

**GULF BREEZE COMMUNITY REDEVELOPMENT
AGENCY**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

**GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
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INDEPENDENT AUDITORS' REPORT

To the Governing Board,
Gulf Breeze Community Redevelopment Agency:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of the Gulf Breeze Community Redevelopment Agency (the CRA), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA'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 and each major fund of the CRA 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 Opinion

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 CRA 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 opinion.

Responsibilities of Management for the Financial Statements

The CRA's 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 CRA'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 opinion. 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 CRA'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 CRA's ability to continue as a going concern for a reasonable period of time.

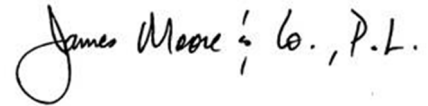
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

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 CRA'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 solely 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 CRA'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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Gulf Breeze Community Redevelopment Agency's (the CRA) management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the CRA's financial activity, (c) identify changes in the CRA's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on current year activities, resulting changes, and currently known facts, it should be read in conjunction with the CRA's financial statements which follow this section.

Financial Highlights

- The assets of the CRA exceeded its liabilities at September 30, 2025, by \$3,455,211 (net position). Of this amount, \$1,666,897 was restricted for redevelopment purposes and \$1,788,314 was net investment in capital assets.
- As of September 30, 2025, the CRA's reported an ending fund balances of \$3,616,660. Fund balance saw a change of \$1,375,517 when compared to the prior year.

The MD&A is intended to serve as an introduction to the CRA's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Overview of the Financial Statements

This annual report consists of four components: 1) management's discussion and analysis (this section), 2) government-wide and fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

Government-wide Financial Statements

Government-wide financial statements provide readers with a broad overview of the CRA's finances in a manner similar to a private-sector business. The governmental activities of the CRA include reinvesting within the community redevelopment area.

The statement of net position presents information on all of the CRA's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the CRA is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported using the economic resources measurement focus and accrual basis.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Statement of Net Position

The following is a summary of the CRA's governmental activities net position for each of the past two years:

	Governmental Activities	
	2025	2024
ASSETS		
Current and other assets	3,870,048	\$ 5,196,693
Capital assets	8,842,601	7,225,823
Total assets	<u>\$ 12,712,649</u>	<u>\$ 12,422,516</u>
LIABILITIES		
Current liabilities	\$ 253,388	\$ 717,396
Noncurrent liabilities:	9,004,050	9,004,050
Total liabilities	<u>\$ 9,257,438</u>	<u>\$ 9,721,446</u>
NET POSITION		
Net investment in capital assets	\$ 1,788,314	\$ 1,997,044
Restricted	1,666,897	704,026
Total net position	<u>\$ 3,455,211</u>	<u>\$ 2,701,070</u>

Statement of Activities

The following is a summary of the changes in the CRA's governmental activities net position for each of the past two years:

	Governmental Activities	
	2025	2024
REVENUES		
Property taxes	\$ 1,927,916	\$ 1,717,018
Other revenues	1,611	-
Total revenues	<u>1,929,527</u>	<u>1,717,018</u>
EXPENSES		
Community redevelopment	381,853	393,205
Debt service:		
Interest	198,466	203,192
Total expenses	<u>580,319</u>	<u>596,397</u>
Net income before transfers	1,349,208	1,120,621
Transfers to primary government	<u>(595,067)</u>	<u>(588,059)</u>
Change in net position	754,141	532,562
Net position, beginning of year	<u>2,701,070</u>	<u>2,168,508</u>
Net position, end of year	<u>\$ 3,455,211</u>	<u>\$ 2,701,070</u>

Financial Analysis of the General Fund

The focus of the CRA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA'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 CRA's general fund reported an ending fund balance of \$3,616,660, a change of \$1,375,517, in comparison with the prior year.

At the end of the current fiscal year, except for any nonspendable balances, the entire fund balance was restricted for community redevelopment. As the CRA is focused on reinvestment revenues into the CRA district and does not have significant annual operational costs, the CRA does not maintain specific reserve levels for operations.

General Fund Budgetary Highlights

There were significant amendments between the original and the final CRA budget. Most notably, the budget for capital expenditures was increased by \$963,347.

Actual expenditures in the general fund were \$97,919 more than final budget amounts. The main reason for this is due to capital project expenditures over budgeted amounts.

Budgetary comparisons between the final budget and actual results can be found on page 17 of this report.

Capital Assets

The CRA's investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$8,842,601 (net of accumulated depreciation). This investment in capital assets includes infrastructure, improvements, and construction in progress. Additional information on the CRA's capital assets can be found in Note (4) on page 13 of this report.

Long-Term Debt

The CRA's long-term liabilities as of September 30, 2025, amount to \$9,004,050 and decreased by \$446,725 during the current fiscal year due to timing of payments. Additional information on the CRA's long-term liabilities can be found in Note (5) on page 13 of this report.

Economic Factors and Next Year's Budget

There are many challenges facing local governments today. Property values have continued to increase in recent years, contributing to related growth in the revenues of the CRA. While property values for the subsequent fiscal year have increased, the future outlook of property values, and any potential impact they will have on the CRA's finances, are unknown.

Requests for Information

This report is designed to provide an overview of the CRA's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the City's Finance Department, 1070 Shoreline Dr., Gulf Breeze, FL 32561.

CITY OF GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET / STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>Balance Sheet</u>		<u>Statement of</u>
	<u>General</u>		<u>Net Position</u>
	<u>Fund</u>	<u>Adjustments</u>	<u>Governmental</u>
			<u>Activities</u>
ASSETS			
Cash and cash equivalents	\$ 3,870,048	\$ -	\$ 3,870,048
Capital assets:			
Non-depreciable	-	5,923,183	5,923,183
Depreciable, net	-	2,919,418	2,919,418
Total assets	<u>\$ 3,870,048</u>	<u>\$ 8,842,601</u>	<u>\$ 12,712,649</u>
LIABILITIES			
Accounts payable and accrued liabilities	253,388	\$ -	\$ 253,388
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	461,883	461,883
Due in more than one year:			
Bonds and notes payable	-	8,542,167	8,542,167
Total liabilities	<u>253,388</u>	<u>9,004,050</u>	<u>9,257,438</u>
FUND BALANCE / NET POSITION			
Fund Balance:			
Restricted for:			
Community redevelopment	3,616,660	(3,616,660)	-
Net Position:			
Net investment in capital assets	-	1,788,314	1,788,314
Restricted for:			
Community redevelopment	-	1,666,897	1,666,897
Total fund balance / net position	<u>3,616,660</u>	<u>(161,449)</u>	<u>3,455,211</u>
Total liabilities and fund balance / net position	<u>\$ 3,870,048</u>	<u>\$ 8,842,601</u>	<u>\$ 12,712,649</u>

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

CITY OF GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Statement of Revenues, Expenditures, and Changes in Fund Balance		Statement of Activities
	General Fund	Adjustments	Governmental Activities
Revenues			
Taxes	\$ 1,927,916	\$ -	\$ 1,927,916
Miscellaneous	1,611	-	1,611
Total revenues	<u>1,929,527</u>	<u>-</u>	<u>1,929,527</u>
Expenditures / expenses			
Current:			
Community redevelopment	239,278	-	239,278
Capital outlay	1,825,508	(1,825,508)	-
Debt service:			
Principal retirement	446,725	(446,725)	-
Interest and fiscal charges	198,466	-	198,466
Depreciation	-	142,575	142,575
Total expenditures / expenses	<u>2,709,977</u>	<u>(2,129,658)</u>	<u>580,319</u>
Excess (deficiency) of revenues over expenditures / operating income (loss)	<u>(780,450)</u>	<u>2,129,658</u>	<u>1,349,208</u>
Other financing sources (uses)			
Transfers out to primary government	(595,067)	-	(595,067)
Total other financing sources (uses)	<u>(595,067)</u>	<u>-</u>	<u>(595,067)</u>
Net change in fund balance / net position	<u>(1,375,517)</u>	<u>2,129,658</u>	<u>754,141</u>
Fund balance / net position, beginning of year	4,992,177	(2,291,107)	2,701,070
Fund balance / net position, end of year	<u>\$ 3,616,660</u>	<u>\$ (161,449)</u>	<u>\$ 3,455,211</u>

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

GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) Summary of Significant Accounting Policies:

The financial statements of the Gulf Breeze Community Redevelopment Agency (the CRA) 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 CRA has adopted the GASB Codification. The following is a summary of the CRA's significant accounting policies:

(a) **Reporting entity**—The Gulf Breeze Community Redevelopment Agency (the CRA) was established by the City of Gulf Breeze, Florida (the City), in December 1989 based on the Finding of Necessity documentation required pursuant to Florida Statute 163.387, to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support redevelopment in the designated community redevelopment area, and is a blended component unit reported as a major governmental fund in the City's financial statements. Pursuant to City Ordinance 01-18 and Resolution 19-89, the City Council, including the Mayor, serve as the CRA board of directors who approves the annual operation budget and has operational responsibility for the component unit.

Revenue sources for the CRA consist primarily of property taxes. Any bond issue authorizations are approved by the City Council and the legal liability for the general obligation portion of the CRA's debt remains with the City.

The CRA has determined there are no component units that meet criteria for inclusion in the CRA's financial statements.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the CRA. The CRA only has governmental activities and does not engage in any business-type activity. Direct expenses are those that are clearly identifiable with a specific function or segment. General revenues include ad valorem taxes and interest income. Fund financial statements are presented for the CRA's General Fund. The General Fund, which accounts for all financial operations of the CRA, is considered to be a major fund and is the only fund of the CRA.

(c) **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*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor 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 when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers property revenues to be available if they are collected within 60 days of the end of the current period. Grants, other intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, expenditures related to long-term agreements are recorded only when payment is due. General capital asset additions are reported as expenditures in the governmental fund.

GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

(d) **Budgets and budgetary accounting**—The governing board of the CRA adopts an annual operating budget, which is prepared on a modified accrual basis and can be amended by the Council throughout the year. At the fund level, actual expenditures cannot exceed the budgeted amounts. The accompanying budgeted financial statements for the General Fund reflect the final budget authorization amounts, including all amendments.

(e) **Deposits and investments**—The CRA'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 to be cash equivalents.

(f) **Receivables and payables**—Activity between the CRA and the City has been classified as amount due to/from the primary government on the balance sheet and statement of net position. All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of outstanding balances and historical trends. At September 30, 2025, all of the CRA's receivables were considered fully collectible.

(g) **Inventories**—The cost of inventory, if any, is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost, which approximates market, by using the weighted average valuation method.

(h) **Prepaid items**—Certain payments to vendors, if any, reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(i) **Capital assets**—Capital assets, which include infrastructure assets (e.g., curbs and sidewalks, lighting systems, and similar items), are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The CRA chose not to retroactively report infrastructure in accordance with Phase III implementation of GASB No. 34. The CRA's infrastructure consists of curbs and sidewalks, lighting systems, and similar items constructed or improved after 2003.

Infrastructure assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building improvements	39 years
Infrastructure	20 – 40 years
Improvements other than buildings	15-27 years

(j) **Long-term obligations**—In the government-wide financial statements, long-term debt and other long-term obligations, as applicable, are reported as liabilities in the CRA's governmental activities. Original issue 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 fund financial statements, governmental fund types recognize premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing uses.

GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(k) **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 CRA is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes based on actions taken by the CRA governing board through ordinance.

Assigned – amounts the CRA intends to use for a specific purpose. Intent can be expressed by the CRA governing board or by an official or body which the Board delegates authority.

Unassigned – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the CRA considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the CRA considers amounts to have been spent first out of committed funds, then assigned funds and finally, unassigned funds, as needed.

(l) **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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The CRA has no items that meet this reporting criteria.

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 represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The CRA has no items that meet this reporting criteria.

(m) **Net position flow assumption**—At times the CRA will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the CRA's policy to consider restricted net position to have been used before unrestricted net position is applied.

(n) **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.

GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
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.

(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.

(3) Deposits and Investments:

The CRA is subject to the investment policy of the primary government and maintains interest-bearing banking accounts for substantially all CRA funds. Additional accounts are held for various other purposes, or to segregate cash balances for amounts which are restricted or held on behalf of others. State statutes authorize the CRA to invest excess funds in time deposits, or obligations of the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2025, all CRA deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

All of the CRA's deposits are held with public depositories and as of September 30, 2025, the CRA's deposits and investments were not subject to any substantial interest rate, credit, or concentration risks.

GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Capital Assets:

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

Governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 6,007,605	\$ -	\$ (84,422)	5,923,183
Total assets not being depreciated	<u>6,007,605</u>	<u>-</u>	<u>(84,422)</u>	<u>5,923,183</u>
Capital assets being depreciated:				
Building and improvements	2,460	-	-	2,460
Improvements other than buildings	93,110	1,825,508	-	1,918,618
Infrastructure	1,624,121	18,267	-	1,642,388
Total assets being depreciated	<u>1,719,691</u>	<u>1,843,775</u>	<u>-</u>	<u>3,563,466</u>
Less accumulated depreciation for:				
Building and improvements	(1,230)	(123)	-	(1,353)
Improvements other than buildings	(47,481)	(9,003)	-	(56,484)
Infrastructure	(452,762)	(133,449)	-	(586,211)
Total accumulated depreciation	<u>(501,473)</u>	<u>(142,575)</u>	<u>-</u>	<u>(644,048)</u>
Total capital assets being depreciated, net	<u>1,218,218</u>	<u>1,701,200</u>	<u>-</u>	<u>2,919,418</u>
Governmental activities capital assets, net	<u>\$ 7,225,823</u>	<u>\$ 1,701,200</u>	<u>\$ (84,422)</u>	<u>\$ 8,842,601</u>

Depreciation expense of \$142,575 was allocated to community redevelopment.

(5) Long-Term Liabilities:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds and notes payable	\$ 9,450,775	\$ -	\$ (446,725)	\$ 9,004,050	\$ 461,883
Governmental activities –					
Total long-term liabilities	<u>\$ 9,450,775</u>	<u>\$ -</u>	<u>\$ (446,725)</u>	<u>\$ 9,004,050</u>	<u>\$ 461,883</u>

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

Refunding Revenue Note, Series 2021, commencing May 28, 2022, with principal attributable to the CRA of \$10.7M. The interest rate of 2.10%, with interest payments due semi-annually on May 28 and November 28, and principal payments due May 28 annually through 2041, and secured by tax increment revenues. The outstanding balance at September 30, 2025, was \$9,004,050 for the Refunding Revenue Note, Series 2021.

GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(5) Long-Term Liabilities: (Continued)

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

Year Ending September 30,	Revenue Bonds		Total
	Principal	Interest	
2026	\$ 461,883	\$ 189,085	\$ 650,968
2027	477,042	179,386	656,428
2028	492,200	169,368	661,568
2029	507,358	159,031	666,389
2030	522,517	148,377	670,894
2031-2035	2,839,958	570,925	3,410,883
2036-2040	3,221,592	256,815	3,478,407
2041	481,500	10,112	491,612
Total	\$ 9,004,050	\$ 1,683,099	\$ 10,687,149

(6) Commitments and Contingencies:

The CRA is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2025. The outcomes of established claims are included in these financial statements. In the opinion of the CRA and the primary government's legal counsel, no legal proceedings are pending or threatened against the CRA which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

The CRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which are satisfactorily insured by limited risk, high-deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

GULF BREEZE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. The CRA has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the CRA's reported financial position or operations in the near term.

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 Statement No. 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 December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
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 to primary government	(595,067)	(595,067)	(595,067)	-
Total other financing sources (uses)	<u>(595,067)</u>	<u>(595,067)</u>	<u>(595,067)</u>	<u>-</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>

**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 Governing Board,
Gulf Breeze Community Redevelopment Agency:

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 and each major fund of the Gulf Breeze Community Redevelopment Agency (the CRA), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA'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 CRA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

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 CRA's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

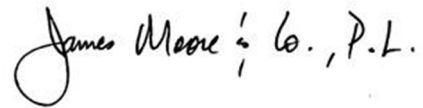
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA'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*.

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 CRA'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 CRA'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 style with a large, looped initial "J".

Tallahassee, Florida
September 4, 2026

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

To the Governing Board,
Gulf Breeze Community Redevelopment Agency:

Report on the Financial Statements

We have audited the basic financial statements of the Gulf Breeze Community Redevelopment Agency (the CRA), 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and 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, 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 annual financial audit report. No findings were noted 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 CRA 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 communicate the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the CRA 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 for the CRA. It is management's responsibility to monitor the CRA'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:

2025-001 Budgetary Compliance – We noted that expenditures in the CRA General 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 CRA 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.

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 CRA 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 CRA'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 – the Gulf Breeze Community Redevelopment Agency

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 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the CRA reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 1
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.

c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$39,656

d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$-0-.

e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

- Wayside Park Promenade - \$325,000

f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows:

-Original Budget: \$2,577,807

- Amendments: \$994,318

- Final Budget: \$3,572,125

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 CRA's responses to the findings identified in our audit are outlined as listed in the table of contents. The CRA'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, the CRA's governing board and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Tallahassee, Florida
September 4, 2026

James Moore, Jr., P.L.

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

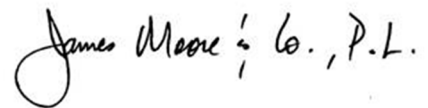
To the Governing Board,
Gulf Breeze Community Redevelopment Agency:

We have examined the Gulf Breeze Community Redevelopment Agency's (the CRA) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund* (collectively, the "Statutes"), for the year ended September 30, 2025. The CRA's management is responsible for the CRA's compliance with those Statutes. Our responsibility is to obtain reasonable assurance by evaluating the CRA's compliance with the Statutes 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 American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance by evaluating against the aforementioned statutes during 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 of the CRA's compliance during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the CRA was not in compliance with those requirements in all material respects, 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 CRA, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements to our examination engagement.

In our opinion, for the year ended September 30, 2025, the CRA complied with the Statutes in all material respects.



Tallahassee, Florida
September 4, 2026

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.