Fund—The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Redevelopment Fund—The Community Redevelopment Fund is a special revenue fund that accounts for the activities of the Gulf Breeze Community Redevelopment Agency. The Community Redevelopment Agency was established to enable the City to utilize tax increment financing (TIF) to foster improvements and redevelopment in the City's commercial corridor.

Stormwater Management Fund—The Stormwater Management Fund is a special revenue fund that accounts for activities associated with managing stormwater.

Impact Fees Fund—The Impact Fees Fund is a capital projects fund that accounts for the collection and expenditure of impact fees restricted for capital improvements associated with the impacts of new development.

The City reports the following major proprietary funds:

Water and Sewer Fund—The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City and residents east of Gulf Breeze to Midway. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

Natural Gas Fund—The Natural Gas Fund accounts for the activity associated with providing gas service to the citizens of the City.

Gulf Breeze Financial Services Fund—The Gulf Breeze Financial Services Fund accounts for the activities relating to the administration, operation, marketing, organizing, and servicing of various financing programs, such as the Gulf Breeze Local Government Loan Pool.

Additionally, the City reports the following fiduciary funds:

Pension Trust Fund—Accounts for the resources that are required to be held in trust for the members and beneficiaries of the one defined benefit pension plan administered by the City; the Police Officers' Retirement Pension Fund.

Custodial Fund—Accounts for assets held by the City on behalf of others. The City's custodial fund includes contributions for various organizations with the City and funds contributed to the Police Department for special projects.

Additionally, the City reports the following fund types:

Special revenue funds—Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Enterprise funds—Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses of the City's enterprise funds include the costs of sales and services, administrative expenses, and depreciation and amortization of capital and other assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(f) **Budget information**—Annual budgets are adopted by the City Council for substantially all governmental and enterprise funds. The City follows applicable State of Florida requirements in the preparation, adoption, and amendment of its annual budgets. The adoption of the budget by the City Council constitutes the legal appropriation of the amounts specified therein as expenditures or expenses from the applicable funds. Appropriations are legally controlled at the department level within each fund. Department heads may request transfers of appropriations among line items within a department, subject to approval by the City Manager. Budget amendments that increase or decrease appropriations require approval in accordance with the City's budgetary procedures. Unexpended appropriations lapse at the end of the fiscal year. There is no legally adopted budget for the Police Special Revenue Fund.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

For the year ended September 30, 2025, expenditures of the Urban Core Redevelopment Fund exceeded final budgeted appropriations by approximately \$97,000. The over-expenditure resulted primarily from year-end accruals identified and recorded after the deadline for amending the fiscal year 2025 budget. Accordingly, expenditures exceeded legally adopted appropriations for the fiscal year.

(g) **Property taxes**—The assessment of all properties and the collection of all property taxes are made through the County Property Appraiser and County Tax Collector. Property tax revenues are recognized when they are both measurable and available in accordance with the City’s revenue recognition policy.

Property taxes are levied on November 1 of each year and become delinquent on April 1 of the following year. Discounts are allowed for early payment. On or prior to June 1, tax certificates bearing interest are sold for substantially all unpaid real property taxes, with any unsold certificates held by the County.

(h) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – Fund balance amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council are reported as committed fund balance. Commitments may be changed or removed only through the same type of formal action used to establish the commitment.

Assigned – Fund balance amounts that are intended to be used for specific purposes but are neither restricted nor committed are reported as assigned fund balance. Assigned amounts represent amounts intended for a specific purpose as established by the City Council or through the City’s budgetary process. This classification also includes the remaining positive fund balance of governmental funds other than the General Fund that is not classified as nonspendable, restricted, or committed.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and represents fund balance that has not been classified as nonspendable, restricted, committed, or assigned. Other governmental funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceed amounts restricted, committed, or assigned to those purposes.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

When both restricted and unrestricted resources are available for the same purpose, it is the City's policy to use restricted resources first and then unrestricted resources as needed. When committed, assigned, and unassigned resources are available for the same purpose, it is the City's policy to use committed resources first, followed by assigned resources and then unassigned resources.

Under Ordinance No. 04-2022, the City is required to maintain an Emergency Reserve Account equal to six months of operating costs for all major City funds. The reserve may only be depleted by City Council resolution for an emergency or a duly authorized interfund loan, with interfund loans from the reserve required to include interest.

(i) **Net position flow assumption**—When both restricted and unrestricted resources are available for the same purpose, it is the City's policy to consider restricted resources to have been used before unrestricted resources when determining amounts reported as restricted and unrestricted net position.

(j) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City presents a deferred outflow of resources related to its pension liability. Deferred outflows related to pensions are discussed further in Note (13).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (13).

(k) **Deposits and investments**—The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered cash equivalents.

The City's investment activities are governed by Florida Statutes and the City's formally adopted investment policy. The City is authorized to invest in those instruments permitted by applicable law and its investment policy. Investments are reported at fair value or other measurements as required by generally accepted accounting principles.

(l) **Receivables and payables**—Outstanding balances between funds at year-end are reported as "due to/from other funds." Long-term interfund lending arrangements are reported as "advances to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported as "internal balances" in the government-wide financial statements.

Trade and property tax receivables are reported net of an allowance for uncollectible amounts, where appropriate. Unbilled utility service receivables are recorded at year-end and are estimated by prorating subsequent cycle billings based on the number of service days attributable to the current fiscal year.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Inventories and prepaid items**—Inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements. Inventories and prepaid items reported in governmental funds are classified as nonspendable fund balance because they are not in spendable form.

(n) **Restricted assets**—Certain resources in the City’s General Fund and proprietary funds have been set aside for repayments of debt, certain projects, and customer deposits and are classified as restricted assets because their use is limited by applicable bond covenants and project requirements.

(o) **Capital assets**—Capital assets, which include land, construction in progress, buildings and improvements, infrastructure, improvements other than buildings, and machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial cost exceeding the following capitalization thresholds:

<u>Capital Asset Class</u>	<u>Capitalization Threshold</u>
Land	Greater than \$0
Buildings and improvements	\$10,000
Infrastructure	\$10,000
Improvements other than buildings	\$10,000
Machinery and equipment	\$1,000

Capital assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Normal maintenance and repairs that do not increase the capacity or efficiency of an asset or extend its useful life are expensed as incurred.

Land and construction in progress are not depreciated. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	39 years
Infrastructure	20 - 40 years
Improvements other than buildings	15 - 27 years
Machinery and equipment	3 - 10 years

(p) **Compensated absences**—The City recognizes a liability for compensated absences attributable to services already rendered when the leave accumulates and is more likely than not to be used for time off or otherwise paid or settled. The liability is measured using employees’ rates of pay as of the financial statement date, including applicable salary-related payments.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

City employees accumulate annual leave and sick leave subject to established limitations. Accumulated annual leave is payable upon separation, subject to applicable limits. A portion of accumulated sick leave is payable upon separation in accordance with the City's personnel policies. Eligible employees may also accumulate compensatory time in lieu of overtime compensation. The liability for compensated absences includes amounts for accumulated annual leave, sick leave, and compensatory time that are more likely than not to be used for time off or otherwise paid or settled.

In the government-wide and proprietary fund financial statements, compensated absences are reported as liabilities when incurred. In the governmental fund financial statements, expenditures and liabilities for compensated absences are recognized to the extent they normally would be liquidated with expendable available financial resources.

(q) **Long-term obligations**—In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Debt issuance costs are reported as expenditures in the period incurred.

(r) **Leases**—The City recognizes a lease liability and an intangible right-to-use lease asset at the commencement of a lease, except for short-term leases and contracts that transfer ownership of the underlying asset and do not contain termination options. The lease liability is measured at the present value of payments expected to be made during the lease term. The lease asset is initially measured as the amount of the lease liability, adjusted for payments made at or before commencement and certain other amounts, and is amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

(s) **Conduit debt obligations**—The City has issued certain conduit debt obligations to provide capital financing for third parties. The City generally has no obligation for the debt beyond the resources provided by the related borrowers and does not recognize a liability for conduit debt obligations unless certain recognition criteria are met. The City evaluates its conduit debt obligations and related commitments in accordance with applicable accounting standards.

(t) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(2) Reconciliation of Government-wide and Fund Financial Statements:

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) Cash Deposits and Investments:

Deposits may be exposed to custodial credit risk, which is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City manages its custodial credit risk by maintaining its deposits with qualified public depositories (QPDs), as defined in Chapter 280, Florida Statutes, or with institutions meeting applicable statutory exemption requirements.

The provisions of Chapter 280, Florida Statutes, allow qualified public depositories to participate in a multiple financial institution collateral pool to secure public deposits. Qualified public depositories are required to pledge eligible collateral in accordance with the requirements of the Florida Security for Public Deposits Act for public deposits in excess of applicable deposit insurance. In the event of a default by a qualified public depository, the State of Florida provides protection to public depositors in accordance with the provisions of Chapter 280, Florida Statutes, including assessments of participating qualified public depositories, as applicable. Accordingly, the City's deposits are insured or collateralized in accordance with applicable Florida law.

The City has adopted a written investment policy pursuant to Section 218.415, Florida Statutes, which applies to all monies of the City, its enterprise funds, and monies held within Gulf Breeze Financial Services, including the 1985 Loan Program, except for City pension funds and other monies invested pursuant to separate ordinances, resolutions, policies, or agreements. The policy's primary objectives, in order of priority, are safety, liquidity, and yield. The policy establishes authorized investments, diversification requirements, issuer limitations, and maturity limitations. Authorized investments include U.S. government and federal agency and instrumentality obligations, qualified public deposits, state and local government obligations, repurchase agreements, guaranteed investment contracts, money market mutual funds, local government investment pools, certain managed accounts and exchange-traded funds, high-grade corporate debt, and other investments permitted under Florida Statutes.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(3) Cash Deposits and Investments: (Continued)

As of September 30, 2025, the City's governmental and business-type investment portfolio was composed of the following investments:

Investment Type	Credit Quality Rating	Carrying Value	Weighted Average Maturity (in Years)	Fair Value Hierarchy Classification
Florida PRIME	AAAm	\$ 12,835	0.13	N/A
FMIvT 1-3 Yr High Quality Bond Fund	AAAf/S2	77,698	1.90	Level 2
Money market mutual funds	N/A	91,936	N/A	Level 1
Exchange-traded funds	N/A	2,483,697	N/A	Level 1
Federal instrumentalities	AA	5,147,358	2.33	Level 2
Corporate notes	A	1,583,209	3.90	Level 2
Corporate notes	AA	34,955	0.42	Level 2
Corporate notes	AAA	62,046	4.42	Level 2
Corporate notes	BBB	40,310	3.38	Level 2
State and local government debt	A	425,310	3.71	Level 2
State and local government debt	AA	2,335,714	3.20	Level 2
State and local government debt	AAA	150,136	2.84	Level 2
Total		<u>\$ 12,445,204</u>		

The Florida Municipal Investment Trust (FMIvT), administered by the Florida League of Cities, Inc., is a local government investment pool and is considered an external investment pool for purposes of governmental financial reporting. The City's investment represents shares of the FMIvT portfolio rather than direct ownership of the individual securities held by the portfolio. The City's investment in the FMIvT 1–3 Year High Quality Bond Fund was rated AAAf/S2 by Fitch as of September 30, 2025. The portfolio had a weighted average maturity of 1.90 years and a modified duration of 1.75 years.

The City also participates in the State Board of Administration of Florida's Local Government Surplus Funds Trust Fund (Florida PRIME), an external investment pool. Florida PRIME meets the criteria of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, to measure its investments at amortized cost. Accordingly, the City's investment in Florida PRIME is reported at amortized cost. Florida PRIME was rated AAAm by Standard & Poor's at September 30, 2025, and had a dollar-weighted average maturity of 47 days and a weighted average life of 73 days.

As a participant in Florida PRIME, the City owns a share of the pool rather than the underlying securities. As of September 30, 2025, there were no redemption fees, maximum transaction amounts, or other requirements that limited a participant's daily access to 100 percent of its account value. Florida law does, however, permit the State Board of Administration to temporarily limit contributions to or withdrawals from Florida PRIME following an event having a material impact on the liquidity or operations of the trust fund.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(3) Cash Deposits and Investments: (Continued)

The City measures investments that are required to be reported at fair value in accordance with the fair value measurement framework established by GASB. The framework categorizes fair value measurements into three levels based on the observability of inputs used in the valuation techniques:

Level 1: Quoted prices in active markets for identical assets or liabilities that the City can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The City's exchange-traded funds and money market mutual funds are valued using quoted market prices in active markets and are classified as Level 1. The City's investment in the FMIVT 1–3 Year High Quality Bond Fund is valued based on the net asset value of the portfolio, which is derived from quoted prices and other observable market inputs for the underlying investments, and is classified as Level 2. Federal instrumentalities, corporate notes, and state and local governmental debt are valued using pricing models based on observable market information and are classified as Level 2. Florida PRIME is measured at amortized cost and therefore is not included in the fair value hierarchy.

Credit Risk: Credit risk is the risk that a debt issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy limits investments to specified investment types and establishes minimum credit quality requirements, where applicable. The credit ratings of the City's investments are presented in the preceding table.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The weighted average maturities of the City's investments at year-end are presented in the preceding table.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At September 30, 2025, the City had investments in Fannie Mae and Federal Home Loan Banks representing approximately 21.7% and 7.1%, respectively, of total investments.

Custodial Credit Risk: Custodial credit risk is the risk that the City may not recover investments held by another party in the event of financial failure. The City utilizes third-party custodians to mitigate this risk. At year-end, the City had no investments exposed to custodial credit risk.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect an investment's fair value. The City had no investments subject to foreign currency risk at year-end.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(3) Cash Deposits and Investments: (Continued)

Police Pension Plan

The Retirement Plan for the Police Officers of the City of Gulf Breeze, Florida (Police Pension Plan) is a single-employer defined benefit pension plan administered by a Board of Trustees. The Police Pension Plan utilizes the Florida Municipal Pension Trust Fund (FMPTF), administered by the Florida League of Cities, Inc., to manage the Police Pension Plan's investments. The Police Pension Plan's assets are invested through the FMIVT, an external investment pool. The Police Pension Plan's investment represents beneficial interests in the FMIVT portfolios rather than direct ownership of the underlying securities. FMIVT investments are reported at fair value based on the fair value of the underlying portfolio investments. As of September 30, 2025, the Police Pension Plan's account balance was \$9,245,276.

As of September 30, 2025, the Police Pension Plan's asset portfolio was composed of the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value Hierarchy Classification</u>
Cash	\$ 73,961	N/A
FMIVT Broad Market High Quality Bond	1,479,244	Level 2
FMIVT Core Plus	1,368,301	Level 3
FMIVT Diversified Small to Mid Cap Equity	1,211,131	Level 2
FMIVT Diversified Large Cap Equity	2,348,300	Level 2
FMIVT International Equity	2,015,471	Level 2
FMIVT Core Real Estate Portfolio	748,868	Level 3
Total	<u>\$ 9,245,276</u>	

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The FMIVT Broad Market High Quality Bond Fund had a weighted average maturity of 7.10 years and the FMIVT Core Plus Fixed Income Fund had a weighted average maturity of 5.76 years at September 30, 2025.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the FMIVT Broad Market High Quality Bond Fund was rated AAF/S4 by Fitch, while the Core Plus Fixed Income Fund and the equity and real estate portfolios were not rated.

Concentration of Credit Risk: The Plan's investments are beneficial interests in external investment pools, which are excluded from concentration of credit risk disclosure requirements.

Custodial Credit Risk: The Plan's investments are evidenced by shares of the FMIVT portfolios rather than individual securities and therefore are not subject to custodial credit risk disclosure.

Foreign Currency Risk: The Plan's investments in FMIVT are not subject to foreign currency risk.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Receivables:

The City's receivables consisted of the following at September 30, 2025:

	<u>Gross Receivables</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivables</u>
Governmental Activities:			
General Fund	\$ 374,774	\$ (11,000)	\$ 363,774
Impact Fees	9,090	-	9,090
Stormwater Management	71,310	(2,821)	68,489
Total – Governmental Activities	<u>455,174</u>	<u>(13,821)</u>	<u>441,353</u>
Business-Type Activities:			
Water and Sewer	4,965,682	(108,491)	4,857,191
Natural Gas	493,508	(46,445)	447,063
Gulf Breeze Financial Services	9,350	-	9,350
Nonmajor Proprietary Funds	100,737	(7,504)	93,233
Total – Business-Type Activities	<u>5,569,277</u>	<u>(162,440)</u>	<u>5,406,837</u>
Total	<u>\$ 6,024,451</u>	<u>\$ (176,261)</u>	<u>\$ 5,848,190</u>

In addition to the receivables presented above, the City's due from other governments for governmental activities was \$366,869 as of September 30, 2025, which consisted primarily of taxes and grants due from the State of Florida and Santa Rosa County, Florida.

(5) Interfund Loans, Advances, and Transfers:

During the course of operations, transactions occur between individual funds for goods and services provided, reimbursements, financing activities, and other purposes. Receivables and payables resulting from short-term transactions are classified as due from other funds or due to other funds. Long-term borrowings between funds are classified as advances to other funds or advances from other funds.

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. The composition of interfund balances at September 30, 2025, was as follows:

	<u>Due from:</u>				
	<u>General Fund</u>	<u>Stormwater Management</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Proprietary</u>	<u>Total</u>
Due to:					
General Fund	\$ -	\$ 500,000	\$ 164	\$ 53,000	\$ 553,164
Nonmajor Governmental	2,445	-	-	-	2,445
Total	<u>\$ 2,445</u>	<u>\$ 500,000</u>	<u>\$ 164</u>	<u>\$ 53,000</u>	<u>\$ 555,609</u>

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(5) Interfund Loans, Advances, and Transfers: (Continued)

Advances represent interfund balances for which repayment is not expected within the following fiscal year. The composition of interfund advances at September 30, 2025, was as follows:

	<u>Advances due from: Nonmajor Governmental</u>
Advances due to:	
General Fund	\$ 363,033
Gulf Breeze Financial Services	1,000,000
Total	<u>\$ 1,363,033</u>

The City makes transfers between funds to finance operations, capital projects and improvements, debt service requirements, and other activities. The following table summarizes interfund transfers for the year ended September 30, 2025:

	<u>Transfers in:</u>			
	<u>General Fund</u>	<u>Stormwater Management</u>	<u>Water and Sewer</u>	<u>Total</u>
Transfers out:				
General Fund	\$ -	\$ 680,486	\$ 29,596	\$ 710,082
Urban Core Development	376,394	218,673	-	595,067
Impact Fees	-	-	6,007,139	6,007,139
Stormwater Management	118,464	-	-	118,464
Nonmajor Governmental	866,000	-	-	866,000
Water and Sewer	1,099,182	-	-	1,099,182
Natural Gas	319,538	-	139,544	459,082
Nonmajor Proprietary	53,762	-	-	53,762
Total	<u>\$ 2,833,340</u>	<u>\$ 899,159</u>	<u>\$ 6,176,279</u>	<u>\$ 9,908,778</u>

Interfund transfers were used primarily to fund capital projects and improvements, provide for debt service requirements, reimburse the General Fund for administrative and internal service costs, provide payments in lieu of franchise fees, and fund other operating activities. Significant transfers included approximately \$6.0 million from the Impact Fees Fund to the Water and Sewer Fund for capital improvements, \$350,000 from the General Fund to the Stormwater Management Fund for utility undergrounding along Highway 98, and transfers from the Urban Core Development Fund to reimburse the General Fund for police and administrative costs and to fund landscape maintenance within the redevelopment area.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2025, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,665,972	\$ -	\$ -	\$ -	\$ 1,665,972
Construction in progress	8,361,153	4,724,005	(746,485)	-	12,338,673
Total assets not being depreciated	10,027,125	4,724,005	(746,485)	-	14,004,645
Capital assets being depreciated:					
Building and improvements	17,845,291	-	-	-	17,845,291
Improvements other than buildings	24,259,659	460,201	-	-	24,719,860
Infrastructure	9,426,679	275,092	-	-	9,701,771
Machinery and equipment	7,911,262	796,724	(101,557)	-	8,606,429
Total assets being depreciated	59,442,891	1,532,017	(101,557)	-	60,873,351
Less accumulated depreciation for:					
Building and improvements	(25,280,440)	(978,640)	-	1,272,418	(24,986,662)
Infrastructure	(2,508,103)	(369,774)	-	(1,067,145)	(3,945,022)
Machinery and equipment	(7,238,008)	(321,161)	101,557	(205,273)	(7,662,885)
Total accumulated depreciation	(35,026,551)	(1,669,575)	101,557	-	(36,594,569)
Total capital assets being depreciated, net	24,416,340	(137,558)	-	-	24,278,782
Governmental activities capital assets, net	\$ 34,443,465	\$ 4,586,447	\$ (746,485)	\$ -	\$ 38,283,427

Business-type activities:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 2,663,827	\$ -	\$ -	\$ -	\$ 2,663,827
Construction in progress	12,402,245	48,528,420	(2,219,129)	(60,134)	58,651,402
Total assets not being depreciated	15,066,072	48,528,420	(2,219,129)	(60,134)	61,315,229
Capital assets being depreciated:					
Building and improvements	813,685	-	-	(117,184)	696,501
Improvements other than buildings	11,187,370	2,904,359	-	(170,264)	13,921,465
Infrastructure	49,485,317	-	-	-	49,485,317
Machinery and equipment	8,351,050	107,769	(178,001)	347,582	8,628,400
Total assets being depreciated	69,837,422	3,012,128	(178,001)	60,134	72,731,683
Less accumulated depreciation for:					
Building and improvements	(5,526,425)	(529,005)	196,529	(1,440,064)	(7,298,965)
Infrastructure	(42,214,470)	(1,200,495)	-	3,915,783	(39,499,182)
Machinery and equipment	(7,219,163)	(381,767)	178,001	(298,748)	(7,721,677)
Less: accumulated depreciation	(54,960,058)	(2,111,267)	374,530	2,176,971	(54,519,824)
Total capital assets being depreciated, net	14,877,364	900,861	196,529	2,237,105	18,211,859
Business-type activities capital assets, net	\$ 29,943,436	\$ 49,429,281	\$ (2,022,600)	\$ 2,176,971	\$ 79,527,088

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General governmental	\$	105,016
Public safety		239,246
Economic environment		127,464
Transportation		230,904
Culture and recreation		695,102
Stormwater		187,677
CTA		46,877
Total depreciation expense - governmental activities	\$	<u>1,669,575</u>
Business-type activities:		
Water and Sewer	\$	1,799,586
Natural Gas		291,570
Gulf Breeze Financial Services		4,282
Solid Waste		15,829
Total depreciation expense - business-type activities	\$	<u>2,111,267</u>

(7) Long-Term Liabilities:

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds and notes payable	\$ 19,344,395	\$ -	\$ (934,651)	\$ 18,409,744	\$ 2,781,632
Discount	(20,398)	-	1,590	(18,808)	-
Total revenue bonds and notes payable	<u>19,323,997</u>	<u>-</u>	<u>(933,061)</u>	<u>18,390,936</u>	<u>2,781,632</u>
Compensated absences*	367,877	62,220	-	430,097	111,825
Governmental activities – Total long-term liabilities	<u>\$ 19,691,874</u>	<u>\$ 62,220</u>	<u>\$ (933,061)</u>	<u>\$ 18,821,033</u>	<u>\$ 2,893,457</u>
Business-type activities:					
Revenue bonds and notes payable	\$ 6,130,989	\$ 9,000,000	\$ (479,348)	\$ 14,651,641	\$ 4,012,944
State Revolving Fund loans payable	477,634	18,585,000	(53,574)	19,009,060	55,219
FDOT utility relocation loans payable	1,053,610	-	(163,500)	890,110	168,160
Lease liability	609,725	-	(443,944)	165,781	165,781
Compensated absences*	284,092	58,582	-	342,674	89,095
Business-type activities – Total long-term liabilities	<u>\$ 8,556,050</u>	<u>\$ 27,643,582</u>	<u>\$ (1,140,366)</u>	<u>\$ 35,059,266</u>	<u>\$ 4,491,199</u>

* The change in compensated absences above is a net change for the year.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Long-Term Liabilities: (Continued)

Revenue bonds and notes payable in the City's governmental activities at September 30, 2025, were comprised of the following obligations:

Revenue Improvement Bonds, Series 2007. The bonds were issued in the original amount of \$10,225,000, of which \$8,998,000 was allocated to governmental activities. Proceeds were used to refund existing City debt and finance various capital improvements. The bonds bear interest at fixed rates ranging from 4.00% to 5.00%, payable semiannually on June 1 and December 1, and mature through December 1, 2037. The bonds are payable from legally available non-ad valorem revenues that the City agrees to budget each year for debt service; however, the agreement does not pledge or create a lien on all such revenues.	\$ 5,368,000
Redevelopment Revenue Note, Series 2021. The City of Gulf Breeze Community Redevelopment Agency issued the note in the amount of \$10,700,000 to finance redevelopment projects, including the undergrounding of utilities and construction of pedestrian overpasses along U.S. Highway 98. The note bears interest at 2.10% and matures May 28, 2041. The note is payable primarily from tax increment revenues of the Community Redevelopment Agency. If those revenues are insufficient, the City has agreed to budget legally available non-ad valorem revenues for debt service. For the year ended September 30, 2025, pledged tax increment revenues were \$1,927,916, compared with principal and interest requirements of \$645,191.	9,004,050
Capital Improvement Revenue Bond, Series 2016B. The bond was issued in the amount of \$2,576,520 to finance and refinance certain capital improvements. The bond bears interest at 4.00% and matures March 1, 2026. The bond is payable from pledged net revenues of the City's stormwater system and other revenues available under the financing agreement.	\$ 1,896,374
Capital Improvement Revenue Note, Series 2021. The note was issued in the amount of \$1,300,000 to finance certain capital improvements of the City. The Note bears interest at 2.10% and matures May 28, 2041. The note is payable from legally available non-ad valorem revenues that the City agrees to budget each year for debt service.	1,093,950
Stormwater Improvement Revenue Bond, Series 2020. The bond was issued in the amount of \$1,350,000 to finance stormwater improvements. The bond bears interest at 2.85% and matures January 1, 2040. The bond is payable from pledged net revenues of the City's stormwater system. For the year ended September 30, 2025, pledged net stormwater revenues were \$1,367,229, compared with principal and interest requirements of \$81,717 on the Series 2020 Bond and \$164,941 on the subordinate Series 2016B Bond.	1,047,370
Bonds and notes payable	18,409,744
Less: unamortized bond discount	(18,808)
Total bonds and notes payable, net	<u>\$ 18,390,936</u>

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Long-Term Liabilities: (Continued)

Revenue bonds, notes, and loans payable in the City's business-type activities at September 30, 2025, were comprised of the following obligations:

Revenue Improvement Bonds, Series 2007. The bonds were issued in the original amount of \$10,225,000, of which \$1,227,000 was allocated to business-type activities. Proceeds were used to refund existing City debt and finance various capital improvements. The bonds bear interest at fixed rates ranging from 4.00% to 5.00%, payable semiannually on June 1 and December 1, and mature through December 1, 2037. The bonds are payable from legally available non-ad valorem revenues that the City budgets each year for debt service; however, the agreement does not pledge or create a lien on all such revenues.	\$ 732,000
South Santa Rosa Utility System Refunding Revenue Note, Series 2013. The note was issued in the amount of \$3,800,000 to refund the outstanding South Santa Rosa Utility System Refunding Revenue Note, Series 2009B. The note bears interest at 2.85%, with principal payable annually and interest payable semiannually, and matures October 1, 2028. The note is payable from legally available non-ad valorem revenues that the City budgets for debt service.	1,174,610
Capital Improvement Revenue Bond, Series 2016A. The bond was issued in the amount of \$5,000,000 to finance and refinance certain capital improvements of the City's utility systems. The bond bears interest at 4.00% and matures March 1, 2026. The bond is payable from pledged revenues of the City's water and sewer utility systems and certain legally available non-ad valorem revenues budgeted and deposited for debt service.	3,681,531
Bond Anticipation Note, Series 2024. The City entered into a drawdown financing arrangement of up to \$32,000,000 to finance the expansion of the Gulf Breeze Regional Water System Water Reclamation Facility and related costs. The note bears interest at 5.01% on amounts advanced and matures August 20, 2027. During fiscal year 2025, the City drew an additional \$9,000,000 under the note. The note is payable from pledged net revenues of the City's water and sewer utility system. For the year ended September 30, 2025, pledged net revenues were \$21,093,351, compared with principal and interest requirements of \$320,059 on the Series 2016A Bond, \$268,809 on the Series 2024 Bond Anticipation Note, and \$67,736 on the CW722120 State Revolving Fund Loan. No principal or interest payments were required on the CW570800 State Revolving Fund Loan during fiscal year 2025.	9,063,500
State Revolving Fund Loan, CW722120. The loan was obtained to finance improvements to the City's water and sewer utility system. The loan bears interest at 3.05% and is payable in semiannual installments through 2032. The loan is payable from pledged net revenues of the applicable water and sewer utility system.	424,060
State Revolving Fund Loan, CW570800. The loan was obtained to finance improvements to the City's water and sewer utility system. During fiscal year 2025, the City recognized \$18,585,000 of principal under the loan. Semiannual payments are scheduled to begin September 15, 2026, and continue each March 15 and September 15 until the loan is fully repaid. The loan bears interest at approximately 0.29% and is payable from pledged net revenues of the applicable water and sewer utility system.	18,585,000

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Long-Term Liabilities: (Continued)

FDOT Water Utilities Relocation Loan. The City entered into the loan with the Florida Department of Transportation to finance the City's share of water utility relocation costs. The obligation is payable in annual installments through January 2030 and bears an imputed interest rate of 2.85%.	\$ 104,751
FDOT Sewer Utilities Relocation Loan. The City entered into the loan with the Florida Department of Transportation to finance the City's share of sewer utility relocation costs. The obligation is payable in annual installments through January 2030 and bears an imputed interest rate of 2.85%.	402,688
FDOT Gas Utilities Relocation Loan. The City entered into the loan with the Florida Department of Transportation to finance the City's share of natural gas utility relocation costs. The obligation is payable in annual installments through January 2030 and bears an imputed interest rate of 2.85%.	382,671
Total bonds, notes, and loans payable	<u>\$ 34,550,811</u>

Annual debt service requirements to maturity for the City's governmental activities revenue bonds and notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,781,632	\$ 568,848	\$ 3,350,480
2027	917,159	465,865	1,383,024
2028	949,108	437,719	1,386,827
2029	985,508	407,794	1,393,302
2030	1,021,960	375,953	1,397,913
2031-2035	5,684,890	1,357,677	7,042,567
2036-2040	5,529,487	427,159	5,956,646
2041	540,000	11,341	551,341
Total	<u>\$ 18,409,744</u>	<u>\$ 4,052,356</u>	<u>\$ 22,462,100</u>

Annual debt service requirements to maturity for the City's business-type activities revenue bonds, notes, and loans payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,228,303	\$ 1,131,831	\$ 5,360,134
2027	10,101,550	1,243,571	11,345,121
2028	1,486,833	120,036	1,606,869
2029	1,507,220	99,528	1,606,748
2030	1,213,189	82,921	1,296,110
2031-2035	5,023,443	284,859	5,308,302
2036-2040	4,879,181	141,290	5,020,471
2041-2045	4,736,760	57,820	4,794,580
2046-2047	1,374,332	3,815	1,378,147
Total	<u>\$ 34,550,811</u>	<u>\$ 3,165,671</u>	<u>\$ 37,716,482</u>

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(8) Leases:

The City entered into a lease agreement to finance the acquisition of water and gas meters and other equipment. The lease bears interest at 2.80% and requires semiannual payments through February 2026. The lease liability at September 30, 2025, was \$165,781. The related lease assets were fully depreciated as of September 30, 2025. The principal and interest requirements to maturity for the lease liability as of September 30, 2025 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 165,781	\$ 2,321	\$ 168,102

(9) Commitments and Contingencies:

(a) **Grant receipts**—Amounts received or receivable from grants are subject to audit and adjustment by the grantor. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

(b) **Construction contracts**—The City has approximately \$86.4 million in engineering services and construction contracts. The most significant portion of this total relates to the \$64 million wastewater & reclamation facility expansion project and septic elimination projects within the City. As of September 30, 2025, the remaining contractual commitments under these contracts totaled approximately \$35.7 million.

(c) **Environmental fine**—In April 2021, a homeowner's third-party contractor installed a private residential sewer line to a water main owned by Midway Water System, Inc. ("Midway"). Because the new home remained unoccupied for several months, the cross-connection was not discovered until October 2021.

The Florida Department of Environmental Protection ("FDEP") subsequently initiated an enforcement action related to the cross-connection. The FDEP fined Midway Water, the contractor, and the City. The matter was resolved through a Consent Order entered January 25, 2022, under which the City agreed to either pay a \$1,000,000 civil penalty or implement an FDEP-approved in-kind project valued at a minimum of \$1,500,000, in addition to \$5,000 of FDEP investigative costs. The City elected to satisfy the penalty through an approved in-kind project consisting of septic-to-sewer improvements in the area affected by the cross-connection. As of September 30, 2025, the City had incurred the majority of the required project expenditures and was working to complete the remaining improvements. Although the cross-connection involved a private sewer lateral connected to Midway Water's water main, the City still incurred a fine because the cross-connection happened within the City's sewer service area. The Consent Order expressly stated, however, that the City's agreement to the Consent Order terms and penalty did not constitute an admission of liability.

Related claims were also filed by affected property owners and Midway. The City's insurer, the Florida Municipal Insurance Trust ("FMIT"), provided a defense and insurance coverage for these claims. During fiscal year 2025, the remaining property-owner claims were settled within the applicable sovereign immunity limits. The City paid only its \$10,000 insurance deductible, which had previously been satisfied, with FMIT paying the remaining settlement amounts. Midway's crossclaim against the City was also settled. As of September 30, 2025, the City had no remaining pending tort claims related to the cross-connection. Accordingly, no additional liability has been accrued for the related litigation.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(10) Joint Venture:

The City, Holley-Navarre Water System, Inc., and Midway Water System, Inc. jointly participate in the Fairpoint Regional Utility System (FRUS). FRUS was created to pursue collective solutions to future water supply needs for residents of Santa Rosa County and the surrounding areas. FRUS is owned one-third by each of the three participants.

The City accounts for its investment in FRUS using the equity method of accounting and is included with other assets on the statement of net position. At September 30, 2025, the carrying value of the City's investment in FRUS was \$7,671,414. During the year ended September 30, 2025, the City recognized \$1,124,332 of income from the joint venture. Financial statements for FRUS are available by writing to Fairpoint Regional Utility System, 8574 Turkey Bluff Road, Navarre, Florida 32566.

(11) Related Party Transactions:

The City Council appoints the Directors of Capital Trust Agency, Inc. (CTA) and Capital Trust Authority, Inc. (CTAu). During the year ended September 30, 2025, CTA and CTAu transferred \$750,000 and \$250,000, respectively, to the City. The transactions were reflected as revenue of the City and expenses of the respective component units in the statement of activities. The purpose of the transfers was to subsidize the governmental operations of the City.

CTA and CTA Community Development Entity, LLC (CTA-CDE) share office space with Gulf Breeze Financial Services, Inc. (GBFS). Certain expenses incurred on behalf of CTA and CTA-CDE, including payroll and related fringe benefits, general and administrative expenses, and professional fees, are allocated to and reimbursed by CTA and CTA-CDE. Total costs allocated to CTA and CTA-CDE for the year ended September 30, 2025, were \$1,299, of which \$325 remained unpaid at September 30, 2025. Salaries and benefits related to CTA and CTA-CDE are charged in full to CTA and CTA-CDE but are paid by GBFS and reimbursed by CTA and CTA-CDE. For the year ended September 30, 2025, those expenses totaled \$364,781, of which \$31,985 remained unpaid at September 30, 2025.

(12) Other Postemployment Benefits (OPEB):

Plan Description—The City of Gulf Breeze, Florida, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The Plan does not issue a publicly available financial report.

Funding Policy—The contribution requirements of plan members are established by the City. The City has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current-year benefit costs and expenses. For active employees, the City pays any remaining required amounts after contributions of plan members are taken into account. Retired members pay the full premium associated with the coverage elected. The City has not accumulated assets in a trust for payment of OPEB benefits.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(12) Other Postemployment Benefits (OPEB): (Continued)

Benefits Provided—The Plan provides medical and prescription drug coverage through BlueCare HMO 55 to eligible retirees and their dependents. There are currently no service or age requirements to be eligible for retiree benefits. Retirees are charged the applicable premium for the coverage elected; however, premiums are based on the blended experience of active employees and retirees. Because retirees generally have higher expected healthcare costs than active employees, the blended premium results in an implicit rate subsidy to retirees.

Plan Membership—At September 30, 2024, the date of the latest actuarial valuation, plan participation consisted of the following:

Retired employees currently receiving health benefits	2
Active employees	126
	128

Actuarial Assumptions and Other Inputs—The total OPEB liability measured as of September 30, 2025, was determined using update procedures to roll forward the September 30, 2024, actuarial valuation. The following actuarial assumptions and other inputs were applied to all periods in the measurement, unless otherwise specified:

Salary increases	3.50% per annum
Discount rate	4.90%
Healthcare cost trend rate – Medical/Rx	7.75% select; 4.00% ultimate
Healthcare cost trend rate – Administrative fees	4.00% select; 4.00% ultimate
Retirees' share of benefit-related costs	100% of premium for coverage elected
Marriage rate	50% for all future retirees
Medicare eligibility	All current and future retirees assumed eligible at age 65
Plan participation	10% of eligible early retirees and their dependents
Plan election rate	100% of eligible future retirees
Actuarial cost method	Entry Age Normal, level percentage of projected salary

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(12) Other Postemployment Benefits (OPEB): (Continued)

Mortality rates were based on the PUB-2010 headcount-weighted base mortality table, projected generationally using Scale MP-2021, on a gender-specific and job-class basis. The assumptions are unchanged from the prior year, other than the discount rate change from 3.81% to 4.90% based on the Bond Buyer 20-Bond General Obligation Index as of September 30, 2025.

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources—The City’s total OPEB liability of \$232,925 was measured as of September 30, 2025, and was determined by an actuarial valuation as of September 30, 2024. For the year ended September 30, 2025, the City recognized OPEB expense of \$8,285 and had no deferred outflows of resources or deferred inflows of resources related to OPEB.

Changes in the OPEB liability for the fiscal year ended September 30, 2025, were as follows:

	Total OPEB Liability
Balance at September 30, 2024	\$ 235,450
Changes for the year:	
Service cost	19,412
Interest	9,504
Changes of assumptions	(20,631)
Benefit payments	(10,810)
Net changes	(2,525)
Balance at September 30, 2025	<u>\$ 232,925</u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 4.90%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.90%) or 1% higher (5.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 253,000	\$ 233,000	\$ 216,000

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 210,000	\$ 233,000	\$ 261,000

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) Employee Retirement Systems and Pension Funds:

A. Retirement Plan for the Police Officers of the City of Gulf Breeze, Florida

Plan Description and Administration

Police officers employed by the City of Gulf Breeze, Florida participate in the Retirement Plan for the Police Officers of the City of Gulf Breeze, Florida (the Police Pension Plan), a single-employer defined benefit pension plan administered by a Board of Trustees. The plan was established effective January 1, 1996. The Police Pension Plan uses the Florida Municipal Pension Trust Fund (FMPTF), a division of the Florida League of Cities, Inc., to administer and invest plan assets.

The assets of the Police Pension Plan are invested together with the assets of other pension plans. The program was established for the purpose of collectively managing individually designed pension plans of participating investment and administrative services for eligible governmental agencies in Florida. The City has established a Board of Trustees, which is solely responsible for administration of the Police Pension Plan. The Board of Trustees is comprised of two Council appointees; two members of the department elected by the membership; and one member elected by the other four members and appointed by the Council. The Board of Trustees establishes and may amend provisions of the Police Pension Plan related to participant eligibility, contribution requirements, vesting, and benefit provisions. However, these plan provisions are subject to minimum requirements established in Chapters 112 and 185, Florida Statutes.

The City is responsible for making actuarially determined employer contributions, and covered employees are required to contribute 4.00% of pensionable earnings. The employee contribution requirement may be amended by City ordinance, subject to applicable State minimum requirements. The plan provides retirement, disability, and pre-retirement death benefits. An employee becomes fully vested after six years of credited service. Normal retirement is available at age 55 with at least six years of credited service or at age 52 with at least 25 years of credited service. Early retirement is available at age 50 with at least six years of credited service.

The FMPTF issues publicly available financial statements that include information concerning the fiduciary net position of participating pension plans. The Police Pension Plan does not issue a separate audited stand-alone financial report. The FMPTF's financial report may be obtained from the Florida League of Cities, Inc., 301 South Bronough Street, Tallahassee, Florida 32301, or through the Florida Municipal Pension Trust Fund.

Benefits Provided

The Police Pension Plan provides retirement, disability, and pre-retirement death benefits. The monthly accrued retirement benefit is equal to 3.50% of average final compensation multiplied by credited service earned through March 2, 2014, plus 3.00% of average final compensation multiplied by credited service earned on and after March 2, 2014. Average final compensation is generally based on the highest five years of pensionable earnings out of the last ten years of employment.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) Employee Retirement Systems and Pension Funds: (Continued)

Early retirement benefits are reduced by 3.00% for each year that the early retirement date precedes the normal retirement date. Service-connected disability benefits are the greater of the accrued benefit or 42% of average final compensation, subject to applicable offsets. Non-service-connected disability benefits are the greater of the accrued benefit or 25% of average final compensation for participants with at least ten years of credited service, also subject to applicable offsets.

For a vested participant who dies before retirement, the participant's accrued benefit is payable to the beneficiary for ten years beginning at the participant's early or normal retirement date. For a nonvested participant who dies before retirement, accumulated employee contributions are payable to the beneficiary.

Benefits include an automatic 3.00% annual cost-of-living adjustment, delayed for three years with respect to benefits earned after February 3, 2014. In addition, retirees receive a supplemental retirement benefit of \$5 per month for each year of credited service, payable for life. The plan also provides a Deferred Retirement Option Program (DROP) for participants eligible for normal retirement, with participation available for up to five years.

Plan Membership

At September 30, 2025, plan membership consisted of 51 covered individuals, including 22 active participants, 20 inactive participants entitled to future benefits, and 9 inactive participants or beneficiaries currently receiving benefits.

Financial Statements

The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Police Pension Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All Police Pension Plan investments are reported at fair value. Separate financial statements have not been prepared for the Police Pension Plan.

Contributions

The participant contribution rate for the Police Pension Plan is established by and may be amended by the City Council. Employees covered under the Police Pension Plan are required to contribute 4.00% of pensionable earnings. Employer contributions are actuarially determined and are subject to minimum funding requirements established by Chapter 112, Florida Statutes. The City's required contribution for the year ended September 30, 2025, was determined as part of the October 1, 2024, actuarial valuation.

The State of Florida also makes contributions to the Police Pension Plan in accordance with Chapter 185, Florida Statutes, as amended by the State Legislature. For the year ended September 30, 2025, the Police Pension Plan received \$120,970 in Chapter 185 contributions. Of this amount, \$58,434 was allowable toward the City's minimum required contribution, and the remaining \$62,536 was transferred to the Share Plan. For the year ended September 30, 2025, the Police Pension Plan also received \$45,974 of employee contributions and \$337,059 of City contributions.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) **Employee Retirement Systems and Pension Funds:** (Continued)

Investment Policy

The Police Pension Plan's investments are administered through the Florida Municipal Pension Trust Fund. As of the valuation date, the plan's investment portfolio was allocated among core bonds, core-plus fixed income, U.S. large-cap equities, U.S. small-cap equities, non-U.S. equities, and core real estate.

See additional disclosures of the Police Pension Plan's investments at Note (3).

The investment portfolio target allocation and long-term expected real rates of return by asset class used in the actuarial valuation were:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rates of Return</u>
Core bonds	15%	1.60%
Core-plus fixed income	15%	2.10%
U.S. large-cap equities	25%	4.60%
U.S. small-cap equities	14%	5.50%
Non-U.S. equities	21%	6.70%
Core real estate	10%	5.00%
Total or weighted arithmetic average	<u>100%</u>	<u>4.38%</u>

Actuarial Assumptions

The total pension liability of the pension plan at September 30, 2025, was determined using the October 1, 2024, actuarial valuation and the following assumptions:

Inflation	2.62% per annum
Salary increases	4.00% per annum
Discount rate	7.00% per annum
Cost-of-living increases	3.00% per year, delayed three years after retirement for benefits earned after February 3, 2014
Mortality	PUB-2010 headcount-weighted mortality tables for public safety employees, with full generational improvements using Scale MP-2018
Retirement	Normal retirement age

Discount rate:

The discount rate was based on the long-term expected rate of return on plan investments. The projection of plan fiduciary net position indicated that plan assets were expected to be sufficient to make all projected future benefit payments; therefore, the long-term expected rate of return was applied to all periods of projected benefit payments in determining the total pension liability.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) **Employee Retirement Systems and Pension Funds:** (Continued)

Net Pension Liability (Asset)

At September 30, 2025, the City reported a net pension asset of \$1,753,441 related to the Police Pension Plan, consisting of a total pension liability of \$7,214,774 less plan fiduciary net position of \$8,968,215. Plan fiduciary net position represented 124.30 percent of the total pension liability. The net pension liability was measured as of September 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2024, and rolled forward to the September 30, 2025, measurement date.

Changes in the net pension liability (asset) of the pension plan for the year ended September 30, 2025, were as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at September 30, 2024	\$ 7,083,131	\$ 8,869,751	\$ (1,786,620)
Service cost	416,062	-	416,062
Expected interest growth	491,620	600,828	(109,208)
Demographic experience	192,430	-	192,430
Benefit payments & refunds	(968,469)	(968,469)	-
Unexpected investment income	-	80,494	(80,494)
Employer contributions	-	379,284	(379,284)
Employee contributions	-	44,725	(44,725)
Administrative expense	-	(38,398)	38,398
Net change	131,643	98,464	33,179
Balance at September 30, 2025	<u>\$ 7,214,774</u>	<u>\$ 8,968,215</u>	<u>\$ (1,753,441)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate:

The following presents the net pension liability of the City calculated using the selected discount rate, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate (7.00%):

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ (292,160)	\$ (1,753,441)	\$ (2,638,036)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of \$196,634 related to the Police Pension Plan.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) Employee Retirement Systems and Pension Funds: (Continued)

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 538,118	\$ 835,913
Changes of assumptions	129,342	88,510
Net difference between projected and actual investment earnings	-	369,446
	<u>\$ 667,460</u>	<u>\$ 1,293,869</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<u>Year Ending September 30:</u>
2026	\$ 48,471
2027	(234,864)
2028	(214,607)
2029	(89,372)
2030	(79,419)
Thereafter	(56,618)

Pension Plan Fiduciary Net Position

The Police Pension Plan's fiduciary net position is determined using the same basis used to determine the City's net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense. Investments are reported at fair value. Detailed information concerning the Police Pension Plan's fiduciary net position is available through the Florida Municipal Pension Trust Fund.

B. General Employees' Defined Contribution Pension Plan

Plan Description

The City participates in a defined contribution pension plan for eligible general employees through the Florida Municipal Pension Trust Fund (FMPTF), administered by the Florida League of Cities, Inc. The Plan is intended to qualify under Section 401(a) of the Internal Revenue Code and as a governmental plan under Section 414(d). The Plan provides an individual account for each participant, with benefits based solely on contributions and amounts allocated to the participant's account, including investment earnings and losses, expenses, and forfeitures. Plan assets are held for the exclusive benefit of participants and their beneficiaries. Participants direct the investment of amounts allocated to their individual accounts among investment alternatives selected by the FMPTF Master Trustees.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) Employee Retirement Systems and Pension Funds: (Continued)

General employees are eligible to participate in the Plan after completing three months of service, with no minimum age requirement. Part-time employees who normally work, or are regularly scheduled to work, less than 20 hours per week are excluded from participation.

Contributions and Vesting

Contribution provisions applicable to the City are established through the City's Adoption Agreement and may be amended by the City's governing authority, subject to the provisions of the Plan. The City makes non-elective contributions equal to 8% of benefit compensation for participating employees other than the Finance Director and 12% of benefit compensation for the Finance Director. Participating employees are not required to make contributions to the Plan.

Participants other than the Finance Director vest in employer contributions at 20% after one year of vesting service, 40% after two years, 60% after three years, 80% after four years, and 100% after five years. The Finance Director is immediately vested in employer contributions. Forfeitures of nonvested employer contributions are used to reduce future City contributions. A forfeited amount is reinstated if the participant returns to eligible service with the City within one year.

For the year ended September 30, 2025, the City recognized pension expense of \$454,881 related to the defined contribution pension plan. At September 30, 2025, the City reported \$4,731 payable for outstanding contributions to the Plan.

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan established pursuant to Section 457(b) of the Internal Revenue Code through the Florida Municipal Pension Trust Fund (FMPTF), administered by the Florida League of Cities, Inc. The Plan permits eligible employees to defer a portion of their compensation, subject to applicable Internal Revenue Code limitations. Participants direct the investment of amounts allocated to their individual accounts among investment alternatives available under the Plan. The City does not make employer contributions to the Plan.

Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Participant accounts are credited with contributions and applicable investment earnings and losses. The City does not guarantee investment returns on participant accounts. Because the City does not make employer contributions and does not guarantee a specific benefit level or rate of return, the Plan does not meet the definition of a pension plan for purposes of GASB Statement No. 97. Accordingly, the Plan is not reported as a pension plan of the City.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(14) Deficit Fund Balance:

At September 30, 2025, the Tourist Development Special Revenue Fund reported a fund balance deficit of \$-1,275,467. This cumulative deficit was the result of making excess capital expenditures that are expected to be recovered from subsequent periods' tax increment revenues.

(15) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2025, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

GASB issued Statement No. 105, *Subsequent Events*, in September 2024. GASB 105 clarifies the subsequent events that constitute recognized and nonrecognized events, modifies the period during which subsequent events are evaluated, and establishes specific note disclosure requirements for nonrecognized subsequent events. The Statement also requires disclosure of the date through which subsequent events have been evaluated. The provisions are effective for fiscal years beginning after June 15, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,618,194	\$ 4,618,194	\$ 4,814,813	\$ 196,619
Licenses, fees, and permits	30,125	30,125	98,858	68,733
Intergovernmental	1,629,296	1,629,296	693,189	(936,107)
Charges for services	403,750	403,750	498,175	94,425
Fines and forfeitures	173,500	173,500	254,341	80,841
Investment income	1,100,000	1,100,000	682,284	(417,716)
Miscellaneous	212,046	212,046	260,252	48,206
Contributions from component unit	1,000,000	1,000,000	1,000,000	-
Total revenues	<u>9,166,911</u>	<u>9,166,911</u>	<u>8,301,912</u>	<u>(864,999)</u>
Expenditures				
Current:				
General government	1,585,814	1,586,025	1,673,307	(87,282)
Public safety	4,024,857	4,114,975	4,185,931	(70,956)
Economic environment	499,332	500,345	414,986	85,359
Culture and recreation	2,557,381	2,584,506	2,476,163	108,343
Capital outlay	3,120,569	3,463,114	2,024,434	1,438,680
Debt service:				
Principal retirement	284,592	284,592	284,592	-
Interest and fiscal charges	260,037	260,037	260,035	2
Debt issuance costs	750	750	750	-
Total expenditures	<u>12,333,332</u>	<u>12,794,344</u>	<u>11,320,198</u>	<u>1,474,146</u>
Excess (deficiency) of revenues over expenditures	<u>(3,166,421)</u>	<u>(3,627,433)</u>	<u>(3,018,286)</u>	<u>609,147</u>
Other financing sources (uses)				
Transfers in	2,833,341	2,833,341	2,833,340	(1)
Transfers out	(710,082)	(710,082)	(710,082)	-
Proceeds from sale of capital assets	10,000	10,000	3,850	(6,150)
Total other financing sources (uses)	<u>2,133,259</u>	<u>2,133,259</u>	<u>2,127,108</u>	<u>(6,151)</u>
Net change in fund balances	<u>(1,033,162)</u>	<u>(1,494,174)</u>	<u>(891,178)</u>	<u>602,996</u>
Fund balances, beginning of year	10,505,617	10,505,617	10,505,617	-
Fund balances, end of year	<u><u>\$ 9,472,455</u></u>	<u><u>\$ 9,011,443</u></u>	<u><u>\$ 9,614,439</u></u>	<u><u>\$ 602,996</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - URBAN CORE REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 1,950,694	\$ 1,950,694	\$ 1,927,916	\$ (22,778)
Miscellaneous	-	-	1,611	1,611
Total revenues	<u>1,950,694</u>	<u>1,950,694</u>	<u>1,929,527</u>	<u>(21,167)</u>
Expenditures				
Current:				
Community redevelopment	287,549	318,520	239,278	79,242
Capital outlay	685,000	1,648,347	1,825,508	(177,161)
Debt service:				
Principal retirement	446,725	446,725	446,725	-
Interest and fiscal charges	198,466	198,466	198,466	-
Total expenditures	<u>1,617,740</u>	<u>2,612,058</u>	<u>2,709,977</u>	<u>(97,919)</u>
Excess (deficiency) of revenues over expenditures	<u>332,954</u>	<u>(661,364)</u>	<u>(780,450)</u>	<u>(119,086)</u>
Other financing sources (uses)				
Transfers out	<u>(595,067)</u>	<u>(595,067)</u>	<u>(595,067)</u>	-
Total other financing sources (uses)	<u>(595,067)</u>	<u>(595,067)</u>	<u>(595,067)</u>	-
Net change in fund balances	<u>(262,113)</u>	<u>(1,256,431)</u>	<u>(1,375,517)</u>	<u>(119,086)</u>
Fund balances, beginning of year	4,992,177	4,992,177	4,992,177	-
Fund balances, end of year	<u><u>\$ 4,730,064</u></u>	<u><u>\$ 3,735,746</u></u>	<u><u>\$ 3,616,660</u></u>	<u><u>\$ (119,086)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Licenses, fees, and permits	\$ 662,000	\$ 662,000	\$ 1,448,979	\$ 786,979
Total revenues	<u>662,000</u>	<u>662,000</u>	<u>1,448,979</u>	<u>786,979</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>662,000</u>	<u>662,000</u>	<u>1,448,979</u>	<u>786,979</u>
Other financing sources (uses)				
Transfers out	(6,000,000)	(6,007,139)	(6,007,139)	-
Total other financing sources (uses)	<u>(6,000,000)</u>	<u>(6,007,139)</u>	<u>(6,007,139)</u>	<u>-</u>
Net change in fund balances	<u>(5,338,000)</u>	<u>(5,345,139)</u>	<u>(4,558,160)</u>	<u>786,979</u>
Fund balances, beginning of year	7,588,664	7,588,664	7,588,664	-
Fund balances, end of year	<u><u>\$ 2,250,664</u></u>	<u><u>\$ 2,243,525</u></u>	<u><u>\$ 3,030,504</u></u>	<u><u>\$ 786,979</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STORMWATER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 1,117,000	\$ 1,117,000	\$ 1,163,236	\$ 46,236
Intergovernmental	4,095,786	4,095,786	110,261	(3,985,525)
Charges for services	594,400	594,400	608,771	14,371
Miscellaneous	29,150	29,150	34,521	5,371
Total revenues	<u>5,836,336</u>	<u>5,836,336</u>	<u>1,916,789</u>	<u>(3,919,547)</u>
Expenditures				
Current:				
Physical environment	512,627	512,627	560,504	(47,877)
Public works	1,439,917	1,445,634	1,448,719	(3,085)
Capital outlay	10,021,000	10,016,013	365,116	9,650,897
Debt service:				
Principal retirement	201,728	201,728	203,334	(1,606)
Interest and fiscal charges	141,395	141,395	139,799	1,596
Other charges	-	-	-	-
Debt issuance costs	12,883	12,883	9,913	2,970
Total expenditures	<u>12,329,550</u>	<u>12,330,280</u>	<u>2,727,385</u>	<u>9,602,895</u>
Excess (deficiency) of revenues over expenditures	<u>(6,493,214)</u>	<u>(6,493,944)</u>	<u>(810,596)</u>	<u>5,683,348</u>
Other financing sources (uses)				
Transfers in	976,857	976,857	899,159	(77,698)
Transfers out	(121,035)	(121,035)	(118,464)	2,571
Total other financing sources (uses)	<u>855,822</u>	<u>855,822</u>	<u>780,695</u>	<u>(75,127)</u>
Net change in fund balances	<u>(5,637,392)</u>	<u>(5,638,122)</u>	<u>(29,901)</u>	<u>5,608,221</u>
Fund balances, beginning of year	1,186,835	1,186,835	1,186,835	-
Fund balances, end of year	<u><u>\$ (4,450,557)</u></u>	<u><u>\$ (4,451,287)</u></u>	<u><u>\$ 1,156,934</u></u>	<u><u>\$ 5,608,221</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$ 19,412	\$ 21,831	\$ 21,132	\$ 12,716	\$ 12,505	\$ 4,615	\$ 4,178	\$ 3,681
Interest	9,504	7,232	6,256	2,954	2,689	2,178	2,778	2,959
Difference between expected and actual experience	-	47,813	-	20,066	-	14,793	-	-
Changes of assumptions	(20,631)	7,713	(832)	(15,994)	(445)	18,068	3,462	3,184
Estimated benefit payments	(10,810)	(8,271)	(3,836)	(2,683)	(9,160)	(6,316)	(4,713)	(2,426)
Net change in total OPEB liability	(2,525)	76,318	22,720	17,059	5,589	33,338	5,705	7,398
Total OPEB liability - beginning of year	235,450	159,132	136,412	119,353	113,764	80,426	74,721	67,323
Total OPEB liability - end of year	<u><u>\$ 232,925</u></u>	<u><u>\$ 235,450</u></u>	<u><u>\$ 159,132</u></u>	<u><u>\$ 136,412</u></u>	<u><u>\$ 119,353</u></u>	<u><u>\$ 113,764</u></u>	<u><u>\$ 80,426</u></u>	<u><u>\$ 74,721</u></u>
 Covered employee payroll	 \$ 7,601,000	 \$ 7,344,433	 \$ 6,563,000	 \$ 6,341,209	 \$ 5,516,000	 \$ 5,354,935	 \$ 4,198,000	 \$ 4,055,975
 Total OPEB liability as a percentage of covered employee payroll	 3.06%	 3.21%	 2.42%	 2.15%	 2.16%	 2.12%	 1.92%	 1.84%

Notes to Schedule:

There are no assets accumulated in a trust that pay for related benefits.

Valuation date:	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date:	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018

The plan is funded on a pay-as-you-go basis, and there are no assets being accumulated in trust to pay benefits.

*10 years of data will be presented as it becomes available.

CITY OF GULF BREEZE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FLORIDA MUNICIPAL PENSION TRUST FUND
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year Ending September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Share plan	\$ -	\$ -	\$ (66,430)	\$ (75,405)	\$ 141,835	\$ -	\$ -	\$ -	\$ -	\$ -
Service cost	416,062	313,668	328,210	326,564	364,533	320,289	277,894	244,776	214,151	216,594
Expected interest growth	491,620	499,473	448,312	425,598	402,084	352,866	339,978	300,455	306,049	273,428
Demographic experience	192,430	(502,542)	126,982	(330,620)	(160,146)	285,728	(426,231)	767,868	(502,508)	273,650
Benefit payments & refunds	(968,469)	(150,515)	(122,107)	(74,455)	(52,788)	(300,906)	(49,239)	(780,158)	(46,223)	(302,946)
Assumption changes	-	-	-	-	(169,187)	-	-	-	(76,333)	-
Net change in total pension liability	131,643	160,084	714,967	271,682	526,331	657,977	142,402	532,941	(104,864)	460,726
Total pension liability - beginning	7,083,131	6,923,047	6,208,080	5,936,398	5,410,067	4,752,090	4,609,688	4,076,747	4,181,611	3,720,885
Total pension liability - ending (a)	\$ 7,214,774	\$ 7,083,131	\$ 6,923,047	\$ 6,208,080	\$ 5,936,398	\$ 5,410,067	\$ 4,752,090	\$ 4,609,688	\$ 4,076,747	\$ 4,181,611
Total Fiduciary Net Position										
Share plan	\$ -	\$ -	\$ (66,430)	\$ (75,405)	\$ 141,835	\$ -	\$ -	\$ -	\$ -	\$ -
Expected interest growth	600,828	508,310	452,866	504,188	405,366	368,544	340,874	326,109	296,764	270,036
Unexpected investment income	80,494	933,590	97,702	(1,470,933)	696,727	(8,312)	(66,283)	45,789	271,691	52,230
Employer contributions	379,284	460,981	263,229	362,854	350,860	304,573	247,998	246,799	248,563	205,273
Employee contributions	44,725	46,989	45,125	41,124	38,490	38,549	33,813	28,558	26,902	25,241
Benefit payments & refunds	(968,469)	(150,515)	(122,107)	(74,455)	(52,788)	(300,906)	(49,239)	(780,158)	(46,223)	(302,946)
Administrative expense	(38,398)	(30,423)	(27,470)	(23,620)	(23,310)	(18,946)	(17,716)	(19,485)	(15,900)	(16,678)
Net change in plan fiduciary net position	98,464	1,768,932	642,915	(736,247)	1,557,180	383,502	489,447	(152,388)	781,797	233,156
Plan fiduciary net position - beginning	8,869,751	7,100,819	6,457,904	7,194,151	5,636,971	5,253,469	4,764,022	4,916,410	4,134,613	3,901,457
Plan fiduciary net position - ending (b)	\$ 8,968,215	\$ 8,869,751	\$ 7,100,819	\$ 6,457,904	\$ 7,194,151	\$ 5,636,971	\$ 5,253,469	\$ 4,764,022	\$ 4,916,410	\$ 4,134,613
Net pension liability (asset) - ending (a) - (b)	\$ (1,753,441)	\$ (1,786,620)	\$ (177,772)	\$ (249,824)	\$ (1,257,753)	\$ (226,904)	\$ (501,379)	\$ (154,334)	\$ (839,663)	\$ 46,998
Plan fiduciary net position as a percentage of the total pension liability	124.30%	125.22%	102.57%	104.02%	121.19%	104.19%	110.55%	103.35%	120.60%	98.88%
Covered payroll	\$ 1,186,268	\$ 899,888	\$ 944,203	\$ 919,323	\$ 1,012,952	\$ 879,140	\$ 757,353	\$ 702,730	\$ 621,418	\$ 632,650
Net pension liability (asset) as a percentage of covered payroll	-147.81%	-198.54%	-18.83%	-27.17%	-124.17%	-25.81%	-66.20%	-21.96%	-135.12%	7.43%

CITY OF GULF BREEZE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	\$ 324,996	\$ 379,284	\$ (54,288)	\$ 1,186,268	31.97%
2024	407,015	460,981	(53,966)	899,888	51.23%
2023	200,338	263,229	(62,891)	944,203	27.88%
2022	304,420	362,854	(58,434)	919,323	39.47%
2021	292,425	350,860	(58,435)	1,012,952	34.64%
2020	246,139	304,573	(58,434)	879,140	34.64%
2019	188,846	247,998	(59,152)	757,353	32.75%
2018	177,485	246,799	(69,314)	702,730	35.12%
2017	204,115	248,563	(44,448)	621,418	40.00%
2016	191,517	205,273	(13,756)	632,650	32.45%

Notes to Schedule:

Valuation Date: 10/1/2024

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Aggregate Cost Method
Mortality:	Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public employees, with full generational improvements in mortality using Scale MP-2018
Normal Retirement Age:	Age 55 with at least 6 years of service, or age 52 with at least 25 years of service, or age 50 with at least six years of service
Interest Rate:	7.00% per annum (2.62% per annum is attributable to long-term inflation)
Salary Increases:	4% per annum
Early Retirement:	Early retirement pension is reduced by 3% for each year by which the early retirement date precedes the normal retirement date
Cost of Living Adjustment:	3.00% per year, delayed three years after retirement with respect to benefits earned after February 3, 2014

**CITY OF GULF BREEZE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
SEPTEMBER 30, 2025
(UNAUDITED)**

For the Year Ending September 30,	Police Plan
2025	11.91%
2024	25.07%
2023	14.31%
2022	-17.30%
2021	17.80%
2020	11.03%
2019	3.91%
2018	9.11%
2017	11.49%
2016	10.06%

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

These financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given fund type.

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

Traffic Citation Special Revenue Fund—To account for funds received for traffic red-light citations.

Police Special Revenue Fund—To account for funds received for certain fines as well as other police-related revenues.

Tourist Development Special Revenue Fund—To account for funds received for tourist development.

**CITY OF GULF BREEZE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	Special Revenue Funds			
	Traffic Citation	Police	Tourist Development	Total
ASSETS				
Cash and cash equivalents	\$ 572,454	\$ 248,824	\$ -	\$ 821,278
Due from other governments	-	2,100	93,066	95,166
Due from other funds	2,289	156	-	2,445
Total assets	<u>\$ 574,743</u>	<u>\$ 251,080</u>	<u>\$ 93,066</u>	<u>\$ 918,889</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 57,662	\$ -	\$ 5,500	\$ 63,162
Due to other funds	164	-	-	164
Advances from other funds	-	-	1,363,033	1,363,033
Total liabilities	<u>57,826</u>	<u>-</u>	<u>1,368,533</u>	<u>1,426,359</u>
FUND BALANCES				
Restricted for:				
Public safety	-	251,080	-	251,080
Assigned to:				
Public safety	516,917	-	-	516,917
Unassigned	-	-	(1,275,467)	(1,275,467)
Total fund balances	<u>516,917</u>	<u>251,080</u>	<u>(1,275,467)</u>	<u>(507,470)</u>
Total liabilities and fund balances	<u>\$ 574,743</u>	<u>\$ 251,080</u>	<u>\$ 93,066</u>	<u>\$ 918,889</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds			
	Traffic Citation	Police	Tourist Development	Total
Revenues				
Taxes	\$ -	\$ -	\$ 596,071	\$ 596,071
Fines and forfeitures	472,800	11,711	-	484,511
Investment income (loss)	34,798	2,652	-	37,450
Miscellaneous operating	247	64,613	-	64,860
Total revenues	<u>507,845</u>	<u>78,976</u>	<u>596,071</u>	<u>1,182,892</u>
Expenditures				
Current:				
Public safety	209,385	66,714	-	276,099
Culture and recreation	-	-	55,138	55,138
Capital outlay	-	109,608	1,450,260	1,559,868
Total expenditures	<u>209,385</u>	<u>176,322</u>	<u>1,505,398</u>	<u>1,891,105</u>
Excess (deficiency) of revenues over expenditures	<u>298,460</u>	<u>(97,346)</u>	<u>(909,327)</u>	<u>(708,213)</u>
Other financing sources (uses)				
Transfers out	(187,000)	-	(679,000)	(866,000)
Proceeds from sale of capital assets	-	12,425	-	12,425
Total other financing sources (uses)	<u>(187,000)</u>	<u>12,425</u>	<u>(679,000)</u>	<u>(853,575)</u>
Net change in fund balances	<u>111,460</u>	<u>(84,921)</u>	<u>(1,588,327)</u>	<u>(1,561,788)</u>
Fund balances, beginning of year	405,457	336,001	312,860	1,054,318
Fund balances, end of year	<u>\$ 516,917</u>	<u>\$ 251,080</u>	<u>\$ (1,275,467)</u>	<u>\$ (507,470)</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRAFFIC CITATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and forfeitures	\$ 525,000	\$ 525,000	\$ 472,800	\$ (52,200)
Investment income	30,000	30,000	34,798	4,798
Miscellaneous	-	-	247	247
Total revenues	<u>555,000</u>	<u>555,000</u>	<u>507,845</u>	<u>(47,155)</u>
Expenditures				
Current:				
Public safety	<u>256,516</u>	<u>279,163</u>	<u>209,385</u>	<u>69,778</u>
Total expenditures	<u>256,516</u>	<u>279,163</u>	<u>209,385</u>	<u>69,778</u>
Excess (deficiency) of revenues over expenditures	<u>298,484</u>	<u>275,837</u>	<u>298,460</u>	<u>22,623</u>
Other financing sources (uses)				
Transfers out	<u>(187,000)</u>	<u>(187,000)</u>	<u>(187,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(187,000)</u>	<u>(187,000)</u>	<u>(187,000)</u>	<u>-</u>
Net change in fund balances	<u>111,484</u>	<u>88,837</u>	<u>111,460</u>	<u>22,623</u>
Fund balances, beginning of year	405,457	405,457	405,457	-
Fund balances, end of year	<u><u>\$ 516,941</u></u>	<u><u>\$ 494,294</u></u>	<u><u>\$ 516,917</u></u>	<u><u>\$ 22,623</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TOURIST DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 735,000	\$ 735,000	\$ 596,071	\$ (138,929)
Total revenues	<u>735,000</u>	<u>735,000</u>	<u>596,071</u>	<u>(138,929)</u>
Expenditures				
Current:				
Culture and recreation	56,000	58,250	55,138	3,112
Capital outlay	-	1,450,260	1,450,260	-
Debt service:				
Total expenditures	<u>56,000</u>	<u>1,508,510</u>	<u>1,505,398</u>	<u>3,112</u>
Excess (deficiency) of revenues over expenditures	<u>679,000</u>	<u>(773,510)</u>	<u>(909,327)</u>	<u>(135,817)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(679,000)	(681,388)	(679,000)	2,388
Total other financing sources (uses)	<u>(679,000)</u>	<u>(681,388)</u>	<u>(679,000)</u>	<u>2,388</u>
Net change in fund balances	<u>-</u>	<u>(1,454,898)</u>	<u>(1,588,327)</u>	<u>(133,429)</u>
Fund balances, beginning of year	312,860	312,860	312,860	-
Fund balances, end of year	<u>\$ 312,860</u>	<u>\$ (1,142,038)</u>	<u>\$ (1,275,467)</u>	<u>\$ (133,429)</u>

The accompanying notes to financial statements are an integral part of this statement.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Solid Waste Control Fund—To account for the activities associated with managing the City's solid waste.

Innerarity Point Utilities Fund—To account for activities associated with operation of the water and sewer utilities of Innerarity Point, an unincorporated community in Escambia County, Florida.

CITY OF GULF BREEZE, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	<u>Solid Waste Control</u>	<u>Innerarity Point Utilities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 115,831	\$ 115,831
Accounts receivable, net	91,500	1,733	93,233
Restricted current assets			
Cash and cash equivalents	12,025	-	12,025
Total current assets	<u>103,525</u>	<u>117,564</u>	<u>221,089</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	15,544	-	15,544
Equipment and furniture	87,882	-	87,882
Improvements other than buildings	215,991	-	215,991
Accumulated depreciation	<u>(119,540)</u>	<u>-</u>	<u>(119,540)</u>
Total capital assets, net	<u>199,877</u>	<u>-</u>	<u>199,877</u>
Total noncurrent assets	<u>199,877</u>	<u>-</u>	<u>199,877</u>
Total assets	<u><u>\$ 303,402</u></u>	<u><u>\$ 117,564</u></u>	<u><u>\$ 420,966</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 72,992	\$ 846	\$ 73,838
Customer deposits	12,025	-	12,025
Due to other funds	427,620	-	427,620
Compensated absences	4,829	-	4,829
Total current liabilities	<u>517,466</u>	<u>846</u>	<u>518,312</u>
Noncurrent liabilities:			
Compensated absences	13,745	-	13,745
Total OPEB liability	1,878	-	1,878
Total noncurrent liabilities	<u>15,623</u>	<u>-</u>	<u>15,623</u>
Total liabilities	<u><u>\$ 533,089</u></u>	<u><u>\$ 846</u></u>	<u><u>\$ 533,935</u></u>
NET POSITION			
Net investment in capital assets	\$ 199,877	\$ -	\$ 199,877
Unrestricted	<u>(429,564)</u>	<u>116,718</u>	<u>(312,846)</u>
Total net position	<u><u>\$ (229,687)</u></u>	<u><u>\$ 116,718</u></u>	<u><u>\$ (112,969)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GULF BREEZE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Solid Waste Control</u>	<u>Innerarity Point Utilities</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 1,324,831	\$ -	\$ 1,324,831
Total operating revenues	<u>1,324,831</u>	<u>-</u>	<u>1,324,831</u>
Operating expenses			
Personal services	277,188	-	277,188
Contractual services and supplies	888,746	-	888,746
Depreciation and amortization	15,829	-	15,829
Total operating expenses	<u>1,181,763</u>	<u>-</u>	<u>1,181,763</u>
Operating income (loss)	<u>143,068</u>	<u>-</u>	<u>143,068</u>
Nonoperating revenues (expenses)			
Miscellaneous	8,139	-	8,139
Total nonoperating revenues (expenses)	<u>8,139</u>	<u>-</u>	<u>8,139</u>
Income (loss) before contributions and transfers	<u>151,207</u>	<u>-</u>	<u>151,207</u>
Transfers in	-	-	-
Transfers out	(53,762)	-	(53,762)
Change in net position	<u>97,445</u>	<u>-</u>	<u>97,445</u>
Net position, beginning of year	(327,132)	116,718	(210,414)
Net position, end of year	<u><u>\$ (229,687)</u></u>	<u><u>\$ 116,718</u></u>	<u><u>\$ (112,969)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF GULF BREEZE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Solid Waste Control	Innerarity Point Utilities	Total
Cash flows from operating activities			
Cash received from customers	\$ 1,274,844	\$ -	\$ 1,274,844
Cash paid to employees	(274,845)	-	(274,845)
Cash paid to suppliers	(1,265,730)	-	(1,265,730)
Other receipts	8,139	-	8,139
Net cash provided by (used in) operating activities	<u>(257,592)</u>	<u>-</u>	<u>(257,592)</u>
Cash flows from noncapital financing activities			
Transfers to other funds	(53,762)	-	(53,762)
Interfund loans	374,620	-	374,620
Net cash provided by (used in) noncapital financing activities	<u>320,858</u>	<u>-</u>	<u>320,858</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(63,266)	-	(63,266)
Net cash provided by (used in) capital and related financing activities	<u>(63,266)</u>	<u>-</u>	<u>(63,266)</u>
Net change in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, beginning of year	12,025	115,831	127,856
Cash and cash equivalents, end of year	<u><u>\$ 12,025</u></u>	<u><u>\$ 115,831</u></u>	<u><u>\$ 127,856</u></u>
Cash and cash equivalents classified as:			
Unrestricted	\$ -	\$ 115,831	\$ 115,831
Restricted	12,025	-	12,025
Total cash and cash equivalents	<u><u>\$ 12,025</u></u>	<u><u>\$ 115,831</u></u>	<u><u>\$ 127,856</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 143,068	\$ -	\$ 143,068
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	15,829	-	15,829
Other income	8,139	-	8,139
Changes in assets and liabilities:			
Accounts receivable	(49,987)	-	(49,987)
Accounts payable and accrued liabilities	(376,984)	-	(376,984)
Compensated absences	6,208	-	6,208
Total OPEB liability	(3,865)	-	(3,865)
Net cash provided by (used in) operating activities	<u><u>\$ (257,592)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (257,592)</u></u>

STATISTICAL SECTION

The statistical section presents detailed information as context for understanding the information in the financial statements, note disclosures, and required supplementary information about the City's overall financial health. The information is presented in the following five categories:

Financial Trends—Information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity—Information to help the reader assess the City's most significant local revenue sources.

Debt Capacity—Information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information—Demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information—Information about the City's operations and resources to help the reader understand how the information in the financial statements relates to the services the City provides.

City of Gulf Breeze, Florida
Components of Net Position
Last Ten Fiscal Years
Table 1
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Investment in Capital Assets:										
Governmental activities	\$ 23,257,447	\$ 19,631,864	\$ 18,517,298	\$ 13,988,282	\$ 8,760,611	\$ 7,475,882	\$ 7,475,882	\$ 7,640,557	\$ 7,085,403	\$ 8,178,037
Business-type activities	44,810,496	21,671,478	12,886,739	12,317,227	12,351,474	15,396,467	15,396,467	14,337,571	12,931,062	11,653,347
Total primary government	\$ 68,067,943	\$ 41,303,342	\$ 31,404,037	\$ 26,305,509	\$ 21,112,085	\$ 22,872,349	\$ 22,872,349	\$ 21,978,128	\$ 20,016,465	\$ 19,831,384
Restricted Net Position:										
Governmental activities	\$ 7,165,785	\$ 6,536,886	\$ 3,695,367	\$ 3,941,722	\$ 14,138,486	\$ 2,577,468	\$ 2,917,856	\$ 2,658,510	\$ 1,947,912	\$ 968,784
Business-type activities	1,485,798	2,705,096	2,705,096	2,705,096	1,527,270	28,280	31,044	108,597	108,597	183,115
Total primary government	\$ 8,651,583	\$ 9,241,982	\$ 6,400,463	\$ 6,646,818	\$ 15,665,756	\$ 2,605,748	\$ 2,948,900	\$ 2,767,107	\$ 2,056,509	\$ 1,151,899
Unrestricted Net Position:										
Governmental activities	\$ 6,748,253	\$ 14,207,738	\$ 16,480,696	\$ 11,179,151	\$ (444,496)	\$ 7,030,597	\$ 10,101,099	\$ 10,624,458	\$ 13,319,979	\$ 14,033,970
Business-type activities	16,980,143	20,114,476	23,244,133	28,855,741	26,496,306	21,497,983	18,563,385	15,226,143	15,488,277	14,406,046
Total primary government	\$ 23,728,396	\$ 34,322,214	\$ 39,724,829	\$ 40,034,892	\$ 26,051,810	\$ 28,528,580	\$ 28,664,484	\$ 25,850,601	\$ 28,808,256	\$ 28,440,016
Total Net Position:										
Governmental activities	\$ 37,171,485	\$ 40,376,488	\$ 38,693,361	\$ 29,109,155	\$ 22,454,601	\$ 17,083,947	\$ 20,494,837	\$ 20,923,525	\$ 22,353,294	\$ 23,180,791
Business-type activities	63,276,437	44,491,050	38,835,968	43,878,064	40,375,050	36,922,730	33,990,896	29,672,311	28,527,936	26,242,508
Total primary government	\$ 100,447,922	\$ 84,867,538	\$ 77,529,329	\$ 72,987,219	\$ 62,829,651	\$ 54,006,677	\$ 54,485,733	\$ 50,595,836	\$ 50,881,230	\$ 49,423,299

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Changes in Net Position
Last Ten Fiscal Years

Table 2
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Governmental activities -										
General government	\$ 1,960,538	\$ 3,632,117	\$ 4,675,827	\$ 2,616,245	\$ 3,587,040	\$ 2,966,666	\$ 2,277,727	\$ 2,861,010	\$ 2,307,012	\$ 2,355,653
Public safety	4,372,203	4,706,040	4,399,216	3,534,932	3,744,458	3,647,928	3,614,370	3,256,172	3,116,311	3,672,304
Physical environment	560,504	-	-	-	-	-	-	-	-	-
Transportation	1,867,300	2,254,746	1,027,466	1,000,735	487,809	1,083,492	1,143,987	977,564	1,083,623	518,675
Community redevelopment	286,155	-	-	-	-	-	-	-	-	-
Economic environment	-	403,439	370,500	447,872	498,279	413,228	336,300	293,423	659,419	550,405
Culture and recreation	3,768,853	3,186,074	3,052,021	2,563,560	2,773,276	2,262,678	2,567,123	2,403,308	2,547,734	2,256,254
Interest	622,071	633,130	651,037	709,064	494,550	323,191	334,785	342,652	343,507	357,915
Total governmental activities	13,437,624	14,815,546	14,176,067	10,872,408	11,585,412	10,697,183	10,274,292	10,134,129	10,057,606	9,711,206
Business-type activities -										
Water and sewer	13,337,916	10,366,313	10,624,677	10,305,223	2,476,116	2,513,018	2,295,977	2,238,392	2,167,688	2,172,973
Natural gas	3,735,805	3,474,916	3,278,311	3,387,309	2,809,930	2,513,805	2,444,999	2,472,995	2,288,516	2,220,768
South Santa Rosa Utility	***	***	***	***	8,934,518	9,791,800	8,411,601	8,296,183	7,404,006	6,081,605
Solid waste control	1,181,763	1,243,935	965,362	939,776	877,883	880,359	693,248	648,776	587,226	577,155
Stormwater management	-	-	-	-	-	570,162	511,330	527,044	491,625	511,473
Gulf Breeze Financial Services	81,510	56,834	41,733	61,685	180,558	240,887	247,735	1,218,479	423,343	359,021
Innerarity Point	-	-	-	16,545	26,041	8,585	16,499	13,716	23,708	15,003
Total business-type activities	18,336,994	15,141,998	14,910,083	14,710,538	15,305,046	16,518,616	14,621,389	15,415,585	13,386,112	11,937,998
Total primary government	\$ 31,774,618	\$ 29,957,544	\$ 29,086,150	\$ 25,582,946	\$ 26,890,458	\$ 27,215,799	\$ 24,895,681	\$ 25,549,714	\$ 23,443,718	\$ 21,649,204

*** - SSRUS Water and Sewer figures are combined with the Water and Sewer figures reported above.

City of Gulf Breeze, Florida
Changes in Net Position
Last Ten Fiscal Years

Table 2
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Program Revenues:										
Governmental activities -										
Charges for service -										
General government	\$ 1,853,435	\$ 692,980	\$ 639,358	\$ 659,114	\$ 1,070,061	\$ 499,823	\$ 536,651	\$ 430,302	\$ 419,408	\$ 246,268
Public safety	727,141	797,202	704,020	641,240	496,025	490,999	541,391	611,389	626,234	1,113,580
Culture and recreation	539,861	399,911	377,138	350,390	245,115	120,634	313,130	378,847	354,538	355,232
Operating grants and contributions	782,105	2,298,446	4,558,019	3,637,268	5,154,367	1,649,954	1,902,586	266,785	404,699	595,981
Capital grants and contributions	-	-	-	-	-	-	-	314,312	-	-
Total governmental activities	3,902,542	4,188,539	6,278,535	5,288,012	6,965,568	2,761,410	3,293,758	2,001,635	1,804,879	2,311,061
Business-type activities -										
Charges for service -										
Water and sewer	14,528,675	13,475,000	12,172,798	11,512,124	3,366,742	3,026,720	2,982,007	2,821,886	2,798,812	2,761,808
Natural gas	4,701,247	4,477,621	3,694,170	3,638,665	3,263,937	2,949,615	3,048,149	3,030,245	2,773,322	2,681,257
South Santa Rosa Utility	***	***	***	***	7,074,219	6,812,683	6,425,386	6,469,886	6,318,892	6,119,406
Tiger Point Golf Course	-	-	-	-	633,586	1,554,015	1,435,469	1,397,998	676,274	206,562
Solid waste control	1,324,831	1,248,270	977,395	878,660	897,248	839,642	841,055	761,776	675,885	645,519
Stormwater management	-	-	-	-	-	458,084	440,406	238,246	237,125	236,275
Gulf Breeze Financial Services	29,151	233,111	31,526	32,645	49,550	50,588	51,583	169,367	176,209	695,289
Innerarity Point	-	-	-	-	37,072	37,617	58,508	24,666	80,986	60,402
Operating grants and contributions	-	-	-	-	-	-	-	-	1,183	22,110
Capital grants and contributions	9,054,041	1,392,432	132,459	983,191	2,778,927	3,569,878	2,325,462	2,136,120	3,494,650	1,457,975
Total business-type activities	29,637,945	20,826,434	17,008,348	17,045,285	18,101,281	19,298,842	17,608,025	17,050,190	17,233,338	14,886,603
Total primary government	\$ 33,540,487	\$ 25,014,973	\$ 23,286,883	\$ 22,333,297	\$ 25,066,849	\$ 22,060,252	\$ 20,901,783	\$ 19,051,825	\$ 19,038,217	\$ 17,197,664
Net Program (Expense)/Revenue:										
Governmental activities	\$ (9,535,082)	\$(10,627,007)	\$ (7,897,532)	\$ (5,584,396)	\$ (4,619,844)	\$ (7,935,773)	\$ (6,980,534)	\$ (8,132,494)	\$ (8,252,727)	\$ (7,400,145)
Business-type activities	11,300,951	5,684,436	2,098,265	2,334,747	2,796,235	2,780,226	2,986,636	1,634,605	3,847,226	2,948,605
Total primary government	\$ 1,765,869	\$ (4,942,571)	\$ (5,799,267)	\$ (3,249,649)	\$ (1,823,609)	\$ (5,155,547)	\$ (3,993,898)	\$ (6,497,889)	\$ (4,405,501)	\$ (4,451,540)

*** - SSRUS Water and Sewer figures are combined with the Water and Sewer figures reported above.

City of Gulf Breeze, Florida
Changes in Net Position
Last Ten Fiscal Years

Table 2
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other Changes										
In Net Position										
Governmental activities -										
Property taxes	\$ 3,870,293	\$ 3,549,650	\$ 3,202,165	\$ 2,804,842	\$ 2,643,304	\$ 2,531,028	\$ 2,255,487	\$ 2,157,048	\$ 2,114,746	\$ 1,972,239
Sales and fuel taxes	1,163,236	1,173,137	1,083,627	1,120,468	1,037,207	225,447	241,532	233,944	226,447	281,937
Franchise and utility taxes	2,110,135	2,086,892	1,911,770	1,989,174	1,720,757	1,207,648	1,168,121	1,135,787	1,103,533	1,026,968
Public service taxes	704,011	630,532	467,627	423,004	376,875	325,497	262,779	259,313	256,618	267,399
Other taxes	654,361	606,384	820,053	735,831	733,718	260,273	359,800	209,300	211,692	183,857
Intergovernmental	246,800	446,023	414,611	377,995	322,449	991,793	939,971	924,404	785,669	543,531
Impact fees	-	466,559	621,691	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets *	-	31,606	6,403	5,260	25,887	(25,690)	5,883	103,468	20,830	5,883,665
Miscellaneous	1,425,511	328,293	394,356	169,636	132,021	93,943	148,044	762,524	784,763	829,237
Investment earnings/(loss)	719,985	1,559,673	873,446	(340,012)	21,046	111,654	172,634	44,410	56,261	5,879
Settlement revenue	-	-	-	3,818,907	21,046	111,654	172,634	44,410	56,261	5,879
Total revenues	10,894,332	10,878,749	9,795,749	11,105,105	7,034,310	5,833,247	5,726,885	5,874,608	5,616,820	11,000,591
Transfers	(4,564,253)	1,431,385	7,685,989	1,133,845	739,791	(1,229,429)	997,595	872,527	1,864,671	1,437,748
Total governmental activities	6,330,079	12,310,134	17,481,738	12,238,950	7,774,101	4,603,818	6,724,480	6,747,135	7,481,491	12,438,339
Business-type activities -										
Gain on sale of capital assets	33,537	-	-	2,971,987	1,388,596	6,419	1,479,082	-	-	-
Other operating revenues	2,348,353	273,782	324,395	250,798	237,721	186,315	191,372	210,501	147,128	343,899
Investment earnings/(loss)	538,293	1,128,249	221,233	(665,664)	421,830	347,336	659,090	171,796	155,745	266,066
Total revenues	2,920,183	1,402,031	545,628	2,557,121	2,048,147	540,070	2,329,544	382,297	302,873	609,965
Transfers	4,564,253	(1,431,385)	(7,685,989)	(1,133,845)	(739,791)	1,229,429	(997,595)	(872,527)	(1,864,671)	(1,437,748)
Total business-type activities	7,484,436	(29,354)	(7,140,361)	1,423,276	1,308,356	1,769,499	1,331,949	(490,230)	(1,561,798)	(827,783)
Total primary government	\$ 13,814,515	\$ 12,280,780	\$ 10,341,377	\$ 13,662,226	\$ 9,082,457	\$ 6,373,317	\$ 8,056,429	\$ 6,256,905	\$ 5,919,693	\$ 11,610,556
Change in Net Position:										
Government activities	\$ (3,205,003)	\$ 1,683,127	\$ 9,584,206	\$ 6,654,554	\$ 3,154,257	\$ (3,331,955)	\$ (256,054)	\$ (1,385,359)	\$ (771,236)	\$ 5,038,194
Business-type activities	18,785,387	5,655,082	(5,042,096)	3,758,023	4,104,591	4,549,725	4,318,585	1,144,375	2,285,428	2,120,822
Total primary government	\$ 15,580,384	\$ 7,338,209	\$ 4,542,110	\$ 10,412,577	\$ 7,258,848	\$ 1,217,770	\$ 4,062,531	\$ (240,984)	\$ 1,514,192	\$ 7,159,016

* - 2016 amount represents gain on the sale and easement to Florida Department of Transportation.

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Charges for Services by Function and Program
Last Ten Fiscal Years

Table 3
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Governmental activities -										
General government	\$ 1,853,435	\$ 692,980	\$ 639,358	\$ 659,114	\$ 1,070,061	\$ 499,823	\$ 536,651	\$ 430,302	\$ 419,408	\$ 246,268
Public safety	727,141	797,202	704,020	641,240	496,025	490,999	541,391	611,389	626,234	1,113,580
Culture and recreation	539,861	399,911	377,138	350,390	245,115	120,634	313,130	378,847	354,538	355,232
Total governmental activities	3,120,437	1,890,093	1,720,516	1,650,744	1,811,201	1,111,456	1,391,172	1,420,538	1,400,180	1,715,080
Business-type activities -										
Water and sewer	14,528,675	13,475,000	12,172,798	11,512,124	3,366,742	3,026,720	2,982,007	2,821,886	2,798,812	2,761,808
Natural gas	4,701,247	4,477,621	3,694,170	3,638,665	3,263,937	2,949,615	3,048,149	3,030,245	2,773,322	2,681,257
South Santa Rosa Utility	***	***	***	***	7,707,805	8,366,698	7,860,855	7,867,884	6,995,166	6,325,968
Solid waste control	1,324,831	1,248,270	977,395	878,660	897,248	839,642	841,055	761,776	675,885	645,519
Stormwater management	-	-	-	-	-	458,084	440,406	238,246	237,125	236,275
Gulf Breeze Financial Services	29,151	233,111	31,526	32,645	49,550	50,588	51,583	169,367	176,209	695,289
Innerarity Point	-	-	-	-	37,072	37,617	58,508	24,666	80,986	60,402
Total business-type activities	20,583,904	19,434,002	16,875,889	16,062,094	15,322,354	15,728,964	15,282,563	14,914,070	13,737,505	13,406,518
Total primary government	\$ 23,704,341	\$ 21,324,095	\$ 18,596,405	\$ 17,712,838	\$ 17,133,555	\$ 16,840,420	\$ 16,673,735	\$ 16,334,608	\$ 15,137,685	\$ 15,121,598

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Components of Fund Balance
Last Ten Fiscal Years

Table 4
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Non-spendable fund balance:										
General fund	\$ 383,103	\$ 22,007	\$ 15,119	\$ 16,470	\$ 12,814	\$ 27,558	\$ 22,258	\$ 28,070	\$ 9,863	\$ 15,532
Aggregate special revenue funds	10,315	10,315	9,891	9,674	6,119	-	-	-	-	-
Total primary government	\$ 393,418	\$ 32,322	\$ 25,010	\$ 26,144	\$ 18,933	\$ 27,558	\$ 22,258	\$ 28,070	\$ 9,863	\$ 15,532
Restricted Fund Balance:										
General fund	\$ 1,448,396	\$ 1,448,396	\$ 1,479,357	\$ 1,448,396	\$ 905,896	\$ 853,714	\$ 1,101,042	\$ 864,098	\$ 431,962	\$ 291,112
Aggregate special revenue funds	3,963,948	5,737,246	9,229,810	12,937,658	13,232,590	1,723,754	1,816,814	1,794,412	1,515,950	677,672
Total primary government	\$ 5,412,344	\$ 7,185,642	\$ 10,709,167	\$ 14,386,054	\$ 14,138,486	\$ 2,577,468	\$ 2,917,856	\$ 2,658,510	\$ 1,947,912	\$ 968,784
Committed Fund Balance:										
General fund	\$ 288,480	\$ 288,442	\$ 288,400	\$ 288,359	\$ 288,317	\$ 288,272	\$ 279,183	\$ 416,564	\$ 599,437	\$ 657,821
Aggregate special revenue funds	-	-	-	-	-	-	-	-	-	-
Total primary government	\$ 288,480	\$ 288,442	\$ 288,400	\$ 288,359	\$ 288,317	\$ 288,272	\$ 279,183	\$ 416,564	\$ 599,437	\$ 657,821
Assigned Fund Balance:										
General fund	\$ 962,515	\$ 115,993	\$ 115,993	\$ 115,993	\$ 115,993	\$ 115,993	\$ 115,993	\$ 115,993	\$ 115,993	\$ 115,993
Aggregate special revenue funds	4,597,832	9,074,433	9,349,635	2,011,862	(1,396)	-	303,000	332,279	439,785	806,815
Total primary government	\$ 5,560,347	\$ 9,190,426	\$ 9,465,628	\$ 2,127,855	\$ 114,597	\$ 115,993	\$ 418,993	\$ 448,272	\$ 555,778	\$ 922,808
Unassigned Fund Balance:										
General fund	\$ 6,531,945	\$ 8,630,779	\$ 7,382,883	\$ 8,423,814	\$ 6,483,421	\$ 7,139,414	\$ 9,609,925	\$ 9,912,601	\$ 12,260,202	\$ 12,630,941
Aggregate special revenue funds	(1,275,467)	-	-	-	3,640,833	-	-	-	-	-
Total primary government	\$ 5,256,478	\$ 8,630,779	\$ 7,382,883	\$ 8,423,814	\$ 10,124,254	\$ 7,139,414	\$ 9,609,925	\$ 9,912,601	\$ 12,260,202	\$ 12,630,941
Total Fund Balance:										
General fund	\$ 9,614,439	\$ 10,505,617	\$ 9,281,752	\$ 10,293,032	\$ 7,806,441	\$ 8,424,951	\$ 11,128,401	\$ 11,337,326	\$ 13,417,457	\$ 13,711,399
Aggregate special revenue funds	7,296,628	14,821,994	18,589,336	14,959,194	16,878,146	1,723,754	2,119,814	2,126,691	1,955,735	1,484,487
Total primary government	\$ 16,911,067	\$ 25,327,611	\$ 27,871,088	\$ 25,252,226	\$ 24,684,587	\$ 10,148,705	\$ 13,248,215	\$ 13,464,017	\$ 15,373,192	\$ 15,195,886

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Changes in Fund Balance - Governmental Funds
Last Ten Fiscal Years
Table 5
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes	\$ 8,502,036	\$ 8,046,595	\$ 7,485,242	\$ 7,073,319	\$ 5,721,913	\$ 4,549,893	\$ 4,287,719	\$ 3,995,392	\$ 3,913,036	\$ 3,732,400
Licenses, fees, and permits	1,547,837	542,425	709,703	97,768	82,450	83,635	85,186	91,382	108,451	92,871
Intergovernmental	803,450	1,505,332	3,962,454	2,215,263	3,566,764	1,641,747	1,342,557	1,191,189	1,190,368	1,139,512
Charges for services	1,106,946	1,039,318	928,484	911,736	1,232,726	536,822	764,595	717,767	665,495	508,629
Fines and forfeitures	738,852	797,202	704,020	641,240	496,025	490,999	541,391	611,389	626,234	1,113,580
Contribution from component unit	1,000,000	1,000,000	1,000,000	1,800,000	2,700,000	1,000,000	1,500,000	620,000	620,000	620,000
Investment earnings/(loss)	719,734	1,559,673	873,446	(340,012)	21,046	-	-	-	-	-
Miscellaneous	361,244	384,210	407,385	169,636	132,021	205,597	320,678	186,934	221,024	215,116
Settlement proceeds	-	-	-	3,818,907	-	-	-	-	-	-
Total revenues	14,780,099	14,874,755	16,070,734	16,387,857	13,952,945	8,508,693	8,842,126	7,414,053	7,344,608	7,422,108
Expenditures:										
General government	1,673,307	2,500,743	3,000,818	2,317,124	3,350,398	2,506,835	2,119,306	2,372,030	2,281,623	2,164,224
Public safety	4,462,030	4,320,020	3,985,251	3,538,274	3,406,097	3,281,513	3,264,003	2,971,396	2,888,784	3,412,143
Economic environment	414,986	386,838	370,500	317,191	322,636	331,930	307,769	273,158	235,928	229,567
Physical environment	560,504	-	-	-	-	-	-	-	-	-
Transportation	1,448,719	2,272,660	1,027,466	1,116,993	482,809	725,808	677,323	476,733	957,608	249,971
Culture and recreation	2,531,301	2,480,080	2,459,398	2,012,226	2,063,753	1,576,042	1,850,474	1,681,318	1,797,584	1,481,765
Community redevelopment	239,278	-	-	-	-	-	-	-	-	-
Capital outlay	5,774,926	5,609,217	8,764,002	6,185,763	2,128,093	1,407,680	1,265,846	1,983,477	334,453	378,651
Debt service:										
Principal	934,651	903,951	869,020	834,775	371,052	237,600	224,400	215,600	206,800	202,400
Interest and other costs	608,963	642,716	664,956	636,977	485,417	324,966	334,785	344,081	350,023	356,325
Total expenditures	18,648,665	19,116,225	21,141,411	16,959,323	12,610,255	10,392,374	10,043,906	10,317,793	9,052,803	8,475,046
Excess (deficiency) of revenue over (under) expenditures	(3,868,566)	(4,241,470)	(5,070,677)	(571,466)	1,342,690	(1,883,681)	(1,201,780)	(2,903,740)	(1,708,195)	(1,052,938)
Other Financing Sources (Uses):										
Sale of property	16,275	13,200	3,550	5,260	25,887	13,600	5,883	103,468	20,830	6,306,370
Transfers in	3,732,499	3,292,561	9,540,927	3,321,440	3,315,580	1,585,197	2,055,899	2,261,907	3,366,912	2,207,628
Transfers out	(8,296,752)	(1,861,176)	(1,854,938)	(2,187,595)	(2,575,789)	(2,814,626)	(1,058,304)	(1,389,380)	(1,502,241)	(769,880)
Proceeds from long-term debt	-	-	-	-	12,000,000	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	314,312	-	-
Settlement	-	-	-	-	-	-	(17,500)	(295,742)	-	-
Total other financing sources (uses)	(4,547,978)	1,444,585	7,689,539	1,139,105	12,765,678	(1,215,829)	985,978	994,565	1,885,501	7,744,118
Total primary government expenses	\$ (8,416,544)	\$ (2,796,885)	\$ 2,618,862	\$ 567,639	\$ 14,108,368	\$ (3,099,510)	\$ (215,802)	\$ (1,909,175)	\$ 177,306	\$ 6,691,180
Debt service as a percentage of noncapital expenditures	11.990%	11.451%	12.393%	13.661%	8.171%	6.261%	6.370%	6.715%	6.387%	6.901%

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 6
(Unaudited)

Year	Total Tax Levy (1)	Amount of Current Taxes Collected	Percent of Current Taxes Collected	Amount of Delinquent Taxes Collected	Total Collected for the Year	Ratio of Total Taxes Collected to Current Levy	Delinquent Taxes	Ratio of Delinquent Taxes to Current Levy
2025	This levy will be collected during Fiscal Year 2025							
2024	\$ 2,515,154	\$ 2,426,997	96.5%	\$ 39,164	\$ 2,466,162	98.1%	\$ 88,157	3.5%
2023	2,328,532	2,254,415	96.8%	49,922	2,304,337	99.0%	74,117	3.2%
2022	2,130,961	2,052,454	96.3%	40,857	2,093,311	98.2%	78,507	3.7%
2021	1,894,587	1,840,232	97.1%	697	1,840,929	97.2%	54,355	2.9%
2020	1,814,334	1,739,783	95.9%	2,571	1,742,354	96.0%	74,551	4.1%
2019	1,713,415	1,670,583	97.5%	3	1,670,586	97.5%	42,832	2.5%
2018	1,598,271	1,594,917	99.8%	153	1,595,070	99.8%	3,354	0.2%
2017	1,518,203	1,516,918	99.9%	130	1,517,048	99.9%	1,285	0.1%
2016	1,444,728	1,441,960	99.8%	3,748	1,445,708	100.1%	2,768	0.2%

City of Gulf Breeze, Florida
Assessed Value of Taxable Property
Last Ten Fiscal Years
Table 7
(Unaudited)

Year (1)	Real Property	Personal Property	Total Assessed Value	Exemptions	Assessed Value of Operations	Total Direct Tax Rate
2025	\$ 1,721,980,686	\$ 76,806,692	\$ 1,798,787,378	\$ 436,961,891	\$ 1,361,825,487	1.9723
2024	1,599,774,403	55,106,960	1,654,881,363	382,760,848	1,272,120,515	1.9723
2023	1,485,351,252	51,119,670	1,536,470,922	353,934,161	1,182,536,761	1.9723
2022	1,358,821,510	44,764,797	1,403,586,307	325,322,708	1,078,263,599	1.9723
2021	1,506,962,498	35,498,520	1,279,816,190	319,218,499	960,597,691	1.9723
2020	1,445,745,451	39,847,176	1,233,041,387	313,133,476	919,907,911	1.9723
2019	1,344,736,243	40,976,333	1,180,243,171	311,503,441	868,739,730	1.9723
2018	1,210,105,835	38,694,102	1,112,552,121	303,336,303	809,215,818	1.9723
2017	1,139,386,798	38,912,786	1,065,804,563	297,203,059	768,601,504	1.9723
2016	990,275,803	37,447,989	1,027,723,792	296,547,192	731,176,600	1.9723

Florida state law requires all property to be assessed at current fair market value.

(1) As of January 1 of each year listed.

Source: Santa Rosa County Property Appraiser

City of Gulf Breeze, Florida
Property Tax Rates per \$1,000 of Taxable Value
All Direct and Overlapping Governments
Last Ten Fiscal Years

Table 8
(Unaudited)

Fiscal Year	City Direct Rate		Overlapping Rates			Total Overlapping and Direct
	Operating Millage	Santa Rosa County	Santa Rosa County Schools	NWF Water Management	Total Overlapping	
2025	1.9723	3.8850	5.4140	0.0207	9.3197	11.2920
2024	1.9723	5.9550	5.3980	0.0218	11.3748	13.3471
2023	1.9723	6.0953	5.4460	0.0234	11.5647	13.5370
2022	1.9723	6.0953	5.5600	0.0261	11.6814	13.6537
2021	1.9723	6.0953	5.9040	0.0294	12.0287	14.0010
2020	1.9723	6.0953	6.0500	0.0311	12.1764	14.1487
2019	1.9723	6.0953	6.0910	0.0327	12.2190	14.1913
2018	1.9723	6.0953	6.2990	0.0338	12.4281	14.4004
2017	1.9723	6.0953	6.8400	0.0353	12.9706	14.9429
2016	1.9723	6.0953	6.8400	0.0366	12.9719	14.9442

Source: Santa Rosa County Property Appraiser

City of Gulf Breeze, Florida
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Table 9
(Unaudited)

Taxpayer	2025		2016	
	Taxable Assessed Value	Percentage of Total Assessed Value	Taxable Assessed Value	Percentage of Total Assessed Value
Wal-Mart Stores East LP	\$ 52,065,755	3.82%		
DHIC - Woodlands LLC	50,758,180	3.73%		
Breitburn Operating LP	44,740,462	3.29%		
Brookview Navarre Beach DE LLC	39,827,704	2.92%		
Branch Navarre MF Assoc LP	39,529,706	2.90%		
Baptist Health Care Prop LLC	37,105,955	2.72%		
DR Horton Inc	35,865,798	2.63%		
GB Parkway Exchange LLC	33,036,267	2.43%		
8375 Navarre Beach Holdings	33,020,000	2.42%		
Pier Rock I LLC	31,676,976	2.33%		
Andrews Institute Medical Park & ASC			\$ 17,390,382	2.46%
Sea Shell Collections LLC			14,141,130	2.00%
Gulf Power Company			9,165,139	1.30%
Mullet, Willis J.			8,577,202	1.21%
GB Hotel Investments			5,389,615	0.76%
Belleau George A & Ann F			5,408,337	0.76%
Quietwater LLC			5,284,466	0.75%
Falzone, Timothy D			5,109,407	0.72%
Bell South Communications			5,067,052	0.72%
Gulf Breeze 98 LLC			5,019,843	0.71%
Total Principal Taxpayers	397,626,803	29.20%	80,552,573	11.38%
Total All Other Taxpayers	964,198,684	70.80%	627,013,198	88.62%
Total Taxable Value	\$ 1,361,825,487	100%	\$ 707,565,771	100%

Source: Santa Rosa County Property Appraiser

City of Gulf Breeze, Florida
Special Assessment Billings and Collections
Last Ten Fiscal Years

Table 10
(Unaudited)

Year	Assessment		Assessments Collected		Ratio of Collections to Amount Assessed	Total Outstanding Current and Delinquent Assessments	
2025	\$	78,147	\$	69,848	-	\$	73,115
2024	\$	-	\$	20,411	-	\$	110,648
2023	\$	120,000	\$	9,430	-	\$	131,059
2022	\$	22,704	\$	2,215	-	\$	20,489
2021	\$	-	\$	-	-	\$	-
2020	\$	-	\$	-	-	\$	-
2019	\$	-	\$	-	-	\$	-
2018	\$	-	\$	15,627	-	\$	-
2017	\$	-	\$	14,468	-	\$	15,627
2016	\$	-	\$	13,396	-	\$	30,095

Septic abatement assessment provided up to 10 years for payment

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Outstanding Debt
Last Ten Fiscal Years

Table 11
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue Bonds and Note Payable:										
Governmental activities	\$ 18,390,936	\$ 19,323,997	\$ 19,944,759	\$ 21,093,790	\$ 21,926,975	\$ 6,683,243	\$ 6,919,253	\$ 7,140,473	\$ 7,354,483	\$ 7,559,693
Business-type activities	14,651,641	6,067,489	6,265,650	6,980,525	7,414,510	11,767,840	11,764,012	13,023,595	14,232,918	15,438,447
Total primary government	\$ 33,042,577	\$ 25,391,486	\$ 26,210,409	\$ 28,074,315	\$ 29,341,485	\$ 18,451,083	\$ 18,683,265	\$ 20,164,068	\$ 21,587,401	\$ 22,998,140
Notes Payable:										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	19,899,170	1,594,744	1,742,189	1,971,826	2,170,297	2,340,597	722,472	767,148	810,492	852,543
Total primary government	\$ 19,899,170	\$ 1,594,744	\$ 1,742,189	\$ 1,971,826	\$ 2,170,297	\$ 2,340,597	\$ 722,472	\$ 767,148	\$ 810,492	\$ 852,543
Leases Payable:										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	165,781	609,725	1,144,272	1,634,767	2,077,488	2,476,773	2,841,594	3,215,303	3,598,056	3,941,854
Total primary government	\$ 165,781	\$ 609,725	\$ 1,144,272	\$ 1,634,767	\$ 2,077,488	\$ 2,476,773	\$ 2,841,594	\$ 3,215,303	\$ 3,598,056	\$ 3,941,854
Total:										
Governmental activities	\$ 18,390,936	\$ 19,323,997	\$ 19,944,759	\$ 21,093,790	\$ 21,926,975	\$ 6,683,243	\$ 6,919,253	\$ 7,140,473	\$ 7,354,483	\$ 7,559,693
Business-type activities	34,716,592	8,271,958	9,152,111	10,587,118	11,662,295	16,585,210	15,328,078	17,006,046	18,641,466	20,232,844
Total primary government	\$ 53,107,528	\$ 27,595,955	\$ 29,096,870	\$ 31,680,908	\$ 33,589,270	\$ 23,268,453	\$ 22,247,331	\$ 24,146,519	\$ 25,995,949	\$ 27,792,537

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Ratio of Total Debt to Assessed Value
Last Ten Fiscal Years
Table 12
(Unaudited)

Year	Estimated Population (1)	Assessed Value for Operations (2)	Total Outstanding Debt (3)	Ratio of Total Outstanding Debt to Assessed Value	Amount of Total Outstanding Debt Per Capita	Percentage of Personal Income (4)
2025	6,342	\$ 1,361,825,487	\$ 53,107,528	3.90%	8,374	11.97%
2024	6,335	1,272,120,515	27,595,955	2.17%	4,356	6.07%
2023	6,383	1,182,536,761	29,096,870	2.46%	4,558	6.59%
2022	6,380	1,079,421,861	31,680,908	2.93%	4,966	7.08%
2021	6,302	960,597,691	33,589,270	3.50%	5,330	9.34%
2020	5,910	919,907,911	23,268,453	2.53%	3,937	6.95%
2019	5,849	868,739,730	22,247,331	2.56%	3,804	7.16%
2018	5,838	809,215,818	24,146,519	2.98%	4,136	8.13%
2017	5,818	768,601,504	25,995,949	3.38%	4,468	8.72%
2016	5,815	731,176,600	27,792,537	3.80%	4,779	9.52%

(1) Source: Bureau of Economic and Business Research, University of Florida

(2) From Table 7

(3) From Table 11

(4) Calculated using Total Personal Income from Table 17

City of Gulf Breeze, Florida
Composition of Legal Debt Margin

Table 13
(Unaudited)

The Constitution of the State of Florida, Chapter 200.181, Florida Statutes, and the Charter of the City of Gulf Breeze, Florida set no legal debt margin.

City of Gulf Breeze, Florida
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
Table 14
(Unaudited)

Year	Estimated Population (1)	Assessed Value for Operations (2)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2025	6,342	\$ 1,361,825,487	\$ -	\$ -	\$ -	0.0%	\$ -
2024	6,335	\$ 1,272,120,515	\$ -	\$ -	\$ -	0.0%	\$ -
2023	6,383	\$ 1,182,536,761	\$ -	\$ -	\$ -	0.0%	\$ -
2022	6,380	\$ 1,078,263,599	\$ -	\$ -	\$ -	0.0%	\$ -
2021	6,302	\$ 960,597,691	\$ -	\$ -	\$ -	0.0%	\$ -
2020	5,910	\$ 919,907,911	\$ -	\$ -	\$ -	0.0%	\$ -
2019	5,849	\$ 868,739,730	\$ -	\$ -	\$ -	0.0%	\$ -
2018	5,838	\$ 809,215,818	\$ -	\$ -	\$ -	0.0%	\$ -
2017	5,818	\$ 768,601,504	\$ -	\$ -	\$ -	0.0%	\$ -
2016	5,815	\$ 731,176,600	\$ -	\$ -	\$ -	0.0%	\$ -

(1) Source: Bureau of Economic and Business Research, University of Florida

(2) From Table 7

City of Gulf Breeze, Florida
Computation of Direct and Overlapping Debt
General Obligations
Table 15
(Unaudited)

The City of Gulf Breeze, Florida does not have any overlapping debt.

City of Gulf Breeze, Florida
Revenue Bond Coverage - South Santa Rose Utility Certificates
Last Ten Fiscal Years
Table 16
(Unaudited)

Year	Operating Revenue	Tap Fees	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Principal (2)	Interest	Total	Coverage
2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2024	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2021	6,790,214	2,648,535	6,050,234	3,388,515	-	-	-	-
2020	6,518,867	2,648,535	5,839,481	3,327,921	320,000	2,148	322,148	10.33
2019	6,165,315	1,692,691	4,457,067	3,400,939	815,000	9,768	824,768	4.12
2018	6,245,896	1,016,851	4,434,395	2,828,352	775,000	12,823	787,823	3.59
2017	6,089,546	1,048,478	3,903,384	3,234,640	740,000	17,791	757,791	4.27
2016	5,860,774	1,378,577	3,600,268	3,639,083	700,000	180,000	880,000	4.14

(1) Excluding depreciation

(2) SSRUS Certificates were redeemed in full during fiscal year 2021.

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Miscellaneous Demographical Statistics
Last Ten Fiscal Years

Table 17
(Unaudited)

Population							
Year	Gulf Breeze City	Santa Rosa County	City as a Percentage of County	County Population Growth	City Per Capita Income	Unemployment Rate	City Median Household Income
2025	6,342	211,445	3.00%	1.66%	\$ 69,961	3.90%	\$ 104,050
2024	6,335	207,983	3.05%	2.57%	71,812	3.10%	108,575
2023	6,383	202,772	3.15%	2.27%	69,203	2.90%	107,202
2022	6,380	198,268	3.22%	3.31%	70,124	3.70%	99,256
2021	6,302	191,911	3.28%	4.12%	57,072	3.70%	92,267
2020	5,910	184,313	3.21%	2.94%	56,662	3.80%	102,970
2019	5,849	179,054	3.27%	2.38%	53,157	3.80%	102,970
2018	5,838	174,887	3.34%	2.37%	50,870	2.70%	100,880
2017	5,818	170,835	3.41%	2.29%	51,222	3.50%	98,308
2016	5,815	167,009	3.48%	2.51%	50,195	3.90%	84,423

Source: FloridaCommerce, Bureau of Workforce Statistics and Economic Research; U.S. Department of Census; Bureau of Economic and Business Research, University of Florida

City of Gulf Breeze, Florida
Table of Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years
Table 18
(Unaudited)

Year	Assessed Value for Operations (1)	Number of Units (2)	Value	Number of Units (2)	Value	Bank Deposits (3)
2025	\$ 1,361,825,487	12	\$ 13,623,000	-	\$ -	\$ 493,123,000
2024	1,272,120,515	11	2,343,600	-	-	487,703,000
2023	1,182,536,761	17	10,783,600	4	4,631,883	562,975,000
2022	1,078,263,599	11	10,551,001	2	3,956,845	878,073,847
2021	960,597,691	3	1,080,000	15	11,040,000	808,085,250
2020	919,907,911	5	7,413,000	22	11,457,673	566,059,000
2019	868,739,730	5	9,600,000	16	9,152,800	525,069,000
2018	809,215,818	15	1,526,985	17	15,937,426	471,041,000
2017	768,601,504	7	2,943,448	14	4,746,469	435,762,000
2016	731,176,600	1	20,000,000	22	5,721,000	446,668,000

(1) From Table 7

(2) Santa Rosa County Inspection Department

(3) Florida Bankers Association, FDIC Website - Summary Deposits as of June 30 of respective years

City of Gulf Breeze, Florida
Principal Employers
Current Fiscal Year and Nine Years Ago

Table 19
(Unaudited)

Employer	2025			2016		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Hampton Inn	450	1	9.20%			
Andrews Research and Education Institute	421	2	8.61%	593	1	14.93%
Gulf Breeze Hospital	402	3	8.22%	452	2	11.38%
Andrews Orthopedics and Sports	270	4	5.52%			
Publix	150	5	3.07%	60	8	1.51%
City of Gulf Breeze	141	6	2.88%	94	5	2.37%
AppRiver	114	7	2.33%	170	3	4.28%
Exos	99	8	2.02%			
Gulf Breeze High School	90	9	1.84%	110	4	2.77%
Gulf Breeze Middle School	68	10	1.39%	75	6	1.89%
Gulf Breeze Elementary School				70	7	1.76%
Total Labor Force	4,891			3,973		

Source: Haas Center for Business Research and Economic Development

City of Gulf Breeze, Florida
Permits
Last Ten Fiscal Years
Table 20
(Unaudited)

Year	Residential				Commercial			
	Additions/ Renovations	New Construction	Pool Permits	Misc/ Permits	Additions/ Renovations	New Construction	Sign Permits	Misc/ Permits
2025	22	16	22	226	5	-	9	7
2024	27	10	27	188	2	-	7	8
2023	22	12	14	107	15	2	16	9
2022	24	11	17	192	10	4	12	10
2021	24	12	24	429	11	1	8	11
2020	8	21	31	360	1	-	9	7
2019	22	20	15	360	4	3	11	6
2018	28	19	19	360	6	1	22	11
2017	17	6	17	259	4	2	21	2
2016	30	13	10	185	9	3	23	8

Source: City of Gulf Breeze Community Services Department

City of Gulf Breeze, Florida
Water Service Rates
September 30, 2025

Table 21
(Unaudited)

Meter Size	Inside City Limits			Outside City Limits		
	Residential	Commercial	Rate per 000's Gallons Additional	Residential	Commercial	Rate per 000's Gallons Additional
0.75"	\$ 16.89	\$ 16.89	\$ 4.72	\$ 16.89	\$ 16.89	\$ 4.72
1.00"	\$ 29.43	\$ 29.43	\$ 4.72	\$ 29.43	\$ 29.43	\$ 4.72
1.50"	\$ 71.57	\$ 71.57	\$ 4.72	\$ 71.57	\$ 71.57	\$ 4.72
2.00"	\$ 114.43	\$ 114.43	\$ 4.72	\$ 114.43	\$ 114.43	\$ 4.72
3.00"	\$ 227.56	\$ 227.56	\$ 4.72	\$ 227.56	\$ 227.56	\$ 4.72
4.00"	\$ 340.68	\$ 340.68	\$ 4.72	\$ 340.68	\$ 340.68	\$ 4.72
6.00"	\$ 669.10	\$ 669.10	\$ 4.72	\$ 669.10	\$ 669.10	\$ 4.72
Reclaim Service	N/A	N/A		\$ 11.24	\$ 11.24	
Surcharge per Chapter 180.191, F.S.				10%	10%	

Source: City Water and Sewer Department and South Santa Rosa Utility

City of Gulf Breeze, Florida
Sewer Service Rates
September 30, 2025

Table 22
(Unaudited)

Meter Size	Inside City Limits			Outside City Limits		
	Residential	Commercial	Rate per 000's Gallons Additional	Residential	Commercial	Rate per 000's Gallons Additional
0.75"	\$ 23.95	\$ 23.95	\$ 6.06	\$ 23.95	\$ 23.95	\$ 6.06
1.00"	\$ 41.49	\$ 41.49	\$ 6.06	\$ 41.49	\$ 41.49	\$ 6.06
1.50"	\$ 93.67	\$ 93.67	\$ 6.06	\$ 93.67	\$ 93.67	\$ 6.06
2.00"	\$ 147.44	\$ 147.44	\$ 6.06	\$ 147.44	\$ 147.44	\$ 6.06
3.00"	\$ 288.01	\$ 288.01	\$ 6.06	\$ 288.01	\$ 288.01	\$ 6.06
4.00"	\$ 425.17	\$ 425.17	\$ 6.06	\$ 425.17	\$ 425.17	\$ 6.06
6.00"	\$ 817.20	\$ 817.20	\$ 6.06	\$ 817.50	\$ 817.50	\$ 6.06

Source: City Water and Sewer Department and South Santa Rosa Utility

City of Gulf Breeze, Florida
Solid Waste Service Rates
September 30, 2025

Table 23
(Unaudited)

Residential Collection

	Curbside		Sideyard	
Regular	\$	38.52	\$	71.33
Senior Rate	\$	34.26	\$	34.33
Disable Rate	\$	34.26	\$	34.33
Extra Kart	\$	25.66	\$	32.66

Commercial Collection

Container Size (Waste)	Collection Frequency (Per Week)					
	1	2	3	4	5	6
Kart (96 Gal)	\$ 51.97	\$ 87.04				
2 Cubic Yards	\$ 103.54	\$ 150.12	\$ 233.55	\$ 300.87	\$ 375.12	\$ 464.88
4 Cubic Yards	\$ 171.17	\$ 296.15	\$ 437.03	\$ 581.14	\$ 718.83	\$ 874.61
6 Cubic Yards	\$ 241.37	\$ 431.57	\$ 627.34	\$ 825.97	\$ 1,029.50	\$ 1,255.01
8 Cubic Yards	\$ 222.12	\$ 373.23	\$ 559.05	\$ 731.26	\$ 906.32	\$ 1,120.13
6 Cubic Yard Compactor *	\$ 570.76	\$ 1,060.93	\$ 1,518.46	\$ 2,003.93	\$ 2,499.08	\$ 3,038.07
30 Cubic Yard Compactor	\$ 437.36					
30 Cubic Yard Roll Off **	\$ 437.36					

Container Size (Recycling)	Collection Frequency (per week)	
	1	
Kart (96 Gal)	\$ 20.43	
2 Cubic Yards *	\$ 47.34	
4 Cubic Yards *	\$ 94.69	
6 Cubic Yards *	\$ 142.03	
8 Cubic Yards *	\$ 188.28	

* - Billed directly by contractor/franchisee

+ - Plus actual disposal costs

Transfer Station (Non Class 1 Waste Only)	City Resident	Non-Resident	Commercial
Minimum Charge per "Pick Up Truck Load"	\$ 15.00	\$ 51.00	\$ 83.00

Source: City Water and Sewer Department

City of Gulf Breeze, Florida
Natural Gas Service Rates
September 30, 2025
Table 24
(Unaudited)

Inside City Limits - Residential and Commercial

Minimum monthly service charge: \$8.26 / \$11.36 if usage is under 3 therms per month

<u>Monthly Usage (Therms)</u>	<u>Rate per Therm</u>
0 - 3	\$ 1.0669
4 - 8	\$ 1.0184
9 - 166	\$ 0.9701
167 - 4,166	\$ 0.8244
over 4,167	\$ 0.6791

RATES EFFECTIVE 09/18/2024

Outside City Limits - Residential and Commercial

Minimum monthly service charge: \$10.33 / \$11.36 if usage is under 3 therms per month

<u>Monthly Usage (Therms)</u>	<u>Rate per Therm</u>
0 - 3	\$ 1.1737
4 - 8	\$ 1.1203
9 - 166	\$ 1.0669
167 - 4,166	\$ 0.9070
over 4,167	\$ 0.7469

Gross Receipts Tax - All residential and commercial accounts: .025% of service and consumption charges

Florida State Sales Tax - Commercial account only: .075% of service and consumption and gross receipts tax

Source: Gulf Breeze Natural Gas Department

City of Gulf Breeze, Florida

Insurance Coverage

September 30, 2025

Table 25
(Unaudited)

Type	Effective Dates	Company	Amount
Property	10/01/2024 - 10/01/2025	Public Risk Management of Florida	\$ 250,000,000
Terrorism & Sabotage			\$ 25,000,000
Active Shooter/Malicious Attack			\$ 2,000,000
Crime	10/01/2024 - 10/01/2025	Public Risk Management of Florida	
Monies			\$ 500,000
Forgery or Alteration			\$ 500,000
Employee Dishonesty			\$ 500,000
Comprehensive General/Law Enforcement Liability	10/01/2024 - 10/01/2025	Public Risk Management of Florida	\$ 2,000,000
Law Enforcement			\$ 2,000,000
Automobile Liability	10/01/2024 - 10/01/2025	Public Risk Management of Florida	\$ 2,000,000
Public Officials Errors & Omissions	10/01/2024 - 10/01/2025	Public Risk Management of Florida	\$ 2,000,000
Sexual Harassment			\$ 2,000,000
Sexual Misconduct			\$ 2,000,000
Inverse Condemnation			\$ 100,000
Bert Harris Act			\$ 300,000
Non-Monetary Damages			\$ 100,000
Employee Benefits Liability	10/01/2024 - 10/01/2025	Public Risk Management of Florida	\$ 2,000,000
Workers' Compensation	10/01/2024 - 10/01/2025	Public Risk Management of Florida	FL Statutory Limits
Cyber Liability	10/01/2024 - 10/01/2025	Public Risk Management of Florida	\$ 1,000,000

Source: City of Gulf Breeze Departments

City of Gulf Breeze, Florida
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 26
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Full-time employees on City Payroll as of September 30, (1)										
General Government										
City manager and city clerk	6	6	6	6	6	6	6	4	4	4
Community services	4	4	4	5	4	4	4	4	3	3
Finance and accounting	5	5	5	4	6	6	5	4	3	3
Parks and recreation center	17	17	15	14	15	15	15	13	12	13
Special projects	2	2	1	1	1	1	1	1	1	1
Police										
Sworn officers	23	23	21	22	22	21	20	19	19	17
Civilian employees	10	10	6	8	8	8	8	8	7	8
Total Police	33	33	27	30	30	29	28	27	26	25
Total General Government	67	67	58	60	62	61	59	53	49	49
Enterprises (2)										
Gulf Breeze Financial Services	2	2	2	2	2	3	3	3	3	3
Gas, water and sewer	29	29	30	24	24	24	24	22	13	13
Regional Water System	23	23	23	30	32	31	29	27	27	29
Tiger Point Golf Course (3)	0	0	0	0	0	0	0	0	0	0
Total Enterprises	54	54	55	56	58	58	56	52	43	45

(1) Personnel figures may reflect instances of temporary vacancies or transition period staffing that existed at fiscal year-end.

(2) Employees in enterprise operations are often used to support multiple Fund operations, so exclusive attribution to a particular program as of year-end may not accurately reflect typical allocation through the year. City's utility staffing typically ranges 400 to 425 utility accounts per employee. Tiger Point Golf Course was acquired by the City in fiscal year 2013.

(3) On October 1, 2015, a management agreement with Integrity Golf became effective for operation of the Tiger Point Golf facility resulting in the dismissal of those 17 employees from the City's payroll. Honours Golf Company, LLC took over management of the golf course in April 2017.

The City benefits from efforts of volunteer and use of inmate labor in a variety of areas for which full time equivalents cannot be calculated for this schedule. The City uses an outside temporary labor agency for up to three part-time staff at its transfer station and for other requirement on an as needed bases.

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Operating Indicators by Function
Last Ten Fiscal Years
Table 27
(Unaudited)

<i>Function</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017 *	2016
Fire Department										
Emergency medical calls	374	318	311	261	217	347	593	792	733	606
Fire and other calls	133	308	275	279	292	387	530	418	432	394
	507	626	586	540	509	734	1123	1210	1165	1000
Police Department										
Arrests	358	424	430	437	204	287	391	401	436	505
Citations	4,201	4,953	4,293	3,612	1,433	2,149	3,373	518	5,101	4,943
Parks and Recreation										
League registrations	2,877	2,549	2,512	2,294	1,825	1,718	1,765	1,863	1,853	1,773
Regional Water System										
Customers at year end	7,275	7,371	7,314	7,275	**	**	**	**	**	**
Usage (000's gallons)	581,596	594,616	568,950	609,418	**	**	**	**	**	**
Regional Sewer System										
Customers at year end	10,274	10,186	9,929	9,747	**	**	**	**	**	**
Usage (000's gallons)	766,783	785,115	571,137	531,946	**	**	**	**	**	**
City Water										
Customers at year end	**	**	**	**	2,650	2,635	2,602	2,602	2,600	2,612
Usage (000's gallons)	**	**	**	**	283,001	334,201	278,641	256,613	219,373	249,999
City Sewer										
Customers at year end	**	**	**	**	1,591	1,576	1,551	1,549	1,545	1,554
Usage (000's gallons)	**	**	**	**	176,469	212,218	173,517	158,637	143,056	162,071
Natural Gas										
Customers at year end	5,568	5,307	5,116	4,640	4,640	4,527	4,235	4,139	3,990	3,874
Therms (000's 100's ft3)	2,212,193	2,380,924	1,965,146	2,185,323	1,897,628	1,734,930	1,992,920	1,961,449	1,624,936	1,690,019
SSRUS - Water										
Customers at year end	**	**	**	**	4,568	4,534	4,431	4,474	4,413	4,358
Usage (000's gallons)	**	**	**	**	303,056	384,245	283,915	230,438	250,942	272,180
SSRUS - Sewer										
Customers at year end	**	**	**	**	7,351	7,176	6,795	6,774	6,599	6,418
Usage (000's gallons)	**	**	**	**	506,407	626,319	462,381	427,630	406,408	400,093
Wastewater Treatment										
Treatment (millions of gal)	690.6	705.4	669.5	575.5	708.3	629.2	617.0	527.2	601.0	606.0
Tiger Point Golf Course										
Annual rounds played (1)	-	-	-	-	12,541	33,169	27,514	26,202	12,755	N/A

* - Honours Golf Company, LLC took over management of the golf course in April 2017. Figures for annual rounds played reflect April 2017 to September 2017.

** - SSRUS Water and Sewer figures are combined with the Water and Sewer figures which are reported above.

(1) – Tiger Point Golf Course was acquired by the City of Gulf Breeze in December 2012. In 2016, Integrity Golf Courses, LLC operated the course, and the City did not require reports of rounds played. The City disposed of the course in 2021.

Source: Department Records and Gulf Breeze Sports Association

City of Gulf Breeze, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years
Table 28
(Unaudited)

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Streets:										
Miles of roads	34.7	34.7	34.7	34.7	34.7	34.7	34.7	34.7	34.7	34.7
Miles of sidewalks	15	15	15	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Signs installed	232	232	213	213	213	213	213	174	174	172
Traffic signal (City owned)	1	1	1	1	1	1	1	1	1	1
Water:										
Water line (miles)	162	114.77	106.6	106.6	43.5	43.5	43.5	43.5	43.5	43.5
Elevated storage tanks	2	2	2	2	1	1	1	1	1	1
Elevated storage capacity (000's)	250	250	250	250	100	100	100	100	100	100
Ground storage tanks	2	2	2	2	1	1	1	1	1	1
Ground storage capacity (000,000's)	2.5	2.5	2.5	2.5	1	1	1	1	1	1
Water pump facilities	2	2	2	2	1	1	1	1	1	1
Sewer										
Sewer lines (miles)	162.0	162.0	152.5	150.0	35.2	35.2	35.2	34.8	34.7	34.7
Lift stations	90	90	89	89	26	26	26	26	26	26
Natural Gas:										
Gas main (miles)	188.6	188.9	180.4	160.3	160.3	160.3	160.3	160.3	159.6	141.3
South Santa Rosa Utility System:										
<u>Water</u>										
Water line (miles)	**	**	**	**	63.1	63.1	63.1	62.9	62.9	62.9
Elevated storage tanks	**	**	**	**	1	1	1	1	1	1
Elevated storage capacity (000's)	**	**	**	**	150	150	150	150	150	150
Ground storage tanks	**	**	**	**	1	1	1	1	1	1
Ground storage capacity (000,000's)	**	**	**	**	1.5	1.5	1.5	1.5	1.5	1.5
Water pump facilities	**	**	**	**	1	1	1	1	1	1
<u>Sewer</u>										
Sewer lines (miles)	**	**	**	**	70.1	70.1	67.4	65.9	62.8	59.4
Lift stations	**	**	**	**	63	61	63	63	62	61
<u>Treatment Facilities</u>										
Treatment facilities	1	1	1	1	1	1	1	1	1	1
Capacity (000,000 gal/day)	2	2	2	2	2	2	2	2	2	2
Reclaimed elevated storage tanks	1	1	1	1	1	1	1	1	1	1
Elevated storage capacity 000s	300	300	300	300	300	300	300	300	300	300
Stormwater Utility										
Stormwater pipe (miles)	12.2	12.2	12.2	12.2	12.2	11.4	11.4	11.4	11.4	11.4
Inlets	413	413	413	274	274	262	262	262	262	262
Pump stations	6	6	6	6	6	6	6	6	6	6
Police Department										
Patrol units	23	23	23	21	21	21	19	20	16	18
Fire Department:										
Response and support vehicles	10	10	10	10	10	10	11	12	11	10

** - SSRUS Water and Sewer figures are combined with the Water and Sewer figures which are reported above.

Source: Department Records and Gulf Breeze Sports Association

OTHER REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council,
City of Gulf Breeze, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gulf Breeze, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 4, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the schedule of findings and questioned costs as item 2025-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the schedule of findings and questioned costs as items 2025-002 and 2025-003 to be significant deficiencies.

Report on Compliance and Other Matters

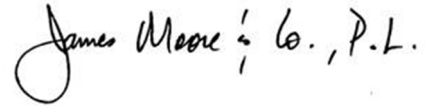
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying management's responses to the findings identified in our audit are outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Tallahassee, Florida
September 4, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Council,
City of Gulf Breeze, Florida:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited City of Gulf Breeze, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2025. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

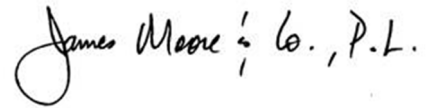
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Tallahassee, Florida
September 4, 2026

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal/State Agency / Pass-Through Entity / Federal/State Program	ALN/ CSFA Number	Contract / Grant Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of the Treasury</u>			
Direct			
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RDCGR210153-01-01	\$ 6,000,000
Total U.S. Department of the Treasury			<u>6,000,000</u>
<u>Gulf Coast Ecosystem Restoration Council</u>			
Passed through Santa Rosa County Board of County Commissioners			
Gulf Coast Ecosystem Restoration Oil Spill Impact Program (RESTORE)	87.052	GNSSP22FL0036-01-01	3,054,041
Total Gulf Coast Ecosystem Restoration Council			<u>3,054,041</u>
<u>Executive Office of the President</u>			
Passed through Santa Rosa County Sheriff's Office			
High Intensity Drug Trafficking Areas Program	95.001	G24GC0007A	8,535
High Intensity Drug Trafficking Areas Program	95.001	HID0725G0534-00	21,881
Total Executive Office of the President			<u>30,416</u>
Total Federal Awards			<u>\$ 9,084,457</u>
STATE FINANCIAL ASSISTANCE			
<u>Florida Department of Environmental Protection</u>			
Direct:			
Wastewater Treatment Facility Construction	37.077	Y1442 / WW570800	\$ 18,585,000
Total Florida Department of Environmental Protection			<u>18,585,000</u>
<u>Florida Department of Law Enforcement</u>			
Direct:			
State Assistance for Fentanyl Eradication (S.A.F.E.) in Florida	71.122	2023-SAFE-SF-015	3,919
Total Florida Department of Law Enforcement			<u>3,919</u>
Total State Financial Assistance			<u>\$ 18,588,919</u>

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

CITY OF GULF BREEZE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2025

(1) Basis of Presentation:

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal awards and state financial assistance activity of City of Gulf Breeze, Florida (the City), under programs of the federal and state governments for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance or the cost principles contained in Section 215, Florida Statutes wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the year ended September 30, 2025.

(3) De Minimis Indirect Cost Rate Election:

The City does not elect to use the de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) Costs*, of the Uniform Guidance.

**CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2025**

I. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Dollar threshold used to distinguish between type A and type B Federal programs: \$1,000,000

Auditee qualified as low-risk auditee? X yes no

Identification of major Federal programs:

<u>AL Number</u>	<u>Program Name</u>
21.015	RESTORE Act Programs
87.052	RESTORE Council Oil Spill Impact Program

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major State projects: *Unmodified*

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
SEPTEMBER 30, 2025

I. Summary of Auditors' Results: (Continued)

Any audit findings disclosed that are required to be reported
for state financial assistance projects? yes X none reported

Dollar threshold used to distinguish between type A and
type B State projects: \$750,000

Identification of major State projects:

<u>CSFA Number</u>	<u>Project Name</u>
37.077	Wastewater Treatment Facility Construction

II. Financial Statement Findings:

2025-001: Reconciliation of Account Balances

Criteria: Management is responsible for maintaining complete and accurate accounting records in accordance with accounting principles generally accepted in the United States of America (GAAP). This includes ensuring significant general ledger account balances are periodically reconciled and reviewed, including appropriate accrual and cutoff procedures at fiscal year-end.

Condition: Various material audit adjustments were required to correct general ledger account balances. These adjustments included corrections to beginning fund balance and net position, capital asset activity recorded within governmental funds, differences between general ledger balances and supporting schedules, corrections to entries previously recorded by the City, and year-end accruals for revenues and expenditures/payables that were not recorded in the appropriate fiscal period.

Cause: The City's controls did not include sufficient periodic reconciliations and year-end closing procedures to ensure significant account balances were properly reconciled and transactions and accruals were recorded in the appropriate reporting period.

Effect: Without timely and complete reconciliations of significant account balances, there is an increased risk that material errors or omissions in the accounting records will not be identified and corrected timely. This could result in incomplete or inaccurate financial reporting.

Recommendation: We recommend the City increase its review of general ledger account balances and related transactions, including reconciliation of significant balances to supporting documentation and a review for proper accruals and cutoff at fiscal year-end, to help ensure the completeness and accuracy of financial reporting.

2025-002: Reconciliation of General Ledger to Supporting Schedules

Criteria: Management is responsible for maintaining complete and accurate accounting records. This includes periodically reconciling significant supporting schedules and subsidiary records to the corresponding general ledger balances.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
SEPTEMBER 30, 2025

Condition: During our audit, we noted that the accounts receivable aging schedule provided for audit did not reconcile to the September 30, 2025, general ledger balance. The aging schedule is dynamic and reflects subsequent collections and, therefore, a report generated after fiscal year-end may not accurately reflect receivables outstanding as of September 30, 2025. We also noted that the fixed asset listing generated from the City's fixed asset module did not reconcile to the corresponding balances in the general ledger, and the cause of the variance could not be readily determined.

Cause: The City's controls did not include sufficient procedures to retain applicable year-end supporting schedules and reconcile significant subsidiary records to the general ledger on a timely basis. Certain reconciliation issues were also impacted by limitations within the City's accounting system.

Effect: Without timely reconciliations of supporting schedules to the general ledger, there is an increased risk that errors or omissions affecting account balances will not be identified and corrected timely. This could result in incomplete or inaccurate financial reporting.

Recommendation: We recommend the City implement formal year-end procedures to reconcile significant supporting schedules and subsidiary records to the general ledger and timely investigate and resolve any significant differences. The City should also generate and retain applicable supporting schedules as of fiscal year-end.

2025-003: Segregation of Duties over Journal Entries

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting. Such controls should include appropriate supporting documentation and segregation between the preparation and approval of journal entries.

Condition: During our testing, we noted that 9 of 15 journal entries tested did not have documented evidence of segregation between the preparer and approver.

Cause: The Finance Department experienced significant turnover and vacancies during the fiscal year, which limited the number of individuals available to prepare and independently approve journal entries. Management indicated that the Senior Accountant position was vacant for portions of the fiscal year and that certain entries were both created and posted by the Finance Director during vacancies and training periods.

Effect: Without appropriate segregation of duties over journal entries, there is an increased risk that errors or unauthorized entries could be recorded in the general ledger and not be identified and corrected timely.

Recommendation: We recommend the City require journal entries to include appropriate supporting documentation and documented review and approval by an individual other than the preparer. To the extent staffing limitations require exceptions, we recommend such exceptions be limited and an appropriate subsequent review be documented.

III. Federal Programs Findings and Questioned Costs:

No federal program findings were noted.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
SEPTEMBER 30, 2025

IV. State Projects Findings and Questioned Costs:

No state project findings were noted.

V. Prior Audit Findings:

No prior audit findings reported.

VI. Corrective Action Plan:

See Management's Response to Findings on page 145.

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Council,
City of Gulf Breeze, Florida:

Report on the Financial Statements

We have audited the financial statements of City of Gulf Breeze, Florida (the City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated September 4, 2026.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated September 4, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government and component units of the reporting entity is disclosed in Note (1) of the basic financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the following recommendation:

2025-004 Budgetary Compliance – We noted that expenditures in the Urban Core Redevelopment Agency Fund exceeded the final amended budget by approximately \$97,000 as a result of year-end accruals identified and recorded after the statutory deadline for budget amendments. We also noted that the City did not adopt an annual budget for the Police Special Revenue Fund.

To avoid budget overages in the future, we recommend the City actively monitor budget-to-actual comparisons throughout the year and identify year-end accruals and other cutoff items timely so that any necessary budget amendments can be made within the statutory timeframe.

With respect to the Police Special Revenue Fund Section 932.7055, Florida Statutes, requires expenditures of forfeiture proceeds to be made upon appropriation by the governing body and prohibits anticipated future forfeitures from being considered in the adoption and amendment of the budget. Based on our review, we recommend the City obtain a formal opinion supporting its position that a separate budget for the fund is not required or incorporate the fund into its annual budget process. If the fund is incorporated into the annual budget, the City should ensure its budgeting methodology complies with the restrictions applicable to anticipated forfeiture proceeds.

2025-005 Timeliness of Year-End Close and Financial Reporting – The City's annual financial audit for the fiscal year ended September 30, 2025, was not completed within the timeframe required by Florida Statutes. The delay was impacted by the time necessary to complete year-end reconciliations and closing procedures, including the resolution of general ledger and supporting schedule differences and audit adjustments. Additionally, fiscal year 2025 was the first year of the City's transition to a new audit firm, which required additional procedures and coordination during the audit process.

We recommend the City establish a formal year-end closing schedule that identifies significant account reconciliations, supporting schedules, year-end accruals, and other financial reporting requirements, along with responsible individuals and target completion dates. We further recommend the City monitor progress against the closing schedule to help ensure its accounting records and supporting documentation are available timely for the annual audit and that the audit can be completed within the required timeframe.

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Special District Information – Gulf Breeze Community Redevelopment Agency

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Gulf Breeze Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

Additional Matters

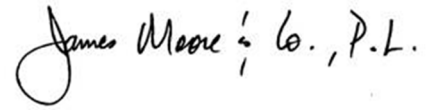
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Management's Response to Findings

The City's responses to the findings identified in our audit are outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Council, management, others within the City, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore, Esq., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida
September 4, 2026

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

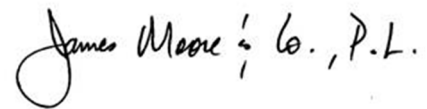
To the Honorable Mayor and City Council,
City of Gulf Breeze, Florida:

We have examined the City of Gulf Breeze, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2025. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the City complied with the aforementioned requirements for the year ended September 30, 2025, in all material respects.



Tallahassee, Florida
September 4, 2026

Management Responses to Audit Findings

2025-001: Reconciliation of Account Balances

Criteria: Management is responsible for maintaining complete and accurate accounting records in accordance with accounting principles generally accepted in the United States of America (GAAP). This includes ensuring significant general ledger account balances are periodically reconciled and reviewed, including appropriate accrual and cutoff procedures at fiscal year-end.

Condition: Various material audit adjustments were required to correct general ledger account balances. These adjustments included corrections to beginning fund balance and net position, capital asset activity recorded within governmental funds, differences between general ledger balances and supporting schedules, corrections to entries previously recorded by the City, and year-end accruals for revenues and expenditures/payables that were not recorded in the appropriate fiscal period.

Cause: The City's controls did not include sufficient periodic reconciliations and year-end closing procedures to ensure significant account balances were properly reconciled and transactions and accruals were recorded in the appropriate reporting period.

Effect: Without timely and complete reconciliations of significant account balances, there is an increased risk that material errors or omissions in the accounting records will not be identified and corrected timely. This could result in incomplete or inaccurate financial reporting.

Recommendation: We recommend the City increase its review of general ledger account balances and related transactions, including reconciliation of significant balances to supporting documentation and a review for proper accruals and cutoff at fiscal year-end, to help ensure the completeness and accuracy of financial reporting.

Management's Response: The City has established reconciliation and year-end closing procedures; however, departmental turnover and constraints associated with the implementation and transition to the Cloud version of the City's accounting software contributed to the issues identified during the audit. The City will continue to strengthen its existing procedures, including the review of significant general ledger balances, supporting schedules, accruals, cutoff, and capital asset activity, to improve the accuracy and timeliness of financial reporting.

2025-002: Reconciliation of General Ledger to Supporting Schedules

Criteria: Management is responsible for maintaining complete and accurate accounting records. This includes periodically reconciling significant supporting schedules and subsidiary records to the corresponding general ledger balances.

Condition: During our audit, we noted that the accounts receivable aging schedule provided for audit did not reconcile to the September 30, 2025, general ledger balance. The aging schedule is dynamic and reflects subsequent collections and, therefore, a report generated after fiscal year-end may not accurately reflect receivables outstanding as of September 30, 2025. We also noted that the fixed asset listing generated from the City's fixed asset module did not reconcile to the corresponding balances in the general ledger, and the cause of the variance could not be readily determined.

Cause: The City's controls did not include sufficient procedures to retain applicable year-end supporting schedules and reconcile significant subsidiary records to the general ledger on a timely basis. Certain reconciliation issues were also impacted by limitations within the City's accounting system.

Effect: Without timely reconciliations of supporting schedules to the general ledger, there is an increased risk that errors or omissions affecting account balances will not be identified and corrected timely. This could result in incomplete or inaccurate financial reporting.

Recommendation: We recommend the City implement formal year-end procedures to reconcile significant supporting schedules and subsidiary records to the general ledger and timely investigate and resolve any significant differences. The City should also generate and retain applicable supporting schedules as of fiscal year-end.

Management's Response: The City has established reconciliation and year-end closing procedures; however, departmental turnover and constraints associated with the implementation and transition to the Cloud version of the City's accounting software contributed to the issues identified during the audit. The City will continue to strengthen its existing procedures, including the retention of year-end supporting schedules and timely reconciliation to the general ledger. Where system limitations exist, the City will work to identify alternative methods to appropriately support and reconcile year-end balances.

2025-003: Segregation of Duties over Journal Entries

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting. Such controls should include appropriate supporting documentation and segregation between the preparation and approval of journal entries.

Condition: During our testing, we noted that 9 of 15 journal entries tested did not have documented evidence of segregation between the preparer and approver.

Cause: The Finance Department experienced significant turnover and vacancies during the fiscal year, which limited the number of individuals available to prepare and independently approve journal entries. Management indicated that the Senior Accountant position was vacant for portions of the fiscal year and that certain entries were both created and posted by the Finance Director during vacancies and training periods.

Effect: Without appropriate segregation of duties over journal entries, there is an increased risk that errors or unauthorized entries could be recorded in the general ledger and not be identified and corrected timely.

Recommendation: recommend the City require journal entries to include appropriate supporting documentation and documented review and approval by an individual other than the preparer. To the extent staffing limitations require exceptions, we recommend such exceptions be limited and an appropriate subsequent review be documented.

Management's Response: The City has established procedures for the preparation, documentation, and independent review of journal entries. During FY2025, significant departmental turnover and vacancies resulted in limited instances where appropriate segregation of duties could not be maintained. With the majority of the Finance Department positions now filled, the City will continue to reinforce its existing review and approval procedures. When staffing limitations necessitate an exception, the City will ensure an appropriate subsequent review is performed and documented.

CRA RESPONSE TO FINDINGS

2025-001 Budgetary Compliance – We noted that expenditures in the Urban Core Redevelopment Agency Fund exceeded the final amended budget by approximately \$97,000 as a result of year-end accruals identified and recorded after the statutory deadline for budget amendments.

To avoid budget overages in the future, we recommend the City actively monitor budget-to-actual comparisons throughout the year and identify year-end accruals and other cutoff items timely so that any necessary budget amendments can be made within the statutory timeframe.

Management's Response: The City actively monitors budget-to-actual activity throughout the fiscal year. The budget overage identified was the result of year-end accruals identified and recorded during the audit process, after the statutory deadline for budget amendments had passed. The City will continue to strengthen its year-end review procedures to identify accruals and other cutoff items as timely as practicable and make any necessary budget amendments within the statutory timeframe.