

FISCAL YEAR 2021 Annual Financial Report

For the Year Ending September 30, 2021



City of Pensacola, Florida
Grover C. Robinson, IV, Mayor



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THE CITY OF PENSACOLA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021



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CITY OF PENSACOLA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021
TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Letter of Transmittal	1-17
Government Finance Officer's Association Certificate of Achievement	18
Organizational Chart	19-20
List of Elected and Appointed Officials	21-22

II. FINANCIAL SECTION

Independent Auditors' Report	23-25
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A. MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)	26-47
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B. BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position	48-49
Statement of Activities	50-51

Fund Financial Statements

Governmental Funds Financial Statements

Balance Sheet	52-53
Statement of Revenues, Expenditures, and Changes in Fund Balances	54
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	55
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	56
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Housing Assistance Payments Fund	57
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Natural Disaster Fund	58
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – American Rescue Plan Act Fund	59
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Local Option Sales Tax Fund	60

**CITY OF PENSACOLA, FLORIDA
TABLE OF CONTENTS (CONTINUED)**

Proprietary Funds Financial Statements

Statement of Net Position	61-62
Statement of Revenues, Expenses, and Changes in Fund Net Position	63
Statement of Cash Flows	64-65

Fiduciary Funds Financial Statements

Statement of Net Position	66
Statement of Changes in Net Position	67

Notes to Financial Statements

Note I – Summary of Significant Accounting Policies	68-79
Note II – Stewardship, Compliance, and Accountability	79-80
Note III – Detail Notes on All Funds	80-114
Note IV – Other Information	115-142
Note V – Subsequent Events	143

**C. REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

Pension Funds – Schedule of Changes in Net Pension Liability and Related Ratios, Proportionate Share of the Net Pension Liability, Employer Contributions and Investment Returns	144-156
OPEB – Schedule of Funding Progress and Employer Contributions	157

D. COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Balance Sheet	158-163
Statement of Revenues, Expenditures, and Changes in Fund Balances	164-169
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	170-177
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Debt Service Funds	178

Internal Service Funds

Statement of Net Position	179
Statement of Revenues, Expenses, and Changes in Fund Net Position	180
Statement of Cash Flows	181-182

**CITY OF PENSACOLA, FLORIDA
TABLE OF CONTENTS (CONTINUED)**

Fiduciary Funds

Statement of Net Position	183
Statement of Changes in Net Position	184

III. STATISTICAL SECTION

Financial Trends

Changes in Net Position	185-186
Net Position by Component	187
Program Revenues by Function/Program	188
Fund Balances, Governmental Funds	189
Changes in Fund Balances, Governmental Funds	190-191

Revenue Capacity

Assessed Value and Estimated Value of Taxable Property	192
Direct and Overlapping Property Tax Rates	193
Principal Property Tax Payers	194
Property Tax Levies and Collections	195
Taxable Sales by Category	196
Direct and Overlapping Sales Tax Rates	197
Sales Tax Revenue Payers by Industry	198
Gas Sold in Mcfs by Type of Customer	199
Gas Rates	200

Debt Capacity

Ratios of Outstanding Debt by Type	201
Direct and Overlapping Governmental Activities Debt	202
Pledged-Revenue Coverage	203-205

Demographic and Economic Information

Demographic and Economic Statistics	206
Principal Employers	207

Operating Information

Operating Indicators by Function/Program	208-209
Capital Asset Statistics by Function/Program	210-211
Full-time-Equivalent City Government Employees by Function/Program	212

**CITY OF PENSACOLA, FLORIDA
TABLE OF CONTENTS (CONTINUED)**

IV. OTHER AUDIT REPORTS SECTION

Independent Auditor's 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	213-214
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program, State Project and Passenger Facility Charge Program and on Internal Control Over Compliance Required by Uniform Guidance	215-216
Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General.	217
Schedule of Findings and Questioned Costs-Federal Programs and State Projects	218-219
Summary Schedule of Prior Year Audit Findings	220
Schedule of Expenditures of Federal Awards, Passenger Facility Charges and State Financial Assistance	221-222
Management Letter	223-224
Financial Data Schedule	225-226

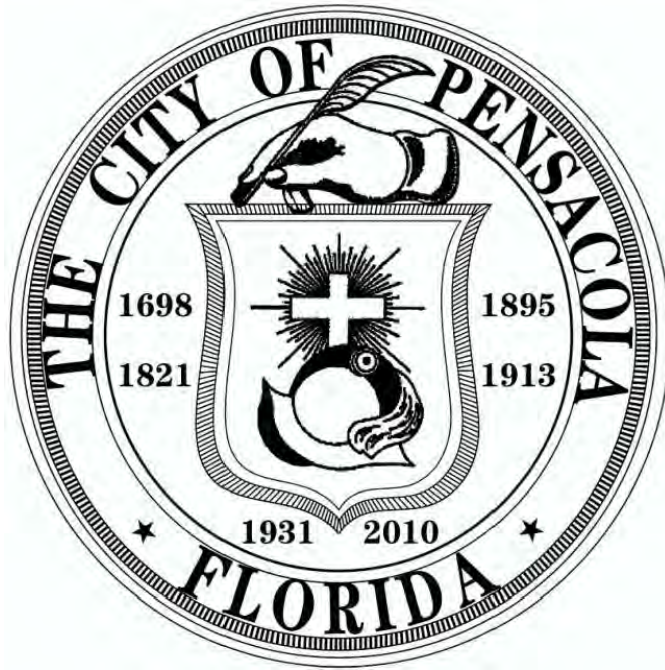
INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

CITY OF PENSACOLA ORGANIZATIONAL CHART

LIST OF ELECTED AND APPOINTED OFFICIALS



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GROVER C. ROBINSON, IV
Mayor

February 7, 2022

The Honorable Ann Hill, President
And Members of the City Council
City of Pensacola
Pensacola, Florida

Pursuant to applicable Florida Statutes and sound financial management practices, the Comprehensive Annual Financial Report (Annual Financial Report) of the City of Pensacola, Florida, for the fiscal year ended September 30, 2021, has been prepared and is submitted herewith.

The City of Pensacola's Annual Financial Report was prepared by the Financial Services Department. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the City. City management believes that the report is a fair presentation of the City's financial position and results of operations as measured by the financial activity of its various funds, that presented data is accurate in all material aspects and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

This report has been presented in accordance with Generally Accepted Accounting Principles (GAAP). These principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Pensacola's MD&A can be found immediately following the report of the independent auditors.

Mayor's Initiatives

As the Chief Executive of the City of Pensacola, the Mayor and his staff serve to administer and enforce city ordinances, direct city employees providing services to citizens, and prepare and submit the city budget. In addition to these specific duties outlined in the City Charter, the Mayor also performs economic development, community outreach, and public awareness functions. Mayor Robinson took office on November 27, 2018 as the second Mayor to serve under the City's strong mayor form of government.

Upon his election in November 2018, Mayor Robinson formed a transition team of 12 volunteers to make recommendations to advance the City in multiple areas including neighborhoods, crime, walkability, economic development and transparency. The categories studied were:

- | | |
|-------------------------|---------------------------|
| • Strategic Goal Status | • Governance |
| • Crime and Safety | • Governmental Efficiency |
| • Economic Development | • Legal |
| • Education | • Neighborhoods |
| • Environment | • Traffic & Walkability |
| • Finance | • Transparency |

The implementation of the recommendations made by the transition team resulted in development of a Strategic Plan and will be a multi-year endeavor. However, the first recommendation, to create a mission, vision, values and an employee code of ethics for the City of Pensacola, was accomplished the first year in office. The City's mission is to provide the highest quality of life for all our citizens by providing cost effective municipal services, including public safety, infrastructure and public amenities and working together with the community to create a healthier environment and growing economy. All other recommendations have been accomplished or are in the process of implementation. The City's fiscal year 2022 approved annual budget document details out each of these recommendations, how the recommendations are being implemented as well as their current status.

The Reporting Entity

The financial reporting entity includes all funds of the primary government, as well as all of its component units. Component units are legally separate organizations for which the City is financially accountable and, for financial statement purposes, are either blended with the activities of the City or discretely presented. The criteria used to determine whether an organization should be a part of the City's reporting entity were those outlined by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*.

The Downtown Improvement Board (DIB) has been classified as a component unit and is discretely presented in the City's annual financial report in a separate column in the government-wide financial statements. The Community Redevelopment Agency (CRA), also meets the definition of a component unit; however their financial reporting is blended with the City's financial activity. In addition, Florida Statute section 163.387(8) requires an independent audit of the CRA's financial statements. A copy of the CRA's audited financial statements can be obtained by contacting the City's financial services department: City of Pensacola, 222 West Main Street, Pensacola, FL 32502.

Form of Government

The City operates under a Mayor-Council structure commonly referred to as a "Strong Mayor" form of government. With the Mayor-Council structure, the Council is the governing body of the City with all legislative powers of the City vested therein, which consisted of seven (7) Council Members, one (1) elected from each of the seven (7) election districts of the City. The Mayor is not a member of Council and does not have voting power. The Mayor's term allows

for a maximum of three consecutive four year terms of office. Beginning in January 2022 and every ten years thereafter, a Charter Review Commission will be established to review the City's charter. With the Mayor-Council structure, the Mayor replaces the City Manager as the executive head of the City and shall appoint a City Administrator to assist in managing daily operations.

The City of Pensacola provides a full range of municipal services including public works, public safety, recreation and cultural activities. In addition, the City's enterprise activities include a natural gas utility, sanitation collection system, seaport, and international airport.

Accounting and Internal Controls

Management of the City is responsible for establishing and maintaining internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss through unauthorized use or disposition; the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

Budget Process

The budget process for the City of Pensacola does not have an easily identifiable beginning or end. During the course of each fiscal year, new initiatives for services, regulations, funding sources, better methods of providing existing services, and citizen comments are brought forward for discussion, study and implementation. Although the budget document is developed at a fixed point in time, and identifies a work plan for a specific period of time, the budget process is fluid.

There are a number of tools used throughout the course of the fiscal year to report on the status of the budget. A report is provided to City Council quarterly on pertinent funds which shows a comparison of revenues and expenditures to budgeted numbers. Additionally, City Council is provided a monthly financial overview by the Budget Analyst for City Council. Monthly reports are generated for public review to provide a more frequent overview of the financial status as compared to budget. In accordance to Chapter 166.241, Florida Statutes, budget amendments within a fund (transfers of amounts from one line item to another) approved by the Finance Director as the Mayor's designee and Supplemental Budget Resolutions adopted by Council are the only means to amend an adopted budget. Two public hearings are held before the adoption of the final budget and final millage rates.

Debt Administration

Debt administration is the responsibility of the City's Finance Director. Additional assistance is employed through the services of RBC Capital Markets, the City's Financial Advisors.

Pledged revenues for business-type debt are typically the sole pledge of net revenues from operations, however, from time to time there are pledges of specific revenue streams. In fiscal year 2021 business-type activities paid a total of \$4.4 million and \$1.7 million, respectively, for

principal and interest on bonds. The City typically issues debt with a levelized structure thereby eliminating large increases and decreases in principal payments from year to year.

Revenues traditionally pledged for general government type debt include infrastructure sales tax, local option gasoline tax, communication services tax, local business tax and tax increment revenues. The City paid a total of \$7.0 million and \$3.0 million, respectively for principal and interest, for governmental activities debt during fiscal year 2021. The City typically issues debt with a levelized structure thereby eliminating large increases and decreases in principal payments from year to year. The City has no general obligation debt.

In order to be in compliance with all continuing disclosure requirements, the City of Pensacola issues an annual Report to Bondholders published on or before the 180th day after the end of the City's fiscal year. The Comprehensive Annual Financial Report and the Report to Bondholders should be read in conjunction to get a clear and complete understanding of the market effect on the City of Pensacola.

Any impact to the City as a result of the COVID-19 Pandemic is not anticipated to effect the timely payment of principal and interest all outstanding City obligations.

Pensacola Energy

Pensacola Energy, a department of the City, became a City-owned utility on April 27, 1948, upon its purchase from the Gulf Power Company. Pensacola Energy supplies natural gas to approximately 45,000 service connections and is one of the largest municipal gas distribution systems in Florida as it relates to customer base. The revenue classification for billed gas service is 51.0% residential, 27.2% commercial and 19.3% industrial.

Pensacola Energy had operating income before depreciation of \$19,964,547; an increase of \$3,199,983 over last year. Operating revenue increased by \$4,199,830 (8.9%) during fiscal year 2021 and operating expenses increased by \$999,847 (3.3%). The primary reason for the increase in operating revenue and operating expense is a result of increases in the cost of natural gas; the cost of natural gas is passed on to the customer directly affecting charges for services revenue. In fiscal year 2021, the cost of natural gas increased by \$2,753,302. In addition, fiscal year 2021 revenues were higher due to a two percent increase in natural gas sales which equates to approximately \$900,000 in revenues as well as a \$297,497 increase in infrastructure cost recovery revenues. Infrastructure cost recovery revenue is based on prior year capital cost as well current year budget and therefore will fluctuate from year to year. Excluding the cost of gas, operating expenses decreased by \$1,753,455 which can be linked to a \$1,637,631 decrease in pension expenses as reported in the salaries and employee benefits line item of the financial statements. The pension expense can vary considerably over time, depending upon changes in the estimated actuarial costs and fluctuations in the market resulting in highly variable income statement results in years where there are large gains or losses in the market.

Pensacola Energy budgets for normal winters; however, actual revenues fluctuate with the cost of natural gas and weather patterns. Pensacola Energy is allowed to adjust rates annually with the Consumer Price Index (CPI) if approved by City Council. No increase was approved for fiscal year 2021.

Fiscal year 2022 operating revenues are budgeted at \$48.5 million, \$1.1 million (2.4%) lower than the prior year budget. The significant reduction in revenues for fiscal year 2022 is due to anticipated decreases in the cost of natural gas which was the trend when the budget was developed in 2020, thus reducing revenues as the cost of gas is passed onto the customer through rates and charges. The CPI increase for fiscal year 2022 is 2.6%, however due to the COVID-19 pandemic, no increase in rates were recommended in the fiscal year 2022 budget. Fiscal year 2022 appropriations decreased \$1.1 million (2.4%) over fiscal year 2021 mainly due a \$755,500 decrease in budgeted capital outlay. Pensacola Energy's transfer to the General Fund is budgeted to remain at \$8 million. The transfer complies with the City Council adopted financial planning policy which states "Long-term, the budgeted transfer should not be more than 15 percent of budgeted ESP revenue".

Sanitation Services

The City has operated a solid waste collection system for over fifty years. Sanitation service is mandatory within the city limits, and the City provides residential garbage, recycling, and trash collection once per week to approximately 20,500 customers. Commercial dumpster services are provided by private hauling companies franchised by the City and regulated by the Sanitation Services department. Commercial Solid Waste Franchise fees are set at \$1.50 per cubic yard of non-compacted waste and are used to sustain the Code Enforcement operation. Residential sanitation fees are set at \$25.11 per month and support the self-sustaining Sanitation Services operation. In addition, there is a fuel and lubricant pass-through surcharge of \$1.30 per month and an equipment surcharge of \$3.04 per month for the fiscal year 2021. Funds generated by the equipment surcharge is used for replacement of sanitation equipment.

Sanitation had operating income before depreciation of \$1,042,434; an increase of \$427,000 over the prior fiscal year. Operating revenue increased by \$493,943 (5.8%) during fiscal year 2021 and expenses increased by \$66,943 (0.8%). The primary reason for the increase in operating revenue over the prior fiscal year can be linked to a \$1 increase in the Sanitation Equipment Surcharge resulting in an additional \$260,067 in revenue. In addition revenues for franchise fees, code enforcement and advertising increased by \$50,152, \$40,360 and \$80,200, respectively, in fiscal year 2021. While decreases in pension expenses reduced operating expenses by \$717,679, increase to salaries and benefits, repairs and maintenance, materials and supplies, office and utilities, landfill fees and overhead allocation more than offset the pension expenses savings. In addition, Sanitation had a significant decrease in non-operating revenues in the amount of \$1,181,082 related to rebates received in fiscal year 2020 for the purchase of compressed natural gas vehicles.

Fiscal year 2022 revenues are budgeted at \$9.8 million, \$207,700 (2.2%) higher than the prior year budget. The majority of the increase is related to a 1.5% CPI increase for fiscal year 2021 and a 2.6% CPI increase for fiscal year 2022 which both take effect October 1, 2021; increasing the monthly rate to \$26.15. Fiscal year 2022 appropriations decreased by \$164,700 (1.6%) over fiscal year 2021 budget mainly due to a decrease in capital equipment planned purchases.

Port of Pensacola

The Port of Pensacola, a department of the City, provides marine terminal services connecting water and land transportation. Revenues are generated through fees for wharfage, handling, dockage, rent, storage, security, and harbor services. Rates are established in a published, publicly available tariff.

The Port had operating income before depreciation of \$983,566; an increase from last fiscal year by \$299,987. Operating revenues increased \$162,449 (5.9%) and expenses decreased by \$137,538 (6.7%). The primary reason for the increase in operating revenue can be linked to increased vessel activity at the Port. The decrease in expense can be linked to a \$129,699 decrease in pension expenses as reported in the salaries and employee benefits line item of the financial statements.

For many years, the Port of Pensacola has been the recipient of Florida Seaport Transportation and Economic Development Trust Fund (FSTED) monies to fund capital projects. During fiscal year 2021, the Port applied for and was awarded multiple FSTED grants. This includes money to reimburse COVID-19 related lost revenue and cost, dredge alongside berths, improve warehouse nine with new crane system, comprehensive maintenance agreement for security equipment, as well as other landside and waterside improvements. Additional work continues toward spending down several previously awarded DHS/FEMA Port Security grants for the purchase of a new security patrol boat, construction of a new maritime fire simulator and equipment upgrades to Fire Boat one.

Fiscal year 2022 operating revenues are budgeted at \$2.5 million, \$98,100 (4.0%) higher than the prior year budget as revenues are based on historical trend information on vessel activity levels as well as current and prospective lease agreements. Fiscal year 2022 appropriations increased by \$98,100 (4.0%) over fiscal year 2021 budget mainly due to a \$36,900 increase in personnel services, \$20,000 increase in capital purchases and \$41,200 in operating cost such as liability insurance and other contractual services.

Pensacola International Airport

The City of Pensacola owns the Pensacola International Airport and operates the facility as an enterprise department. The Airport plays an important role in the national, state, and local air transportation systems, serving as the primary commercial service airport for northwest Florida and southeast Alabama with a principal service area encompassing Escambia, Santa Rosa, and Okaloosa Counties in Florida and Baldwin, Escambia and Mobile counties in Alabama. During fiscal year 2021, 2.077 million passengers utilized the scheduled service of eight airlines to 20 plus non-stop destinations making Pensacola the 78th largest airport out of over 400 commercial service airports in the United States in terms of the total number of domestic passengers served.

The Airport had operating income before depreciation of \$8,432,083; a \$3,457,616 increase over last fiscal year. The Airport Fund's operating revenues increased by \$1,556,696 (7.5%) in fiscal year 2021 and expenses decreased by \$1,900,920 (12.0%). The primary reason for the increase in revenues is that the significant drop in passenger traffic seen in fiscal year 2020 due to the COVID-19 pandemic were not seen in fiscal year 2021. The decrease in expense can be linked to an \$862,178 decrease in pension expenses as reported in the salaries and employee benefits

line item of the financial statements as well as a \$1 million decrease in repairs and maintenance related to a reduction in terminal maintenance projects. In fiscal year 2021, the Airport utilized \$5 million in CARES Act funding to help subsidize Airport operations. The \$5 million in CARES funding is recorded as non-operating revenues. The Airport anticipates utilizing \$1 million in CARES Act Funding to supplement any revenue shortfalls in fiscal year 2022.

Fiscal year 2022 operating revenues are budgeted at \$19.6 million, \$835,900 (4.5%) higher than the prior fiscal year budget which was conservative due to the unknown impact COVID-19 at the time the 2021 budget was developed. Non-airline revenues such as restaurant and lounge, hanger/ground leases, parking lot and rental car facility charge revenues are projected to increase by \$3,015,900 due to increases in passenger traffic through the Airport. Charges to airlines such as loading bridge fees, landing fees, apron area rentals and airline rentals are projected to decrease by \$2,180,000 based on agreements with the airlines to use some of the CARES Act funds the Airport received to help pay for operating cost the airlines would normally pick up in their rates. Fiscal year 2022 operating appropriations increased by \$10.8 million (51.6%) over fiscal year 2021 budgeted totals primarily due to a \$4.6 million increase in principal payments, \$1.8 million increase in capital purchases and \$4.3 million increase in operational cost for repairs and other contractual services.

The Airport has an operating agreement with the airlines which provides for revenues sufficient to meet operating expenses, debt service payments and capital expenditures. However, it does not provide for any incentives given to the airlines nor depreciation which is reported on the City's financial statements as an operating expense.

Current Year Budget, Events and Future Year Plans

The Pensacola City Council approved a fiscal year 2021 budget of \$235,995,700, a decrease of \$9,095,100 from the 2020 budget. Overall appropriated fund balance decreased by \$2,439,800 and overall revenue estimates decreased by \$6,655,300. The General Fund anticipated an increase in revenues of \$1,884,800 (2.4%) due to a \$1,038,700 increase in property taxes as a result of a 6.65% increase in taxable property valuation, \$350,800 increase in Franchise Fees based on historical trends, estimated changes in population and estimated inflation and rate changes and \$566,200 increase in Public Services Tax based on historical trends and a weather pattern of warm summers and mild to colder winters. The Debt Service Funds anticipated an increase of \$75,700 (1.3%) due to increased transfers to cover debt service. The Special Revenue Funds anticipated an increase in revenues of \$2,183,700 (5.4%) mainly due to increased intergovernmental revenues based on available grant funding. The Capital Project Funds anticipated an increase in revenues of \$27,600 (0.2%) due to increases in Local Option Sales Tax based on prior year receipts. The Enterprise Funds anticipated a decrease in revenues of \$11,741,200 (13.2%). Natural gas sales were projected at \$49,617,900, a decrease of \$2,982,600 or 5.7% from the fiscal year 2020 budget. The decrease is attributed to an anticipated lower cost of natural gas. Sanitation revenues were projected at \$9,550,700, an increase of \$1,058,100 or 12.5% from the fiscal year 2020 budget. The increase is attributed to an additional \$500,000 in anticipated CNG rebate, \$115,200 in miscellaneous revenues, \$267,800 in equipment surcharge revenues and increase in sanitation charges due to anticipated increases in customer base. Port revenues were projected at \$2,456,000, an increase of \$328,200 or 15.4% from the fiscal year 2020 budget based historical trend information on vessel activity. Pensacola International Airport revenues and passenger facility charges were projected at

\$22,485,100, a decrease of \$3,374,900 or 13.1% mainly related to airline revenues and Pensacola International Airport grants were \$4,600,000, a decrease of \$6,770,000 from the fiscal year 2020 budget.

Departmental events and plans

Planning Services Department coordinates the City's weekly "One Stop" Development Review meeting, which provides those who are interested in submitting projects for permitting the opportunity to obtain input from City staff from Planning Services, Inspection Services, Fire Marshall, Public Works and Engineering. Planning Services continues to maintain the City's Comprehensive Plan, Planning Services also maintains the current Land Development Code (LDC) and continues to work towards encouraging urban density, mixed-use development, and implementing form-based, sustainable development guidelines to create a more walkable-built environment.

The Pensacola Police Department continued its efforts through community policing strategies to improve communication and relationships between officers and the public by fostering a closer police-community relationship. In an effort to achieve this goal, the department's Citizens Police Advisory Committee participated in numerous town hall meetings to discuss concerns within the community, worked with neighborhood groups to inform residents about problems in their areas, how to try to make their neighborhoods safer and also offer another Citizen's Police Academy, increasing intentional face-to-face contact with the public to open lines of communication and continued periodic Coffee with a Cop days held at various locations.

The department also pursued additional funding sources that would allow the department to improve ways in which police services were provided and further prevent crime. During the past fiscal year, the department was awarded \$337,725 in local, state and federal grants to purchase items necessary to further crime prevention goals as well as improve officer safety.

In fiscal year 2022, the department will continue its efforts to reduce crime by increase concentrated patrols in known problem areas for burglaries, drugs, etc. as well as partner with neighborhood associations to educate them about crime in their areas as a means of helping share information with residents and encourage them to watch for criminal activities.

The Pensacola Fire Department provides a wide range of services and programs designed to protect the lives and property of the citizens and visitors to the City of Pensacola. The department is proud to confirm that it maintained its Insurance Services Organization (ISO) Class 2 rating. A rating based on a class rating scale of 1 (highest) to 10 (lowest) and obtained by evaluating crucial factors such as: fire suppression, which includes fire station locations, personnel, apparatus, and equipment; water supply, which includes fire hydrant spacing, inspections, and fire flow; and communications, which includes station alerting and dispatch, radio communication equipment, and emergency response times.

In fiscal year 2021 the live fire training simulator site prep was completed. Apparatus and equipment upgrades continued with the design and build of a new ladder truck, replacement of the entire SCBA fleet, and radio system upgrades. A Command Operations Vehicle was

delivered, allowing for operations command center capabilities in the field. Additional basic life support capabilities now provide the City of Pensacola improved emergency medical response.

On-going advancement in incident reporting and record management allowed the department to more accurately monitor, evaluate, and improve its processes. The Training Division improved employee training and development, creating uniformity in all-hazards training exercises and response readiness. The Fire Marshal's office creatively continued its community risk reduction efforts, with the challenge of COVID-19, in schools and neighborhoods.

In fiscal year 2022, the department will continue to advance the Fire Cadet Program. The Fire Marshal's office will continue community risk reduction, outreach and fire prevention/education initiatives, including the installation of smoke alarms. The Training Division will implement new employee and supervisor drills, training and development programs. Training exercises and increased aircraft rescue firefighting (ARFF) response drills will improve response readiness. Human Resources will provide leadership training to all department supervisors as succession and transition planning continues. Upgrades to the City Emergency Coordination Center, including connectivity and communications with the Escambia County EOC, will continue.

The Parks and Recreation Department continued its commitment to improve and promote the quality of life for all citizens and visitors of Pensacola by protecting the heritage of our parks while providing a wide range of recreational, social, and educational opportunities. The City of Pensacola has a total of ninety-three parks and open spaces, along with ten community resource centers which are maintained by the Parks and Building Maintenance divisions, programmed by the Recreation division, and utilized by Pensacola residents and City organizations.

Numerous park improvements occurred in fiscal year 2021. Such improvements included: installation of new playgrounds at Kiwanis Park, Estremadura, Oporto, Catalonia, Roger Scott, and Woodcliff Parks; countless volunteer cleanup days throughout the City; renovations to the East Pensacola Heights Center and the opening of the new Bayview Community Resource Center.

In fiscal year 2022, the department will continue to develop the park master plan based on a parks needs assessment report from University of West Florida (UWF). Fricker Center will receive some much needed improvements. Additional projects will take place at Roger Scott Tennis Center (renovations to the courts), McGee Field (new press box and concession stand/restroom facility), Bill Gregory (restroom renovations), Scott Pool (restroom renovations), Miraflores Park (Boy Scout Building renovations), and new playgrounds at Bayview Park, Longhollow Park, Sanders Beach Park, and Mallory Heights Park one.

Parks and Recreation actively partners with local corporate, non-profit, and community groups to provide service benefits to the entire community. These organizations support the Parks and Recreation Department thru sponsorships for events such as the City's annual Easter Egg Hunt, Blues on the Bay Music Series, Drive-in Movie, and Halloween Egg Haunt as well as providing support for recreational, social and educational programs within the City's Resource Centers and parks.

The Public Works and Facilities Department continued to meet its mission statement of providing courteous and quality service, while maintaining the City's current infrastructure and constructing new infrastructure. The department maintains 332 miles of roadway, 73 stormwater ponds, 118 various underground stormwater treatment units, 18 ditches, 2,193 drainage inlets and 15 major stormwater outfalls. Approximately 3,917 miles of roadway were swept and approximately 4,787 tons of road debris were removed during fiscal year 2021.

During fiscal year 2021, the department completed a resurfacing project which resurfaced 130 city blocks of asphalt roadway, repaired/replaced 6785 linear feet of sidewalk as part of the City's ADA sidewalk plan, installed 66 handicap ramps, repaired over 240 potholes, addressed 193 traffic signal issues, and repaired over 58 City owned streetlights. The department replaced 73 City owned streetlights on S Spring St, S Baylen St, W Intendencia St, W Romana St and W Government St with new antique replica style LED lights which provided energy savings over the older style light that were replaced. In addition, the department installed three new video detection systems and five uninterrupted power supplies to traffic signals owned by the City. Several significant capital stormwater projects were also completed that provided enhanced treatment and flooding abatement in numerous areas of the City. Major capital stormwater projects began with installation of a stormwater treatment unit was installed in Bartram Park where the storm pipe under Alcaniz Street empties into Pensacola Bay as well as three large stormwater treatment units on the western side of Bayou Texar. These treatment projects were coupled with upsizing of thirty-six stormwater inlets which improve standing water issues within various roadways. In addition to new stormwater projects, the department successfully completed rehabilitation of an antiquated stormwater pipe under Spring Street from Wright St. to Gregory St. to mitigate the continual pipe failure and corresponding roadway failure.

In fiscal year 2022, the department will complete several large stormwater capital improvement projects including installation of new stormwater piping down Barrancas Avenue to rectify many of the standing water issues along this roadway. In addition, expansion of the existing pond at Marketplace Drive is slated to begin construction in early 2022. Furthermore, a drainage improvements project along Cross Street, between MLK, Jr. Drive and 9th Avenue, will finished construction in spring of 2022. To continue our pursuit of a more walkable City, the Burgess Road sidewalk project began in fiscal year 2021 and is slated to be completed in mid-2022. The department is also doing mitigation due to Hurricane Sally damages to over ten signals with upgrades to the traffic detection and replacement of signal cabinets. These mitigation efforts are extended to the repairs and upgrade of over one-hundred streetlights in the City limits.

The Community Redevelopment Agency (CRA), was established in 1980 to implement the revitalization of a 1,237-block blighted area, referred as the Pensacola Inner City Community Redevelopment Area. This area encompasses 17th Avenue on the east, Pensacola Bay on the south, Bayou Chico and the City limit line on the west and the City limit line on the north. Within the Pensacola Inner City Community Redevelopment Area, there exists three Redevelopment Areas - the Urban Core Community Redevelopment Area, the Urban Infill and Redevelopment Area (commonly referred to as Eastside Community Redevelopment Area) and the Westside Community Redevelopment Area.

The Urban Core Community Redevelopment Area was established in 1984 and has facilitated a variety of public and private sector redevelopment initiatives since its inception, including

streetscape, park, and commercial façade improvements and relocation of the Emerald Coast Utilities Authority (ECUA) Wastewater Treatment Plant. In 2010, public improvements to a 27-acre waterfront parcel on Pensacola Bay were completed which created the Vince Whibbs, Sr. Community Maritime Park (CMP), a multi-use athletic stadium, amphitheater and public promenade, and parcels available for private development. The pivotal redevelopment project was made possible through the City's issuance of the Urban Core Redevelopment Revenue Bond, Series 2009. For many years, the majority of future tax increment revenues were set aside primarily to pay debt service and fund the operations of the CRA. However, in recent years, steady growth of the area's tax base has enabled the initiation several key community redevelopment projects aimed at encouraging neighborhood livability, blight removal and access to the waterfront.

In 2021, the City completed streetscape improvements to DeVilliers Street and Reus Street, as well as ADA sidewalk enhancements throughout the near-downtown area. Construction of the East Garden District streetscape redevelopment project is well under way and soon to be completed. Substantial strides were made towards the future redevelopment of the former ECUA wastewater treatment plant site, the CMP parcels, and enhanced accessibility to the Pensacola waterfront. Recent and future capital projects are supported by the issuance of the Urban Core Redevelopment Revenue Bond, Series 2017 and the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. CRA initiatives slated for fiscal year 2022 include the continuation of the CRA's established residential and commercial improvement programs, and affordable housing initiatives. Designs were substantially completed for public realm enhancements such as streetscape improvements to A Street, in addition to Main, Cedar, Jefferson and Palafox Streets, as a component of the "Hashtag" Waterfront Connector (Continuous Waterfront Trail System). Design plans for park improvements to the Bruce Beach Natural Area and construction of a floating day-use marina at Community Maritime Park also neared completion.

The Eastside Community Redevelopment Area was established in 2005. In 2018, the CRA completed reconstruction of the historic birth site of General Daniel "Chappie" James, Jr., America's first African American Four Star General, to accommodate the operation of a commemorative museum and youth flight academy. The project was funded through the issuance of the Eastside Redevelopment Revenue Bonds, Series 2017. The continuation of the CRA's established residential improvement programs and affordable housing initiatives are slated for the upcoming year. Construction of a 2nd phase of improvements to expand the campus of the General Daniel "Chappie" James, Jr. Museum and Youth Flight Academy is under design.

The Westside Community Redevelopment Area was established in 2007. However, tax increment revenues were not received for many years due to the 2008 decline in property values caused by the recession. In order to remedy this, City Council reaffirmed the existence of blight in the district, rescinded the 2007 base year for the Westside Community Redevelopment Area taxable property values and established a new base year of 2013. With a new base year set, the CRA started receiving tax increment revenues in 2015. In 2017, the City issued the Westside Redevelopment Revenue Bonds, Series 2017 to fund critical Westside redevelopment initiatives supporting blight removal and neighborhood livability. CRA initiatives slated for the upcoming year include the continuation of the CRA's established residential and commercial improvement programs, and affordable housing initiatives. Construction of streetscape improvements to A

Street, furtherance of the West Moreno Stormwater Park project and a partnership on the repurposing of the soon to be evacuated Baptist Hospital campus is planned.

The CRA continues to work with private sector concerns to support a revitalized and blight free community. Investment in the Pensacola Inner City Community Redevelopment Area will assist in removing blight, maintaining housing affordability and strengthening the property tax base and potential for future revenue growth.

The Housing Department focused on continuing to meet the community's need for supportive services including providing decent, safe, and affordable housing to enhance the quality of life for all area residents. In support of the Mayor's commitment to building stronger neighborhoods, six families had their homes rehabilitated through the city's Community Development Block Grant (CDBG) Housing Rehabilitation Program during fiscal year 2021. The services of this program include project development and administration to aid moderate- and low-income homeowners in repairing their homes. The program's successful outcomes include preserving affordable workforce housing and fostering neighborhood reinvestment, providing jobs, and reducing blight while spending program funds with local businesses. Funds received through the State Housing Initiatives Partnership (SHIP) program supported eleven families' complete repairs to their home, six of which were families with special needs. Additionally, SHIP funds assisted sixty-seven families in the community reach the goal of homeownership.

In response to the pandemic, the city received an award of CDBG-Coronavirus funds. These funds supported the delivery of 3,876 meals through the council on Aging of West Florida, Inc.'s nutritional service programs to eighty-six elderly or disabled residents. The CDBG-coronavirus funds provided eight families with eviction and foreclosure counseling assisting them with the goal of maintaining their residence. Additionally, CDBG funds provided homebuyer guidance and educational information to fifty-five families through the Homebuyer and Foreclosure Prevention educational program. This service resulted in twenty-three families purchasing homes within the community.

The Section 8 Housing Choice Voucher (HCV) Program provided rental assistance for approximately 2,078 extremely and very low-income families each month during fiscal year 2021. This reflects approximately \$1.4 million in monthly rental housing assistance in our community, paid out to an estimated 550 local landlords. Housing Department completed 3,301 inspections of rental units ensuring that families were residing in decent and safe living conditions. The HCV Program stabilizes families and allows them to fulfill their other household obligations, pursue jobs and continue their education, while offering steady monthly rental income to area property owners.

An average of 175 homeless veterans received rental assistance each month through the Veterans Affairs Supportive Housing Program (HUD-VASH). Participants receive VA case management services as well as rental assistance from the city to secure housing. Since the initial allocation of 25 HUD-VASH vouchers received in 2009, the Housing Department has increased the total voucher allocation for this program to 203 to address the housing needs of homeless veterans in the community.

During 2021 in response to the growing number of homeless families nationally, the U.S. Department of Housing and Urban Development launched the Emergency Housing Voucher program. The City was awarded thirty-five Emergency Housing Vouchers targeting the housing needs of the homeless, victims of domestic violence, and families who may become homeless. The City partnered with the area Continuum of Care agency to provide program referrals and case management.

The City will continue its efforts in 2022 by addressing local concerns regarding the lack of affordable housing in the community by allocating \$2 million of its American Rescue Plan Act allocation to address the need for affordable housing in the community. The City allocated these funds to support preservation of existing affordable housing through the residential rehabilitation program and to expand the opportunity for homeownership for residents through the city's homeownership program. The remaining funds are being used to create an infill program supporting residents' goal of attaining homeownership.

Pensacola Energy (PE) vision is to be an innovative, high-value energy services provider committed to safety, performance and excellence with the continued goal to always improve customer service delivery, test and implement new service offerings, upgrade the condition of our underground gas mains and service lines and integrate new technologies to improve operational efficiency.

In fiscal year 2021, the department purchased property adjacent to its current location to construct a new storage facility to meet federal regulations that require polyethylene pipe to be stored indoors. Additionally, the department entered into two prepaid gas agreements designed to secure a partial supply of natural gas at a significant savings below index price. One agreement will be used to service a new industrial customer by sharing the discount. The second agreement will be used to purchase "carbon offset" natural gas designed to reduce greenhouse gas emissions through the use of carbon credits. The department expanded radio tower coverage for the AMR System into new growth areas. Changeover of Okaloosa Gas District active customers within Pensacola Energy's exclusive franchise in Escambia County was completed, adding 163 new customers. The distribution system was expanded to include thirteen new subdivisions with the installation of twelve miles of natural gas main.

The natural gas rate ordinance allows for an annual adjustment in rates based on the Consumer Price Index (CPI), an Infrastructure Recovery Charge as a rate component, a Weather Normalization Adjustment Factor, and a Purchase Gas Adjustment which includes a dedicated component to restore Pensacola Energy's operating reserves. A multi-year infrastructure replacement plan has been developed for the Infrastructure Recovery Charge which allows costs to be collected through rates the year following the expenses.

The Sanitation Services and Fleet Management Department is responsible for providing dependable, efficient Sanitation Services to the City residents and business establishments through residential garbage, recycling, trash collection and code enforcement. The department is also responsible for the central garage operations, which maintains the City's fleet as required for various municipal services, from acquisition to deposition as well as the City's 311 hotline.

In fiscal year 2021, Sanitation Services collected 18,979 tons of solid waste and 2,936 tons of curbside recyclables. As part of the Mayor's initiative to reinvest in City neighborhoods, Sanitation Services provides the Mayor's Neighborhood Cleanup program to each City neighborhood once per year. The ten neighborhood cleanups completed in fiscal year 2021 resulted in the removal of 705 tons of bulk waste, 1,255 old tires, and 8,921 cans of old paint. The City also contracts with Escambia County Utility Authority (ECUA) to provide recyclable processing. In March 2015, as amended in April 2020, the City of Pensacola and Escambia County entered into an Interlocal Agreement that provides for exchange of services that benefit each entity. The agreement gives the City no-cost yard trash disposal to provide county neighborhood cleanups.

The Constituent Services Division assists members of the community with not only sanitation-related issues but a myriad of issues that affect our residents. Staff members speak with many members of the community daily and have developed a special rapport with many. Accomplishments over the past fiscal year include, but are not limited to, 23,698 calls processed, 12,898 service requests, and over 700 email correspondences. Additionally, this division has been identified by an independent production company as one of many national finalists in an upcoming documentary on 311 service centers.

The Code Enforcement Division initiated 4,547 new cases in FY 2021, with 708 cases categorized as overgrown vacant property. Along with illegal dumping cases and Sanitation "no service cases," these officers made 8,973 site visits consisting of investigations, follow-ups, and postings. Additionally, this division receipted \$90,382 in Code Enforcement fines during that same period.

The Fleet Management and Central Garage Divisions had a robust FY2021. Repairs were made to 330 light-duty vehicles totaling \$400,117. In addition, the team completed 2,278 repairs to heavy-duty vehicles totaling \$1,115,516.

The Port of Pensacola's mission is to be an integral part of Pensacola's economy for generations to come by attracting a diverse mix of international trade, marine & water-dependent uses, and business activities that maximize port revenues and deliver positive social, economic and quality of life benefits to the community.

Fiscal year 2021 had increases in nearly every measurable, despite dealing with COVID-19 related issues. Total tonnage increases of 13%, total vessel dockage day increase of 4%, cargo tonnage increases of 87% (Export) and 49% (Import). As a result, revenue from port operations was \$2,908,511 up 3% from last year.

For fiscal year 2022, the Port anticipates continuation of its existing base book of business, including continuation of a major multi-year, multi-phase vessel conversion and upgrade project being completed by port tenant Offshore Inland Marine on behalf of space exploration company Blue Origin. Additionally, Streamline Boats of Northwest Florida will complete construction of their new facility for establishment of a semi-custom center-console boat building facility at the port.

The Pensacola International Airport's purpose is to meet the needs of the traveling public, both commercial and private passengers while ensuring their safety and security. In fiscal year 2021 the Airport had 2.077 million passengers utilized the scheduled service of eight airlines to twenty plus non-stop destinations, showing a significant rebounding from the COVID-19 pandemic. While nationally air travel remains down 16% from 2019 numbers, Pensacola International Airport is only down approximately 5.6% showing stronger market in the Pensacola area.

With the unexpected rebound of passenger traffic in fiscal year 2021, the Airport re-implement the design of many projects depicted in the 2019 Master Plan including the construction of the economy lot number three parking Lot. In addition the old FAA TRACON Building was demolished as an enabling project for future terminal expansion. Construction was completed on the Southwest Remain-Overnight Apron Expansion. Construction continues on the Customs & Border Protection General Aviation Facility and the expansion of the Airport's Maintenance Repair Overhaul (MRO) Facility, Hangar two. Additionally, the Airport is realigning two roadways close to the airfield with the assistance from the Federal Aviation Administration Airport Improvement Program.

Citywide topics

In fiscal year 2021, the City lost three (3) key staff employees: the Deputy City Administrator-Administration & Enterprises, City Attorney and the Public Works Director. Amy Miller was appointed as the Deputy City Administrator in June 2021. Milton "Clark" Merritt replaced Amy Miller as the Port Director in June 2021. The City Attorney and Public Works Director positions were not filled in fiscal year 2021. The City experienced a 10.7% turnover rate in fiscal year 2021, an increase over the reported fiscal year 2020 rate of 4.6%. The 2021 turnover rate does not include retirements. Based on exit interviews, employees cited increased compensation from other job opportunities and relocation as the main reason for their separations.

The City has five unions which have agreements that are renegotiated on a recurring basis. The American Federation of State County and Municipal Employees (AFSCME) union and the City entered into a three year agreement on September 19, 2018 for fiscal years October 1, 2018 through September 30, 2021. The City and AFSCME are currently in negotiations for a new three year contract. The City and the three police unions entered into a three year agreement on September 23, 2021 (police officers contract entered into August 12, 2021) for fiscal years October 1, 2021 through September 30, 2024. The Police Officers' contract provides for the members to receive a 6% pay increase or brought up to the new minimum base salary of \$43,014.40 effective October 1, 2021, and 4% pay increase effective October 1, 2022 and October 1, 2023. The Police Sergeants' contract provides for the members to receive a 4% pay increase effective October 1, 2021, October 1, 23 and October 1, 2023 not to exceed the maximum for \$77,251.20, \$81,120.00 and \$85,176.00 respectively. The Police Lieutenants' contract provides for the members to receive a 3% pay increase effective October 1, 2021, October 1, 2022 and October 1, 2023 not to exceed the maximum for \$97,011.20. The City and International Firefighters' Association (IFFA) entered into an agreement November 13, 2020 for fiscal years October 1, 2021 through September 30, 2023. The IFFA contract provides for the members to receive a 3% pay increase effective October 1, 2020 and October 1, 2021 and a 10% increase effective October 1, 2022. Union and Non-union employees also received a merit increase of 0%, 1% or 2% based on performance reviews, effective October 1, 2021.

While the effects of COVID-19 Pandemic have continued to negatively impact the global and local economies, overall the City of Pensacola fared well in fiscal year 2021, reporting an increase in net position for both the City's governmental and business-type activities as reported on the Statement of Activities. Not only were most of the City's general revenues and charges for services back to or higher than pre-pandemic levels, the City received an increased number of grants from state and federal agencies through the Coronavirus Aid, Relief, and Economic Security Act. Such funding assisted the City with providing additional rental assistance to individuals, paying certain Airport and Port operating cost as well as assisting the City in paying for citywide services and projects.

On September 16, 2020, Hurricane Sally made landfall in Escambia County, Florida. The City of Pensacola sustained substantial damage to our tree canopy, Port of Pensacola and other waterside structures. Between the Federal Emergency Management Agency (FEMA) Public Assistance (PA) Program and the Florida Division of emergency Management Public Assistance (PA) Program the City will be reimbursed 87.5% of the cost to repair damages caused by the storm (net of any insurance proceeds).

Independent Auditors

The Florida Statutes and the City's Bond Resolutions require an annual audit of the City's financial records by an independent certified public accountant. The City's fiscal year 2021 financial statements have been audited by the certified public accounting firm of Warren Averett, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement.

The City is also required to undergo an annual audit to obtain reasonable assurance about compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects.

Reporting Achievements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pensacola for its comprehensive annual financial report for the fiscal year ended September 30, 2020. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both accounting principles generally accepted in the United States and applicable legal requirements. The City of Pensacola has been awarded a Certificate of Achievement for forty of its last forty-one fiscal years.

A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement

Program's requirements and will be submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The City's accounting staff, as always, is dedicated in preparing a timely and accurate comprehensive annual financial report. Appreciation is expressed to all those who contributed to its preparation and to City Council for the continued support of a fiscally sound City government.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "GCRobinson", with a long, sweeping horizontal line extending to the right.

Grover C. Robinson, IV
Mayor

A handwritten signature in blue ink, appearing to read "Amy Lovoy", written in a cursive style.

Amy L. Lovoy
Finance Director



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

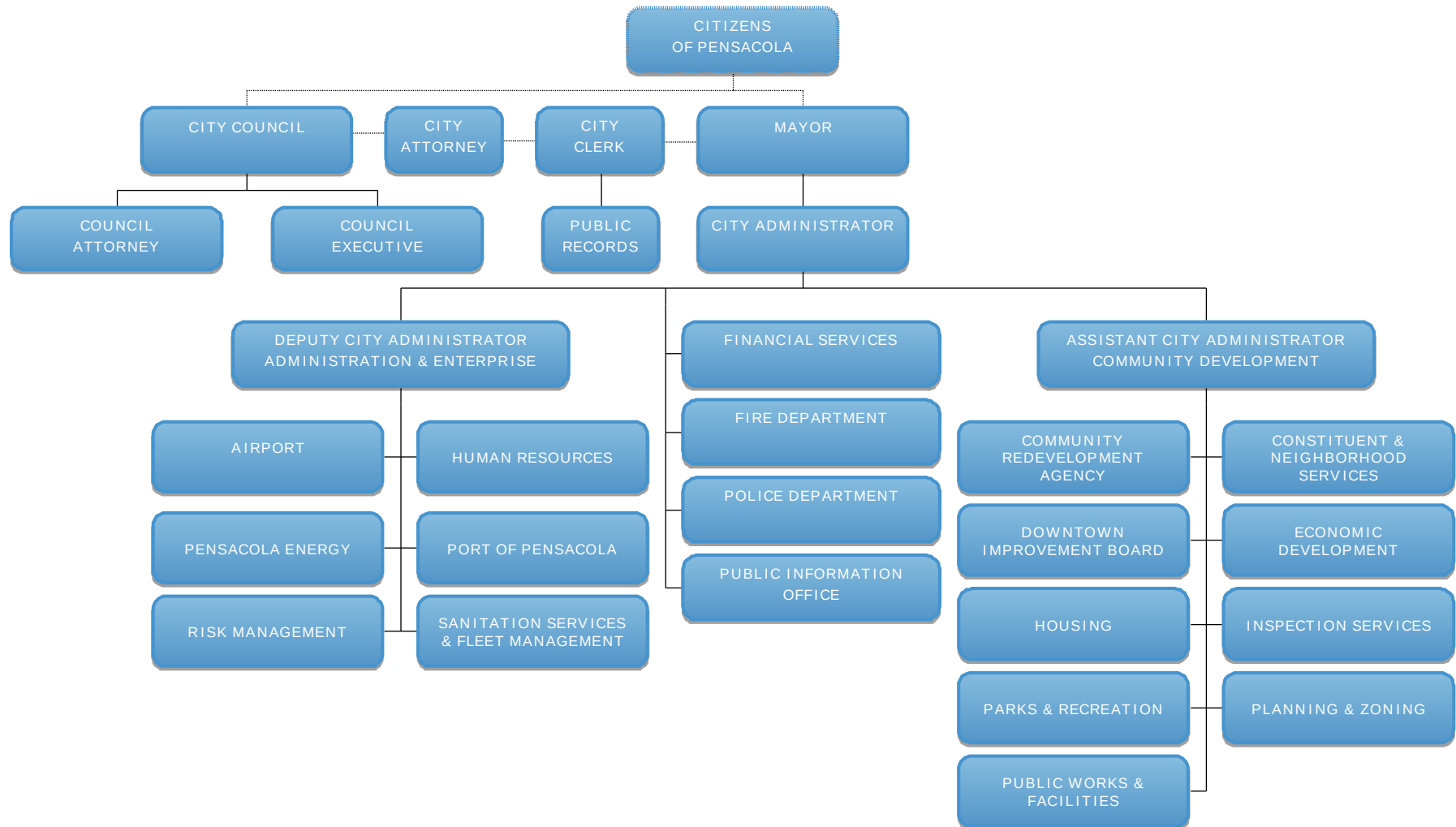
**City of Pensacola
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

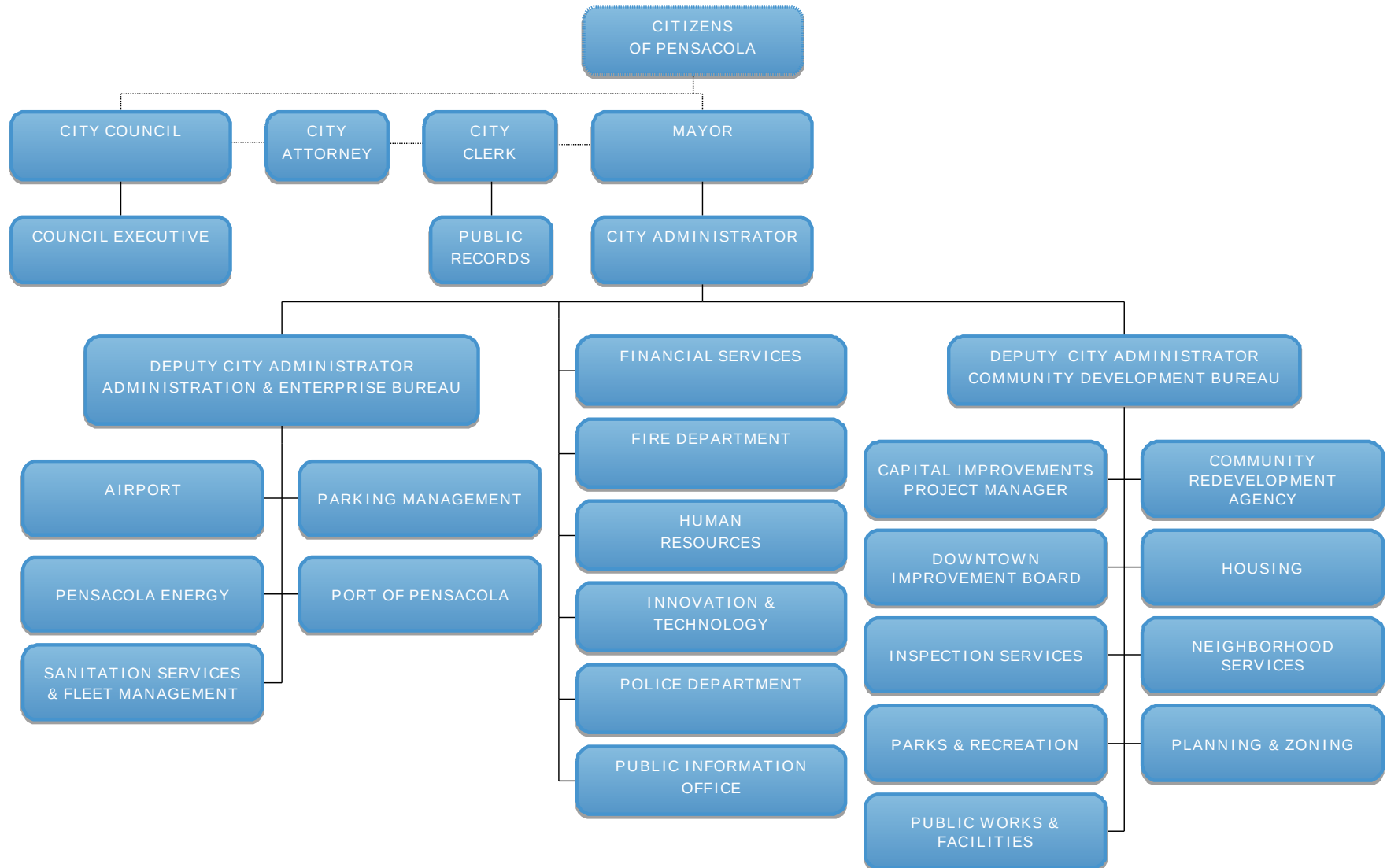
September 30, 2020

Executive Director/CEO

CITY OF PENSACOLA FISCAL YEAR 2020 ORGANIZATIONAL CHART



CITY OF PENSACOLA FISCAL YEAR 2021 CITY REPORTING STRUCTURE CHART



CITY OF PENSACOLA, FLORIDA
LISTING OF ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS
FY 2021 MAYOR & CITY COUNCIL



Sherri F. Myers
District 2



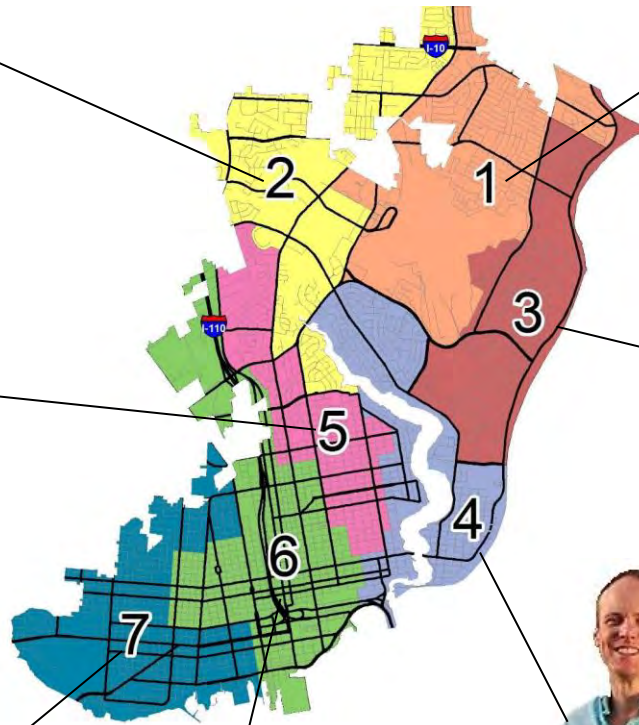
Grover C. Robinson, IV
Mayor



Jennifer Brahier
Council Vice President
District 1



Teniade` Broughton
District 5



Casey Jones
Council President
District 3



Delarian Wiggins
District 7



Ann Hill
District 6



Jared Moore
District 4

CITY OF PENSACOLA, FLORIDA
LISTING OF ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS
FY 2022 MAYOR & CITY COUNCIL



Grover C. Robinson, IV
Mayor



Jennifer Brahier
District 1



Sherri F. Myers
District 2



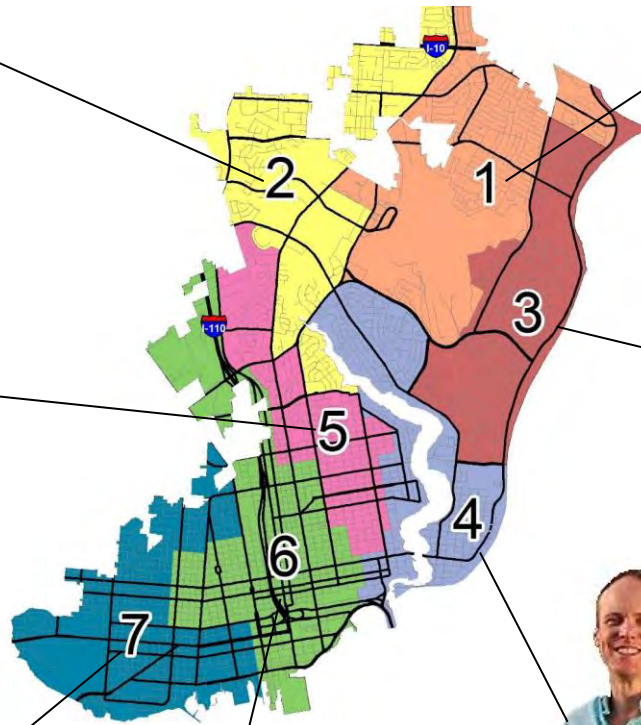
Casey Jones
District 3



Teniade` Broughton
District 5



Jared Moore
District 4



Delarian Wiggins
Council Vice President
District 7



Ann Hill
Council President
District 6



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FINANCIAL SECTION

This section contains the following subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Pensacola, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pensacola, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pensacola, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, American Rescue Plan Act Fund, Natural Disaster Fund, Local Option Sales Tax Fund, and the Housing Assistance Payments Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pensacola, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, and financial data schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Pensacola, Florida.

The accompanying schedule of expenditures of federal awards, passenger facility charges, and state financial assistance is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and as specified in the *Passenger Facility Charges Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and by Section 215.97, Florida Statutes, and is also not a required part of the basic financial statements of the City of Pensacola, Florida.

The combining and individual fund financial statements and schedules, the financial data schedule and schedule of expenditures of federal awards, passenger facility charges, 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2022, 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 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.

Warren Averett, LLC

Pensacola, Florida
February 7, 2022



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Management's Discussion and Analysis

This section will provide a comparative analysis between fiscal year 2021 and 2020. The comparison amounts are shown at a summary level with additional detail provided for explanation. The format is designed to provide the reader a narrative overview of the City's financial activity for the fiscal year ended September 30, 2021. This discussion should be read in conjunction with the Letter of Transmittal located in the Introductory Section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) as of September 30, 2021 by \$452,613,016. Of this amount, the net investment in capital assets totaled \$403,198,429, which is unavailable, and restricted net position totaled \$45,081,775 resulting in an unrestricted net position of \$4,332,812. Unrestricted net position is negatively impacted due to GASB Statement No. 68, which reduced governmental activities unrestricted net position by \$57,152,431 and business-type activities by \$14,918,475 for a total reduction of \$72,070,906. GASB Statement No. 68 requires the City to report on the face of the financial statements the deferred inflows, deferred outflows and net pension liabilities for each of the City's pension plans and the City's proportionate share of the Florida Retirement System (FRS). This unfunded pension obligation will continue to negatively impact unrestricted net position for future periods until all plans have been fully funded. For a more detailed explanation of GASB Statement No. 68 refer to the Government-Wide Financial Analysis section of Management's Discussion and Analysis.
- The City's total net position of \$452,613,016 increased \$40,351,242 (9.8%) over the fiscal year 2020 net position of \$412,261,774. Governmental activities increased by \$8,936,178 (5.9%) and business-type activities increased by \$31,415,064 (12.0%). For a detailed explanation of these fluxes refer to the Government-Wide Financial Analysis section of Management's Discussion and Analysis.
- As of September 30, 2021, the City's governmental funds reported combined fund balances of \$69,499,324, a decrease of \$12,567,210 (15.3%) over the prior fiscal year. The majority of the decrease can be attributed to an \$2.9 million decrease in fund balance between the City's Local Option Sales Tax (LOST) Project Fund and the City's Local Option Sales Tax Fund related to capital projects as well as a \$9.0 million decrease in fund balance in the City's Natural Disaster Fund related to pending reimbursements for Hurricane Sally repairs and clean-up. For a detailed explanation of the fluxes refer to the Government-Wide Financial Analysis section of this report. The unassigned fund balance for the City's General Fund is \$98,402. Unassigned fund balance is the portion of fund balance which is not obligated or specifically designated and is available for any purpose.
- Governmental funds' revenues increased by \$3,875,327 (3.9%) over the prior fiscal year total of \$100,157,314. The major increase in governmental funds' revenues stems from \$1,318,087 in General Fund revenues mainly related to an increase in ad valorem tax

revenues, \$2,020,121 in local option sales tax proceeds, \$1,326,532 in inspection services permits, \$7,583,267 in intergovernmental revenues mainly related to the redevelopment trust funds, COVID-19 funding and grant funding and \$1,835,276 in charges for services mainly related to the addition of the City's Parking Fund and the return of programs to the City's Recreation Fund and CMP Management Fund after closures in fiscal year 2020 due to COVID-19. Offsetting the increases was the reduction of revenues in the Hospital Special Assessment Fund of \$9,423,927 as there were assessments in fiscal year 2021 and a reduction in interest income of \$1,060,061 due to market rates.

Governmental funds' expenditures increased by \$7,439,522 (6.4%) over the prior fiscal year total of \$116,249,811. The major increase in governmental funds' expenditures stems from an \$8,180,635 increase in the Natural Disaster Fund related to Hurricane Sally, \$3,137,180 in General Fund program cost, \$2,498,147 in capital outlay, \$1,255,271 in special grants, \$790,374 in debt service and \$728,267 related to the addition of the City's Parking Fund. Offsetting the increases was a \$9,423,927 decrease in the Hospital Special Assessment Fund.

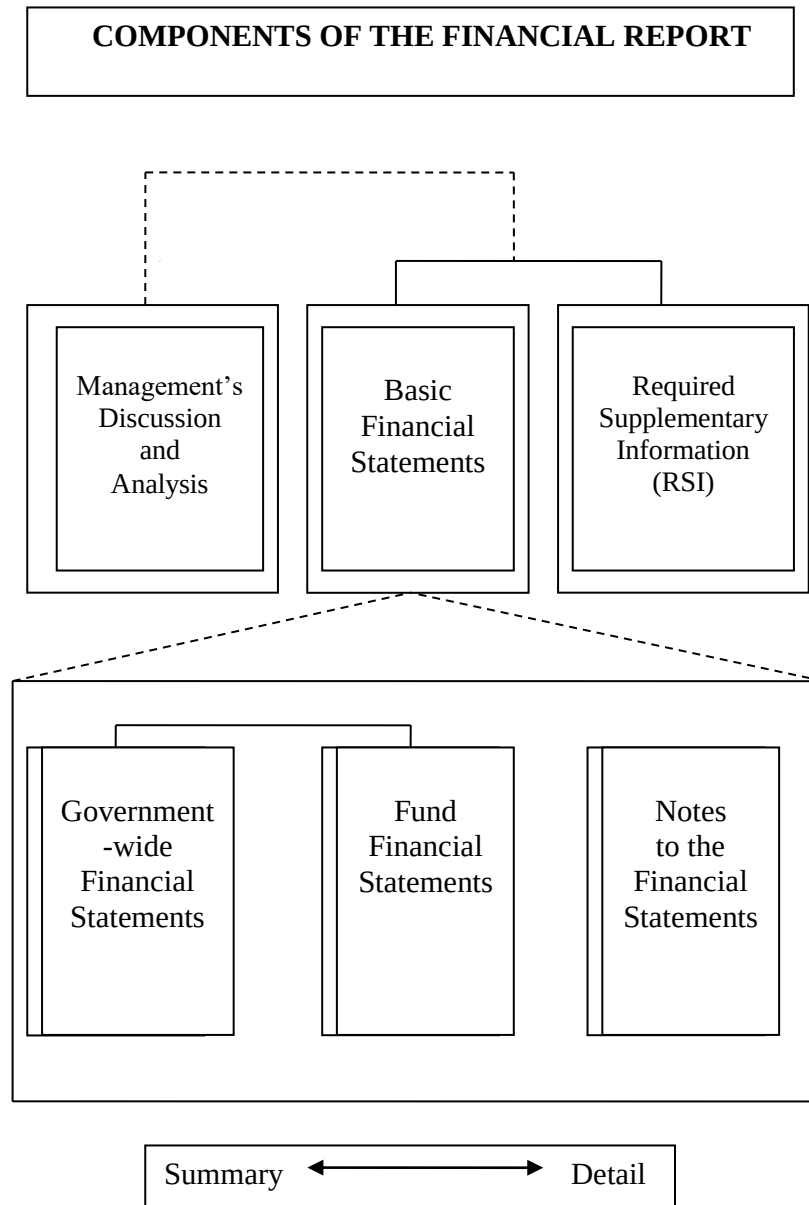
- The City's General Fund fund balance, excluding restricted fund balance, increased by \$194,948 from \$24,402,760 to \$24,597,708 in fiscal year 2021 primarily related to actual revenues exceeding the original budget by \$951,830 and actual expenditures coming in under the original budget (less anticipated fund balance drawdowns of \$1.7 million) by \$673,484. Included in the committed fund balance is Council Reserves of \$14,042,818. The Council Reserve balance represents 22.77% of fiscal year 2022 beginning budgeted General Fund appropriations which exceeds the 20% minimum reserve goal stated in the City Council's Fund Balance Policy. The General Fund had an increase in restricted fund balance of \$83,398 related to an increase in contractual obligations. Total fund balance increased by \$278,346 (1.1%) from fiscal year 2020.

General Fund revenues increased over fiscal year 2020 by \$2,223,745 (4.6%) mainly related to a \$1,318,087 increase in ad valorem tax revenues and a \$1,147,192 increase in intergovernmental revenue such as sales tax collections. Expenditures increased by \$3,137,180 (6.4%) primarily as a result of a \$2.4 million increase in personnel cost related to increases in employee pay, the addition of five new positions which were created during fiscal year 2021 and an increase in compensated absences. In addition to personnel cost, liability insurance increased by \$449,655 and repairs and maintenance increased by \$311,471.

- The City's enterprise funds reported combined ending net position of \$292,348,162, an increase of \$31,415,064 (12.0%) in comparison to the prior fiscal year. Of the total net position amount, \$212,977,675 represents net investment in capital assets which increased \$14,131,135 (7.1%). Operating revenues increased by \$6,412,918 (8.1%) from last fiscal year and operating expenses before depreciation decreased by \$971,669 (1.7%). For a detailed explanation of these fluxes refer to the Government-Wide Financial Analysis section of Management's Discussion and Analysis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These statements have 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. Following is a chart that illustrates the components of the CAFR.



Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Pensacola's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. The focus of the statement is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (e.g., earned but unused vacation leave and revenue in connection with receivables which are not considered available to liquidate liabilities of the current period).

Both the government-wide financial statements distinguish functions of the City of Pensacola that are principally supported by taxes and intergovernmental revenues (governmental activities such as police, fire, public works, recreation and general administration) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, culture and recreation, economical and physical environment, and human services. The business-type activities of the City include the airport, seaport, natural gas utility services and sanitation services.

Discretely presented component units, which are legally separate governmental units over which the City can exercise influence, are presented as a separate column in the government-wide statements. The Downtown Improvement Board is the only discretely presented component unit of the City. The focus of the financial statements is the Primary Government, which are the operations of the City.

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. Traditional users of the CAFR will find the Fund Financial Statements presentation more familiar. The focus is on "major" funds, rather than fund types, as reported in the traditional financial statement presentation. All of the City's funds 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since 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. This allows readers to better understand the long-term impact of the government'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.

Governmental 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, Housing Assistance Payments Fund, Natural Disaster Fund, American Rescue Plan Fund and Local Option Sales Tax Fund, all of which are considered to be major funds. All other governmental type funds are considered "nonmajor" and are reported in a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of Combining Statements and Individual Fund Statements and Schedules section of this report.

Blended component units, which are legally separate entities in which the City and the entity have substantially the same governing body or the entity's debt is expected to be repaid almost entirely with resources from the City, are presented as funds of the primary government. The Community Redevelopment Agency (CRA) is the only blended component unit of the City.

Proprietary Funds. Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

The City of Pensacola maintains two types of proprietary funds: enterprise funds and internal service funds. The City uses enterprise funds to account for the assets, operation and maintenance of the City-owned natural gas service, garbage and trash service, port facility, and airport. Internal service funds are used to account for activities that provide goods and services to other City departments such as computers, telecommunications, fleet maintenance, insurance, mail and engineering. Since internal service funds predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. The City of Pensacola is the plan sponsor for the General Pension, Firefighters' and Police Officers' retirement fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in net position. These activities are excluded from the government-wide financial statements because the assets cannot be used to support or finance the City's programs or operations. During fiscal year 2007, the City closed the General Pension requiring new general employees to participate in the Florida Retirement System (FRS) though the General Pension remains open for existing participants who chose not to participate in the FRS. During fiscal year 2013, the City closed the Police Officers' Retirement fund requiring new police employees to participate in the Florida Retirement System (FRS) though the Police Officers' Retirement fund remains open for existing participants who chose not to participate in the FRS.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found as part of the Basic Financial Statements section of this report.

Other information

This report additionally includes Required Supplementary Information (RSI) containing schedules of the City's total Other Postemployment Benefits (OPEB) liability and the City's Net Pension Liability (NPL) and contributions for the City's three sponsored pension plans as well as the City's proportionate share in the Florida Retirement System pension plan and health insurance subsidy program. Combining statements for nonmajor governmental funds and internal service funds are included as well as budgetary comparisons for all debt service and nonmajor governmental funds. Additional information about the City can be found in the Statistical Section.

Government-Wide Financial Analysis

The City of Pensacola adopted the government-wide financial statement presentation. This reporting structure and measurement focus using accrual accounting for all of the government's activities was mandated by the Government Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Comparative data for fiscal years ending September 30, 2021 and 2020 is presented.

It is important to note that GASB Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*, requires governments that offer defined pension benefits to its employees to report on the face of its financial statements the unfunded pension obligation (the "Net Pension Liability"). In addition, GASB Statement No. 68 requires each local government participating in a defined benefit cost-sharing multiple-employer pension plans, such as the Florida Retirement System (FRS), to report on the face of its financial statements their proportionate share of the "collective" Net Pension Liability.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than pensions*, requires governments that offer other post-employment benefits (OPEB) to its employees to report on the face of its financial statements the total unfunded OPEB obligation (the “Total OPEB Liability”).

Both the Net Pension Liability and Total OPEB Liability are recorded at the fund level for proprietary activities and the allocated amount for governmental activities is presented at the government-wide level. The recording of the deferred inflows, deferred outflows, total pension liabilities and total OPEB liability for each of the City’s pension plans, the City’s proportionate share of the Florida Retirement System (FRS) and the City’s OPEB negatively impact the City’s unrestricted net position until all plans have been fully funded. In addition, pension and OPEB expense, which is a net result of the changes in deferred inflows, deferred outflows, total liabilities, can vary considerably over time, depending upon changes in the estimated costs due to such things as market fluctuations. This can result in highly variable income statement results. The governmental fund-level statements are not affected by these pronouncements which use a modified-accrual basis of accounting.

At year-end, the City is reporting positive balances in two of three categories of net position for governmental activities and all three categories for business-type activities.

Summary Statements of Net Position September 30,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 68,578,044	\$ 63,620,559	\$ 112,142,361	\$ 78,799,425	\$ 180,720,405	\$ 142,419,984
Internal balances	(9,975,944)	1,283,483	9,975,944	(1,283,483)	0	0
Noncurrent assets	44,839,922	45,041,417	20,636,652	17,160,655	65,476,574	62,202,072
Capital assets	262,526,333	259,534,796	269,311,052	259,590,027	531,837,385	519,124,823
Total assets	<u>365,968,355</u>	<u>369,480,255</u>	<u>412,066,009</u>	<u>354,266,624</u>	<u>778,034,364</u>	<u>723,746,879</u>
Total deferred outflows of resources	<u>25,573,281</u>	<u>28,345,058</u>	<u>7,727,204</u>	<u>8,930,411</u>	<u>33,300,485</u>	<u>37,275,469</u>
Current and other liabilities	25,130,411	21,240,532	49,991,023	10,125,973	75,121,434	31,366,505
Noncurrent liabilities	180,927,359	217,305,598	70,326,400	90,048,190	251,253,759	307,353,788
Total liabilities	<u>206,057,770</u>	<u>238,546,130</u>	<u>120,317,423</u>	<u>100,174,163</u>	<u>326,375,193</u>	<u>338,720,293</u>
Total deferred inflows of resources	<u>25,219,012</u>	<u>7,950,507</u>	<u>7,127,628</u>	<u>2,089,774</u>	<u>32,346,640</u>	<u>10,040,281</u>
Net position:						
Net investment in capital assets,	190,220,754	186,703,675	212,977,675	198,846,540	403,198,429	385,550,215
Restricted	24,748,663	29,203,635	20,333,112	13,905,112	45,081,775	43,108,747
Unrestricted	(54,704,563)	(64,578,634)	59,037,375	48,181,446	4,332,812	(16,397,188)
Total net position	<u>\$ 160,264,854</u>	<u>\$ 151,328,676</u>	<u>\$ 292,348,162</u>	<u>\$ 260,933,098</u>	<u>\$ 452,613,016</u>	<u>\$ 412,261,774</u>

The total City's net investment in capital assets, such as land, roads, parks, buildings, machinery and equipment is presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The City uses these capital assets to provide services to the citizens and consequently these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that 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.

Restricted net position are resources subject to external restriction on how they may be used while unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position represents 20.2% of total net position for business-type activities. Unrestricted net position for governmental activities is negative primarily due to the net pension liability of \$62,155,710 and total OPEB liability of \$13,064,351. These unfunded liabilities will continue to negatively impact unrestricted net position for future periods until all obligations have been fully funded. In addition, the unrestricted net position for governmental activities is negatively impacted due to the recognition of the City's long-term contribution to the Emerald Coast Utilities Authority (ECUA) totaling \$7,800,000 as of September 30, 2021. Since the commitment is a long-term liability and future revenue sources have been pledged for the annual payment of \$1.3 million it is expected that this commitment will continue to negatively impact unrestricted net position through fiscal year 2027.

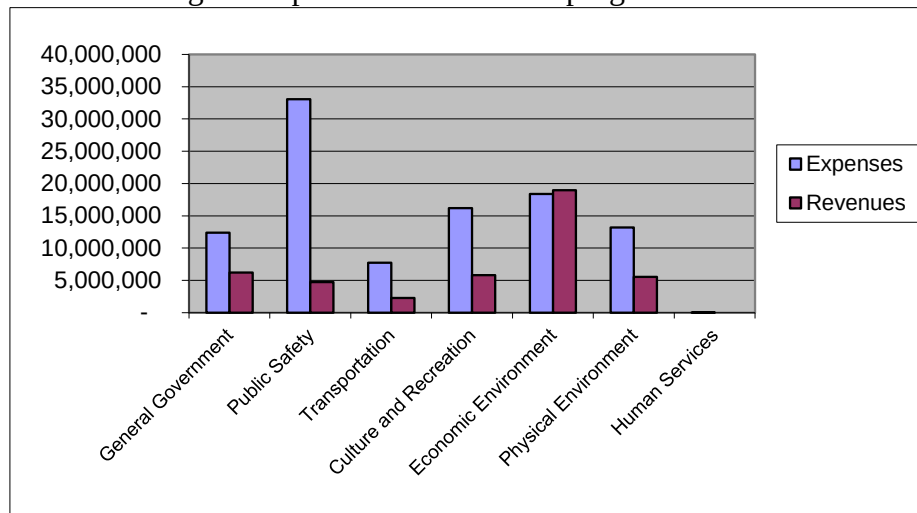
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Changes in Net Position Years Ended September 30,

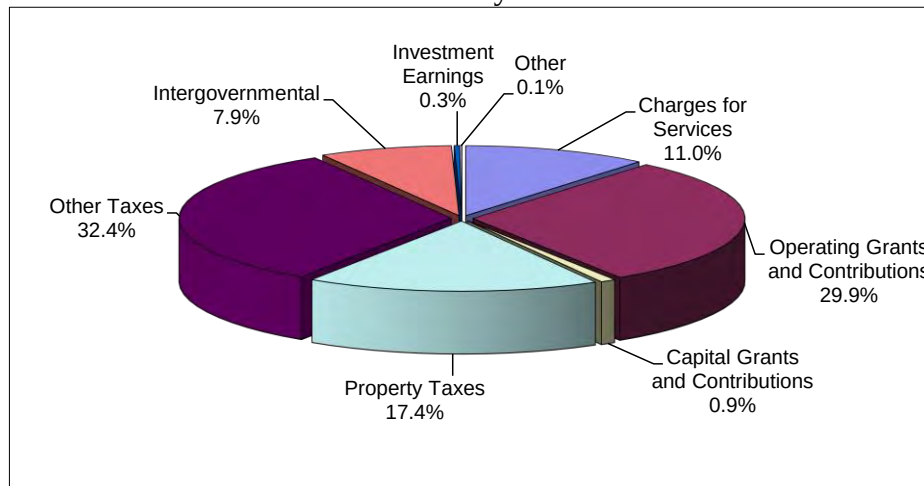
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 11,443,037	\$ 9,368,156	\$ 84,758,133	\$ 78,506,695	\$ 96,201,170	\$ 87,874,851
Operating grants and contributions	31,148,673	32,131,025	5,866,730		37,015,403	32,131,025
Capital grants and contributions	938,171	1,675,802	17,894,768	16,912,674	18,832,939	18,588,476
General revenues:						
Property taxes	18,137,244	16,953,100			18,137,244	16,953,100
Other taxes	33,701,761	31,227,814			33,701,761	31,227,814
Intergovernmental	8,225,603	7,485,820			8,225,603	7,485,820
Investment earnings	326,148	1,358,607	377,237	1,281,334	703,385	2,639,941
Insurance recoveries			1,650,924		1,650,924	0
Gain on sale of capital asset	84,366	94,056	93,536	75,921	177,902	169,977
Other	58,984	38,755	635,705	515,442	694,689	554,197
Total revenues	104,063,987	100,333,135	111,277,033	97,292,066	215,341,020	197,625,201
Expenses						
General government	12,380,195	14,024,575			12,380,195	14,024,575
Public safety	33,074,865	40,407,906			33,074,865	40,407,906
Transportation	7,746,788	6,768,664			7,746,788	6,768,664
Culture and recreation	16,196,710	14,374,666			16,196,710	14,374,666
Economic environment	18,373,202	17,914,891			18,373,202	17,914,891
Physical environment	13,195,272	7,903,072			13,195,272	7,903,072
Human services	30,000	9,453,927			30,000	9,453,927
Unallocated depreciation	1,716,378	1,797,534			1,716,378	1,797,534
Interest on long-term debt	2,909,320	3,144,298			2,909,320	3,144,298
Utility			32,896,169	31,835,300	32,896,169	31,835,300
Sanitation			7,884,591	7,805,854	7,884,591	7,805,854
Port			3,070,577	3,521,004	3,070,577	3,521,004
Airport			26,204,842	28,398,131	26,204,842	28,398,131
Total expenses	105,622,730	115,789,533	70,056,179	71,560,289	175,678,909	187,349,822
Increase (decrease) in net position before transfers and other items	(1,558,743)	(15,456,398)	41,220,854	25,731,777	39,662,111	10,275,379
Transfers in (out)	9,805,790	8,461,654	(9,805,790)	(8,461,654)	0	0
Special items	689,131				689,131	0
Increase (decrease) in net position	8,936,178	(6,994,744)	31,415,064	17,270,123	40,351,242	10,275,379
Net position at beginning of year	151,328,676	158,323,420	260,933,098	243,662,975	412,261,774	401,986,395
Net position at end of year	\$ 160,264,854	\$ 151,328,676	\$ 292,348,162	\$ 260,933,098	\$ 452,613,016	\$ 412,261,774

Governmental Activities Fiscal Year 2021

Program expenses matched with program revenues



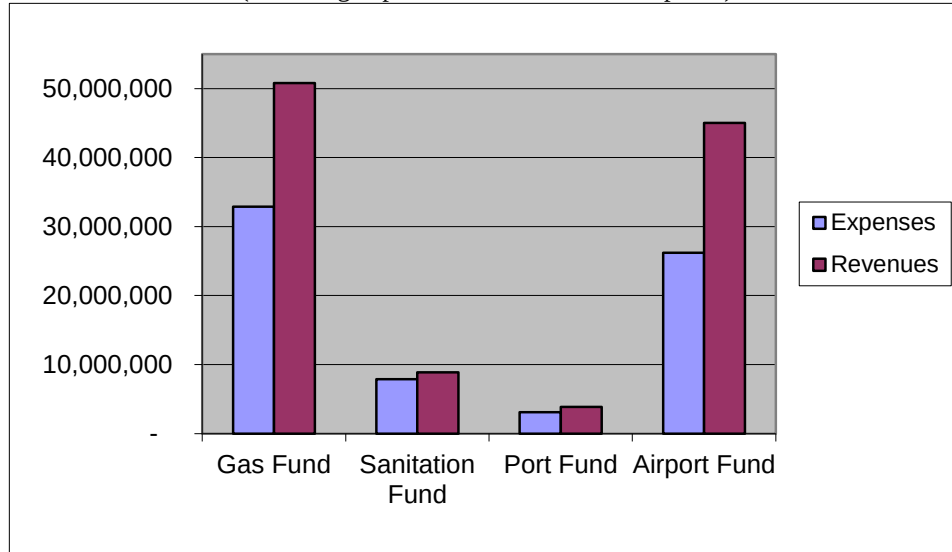
Revenues by source



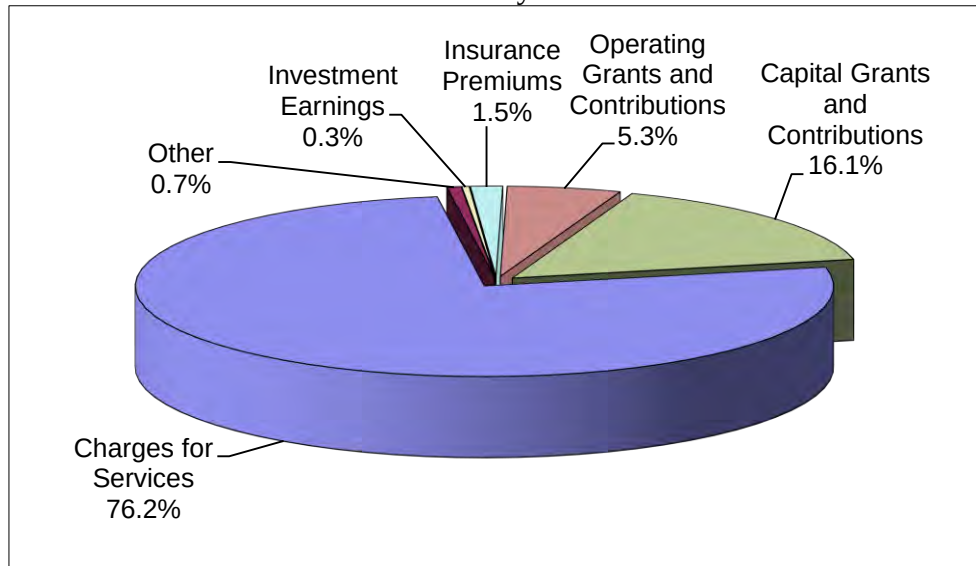
GASB Statement No. 34 reporting requires that functional expenses are matched with revenues that directly support the function. The increase in current year net position for Governmental Activities on the Statement of Activities equaled \$8,936,178. The majority of the increase can be attributed to a decrease in program expenses. In fiscal year 2021, the City recognized a \$9.3 million reduction in pension expense associated with GASB Statement No. 68. Pension Expense is an actuarial determined estimate which can fluctuate greatly from year to year as it is calculated based on actual verses expected market experience, benefit changes and changes in actuarial assumptions. The bar chart above gives a clear indication of which functions are dependant on general revenues to support their operations. Public Safety has the largest differences as this function is traditionally supported by taxes. Taxes, investment earnings and other revenues are classified as general revenues of the government.

Business-type Activities Fiscal Year 2021

Expenses compared to *charges for services* revenues
(Including depreciation and bad debt expense)



Revenues by Source



The increase in current year net position for Business-type Activities on the Statement of Activities totaled \$31,415,064. The Utility Fund increased \$9,022,820, the Sanitation Fund increased \$568,331, the Port Fund increased \$2,423,796 and Airport Fund increased \$19,400,117. All funds charged fees sufficient to cover operations when excluding depreciation. An explanation of these fluxes can be seen in the Financial Analysis of the Government's Funds section below.

Financial Analysis of the Government's Funds

The City of Pensacola uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of 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, unreserved 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 September 30, 2021, the City's governmental funds reported combined fund balances of \$69,499,324, a decrease of \$12,567,210 (15.3%) over the prior fiscal year. The majority of the decrease can be attributed to an \$2.9 million decrease in fund balance between the City's Local Option Sales Tax (LOST) Project Fund and the City's Local Option Sales Tax Fund related to capital projects as well as a \$9.0 million decrease in fund balance in the City's Natural Disaster Fund related to unreimbursed Hurricane Sally repairs and clean-up.

Non-spendable and restricted governmental funds balance of \$50,417,179 are available to meet current commitments in the next fiscal year. Non-spendable fund balance of \$61,930 is for prepaid expenditures and inventory. Restricted fund balance is broken down as; \$387,344 is for Saenger capital reserves; \$7,405,413 is for debt service requirements; \$26,944,340 is for community development projects and \$15,618,152 is for other purposes. This leaves a remaining unrestricted fund balance of \$19,082,145.

Below is a comparative chart for the City's "major" funds; General Fund, Housing Assistance Payments Fund, Natural Disaster Fund, American Rescue Plan Act Fund and Local Option Sales Tax Fund.

Major Fund Information

	<u>General Fund</u>	<u>Housing Assistance Payments Fund</u>	<u>Natural Disaster Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Local Option Sales Tax Fund</u>
Fiscal Year 2021					
Revenues and other sources	\$ 58,860,130	\$ 18,534,162	\$ 3,984,392	1,442,749	10,741,351
Expenditures and other outlays	(58,581,784)	(17,952,501)	(13,006,833)	(1,850,158)	(12,585,049)
Increase (decrease) in fund balance	\$ 278,346	\$ 581,661	\$ (9,022,441)	\$ (407,409)	\$ (1,843,698)
Fiscal Year 2020					
Revenues and other sources	\$ 56,641,588	\$ 16,809,290	\$ 1,806,310	0	8,785,307
Expenditures and other outlays	(55,115,631)	(17,259,281)	(4,198,761)	0	(11,016,623)
Increase (decrease) in fund balance	\$ 1,525,957	\$ (449,991)	\$ (2,392,451)	\$ 0	\$ (2,231,316)

The General Fund is the main operating fund of the City. At September 30, 2021, total fund balance in the General Fund was \$25,796,250, an increase of \$278,346 (1.1%) from beginning fund balance. The unrestricted portion of fund balance was \$24,597,708, however \$14,042,818 is committed for the Council Reserve, \$4,735 is committed for park purchases, \$572,521 is committed for the tree planting trust fund, \$1,708,432 is assigned for general government commitments, \$5,100,000 is assigned for future fund balance draw downs, \$26,398 is assigned for assessments, \$494,402 is assigned for housing initiatives and \$2,550,000 is assigned for anticipated match requirements needed for Hurricane Sally leaving an unassigned fund balance of \$98,402.

Since the City budgets for expenditures in the General Fund based on anticipated revenues, changes to fund balance are a result of the difference in budget verses actual revenues and expenditures. Fiscal year 2021 actual revenues exceeded the original budget by \$951,830. The majority of the increase was made up of \$124,571 in taxes, \$154,958 in charges for services, \$107,762 in interest earnings and \$786,612 in intergovernmental revenues. These increases were offset with a decrease of \$301,132 in franchise fees. Fiscal year 2021 actual expenditures came in over the original budget (less the anticipated fund balance drawdown of \$1.7 million) by \$673,484.

As a measure of the General Fund's liquidity, a comparison of both total and unrestricted fund balances compared with total fund operating expenditures shows percentages of 49.2% and 46.9%, respectively. The Government Finance Officer's Association (GFOA) Best Practice recommendation is for a government to maintain in its General Fund unrestricted fund balance no less than two months of General Fund operating expenditures. At 49.5% of unrestricted fund balance, this provides more than five months of coverage.

The Housing Assistance Payments Fund had a total fund balance at year-end of \$3,352,185, an increase of \$581,661 (21.0%). Fund balance of \$785 is non-spendable and \$3,351,400 is restricted for housing assistance payments as required by the Department of Housing and Urban Development (HUD). Changes to fund balance are a function of federal funding by the HUD and the operating efficiency employed by the City's Housing staff. Fluctuations can be large or small depending on the goals of the federal government programs. The increase in fiscal year 2021 fund balance is due additional funding the City received to combat the growing number of homeless families nationally through HUD's Housing Choice Voucher (HCV) CARES Act funding.

The Natural Disaster Fund had a negative fund balance at year-end of \$8,740,420, a decrease of \$9,022,441. The fund is used to track cost associated with natural disasters which the City expects to receive Federal and State assistance for. The fund is negative due to Federal Emergency Management Agency (FEMA) eligible projects related to Hurricane Sally which have not yet been obligated by FEMA. Once obligated, 75% will be funded by FEMA, 12.5% will be funded by the Florida Division of Emergency Management and 12.5% will be funded by the City. The City has currently set aside \$2.55 million in the General Fund to cover the City's estimated 12.5% match.

The American Rescue Plan Act (Act) Fund had a negative fund balance at year-end of \$407,409. The Act allows revenue replacement for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, relative to revenues collected in the most recent fiscal year prior to the emergency. Finance has calculated the revenue loss based on guidance from the Department of Treasury and identified funds which revenues were hit the hardest by the COVID-19 pandemic. Operating transfers from the American Rescue Plan Act Fund (ARPA Fund) were made directly to those funds in fiscal year 2021 to provide for current operating cash needs. Funds included the Parking Management Fund, Recreation Fund and Community Maritime Park Management Fund. As of September 30, 2021, those three funds which received the operating transfer had used all but \$407,409 of the transfer towards eligible governmental services. As a result of the unspent operating transfers, \$407,409 of intergovernmental revenues in the ARPA fund could not be recognized resulting in a negative fund balance. The City anticipates that the remaining operating transfers will be spent in fiscal year 2022. This will allow for the recognition of the remaining intergovernmental revenues and bring the fund balance back to zero.

The Local Option Sales Tax (LOST) Fund had a total fund balance at year-end of \$3,152,973, a decrease of \$1,843,518. Restricted fund balance of \$6,060,213 is comprised of \$2,383,326 in debt service restrictions and \$3,676,887 in third party contract restrictions leaving a negative unrestricted fund balance of \$2,907,240. The decrease in fiscal year 2021 fund balance is due to the planned completion of capital projects which were to be funded with future local option sales tax revenues.

Proprietary Funds. Proprietary fund statements provide the same information as in the business-type activities column of the government-wide statements, but in greater detail, and on a fund basis for enterprise funds and the internal service funds. All of the City's enterprise funds are classified as major funds.

Enterprise Funds.

The City of Pensacola does not budget for depreciation, bad debt expense, unfunded pension obligations or other postemployment benefits. However, personal cost, operating expenses, capital outlay, and principal and interest payments are budgeted.

The Utility Fund had a total net position of \$73,514,539 at fiscal year-end, an increase of \$9,022,820 (14.0%) over the prior fiscal year. Pensacola Energy operated at a profit of \$19,964,547 before depreciation expense of \$2,798,495 and an \$8,000,000 transfer to the General Fund; an increase from last fiscal year by \$3,199,983. Operating revenue increased by \$4,199,830 (8.9%) during fiscal year 2021 and operating expenses increased by \$999,847 (3.3%). The primary reason for the increase in operating revenue and operating expense is a result of increases in the cost of natural gas; the cost of natural gas is passed on to the customer directly affecting charges for services revenue. In fiscal year 2021, the cost of natural gas increased by \$2,753,302. In addition, fiscal year 2021 revenues were higher due to a two percent increase in natural gas sales which equates to approximately \$900,000 in revenues as well as a \$297,497 increase in infrastructure cost recovery revenues. Infrastructure cost recovery revenue is based on prior year capital cost as well current year budget and therefore will fluctuate from

year to year. Excluding the cost of gas, operating expenses decreased by \$1,753,455 which can be linked to a \$1,637,631 decrease in pension expenses as reported in the salaries and employee benefits line item of the financial statements. The pension expense can vary considerably over time, depending upon changes in the estimated actuarial costs and fluctuations in the market resulting in highly variable income statement results in years where there are large gains or losses in the market.

The Sanitation Fund had a total net position of \$887,815 at fiscal year-end, an increase of \$568,331 (177.9%) over the prior fiscal year. Sanitation Services operated at a profit of \$1,042,434 before depreciation expense of \$496,843; an increase from last fiscal year by \$427,000. Operating revenue increased by \$493,943 (5.8%) during fiscal year 2021 and expenses increased by \$66,943 (0.8%). The primary reason for the increase in operating revenue over the prior fiscal year can be linked to a \$1 increase in the Sanitation Equipment Surcharge resulting in an additional \$260,067 in revenue. In addition revenues for franchise fees, code enforcement and advertising increased by \$50,152, \$40,360 and \$80,200, respectively, in fiscal year 2021. While decreases in pension expenses reduced operating expenses by \$717,679, increase to salaries and benefits, repairs and maintenance, materials and supplies, office and utilities, landfill fees and overhead allocation more than offset the pension expenses savings. In addition, Sanitation had a significant decrease in non-operating revenues in the amount of \$1,181,082 related to rebates received in fiscal year 2020 for the purchase of compressed natural gas vehicles.

The Port Fund had a total net position of \$18,341,007 at fiscal year-end, an increase of \$2,423,796 (15.2%) from the prior fiscal year. The Port operated at a profit of \$983,566 before depreciation expense of \$1,302,123; an increase from last fiscal year by \$299,987. Operating revenues increased \$162,449 (5.9%) and expenses decreased by \$137,538 (6.7%). The primary reason for the increase in operating revenue can be linked to increased vessel activity at the Port. The decrease in expense can be linked to a \$129,699 decrease in pension expenses as reported in the salaries and employee benefits line item of the financial statements.

The Airport Fund had a total net position of \$199,604,801 at fiscal year-end, an increase of \$19,400,117 (10.8%) over the prior fiscal year. The Airport operated at a profit of \$8,432,083 before depreciation expense of \$11,518,372; an increase from last fiscal year of \$3,457,616. The Airport Fund's operating revenues increased by \$1,556,696 (7.5%) in fiscal year 2021 and expenses decreased by \$1,900,920 (12.0%). The primary reason for the increase in revenues is that the significant drop in passenger traffic seen in fiscal year 2020 due to the COVID-19 pandemic were not seen in fiscal year 2021. The decrease in expense can be linked to an \$862,178 decrease in pension expenses as reported in the salaries and employee benefits line item of the financial statements as well as a \$1 million decrease in repairs and maintenance related to a reduction in terminal maintenance projects. In addition, the Airport was able to recognize \$23.7 million in contributions from federal, state and local entities which included \$5.2 million in CARES Act funding to help subsidize Airport operations. The \$23.7 million in is recorded as non-operating revenues.

The chart below shows the operating income of each enterprise fund. The chart includes depreciation, bad debt expense and other post-employment benefits.

	Operating Income (Loss)	
	2021	2020
Utility Fund	\$ 17,166,052	\$ 14,161,018
Sanitation Fund	545,591	179,879
Port Fund	(318,557)	(574,238)
Airport Fund	(3,086,289)	(6,691,420)
Total	<u>\$ 14,306,797</u>	<u>\$ 7,075,239</u>

Internal Service Funds

The internal service funds are designed to recover the internal costs of general services provided to other city departments. The increase in total net position for all internal service funds was \$1,176,381. The City's Insurance Retention Fund increased by \$817,683 and the Central Services Fund increased by \$358,698. The increase in the Insurance Retention Fund was due to a \$94,519 decrease in pension expenses and decreases in expenses related to estimated future worker compensation claims. The Central Services Fund saw an increase of \$689,678 due to decrease in pension expenses which was offset with the use of reserves for planned capital purchases and operations.

General Fund Budgetary Highlights

In accordance with Chapter 166.241, Florida Statutes, the Mayor or his designee may authorize budget amendments if the total appropriations of the fund are not changed. The Mayor has established budgetary control within each fund at the line item. Amounts may be transferred between departmental line items or between departments within a fund provided no transfer shall be made contrary to Florida Statute. Amounts to be transferred require the approval of the Mayor or his designee; however, amounts appropriated for capital outlay can only be transferred from the capital outlay category with City Council approval. The budgetary changes as described below were a necessary part for overall operations of the City's activities reported in the General Fund.

The final budget as compared with the original budget for the General Fund estimated revenues increased by \$963,130 (1.9%) during fiscal year 2021. The majority of the increase was made up of \$786,612 in intergovernmental revenues, \$250,889 in charges for services, \$123,101 in taxes and \$107,000 in interest income. These increases were offset with a decrease of \$301,132 in franchise fees.

The final appropriations in the General Fund as compared with the original budget increased by \$3,789,213 (7.1%) in fiscal year 2021. The primary reason for the increase relates to:

- An increase in appropriations for general government of \$702,995 is primarily related to carryforwards from the prior fiscal year budget to cover open encumbrances and projects. Some of the larger carryforwards included \$302,254 related to City Council unspent project budget and \$78,500 related to the outside agency funding.
- An increase in appropriations for public safety in the amount of \$286,111 is primarily related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects as well as \$271,300 in personnel services and operating expenses required as part of the 2021 negotiated fire union agreement.
- An increase in appropriations for transportation in the amount of \$770,811 is primarily related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects.
- An increase in appropriations for culture and recreation in the amount of \$1,232,058 is related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects. Some of the larger carryforwards included \$528,007 related to the Tree Trust fund and \$242,409 related to the Saenger Capital account.
- An increase in appropriations for economic environment in the amount of \$632,899 is primarily related to the carryforward from the prior fiscal year budget for the City's housing initiatives program as well as outside agency funding.

The final budget as compared with the original budget for the General Fund other financing sources (uses) increased by \$34,365 during fiscal year 2021. The increase is primarily related to an increase in the sale of capital assets.

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Capital Asset and Debt Administration

Capital Assets. As of year-end, the City had \$403,198,429 net investment in capital assets. Governmental activities accounted for \$190,220,754 and business-type activities accounted for \$212,977,675. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure.

Major capital asset additions/completions during the current fiscal year include the following:

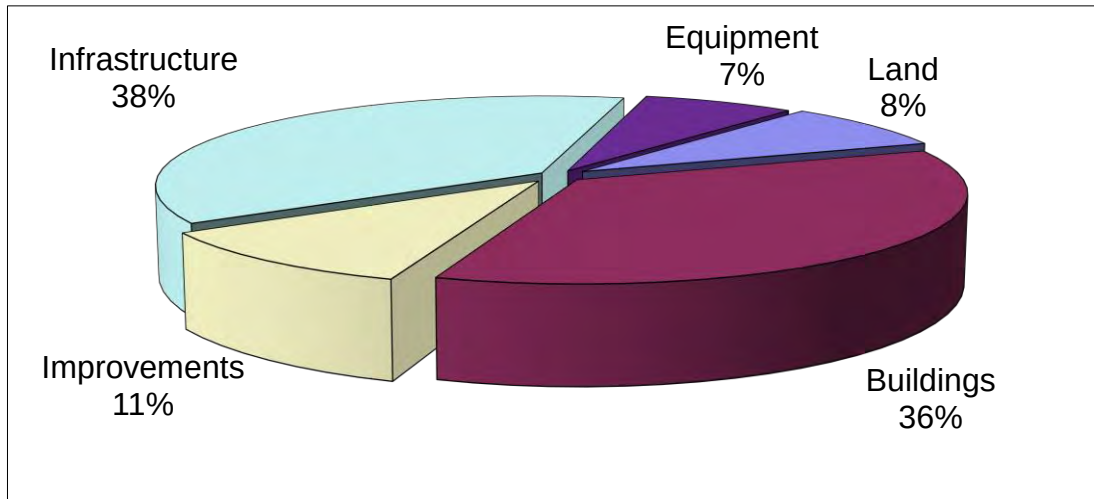
Governmental Activities

- Stormwater, street and sidewalk capital projects \$6,894,587
- Hitzman-Optimist park improvements \$2,442,072
- Athletic facility, resource center and park improvements \$1,966,065
- Fire vehicles \$976,312
- Parking assets \$648,791
- Fire self-contained breathing apparatus \$561,910
- Park vehicles \$339,934
- Police vehicles \$331,900
- Public Works vehicles \$304,294

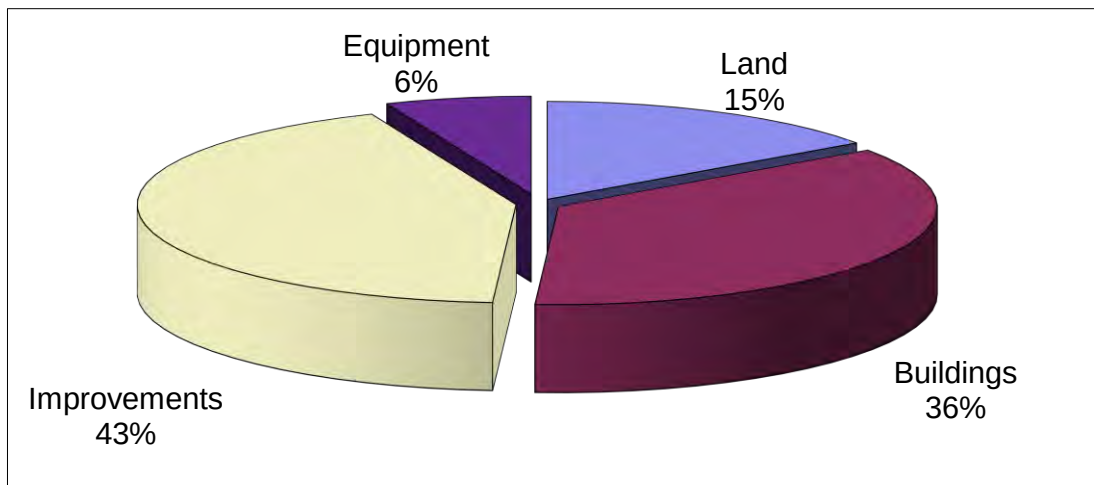
Business-type Activities

- Pensacola Energy natural gas utility improvements \$5,038,340
- Pensacola Energy land at Atwood Drive \$577,492
- Pensacola Energy CNG station improvements \$333,954
- Pensacola Energy vehicles \$895,356
- Sanitation garbage trucks \$1,501,169
- Sanitation trailers \$91,170
- Port berth improvements \$211,951
- Port rail improvements \$178,648
- Port patrol boat \$185,895
- Airport airfield and terminal improvements \$5,955,813
- Technology Resources network equipment \$77,488

**Governmental Activities
Capital Assets net of depreciation**



**Business-type Activities
Capital Assets net of depreciation**



Additional details about the City's capital assets can be found in Section III, C, of the Notes of this report. The City has two capital plans. The first is required by Florida's growth management legislation and is an element of the City's comprehensive plan. The second is a broader plan and covers all infrastructure needs of the City. This plan is two-part; the first is transportation funded by the Local Option Gasoline Tax (LOGT) and stormwater funded with a transfer from the General Fund totaling the same amount as the Stormwater Utility Fee collections. The second is referred to as the Penny for Progress Plan or LOST IV Plan and is funded by LOST collections. Additional details of the capital plans are available in the City's annual budget which is available on the City's website.

Long-term Debt. At the end of fiscal year 2021, the City had total non-self-supporting bonded debt of \$96,202,819 and self-supporting bonded debt of \$57,021,000. Governmental activities have notes payable in the amount of \$96,202,819 and Business-type activities have notes payable in the amount of \$57,021,000. The City has no general obligation debt.

The City does not borrow for operating needs. All of its outstanding long-term indebtedness is for capital needs only. The direct debt per capita (population 54,312) as of September 30, 2021 is as follows:

Local Option Sales Tax Debt	\$ 18,821,000	Per capita \$ 347
Local Option Gas Tax Debt	8,729,000	Per capita 161
Eastside Redevelopment Area Debt	1,096,000	Per capita 20
Westside Redevelopment Area Debt	3,423,000	Per capita 63
Urban Core Redevelopment Area Debt	64,133,819	Per capita 1,181
Total	<u>\$ 96,202,819</u>	<u>\$ 1,771</u>

The Local Option Sales Tax Debt is supported by local option sales tax collections and is payable through October 2028.

The Local Option Gas Tax Debt is supported by local option gasoline tax collections. On July 23, 2015 the Board of County Commissioners extended the Six-Cent Local Option Gasoline Tax (LOGT) for an additional 10 years and four months beginning September 1, 2016 through December 31, 2026. In the event that LOGT is insufficient to pay debt service, the loan is furthered secured by a covenant to budget and appropriate from the City's non-ad valorem revenues and is payable through 2026.

The Eastside Redevelopment Area Debt is supported by Tax Increment Revenues derived from the Eastside Redevelopment Area and in the event that these revenues are insufficient to pay debt service, the loan is furthered secured by the Local Business Tax and is payable through 2037.

The Westside Redevelopment Area Debt is supported by Tax Increment Revenues derived from the Westside Redevelopment Area and in the event that these revenues are insufficient to pay debt service, the loan is furthered secured by the Local Business Tax and is payable through 2037.

The Urban Core Redevelopment Area Debt is supported by Tax Increment Revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient to pay debt service, the loan is furthered secured by certain non-ad valorem revenues budgeted and appropriated therefore pursuant to a Covenant to Budget and Appropriate and is payable through 2043.

All required principal and interest payments on outstanding debt were remitted timely and in full. The reserve requirements and deposits into the debt service funds mandated by the bond covenant remain funded at or above the prescribed levels at fiscal year-end.

As of September 30, 2021, the only bonded debt the City had outstanding were bank issued. Therefore, the ratings below will not be updated unless the City specifically request a review by one of the rating agencies.

On March 28, 2019 Fitch Ratings (“Fitch”) affirmed an implied general obligation rating for the City of “AA+” and on October 16, 2009 Standard & Poor’s Ratings Services (“Standard & Poor’s”) affirmed its “AA” on the City’s Issuer Credit Rating.

On October 17, 2017 Standard & Poor’s affirmed a long-term rating of “BBB”, on October 10, 2017 Fitch affirmed a rating of “BBB-” and on May 30, 2017 Moody’s Investors Service, Inc. (“Moody’s”) affirmed a long-term rating of “Baa1” on the City’s Airport Revenue Bonds. Standard & Poor’s and Fitch assigned a Positive outlook and Moody’s assigned Stable outlooks in conjunction with the ratings on the City’s Airport Revenue Bonds.

The fluctuations of the financial market and downgrades or potential downgrades of bond insurers’ ratings have had no material effect on principal and interest payments made by the City, or the City’s underlying bond ratings. All required principal and interest payments have been remitted timely and in full.

Additional detail about long-term debt can be found in the Notes to the Financial Statements; Note III, Long-term debt.

Economic Factors and Next Year’s Budgets and Rates

The preparation of the fiscal year 2022 budget continued to face challenges from financial uncertainties brought on by the COVID-19 global pandemic. While there is continued uncertainty about the long-term economic recovery surrounding COVID-19 and its effects on the City of Pensacola, the Mayor has prepared a balanced budget for fiscal year 2022 that allows adaptation to these uncertain conditions as much as possible. The City’s fiscal year 2022 budget totals \$253,203,200. Of this, \$61.7 million is for the General Fund, \$101.1 million is for enterprise funds, and the remaining \$90.4 million is for various special revenue, debt service, capital projects, and internal services funds. The General Fund consists of governmental services such as general administration, public safety, parks and recreation, and public works. Enterprise Funds consist of a Utility Fund, Sanitation Fund, Port Fund and Airport Fund. These enterprise Funds are expected to be self-supporting, on a cash-flow basis, from user fees for services.

Despite the economic uncertainty of the COVID-19 pandemic, the General Fund is expected to see \$2.1 million in revenue growth. The estimated 8.15 percent growth in property valuations will amount to an additional \$1,535,800 in gross Property Tax revenue. After the required transfers to the Tax Increment Financing Districts, the net additional Property Tax Revenue is \$1,145,400. Franchise Fees and Public Service Tax Revenues are projected to increase 2.00% or \$358,000 in anticipation of a normal winter as well as the cost of energy. The Utility fund is expected to see \$1.1 million decrease in budgeted revenues. The significant reduction in gas revenues for fiscal year 2022 is due mainly to the lower cost of natural gas, thus reducing revenues as the cost of gas is passed onto the customer through rates and charges. Due to

COVID-19 pandemic, the 2.6% CPI increase to the utility rates was not recommended for fiscal year 2022. The Sanitation Fund is expected to see \$207,700 increase in revenues. The majority of the increase is related to a 1.5% CPI increase for fiscal year 2021 and a 2.6% CPI increase for fiscal year 2022 which both take effect October 1, 2021. The Port Fund is expected to see \$98,100 increase in revenues. The increase is based on historical trend information on vessel activity levels as well as current and prospective lease agreements. The Airport Fund is expected to see \$835,900 increase in revenues as the 2021 budget was very conservative due to the unknown impact COVID-19. The Airport anticipates utilizing \$1 million in CARES Act Funding to supplement any revenue shortfalls in fiscal year 2022.

Personnel costs account for \$91,113,100 of the City's fiscal year 2022 budget (36.0%). The fiscal year 2022 budget includes various organizational improvements that includes the addition of twenty-one positions bringing the total number of budgeted executive branch positions to 851. During fiscal year 2021, twelve positions were added to the executive branch which were included in the fiscal year 2022 budget and seven positions are new to fiscal year 2022. In addition to the new position, the fiscal year 2022 budget provides for a 1.4% increase for employees not represented by a union, a 3% pay increase for Fire Union employees, and a 2% performance based salary increase (including benefits) for both union and non-union employees.

On June 09, 2010, the City Council approved Resolution No. 31-10 which established the Fund Balance Policy of Governmental Funds as well as committed the Council Reserves Fund Balance in the General Fund. On October 9, 2014, the City Council approved the same Council Reserve Policy by Ordinance, amending chapter 3-1 of the Code of the City of Pensacola, Florida; creating section 3-1-13. The Fund Balance Policy states that a minimum reserve of 20 percent of beginning adopted appropriations should be maintained in the General Fund as a Council Reserve. The minimum reserve was initially adopted as part of the Financial Planning and Administration Policy on July 23, 1998. The existing General Fund reserve balance (shown on the face of the financial statements as "Council Reserve") totaled \$14,042,818. The \$14.0 million balance represents 22.77% of fiscal year 2022 budgeted General Fund appropriations. This marks the fourteenth consecutive year the minimum reserve has been accomplished since the initial adoption of the reserve policy.

The City's financial policy states that non-recurring revenues should be used only to finance non-recurring expenditures. City Council revised the Financial Planning and Administration Policy in fiscal year 2007 to stipulate that the General Fund's maximum amount of appropriated beginning fund balance should not be more than three percent of budgeted revenues.

Request for Information

This financial report is designed to provide a general overview of the City of Pensacola's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, PO Box 12910, Pensacola, Florida 32521. The City of Pensacola's website address is www.cityofpensacola.com.

BASIC FINANCIAL STATEMENTS

CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Improvement
				Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 24,620,648	\$ 17,329,189	\$ 41,949,837	\$ 342,282
Other cash	12,887		12,887	
Investments	22,662,968	15,959,527	38,622,495	
Accrued interest	114,887		114,887	
Receivables (net of allowances)				
Accounts	3,479,066	8,365,047	11,844,113	1,071
Demolition assessments	13,865		13,865	
Internal balances	(10,523,848)	10,523,848	0	
Due from other governments	5,190,505	6,373,906	11,564,411	5,161
Inventory	1,577,973	5,664	1,583,637	
Capital lease receivable		340,738	340,738	
Prepays and deposits	324,705	148,685	473,390	9,693
Restricted assets				
Restricted cash and cash equivalents	5,509,441	33,118,615	38,628,056	
Investments	5,071,099	30,500,990	35,572,089	
Total current assets	58,054,196	122,666,209	180,720,405	358,207
Noncurrent assets				
Cash and cash equivalents	18,221,162		18,221,162	
Investments	16,781,000		16,781,000	
Internal balances	547,904	(547,904)	0	
Intangible asset		111,051	111,051	
Capital lease receivable		192,489	192,489	
Restricted assets				
Cash and cash equivalents	4,643,146	10,584,858	15,228,004	
Investments	4,276,162	9,748,254	14,024,416	
Notes receivable	918,452		918,452	
Capital assets				
Non-depreciable	28,062,080	55,361,526	83,423,606	
Depreciable (net)	234,464,253	213,949,526	448,413,779	128,621
Total noncurrent assets	307,914,159	289,399,800	597,313,959	128,621
Total assets	365,968,355	412,066,009	778,034,364	486,828
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on early retirement debt	177,920	576,572	754,492	
Deferred pension	23,048,820	6,236,856	29,285,676	
Deferred OPEB	2,346,541	913,776	3,260,317	
Total deferred outflows of resources	25,573,281	7,727,204	33,300,485	0

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Improvement
				Board
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,477,310	\$ 3,149,290	\$ 4,626,600	\$ 15,450
Contracts payable	2,257,711	3,541,114	5,798,825	
Contracts payable - retainage	164,988	1,115,048	1,280,036	
Due to other governments	101,442	9,750	111,192	15,000
Wages and benefits payable	2,078,779		2,078,779	
Compensated absences payable	169,793	160,018	329,811	3,212
Deposits	195,428	83,713	279,141	
Claims and judgments payable	1,093,000		1,093,000	
Unearned revenue	9,447,641	30,799,533	40,247,174	5,000
Loans payable	20,000		20,000	
Payable from restricted assets				
Due to other governments	1,300,000		1,300,000	
Notes payable	5,463,571	10,321,000	15,784,571	
Accrued interest payable	1,360,748	811,557	2,172,305	
Total current liabilities	25,130,411	49,991,023	75,121,434	38,662
Noncurrent liabilities				
Due to other governments	6,500,000		6,500,000	
Compensated absences payable	4,982,756	1,825,044	6,807,800	
Claims and judgments payable	3,485,294		3,485,294	
Notes payable	90,739,248	46,700,000	137,439,248	
Net Pension liability	62,155,710	16,703,114	78,858,824	
Total OPEB liability	13,064,351	5,098,242	18,162,593	
Total noncurrent liabilities	180,927,359	70,326,400	251,253,759	0
Total liabilities	206,057,770	120,317,423	326,375,193	38,662
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on early retirement	328,274		328,274	
Deferred pension	18,045,541	4,452,217	22,497,758	
Deferred OPEB	6,845,197	2,675,411	9,520,608	
Total deferred outflows of resources	25,219,012	7,127,628	32,346,640	0
NET POSITION				
Net investment in capital assets	190,220,754	212,977,675	403,198,429	128,621
Restricted for				
Capital projects	2,548,709		2,548,709	
Debt service	7,584,293	3,369,612	10,953,905	
Community redevelopment	3,066,052		3,066,052	
Federal housing program	3,352,185		3,352,185	
Other purposes	4,967,276		4,967,276	
Disaster recovery	3,230,148		3,230,148	
Renewal and replacement		12,122,000	12,122,000	
Operations and maintenance		4,841,500	4,841,500	
Unrestricted	(54,704,563)	59,037,375	4,332,812	319,545
Total net position	\$ 160,264,854	\$ 292,348,162	\$ 452,613,016	\$ 448,166

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 12,380,195	\$ 261,078	\$ 5,950,170	\$
Public safety	33,074,865	3,856,136	178,313	709,314
Transportation	7,746,788	1,817,144	435,220	
Culture and recreation	16,196,710	2,605,833	3,196,217	
Economic environment	18,373,202		18,887,579	98,199
Physical environment	13,195,272	2,902,846	2,501,174	130,658
Human services	30,000			
Unallocated depreciation	1,716,378			
Interest on long-term debt	2,909,320			
Total governmental activities	<u>105,622,730</u>	<u>11,443,037</u>	<u>31,148,673</u>	<u>938,171</u>
Business-type activities:				
Utility	32,896,169	50,804,613		
Sanitation	7,884,591	8,867,686		
Port	3,070,577	2,809,593	685,178	347,348
Airport	26,204,842	22,276,241	5,181,552	17,547,420
Total business-type activities	<u>70,056,179</u>	<u>84,758,133</u>	<u>5,866,730</u>	<u>17,894,768</u>
Total primary government	<u>\$ 175,678,909</u>	<u>\$ 96,201,170</u>	<u>\$ 37,015,403</u>	<u>\$ 18,832,939</u>
Component unit:				
Downtown Improvement Board	\$ 1,074,458	\$ 225,877	\$ 326,479	\$
Total component units	<u>\$ 1,074,458</u>	<u>\$ 225,877</u>	<u>\$ 326,479</u>	<u>\$ -</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Net (Expenses) Revenue and Changes in Net Position			Component Unit
	Primary Government			Downtown Improvement Board
Function/Programs	Governmental Activities	Business-type Activities	Total	
Primary government				
Governmental activities:				
General government	\$ (6,168,947)		\$ (6,168,947)	
Public safety	(28,331,102)		(28,331,102)	
Transportation	(5,494,424)		(5,494,424)	
Culture and recreation	(10,394,660)		(10,394,660)	
Economic environment	612,576		612,576	
Physical environment	(7,660,594)		(7,660,594)	
Human services	(30,000)		(30,000)	
Unallocated depreciation	(1,716,378)		(1,716,378)	
Interest on long-term debt	(2,909,320)		(2,909,320)	
Total governmental activities	(62,092,849)		(62,092,849)	
Business-type activities:				
Utility		\$ 17,908,444	17,908,444	
Sanitation		983,095	983,095	
Port		771,542	771,542	
Airport		18,800,371	18,800,371	
Total business-type activities		38,463,452	38,463,452	
Total primary government	(62,092,849)	38,463,452	(23,629,397)	
Component unit:				
Downtown Improvement Board				
Total component units				\$ (522,102)
General revenues:				
Property taxes	18,137,244		18,137,244	597,998
Public service taxes	8,766,213		8,766,213	
Franchise fees	8,706,868		8,706,868	
Communication service tax	3,159,425		3,159,425	
Local business tax	918,590		918,590	
Local option gasoline tax	1,431,737		1,431,737	
Local option sales tax	10,718,928		10,718,928	
Unrestricted intergovernmental revenues	8,225,603		8,225,603	
Unrestricted investment earnings	326,148	377,237	703,385	
Insurance recoveries		1,650,924	1,650,924	
Gain on sale of capital asset	84,366	93,536	177,902	
Miscellaneous	58,984	635,705	694,689	1,781
Transfers	6,966,490	(6,966,490)	0	
Overhead transfers	2,839,300	(2,839,300)	0	
Total general revenues and transfers	70,339,896	(7,048,388)	63,291,508	599,779
Special item- Parking Operations Transfer	689,131		689,131	(740,078)
Change in net position	8,936,178	31,415,064	40,351,242	(662,401)
Net position at beginning of year	151,328,676	260,933,098	412,261,774	1,110,567
Net position September 30, 2021	\$ 160,264,854	\$ 292,348,162	\$ 452,613,016	\$ 448,166

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Housing Assistance Payments	Natural Disaster Fund	American Rescue Plan Act Fund	Local Option Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 12,541,836	\$ 1,530,109	\$	\$ 4,042,407	\$ 291,420	\$ 20,887,226	\$ 39,292,998
Other cash		3,851				9,036	12,887
Investments	11,535,952	1,412,061		3,722,904	268,386	19,236,346	36,175,649
Accrued interest	114,887						114,887
Accounts receivable (net of allowances)	2,000,505	352,369				462,836	2,815,710
Demolition assessments receivable	13,865						13,865
Due from other funds	854,839					255,218	1,110,057
Due from other governments	1,201,206		2,475,100		977,991	527,958	5,182,255
Prepays and deposits	43,890	785				16,608	61,283
Inventories						647	647
Notes receivable						918,452	918,452
Restricted assets							
Cash and cash equivalents	773,258	278,468			1,333,814	3,695,518	6,081,058
Investments	712,141	253,571			1,228,392	3,403,433	5,597,537
Total assets	\$ 29,792,379	\$ 3,831,214	\$ 2,475,100	\$ 7,765,311	\$ 4,100,003	\$ 49,413,278	\$ 97,377,285
LIABILITIES							
Accounts payable	\$ 726,024	\$ 1,670	\$ 77,414	\$ 1,669	\$ 3,135	\$ 475,468	\$ 1,285,380
Contracts payable	89,056		578,482	36,978	865,179	686,294	2,255,989
Contracts payable - retainage	1,480		62,218		78,716	22,574	164,988
Due to other funds		33,375	10,497,406			387,703	10,918,484
Due to other governments	1,684	3,812				95,946	101,442
Compensated absences payable	116,007					39,964	155,971
Wages and benefits payable	2,078,779						2,078,779
Unearned revenue	860,943	87,803		8,134,073		289,822	9,372,641
Deposits	56,223					124,372	180,595
Total liabilities	3,930,196	126,660	11,215,520	8,172,720	947,030	2,122,143	26,514,269
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	65,933	352,369				945,390	1,363,692
Total deferred inflows of resources	65,933	352,369	-	-	-	945,390	1,363,692

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Housing Assistance Payments	Natural Disaster Fund	American Rescue Plan Act Fund	Local Option Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCE (DEFICITS)							
Non-spendable	43,890	785				17,255	61,930
Restricted							
Saenger capital	387,344						387,344
Community development projects						26,944,340	26,944,340
Debt service payments					2,383,326	5,022,087	7,405,413
Other restricted	767,308	3,351,400	3,230,148	44,892	3,676,887	4,547,517	15,618,152
Committed							
Park purchases	4,735						4,735
Tree landscape	572,521						572,521
Council reserve	14,042,818						14,042,818
Other committed						3,121,347	3,121,347
Assigned	9,879,232					6,913,127	16,792,359
Unassigned	98,402		(11,970,568)	(452,301)	(2,907,240)	(219,928)	(15,451,635)
Total fund balances	<u>25,796,250</u>	<u>3,352,185</u>	<u>(8,740,420)</u>	<u>(407,409)</u>	<u>3,152,973</u>	<u>46,345,745</u>	<u>69,499,324</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 29,792,379</u>	<u>\$ 3,831,214</u>	<u>\$ 2,475,100</u>	<u>\$ 7,765,311</u>	<u>\$ 4,100,003</u>	<u>\$ 49,413,278</u>	
Capital assets used in governmental activities are not financial resources to the governmental funds. The cost of the assets is \$419,069,886 and the accumulated depreciation is \$165,049,421.							260,562,794
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.							1,363,692
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.							9,159,902
Net other post employment benefits (OPEB) liability, as required by Governmental Accounting Standards Statement No. 75, are not due and payable in the current period and therefore are not reported in the governmental funds.							(16,123,795)
Net pension liability (NPL), as required by Governmental Accounting Standards Statement No. 68, is not due and payable in the current period and therefore is not reported in the governmental funds.							(54,036,295)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.							
				Loans payable		(20,000)	
				Notes payable		(96,202,819)	
				Deferred gain on refunding		(328,274)	
				Deferred loss on early retirement		177,920	
				Due to other governments		(7,800,000)	
				Compensated absences		(4,626,847)	
				Accrued interest payable		(1,360,748)	
Net position of governmental activities							<u>\$ 160,264,854</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Housing Assistance Payments	Natural Disaster Fund	American Rescue Plan Act Fund	Local Option Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 30,981,471	\$	\$	\$	\$ 10,718,929	\$ 1,431,737	\$ 43,132,137
Licenses and permits	171,058					2,953,241	3,124,299
Franchise fees	8,706,868					0	8,706,868
Intergovernmental	8,633,012	18,521,418	3,739,526	1,442,749		7,528,188	39,864,893
Charges for services	1,607,458					6,286,666	7,894,124
Fines and forfeits	106,183					41,253	147,436
Assessments	52,383					0	52,383
Interest income	107,762	12,744			12,422	208,741	341,669
Donations						87,071	87,071
Other	409,569		244,866		10,000	17,326	681,761
Total revenues	<u>50,775,764</u>	<u>18,534,162</u>	<u>3,984,392</u>	<u>1,442,749</u>	<u>10,741,351</u>	<u>18,554,223</u>	<u>104,032,641</u>
Expenditures:							
Current -							
General government	6,892,528		794,646	190,805		3,343,756	11,221,735
Public safety	34,558,103		57,700		426,722	2,047,496	37,090,021
Transportation	3,265,142		1,062,214			716,933	5,044,289
Culture and recreation	7,073,737		2,583,987			2,917,928	12,575,652
Economic environment	455,566	17,940,629				176,747	18,572,942
Physical environment	13,904		7,880,849			3,933,515	11,828,268
Human services	30,000					0	30,000
Capital outlay	110,000	11,872	627,437	38,853	6,826,592	9,701,772	17,316,526
Debt service -							
Principal retirement					3,821,387	3,227,181	7,048,568
Interest					476,658	2,484,674	2,961,332
Total expenditures	<u>52,398,980</u>	<u>17,952,501</u>	<u>13,006,833</u>	<u>229,658</u>	<u>11,551,359</u>	<u>28,550,002</u>	<u>123,689,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,623,216)</u>	<u>581,661</u>	<u>(9,022,441)</u>	<u>1,213,091</u>	<u>(810,008)</u>	<u>(9,995,779)</u>	<u>(19,656,692)</u>
Other financing sources (uses):							
Transfers in	8,000,000					17,216,696	25,216,696
Transfers (out)	(6,182,804)			(1,620,500)	(1,033,510)	(9,413,392)	(18,250,206)
Sale of capital assets	84,366					0	84,366
Total other financing sources (uses)	<u>1,901,562</u>	<u>0</u>	<u>0</u>	<u>(1,620,500)</u>	<u>(1,033,510)</u>	<u>7,803,304</u>	<u>7,050,856</u>
Net Change in fund balances before special item	<u>278,346</u>	<u>581,661</u>	<u>(9,022,441)</u>	<u>(407,409)</u>	<u>(1,843,518)</u>	<u>(2,192,475)</u>	<u>(12,605,836)</u>
Special item - Parking Transfer						38,626	38,626
Net Change in fund balances	<u>278,346</u>	<u>581,661</u>	<u>(9,022,441)</u>	<u>(407,409)</u>	<u>(1,843,518)</u>	<u>(2,153,849)</u>	<u>(12,567,210)</u>
Fund balances at beginning of year	<u>25,517,904</u>	<u>2,770,524</u>	<u>282,021</u>	<u>0</u>	<u>4,996,491</u>	<u>48,499,594</u>	<u>82,066,534</u>
Fund balances at end of year	<u>\$ 25,796,250</u>	<u>\$ 3,352,185</u>	<u>\$ (8,740,420)</u>	<u>\$ (407,409)</u>	<u>\$ 3,152,973</u>	<u>\$ 46,345,745</u>	<u>\$ 69,499,324</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds			\$ (12,567,210)
Amounts reported for governmental activities in the statement of activities are different because:			
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.			
	Expenditures for capital assets	17,316,526	
	Less current year depreciation	<u>(14,428,750)</u>	2,887,776
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			5,363,181
Repayment of capital lease payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			1,685,387
Repayment of long-term amounts due to other governments are expenditures in the governmental funds, but the repayment reduces the liability in the statement of net position.			1,300,000
Some revenues reported in the statement of activities do not provide current financial resources, therefore, those revenues are not reported as revenues in governmental funds.			(147,036)
Compensated absences, 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.			(285,030)
Accrued interest expense, reported in the statement of activities, do not require the use of current financial resources in governmental funds.			52,012
The change in annual other post employment benefits (OPEB) cost, as required by Governmental Accounting Standards Statement No. 75, does not require the use of current financial resources: therefore, the change is not reported as an expenditure in governmental funds.			(153,858)
The change in annual net pension liability (NPL) cost, as required by Governmental Accounting Standards Statement No. 68, does not require the use of current financial resource; therefore, the change is not reported as an expenditure in governmental funds.			9,257,355
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.			1,176,381
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets disposed must be offset against the sale proceeds resulting in a gain/(loss) on sale of capital assets in the statement of activities. Donations of capital assets do not provide current financial resources to the governmental funds.			
	Net book value of capital assets disposed	(307,744)	
	Donations of capital assets	<u>674,964</u>	
			<u>367,220</u>
Change in net position of governmental activities			\$ 8,936,178

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Taxes	\$ 30,856,900	\$ 30,980,001	\$ 30,981,471	\$ 1,470
Licenses and permits	76,000	171,058	171,058	0
Franchise fees	9,008,000	8,706,868	8,706,868	0
Intergovernmental	7,846,400	8,633,012	8,633,012	0
Charges for services	1,452,500	1,703,389	1,607,458	(95,931)
Fines and forfeits	143,500	107,563	106,183	(1,380)
Assessments	0	52,383	52,383	0
Interest income	0	107,762	107,762	0
Other	475,000	359,394	409,569	50,175
Total revenues	<u>49,858,300</u>	<u>50,821,430</u>	<u>50,775,764</u>	<u>(45,666)</u>
Expenditures:				
Current -				
General government	7,881,500	8,584,495	6,892,528	1,691,967
Public safety	34,447,700	34,733,811	34,558,103	175,708
Transportation	3,052,600	3,823,411	3,265,142	558,269
Culture and recreation	7,598,600	8,830,658	7,073,737	1,756,921
Economic environment	415,100	1,047,999	455,566	592,433
Physical environment	0	54,339	13,904	40,435
Human services	30,000	30,000	30,000	0
Capital outlay	0	110,000	110,000	0
Total expenditures	<u>53,425,500</u>	<u>57,214,713</u>	<u>52,398,980</u>	<u>4,815,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,567,200)</u>	<u>(6,393,283)</u>	<u>(1,623,216)</u>	<u>4,770,067</u>
Other financing sources (uses):				
Transfers in	8,000,000	8,000,000	8,000,000	0
Transfers (out)	(6,182,800)	(6,182,806)	(6,182,804)	2
Sale of capital assets	50,000	84,365	84,366	1
Total other financing sources (uses)	<u>1,867,200</u>	<u>1,901,559</u>	<u>1,901,562</u>	<u>3</u>
Net change in fund balances	<u>\$ (1,700,000)</u>	<u>\$ (4,491,724)</u>	<u>278,346</u>	<u>\$ 4,770,070</u>
Fund balances at beginning of year			<u>25,517,904</u>	
Fund balances at end of year			<u>\$ 25,796,250</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING ASSISTANCE PAYMENTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget -</u>
				<u>Positive/(Negative)</u>
Revenues :				
Intergovernmental	\$ 20,038,800	\$ 18,609,144	\$ 18,521,418	\$ (87,726)
Interest income	0	16,632	12,743	(3,889)
Other	<u>33,900</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>20,072,700</u>	<u>18,625,776</u>	<u>18,534,161</u>	<u>(91,615)</u>
Expenditures :				
Current -				
Economic environment	20,050,700	18,621,303	17,940,628	680,675
Capital outlay	<u>22,000</u>	<u>51,059</u>	<u>11,872</u>	<u>39,187</u>
Total expenditures	<u>20,072,700</u>	<u>18,672,362</u>	<u>17,952,500</u>	<u>719,862</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>0</u>	<u>(46,586)</u>	<u>581,661</u>	<u>628,247</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ (46,586)</u>	<u>581,661</u>	<u>\$ 628,247</u>
Fund balances at beginning of year			<u>2,770,524</u>	
Fund balances at end of year			<u>\$ 3,352,185</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NATURAL DISASTER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Intergovernmental	\$ 0	\$ 46,995,378	\$ 3,739,526	\$ (43,255,852)
Other	0	0	244,866	244,866
Total revenues	0	46,995,378	3,984,392	(43,010,986)
Expenditures:				
Current -				
General government	0	30,341,186	794,646	29,546,540
Public safety	0	233,596	57,700	175,896
Transportation	0	3,131,745	1,062,214	2,069,531
Culture and recreation	0	3,137,589	2,583,987	553,602
Physical environment	0	8,247,845	7,880,849	366,996
Capital outlay	0	1,903,417	627,437	1,275,980
Total expenditures	0	46,995,378	13,006,833	33,988,545
Excess (deficiency) of revenues over (under) expenditures	0	0	(9,022,441)	(9,022,441)
Net change in fund balances	\$ 0	\$ 0	(9,022,441)	\$ (9,022,441)
Fund balances at beginning of year			282,021	
Fund balances at end of year			\$ (8,740,420)	

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AMERICAN RESCUE PLAN ACT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Intergovernmental	\$ 0	\$ 19,061,643	\$ 1,442,749	\$ (17,618,894)
Total revenues	<u>0</u>	<u>19,061,643</u>	<u>1,442,749</u>	<u>(17,618,894)</u>
Expenditures:				
Current -				
General government	0	11,886,640	190,805	11,695,835
Capital outlay	<u>0</u>	<u>5,554,503</u>	<u>38,853</u>	<u>5,515,650</u>
Total expenditures	<u>0</u>	<u>17,441,143</u>	<u>229,658</u>	<u>17,211,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>1,620,500</u>	<u>1,213,091</u>	<u>(407,409)</u>
Other financing sources (uses):				
Transfers (out)	<u>0</u>	<u>(1,620,500)</u>	<u>(1,620,500)</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>(1,620,500)</u>	<u>(1,620,500)</u>	<u>0</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>(407,409)</u>	<u>\$ (407,409)</u>
Fund balances at beginning of year			<u>0</u>	
Fund balances at end of year			<u>\$ (407,409)</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL OPTION SALES TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Taxes	\$ 9,466,400	\$ 10,718,928	\$ 10,718,929	\$ 1
Interest	0	12,422	12,422	0
Other	0	10,000	10,000	0
Total revenues	9,466,400	10,741,350	10,741,351	1
Expenditures:				
Current -				
Public safety	0	558,230	426,722	131,508
Capital outlay	6,038,200	19,927,517	6,826,592	13,100,925
Debt service -				
Principal retirement	3,821,400	3,821,388	3,821,387	1
Interest	476,800	476,659	476,658	1
Total expenditures	10,336,400	24,783,794	11,551,359	13,232,435
Excess (deficiency) of revenues over (under) expenditures	(870,000)	(14,042,444)	(810,008)	13,232,436
Other financing sources (uses):				
Transfers (out)	0	(16,235,230)	(1,033,510)	(15,201,720)
Total other financing sources (uses)	0	(16,235,230)	(1,033,510)	(15,201,720)
Net change in fund balances	\$ (870,000)	\$ (30,277,674)	(1,843,518)	\$ (1,969,284)
Fund balances at beginning of year			4,996,491	
Fund balances at end of year			\$ 3,152,973	

The accompanying notes are an integral part of these financial statements.



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CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total Enterprise Funds	
ASSETS						
Current assets						
Cash and cash equivalents	\$ 11,957,015	\$ 746,540	\$ 1,347,172	\$ 3,278,462	\$ 17,329,189	\$ 3,548,812
Investments	11,011,959	687,535	1,240,694	3,019,339	15,959,527	3,268,319
Accounts receivable (net)	4,865,134	766,432	286,272	2,447,209	8,365,047	663,356
Due from other funds	871,132			10,497,406	11,368,538	139,700
Due from other governments			1,029,365	5,344,541	6,373,906	8,250
Prepaid expenses	57,689	1,240	21,864	67,892	148,685	63,422
Inventory	5,664				5,664	1,577,326
Capital lease receivable	340,738				340,738	
Restricted assets						
Cash and cash equivalents	1,013,090			32,105,525	33,118,615	
Investments	933,017			29,567,973	30,500,990	
Total current assets	<u>31,055,438</u>	<u>2,201,747</u>	<u>3,925,367</u>	<u>86,328,347</u>	<u>123,510,899</u>	<u>9,269,185</u>
Noncurrent assets						
Intangible asset	111,051				111,051	
Prepaid expenses					0	200,000
Advances to other funds					0	577,689
Capital lease receivable	192,489				192,489	
Restricted assets						
Cash and cash equivalents				10,584,858	10,584,858	4,071,529
Investments				9,748,254	9,748,254	3,749,724
Capital assets						
Non-depreciable	922,438	41,093	2,878,381	51,519,614	55,361,526	
Depreciable (net)	67,851,159	4,794,143	12,926,669	128,377,555	213,949,526	1,963,539
Total noncurrent assets	<u>69,077,137</u>	<u>4,835,236</u>	<u>15,805,050</u>	<u>200,230,281</u>	<u>289,947,704</u>	<u>10,562,481</u>
Total assets	<u>100,132,575</u>	<u>7,036,983</u>	<u>19,730,417</u>	<u>286,558,628</u>	<u>413,458,603</u>	<u>19,831,666</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on early retirement				576,572	576,572	
Deferred pension	3,077,722	1,474,868	280,813	1,403,453	6,236,856	1,485,740
Deferred OPEB	487,255	175,735	38,306	212,480	913,776	184,983
Total deferred outflows of resources	<u>3,564,977</u>	<u>1,650,603</u>	<u>319,119</u>	<u>2,192,505</u>	<u>7,727,204</u>	<u>1,670,723</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total Enterprise Funds	
LIABILITIES						
Current liabilities						
Accounts payable	2,263,319	148,058	90,976	646,937	3,149,290	191,930
Contracts payable	337,951	107,111	261,126	2,834,926	3,541,114	1,722
Contracts payable - retainage			50,150	1,064,898	1,115,048	
Due to other funds	373,584	272,209	27,464	171,433	844,690	855,121
Due to other governments			9,750		9,750	
Compensated absences payable	133,699			26,319	160,018	13,822
Claims and judgments payable					0	1,093,000
Unearned revenue	281,820			30,517,713	30,799,533	75,000
Deposits			1,007	82,706	83,713	14,833
Payable from restricted assets						
Notes payable	1,832,000			8,489,000	10,321,000	
Accrued interest payable	114,107			697,450	811,557	
Total current liabilities	<u>5,336,480</u>	<u>527,378</u>	<u>440,473</u>	<u>44,531,382</u>	<u>50,835,713</u>	<u>2,245,428</u>
Noncurrent liabilities						
Compensated absences payable	811,219	445,921	104,727	463,177	1,825,044	355,909
Advances from other funds	380,760	129,673		37,471	547,904	29,785
Claims and judgments payable					0	3,485,294
Notes payable	9,719,000			36,981,000	46,700,000	
Net pension liability	8,235,086	4,049,544	671,843	3,746,641	16,703,114	3,480,707
Total OPEB liability	<u>2,679,165</u>	<u>974,442</u>	<u>218,296</u>	<u>1,226,339</u>	<u>5,098,242</u>	<u>1,071,360</u>
Total noncurrent liabilities	<u>21,825,230</u>	<u>5,599,580</u>	<u>994,866</u>	<u>42,454,628</u>	<u>70,874,304</u>	<u>8,423,055</u>
Total liabilities	<u>27,161,710</u>	<u>6,126,958</u>	<u>1,435,339</u>	<u>86,986,010</u>	<u>121,710,017</u>	<u>10,668,483</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred pension	1,635,203	1,139,752	174,125	1,503,137	4,452,217	1,121,169
Deferred OPEB	<u>1,386,100</u>	<u>533,061</u>	<u>99,065</u>	<u>657,185</u>	<u>2,675,411</u>	<u>552,835</u>
Total deferred outflows of resources	<u>3,021,303</u>	<u>1,672,813</u>	<u>273,190</u>	<u>2,160,322</u>	<u>7,127,628</u>	<u>1,674,004</u>
NET POSITION						
Net investment in capital assets	57,333,648	4,835,236	15,805,050	135,003,741	212,977,675	1,963,539
Restricted						
Debt service				3,369,612	3,369,612	
Renewal and replacement				12,122,000	12,122,000	
Operations and maintenance				4,841,500	4,841,500	
Unrestricted	<u>16,180,891</u>	<u>(3,947,421)</u>	<u>2,535,957</u>	<u>44,267,948</u>	<u>59,037,375</u>	<u>7,196,363</u>
Total net (deficit) position	<u>\$ 73,514,539</u>	<u>\$ 887,815</u>	<u>\$ 18,341,007</u>	<u>\$ 199,604,801</u>	<u>\$ 292,348,162</u>	<u>\$ 9,159,902</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Operating revenues:						
Charges for services	\$ 50,804,613	\$ 8,867,686	\$ 2,809,593	\$ 22,276,241	\$ 84,758,133	\$ 5,295,635
Insurance					-	18,220,841
Fines and forfeits		93,623			93,623	
Other	345,919	112,528	93,927	30,925	583,299	15,812
Total operating revenues	51,150,532	9,073,837	2,903,520	22,307,166	85,435,055	23,532,288
Operating expenses:						
Gas purchases	17,854,382				17,854,382	
Salaries and employee benefits	4,493,900	3,485,121	764,443	4,139,037	12,882,501	3,413,781
Materials and supplies	1,251,405	585,043	20,626	188,700	2,045,774	83,982
Repairs and maintenance	546,957	1,318,734	95,378	1,842,300	3,803,369	231,079
Contractual services	4,052,274	274,161	185,718	4,562,019	9,074,172	1,033,601
Office and utilities	1,634,214	565,006	702,289	2,455,827	5,357,336	487,454
Land fill fees	353	1,155,238			1,155,591	
Overhead allocation	1,352,500	648,100	151,500	687,200	2,839,300	
Premiums and claims expense						16,834,620
Total operating expenses before depreciation	31,185,985	8,031,403	1,919,954	13,875,083	55,012,425	22,084,517
Operating income (loss) before depreciation	19,964,547	1,042,434	983,566	8,432,083	30,422,630	1,447,771
Depreciation	2,798,495	496,843	1,302,123	11,518,372	16,115,833	340,947
Operating income (loss)	17,166,052	545,591	(318,557)	(3,086,289)	14,306,797	1,106,824
Nonoperating revenues (expenses):						
Investment interest	109,338	7,535	10,243	250,121	377,237	69,557
Interest expense	(228,214)	(4,445)		(1,498,587)	(1,731,246)	
Amortization of bond expense	(11,516)				(11,516)	
Insurance recoveries			1,650,924		1,650,924	
Gain (loss) on disposal of capital assets	11,619	19,650	(39,000)	60,050	52,319	
Total nonoperating revenues (expenses)	(118,773)	22,740	1,622,167	(1,188,416)	337,718	69,557
Income (loss) before contributions and transfers	17,047,279	568,331	1,303,610	(4,274,705)	14,644,515	1,176,381
Contributions and transfers:						
Contributions						
Federal and state grants			1,029,365	16,252,126	17,281,491	
Passenger facility charge				4,314,643	4,314,643	
Passenger facility charge - Interest				3,308	3,308	
Contributed capital (to) from other funds	(24,459)		3,161		(21,298)	
Donations				2,158,895	2,158,895	
Transfers in (out)	(8,000,000)		87,660	945,850	(6,966,490)	
Total contributions and transfers	(8,024,459)	-	1,120,186	23,674,822	16,770,549	-
Change in net position	9,022,820	568,331	2,423,796	19,400,117	31,415,064	1,176,381
Net position at beginning of year	64,491,719	319,484	15,917,211	180,204,684	260,933,098	7,983,521
Net position at end of year	\$ 73,514,539	\$ 887,815	\$ 18,341,007	\$ 199,604,801	\$ 292,348,162	\$ 9,159,902

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Cash flows from operating activities:						
Cash received from customers	\$ 50,485,543	\$ 9,008,557	\$ 2,567,822	\$ 21,078,564	\$ 83,140,486	\$ 18,467,985
Cash received from other funds					0	5,834,083
Cash payments to suppliers for goods and services	(25,943,848)	(4,517,895)	(1,183,326)	(9,233,267)	(40,878,336)	(19,207,666)
Cash payments to employees for services	(5,807,027)	(4,038,431)	(904,486)	(4,757,708)	(15,507,652)	(4,090,193)
Net cash provided by (used for) operating activities	18,734,668	452,231	480,010	7,087,589	26,754,498	1,004,209
Cash flows from noncapital financing activities:						
Advance from (to) other funds	(77,695)	(104,061)		(23,240)	(204,996)	204,996
Due (from) to other funds				(10,497,406)	(10,497,406)	
Net transfers	(8,000,000)				(8,000,000)	
Net cash provided by (used for) noncapital financing activities	(8,077,695)	(104,061)	0	(10,520,646)	(18,702,402)	204,996
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(7,064,409)	(1,547,607)	(928,272)	(1,708,482)	(11,248,770)	(77,488)
Acquisition of capital assets with grant monies			(344,188)	(10,755,051)	(11,099,239)	
Proceeds from sale of assets	13,836	19,650		60,050	93,536	
Contributions from other governments			202,693	12,246,623	12,449,316	
Contributions from tenants				30,517,713	30,517,713	
Contributions from customers				6,850,664	6,850,664	
Acquisition of capital assets with contributions				(652,148)	(652,148)	
Principal paid on capital debt	(1,795,000)			(2,605,000)	(4,400,000)	
Interest paid on capital debt	(246,217)	(4,445)		(1,478,536)	(1,729,198)	
Proceeds from capital lease	315,547				315,547	
Net cash provided by (used for) capital and related financing activities	(8,776,243)	(1,532,402)	(1,069,767)	32,475,833	21,097,421	(77,488)
Cash flows from investing activities:						
Sale (purchase) of investments	5,170,686	1,254,682	(112,566)	1,564,534	7,877,336	2,978,149
Sale (purchase) of intangible asset	(82,250)					
Interest on investments	109,338	7,535	10,243	250,121	377,237	69,557
Proceeds from insurance claim			1,650,924		1,650,924	
Net cash provided by (used for) investing activities	5,197,774	1,262,217	1,548,601	1,814,655	8,254,573	3,047,706
Net increase (decrease) in cash and cash equivalents	7,078,504	77,985	958,844	30,857,431	37,404,090	4,179,423
Cash and cash equivalents at beginning of year	5,891,601	668,555	388,328	15,111,414	22,059,898	3,440,918
Cash and cash equivalents at end of year	\$ 12,970,105	\$ 746,540	\$ 1,347,172	\$ 45,968,845	\$ 59,463,988	\$ 7,620,341

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
RECONCILIATION OF OPERATING INCOME (LOSS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Operating income (loss)	\$ 17,166,052	\$ 545,591	\$ (318,557)	\$ (3,086,289)	\$ 14,306,797	\$ 1,106,824
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	2,798,495	496,843	1,302,123	11,518,372	16,115,833	340,947
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	31,221	(9,137)	132,410	(613,680)	(459,186)	31,420
(Increase) decrease in inventory	4,628				4,628	(761,728)
(Increase) decrease in due from other funds	(731,252)				(731,252)	44,000
(Increase) decrease in due from other governments		36,800			36,800	(8,250)
(Increase) decrease in prepaid expense	21,779	129	(2,055)	(6,304)	13,549	55,145
Increase (decrease) in accounts payable	564,025	(27,698)	(64,743)	312,699	784,283	72,688
Increase (decrease) in contracts payable	218,713		28,950	350,073	597,736	(30,901)
Increase (decrease) in due to other funds	16,774	37,231	9,208	38,772	101,985	723,663
Increase (decrease) in due to other governments					0	
Increase (decrease) in deposits		(187)	(458,075)	(614,341)	(1,072,603)	(31,374)
Increase (decrease) in claims and judgments					0	132,103
Increase (decrease) in deferred revenue	192,847				192,847	(25,000)
Increase (decrease) in compensated absences	54,889	76,631	(22,069)	34,519	143,970	30,361
Increase (decrease) in net OPEB obligation	34,129	13,708	2,518	15,948	66,303	13,985
Increase (decrease) in net pension liability	(1,637,632)	(717,680)	(129,700)	(862,180)	(3,347,192)	(689,674)
Net cash provided by (used for) operating activities:	<u>\$ 18,734,668</u>	<u>\$ 452,231</u>	<u>\$ 480,010</u>	<u>\$ 7,087,589</u>	<u>\$ 26,754,498</u>	<u>\$ 1,004,209</u>
Noncash investing, capital, and financing activities:						
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	Internal Service Funds
Amortization of bond expense	\$ (11,516)	\$	\$	\$ 60,625	\$ 49,109	\$
Contribution of capital assets (to) from other funds	(24,459)		3,161		(21,298)	
Gain (loss) on disposal of capital assets	(2,217)		(39,000)		(41,217)	

The accompanying notes are an integral part of these financial statements.



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CITY OF PENSACOLA, FLORIDA
COMBINED STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

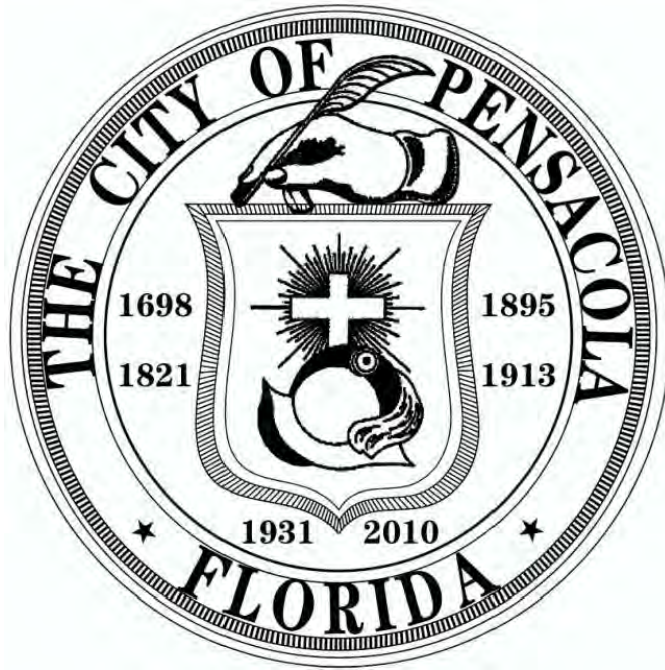
	Total Pension Trust Funds
ASSETS	
Other cash	\$ 633,898
Receivables:	
Employer	531
Employee	39,821
Total receivables	40,352
Investments:	
Short term investments	9,346,069
Debt Securities & Bond Mutual Funds	78,635,958
Convertible Corporate Bonds	30,196,248
Stock Mutual Funds	31,906,587
Mortgage Backed Securities	54,791,446
Commingled Trust Fund	8,722,375
Domestic Stocks	177,329,706
Preferred Stocks	5,749,276
Foreign Stocks	55,991,624
Total investments	452,669,289
Total assets	\$ 453,343,539
LIABILITIES	
Accounts payable	\$ 970,408
Total liabilities	970,408
NET POSITION	
Restricted for pension benefits	\$ 452,373,131

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA, FLORIDA
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Total Pension Trust Funds
Additions:	
Contributions - city	\$ 11,428,476
Contributions - employee	1,114,228
Commission recapture	2,711
Insurance proceeds - State of Florida	1,213,416
Total contributions	<u>13,758,831</u>
Investment income	
Net appreciation	
in fair value of investments	78,853,682
Interest and dividends	7,157,030
	<u>86,010,712</u>
Less investment expense	2,004,962
Net investment income	<u>84,005,750</u>
Total additions	<u>97,764,581</u>
Deductions:	
Pensions paid - employees	24,318,283
Pensions paid - widows	3,658,274
Refunds to employees	26,255
Deferred retirement option plan	1,895,667
Health insurance assistance	100,464
Administrative expenses	321,961
Total deductions	<u>30,320,904</u>
Change in net position	<u>67,443,677</u>
Net position held in trust for pension benefits:	
Beginning of year	<u>384,929,454</u>
End of year	\$ <u><u>452,373,131</u></u>

The accompanying notes are an integral part of these financial statements.



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NOTES TO
FINANCIAL STATEMENTS

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

TOPICAL INDEX

NOTE I- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity	68
Blended Component Unit	69
Discretely Presented Component Unit	69
Joint Ventures Excluded from Reporting Entity.....	69
Government Wide and Fund Financial Statements.....	72
Basis of Accounting, Measurement Focus and Financial Presentation	72
Assets, Liabilities, and Net Position or Equity.....	75
Cash and Cash Equivalents	75
Investments	75
Interfund Receivables/Payables	75
Inventories	75
Prepaid Insurance	75
Restricted Assets.....	76
Capital Assets.....	76
Deferred Outflows/Inflows of Resources	77
Pensions.....	77
Compensated Absences.....	78
Bond Discounts, Issuance Cost, and Refunding Gains and Losses.....	78
Fund Balance.....	78
Net Position	79
Method Used to Value Assets.....	79

NOTE II- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Budget Policies	79
Encumbrances	80

NOTE III- DETAIL NOTES ON ALL FUNDS

Deposits and Investments	80
Pension Funds.....	80
Investments	86
Accounts Receivable	87
Unbilled Utility Service.....	87
Property Tax Calendar and Revenue Recognition	87
Accounts Receivable	87
Unavailable Revenue/Unearned Revenue.....	88
Capital Assets.....	89
Interfund Receivables, Payables, and Transfers.....	92
Fund Balance/Net Position Deficit.....	94
Special Item - Parking Operations Transfer	94
Long Term Debt	95

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Changes in Long Term Debt	99
Summary of Debt Service Requirements to Maturity	100
Debt Restriction	101
Reserves for Pledged Revenue Coverage	102
Direct Borrowings, Direct Placements and Lines of Credit	104
Florida Ports Finance Commission Agreement.....	104
Loans Payable	106
Fund Balance Disclosure	106

NOTE IV-OTHER INFORMATION

Risk Management	115
Pension Plans	117
Pension Plan Financial Statements	117
Pension Plan Descriptions.....	119
Pension Plan Investments.....	123
Pension Plan Receivables.....	123
Pension Plan Allocated Insurance Contract.....	123
Pension Plan Reserves	124
Pension Plan Deferred Retirement Option Program	124
Net Pension Liability	124
Pension Expense and Deferred/Inflows Outflows of Resources related to Pension.....	125
Payable to Pension Plan.....	130
Postemployment Benefits Other than Pensions (OPEB)	130
OPEB General Information about the Plan	131
Total OPEB Liability	132
Changes to Total OPEB Liability	133
OPEB Expense and Deferred/Inflows Outflows of Resources related to OPEB.....	134
Deferred Compensation/Replacement Benefit Program	135
Termination Benefits	136
Litigation	136
Grant Contingencies	136
Contractual, Construction, and Equipment Commitments	136
Lease Obligations.....	137
Tax Abatements.....	138
Other Significant Commitments	139

NOTE V-SUBSEQUENT EVENTS

Subsequent Events	143
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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Pensacola (the “City”) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Statements and Interpretations of the GASB have been applied in the preparation of these financial statements.

A. Reporting Entity

The City operates under a Mayor-Council structure commonly referred to as a “Strong Mayor” form of government. With the Mayor-Council structure, the Council is the governing body of the City with all legislative powers of the City vested therein, which consisted of seven (7) Council Members, one (1) elected from each of the seven (7) election districts of the City. The Mayor is not a member of Council and does not have voting power. The Mayor is elected at large, has a 4-year term in office, will exercise the executive powers of the City and shall not be a member of Council. The Mayor’s term allows for a maximum of three consecutive four-year terms of office. With the Mayor-Council structure, the Mayor replaces the City Manager as the executive head of the City and shall appoint a City Administrator to assist in managing daily operations.

In evaluating the City as a reporting entity, management has addressed 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. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’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 impose a specific financial benefit or burden to the City. Additionally, the primary government is required to consider other organizations for which exclusion of the nature and significance of their relationship with the City would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements represent the City and its component units and entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operation. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit

Community Redevelopment Agency (CRA) - On September 25, 1980, the Pensacola City Council declared itself the CRA pursuant to the provisions of Chapter 163, Part III, Florida Statutes. This action, adopted by Resolution Number 55-80, also outlined the rights, powers, duties, privileges, and immunities invested in the seven-member City Council, acting as the CRA. The City Council selects a chair and a vice-chair from the seven-members of the CRA and approves the annual operating budget. The CRA is considered a blended component unit since the CRA and City has same governing body and management of the primary government has operational responsibility for CRA. The CRA is reported as a special revenue fund of the City. Florida Statute Section 163.387(8) requires an independent audit of the CRA each fiscal year. Audited financial statements of the CRA can be obtained by contacting the City's financial services department: City of Pensacola, 222 West Main Street, Pensacola, FL 32502.

Discretely Presented Component Unit

The component unit column in the combined financial statements include the financial data of the City's discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City. The accounting policies of this discretely presented component unit is the same as those detailed for the City. The City's only discretely presented component unit is the Downtown Improvement Board.

Downtown Improvement Board (DIB) - The DIB was created in April 1972 by Chapter 72-655, Laws of Florida. The DIB is considered a component unit since the Mayor of the City appoints and the Council approves the five-member board. In addition, the City Council approves the budget of the Board, including the proposed millage rate. Audited financial statements of the DIB can be obtained from their administrative office: Downtown Improvement Board, Post Office Box 653, Pensacola, Florida 32593.

Joint Ventures Excluded from the Reporting Entity

The following joint ventures do not meet the criteria for inclusion in the City's financial statements since no financial benefit or burden exists, nor can the City impose its will on the entities.

Escambia - Pensacola Human Relations Commission (HRC) - Created by an interlocal agreement between the Escambia County Board of County Commissioners and the Pensacola City Council in 1974, pursuant to Florida Statutes, for the purpose of promoting fair treatment and equal opportunity to all citizens of the community. On March 7, 2019, the Escambia Board of County Commissioners passed an Ordinance to cease operations and reestablish the Human Relations Commission with a new board. The new Commission is composed of nine members: five selected by the Escambia County Board of County Commissioners, four selected by the City Council, and one selected by the other eight members. There is no current or long-term debt nor does the City control the financial operations of the Commission.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements of HRC can be obtained from their administrative office: Escambia Pensacola Human Relations Commission, 150 West Maxwell St., Pensacola, Florida, 32501.

Summary financial statements including fiduciary funds of these entities are as follows:

**HRC
Statement of Net Position
September 30, 2021
(Unaudited)**

Assets	\$ <u>18,169</u>
Liabilities	<u>-</u>
Net Position:	
Restricted	49,322
Unrestricted	<u>(31,153)</u>
Total Net Position	<u>18,169</u>
Total Liabilities and Net Position	\$ <u><u>18,169</u></u>

**HRC
Statement of Revenues, Expenses
and Changes in Net Position
for the Fiscal Year Ended September 30, 2021
(Unaudited)**

Revenue	\$ 33,053
Expenses	<u>64,206</u>
Excess of revenue over (under) expenses	<u>(31,153)</u>
Net position Beginning of Year	<u>49,322</u>
Net position at End of Year	\$ <u><u>18,169</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensacola - Escambia County Promotion and Development Commission (PEDC) - Created in 1967 by Chapter 67-1365, Laws of Florida, amended in 1989 by House Bill 984, for the purpose of promoting and developing the industrial, commercial and tourist potential of the County, increasing employment opportunities, improving the economic environment, and expanding the tax base. The nine-member commission consists of representatives from the Escambia County Board of County Commissioners, the Pensacola City Council, the Pensacola Area Chamber of Commerce, and the Town of Century and Tourist Advisory Council. Escambia County and the City of Pensacola each contribute to the operation and maintenance of the PEDC, but neither has control over the financial operations of the PEDC nor can it impose its will.

Complete financial statements of PEDC can be obtained from their administrative office: Pensacola - Escambia County Promotion and Development Commission, 117 West Garden Street, Pensacola, Florida, 32502.

Summary financial statements including fiduciary funds of these entities are as follows:

PEDC
Statement of Net Position
September 30, 2021
(Audited)

Assets	\$ <u>6,732,016</u>
Liabilities	<u>2,315,602</u>
Net Position:	
Restricted	61,198
Unrestricted	<u>4,355,216</u>
Total Net Position	<u>4,416,414</u>
Total Liabilities and Net Position	\$ <u><u>6,732,016</u></u>

PEDC
Statement of Revenues, Expenses
and Changes in Net Position
for the Fiscal Year Ended September 30, 2021
(Audited)

Revenue	\$ 776,853
Expenses	<u>805,796</u>
Excess of revenue over (under) expenses	<u>(28,943)</u>
Net position Beginning of Year	<u>4,445,357</u>
Net position at End of Year	\$ <u><u>4,416,414</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonfiduciary activities of the primary government and its component units. The City's fiduciary funds are not presented in the government-wide financial statements since by definition, the assets cannot be used to address activities or obligations of the City (i.e., the assets are being held for the benefit of pension participants). The purpose of the government-wide financial statements is to provide a consolidated financial picture of all City activities. The internal service funds provide services to departments throughout the City; therefore, their direct expenses are eliminated functionally on the government-wide financial statements with the exception of internal payments that qualify as interfund services provided and used. Governmental activities, supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges to customers for support. Likewise, the primary government is reported separately from the discretely presented component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. The purpose of categorizing direct expenses according to function and revenues according to program is to provide an analysis of activities that are revenue sufficient and those that use the support of general revenues. Direct expenses are those expenses that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Individual fund 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. All other funds (nonmajor) are combined according to their category, governmental or business-type, and are reported in a single column. Combining statements for nonmajor funds are found in the Combining Financial Statements section.

C. Basis of Accounting, Measurement Focus and Financial Presentation

The basis of accounting refers to when revenues, expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 revenues as soon as all eligibility 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 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, revenues are considered 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, public service taxes, communication service tax, local business tax, local option gasoline tax, local option sales tax, lease revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

General Fund - used to account for all financial resources except those required to be accounted for in another fund. All general property taxes, fines, property rentals and certain intergovernmental revenues are recorded in this fund. Typical expenditures are for administration, planning, parks and recreation, public works, and public safety.

Housing Assistance Payments - a special revenue fund that accounts for the proceeds awarded from federal and state agencies that are legally restricted to expenditures for specific purposes.

Natural Disaster Fund - to account for federal and state monies received and expended for disaster relief because of natural disasters.

American Rescue Plan Act Fund - to account for federal monies received and expended for pandemic relief because of Coronavirus virus.

Local Option Sales Tax – a capital projects fund that accounts for the local option infrastructure sales surtax (pursuant to Florida Statutes 212.055) to provide for the construction of various infrastructure improvements including park and recreation improvements, street resurfacing and reconstruction, and payment of associated debt.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

Utility Fund – accounts for the assets, operation, and maintenance of the City-owned natural gas service.

Sanitation Fund – accounts for the assets, operation and maintenance of the City-owned garbage and trash services.

Port Fund – accounts for the assets, operation, and maintenance of the City-owned port facility.

Airport Fund – accounts for the assets, operation, and maintenance of the City-owned airport.

Additionally, the government reports the following fund types:

Internal Service Funds (ISF) account for services provided to various City departments on a cost reimbursement basis. The services provided include a central warehouse inventory, fleet maintenance, engineering, management information services and a risk management (insurance) program. ISFs are reported as a governmental activity within the government-wide financial statements. Individual fund statements are provided in the Combining Financial Statements section.

Fiduciary Funds are trust funds that account for assets held by the City in a trustee capacity for individuals, other governmental units and/or other funds and include the City's General, Firemen's and Police Officers' pension funds. Fiduciary funds are not included in government-wide financial statements, however, a statement of net position and a statement of changes in net position are included as part of the basic financial statements with individual fund statements presented in the Combining Financial Statements section.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Those revenues not clearly defined as program revenues are categorized as general revenue. General revenues include resources such as taxes, franchise fees, interest, and sale of assets. As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

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 enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents/Investments

The City of Pensacola has defined *cash and cash equivalents* as cash held at a depository and cash on hand for operating purposes and those investments which are short term and highly liquid. Generally, those investments have original maturities of three (3) months or less. Cash equivalents normally consist of treasury bills, certificates of deposit and money market funds.

All monies, which are not legally restricted to separate administration, are pooled together for investment purposes while each individual fund and/or account is maintained on a daily transaction basis. Investment earnings are distributed in accordance with the participating funds' relative equity.

2. Investments

All investments held by the City of Pensacola, including defined benefit pension plans and debt securities are reported at fair value.

3. Interfund Receivables/Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected as "due to/from other funds" for the current portion of the receivable/payable or as "advance to/from other funds" for the noncurrent portion of the receivable/payable. Government-wide financial statements eliminate transactions occurring within like-kind activities (i.e., governmental to governmental or business-type to business-type). The residual balance between activities is reported in the government-wide financial statements as "internal balances". Fund financial statements present the entire transaction on the balance sheet as "due to/from other funds" and/or "advance to/from other funds".

4. Inventories

Inventories included in the internal service fund's General Stock Fund consist primarily of utility stores, automotive supplies, and fuel for purchase by City departments. Inventories included in the Golf Fund consist of inventories held for resale to the public. All inventories are accounted for by the consumption method and are valued at cost, which approximates market, using the first in, first out method. Appropriate allowances have been made for obsolete and surplus items.

5. Prepaid Insurance

The City of Pensacola accounts for property insurance premiums using the consumption method. Property insurance premiums for both governmental and enterprise funds are paid quarterly, with a term year beginning May 1st resulting in a prepaid insurance premium for the month of October.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Restricted Assets

Certain assets of both governmental and business-type activities are restricted by specific provisions of bond resolutions, grant agreements, agreements with outside parties or restricted by City Council or management for a specific purpose. Assets such as these are restricted since their use is limited.

7. Capital Assets

Capital assets, which include land, buildings, equipment, improvements other than buildings, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, works of art and similar items, and capital assets received in service concession arrangements are reported at acquisition value as of 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.

The City does not capitalize interest on borrowings used to finance the construction of general capital assets. Interest on capital assets is capitalized for proprietary funds; however, when the expense during construction is netted against the related income, the resulting amount is typically immaterial.

The Utility Fund reports intangible assets on the face of the financial statements of \$37,026 and \$74,025. The intangible asset is recorded as the excess of the purchase price over the fair market value of assets acquired and is amortized on a straight-line basis over an estimated useful life of forty years and ten years respectively.

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

Buildings	15 - 50 years
Improvements other than buildings	15 - 50 years
Infrastructure	15 - 50 years
Machinery and equipment	3 - 10 years
Utility lines and extensions	40 - 50 years
Vehicles and heavy equipment	5 - 25 years

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. 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, deferred outflows of resources, 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 government only has two items that qualify for reporting in this category.

One is the deferred loss on early retirement reported in the proprietary statement of net position as well as the government-wide statement of net position. A deferred loss on early retirement results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is deferred charge on pension and/or Other Postemployment Benefits (OPEB) contributions made by the employer after measurement date and changes in benefits, assumptions, and differences between actual and expected returns.

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 position that applies to a future period(s) and so will not be recognized an inflow of resources (revenue) until that time. The government has three items that qualify for reporting in this category. Unavailable revenue which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as: special assessments, lease receivables and note receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second is a deferred gain on early retirement reported in the proprietary statement of net position as well the government-wide statement of net position. A deferred gain on early retirement results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third is deferred pension and/or OPEB as well as pension and/or OPEB expenses as a result in changes benefits, assumptions, and differences between actual and expected returns.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the City's pension plans and additions to/deductions from these plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Compensated Absences

It is the policy of the City to permit general employees to accumulate up to 500 hours of earned but unused leave benefits (Paid Time Off - PTO), Senior Executive Services (SES) employees may accumulate up to 600 hours of PTO plus 250 hours of retention leave, fire employees may accumulate up to 720 hours of PTO, police sergeants, lieutenants and captains may accumulate up to 500 hours PTO and police officers may accumulate up to 900 hours PTO, which can be paid to the employee upon separation from service. Employees who separate service in good standing can be paid the balance of their accrued PTO. Unpaid compensated absences are recorded as a liability when the benefits are earned in both the government-wide financial statements and proprietary fund financial statements. Governmental funds within the fund financial statements are not required to record a liability of accumulated amounts of unused leave benefits.

11. Bond Discounts, Issuance Cost, and Refunding Gains and Losses

In the government-wide financial statements and proprietary 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 type statement of net position. Capital appreciation bonds are reported at their accreted value which is computed at the end of each fiscal year. Bond premiums and discounts, as well as prepaid insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when paid. Bonds payable are reported net of the applicable bond premium or discount. Bond refunding gains and losses are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method. Bond refunding gains are presented as deferred inflows of resources while losses are presented as deferred outflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs (whether or not withheld from the actual debt proceeds received), during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

12. Fund Balance

GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are non-spendable, restricted, committed, assigned and unassigned. Each classification reflects the nature and extent to which a restriction is placed upon fund balance.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt.

Restricted Net Position are liquid assets (generated from revenues and net bond proceeds) which are not accessible for general use because of third-party (statutory, bond covenant or granting agency) limitations.

Unrestricted Net Position represents unrestricted assets.

14. Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

NOTE II. – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Budget Policies

In accordance with the City Charter, the Mayor prepares and submits the annual budget and capital program to City Council. Once the budget is adopted by City Council, budget amendments are administered in accordance with Chapter 166.241, Florida Statutes, and the procedure established in the Financial Planning and Administration Policy adopted by City Council Resolution.

The Budget Policies outlined in the Financial Planning and Administration Policy allow the Mayor (or designee) to authorize budget amendments if the total appropriations of the fund are not changed. Specifically, the Mayor (or designee) shall have the authority to transfer appropriations between expenditure categories and between departments or programmatic activities except that amounts appropriated for capital outlay cannot be transferred to any other expenditure category provided no transfer shall be made from the appropriations that are contrary to Florida Law. Further, management has established budgetary control within each fund at the line-item level.

Authorized staff within each department may request budget amendments between line items or between departments within a fund subject to final determination by the Finance Director as the Mayor's designee.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE II. – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Additionally, in accordance with Chapter 166.241, Florida Statutes, appropriations within a fund may only be decreased or increased by resolution with City Council approval. Expenditures for each fund may not legally exceed the total fund appropriation.

A legally adopted budget is employed as a control device for the General Fund, Special Revenue Funds and Debt Service Funds. Enterprise, Capital Projects, and Internal Service Funds are budgeted on a limited non-GAAP basis for management control purposes.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. The budget for the subsequent year provides a re-appropriation of funds to complete transactions for outstanding encumbrances.

NOTE III. - DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

1. Pension Funds

The City's pension funds contain investments in certain bonds that are actually mortgage-backed and asset-backed securities which could be classified as "derivative" investments under GASB Technical Bulletin No. 94-1. These securities are based on cash flows from interest and principal payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result in a decline of interest rates. The City invests in interest and principal securities (a form of mortgage-backed and asset-backed securities) in part to maximize yields and in part to hedge against a rise in interest rates. These investments are within the investment policy guidelines for the pension funds.

Interest Rate Risk. The City's General, Fire and Police Pension Plans each have funds invested in bond mutual funds. Each plan has its own investment policy, which restricts the investments that the mutual funds can hold. The policy limits the percentage of plan assets invested in bonds but does not place limits on the length of the maturities.

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's General, Fire and Police Pension Plans investment policies do not address restrictions on the credit risk of investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City's retirement plans will not be able to recover the value of their investments that are in the possession of an outside party. The Retirement Plans' Board of Trustees has contracts with each of their money managers which include a requirement that coverage be provided to protect the City's retirement plans from any losses incurred arising out of the money manager's negligence. Therefore, the City does not have a custodial credit risk.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

The General Pension and Retirement investment plan weighted average maturities, amounts and ratings are as follows:

General Pension Investment	Weighted Average Maturity	Amount	Rating
Short term investments	Current	\$ 3,700,423	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	5.01 years	8,327,887	A1 - A3
Corporate Bonds	5.74 years	4,913,352	Aaa
Corporate Bonds	7.09 years	194,490	Aa1 - Aa3
Corporate Bonds	4.96 years	7,861,736	Baa1 - Baa3
Corporate Bonds	3.38 Years	4,827,148	Rating Unavailable
Limited Partnerships	Current	313,250	N/A
Convertible Corporate Bonds			
Corporate Bonds	3.59 years	127,759	A1 - A3
Corporate Bonds	7.96 years	245,095	B1 - B3
Corporate Bonds	3.60 years	221,927	Ba1 - Ba3
Corporate Bonds	4.23 years	312,719	Baa1 - Baa3
Corporate Bonds	4.39 years	12,523,249	Rating Unavailable
Stock Mutual Funds	Current	2,706,318	N/A
Mortgage Backed Securities			
Mortgage Backed Securities	13.31 years	6,024,474	Aaa
Real Estate Investment Trust	Current	17,603,886	N/A
Domestic Stocks	Current	65,713,313	N/A
Commingled Trust Fund	Current	259,977	N/A
Preferred Stocks	Current	2,583,288	N/A
Foreign Stocks	Current	30,655,704	N/A
Total General Pension Investments		\$ 169,115,995	

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

The Firefighters' Relief and Pension investment plan weighted average maturities, amounts and ratings are as follows:

Fire Pension	Weighted Average Maturity	Amount	Rating
Short term investments	Current	\$ 4,167,893	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	4.59 years	7,001,786	A1 - A3
Corporate Bonds	5.74 years	6,257,794	Aaa
Corporate Bonds	7.09 years	133,072	Aa1 - Aa3
Corporate Bonds	5.18 years	5,273,706	Baa1 - Baa3
Corporate Bonds	8.60 years	6,840,281	Rating Unavailable
Limited Partnership	Current	160,822	N/A
Convertible Corporate Bonds			
Corporate Bonds	3.59 years	159,598	A1 - A3
Corporate Bonds	7.96 years	303,396	B1-B2
Corporate Bonds	3.60 years	273,125	Ba1-Ba3
Corporate Bonds	4.23 years	378,450	Baa1 - Baa3
Corporate Bonds	4.32 years	15,650,930	Rating Unavailable
Stock Mutual Funds	Current	29,200,269	N/A
Mortgage Backed Securities			
Mortgage Backed Securities	13.45 years	2,913,594	Rating Unavailable
Real Estate Investment Trust	Current	7,103,282	N/A
Commingled Trust Fund	Current	8,462,398	N/A
Domestic Stocks	Current	49,915,428	N/A
Preferred Stocks	Current	3,165,988	N/A
Foreign Stocks	Current	1,987,903	N/A
Total Fire Pension Investments		\$ 149,349,715	

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

The Police Officers' Retirement investment plan weighted average maturities, amounts and ratings are as follows:

Police Pension	Weighted Average Maturity	Amount	Rating
Short term investments	Current	\$ 1,477,753	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	4.90 years	6,619,510	A1 - A3
Corporate Bonds	10.27 years	7,158,854	Aaa
Corporate Bonds	7.09 years	158,663	Aa1 -Aa3
Corporate Bonds	4.90 years	6,720,137	Baa1-Baa3
Corporate Bonds	4.22 years	2,692,803	Rating Unavailable
Bond Mutual Funds		3,180,667	Rating Unavailable
Mortgage Backed Securities			
Mortgage Backed Securities	14.92 years	9,475,962	Rating Unavailable
Real Estate Investment Trust	Current	11,670,248	N/A
Domestic Stocks	Current	61,700,965	N/A
Foreign Stocks	Current	23,348,017	N/A
Total Police Pension Investments		\$ 134,203,579	

The gross unrealized gains and losses for the marketable equity securities in the pension funds for the fiscal year ended were as follows:

	General Pension and Retirement Fund	Firefighters' Relief and Pension Fund	Police Officers' Retirement Fund	Totals
Unrealized Gains	\$ 31,502,378	\$ 29,230,069	\$ 16,744,888	\$ 77,477,335
Unrealized Losses	(17,215,258)	(16,877,344)	(6,461,353)	(40,553,955)
Net Unrealized Gains	\$ 14,287,120	\$ 12,352,725	\$ 10,283,535	\$ 36,923,380

The average cost method is used in computing realized gains and losses on the sale of marketable equity securities.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of September 30, 2021:

<u>General Pension Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>9/30/2021</u>
Investments by Fair Value Level				
Short Term Investments	\$ 3,700,423	\$	\$	3,700,423
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		26,124,613		26,124,613
Limited Partnerships	313,250			313,250
Total Debt Securities & Bond Mutual Funds	<u>4,013,673</u>	<u>26,124,613</u>	<u>-</u>	<u>26,437,863</u>
Convertible Corporate Bonds		13,430,749		13,430,749
Stock Mutual Funds	2,706,318			2,706,318
Mortgage Backed Securities:				
Mortgage Backed Securities		6,024,474		6,024,474
Real Estate Investment Trust			17,603,886	17,603,886
Total Mortgage Baked Securities	<u>-</u>	<u>6,024,474</u>	<u>17,603,886</u>	<u>23,628,360</u>
Domestic Stocks	65,713,313			65,713,313
Commingled Trust Fund	259,977			259,977
Preferred Stocks	2,583,288			2,583,288
Foreign Stocks	30,655,704			30,655,704
Total Investments measured at fair value	<u>\$ 109,632,696</u>	<u>\$ 45,579,836</u>	<u>\$ 17,603,886</u>	<u>\$ 169,115,995</u>

Short term investments, debt securities, stock mutual funds, commingled trust fund and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities, convertible corporate bonds and mortgage-backed securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Mortgage-backed securities are valued using valuation methodologies including pricing models and discounted cash flow models. Level 3 valuations incorporate subjective judgements and consider assumptions including capitalization rates, discount rates, cash flows and other factors that are not observable in the market.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

<u>Fire Pension Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>9/30/2021</u>
Investments by Fair Value Level				
Short Term Investments	\$ 4,167,893	\$	\$	\$ 4,167,893
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		25,506,639		25,506,639
Limited Partnerships	160,822			160,822
Total Debt Securities & Bond Mutual Funds	<u>160,822</u>	<u>25,506,639</u>	<u>-</u>	<u>25,667,461</u>
Convertible Corporate Bonds		16,765,499		16,765,499
Stock Mutual Funds		14,670,504	14,529,765	29,200,269
Mortgage Backed Securities:				
Mortgage Backed Securities		2,913,594		2,913,594
Real Estate Investment Trust			7,103,282	7,103,282
Total Mortgage Baked Securities	<u>-</u>	<u>2,913,594</u>	<u>7,103,282</u>	<u>10,016,876</u>
Domestic Stocks	49,915,428			49,915,428
Commingled Trust Fund	8,462,398			8,462,398
Preferred Stocks	3,165,988			3,165,988
Foreign Stocks	1,987,903			1,987,903
Total Investments measured at fair value	<u>\$ 67,860,432</u>	<u>\$ 59,856,236</u>	<u>\$ 7,103,282</u>	<u>\$ 149,349,715</u>

Short term investments, debt securities, commingled trust fund and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities, convertible corporate bonds, and mortgage-backed securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Mutual funds, and mortgage-backed classified in Level 3 are valued using valuation methodologies including pricing models and discounted cash flow models. Level 3 valuations incorporate subjective judgements and consider assumptions including capitalization rates, discount rates, cash flows and other factors that are not observable in the market.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

<u>Police Pension Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>9/30/2021</u>
Investments by Fair Value Level				
Short Term Investments	\$ 1,477,753	\$	\$	\$ 1,477,753
Debt Securities & Bond Mutual Funds:				
Corporate Bonds	5,999,735	17,350,232		23,349,967
Bond Mutual Funds			3,180,667	3,180,667
Total Debt Securities & Bond Mutual Funds	<u>5,999,735</u>	<u>17,350,232</u>	<u>3,180,667</u>	<u>26,530,634</u>
Mortgage Backed Securities:				
Mortgage Backed Securities		9,475,962		9,475,962
Real Estate Investment Trust			11,670,248	11,670,248
Total Mortgage Baked Securities	<u>-</u>	<u>9,475,962</u>	<u>11,670,248</u>	<u>21,146,210</u>
Domestic Stocks	61,700,965			61,700,965
Foreign Stocks	23,348,017			23,348,017
Total Investments by Fair Value	<u>\$ 92,526,470</u>	<u>\$ 26,826,194</u>	<u>\$ 14,850,915</u>	<u>\$ 134,203,579</u>

Short term investments, debt securities and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and mortgage-backed securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Bond Mutual Funds and mortgage-backed securities classified in Level 3 are valued using valuation methodologies including pricing models and discounted cash flow models. Level 3 valuations incorporate subjective judgements and consider assumptions including capitalization rates, discount rates, cash flows and other factors that are not observable in the market.

2. Investments

The City's investments of \$105,000,000 are in certificates of deposits with maturities that range from December 2021 to April 2022 and have a weighted average maturity of one year. These investments are not subject to level disclosure in the fair value hierarchy.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

B. Accounts Receivable

1. Unbilled Utility Services

All utility billing is performed on a cyclical basis which gives rise to unbilled gas services at the end of any given period. The City has recorded estimated accounts receivable and the related revenues based on the number of days of unbilled services for each cycle as of the end of the fiscal year.

2. Property Tax Calendar and Revenue Recognition

Escambia County Constitutional Officers perform all appraisals, assessments, and collections of City property taxes as an agent for the City of Pensacola. Property valuations are determined each year as of January 1. All property taxes are levied and become due and payable on November 1. The collection period is from November 1 through March 31, with discounts allowed of 4, 3, 2 and 1 percent for early payment in November through February, respectively. All taxes become delinquent on April 1 in the year following assessment, and tax certificates are sold on all real property with unpaid taxes as of June 1. Property tax revenue recognition occurs during the fiscal year of levy (the year the property tax revenue was intended to finance).

As of November 2001, the City of Pensacola assessed a stormwater fee to provide additional revenue for stormwater management improvements. The fee is billed annually by the Escambia County Property Tax Collector on the November property tax roll with the exception of government owned property which is billed directly by the City. The stormwater fee is subject to the same collection laws, discounts and penalties as are property taxes. Stormwater revenues are recognized during the fiscal year in which it is billed.

3. Accounts Receivable

Account receivables are shown net of allowances for doubtful accounts as follows:

	Accounts		
	Receivable	Allowance	Net
Governmental activities:			
General Fund	\$ 2,000,505	\$	\$ 2,000,505
Housing Assistance Payments Fund	1,565,740	1,213,371	352,369
Nonmajor Governmental Funds	462,836		462,836
Internal Service Fund	663,356		663,356
Total governmental activities	<u>\$ 4,692,437</u>	<u>\$ 1,213,371</u>	<u>\$ 3,479,066</u>
Business-type activities:			
Utility Fund	\$ 5,290,740	\$ 425,606	\$ 4,865,134
Sanitation Fund	837,904	71,472	766,432
Port Fund	286,272		286,272
Airport Fund	2,447,209		2,447,209
Total business-type activities	<u>\$ 8,862,125</u>	<u>\$ 497,078</u>	<u>\$ 8,365,047</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Unavailable/Unearned Revenue

Governmental funds report a deferred inflow of resources in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not-yet earned. Amounts that are “unavailable” are not reported as a deferred inflow of resources in entity-wide statements. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Special assessments	\$ 13,865	\$
Leases – Land/ROW receivables	52,068	
Prepaid lease payments		212,076
Occupational license fees and fines received for subsequent year		648,867
Special Revenue Funds		
HUD - HCV Cares Act Funding		87,803
HUD - Fraud Recovery	352,369	
CDBG - Housing Rehab Project notes receivable	362,457	
Golf Course- Lease receivables	1,500	
Parks Recreation - Lease receivables	2,000	
Tennis Center- Lease receivables	23,438	
CMP - Use Fee		71,874
CMP - Leases		17,830
CMP - Unearned office rent		7,538
American Rescue Act Funding		8,134,073
Home Reconstruction Loans	555,995	
Grant request and draws prior to meeting all requirements		192,580
	<u>\$ 1,363,692</u>	<u>\$ 9,372,641</u>

The American Rescue Plan grant does not require the City to hold unspent funds in a separate bank account. The unspent monies is not earned so it is not a component of net position at the fund or government wide level. Since the terms of the grant require the funds to be expended within a set number of years and unspent funds are not considered restricted assets of the government unit, the City does not consider presentation of the unspent monies as restricted assets necessary as of September 30, 2021.

The Airport Fund includes \$30,511,325 in unearned revenue related to an advance on project funding as required by the “Project Development Agreement” between VTMAE and the City. This agreement stipulates the timing and use of the funding for the development of a commercial aircraft maintenance, repair, and overhaul (“MRO”) campus at Pensacola International Airport. VT MAE will provide a total of \$35,000,000 towards the estimated \$210,125,000 project as further disclosed in Note IV. H. The unspent funds are not considered earned until funds are expended and therefore are not a component of the Airport's net position.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended September 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Non-depreciable assets:				
Land	\$ 21,298,341	\$ 221,410	\$	\$ 21,519,751
Construction in progress	4,075,176	13,724,691	(11,257,538)	6,542,329
Total Non-depreciable assets	<u>25,373,517</u>	<u>13,946,101</u>	<u>(11,257,538)</u>	<u>28,062,080</u>
Depreciable assets:				
Buildings	130,883,446	2,304,865	(3,162)	133,185,149
Improvements	57,959,970	961,735		58,921,705
Infrastructure	147,839,412	7,881,963		155,721,375
Equipment	55,954,084	4,313,024	(1,737,608)	58,529,500
Total Depreciable assets	<u>392,636,912</u>	<u>15,461,587</u>	<u>(1,740,770)</u>	<u>406,357,729</u>
Less accumulated depreciation for:				
Buildings	38,802,390	2,949,532		41,751,922
Improvements	29,299,278	1,960,527		31,259,805
Infrastructure	52,942,881	6,097,673		59,040,554
Equipment	37,431,084	3,696,465	(1,286,354)	39,841,195
Total accumulated depreciation	<u>158,475,633</u>	<u>14,704,197</u>	<u>(1,286,354)</u>	<u>171,893,476</u>
Total depreciable assets net of depreciation	<u>234,161,279</u>	<u>757,390</u>	<u>(454,416)</u>	<u>234,464,253</u>
Governmental activities net capital assets	<u>\$ 259,534,796</u>	<u>\$ 14,703,491</u>	<u>\$ (11,711,954)</u>	<u>\$ 262,526,333</u>

The preceding schedule includes capital assets and accumulated depreciation for both governmental funds and the internal services funds. Per GASB 34 requirements, the internal service funds are reported on the entity-wide statements as a governmental activity. In fiscal year 2021, the net book value of assets held by Internal Service Funds is \$1,963,539. Total depreciation expense for governmental activities for fiscal year 2021 is \$14,769,697. The difference between depreciation expense of \$14,769,697 and the \$14,704,197 increase in accumulated depreciation is \$65,500, which is result of capital assets transferred from business-type activities to government activities that are different from the assets transferred from governmental to business-type activities.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Capital asset activity for business-type activities for the fiscal year ended September 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Non-Depreciable Assets:				
Land	\$ 37,820,092	\$ 577,492	\$	\$ 38,397,584
Construction in Progress	6,722,724	17,314,267	(7,073,049)	16,963,942
Total Non-depreciable assets	<u>44,542,816</u>	<u>17,891,759</u>	<u>(7,073,049)</u>	<u>55,361,526</u>
Depreciable Assets:				
Buildings	188,932,778	42,143		188,974,921
Improvements	216,751,128	11,360,237	(799,656)	227,311,709
Equipment	40,584,643	3,807,688	(1,884,777)	42,507,554
Total Depreciable assets	<u>446,268,549</u>	<u>15,210,068</u>	<u>(2,684,433)</u>	<u>458,794,184</u>
Less accumulated depreciation for:				
Building	92,467,910	6,239,275		98,707,185
Improvements	113,151,078	6,960,673	(760,656)	119,351,095
Equipment	25,602,350	2,981,385	(1,797,357)	26,786,378
Total accumulated depreciation	<u>231,221,338</u>	<u>16,181,333</u>	<u>(2,558,013)</u>	<u>244,844,658</u>
Total depreciable assets net of depreciation	<u>215,047,211</u>	<u>(971,265)</u>	<u>(126,420)</u>	<u>213,949,526</u>
Business-type activities net capital assets	<u>\$ 259,590,027</u>	<u>\$ 16,920,494</u>	<u>\$ (7,199,469)</u>	<u>\$ 269,311,052</u>

Total depreciation expense for business-type activities for fiscal year 2021 is \$16,115,833. The difference between depreciation expense and the increase in accumulated depreciation is \$65,500, which is a result of capital assets transferred from governmental to business-type activities that are different from the assets transferred from business-type to governmental activities.

There are two intangible assets reported in the Utility Fund representing the excess of the purchase price paid over the fair market value of assets acquired. In September 1989, the City purchased the Escambia County Utilities Authority's Timberland Natural Gas Distribution and recorded goodwill of \$131,646. The intangible asset is amortized on a straight-line basis over an estimated useful life of forty years. In October 2021, the City purchased a portion of Okaloosa Gas District service area and recorded goodwill of \$82,250. The intangible asset is amortized on a straight-line basis over an estimated useful life of ten years.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 737,990
Public Safety	2,365,897
Physical Environment	1,858,871
Transportation	2,939,986
Economic Environment	46,304
Culture and Recreation	4,763,324
Unallocated Infrastructure	1,716,378
Capital assets held by governmental type internal service funds are charged to the various functions based on their usage	<u>340,947</u>

Total depreciation expense- governmental activities **\$ 14,769,697**

Infrastructure reported per requirement of GASB 34 is presented as a separate line item instead of a specific function/program.

Business-type activities:

Gas	\$ 2,798,495
Sanitation	496,843
Port	1,302,123
Airport	<u>11,518,372</u>

Total depreciation expense- business-type activities **\$ 16,115,833**

The fifteen-year lease agreement for the City owned Amtrak Station expired May 14, 2008. Rail services for the Sunset Limited route which passes through Northwest Florida have been suspended since 2005 as a result of the damages suffered by Hurricane Katrina. The carrying value for the land and building is approximately \$492,357 as reported in the governmental activities.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

Interfund receivables/payables balances as of September 30, 2021, are as follows:

	<u>Due To</u>	<u>Due From</u>	<u>Advance To</u>	<u>Advance From</u>
Governmental activities:				
General Fund	\$	\$ 854,839	\$	\$
Housing Assistance Fund	33,375			
Natural Disaster Fund	10,497,406			
Nonmajor Governmental Funds	387,703	255,218		
Internal Service Funds	855,122	139,701	577,689	29,785
Total Governmental activities	<u>11,773,606</u>	<u>1,249,758</u>	<u>577,689</u>	<u>29,785</u>
Business-type activities:				
Utility Fund	373,584	871,132		380,760
Sanitation Fund	272,209			129,673
Port Fund	27,464			
Airport Fund	171,433	10,497,406		37,471
Total Business-type activities	<u>844,690</u>	<u>11,368,538</u>	<u>0</u>	<u>547,904</u>
Total governmental and business-type activities	<u>\$ 12,618,296</u>	<u>\$ 12,618,296</u>	<u>\$ 577,689</u>	<u>\$ 577,689</u>

Internal balances-current reported in the government-wide statement of net position in the amount of \$10,523,848 represents the amounts receivable/payable between government and business-type activities for end of year payroll liabilities, risk management claims and inter-fund transfers. Included in the interfund balance is a \$10,497,406 interfund transfer between the Airport Fund and the Natural Disaster Fund. As of September 30, 2021, the City's Natural Disaster Fund had pending reimbursements for unobligated Hurricane Sally repairs and clean-up projects. An interfund loan was made from the Airport Fund to cover the negative cash in the Natural Disaster Fund. Project reimbursement is anticipated to be received in fiscal year 2022.

Internal balances-noncurrent reported in the government-wide statement of net position in the amount of \$547,904 represents the long-term portion of future claims payable by the governmental-type funds to the business type funds. The Insurance Retention Fund and the Central Service Fund are reported in the government-wide statement as governmental activities. Due to/from and Advance to/from are reported in fund financial statements as shown in the schedule above.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

For the year ended September 30, 2021, interfund transfers are as follows:

Governmental activities:			
<u>Major Governmental Funds</u>	Transfer In	Transfer Out	Purpose
General Fund	\$ 8,000,000	\$ 6,182,804	Transfer from Utility Fund Transfer to UCRT, Golf, Eastside TIF, Westside TIF and Stormwater Capital
American Rescue Plan Fund (ARPA)		1,620,500	Transfer to Parking, Recreation and CMP
Local Option Sales Tax Fund (LOST)		1,033,510	Transfer to Port and Airport
<u>Nonmajor Governmental Funds</u>			
Local Option Gasoline Tax (LOGT)		1,536,818	Transfer to Local Option Gasoline Tax Debt Service
Community Redevelopment Agency (CRA)	3,383,531		Transfer from UCRT
Urban Core Redevelopment Trust (UCRT)	2,785,600	7,508,831	City's required contribution Transfer to CRA and CRA Debt Service
Parking Fund	300,000		Transfer from ARPA
Golf Course Fund	250,000		Transfer from General Fund
Eastside Tax Increment Financing District	92,207	89,318	City's required contribution Transfer to CRA Debt Service
Westside Tax Increment Financing District	319,997	278,425	City's required contribution Transfer to CRA Debt
Recreation Fund	786,500		Transfer from ARPA
Community Maritime Park Fund (CMP)	534,000		Transfer from ARPA
Local Option Gas Tax Det Service Fund	1,536,818		Transfer from LOGT
CRA Debt Service	4,493,043		Transfer from UCRT, Eastside TIF and Westside TIF
Stormwater Capital Fund	2,735,000		Transfer from General Fund
Business-type activities:			
Utility Fund		8,000,000	Transfer to General Fund
Port Fund	87,660		Transfer from LOST
Airport Fund	945,850		Transfer from LOST
Total	\$ 26,250,206	\$ 26,250,206	

Transfers reported in the government-wide statement of activities in the amount of \$6,966,490 represent the net amount of transfers between government and business type activities. Fund financial statements report transfers without eliminations within same type activity and are reported in the schedule above.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

E. Fund Balance/Net Position Deficit

The American Rescue Plan Act (Act) Fund has a negative fund balance of \$407,409 for the year ended September 30, 2021. The Act allows revenue replacement for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, relative to revenues collected in the most recent fiscal year prior to the emergency. Finance has calculated the revenue loss based on guidance from the Department of Treasury and identified funds which revenues were hit the hardest by the COVID-19 pandemic. Operating transfers from the American Rescue Plan Act Fund (ARPA Fund) were made directly to those funds in fiscal year 2021 to provide for current operating cash needs. Funds included the Parking Management Fund, Recreation Fund and Community Maritime Park Management Fund. As of September 30, 2021, those three funds which received the operating transfer had used all but \$407,409 of the transfer towards eligible governmental services. As a result of the unspent operating transfers, \$407,409 of intergovernmental revenues in the ARPA fund could not be recognized resulting in a negative fund balance. The City anticipates that the remaining operating transfers will be spent in fiscal year 2022. This will allow for the recognition of the remaining intergovernmental revenues and bring the fund balance back to zero.

The Natural Disaster Fund has a negative fund balance of \$8,740,420 for the year ended September 30, 2021 due to pending reimbursements for unobligated Hurricane Sally repairs and clean-up projects. Project reimbursement is anticipated to be received in fiscal year 2022.

F. Special Item - Parking Operations Transfer

On November 29, 2007, the City entered into an Interlocal Agreement with the Pensacola Downtown Improvement Board (DIB) as well as the Community Redevelopment Agency (CRA) for the creation of a comprehensive downtown parking strategy for the centralized and efficient management of downtown parking facilities. As referenced in Section 15. B. of the interlocal agreement, after the fifth annual anniversary of the initial term of the interlocal agreement, the City may upon the affirmative vote of City Council, terminate this Agreement without cause upon one hundred and twenty (120) days prior written notice to the DIB.

The DIB cannot enforce or regulate parking activities and enforcement outside the established district but the City Council wanted to expand the Parking Management District (PMD) boundaries to match those boundaries of the City of Pensacola and bring the PMD under City management effective October 1, 2020. Therefore, on May 28, 2020, the City Council approved the termination of the interlocal agreement and effective October 1, 2020, the Parking Fund operation was transferred to the City of Pensacola to be operated as a fund of the City and managed by the City. The City recognized a special item in fiscal year 2021 totaling \$689,131 representing the net assets and liabilities contributed to the City on October 1, 2020. DIB recognized \$740,078 related to this transaction. The difference is due to capital assets recognition. The City's capital asset threshold is \$5,000 while the DIB's threshold is \$300. Therefore, any capital asset transferred from the DIB with an original purchase price under \$5,000 was not recognized as an asset by the City of Pensacola.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

G. Long-term Debt

Individual Bond Issues and Notes Payable

Below are the City's individual long-term debt issues which were outstanding on September 30, 2021:

Governmental activities:

Nonmajor Funds

\$14,314,000 Local Option Gas Tax Revenue Bond, Series 2016 was issued for the purpose of financing the cost of the acquisition and construction of capital improvements to the road system of the City of Pensacola and the costs of issuance on the borrowing. The bond has a fixed interest rate of 1.83% commencing December 31, 2016, to and including December 31, 2026, payable each December 31 and June 30 of each year. Principal payments commenced on December 31, 2016, payable December 31 of each year. Debt service payments are secured with Local Option Gasoline Tax revenues. Final maturity of principal occurs on December 31, 2026. \$ 8,729,000

\$1,307,000 Eastside Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Eastside Neighborhood Redevelopment Area included in the Eastside Neighborhood Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.33% commencing April 1, 2018, to and including April 1, 2037, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Eastside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax. Final maturity of principal occurs on April 1, 2037. 1,096,000

\$4,082,000 Westside Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Westside Neighborhood Redevelopment Area included in the Westside Neighborhood Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.33% commencing April 1, 2018, to and including April 1, 2037, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Westside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax. Final maturity of principal occurs on April 1, 2037. 3,423,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

\$8,000,000 Urban Core Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Urban Core Redevelopment Area included in the Urban Core Community Redevelopment Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.60% commencing April 1, 2018, to and including April 1, 2040, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient, a covenant to budget and appropriate non-ad valorem revenues of the City. Final maturity of principal occurs on April 1, 2040.

7,465,000

\$25,000,000 Infrastructure Sales Surtax Revenue Bond, Series 2017 was issued for the purpose of financing the cost of acquisition, construction renovation and equipping of additions, extensions, and improvements to facilities and general infrastructure of the City of Pensacola and the costs of issuance on the borrowing. The bond has a fixed interest rate of 2.15% commencing April 1, 2018, to and including October 1, 2028, payable each October 1 and April 1 of each year. Principal payments commenced on October 1, 2018, payable October 1 of each year. Debt service payments are secured with Infrastructure Sales Surtax revenues. Final maturity of principal occurs on October 1, 2028.

18,821,000

\$58,140,000 Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 was issued for the purpose of refunding the outstanding principal balance of the Redevelopment Revenue Bonds, Series 2009B, as well as financing certain community redevelopment capital improvements in the Urban Core Redevelopment Area included in the Urban Core Community Redevelopment Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.40% commencing October 1, 2019, to and including December 31, 2043, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2021, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient, a covenant to budget and appropriate non-ad valorem revenues of the City. Final maturity of principal occurs on December 31, 2043.

56,668,819

Total Nonmajor Fund Types

96,202,819

Total Governmental Activities

\$ 96,202,819

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Business-type Activities:

Utility Enterprise

\$5,000,000 Gas System Revenue Note, Series 2011 was issued for the primary purpose of (i) financing the 2011 Project described in the authorizing resolution as including the purchase of five (5) compressed natural gas refuse trucks and the acquisition, construction, and rehabilitation of capital improvements to the System and (ii) paying certain costs of issuance of the 2011 Gas System Note. The taxable note has a fixed interest rate of 2.09% with annual principal installments beginning October 1, 2012. Debt service payments are secured with Net Revenues of the Utility System. Final maturity of principal occurs on October 1, 2021.

\$ 549,000

\$15,000,000 Gas System Revenue Note, Series 2016 was issued for the primary purpose of financing and/or reimbursing the cost of the design, permitting, acquisition, construction, rehabilitation and equipping of certain capital improvements to the system. The note has a fixed interest rate of 1.97% with annual principal installments beginning October 1, 2017. Debt service payments are secured with Net Revenues of the Utility System. Final maturity of principal occurs on October 1, 2026.

11,002,000

Total Utility Enterprise

11,551,000

Airport Enterprise

\$5,800,000 Airport Taxable Customer Facility Charge Revenue Note, Series 2008 (as modified in 2018) was issued for the primary purpose of financing the construction and equipping of a rental car service center to serve the Airport. Proceeds were derived from a Bank of America loan. Interest is paid on the first of every month and is calculated using 30-day LIBOR plus .75% per annum. Debt service payments are secured with an additional \$2.50 Customer Facility Charge (CFC). The loan agreement calls for interest only payments through December 2021 at which point the loan expires and principal is due in full.

5,800,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

\$12,465,000 Airport Refunding Revenue Note, Series 2015 refunded the outstanding principal of the Airport Refunding Revenue Bonds (Non-AMT), Series 2005A. Note has a fixed interest rate of 2.55% commencing April 1, 2016, to and including October 1, 2027, payable each April 1 and October 1 of each year. Principal payments commenced on October 1, 2016, payable October 1 of each year. Debt service payments are secured with Net Revenues of the Airport. Final maturity of principal occurs on October 1, 2027.	7,715,000
\$6,300,000 Airport Refunding Revenue Note, Series 2017 refunded the outstanding principal of the Airport Revenue Bonds, Series 2012. Note has a fixed interest rate of 2.51% commencing April 1, 2018, to and including October 1, 2027, payable each April 1 and October 1 of each year. Principal payments commenced on October 1, 2018, payable October 1 of each year. Debt service payments are secured with Net Revenues of the Airport. Final maturity of principal occurs on October 1, 2027.	4,630,000
\$29,678,000 Airport Refunding Revenue Note, Series 2018 refunded the outstanding principal of the Airport Revenue Bonds, Series 2008. Note has a fixed rate of 3.93% commencing October 1, 2018 percent to and including October 1, 2038, payable each April 1 and October 1 of each year. Principal payments commenced on October 1, 2018, payable October 1 of each year. Debt service payments are secured with Net Revenues of the Airport and is further secured by certain PFC revenues, to the extent that such PFC revenues are deposited into the bond fund. Final maturity of principal occurs on October 1, 2038.	<u>27,325,000</u>
Total Airport Enterprise	<u>45,470,000</u>
Total Business-type Activities	<u>\$ 57,021,000</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Changes in Long-Term Liabilities

Following is a summary of changes in the long-term liabilities for the City as well as the material liabilities for the City's component unit year ended September 30, 2021:

	Beginning Balance		Increases		Decreases		Ending Balance		Due Within One Year
Governmental activities									
Due to other governments	\$ 9,100,000	\$		\$	(1,300,000)	\$	7,800,000	\$	1,300,000
Claims and judgments	4,446,191		1,849,552		(1,717,449)		4,578,294		1,093,000
Compensated absences	4,714,623		3,552,999		(3,115,073)		5,152,549		169,793
Notes payable	101,546,000				(5,343,181)		96,202,819		5,463,571
Loans payable	40,000				(20,000)		20,000		20,000
Capital lease payable	1,685,387				(1,685,387)		-		
OPEB	15,754,267		1,297,300		(3,987,216)		13,064,351		
Pension liability	89,277,831		39,818,066		(66,940,187)		62,155,710		
Governmental activity long-term liabilities	<u>\$ 226,564,299</u>	\$	<u>46,517,917</u>	\$	<u>(84,108,493)</u>	\$	<u>188,973,723</u>	\$	<u>8,046,364</u>
Business-type activities									
Notes payable	\$ 61,421,000	\$		\$	(4,400,000)	\$	57,021,000	\$	10,321,000
Compensated absences	1,841,092		1,329,884		(1,185,914)		1,985,062		160,018
OPEB	6,160,756		504,506		(1,567,020)		5,098,242		
Pension liability	25,101,926		10,584,549		(18,983,361)		16,703,114		
Business-type activity long-term liabilities	<u>\$ 94,524,774</u>	\$	<u>12,418,939</u>	\$	<u>(26,136,295)</u>	\$	<u>80,807,418</u>	\$	<u>10,481,018</u>

The City's outstanding bonds payable and notes payable do not contain any significant events of default with finance-related consequences, termination events with finance related consequences, or subjective acceleration clauses.

Due to other governments includes an Interlocal agreement between the City of Pensacola and the Emerald Coast Utilities Authority (ECUA) which committed the City to contribute to the Main Street Wastewater Treatment Plant Replacement Project (the Project). The City committed \$19.5 million for the project and agreed to budget and appropriate water and sewer franchise fees and the beverage license tax revenues. For accounting purposes, this is a voluntary non-exchange transaction. In December 2012, ECUA provided documentation which showed all eligibility criteria had been met as of September 30, 2012. Therefore, the long-term liability and expenditure was recorded in the City's government-wide financial statements. Since the long-term liability is not due and payable in the current period it is not recorded in the fund financial statements.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Related to this transaction, the City entered in an agreement with the Community Redevelopment Agency (CRA) wherein the annual installments to ECUA will be paid from CRA revenues and any shortfall paid by the City will be reimbursed.

Compensated absences are estimated at year end only. In addition, for the governmental activities, claims and judgments are liquidated by the insurance retention fund and compensated absences are liquidated primarily by the general fund.

Other Postemployment Benefits (OPEB) were calculated by an independent consultant which provided an actuarial valuation of post-employment benefits as required by GASB 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

Pension liability was calculated by an independent consultant which provided an actuarial valuation of pension benefits as required by GASB 67, *Financial Reporting for Pension Plans*, and GASB 68, *Accounting and Financial Reporting for Pensions*. Net pension liability is liquidated primarily by the general fund.

Summary of Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the City's long-term bonds and notes as well as the material long-term bonds and notes for the City's component unit are as follows; includes both fixed and variable interest rate bonds/notes:

Governmental Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
2022	\$ 5,463,571	\$ 2,765,201	\$ 8,228,772
2023	5,591,068	2,629,897	8,220,965
2024	5,724,612	2,491,224	8,215,836
2025	5,854,981	2,349,013	8,203,994
2026	5,989,901	2,203,375	8,193,276
2027-2031	22,312,089	8,977,098	31,289,187
2032-2036	16,088,299	6,389,344	22,477,643
2037-2041	17,345,689	3,724,305	21,069,994
2042-2044	11,832,609	779,864	12,612,473
Total	<u>96,202,819</u>	<u>32,309,321</u>	<u>128,512,140</u>
Less: Current	<u>(5,463,571)</u>	<u>-</u>	<u>(5,463,571)</u>
Total government debt	<u><u>\$ 90,739,248</u></u>	<u><u>\$ 32,309,321</u></u>	<u><u>\$ 123,048,569</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Business-Type Activities Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
2022	\$ 10,321,000	\$ 1,662,477	\$ 11,983,477
2023	4,644,000	1,433,758	6,077,758
2024	4,777,000	1,309,150	6,086,150
2025	4,905,000	1,180,846	6,085,846
2026	5,051,000	1,048,612	6,099,612
2027-2031	12,834,000	3,675,344	16,509,344
2032-2036	8,525,000	2,035,485	10,560,485
2037-2039	5,964,000	357,395	6,321,395
Total	<u>57,021,000</u>	<u>12,703,067</u>	<u>69,724,067</u>
Less: Current	<u>(10,321,000)</u>	<u>-</u>	<u>(10,321,000)</u>
Total business-type debt	<u><u>\$ 46,700,000</u></u>	<u><u>\$ 12,703,067</u></u>	<u><u>\$ 59,403,067</u></u>

Business-type activities long-term debt includes the 2008 Airport Taxable Customer Facility Charges Revenue Note dated February 4, 2008 for \$19,000,000. The note is variable rate debt with interest calculated on 30-day LIBOR plus .75% per annum. Interest is due through December 2021 with a one-time principal payment due at that time. For purposes of the Debt Service Requirement Summary, interest is computed at 5.55%; however, actual interest rates for fiscal year 2021 ranged between 0.84% and 0.90% resulting in interest expense of \$51,144. As of September 30, 2021, the outstanding balance of the Note is \$5,800,000.

Debt Restriction

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions. The City has no legal debt margin.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Revenues Pledged for Debt Repayment

The City has pledged future Tax Increment Revenues derived from the Urban Core Redevelopment Area to repay \$6,715,000 in Bonds issued in 2009, \$8,000,000 in Bond issued in 2017 and a \$56,140,000 Bond issued in 2019. Proceeds of the 2009 bonds provided financing for the construction of a Community Maritime Park. Proceeds from the 2019 bond provided financing to refund \$38,925,000 in outstanding 2009 bonds. Proceeds of the 2017 bond and remaining proceeds from the 2019 bond provided financing for certain community redevelopment capital improvements in the Urban Core Community Redevelopment Area included in the Urban Core Community Redevelopment Area Plan. The bonds are secured by Tax Increment Revenues derived from the Urban Core Redevelopment Area, and with respect to the Series 2009B Bonds Federal Direct Payments, and in the event that these revenues are insufficient a Covenant to Budget and Appropriate and are payable through 2043. Principal and interest paid for the current year on the 2017 bond was \$323,175 and the 2019 bonds was \$3,447,941 and Tax Increment Revenues for the current year were \$7,508,831.

The City has pledged future Tax Increment Revenues derived from the Eastside Redevelopment Area to repay a \$1,307,000 Bond issued in 2017. Proceeds of the bond provided financing for certain community redevelopment capital improvements in the Eastside Neighborhood Redevelopment Area included in the Eastside Neighborhood Plan. The bond is secured by Tax Increment Revenues derived from the Eastside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax and are payable through 2037. Principal and interest paid for the current year were \$89,195 and Tax Increment Revenues for the current year were \$238,104.

The City has pledged future Tax Increment Revenues derived from the Westside Redevelopment Area to repay a \$4,082,000 Bond issued in 2017. Proceeds of the bond will provide financing for certain community redevelopment capital improvements in the Westside Neighborhood Redevelopment Area included in the Westside Neighborhood Plan. The bond is secured by Tax Increment Revenues derived from the Westside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax, and are payable through 2037. Principal and interest paid for the current year were \$279,314 and Tax Increment Revenues for the current year were \$813,589.

The City has pledged future Infrastructure Sales Tax to repay \$25,000,000 in a Bond issued in 2017. Proceeds from the 2017 bond were used to finance the cost of acquisition, construction renovation and equipping of additions, extensions, and improvements to facilities and general infrastructure of the City of Pensacola. Debt service payments are secured with the Infrastructure Sales Tax revenues and are payable through 2028. Principal and interest paid for the current year on the 2017 bond was \$2,563,614 and Infrastructure Sales Tax revenues for the current year were \$10,718,929.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

The City has pledged future Local Option Gasoline Tax (LOGT) revenues to repay \$14,314,000 in a Bond issued in 2016. Proceeds of the bond was used to finance the cost of the acquisition and construction of capital improvements to the road system of the City of Pensacola and the costs of issuance on the borrowing. Debt service payments are secured with the LOGT revenues through 2026. In the event that LOGT is insufficient to pay debt service, the loan is furthered secured by a covenant to budget and appropriate from the City's non-ad valorem revenues. Principal and interest paid for the current year were \$1,537,230 and LOGT revenues for the current year were \$1,431,737. Local Option Gasoline Tax revenues along with funds available in the Local Option Gas Tax Debt Service Fund are sufficient to make annual debt service payments.

The City has pledged future Net Revenues of the Utility System to repay \$20,000,000 in Notes issued in 2011 and 2016. Proceeds of the notes were used to provide financing for the construction of and rehabilitation of capital improvements to the gas system. Debt service payments are secured with the Net Revenues of the Utility System through 2026. Principal and interest paid (cash basis) for the current year were \$2,041,217 and net revenues for the current year were \$19,964,547.

The City has pledged future Net Revenues of the Airport to repay \$48,443,000 in Bonds and Notes issued between 2015 through 2018. Proceeds of the bonds were used to finance the acquisition, construction and rehabilitation improvements to the Airport Facilities as well as refinance its Airport Revenue Refunding Bond, Series 2005A, Airport Improvement Revenue Bonds, Series 2008 and Airport Revenue Bonds, Series 2012. Debt service payments are secured with the Net Revenues of the Airport through 2038. Principal and interest paid (cash basis) for the current year were \$2,310,396 and net revenues for the current year were \$10,443,754. Net Revenues excludes CFC revenues of \$2,759,015 pledged towards the Airport Taxable Customer Facility Charge Revenue Note, Series 2008, operating expenses of \$588,097 and grant operating expenses of \$4,182,589.

The City has pledged future Customer Facility Charge (CFC) Revenues of the Airport to repay \$5,800,000 in Notes issued in 2008 (as modified in 2018). Proceeds of the bonds were used to finance the construction of a rental car service center. Debt service payments are secured with the Customer Facility Charge (CFC) Revenues through 2021. Principal and interest paid (cash basis) for the current year were \$51,479 and net revenues for the current year were \$2,170,918.

The City has pledged future Passenger Facility Charge (PFC) revenue (to the extent they are deposited into the Bond Fund) of the Airport to refinance its Airport Revenue Bonds, Series 2008. Proceeds of the bonds were used to finance acquisition, construction, and rehabilitation improvements to the Airport Facilities. Debt service payments are secured with the Passenger Facility Charge (PFC) revenue to the extent they are deposited into the Bond Fund through 2038. Principal and interest paid (cash basis) for the current year were \$1,721,664 and net revenues for the current year were \$4,314,643.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Direct Borrowings, Direct Placements and Lines of Credit

The City has no direct borrowings, direct placements, or unused lines of credit.

Florida Ports Finance Commission Agreement

Florida Ports Financing Commission Revenue Bonds, Series 1999 – On July 17, 1996, the Florida Ports Financing Commission (the “Commission”) was created pursuant to Section 320.20(3) and Chapter 163, Part I, Florida Statutes through an Interlocal Agreement among Canaveral Port Authority, Jacksonville Port Authority and Panama City Port Authority. The Commission’s purpose is to provide a cost-effective means of financing various capital projects for the State of Florida’s ports by issuing bonds and transferring the proceeds thereof to the individual ports. The Commission and SunTrust Bank, Central Florida, National Association, Orlando, Florida (the “Trustee”) entered into an Indenture of Trust, dated September 1, 1999 (the “Indenture”), which authorized the issuance of \$153,115,000 Florida Ports Financing Commission Revenue Bonds (State Transportation Trust Fund), Series 1999 (the Bonds”). The Bonds were refunded in 2011 with principal and interest payments through October 1, 2029.

On October 14, 1999, the Bonds were issued to provide funds to finance the costs of acquiring and constructing capital projects undertaken by 10 ports located in the State of Florida (the “Ports”), including the City. The amount allocated to the City was not to exceed \$3,000,000, which was available for approved expenditures. The Commission loaned the proceeds of the Bonds (the “Loans”) to the Ports pursuant to separate loan agreements (the “Loan Agreements”) entered into between each of the Ports individually and the Commission.

The Loan Agreement entered into by the City provides that the City will repay its Loan solely from moneys due from the State Transportation Trust Funds. Pursuant to Section 320.20(4), Florida Statutes, \$15,000,000 of the revenues received by the State of Florida from motor vehicle registration fees is to be deposited annually in the State Transportation Trust Fund for funding Projects (the “State Moneys”). Basic Payments under the Loan Agreement are payable solely from moneys on deposit in the State Transportation Trust Fund. The Department of Transportation and the Commission entered into a Master Agreement pursuant to which the Department of Transportation agrees to transfer the State Moneys annually into an escrow account held by the State Department of Insurance, Division of Treasury, on behalf of the Trustee which may be drawn upon by the Trustee in order to pay the debt service on the Bonds as the same becomes due. The City has assigned all of its right, title and interest to the moneys allocated to the City from State Moneys to the Trustee on behalf of the Commission, to pay its portion of debt service on the Bonds.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

In addition to the Basic Payments, the City agreed to pay on demand of the Commission or the Trustee additional payments constituting (a) its proportionate share of certain ongoing fees, costs and expenses related to the financing program, (b) all reasonable fees and expenses of the Commission and the administrator of the financing program, (c) its proportionate share of rebate obligations relating to the Bonds pursuant to Section 149 of the Internal Revenue Code of 1986, and (d) any unallowable costs required to be repaid by the Borrower under the Loan Agreement (the "Additional Payments"). The City has agreed to pay from legally available non-ad valorem revenues of its Port facilities (the "Port Revenues") sufficient moneys to make such Additional Payments. Such agreement is applicable solely to the Additional Payments and does not cover the Basic Payments.

The Bonds do not create nor constitute an obligation or debt of the State of Florida or any political subdivision thereof or any public corporation, port or governmental agency existing under the laws of the State of Florida other than the Commission. The Bonds do not constitute the giving, pledging or loan of the faith and credit of the State of Florida or any political subdivision thereof or any public corporation, port or governmental agency existing under the laws of the State of Florida. The Bonds are payable solely from State Moneys as the Basic Payments of the Borrowers.

The financing program of the Commission described above is in substance a grant program, inasmuch as all debt service payments on the Bonds are payable solely from moneys in the State Transportation Trust Fund. The program was structured with Loan Agreements in order to satisfy certain legal requirements. Bondholders have no recourse to the Borrowers, including the City, for payment of the principal and interest on the Bonds.

The City has not recorded a liability for the loan since it does not have any obligation except for moneys due it from the State Transportation Trust Fund. As discussed above, all of such moneys have been assigned to the Trustee to pay the debt. Except to the extent the City is obligated to pay Additional Payments from the Port Revenues, the City has no other obligation on the debt and no other moneys of the Authority have been pledged or are obligated for payment of the debt. As expenditures were incurred for the approved projects, the City recorded a receivable from the Commission for 50% of qualified amounts and recorded the amount to be reimbursed as contributed capital. Monies not expended on approved projects by individual ports (excess project funds) are returned to the funding pool and reallocated. The amount expended by the City in excess of the allocated \$2.7 million was made possible through the excess funding reallocation program. The bond proceeds have since been fully expended by the ports to which they were allocated. The City has incurred in total \$3,904,251 of eligible expenditures.

On January 12, 2021, the Commission agreed to issue Florida Ports Financing Commission Refunding Revenue Bonds, Series 2021 in order to refinance the Series 2011 Bonds with principal and interest payments through October 1, 2029. The City of Pensacola received an additional allocation of \$1,081,712 from the savings that was realized and deposited into the State of Florida's Seaport Grant Program.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Loans Payable

In February 2017, the Community Maritime Park Associates (CMPA) agreed to pay Northwest Florida Professional Baseball (NFPB) \$100,000 under a non-interest-bearing promissory note to share costs associated with a new video scoreboard. With the dissolution of CMPA on June 1, 2017, all CMPA's contracts and leases were assigned to the City including the \$100,000 outstanding balance of the promissory note. Annual debt service payments are \$20,000 and the loan matures on October 1, 2021.

H. Fund Balance Disclosure

Fund Balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the City, in accordance with policies established by the City Council. In accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies fund balance as follows.

Non-Spendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact (such as inventory or prepaids).

Restricted Fund Balance – Amounts that can be spent only for the specific purposes stipulated by external resource providers (such as grantors) or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally. An Ordinance adopted by Council establishes a fund balance commitment.

Assigned Fund Balance – Amounts the City intends to use for a specific purpose. The City Council via resolution or the Mayor, as authorized by City Council Policy (enacted through resolution), establishes fund balance assignments.

Unassigned Fund Balance – The residual classification for the General Fund and includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose. The general fund is the only fund that reports a positive unassigned balance amount.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

For classification of fund balance 1) when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first 2) when expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

In June 2010, the City Council approved Resolution No. 31-10 which established the Fund Balance Policy of Governmental Funds as well as committed the Council Reserves Fund Balance in the General Fund. On September 25, 2014, the City Council approved the same Council Reserve Policy by Ordinance, amending chapter 3-1 of the Code of the City of Pensacola, Florida, creating section 3-1-13. On March 9, 2017, City Council amended chapter 3-1-13 of the Code of the City of Pensacola, Florida, increasing the minimum reserve from 15 percent to 20 percent. The Council Reserve, which is required to be a minimum of 20 percent of the General Fund beginning adopted appropriations, is reported as committed fund balance in the General Fund. The Council Reserve shall not be used until current year revenues decrease by 5 percent or more of the total adopted beginning estimated revenues, including transfers and all efforts have been exhausted to fund unanticipated needs and/or emergencies, such as implementing a modified hiring freeze and expenditure reductions. Upon determination of the need, the Mayor may initiate use of the reserves through written communication to the City Council, explaining the nature of the emergency with approval by a two-thirds vote of City Council. Proceeds from the sale of City (general government) owned surplus real property, specifically approved by City Council for such purpose, and any other funds identified in the annual budget (and amendments thereto) will be used to increase the reserve. Interest earnings will be applied on the reserve balance each fiscal year.

The City does not have a formal minimum fund balance policy for unassigned fund balance. A schedule of City fund balances is provided in the following pages.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

	Major Funds			
	General Fund	Housing Assistance Payments	Natural Disaster Fund	American Rescue Plan Act Fund
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays	43,890	785		
Subtotal non-spendable fund balance	43,890	785	-	-
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative		3,351,400		
Natural disaster projects			3,230,148	
General government	269,329			44,892
Transportation	194,731			
Physical Environment				
Saenger capital	387,344			
Public safety	69,681			
Community development projects				
Culture and recreation	233,567			
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	1,154,652	3,351,400	3,230,148	44,892
Committed				
Council Reserve	14,042,818			
Tree landscape	572,521			
Park purchases	4,735			
Stormwater projects				
Subtotal committed fund balance	14,620,074	-	-	-
Assigned				
General government	6,308,542			
Demolition	526,288			
Lien amnesty				
Housing Initiatives Fund	494,402			
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects	2,550,000			
Culture and recreation				
Subtotal assigned fund balance	9,879,232	-	-	-
Unassigned	98,402		(11,970,568)	(452,301)
<i>Total Fund Balance</i>	\$ 25,796,250	\$ 3,352,185	\$ (8,740,420)	\$ (407,409)

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

	Nonmajor Funds			
	Major Funds	Special Revenue Funds		
		Special Grants	Local Option Gasoline Tax	Community Development Block Grant
<i>Fund Balance</i>	Local Option Sales Tax			
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays				
Subtotal non-spendable fund balance	-	-	-	-
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government	159,637			
Transportation	1,052,852		1,079,456	
Physical Environment				
Saenger capital				
Public safety	1,844,493	209,803		
Community development projects		14,000		106,759
Culture and recreation	619,905			
Building inspections				
Local Option Sales Tax debt payment	2,383,326			
Subtotal restricted fund balance	6,060,213	223,803	1,079,456	106,759
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects				
Subtotal committed fund balance	-	-	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects				
Culture and recreation				
Subtotal assigned fund balance	-	-	-	-
Unassigned	(2,907,240)	(113,169)		(106,759)
Total Fund Balance	\$ 3,152,973	\$ 110,634	\$ 1,079,456	\$ -

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

	Nonmajor Funds			
	Special Revenue Funds			
	Community Redevelopment Agency	Urban Core Redevelopment Trust	Stormwater Utility Fund	Parking Fund
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays	136		1,003	74
Subtotal non-spendable fund balance	136	-	1,003	74
Restricted				
Parking				750
Redevelopment Rev Bond(s) debt payments				
Stormwater projects			11,323	
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Physical Environment				
Saenger capital				
Public safety				
Community development projects	1,715,768			
Culture and recreation				
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	1,715,768	-	11,323	750
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects			264,176	
Subtotal committed fund balance	-	-	264,176	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking				421,613
Community development projects	4,103,512			
Natural disaster projects				
Culture and recreation				
Subtotal assigned fund balance	4,103,512	-	-	421,613
Unassigned				
<i>Total Fund Balance</i>	\$ 5,819,416	\$ -	\$ 276,502	\$ 422,437

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

	<u>Nonmajor Funds</u>			
	<u>Special Revenue Funds</u>			
	<u>Law Enforcement</u>		<u>Eastside</u>	
	<u>Trust</u>	<u>Golf Course Fund</u>	<u>Tax Increment</u>	<u>Inspections Fund</u>
			<u>Financing District</u>	
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	4,247	\$	\$
Prepays				
Subtotal non-spendable fund balance	-	4,247	-	-
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Physical Environment				
Saenger capital				
Public safety	271,458			
Community development projects			752,270	
Culture and recreation		26,007		
Building inspections				1,134,991
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	271,458	26,007	752,270	1,134,991
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects				
Subtotal committed fund balance	-	-	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects				
Culture and recreation		230,946		
Subtotal assigned fund balance	-	230,946	-	-
Unassigned				
<i>Total Fund Balance</i>	\$ 271,458	\$ 261,200	\$ 752,270	\$ 1,134,991

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

	Nonmajor Funds			
	Special Revenue Funds			
	Westside Tax Increment Financing District	Recreation Fund	Tennis Fund	CMP Management Services Fund
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays		7	961	10,827
Subtotal non-spendable fund balance	-	7	961	10,827
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Physical Environment				
Saenger capital				
Public safety				
Community development projects	884,629			
Culture and recreation		115,719		709,880
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	884,629	115,719	-	709,880
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects				
Subtotal committed fund balance	-	-	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects				
Culture and recreation		841,310	219,561	1,096,185
Subtotal assigned fund balance	-	841,310	219,561	1,096,185
Unassigned				
<i>Total Fund Balance</i>	\$ 884,629	\$ 957,036	\$ 220,522	\$ 1,816,892

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

	Nonmajor Funds			
	Debt Service Fund		Capital Projects Funds	
	CRA Debt Service	Local Option Gasoline Tax Debt Service	CRA 2017 Project Fund	CRA 2019 Project Fund
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays				
Subtotal non-spendable fund balance	-	-	-	-
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments	3,485,065			16,596,248
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation		1,537,022		
Physical Environment				
Saenger capital				
Public safety				
Community development projects			6,968,811	
Culture and recreation				
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	3,485,065	1,537,022	6,968,811	16,596,248
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects				
Subtotal committed fund balance	-	-	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects				
Culture and recreation				
Subtotal assigned fund balance	-	-	-	-
Unassigned				
<i>Total Fund Balance</i>	\$ 3,485,065	\$ 1,537,022	\$ 6,968,811	\$ 16,596,248

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

	<u>Nonmajor Funds</u> <u>Capital Projects</u> <u>Funds</u>	
	<u>Stormwater</u> <u>Capital</u>	<u>Total All Funds</u>
<i>Fund Balance</i>		
Non-spendable		
Inventories	\$	4,247
Prepays		57,683
Subtotal non-spendable fund balance	-	61,930
Restricted		
Parking		750
Redevelopment Rev Bond(s) debt payments		20,081,313
Stormwater projects	893,985	905,308
Section 8 program administrative		3,351,400
Natural disaster projects		3,230,148
General government		473,858
Transportation		3,864,061
Physical Environment		-
Saenger capital		387,344
Public safety		2,395,435
Community development projects		10,442,237
Culture and recreation		1,705,078
Building inspections		1,134,991
Local Option Sales Tax debt payment		2,383,326
Subtotal restricted fund balance	893,985	50,355,249
Committed		
Council Reserve		14,042,818
Tree landscape		572,521
Park purchases		4,735
Stormwater projects	2,857,171	3,121,347
Subtotal committed fund balance	2,857,171	17,741,421
Assigned		
General government		6,308,542
Demolition		526,288
Lien amnesty		-
Housing Initiatives Fund		494,402
Inner City Housing Initiatives		-
Parking		421,613
Community development projects		4,103,512
Natural disaster projects		2,550,000
Culture and recreation		2,388,002
Subtotal assigned fund balance	-	16,792,359
Unassigned		(15,451,635)
<i>Total Fund Balance</i>	\$ 3,751,156	\$ 69,499,324

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION

A. Risk Management

The City is self-insured with respect to general, auto liability and workers' compensation claims. An excess liability policy for workers' compensation has been purchased. In any given fiscal year, insurance settlements have not exceeded insurance coverage. (Coverage limits have remained relatively constant over the past five years.) The coverage limits and deductibles are as follows:

Primary Coverage	Coverage (in millions)	Deductible
Port operations	50	10,000
Airport operations	75	0
Law Enforcement	2	50,000
Public officials	2	50,000

Excess Liability Coverage	Coverage (in millions)	Self Insured Retentions
Workers' compensation (W/C)	Per Florida Statutory Limits	500,000 Per Occurrence
Gas Operation	35	500,000 Per Occurrence
Gas Operation - Pollution	35	500,000 Per Occurrence

The City has established reserves of \$3,970,408 in the Insurance Retention Fund representing a contract between the City and its employees regarding health, life, dental and survivor disability insurance; a majority of which is survivor disability insurance. This amount is not available for city-wide catastrophic losses.

All departments of the City participate in the self-insurance program and make payments to the Insurance Retention Fund. Claims liability of \$4,578,294 on September 30, 2021 is based on the requirements of *Governmental Accounting Standards Board* (GASB) Statements No. 10 and No. 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is a) probable that a liability has been incurred at the date of the financial statements and b) the amount of the loss can be reasonably estimated.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Claim liabilities, including incurred but not reported (IBNR) claims, are based on the estimated ultimate cost of settling the claim (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities also include specific, incremental claim adjustment expenses. In addition, estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Expenses and liabilities are estimated through a case-by-case review of all claims and the application of historical experience of the outstanding claims. Estimates of IBNR losses are based on historical experience and are stratified to general, automobile and workers' compensation liabilities.

On September 30, 2021, the claims liability for automobile, general and workers' compensation liability were \$489,754, \$201,804, and \$3,886,736 respectively. The City's insurance administrators do not calculate, or report discounted amounts for automobile and general liability. Workers' compensation liability is discounted at a rate of 8%. Each claim under workers' compensation is calculated independently using the monthly payment amount and the present value factor. The undiscounted amount is not calculated, therefore unavailable for disclosure.

Changes in the Fund's claims liability amount in fiscal year 2020 and 2021 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2020	\$2,967,444	2,341,703	(862,956)	\$4,446,191
2021	\$4,446,191	1,849,552	(1,717,449)	\$4,578,294

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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

B. Pension Plans

The financial statements for the General, Fire and Police Pension Plans are presented below:

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>General Pension and Retirement Fund</u>	<u>Firefighter's Relief and Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS				
Other cash	\$ 118,300	\$ 61,101	\$ 454,497	\$ 633,898
Receivables:				
Employer	181	202	148	531
Employee	9,930	22,199	7,692	39,821
Total receivables	<u>10,111</u>	<u>22,401</u>	<u>7,840</u>	<u>40,352</u>
Investments :				
Short term investments	3,700,423	4,167,893	1,477,753	9,346,069
Debt Securities & Bond Mutual Funds	26,437,863	25,667,461	26,530,634	78,635,958
Convertible Corporate Bonds	13,430,749	16,765,499		30,196,248
Stock Mutual Funds	2,706,318	29,200,269		31,906,587
Mortgage Backed Securities	23,628,360	10,016,876	21,146,210	54,791,446
Commingled Trust Fund	259,977	8,462,398		8,722,375
Domestic Stocks	65,713,313	49,915,428	61,700,965	177,329,706
Preferred Stocks	2,583,288	3,165,988		5,749,276
Foreign Stocks	30,655,704	1,987,903	23,348,017	55,991,624
Total investments	<u>169,115,995</u>	<u>149,349,715</u>	<u>134,203,579</u>	<u>452,669,289</u>
Total assets	<u>\$ 169,244,406</u>	<u>\$ 149,433,217</u>	<u>\$ 134,665,916</u>	<u>\$ 453,343,539</u>
LIABILITIES				
Accounts payable	\$ 253,840	\$ 203,455	\$ 513,113	\$ 970,408
Total liabilities	<u>253,840</u>	<u>203,455</u>	<u>513,113</u>	<u>970,408</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 168,990,566</u>	<u>\$ 149,229,762</u>	<u>\$ 134,152,803</u>	<u>\$ 452,373,131</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

**STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Pension and Retirement Fund	Firefighter's Relief and Pension Fund	Police Officers' Retirement Fund	Total Pension Trust Funds
Additions:				
Contributions - city	\$ 5,946,411	\$ 1,324,930	\$ 4,157,135	\$ 11,428,476
Contributions - employee	279,948	619,230	215,050	1,114,228
Commission recapture	473	16	2,222	2,711
Insurance proceeds - State of Florida		573,129	640,287	1,213,416
Total contributions	<u>6,226,832</u>	<u>2,517,305</u>	<u>5,014,694</u>	<u>13,758,831</u>
Investment income				
Net appreciation				
in fair value of investments	28,634,719	27,303,793	22,915,170	78,853,682
Interest and dividends	2,637,583	2,006,362	2,513,085	7,157,030
	<u>31,272,302</u>	<u>29,310,155</u>	<u>25,428,255</u>	<u>86,010,712</u>
Less investment expense	787,822	706,936	510,204	2,004,962
Net investment income	<u>30,484,480</u>	<u>28,603,219</u>	<u>24,918,051</u>	<u>84,005,750</u>
Total additions	<u>36,711,312</u>	<u>31,120,524</u>	<u>29,932,745</u>	<u>97,764,581</u>
Deductions:				
Pensions paid - employees	10,838,110	7,268,449	6,211,724	24,318,283
Pensions paid - widows	2,061,620	968,094	628,560	3,658,274
Refunds to employees	10,529	15,726		26,255
Deferred retirement option plan	1,074,753	245,141	575,773	1,895,667
Health insurance assistance	100,464			100,464
Administrative expenses	117,601	115,838	88,522	321,961
Total deductions	<u>14,203,077</u>	<u>8,613,248</u>	<u>7,504,579</u>	<u>30,320,904</u>
Change in net position	<u>22,508,235</u>	<u>22,507,276</u>	<u>22,428,166</u>	<u>67,443,677</u>
Net position restricted for pension benefits:				
Beginning of year	<u>146,482,331</u>	<u>126,722,486</u>	<u>111,724,637</u>	<u>384,929,454</u>
End of year	<u>\$ 168,990,566</u>	<u>\$ 149,229,762</u>	<u>\$ 134,152,803</u>	<u>\$ 452,373,131</u>

The State Insurance proceeds are based on Chapter 185.08 and Chapter 175.101 of the Laws of Florida.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Plan Description

Plan administration. The City maintains three contributory, defined benefit, single employer pension plans which are administered by the City's Finance Director. The Firefighters' Relief and Pension Plan covers full-time firefighters; the Police Officers' Retirement Fund covers full-time police officers hired prior to January 1, 2013; the General Pension and Retirement Plan covers non-public safety, full-time employees hired prior to June 18, 2007. The administrative costs are included in the City's cost and contribution rate provided in the actuarial valuation. Benefits and refunds of the defined pension plan are recognized when due and payable in accordance with the terms of the plan.

As of June 18, 2007, the General Pension and Retirement Plan was closed to new participants. Existing non-public safety, full-time employees were given an option to remain in the General Pension and Retirement Plan or join the Florida Retirement System (FRS), multiple-employer, cost sharing public employee retirement system. New participants hired after June 18, 2007 are required to participate in FRS.

The Police Officers' Retirement Fund is for all full-time sworn officers. The Police Officers' Retirement Fund was closed on January 1, 2013 to new participants. The existing participants were given the opportunity to remain in the current plan or participate in the FRS. New officers hired after January 1, 2013 are required to participate in FRS.

Management of all three retirement plans is vested in a Board of Trustees for each plan. The General Pension and Retirement Plan Board consists of six members, two which are elected by the participants, one elected by City Council President and three are appointed by the City Council. The Firefighters' Relief and Pension Plan and the Police Officers' Retirement Fund Board consist of five members, two which are elected by the participants, two are appointed by the City Council and the fifth member is elected by the other four members.

The City also participates in the Florida Retirement System (FRS). The FRS provides two cost sharing, multiple employers defined benefit plans which are administered by Florida Department of Management Services, Division of Retirement (division), including the FRS Pension Plan ("FRS Plan") and Retiree Health Insurance Subsidy ("HIS Plan"). These two plans cover non-public safety, full-time employees hired after June 18, 2007 and new police officers hired after January 1, 2013. Unlike the City's three contributory, defined benefit, single employer pension plans, FRS requires employees to participate in the Federal Social Security Program. The FRS Plan was established and is administered in accordance with Chapter 121, Florida Statutes. The HIS Plan was established and administered in accordance with section 112.363, Florida Statutes.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. That report may be obtained by writing to the Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32399, calling 1-877-377-1737 or from the web site:

http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Membership. Actuarial reports for the General Pension and Retirement plan, Firefighters' Relief and Pension plan and Police Officers' Retirement plan are required to be updated every three years per State Statute Chapter 112.63(2), 175.261(1)(b) and 185.221(2)(b), respectively. Membership of the General Pension and Retirement Plan, on September 30, 2021 as well as the Firefighters' Relief and Pension Plan and the Police Officers' Retirement plan as of September 30, 2021 consisted of the following:

	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement
Retirees and beneficiaries receiving benefits	587	178	163
Terminated plan members entitled to but not yet receiving benefits	52	3	15
DROP plan members	26	12	9
Active plan members	87	110	62
Total	<u>752</u>	<u>303</u>	<u>249</u>
Number of participating Employers	1	1	1

The General Pension and Retirement Plan was closed to new participants hired on or after June 18, 2007. The Police Officers' Retirement Fund was closed to new participants hired after January 1, 2013.

Membership of the FRS broken down by class, per City payroll records, as of September 30, 2021 consisted of the following:

DROP	5
Elected Officials	6
Senior Management Retired	1
Regular Class	356
Regular Class Retired	2
Senior Management	10
Special Risk	98
Special Risk Retired	-
Total	<u>478</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Benefits Provided. For the HIS Plan, fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30, and the maximum payment is \$150 per month. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide subsidy benefits to all participants, benefits may be reduced or cancelled. All other pension plan benefits are shown in the chart below.

	<u>FRS Plan</u>	<u>General Pension and Retirement</u>	<u>Firefighters' Relief and Pension</u>	<u>Police Officers' Retirement</u>
Vesting	Prior to 7/1/2011 6 years; On or after 07/1/2011 8 years	6 years	10 years	12 years
Eligibility for retirement	Prior to 7/1/2011 Age 62 with (w/o) 30 yrs. of svc or 30 yrs. of svc w/no age requirement After 7/1/2011 age 65 with 33 yrs if svc	Age 55 w/ 20 yrs. of svc or 30 yrs. of svc w/no age requirement	Age 52 w/10 yrs. of svc or 25 yrs. of svc w/no age requirement	Age 55 w/12 yrs. of svc or 25 yrs. of svc w/ no age requirement
Monthly retirement benefit	Based on final average earnings (highest 5 yrs. Prior to 07/1/2011) highest 5 yrs.) (After 07/1/2011 highest 8 yrs.): Regular Class - Age 62 1.6% - Age 63 1.63% - Age 64 1.65% - Age 65 1.68% Senior Mgmt. - Age 62 2% Elected Officials - Age 62 3% Special Risk - Age 62 - 2% if hired between 12/1/70 and 9/30/74 - 3% if hired after 10/1/74	Based on final average earnings (last 5 yrs.): - 75% of 1st \$2,400 - 50% of next \$1,200 - 40% of excess or 2.1% times yrs. of svc prior to 10/1/12 and 1.75% times yrs. of svc after 10/1/12 (30 yrs. max) times final monthly average earnings (whichever formula provides the greater benefit) but not less than 25 per yrs. of svc	Based on final average earnings (highest 2 of last 5 yrs.) or last 5 yrs. if less than 20 yrs. on 6/10/2015: 75% of final monthly average earnings for normal retirements with 25 or more yrs. of svc or: - 75% of 1st \$2,400 - 70% of next \$1,200 - 65% of any add 'l amount for disability retirements and normal retirements w/less than 25 yrs. of svc	Based on final average earnings (highest 2 of last 5 yrs. or last 5 if less than 20 yrs. on 1/1/2013): Percentage of average final compensation for each full year of credited service: - Hired before 10/1/79 receive 2% - Hired on or after 10/1/79 who elected to participate receive 3%
Other Benefits	- Early retirement - Deferred retirement - Disability retirement - Health insurance subsidy - Death benefits - Deferred retirement option program	- Early retirement - Deferred retirement - Disability retirement - Health ins. subsidy - Death benefits - Deferred retirement option program	- Early retirement - Deferred retirement - Disability retirement - Death benefits - Deferred retirement option program	- Early retirement - Deferred retirement - Disability retirement - Death benefits - Deferred retirement option program
Post-retirement COLA	3% per year if retired prior to 7/1/2011; if retired on or after 07/1/2011, years of service before 7/1/2011 divided by total years of service times 3%	Retired prior to 10/1/12 up to 1.5% annually and retired on or after 10/1/12 up to 1% w/a corresponding increase in the CPI	Up to 3% annually w/a corresponding increase in the CPI for those hired prior to 7/1/99; hired between 7/1/99 and 6/10/15 up to 2% annually w/a corresponding increase in CPI; hired after 6/10/15 no COLA	Retired Prior to 1/1/13 up to 3% annually; retired on or after 1/1/13 up to 3% first ten years and not to exceed 2% thereafter w/a corresponding increase in the CPI (Increase at the discretion of Pension Bd)

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Contributions. For the three contributory, defined benefit, single employer pension plans, the Boards of Trustees establishes contributions based on an actuarially determined rate recommended by an independent actuary. The rate is the estimated cost of benefits earned by employees during the year, with an additional amount to finance the unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate, the contribution rate of employees and any Chapter 175/185 funds applied.

The City is required to make contributions to FRS Plan based on state-wide contribution rates, established by the Florida Legislature. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Plan. The rates are updated as of July 1 of each year. As reported by the FRS, the City's contributions, including employee's three percent contribution to the FRS plan totaled \$2,574,518 for the State's fiscal year ended June 30, 2021.

The HIS Plan is funded by required contributions from FRS participating employers. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The City's contributions are a percentage of gross compensation for all active FRS members. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. As reported by the FRS, the City's contributions to the plan totaled \$377,607 for the State's fiscal year ended June 30, 2021.

For the year ended September 30, 2021, the contribution rates were as follows:

	FRS Plan	HIS Plan	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement
Contributions					
Employee	3.00%	N/A	5.50%	11.00%	5.20%
Employer	See Below	1.66%	116.83%	23.54%	100.52%
Regular Class	10.82%	N/A	N/A	N/A	N/A
Senior Mgmt.	29.01%	N/A	N/A	N/A	N/A
Elect Officials	51.42%	N/A	N/A	N/A	N/A
DROP	18.34%	N/A	N/A	N/A	N/A
Special Risk	25.89%	N/A	N/A	N/A	N/A
Retired	5.85%	N/A	N/A	N/A	N/A
Sr. Mgmt Ret.	22.46%	N/A	N/A	N/A	N/A
Sr. Risk Ret.	10.56%	N/A	N/A	N/A	N/A
State	N/A	N/A	N/A	10.18%	15.48%

All employee contributions to the pension plans are based on a percentage of pay. The remaining contribution percentages shown above are reported as a percentage of pay for comparative purposes only. The General Pension and Retirement and the Police Officers' Retirement plans are closed plans therefore the percentage of pay will continue to increase as participants retire.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Investments

Investment policy. The City's three contributory, defined benefit, single employer pension plans investment policy for the allocation of invested assets is established and may be amended by their respective Board of Trustees by a majority vote of its members. It is the policy of the Boards of Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Board's policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Boards' adopted asset allocation policy as of September 30, 2021 and the State Board of Administrations policy as of June 30, 2021.

	Florida Retirement System (FRS)	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement
Asset Class:				
Global Equity	54.2%			
Domestic Equity		37%	37%	45%
International Eq		15%	15%	15%
Master Limited Partnerships		5%	5%	
Real Estate	10.3%	8%	8%	10%
Convertible Sec		10%	10%	
Fixed Income	20.0%	25%	25%	25%
Private Equity	10.8%			
Strategic Investments				
Cash Equivalents/	3.7%			
Short Term	1.0%			
TIPS				5%
Alternatives				
Total	100%	100%	100%	100%

Concentrations. The plans did not hold assets in any one organization that exceeded five percent or more of the pension plan's fiduciary net position.

Rate of Return. For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments for the General Pension and Retirement Plan was 8.46 percent. For the year ended September 30, 2021, the Firefighters' Relief and Pension Plan was 11.12 percent and the Police Officers' Retirement Fund was 8.50 percent. This reflects the changing amounts actually invested.

Receivables. The pension plans do not have receivables from long-term contracts.

Allocated Insurance Contracts. The pension plans do not have allocated insurance contracts.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Reserves. The Police Officers' Retirement Fund has a small portion of funds deposited in a Contribution Surplus Account (\$878,884) as of September 30, 2021. These funds can be used to fund required contributions and possibly for benefit improvements, respectively.

Deferred Retirement Option Program (DROP)

The City has a DROP for each of the defined benefit plans established by City ordinance. A participant may join when he/she is eligible to receive a retirement benefit. The DROP provides for an accrual of interest at a 4% rate for all participants in the Firefighters' Relief and Pension Plan who entered prior to June 10, 2015 and 1.3% for those who enter thereafter, 4% for the Police Officers' Retirement Fund who entered prior to January 1, 2013 and 1.3% for those who enter thereafter and 4% for the General Pension and Retirement Plan who entered prior to October 1, 2012 and 1.3% for those who enter thereafter.

The DROP ordinance provides that all participants who entered DROP prior to October 1, 2012 may receive a Cost-of-Living Adjustment (COLA) while in DROP. However, those in the Firefighters' Relief and Pension Plan hired after July 1, 1999 and who enter DROP on or after June 10, 2015, those in the Police Officers' Retirement Fund who enter DROP on or after January 1, 2013 and those in the General Pension and Retirement Plan who entered on or after October 1, 2012 receive no COLA while in DROP.

Drop balances as of September 30, 2021 for the General Pension and Retirement Plan, Firefighters' Relief and Pension Plan and Police Officers' Retirement Fund were \$2,124,597, \$2,066,417, and \$1,291,193, respectively.

The FRS Plan has a DROP available for eligible employees. A participant may join upon reaching normal retirement. Each month the participant defers joining reduces the length of eligible participation. FRS DROP participants accrue interest at a rate of 1.3%.

Net Pension Liability

The General Pension and Retirement Plan, the Firefighters' Relief and Pension Plan and the Police Officers' Retirement Fund do not issue audited stand-alone financial statements but rely on the audit performed for the City. All three of the defined benefit pension plans are included within this financial report. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS.

The funded status of the General Pension and Retirement Plan as of September 30, 2020, the Firefighters' Relief and Pension Plan as of October 1, 2020, the Police Officers' Retirement Fund as of October 1, 2020, and the Florida Retirement System and HIS Plan as of June 30, 2021 are provided in the table on the following page.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

	<u>General Pension</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Total Pension Liability	\$ 176,495,325	\$ 135,538,471	\$ 137,999,913	\$ 141,672,715	\$ 8,170,853	\$ 599,877,277
Plan Fiduciary Net Position	(146,482,331)	(126,722,487)	(111,724,639)	(136,567,790)	(290,765)	(521,788,012)
Less Reserve Accounts			769,559			
City Net Pension Liability	<u>30,012,994</u>	<u>8,815,984</u>	<u>27,044,833</u>	<u>5,104,925</u>	<u>7,880,088</u>	<u>78,858,824</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.00%	93.50%	80.96%	96.40%	3.56%	

Basis for Allocation. The City's proportion of the net pension liability for the FRS Plan and HIS plan was calculated based on contributions for each of the fiscal years 2020 and 2021 relative to the contributions of all participants.

On June 30, 2021, the City's FRS Plan proportionate share of net pension liability was .0676%, which was an increase of .0079% from its proportionate share of .0597% measured as June 30, 2020. The City's HIS proportionate share of net pension liability was .0642% which was an increase of .0087% from its proportionate share .0555% measured as of June 30, 2020.

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

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).

Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).

Changes in proportion and differences between contributions and proportionate share of contributions – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).

Differences between expected and actual earnings on pension plan investments – amortized over five years.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

The actuarial recognized pension expense, calculated in accordance with GASB 68, for the year ended September 30, 2021 is as follows: General Pension and Retirement Plan \$(611,461); Firefighters' Relief and Pension Plan \$320,182; and Police Officers' Retirement Fund \$701,871. For the year ended September 30, 2021, the City recognized pension expense of \$1,104,218 for its proportionate share of the FRS Plan and \$976,803 for its proportionate share of the HIS plan.

Contributions made after the measurement date for the year ended September 30, 2021 are as follows: General Pension and Retirement Plan \$5,946,410 (one year of contributions); Firefighters' Relief and Pension Plan \$1,898,059; Police Officers' Retirement Fund \$4,797,421; City's proportionate share of the FRS Plan \$8,103,945 and City's proportionate share of the HIS plan \$109,061. Due to the timing of the actuarial reports, contributions made after the measurement date for the City's three pension plans covered twelve months and contributions made after the measurement date for FRS and HIS covered three months. Contributions made after the measurement date are not included as a deferred outflow of resources in the table below. On September 30, 2021, the City reported deferred outflows of resources, excluding contributions made after the measurement date, and deferred inflows of resources related to pension from the following sources:

	General Pension		Fire Pension		Police Pension		FRS		HIS		Total	Total
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$		\$ 65,009	461,836	\$ 803,870		\$ 874,992		\$ 263,688	3,301	\$ 2,007,559	\$ 465,137
Changes of assumptions			1,535,088			989,420	3,493,043		619,199	324,680	5,647,330	1,314,100
Net difference between projected and actual investment earnings	2,579,997			1,129,850		1,778,872		17,809,801	8,214		2,588,211	20,718,523
Differences in Proportionate Share of Contributions							3,848,178		1,633,054		5,481,232	-
Total	\$ 2,579,997	\$ -	\$ 1,600,097	\$ 1,591,686	\$ 803,870	\$ 2,768,292	\$ 8,216,213	\$ 17,809,801	\$ 2,524,155	\$ 327,981	\$ 15,724,332	\$ 22,497,760

Amounts reported as the net of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	General Pension	Fire Pension	Police Pension	FRS	HIS
2022	\$ 258,693	\$ (415,141)	\$ (1,609,077)	\$ (1,689,672)	\$ 604,900
2023	1,257,295	294,494	(295,894)	(1,970,314)	192,704
2024	1,418,029	652,841	263,779	(2,609,907)	397,604
2025	(354,020)	(523,783)	(323,230)	(3,344,414)	527,767
2026					394,709
Thereafter				20,719	78,490
Total	\$ 2,579,997	\$ 8,411	\$ (1,964,422)	\$ (9,593,588)	\$ 2,196,174

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Actuarial assumptions. The General Pension and Retirement Plan as of September 30, 2020, the Firefighters' Relief and Pension Plan as of October 1, 2020, and the Police Officers' Retirement Fund as of October 1, 2020 total pension liability was determined by an actuarial valuation and the Florida Retirement System was determined by actuarial assumptions as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement	FRS Plan	HIS Plan
Actuarial Assumptions:					
Inflation	2.40%	2.70%	2.50%	2.40%	2.40%
Salary increases	4.50% - 9.50%	Service Based	4.00%	3.25%	3.25%
Investment rate of return	7.20%	7.75%	7.13%	6.80%	
Municipal bond rate					2.16%
Mortality	PUB-2021 Headcount Weighted	PUBS.H-2010	PUBS.H-2010	Generational PUB- 2010 with Projection Scale MP-2018	Generational PUB- 2010 with Projection Scale MP-2018

For the City three defined benefit plans, the long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The long-term expected rate of return on the FRS plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The long-term expected rate of return for each major asset class are summarized in the table below:

Asset Class:	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement	Florida Retirement System
Domestic Equity	7.31%	8.50%	7.50%	N/A
International Equity	2.71%	4.10%	8.50%	N/A
Global Equity	N/A	N/A	N/A	6.70%
Private Equity	N/A	N/A	N/A	8.50%
Master Limited Partnerships	8.07%	6.40%	N/A	N/A
Real Estate	4.91%	5.00%	4.50%	6.20%
Convertible Sec	5.72%	7.90%	N/A	N/A
Strategic Investments	N/A	N/A	N/A	5.40%
Fixed Income	3.61%	3.70%	2.50%	3.70%
TIPS	N/A	N/A	2.50%	N/A
Global Bonds	N/A	N/A	3.50%	N/A
Cash	N/A	N/A	N/A	2.10%

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Discount rate. The projection of cash flows used to determine the General Pension and Retirement Plan's 7.2% discount rate, the Firefighters' Relief and Pension Plan's 7.75% discount rate, the Police Officers' Retirement Fund's 7.125% discount rate and FRS Plan's 6.80% discount rate assumed that contributions would continue at the current rates. For all plans excluding the HIS Plan, the fiduciary net position was projected to cover all future benefit payments of current plan members. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return. The discount rate used for calculating the total HIS pension liability is equal to the single rate that results in the same actuarial present value as would be calculated by using two different discount rates for the discount at the long-term expected rate of return for benefit payments prior to the projected depletion of the fiduciary net pension (trust assets) and the discount at a municipal bond rate for benefit payments after the projected depletion date. The HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

**General Pension
Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) -
Balances at 09/30/20	\$ 180,100,922	\$ 141,791,539	\$ 38,309,383
Changes for the year:			
Service Cost	706,288		706,288
Interest	12,830,343		12,830,343
Differences between expected and Actual Experience	(3,644,260)		(3,644,260)
Changes of Assumptions	(62,137)		(62,137)
Contributions - employer		5,946,490	(5,946,490)
Contributions - employee		285,355	(285,355)
New investment income		11,992,518	(11,992,518)
Benefit payments, including refunds of employee contributions	(13,435,831)	(13,435,831)	
Administrative expense		(97,740)	97,740
Net changes	(3,605,597)	4,690,792	(8,296,389)
Balances at 09/30/21	\$ 176,495,325	\$ 146,482,331	\$ 30,012,994

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Fire Pension
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) -
Balances at 09/30/20	<u>\$ 132,291,818</u>	<u>\$ 120,827,640</u>	<u>\$ 11,464,178</u>
Changes for the year:			
Service Cost	1,258,728		1,258,728
Interest	9,985,729		9,985,729
Differences between expected and Actual Experience	(511,791)		(511,791)
Changes of assumptions	1,918,859		1,918,859
Contributions - employer		1,738,383	(1,738,383)
Contributions - employee		526,021	(526,021)
New investment income		13,110,520	(13,110,520)
Benefit payments, including refunds of employee contributions	(9,404,872)	(9,404,872)	
Administrative expense		(75,205)	75,205
Net changes	<u>3,246,653</u>	<u>5,894,847</u>	<u>(2,648,194)</u>
Balances at 09/30/21	<u><u>\$ 135,538,471</u></u>	<u><u>\$ 126,722,487</u></u>	<u><u>\$ 8,815,984</u></u>

Police Pension
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) -
Balances at 09/30/20	<u>\$ 136,434,444</u>	<u>\$ 104,468,611</u>	<u>\$ 31,965,833</u>
Changes for the year:			
Service Cost	825,932		825,932
Interest	9,511,040		9,511,040
Differences between expected and Actual Experience	699,810		699,810
Changes in Assumptions	(1,978,840)		(1,978,840)
Contributions - employer		4,878,330	(4,878,330)
Contributions - employee		219,429	(219,429)
Contributions - buy back	51,726	51,726	-
New investment income		9,020,508	(9,020,508)
Benefit payments, including refunds of employee contributions	(7,544,199)	(7,544,199)	
Administrative expense		(38,631)	38,631
Other changes		(100,694)	100,694
Net changes	<u>1,565,469</u>	<u>6,486,469</u>	<u>(4,921,000)</u>
Balances at 09/30/21	<u><u>\$ 137,999,913</u></u>	<u><u>\$ 110,955,080</u></u>	<u><u>\$ 27,044,833</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Sensitivity of the net pension liability to changes in the discount rate. Below represents the net pension liability of the City, calculated using the current discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current rate:

<u>General Pension</u>	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
City's net pension liability	\$ 47,151,257	\$ 30,012,994	\$ 15,412,752

<u>Fire Pension</u>	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
City's net pension liability	\$ 24,324,778	\$ 8,815,984	\$ (4,041,589)

<u>Police Pension</u>	1% Decrease 6.13%	Current Discount Rate 7.13%	1% Increase 8.13%
City's net pension liability	\$ 44,898,255	\$ 27,044,833	\$ 12,400,755

<u>FRS</u>	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
City's net pension liability	\$ 22,829,568	\$ 5,104,925	\$ (9,710,889)

<u>HIS</u>	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
City's net pension liability	\$ 9,110,145	\$ 7,880,088	\$ 6,872,331

Payable to the Pension Plan

As of September 30, 2021, the City reported a payable of \$10,111 to the General Pension and Retirement Plan, \$22,401 to the Firefighters' Relief and Pension Plan, \$7,840 to the Police Officers' Retirement Fund, \$153,367 to the FRS Plan, and \$14,034 to HIS Plan for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2021.

C. Post-Employment Benefits Other Than Pensions (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. The total OPEB liability is recorded at the fund level for proprietary activities and the allocated amount for governmental activities is presented at the government-wide level.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

The annual OPEB cost is included in the line item of *salaries* for proprietary fund statements and is allocated by function for governmental activities on the government-wide financial statements.

General Information about the Plan

Plan Description. The City of Pensacola administers a single employer defined benefit plan which offers three plans for health care through Blue Cross Blue Shield of Florida: Health Options HMO, Blue Options PPO Health Savings Account and BlueMedicare Group PPO. Insurance is offered to both active employees and retirees who worked for the City for a continuous six or more years and had health insurance coverage at the time of their retirement.

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 plus any addition to the reserve for accrued costs incurred but not yet reported, as determined as part of the insurance contract. The contribution requirements of plan members are established by the City. 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; except for General Pension and Retirement Plan participants who receive a direct subsidy from the General Pension and Retirement Plan of \$56 per month. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

The City contracted with a recognized and certified actuarial firm to provide an actuarial valuation of post-employment benefits (a copy of this report can be obtained by contacting the City of Pensacola's Financial Services Department).

Benefits provided. Post-employment benefits, such as health care, are offered on a retiree pay all basis; whereas retired members pay the full premium associated with the coverage elected, except for General Pension and Retirement Plan participants who receive a direct subsidy from the General Pension and Retirement Plan of \$56 per month. The State of Florida, per Statute 112.08(01), requires claims experience of the retiree group to be co-mingled with that of active employees in determining the health plan cost. The co-mingling of claims requirement equates to an implicit subsidy to retirees which creates an OPEB liability on the part of the City. The benefit payments recognized is due to the \$56 monthly subsidy as well as the implicit rate subsidy.

Employees covered by benefit terms. On December 31, 2020, the valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving a benefit	249
Inactive employees entitled to but not yet receiving a benefit	0
Active employees	727
Total	<u>976</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Total OPEB Liability

The total OPEB liability of \$18,162,593 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions or other inputs. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, amounts regarding the funding status of the plan and the annual required contributions of the employer are subject to revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Significant accrual methods and assumptions for the reporting period of September 30, 2021 were as follows:

	<u>FISCAL YEAR 2021</u>
Valuation Date	12/31/2020
Inflation	2.50%
Municipal Bond Index Rate:	
Prior measurement date	2.74%
Measurement date	2.12%
Health Care Cost Trends:	
Pre-Medicare	6.75%
ultimate trend rate	4.50%
year of ultimate trend rate	2030
Post-Medicare	5.13%
ultimate trend rate	4.50%
year of ultimate trend rate	2024

The discount rate used to measure the total OPEB liability was based on the Bond Buyer General Obligation 20-year Municipal Bond Index published at the end of the last week during the month of December by The Bond Buyer

Mortality rates were based on the RP-2000 mortality tables, with sex-distinct collar adjustments that align with the assumption used by the Florida Retirement System Pension Plan as required by 112.63(1)(f), F.S.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period of January 1, 2020 through December 31, 2020.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Changes to Total OPEB Liability

	Total OPEB Liability (a)
Balances at 12/31/19	\$ 21,915,023
Changes for the year:	
Service cost *	133,896
Interest	593,862
Changes in benefit terms	642,604
Differences between expected and actual experience	(5,711,095)
Changes in assumptions or other inputs	1,074,050
Benefit payments	(485,747)
Net changes	(3,752,430)
Balances at 12/31/20	\$ 18,162,593
* The service cost includes interest for the year.	

The total OPEB liability is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2020. An expected total OPEB liability is determined as of December 31, 2020, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the total OPEB liability, as of the Measurement Date, December 31, 2019, adds the annual normal cost (also called the Service Cost), interest at the Discount Rate for the year, and then subtracts the Benefit Payments for the year.

The City actuary has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date.

Since the Prior Measurement Date, the Discount Rate has changed from 2.74% to 2.12% due to a change in the Municipal Bond Rate.

There are no changes in benefit terms since the Prior Measurement Date.

No benefit payments are attributable to the purchase of allocated insurance contracts.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. Below represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease 1.12%	Current Discount Rate 2.12%	1% Increase 3.12%
City's total OPEB liability	\$ 21,227,288	\$ 18,162,593	\$ 15,709,708

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The blended rate is comprised of the pre-Medicare health care cost trend rate is 6.75%, decreasing to 4.5% by 2030, and the post-Medicare health care cost trend rate is 5.13%, decreasing to 4.5% by 2024. Below represents 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-percent-point lower or 1-percent-point higher than the current healthcare cost trend rates:

Health Care Cost Trend Rate Sensitivity			
	1% Decrease Blended Rate	Current Blended Rate	1% Increase Blended Rate
City's total OPEB liability	\$ 15,725,173	\$ 18,162,593	\$ 21,162,294

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized an OPEB Expense of \$684,869. Contributions made after the measurement date for the year ended September 30, 2021 were \$243,696. Contributions made after the measurement date are not included as a deferred outflow of resources in the table below. On September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 8,930,510
Changes of assumptions or other inputs	3,260,317	590,098
Total	<u>\$ 3,260,317</u>	<u>\$ 9,520,608</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended December 31:	
2021	\$ (1,621,214)
2022	(703,232)
2023	(946,928)
2024	(946,928)
2025	(810,358)
Thereafter	(1,231,631)
Total	<u>\$ (6,260,291)</u>

D. Deferred Compensation/Replacement Benefit Program

The City of Pensacola also has four retirement plans which are defined contribution pension plans. These plans provide benefits at retirement to general and public safety employees of the City. On September 30, 2021 there were 400 active plan members. The plan provisions and contribution requirements are established and may be amended by the City of Pensacola City Council. The following is a schedule of employee and employer contributions.

	Fire, General & Police Social Security Replacement Plan	Pension Replacement Plan	Non-Social Security Plan	Elected Officers & Part-time Employees Plan
Employee Contribution	1.0%, 4.7%, 5.7% or 6.7%	5.5%	\$10 minimum	7.5%
City Contributions	Matches employee's contribution up to 6.7%	0-5 yrs. of service 1.5% 5-10 yrs. of service 2.5% 10 or more years 6.5%	None	None
Employee Contribution for 9/30/20	\$12,697,939	\$45,047	\$625,619	\$0-
City Contribution for 9/30/20	\$761,257	\$48,741	N/A	N/A

Employer and plan member contributions are recognized in the period that the contributions are due.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

As required by Internal Revenue Code Section 457, the assets are held in trust for the employees' benefit. The Finance Director, selected by the government as the administrator, is responsible for the administration of the plan, including approval of certain investment alternatives (funds) which are made available to plan participants. The government has a fiduciary duty to administer the plan properly and to assure that the investment alternatives made available are reasonable. However, since plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the government has no liability for investment losses which occur as a result of the investments selected by the plan participants.

E. Termination Benefits

The City of Pensacola does not offer any termination benefits to employees.

F. Litigation

The City is contingently liable with respect to other lawsuits and other claims incidental to the ordinary course of its operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, based on the advice of counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

G. Grant Contingencies

The City has received numerous state and federal grants. The disbursement of funds received under these programs is subject to review and audit by grantor agencies. Any disbursements disallowed by these agencies could become a liability of the City. In the opinion of management, any such claims should not have a material adverse effect on the financial position of the City.

H. Contractual, Construction, and Equipment Commitments

The City has outstanding commitments for contractual services and for the construction and acquisition of property, plant and equipment at year end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding commitments by fund on September 30, 2021 were:

General Fund	\$ 857,864
Housing Assitances Payments	9,313
Natural Disaster Fund	3,870,855
American Rescue Plan Fund	81,871
Local Option Sales Tax	4,620,789
Utility Fund	2,130,635
Sanitation Fund	2,025,382
Port Fund	1,013,861
Airport Fund	61,457,921
Nonmajor Government	3,690,191
Internal Service Fund	104,383
Total	\$ <u>79,863,065</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

The Airport's outstanding commitment of \$61,457,721 is mainly due to project Titan. Project Titan is the continuation of the development of a commercial aircraft maintenance, repair, and overhaul ("MRO") campus at Pensacola International Airport that began with the occupancy of MRO Hangar 1 by VT MAE in the summer of 2018. Project Titan consists of the construction of three additional MRO Hangars, including warehouses/support services centers and an administrative office facility, all of which will be leased to VT MAE under the Master Lease Agreement. Total cost of Project Titan is estimated not exceed the amount of committed funds, currently totaling \$210,125,000. The project will be completed in phases, of which the first phase will be the construction of MRO Hangar 2. Airport's construction commitments will continue to be large until the project is completed.

I. Lease obligations

1. Compressed Natural Gas (CNG) station capital lease. In October 2012, the City, as lessor, entered into a ten-year non-cancelable contract to lease the CNG Station to ECUA. The CNG station is financed for a principal amount of \$1,898,743 at 2.09% for ten years. In August 2014, the City and ECUA amended the agreement to finance an additional principal amount of \$96,400 at 2.09% for the remaining original lease term (September 30, 2022). The amendment was to fund the construction of a protective enclosure around the equipment at the CNG station. The monthly payments have been increased from \$17,548 to \$18,599 and are paid to the City at the beginning of each month until the end of the term, at which time ECUA will receive ownership of the building. As of September 30, 2021, the outstanding balance is \$238,830. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease payments as of September 30, 2021, were as follows:

Year ended September 30,	Governmental Activities
2022	\$ 238,830
Total minimum lease payments	238,830
Less amount representing interest	(2,922)
Present value of minimum lease payments	\$ 235,908

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

2. Compressed Natural Gas (CNG) station capital lease. In August 2014, the City, as lessor, entered into a ten-year non-cancelable contract to lease a second CNG Station to ECUA. The CNG station is financed for a principal amount of \$965,655 at 2.09% for ten years. The monthly payments of \$8,924 are paid to the City at the beginning of each month until the end of the term (July 31, 2024), at which time ECUA will receive ownership of the building. As of September 30, 2021, the outstanding balance is \$294,396. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease payments as of September 30, 2021, were as follows:

Year ended September 30,	Governmental Activities
2022	\$ 101,908
2023	104,059
2024	88,430
Total minimum lease payments	294,397
Less amount representing interest	(9,060)
Present value of minimum lease payments	\$ 285,337

J. Tax Abatements

The City of Pensacola provides tax abatements under the Economic Development Ad Valorem Tax Exemption (EDATE) program. The EDATE program provides tax abatements to attract and/or expand businesses within the City limits. The program was established by ordinance in accordance with Florida Statute Chapter 196.1995. The abatements are up to 100% of the assessed value of all improvements to real property made by or for the use of a new business and all tangible personal property of such new business, or up to 100% of the assessed value of all added improvements to real property made to facilitate the expansion of an existing business and the net increase in all tangible personal property acquired to facilitate such expansion of an existing business through a direct reduction of the business's property bill. Tax abatements may be granted to any new or expanding business as defined in Florida Statute Chapter 196. The agreements include recapture provisions should the business receiving the tax abatement fail to meet its commitments, such as the submittal of the annual renewal application. No other commitments were made by the City as part of those agreements.

For the fiscal year ended September 30, 2021, the City abated real and tangible property taxes totaling \$208,027 under the EDATE program, including the following tax abatement agreements that exceed 10 percent of the total amount abated:

- A 100% real property tax abatement to real estate company for opening an apartment complex in the enterprise zone. The abatement amounted to \$197,511.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

B. Other Significant Commitments

1. City Land Lease – Port Royal. On May 1, 1997, the City entered into an agreement with Port Royal Phase II, Inc. (the Developer), a Florida corporation regarding real property known as the Baylen Street Property, Phase II. The Developer has entered into a lease term for a period of 86 years for the purpose of developing a residential project consisting of lots for sixteen single-family residences and eight carriage house units and parking areas. The Developer paid a lump sum of \$420,000 for the initial 50-year lease. Annual lease revenue will be recognized over the 50-year period. For years 51 through 86 the Developer will make annual installments not to be less than \$4,120 adjusted every five years by a factor of the Consumer Price Index. There is a renewal term of 100 years after the initial 86-year term.

2. Pensacola Energy Contract – Natural Gas Purchases. Pensacola Energy has the option under its contract with its natural gas supplier, BP Corporation North America, to exercise several hedging options for the purchase of natural gas. This hedging strategy allows Pensacola Energy to purchase a percentage of its natural gas at specified prices for future delivery. Pensacola Energy, in concurrence with its commodities consultant, decide on pricing strategies due to the volatility in the market price of natural gas. Pensacola Energy enters into these hedging contracts to protect itself against volatility in the market price of natural gas. However, due to the instability of the market, the market price to purchase natural gas may be lower than the price at which Pensacola Energy is committed to buy. Should the natural gas supplier fail to fulfill the gas hedging contracts, the terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the natural gas supplier should Pensacola Energy have to procure natural gas on the open market. While Pensacola Energy does take advantage of the hedging contract, since BP Corporation North America is not required to store a set amount of natural gas for Pensacola Energy there is no financial statement value.

3. Port Leases. The Port of Pensacola has entered into several long-term leases of land and warehouse space. Listed below is a summary of the current lease terms.

TENANT	TYPE OF PROPERTY	TERM	ANNUAL RENT
CEMEX Ready Mix Effective 10/25/02; Rent Effective 1/1/18	Warehouse	5 years with (3) 5 year Renewals	\$237,072
Sine Qua Non Holdings Effective 11/07/2015	Parking Lots	3 years with (6) 3 year Renewals	\$32,880
Offshore Inland Marine (WH1) Effective 5/1/10	Warehouse	2 years with (2) 5 year and (1) 2- year renewal plus (4) additional 5-year extensions thereafter	\$216,000
Siddiqi Investments, LLC Effective 11/7/15	Parking Lots	3 years with (6) 3-year renewals	\$32,880

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

4. Airport Leases. Pensacola International Airport has entered into several long-term leases of land and building space. Listed below is a summary of the current lease terms for those leases which are material to the financial statements.

TENANT	TYPE OF PROPERTY	TERM	ANNUAL RENT
Sandspur Development Effective 7/17/2020	Land Lease	50 years with (3) 10 year renewals	\$170,591
VT Mobile Aerospace Engineering, Inc. Effective 5/30/2018	Land Lease	30 years	\$268,885

5. City Land Lease – Master Lease Agreement. On March 27, 2006, the City entered into a Master Lease Agreement with Community Maritime Park Associates (CMPA) regarding 27 acres of waterfront property located at the 300 block of Main Street, for the purpose of developing the Community Maritime Park. Under the Master Lease Agreement, the CMPA entered into two ground sub-lease agreements for office buildings which provide for annual common area maintenance (CAM) charges relating to the Private Improvements. With the dissolution of the CMPA on June 1, 2017, the Master Lease Agreement as well as the two ground sub-lease agreements were assigned to the City.

6. Multi-Use Facility Agreement. On July 20, 2011, CMPA and Northwest Florida Professional Baseball (NFPB), the owner of the Blue Wahoos “AA” minor league baseball franchise, entered into an agreement for NFPB’s use of the baseball stadium at the Park. The term of the agreement is for 10 years, with two optional 5-year renewal periods, and requires NFPB to pay an annual use fee of \$175,000 plus attendance and variable ticket surcharges. In addition, the agreement requires that revenues collected from the variable ticket surcharge be set aside to fund capital maintenance and repairs at the Vince Whibbs Sr. Community Maritime Park.

In April 2015, NFPB exercised the option to purchase the naming rights to the multi-use facility. After payment of costs and expenses associated with the sale of the naming rights, CMPA was entitled to receive 50% of the revenue generated from the sale which totaled to \$787,500. CMPA will receive these funds over the course of 7 years in annual payments of \$112,500. With the dissolution of the CMPA on June 1, 2017, the Multi-Use Facility Agreement was assigned to the City.

On September 22, 2021, NFPB provided noticed to the City to extend the agreement and exercise their option through March 31, 2032, utilizing both of the two (2) five (5) year renewal terms available under the agreement.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

Community Redevelopment Agency (CRA)

1. *CRA Interlocal Agreement – Downtown Improvement Board.* On October 1, 2005, the Agency and the Pensacola Downtown Improvement Board (DIB) entered into an Interlocal Agreement whereby the Agency agreed to contribute to the DIB an annual amount equal to the funds paid into the Urban Core Redevelopment Trust Fund by the DIB through September 30, 2020. The primary purpose of the contribution was for the development and implementation of a downtown housing and parking strategy or any other proper functions of the DIB, provided such functions are reasonably consistent and compatible with the long-term goals and objectives outlined in the Urban Core Redevelopment Plan. The annual installments to the DIB are paid from Tax Incremental Revenues derived from the Urban Core Redevelopment Area. Payments for the year ended September 30, 2021 totaled \$326,479.

2. *CRA Interlocal Agreement - Main Street Wastewater Treatment Plant.* On June 26, 2009, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed to pay the Emerald Coast Utilities Authority \$19.5 million towards the relocation of the Main Street Wastewater Treatment Plant. The obligation was recorded in fiscal year 2012 upon project completion. Annual installments to the Authority of \$1.3 million began in fiscal year 2013 and will extend through fiscal year 2027. The annual installments to the Authority will be paid from Tax Incremental Revenues derived from the Urban Core Redevelopment Area and any shortfall paid by the City will be reimbursed by the Agency when funds are available. Payments for the year ended September 30, 2021 totaled \$1,300,000.

3. *CRA Interlocal Agreement – Eastside Redevelopment Loan.* On September 30, 2016, as amended on August 10, 2017, the City and the Agency entered into an Interlocal Agreement which established the terms and conditions by which the City would provide a loan to the Agency in the principal amount of \$500,000 to finance a portion of the cost associated with the design, construction and acquisition of the General Daniel “Chappie” James, Jr. Museum and Youth Flight Academy. The loan was made from the City’s Insurance Retention Fund to the Agency’s Eastside TIF District and has a thirty (30) year term with interest only being paid until the twenty (20) year Eastside Redevelopment Revenue Bond, Series 2017 has matured. Principal payments begin December 31, 2037 and end on December 31, 2045. Since the principal repayment on the loan does not start until December 31, 2037, the full interfund balance was reduced and a transfer between the Eastside TIF District Fund and the City was recorded. At the point of repayment, the full long term liability will be recorded and the transfer reversed.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

4. *CRA Interlocal Agreement – Administrative Services.* On September 22, 2017, as amended on August 13, 2019, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide administrative services to the Agency through December 31, 2045. Administrative services include personal, financial, legal, engineering, planning, purchasing, construction, insurance, title and construction services. All personnel assigned by the City are employees of the City and are not officers, employees or agents of the Agency. As such, the Agency has no pension obligation, other post-employment obligations or other liabilities related to personnel. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2021 totaled \$537,320.

5. *CRA Interlocal Agreement – Urban Core Landscape Maintenance Services.* On September 22, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape maintenance services and park and public space enhancements and accessibility improvements on the Agency's behalf through December 31, 2043. These services include the cost to maintain any improvements to various public facilities within the Urban Core Community Redevelopment Area which, pursuant to the Urban Core Community Redevelopment Plan, the Agency has made. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2021 totaled \$311,649.

6. *CRA Interlocal Agreement – Eastside Landscape Maintenance Services.* On November 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape, park, property management, leasing, accessibility improvement, public space enhancement, and facilities maintenance services on the Agency's behalf through December 31, 2045. These services include the cost to maintain any improvements to various public facilities within the Eastside Community Redevelopment Area which, pursuant to the Eastside Community Redevelopment Plan, the Agency has made. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2021 totaled \$16,508.

7. *CRA Interlocal Agreement – Community Policing Innovations.* On September 26, 2019, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide additional policing services within the Urban Core Community Redevelopment Area through September 30, 2020. These services aim to reduce crime by reducing opportunities for, and increasing perceived risk of engaging in, criminal activity through visible presence of police. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2021 totaled \$77,850.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE IV. – OTHER INFORMATION (Continued)

8. CRA Interlocal Agreement – Community Maritime Park Stadium Improvements. On July 23, 2021, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed to contribute up to \$2,000,000 to fund certain improvements at the Vince Whibbs Sr. Community Maritime Park Blue Wahoos Stadium. Such improvements include, but are not limited to, the conversion of the Blue Wahoos Stadium baseball field from natural grass to synthetic turf and any irrigation changes need to accommodate the conversion, the conversion of the Blue Wahoos Stadium lights to LED, the removal of existing bullpens and construction of new bullpens, the construction of new batting cages, the purchase of additional training tables, dishwashers and surveillance equipment, internet and phone upgrades, replacement of HWC chairs, painting, repairs to seats, flooring, electrical outlets and elevators all in furtherance of maximizing the use and impact of the Vince Whibbs Sr. Community Maritime Park improvements paid for with tax increment revenues derived from the Urban Core Community Redevelopment Area. As of September 30, 2021, no contributions have been made. Work is anticipated to begin in the second quarter of fiscal year 2023.

NOTE V. - SUBSEQUENT EVENTS

On December 30, 2021, the City paid in full the \$5,800,000 Airport Taxable Customer Facility Charge Revenue Note, Series 2008 (as modified in 2018) which was issued for the primary purpose of financing the construction and equipping of a rental car service center to serve the Airport. Proceeds were derived from a Bank of America loan. Debt service payments were made from the additional \$2.50 Customer Facility Charge (CFC). The loan agreement called for interest only payments through December 2021 at which point the loan expired and the \$5,800,000 principal was due in full.



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REQUIRED SUPPLEMENTARY INFORMATION

PENSION FUNDS SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS, PROPORTIONATE SHARE OF THE NET PENSION LIABILITY,
EMPLOYER CONTRIBUTIONS AND
INVESTMENT RETURNS

OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

CITY OF PENSACOLA, FLORIDA
GENERAL PENSION & RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS Fiscal Year *							
	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service Cost (BOY)	\$ 706,288	\$ 692,814	\$ 806,853	\$ 806,853	\$ 960,937	\$ 875,872	\$ 875,872
Interest	12,830,343	12,870,665	13,096,503	13,087,373	13,265,393	13,080,194	13,039,418
Difference between Expected & Actual Experience	(3,644,260)		(2,139,264)		(6,829,727)		
Changes in Assumptions	(62,137)		3,260,021		8,088,948		
Changes of benefit terms						1,929,586	
Benefit payments, including refunds of member contributions	(13,412,714)	(13,364,040)	(13,213,824)	(14,334,373)	(13,902,080)	(13,007,151)	(13,664,554)
Refunds of contributions	(23,117)	(31,267)			(82,082)	(31,304)	(82,048)
Net change in total pension liability	(3,605,597)	168,172	1,810,289	(440,147)	1,501,389	2,847,197	168,688
Total pension liability - beginning	180,100,922	179,932,750	178,122,461	178,562,608	177,061,219	174,214,022	174,045,334
Total pension liability - ending (a)	\$ 176,495,325	\$ 180,100,922	\$ 179,932,750	\$ 178,122,461	\$ 178,562,608	\$ 177,061,219	\$ 174,214,022
Plan fiduciary net position							
Contributions - employer	\$ 5,946,490	\$ 6,200,753	\$ 6,200,956	\$ 6,788,208	6,788,559	\$ 6,586,144	\$ 6,586,424
Contributions - member	285,355	294,284	305,534	341,314	360,693	375,026	388,789
Net investment income	11,992,518	1,761,461	11,373,720	14,963,864	11,356,088	(2,230,201)	14,895,032
Benefit payments, including refunds of member contributions	(13,412,714)	(13,364,040)	(13,199,103)	(14,334,373)	(13,902,080)	(13,007,151)	(13,664,554)
Health insurance assistance							
Refunds of Contributions	(23,117)	(31,267)	(14,721)		(82,082)	(31,304)	(82,048)
Administrative expense	(97,740)	(113,078)	(112,430)	(134,684)	(102,605)	(126,054)	(103,765)
Other						2,149,812	
Net change in plan fiduciary net position	4,690,792	(5,251,887)	4,553,956	7,624,329	4,418,573	(6,283,728)	8,019,878
Plan fiduciary net position - beginning	141,791,539	147,043,426	142,489,470	134,865,141	130,446,568	136,730,296	128,710,418
Plan fiduciary net position - ending	146,482,331	141,791,539	147,043,426	142,489,470	134,865,141	130,446,568	136,730,296
Total plan fiduciary net position (b)	\$ 146,482,331	\$ 141,791,539	\$ 147,043,426	\$ 142,489,470	\$ 134,865,141	\$ 130,446,568	\$ 136,730,296
City's net pension liability - ending (a)-(b)	\$ 30,012,994	\$ 38,309,383	\$ 32,889,324	\$ 35,632,991	\$ 43,697,467	\$ 46,614,651	\$ 37,483,726
Plan fiduciary net position as a percentage of the total pension liability	83.00%	78.73%	81.72%	80.00%	75.53%	73.67%	78.48%
Covered payroll	5,067,293	5,258,416	5,555,159	6,174,853	6,347,558	6,901,570	6,757,461
City's pension liability as a percentage of covered payroll	592.29%	728.53%	592.05%	577.07%	688.41%	675.42%	554.70%
Annual money-weighted rate of return	8.46%	1.20%	8.02%	11.10%	11.20%	8.80%	-1.90%

* The amounts presented for each fiscal year were determined as of September 30th, of the prior year.

NOTE: Information is presented for those years in which information is available. The General Pension and Retirement Plan is a closed plan therefore the percentage of covered employee payroll will continue to increase as participants retire.

CITY OF PENSACOLA, FLORIDA
GENERAL PENSION & RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule:

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
Last 10 Fiscal Years *										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	\$ 5,946,411	\$ 5,946,490	\$ 6,200,753	\$ 6,200,956	\$ 6,788,208	\$ 6,788,560	\$ 7,515,167	\$ 7,448,089	\$ 7,157,167	\$ 7,157,167
Actual employer contribution	5,946,411	5,946,490	6,200,753	6,200,956	6,788,208	6,788,560	7,515,167	7,448,089	7,157,167	7,157,167
Annual contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Covered payroll	\$ 5,089,969	\$ 5,067,293	\$ 5,258,416	\$ 5,555,159	\$ 6,174,853	\$ 6,347,558	\$ 6,901,570	\$ 6,757,461	\$ 6,961,827	\$ 7,834,617
Actual contributions as a % of covered payroll	116.83%	117.35%	117.92%	111.63%	109.93%	106.95%	108.89%	110.22%	102.81%	91.35%
2014 actuarially determined employer contribution includes \$553,997 in prepaid reserves and excludes \$71,761 in health care contributions.										
Current year covered payroll is not actuarially determined therefore subject to change in future years.										
* Based on contributions made during the fiscal year noted.										

CITY OF PENSACOLA, FLORIDA
GENERAL PENSION & RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	9/30/2020	9/30/2018	9/30/2018	9/30/2016	9/30/2016	9/30/2015	9/30/2014
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	7 years	8 years	9 years	10 years	11 years	12 years	13 years
Asset Valuation Method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial Assumptions:							
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary increase	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%
Investment rate of return	7.2%, net of pension plan investment expense, including inflation	7.4%, net of pension plan investment expense, including inflation	7.4%, net of pension plan investment expense, including inflation	7.6%, net of pension plan investment expense, including inflation	7.6%, net of pension plan investment expense, including inflation	7.8%, net of pension plan investment expense, including inflation	7.8%, net of pension plan investment expense, including inflation
Cost of living adjustments	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%
Mortality Rates	PUB-2010 Headcount Weighted	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP 2000 Combined Healthy set forward 5 years for males and RP 2000 combined Healthy for females	RP 2000 Combined Healthy set forward 5 years for males and RP 2000 combined Healthy for females

NOTE: Information is presented for those years in which information is available.

**CITY OF PENSACOLA, FLORIDA
FIREFIGHTER'S RELIEF & PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS							
	Fiscal year *						
	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost (BOY)	\$ 1,258,728	\$ 1,290,959	\$ 1,263,734	\$ 1,317,501	\$ 1,340,661	\$ 1,189,882	\$ 1,578,578
Interest	9,985,729	9,887,893	9,735,179	9,731,641	9,595,671	9,016,289	9,116,288
Difference between Expected and Actual Experience	(511,791)	(87,339)	260,034	(3,442,328)	(482,293)	30,585	
Changes in Assumptions	1,918,859			967,856		7,780,467	
Changes in Benefit Terms		(1,793)			802,334	(4,080,439)	
Contributions - Buy Back					44,064		
Benefit payments, including refunds of member contributions	(9,404,872)	(10,188,894)	(8,438,858)	(8,511,653)	(8,929,344)	(6,788,324)	(8,163,106)
Net change in total pension liability	3,246,653	900,826	2,820,089	63,017	2,371,093	7,148,460	2,531,760
Total pension liability - beginning	132,291,818	131,390,992	128,570,903	128,507,886	126,136,793	118,988,333	116,456,573
Total pension liability - ending (a)	\$ 135,538,471	\$ 132,291,818	\$ 131,390,992	\$ 128,570,903	\$ 128,507,886	\$ 126,136,793	\$ 118,988,333
Plan fiduciary net position							
Contributions - employer	\$ 1,720,961	\$ 1,658,203	\$ 2,009,062	\$ 2,336,545	3,826,740	\$ 4,334,264	\$ 3,649,568
Contributions - member	543,443	505,660	480,066	449,131	421,774	474,193	457,362
Contributions - Buy Back					44,064		
Net investment income	13,110,520	3,440,824	10,905,810	12,473,832	9,928,990	(1,770,463)	10,980,094
Benefit payments, including refunds of member contributions	(9,404,872)	(10,188,894)	(8,438,858)	(8,511,653)	(8,929,344)	(6,788,324)	(8,163,106)
Administrative expense	(75,205)	(73,186)	(93,728)	(90,536)	(105,921)	(92,822)	(131,563)
Other				81,471			
Net change in plan fiduciary net position	5,894,847	(4,657,393)	4,862,352	6,738,790	5,186,303	(3,843,152)	6,792,355
Plan fiduciary net position - beginning	120,827,640	125,485,033	120,622,681	113,883,891	108,697,588	112,540,740	106,396,777
Plan fiduciary net position - ending	126,722,487	120,827,640	125,485,033	120,622,681	113,883,891	108,697,588	113,189,132
LESS RESERVE ACCOUNTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 648,392
Total plan fiduciary net position (b)	\$ 126,722,487	\$ 120,827,640	\$ 125,485,033	\$ 120,622,681	\$ 113,883,891	\$ 108,697,588	\$ 112,540,740
City's net pension liability - ending (a)-(b)	\$ 8,815,984	\$ 11,464,178	\$ 5,905,959	\$ 7,948,222	\$ 14,623,995	\$ 17,439,205	\$ 6,447,593
Plan fiduciary net position as a percentage of the total pension liability	93.50%	91.33%	95.51%	93.82%	88.62%	86.17%	94.58%
Covered payroll	4,940,394	4,596,890	4,364,222	4,082,999	3,834,292	7,494,388	4,157,835
City's pension liability as a percentage of covered payroll	178.45%	249.39%	135.33%	194.67%	381.40%	232.70%	155.07%
Annual money-weighted rate of return	11.12%	2.83%	9.20%	11.14%	9.18%	-1.56%	10.16%

* The amounts presented for each fiscal year were determined as of September 30th, of the prior year.

NOTE: Information is presented for those years in which information is available.

**CITY OF PENSACOLA, FLORIDA
FIREFIGHTER'S RELIEF & PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION**

Notes to Schedule:

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

FIREFIGHTERS' RELIEF & PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last 10 Fiscal Years *										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	\$ 1,898,060	\$ 1,711,806	\$ 1,644,078	\$ 1,993,643	\$ 2,321,285	\$ 3,822,480	\$ 4,334,264	\$ 3,097,587	\$ 3,234,358	\$ 3,494,389
Actual employer contribution	<u>1,898,060</u>	<u>1,720,961</u>	<u>1,658,203</u>	<u>2,009,062</u>	<u>2,336,545</u>	<u>3,826,740</u>	<u>4,334,264</u>	<u>3,097,587</u>	<u>3,234,358</u>	<u>3,562,977</u>
Annual contribution deficiency (excess)	\$ <u>0</u>	\$ <u>(9,155)</u>	\$ <u>(14,125)</u>	\$ <u>(15,419)</u>	\$ <u>(15,260)</u>	\$ <u>(4,260)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(68,588)</u>
Covered payroll	\$ 5,629,368	\$ 4,939,900	\$ 4,596,890	\$ 4,364,222	\$ 4,082,999	\$ 3,834,292	\$ 7,494,388	\$ 4,157,835	\$ 4,574,063	\$ 4,847,354
Actual contributions as a % of covered payroll	33.72%	34.84%	36.07%	46.03%	57.23%	99.80%	57.83%	74.50%	70.71%	73.50%
2014 actuarially determined employer contribution excludes \$551,981 in current year prepaid reserves.										
Current year covered payroll is not actuarially determined therefore subject to change in future years.										
* Based on contributions made during the fiscal year noted.										

**CITY OF PENSACOLA, FLORIDA
FIREFIGHTER'S RELIEF & PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	10/1/2020	10/1/2019	10/1/2018	10/1/2017	10/1/2016	10/1/2015	10/1/2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years	30 years	30 years	30 years	30 years	30 years	30 years
Asset Valuation Method	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period
Actuarial Assumptions:							
Inflation	2.70%	2.70%	2.70%	2.70%	2.70%	3.00%	3.00%
Salary increase	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-13.95%
Investment rate of return	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	8.00%
Cost of living adjustments	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%
Mortality:	PUBS.H-2010	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP 2000 Combined Healthy Projected to 2011 Sex Distinct	1994 UP Mortality Projected to 2006 - Sex Distinct

NOTE: Information is presented for those years in which information is available.

**CITY OF PENSACOLA, FLORIDA
POLICE OFFICERS' RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
Fiscal Year ***

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost (BOY)	\$ 825,932	\$ 786,760	\$ 816,071	\$ 761,793	\$ 912,596	\$ 818,742	\$ 860,340
Interest	9,511,040	9,193,908	8,949,790	8,977,910	8,876,315	8,390,513	8,151,071
Differences between expected and actual experience	699,810	1,361,896		(2,653,681)		312,274	866,959
Changes of assumptions	(1,978,840)					6,217,609	3,431,350
Contributions - buy back	51,726		47,123	41,367			
Benefit payments, including refunds of member contributions	(7,544,199)	(6,317,326)	(6,397,599)	(8,755,072)	(7,539,629)	(6,446,003)	(5,994,107)
Net change in total pension liability	1,565,469	5,025,238	3,415,385	(1,627,683)	2,249,282	9,293,135	7,315,613
Total pension liability - beginning	136,434,444	131,409,206	127,993,821	129,621,504	127,372,222	118,079,087	110,763,474
Total pension liability - ending (a)	\$ 137,999,913	\$ 136,434,444	\$ 131,409,206	\$ 127,993,821	\$ 129,621,504	\$ 127,372,222	\$ 118,079,087
Plan fiduciary net position							
Contributions - employer	\$ 4,254,519	\$ 4,445,468	\$ 4,528,544	\$ 4,331,190	3,830,736	\$ 3,830,839	\$ 3,825,656
Contributions - member	219,429	211,533	209,565	218,457	227,357	240,097	156,000
Net investment income	9,020,508	4,289,802	9,429,700	11,614,044	8,651,676	(2,362,487)	6,881,022
Benefit payments, including refunds of member contributions	(7,544,199)	(6,317,326)	(6,397,599)	(8,755,072)	(7,539,629)	(6,446,003)	(5,994,107)
Administrative expense	(38,631)	(48,723)	(52,447)	(115,371)	(93,853)	(82,441)	(69,051)
State Insurance	623,811	601,682	572,693	542,277	533,483	512,808	473,283
Member buybacks	51,726		47,123	41,367	-	-	12,024
Net change in plan fiduciary net position	6,587,163	3,182,436	8,337,579	7,876,892	5,609,770	(4,307,187)	5,284,827
Plan fiduciary net position - beginning	104,468,611	101,583,353	93,617,461	85,740,569	80,130,799	84,437,986	79,153,159
Plan fiduciary net position - ending	111,055,774	104,765,789	101,955,040	93,617,461	85,740,569	80,130,799	84,437,986
LESS RESERVE ACCOUNTS	100,694	297,178	371,687	775,007	1,168,510	1,203,293	1,097,405
Total Plan fiduciary net position (b)	\$ 110,955,080	\$ 104,468,611	\$ 101,583,353	\$ 92,842,454	\$ 84,572,059	\$ 78,927,506	\$ 83,340,581
City's net pension liability - ending (a)-(b)	\$ 27,044,833	\$ 31,965,833	\$ 29,825,853	\$ 35,151,367	\$ 45,049,445	\$ 48,444,716	\$ 34,738,506
Plan fiduciary net position as a percentage of the total pension liability	80.4%	76.6%	77.3%	72.5%	65.2%	62.0%	70.6%
Covered payroll	\$ 4,219,795	\$ 4,067,890	\$ 4,030,069	\$ 4,201,063	4,372,250	\$ 4,423,864	4,466,862
City's pension liability as a percentage of covered payroll	640.9%	785.8%	740.1%	836.7%	1030.3%	1095.1%	777.7%
Annual money-weighted rate of return	8.50%	4.15%	9.92%	13.48%	11.11%	-2.34% #	9.00%

* The amounts presented for each fiscal year were determined as of September 30th, of the prior year.

NOTE: Information is presented for those years in which information is available. The Police Officers' Retirement Fund is a closed plan therefore the percentage of covered employee payroll will continue to increase as participants retire.

**CITY OF PENSACOLA, FLORIDA
POLICE OFFICERS' RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION**

Notes to Schedule:

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
Last 10 Fiscal Years *										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	\$ 4,797,421	\$ 4,878,329	\$ 5,047,150	\$ 5,101,237	\$ 4,873,467	\$ 4,364,219	\$ 4,343,646	\$ 4,298,939	\$ 2,832,155	\$ 3,356,717
Actual employer contribution	4,797,421	4,878,329	5,047,150	5,101,237	4,873,467	4,364,219	4,343,646	4,298,939	2,832,155	3,356,717
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 4,135,576	\$ 4,219,795	\$ 4,067,890	\$ 4,030,089	\$ 4,201,063	\$ 4,372,250	\$ 4,423,864	\$ 4,466,862	\$ 4,870,112	\$ 5,296,929
Actual contributions as a % of covered payroll	116.00%	115.61%	124.07%	126.58%	116.01%	99.82%	98.19%	96.24%	58.15%	63.37%
Current year covered payroll is not actuarially determined therefore subject to change in future years.										
Contributions do not include amounts drawn down from reserves.										
* Based on contributions made during the fiscal year noted.										

**CITY OF PENSACOLA, FLORIDA
POLICE OFFICERS' RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	10/1/2020	10/1/2019	10/1/2018	10/1/2017	10/1/2016	10/1/2015	10/1/2014
Actuarial cost method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age
Amortization method	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount
Remaining Amortization Period	11	12	13 years	14 years	15 years	16 years	17 years
Asset Valuation Method	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index
Actuarial Assumptions:							
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Investment rate of return	7.125%	7.125%	7.125%	7.125%	7.125%	7.125%	7.25%
Cost of living adjustments	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Mortality Rates	PUBS.H-2010	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB

NOTE: Information is presented for those years in which information is available.

CITY OF PENSACOLA, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY							
	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
City's proportion of the FRS net pension liability (asset)	0.067580322%	0.059663066%	0.055026148%	0.049432047%	0.045283952%	0.041335299%	0.039418763%
City's proportion of the FRS net pension liability (asset)	\$ 5,104,925	\$ 25,858,852	\$ 18,949,722	\$ 14,889,189	\$ 13,394,689	\$ 10,437,195	\$ 5,091,462
Covered payroll	\$ 22,838,497	\$ 21,417,967	\$ 19,573,461	\$ 17,140,563	\$ 15,295,017	\$ 12,840,904	\$ 12,296,508
City's pension liability as a percentage of covered payroll	22.4%	120.7%	96.8%	86.9%	87.6%	81.3%	41.4%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

NOTE: The amounts presented were determined as of June 30, the end of the State of Florida's fiscal year. Information is presented for those years in which information is available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS							
	Last 5 Fiscal Years						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	\$ 2,574,518	\$ 1,982,339	\$ 1,706,208	\$ 1,453,249	\$ 1,210,082	\$ 1,099,355	\$ 978,143
Actual employer contribution	2,574,518	1,982,339	1,706,208	1,453,249	1,210,082	1,099,355	978,143
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 25,403,511	\$ 22,014,597	\$ 20,065,477	\$ 17,553,738	\$ 15,648,664	\$ 13,163,322	\$ 12,527,598
Actual contributions as a % of covered payroll	10.13%	9.00%	8.50%	8.28%	7.73%	8.35%	7.81%

NOTE: The amounts presented were determined as of September 30, the end of the City of Pensacola's fiscal year. Information is presented for those years in which information is available.

CITY OF PENSACOLA, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule:

Method and assumptions used in calculations of actuarially determined contributions. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Ultimate Entry Age Normal	Individual Entry Age	Individual Entry Age
Asset Valuation Method	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Dollor Amount Closed	Level Dollor Amount Closed
Asset Valuation Method	20 years	25 years	30 years	30 years	30 years	30 years	30 years
Actuarial Assumptions:							
Inflation	2.40%	2.40%	2.60%	2.60%	2.60%	2.60%	2.60%
Salary increase	Varies	Varies	Varies	3.25%	3.25%	3.25%	3.25%
Investment rate of return	7.00%	7.00%	6.90%	7.00%	7.10%	7.60%	7.65%
Cost of living adjustments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mortality Rates	Generational PUB-2010 with Scale MP-2018	Generational PUB-2010 with Scale MP-2018	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables

NOTE: The amounts presented were determined as of June 30, the end of the State of Florida's fiscal year. Information is presented for those years in which information is available.

CITY OF PENSACOLA, FLORIDA
FRS RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY							
	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
City's proportion of the HIS net pension liability (asset)	0.064240703%	0.055541371%	0.051069262%	0.047519167%	0.043820246%	0.041586882%	0.040531215%
City's proportion of the HIS net pension liability (asset)	\$ 7,880,088	\$ 6,781,511	\$ 5,714,139	\$ 5,029,482	\$ 4,685,463	\$ 4,846,779	\$ 4,133,546
Covered payroll	\$ 22,747,410	\$ 19,281,404	\$ 18,165,949	\$ 15,524,948	\$ 13,972,362	\$ 12,840,904	\$ 12,296,508
City's pension liability as a percentage of covered payroll	34.6%	35.2%	31.5%	32.4%	33.5%	37.7%	33.6%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

NOTE: The amounts presented were determined as of June 30, the end of the State of Florida's fiscal year. Information is presented for those years in which information is available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS							
	Last 7 Fiscal Years						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	\$ 377,607	\$ 320,059	\$ 283,583	262,412	241,173	\$ 221,345	\$ 169,762
Actual employer contribution	377,607	320,059	283,583	262,412	241,173	221,345	169,762
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	0	0	\$ 0	\$ 0
Covered payroll	\$ 24,148,144	\$ 20,493,766	\$ 18,244,421	15,596,591	14,039,291	\$ 12,898,569	\$ 12,345,987
Actual contributions as a % of covered payroll	1.56%	1.56%	1.55%	1.68%	1.72%	1.72%	1.38%

NOTE: The amounts presented were determined as of September 30, the end of the City of Pensacola's fiscal year. Information is presented for those years in which information is available.

CITY OF PENSACOLA, FLORIDA
FRS RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule:

Method and assumptions used in calculations of actuarially determined contributions. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age
Asset Valuation Method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Actuarial Assumptions:							
Inflation	2.40%	2.40%	2.60%	2.60%	2.60%	2.60%	2.60%
Salary increase	Varies	Varies	Varies	3.25%	3.25%	3.25%	3.25%
Discount rate	2.21%	2.21%	3.50%	3.87%	3.58%	2.85%	3.80%
Cost of living adjustments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mortality Rates	Generational PUB-2010 with Projection Scale MP- 2018	Generational PUB-2010 with Projection Scale MP- 2018	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables

NOTE: The amounts presented were determined as of June 30, the end of the State of Florida's fiscal year. Information is presented for those years in which information is available.

**CITY OF PENSACOLA, FLORIDA
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS**

	Fiscal Year			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service Cost	\$ 133,896	\$ 91,439	\$ 101,187	\$ 87,688
Interest	593,862	977,708	895,230	798,393
Difference between Expected & Actual Experience	(5,711,095)	(5,486,957)	(392,192)	(368,076)
Changes in Assumptions or Other Inputs	1,074,050	2,968,014	(2,748,991)	5,416,699
Changes of benefit terms	642,604	-	-	-
Benefit payments	<u>(485,747)</u>	<u>(610,816)</u>	<u>(351,400)</u>	<u>(329,792)</u>
Net change in total OPEB liability	(3,752,430)	(2,060,612)	(2,496,166)	5,604,912
Total OPEB liability - beginning	<u>21,915,023</u>	<u>23,975,635</u>	<u>26,471,801</u>	<u>20,866,889</u>
Total OPEB liability - ending	<u>\$ 18,162,593</u>	<u>\$ 21,915,023</u>	<u>\$ 23,975,635</u>	<u>\$ 26,471,801</u>
 Covered-employee payroll	 34,492,658	 27,368,943	 26,571,789	 23,130,270
 City's total OPEB liability as a percentage of covered-employee payroll	 189.91%	 124.89%	 110.83%	 87.38%

Notes to Schedule:

Changes in benefit terms. There are no changes in benefit terms since the Prior Measurement Date.

Changes in assumptions. Changes in assumptions and other inputs reflect the effects in the discount rate each period. The following are the discount rates used in each period:

2017	3.86%
2018	3.43%
2019	4.13%
2020	2.74%
2021	2.12%

NOTE: Information is presented for those years in which information is available.



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COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

FIDUCIARY FUNDS



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Special Grants Fund – to account for various private, state and federal grant receipts and the expenditures thereof.

Local Option Gasoline Tax Fund - to account for the receipt and expenditures of gasoline tax revenue.

Community Development Block Grant Fund - to account for the community development block grant and the housing rehabilitation program federal grant receipts and the expenditures thereof.

Community Redevelopment Agency Fund - to account for the tax increment development receipts and expenditures thereof.

Urban Core Redevelopment Trust - to account for the tax increment development receipts and the expenditures thereof.

Stormwater Utility Fund – to account for the receipt and expenditures for the operating and maintenance activities related to stormwater.

Parking Fund – To account for the public parking services receipts and the expenditures thereof.

Law Enforcement Trust Fund - to account for proceeds from the sale of confiscated property. Expenditure of such funds is restricted to law enforcement purposes.

Golf Course Fund - to account for the revenues and expenditures of the Osceola Golf Course and Pro Shop.

Eastside Tax Increment Financing District - to account for the tax increment revenues associated with programs and projects identified in Eastside Community Redevelopment Area.

Inspections Fund – to account for the revenues and expenditures of collections as regulated under Florida Statue 553 referred to as the ‘Florida Building Code’.

Westside Tax Increment Financing District – to account for the tax increment revenues associated with programs and projects identified in Westside Community Redevelopment Area.

Recreation Fund – to account for the revenues and expenditures of recreation center and athletic activities.

Tennis Fund – to account for the revenues and expenditures of the Roger Scott Tennis Center.

CMP Management Services Fund – to account for the revenues and expenditures related to the Community Maritime Park.

Debt Service Fund

Debt service funds are used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

CRA Debt Service Fund - to provide monies for payment of the Redevelopment Revenue Bond(s) financed with tax increment financing revenues derived from the Urban Core, Eastside and Westside Tax Increment Financing Districts.

Local Option Gas Tax Debt Service Fund – to provide monies for the payment of the 2016 Local Option Gas Tax Bond. Financing is provided from future Local Option Gasoline Tax proceeds.

Capital Projects Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

CRA 2017 Project Fund – a capital project fund that accounts for various community development projects within the Pensacola Inner City Community Redevelopment Area. Financing is provided by amounts received from the Eastside Redevelopment Revenue Bond, Series 2017, the Westside Redevelopment Revenue Bond, Series 2017 and the Urban Core Redevelopment Revenue Bond, Series 2017.

CRA 2019 Project Fund – a capital project fund that accounts for various community development projects within the Urban Core Redevelopment Area. Financing is provided by amounts received from the Urban Core Redevelopment Revenue Bond, Series 2019.

Local Option Sales Tax Project Fund – to account for the construction of various infrastructure improvements. Financing is provided by amounts received from Infrastructure Sales Surtax Revenue Bond, Series 2017.

Stormwater Capital Fund – to account for the expenditures of stormwater improvements. Financing is provided by a transfer from the General Fund of matching receipts collected by the stormwater utility fee.



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**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Community Redevelopment Agency
ASSETS				
Cash and cash equivalents	\$ 142,753	\$ 492,834	\$	\$ 2,553,792
Other cash			9,036	
Investments	131,471	453,881		2,351,945
Accounts receivable				
Due from other funds	255,218			
Due from other governments	130,402	132,741	256,434	
Prepays and deposits				136
Inventory				
Notes receivable	555,995		362,457	
Restricted assets				
Cash and cash equivalents				521,393
Investments				480,183
Total assets	\$ 1,215,839	\$ 1,079,456	\$ 627,927	\$ 5,907,449
LIABILITIES				
Accounts payable	\$ 258,544	\$	\$ 303	\$ 12,753
Contracts payable				50,063
Contracts payable - retainage				
Due to other funds	2,140		265,167	19,030
Due to other governments	95,946			
Compensated absences payable				5,187
Unearned revenue	192,580			
Deposits				1,000
Total liabilities	549,210	0	265,470	88,033
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	555,995		362,457	
Total deferred inflows of resources	555,995	0	362,457	0
FUND BALANCE (DEFICITS)				
Non-spendable				136
Restricted	223,803	1,079,456	106,759	1,715,768
Committed				
Assigned				4,103,512
Unassigned	(113,169)		(106,759)	
Total fund balances	110,634	1,079,456	0	5,819,416
Total liabilities, deferred inflows of resources and fund balances	\$ 1,215,839	\$ 1,079,456	\$ 627,927	\$ 5,907,449

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds			
	Urban Core Redevelopment Trust	Stormwater Utility Fund	Parking Fund	Law Enforcement Trust
ASSETS				
Cash and cash equivalents	\$	\$ 170,719	\$ 236,559	\$ 144,637
Other cash				
Investments		157,226	217,862	133,206
Accounts receivable				
Due from other funds				
Due from other governments		8,381		
Prepays and deposits		1,003	74	
Inventory				
Notes receivable				
Restricted assets				
Cash and cash equivalents				
Investments				
Total assets	\$ <u>0</u>	\$ <u>337,329</u>	\$ <u>454,495</u>	\$ <u>277,843</u>
LIABILITIES				
Accounts payable	\$	\$ 12,760	\$ 19,203	\$ 6,385
Contracts payable				
Contracts payable - retainage				
Due to other funds		48,067	12,855	
Due to other governments				
Compensated absences payable				
Unearned revenue				
Deposits				
Total liabilities	<u>0</u>	<u>60,827</u>	<u>32,058</u>	<u>6,385</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE (DEFICITS)				
Non-spendable		1,003	74	
Restricted		11,323	750	271,458
Committed		264,176		
Assigned			421,613	
Unassigned				
Total fund balances	<u>0</u>	<u>276,502</u>	<u>422,437</u>	<u>271,458</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>0</u>	\$ <u>337,329</u>	\$ <u>454,495</u>	\$ <u>277,843</u>

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds			
	Golf Course Fund	Eastside Tax Incremental Financing District	Inspections Fund	Westside Tax Incremental Financing District
ASSETS				
Cash and cash equivalents	\$ 156,191	\$ 393,254	\$ 663,320	\$ 472,725
Other cash				
Investments	143,847	362,172	610,893	435,362
Accounts receivable				
Due from other funds				
Due from other governments				
Prepays and deposits	3,600			
Inventory	647			
Notes receivable				
Restricted assets				
Cash and cash equivalents				
Investments				
Total assets	\$ 304,285	\$ 755,426	\$ 1,274,213	\$ 908,087
LIABILITIES				
Accounts payable	\$ 32,800	\$ 1,910	\$ 23,270	\$ 2,186
Contracts payable	496		3,980	20,000
Contracts payable - retainage				
Due to other funds	5,351	1,246	30,806	1,272
Due to other governments				
Compensated absences payable			34,777	
Unearned revenue				
Deposits	2,938		46,389	
Total liabilities	41,585	3,156	139,222	23,458
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,500			
Total deferred inflows of resources	1,500	0	0	0
FUND BALANCE (DEFICITS)				
Non-spendable	4,247			
Restricted	26,007	752,270	1,134,991	884,629
Committed				
Assigned	230,946			
Unassigned				
Total fund balances	261,200	752,270	1,134,991	884,629
Total liabilities, deferred inflows of resources and fund balances	\$ 304,285	\$ 755,426	\$ 1,274,213	\$ 908,087

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds			Debt Service Funds
	Recreation Fund	Tennis Fund	CMP Management Services Fund	CRA Debt Service
ASSETS				
Cash and cash equivalents	\$ 552,453	\$ 116,556	\$ 244,835	\$
Other cash				
Investments	508,788	107,343	225,483	
Accounts receivable	2,000	23,438	437,398	
Due from other funds				
Due from other governments				
Prepays and deposits	7	961	10,827	
Inventory				
Notes receivable				
Restricted assets				
Cash and cash equivalents			559,765	1,814,229
Investments			515,523	1,670,836
Total assets	\$ 1,063,248	\$ 248,298	\$ 1,993,831	\$ 3,485,065
LIABILITIES				
Accounts payable	\$ 20,469	\$ 4,338	\$ 56,077	\$
Contracts payable	12,998		18,551	
Contracts payable - retainage				
Due to other funds			1,769	
Due to other governments				
Compensated absences payable				
Unearned revenue			97,242	
Deposits	70,745		3,300	
Total liabilities	104,212	4,338	176,939	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,000	23,438		
Total deferred inflows of resources	2,000	23,438	0	0
FUND BALANCE (DEFICITS)				
Non-spendable	7	961	10,827	
Restricted	115,719		709,880	3,485,065
Committed				
Assigned	841,310	219,561	1,096,185	
Unassigned				
Total fund balances	957,036	220,522	1,816,892	3,485,065
Total liabilities, deferred inflows of resources and fund balances	\$ 1,063,248	\$ 248,298	\$ 1,993,831	\$ 3,485,065

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Debt Service Funds	Capital Projects Funds		
	Local Option Gas Tax Debt Service	CRA 2017 Project Fund	CRA 2019 Project Fund	Local Option Sales Tax Project Fund
ASSETS				
Cash and cash equivalents	\$	\$ 3,635,741	\$ 8,882,773	\$
Other cash				
Investments		3,348,380	8,180,699	
Accounts receivable				
Due from other funds				
Due from other governments				
Prepays and deposits				
Inventory				
Notes receivable				
Restricted assets				
Cash and cash equivalents	800,131			
Investments	736,891			
Total assets	\$ 1,537,022	\$ 6,984,121	\$ 17,063,472	\$ 0
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Contracts payable		15,310	467,224	
Contracts payable - retainage				
Due to other funds				
Due to other governments				
Compensated absences payable				
Unearned revenue				
Deposits				
Total liabilities	0	15,310	467,224	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Total deferred inflows of resources	0	0	0	0
FUND BALANCE (DEFICITS)				
Non-spendable				
Restricted	1,537,022	6,968,811	16,596,248	
Committed				
Assigned				
Unassigned				
Total fund balances	1,537,022	6,968,811	16,596,248	0
Total liabilities, deferred inflows of resources and fund balances	\$ 1,537,022	\$ 6,984,121	\$ 17,063,472	\$ 0

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Stormwater Capital</u>	
ASSETS		
Cash and cash equivalents	\$ 2,028,084	\$ 20,887,226
Other cash		9,036
Investments	1,867,788	19,236,346
Accounts receivable		462,836
Due from other funds		255,218
Due from other governments		527,958
Prepays and deposits		16,608
Inventory		647
Notes receivable		918,452
Restricted assets		
Cash and cash equivalents		3,695,518
Investments		3,403,433
Total assets	<u>\$ 3,895,872</u>	<u>\$ 49,413,278</u>
LIABILITIES		
Accounts payable	\$ 24,470	\$ 475,468
Contracts payable	97,672	686,294
Contracts payable - retainage	22,574	22,574
Due to other funds		387,703
Due to other governments		95,946
Compensated absences payable		39,964
Unearned revenue		289,822
Deposits		124,372
Total liabilities	<u>144,716</u>	<u>2,122,143</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		945,390
Total deferred inflows of resources	<u>0</u>	<u>945,390</u>
FUND BALANCE (DEFICITS)		
Non-spendable		17,255
Restricted	893,985	36,513,944
Committed	2,857,171	3,121,347
Assigned		6,913,127
Unassigned		(219,928)
Total fund balances	<u>3,751,156</u>	<u>46,345,745</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,895,872</u>	<u>\$ 49,413,278</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Community Redevelopment Agency
Revenues:				
Taxes	\$	\$ 1,431,737	\$	\$
Licenses and permits				
Intergovernmental	1,736,354		429,114	
Charges for services				9,262
Fines and forfeits				
Interest income		7,052	5,445	42,124
Donations	83,096			
Other			10,511	
Total revenues	<u>1,819,450</u>	<u>1,438,789</u>	<u>445,070</u>	<u>51,386</u>
Expenditures:				
Current -				
General government			445,070	2,761,490
Public safety	168,415			
Transportation		4,300		
Culture and recreation	673,677			
Economic environment	176,747			
Physical environment	75,000			
Capital outlay	759,887			157,096
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>1,853,726</u>	<u>4,300</u>	<u>445,070</u>	<u>2,918,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,276)</u>	<u>1,434,489</u>	<u>0</u>	<u>(2,867,200)</u>
Other financing sources (uses):				
Transfers in				3,383,531
Transfers (out)		(1,536,818)		
Total other financing sources (uses)	<u>0</u>	<u>(1,536,818)</u>	<u>0</u>	<u>3,383,531</u>
Net change in fund balances before special item	<u>(34,276)</u>	<u>(102,329)</u>	<u>0</u>	<u>516,331</u>
Special item - Parking Operations Transfer				
Net Change in fund balances	<u>(34,276)</u>	<u>(102,329)</u>	<u>0</u>	<u>516,331</u>
Fund balances at beginning of year	<u>144,910</u>	<u>1,181,785</u>	<u>0</u>	<u>5,303,085</u>
Fund balances at end of year	<u>\$ 110,634</u>	<u>\$ 1,079,456</u>	<u>\$ 0</u>	<u>\$ 5,819,416</u>

(continued)

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds			
	Urban Core Redevelopment Trust	Stormwater Utility Fund	Parking Fund	Law Enforcement Trust
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits				
Intergovernmental	4,723,231			
Charges for services		2,889,883	811,228	
Fines and forfeits		2,278		38,975
Interest income		4,137	709	1,114
Donations				
Other		6,502	141	
Total revenues	<u>4,723,231</u>	<u>2,902,800</u>	<u>812,078</u>	<u>40,089</u>
Expenditures:				
Current -				
General government				
Public safety				53,302
Transportation			712,633	
Culture and recreation				
Economic environment				
Physical environment		3,039,089		
Capital outlay		5,000	15,634	5,057
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>0</u>	<u>3,044,089</u>	<u>728,267</u>	<u>58,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,723,231</u>	<u>(141,289)</u>	<u>83,811</u>	<u>(18,270)</u>
Other financing sources (uses):				
Transfers in	2,785,600		300,000	
Transfers (out)	(7,508,831)			
Total other financing sources (uses)	<u>(4,723,231)</u>	<u>0</u>	<u>300,000</u>	<u>0</u>
Net change in fund balances before special item	<u>0</u>	<u>(141,289)</u>	<u>383,811</u>	<u>(18,270)</u>
Special item - Parking Operations Transfer			38,626	
Net Change in fund balances	<u>0</u>	<u>(141,289)</u>	<u>422,437</u>	<u>(18,270)</u>
Fund balances at beginning of year	<u>0</u>	<u>417,791</u>	<u>0</u>	<u>289,728</u>
Fund balances at end of year	<u>\$ 0</u>	<u>\$ 276,502</u>	<u>\$ 422,437</u>	<u>\$ 271,458</u>

(continued)

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds			
	<u>Golf Course Fund</u>	<u>Eastside Tax Increment Financing District</u>	<u>Inspections Fund</u>	<u>Westside Tax Increment Financing District</u>
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits			2,953,241	
Intergovernmental		145,897		493,592
Charges for services	602,081		23,775	
Fines and forfeits				
Interest income	929	3,365	2,144	4,695
Donations				
Other			22	
Total revenues	<u>603,010</u>	<u>149,262</u>	<u>2,979,182</u>	<u>498,287</u>
Expenditures:				
Current -				
General government		59,384		77,812
Public safety			1,825,779	
Transportation				
Culture and recreation	738,301			
Economic environment				
Physical environment				
Capital outlay			27,409	
Debt service -				
Principal retirement				
Interest		15,000		
Total expenditures	<u>738,301</u>	<u>74,384</u>	<u>1,853,188</u>	<u>77,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,291)</u>	<u>74,878</u>	<u>1,125,994</u>	<u>420,475</u>
Other financing sources (uses):				
Transfers in	250,000	92,207		319,997
Transfers (out)		(89,318)		(278,425)
Total other financing sources (uses)	<u>250,000</u>	<u>2,889</u>	<u>0</u>	<u>41,572</u>
Net change in fund balances before special item	<u>114,709</u>	<u>77,767</u>	<u>1,125,994</u>	<u>462,047</u>
Special item - Parking Operations Transfer				
Net Change in fund balances	<u>114,709</u>	<u>77,767</u>	<u>1,125,994</u>	<u>462,047</u>
Fund balances at beginning of year	<u>146,491</u>	<u>674,503</u>	<u>8,997</u>	<u>422,582</u>
Fund balances at end of year	<u>\$ 261,200</u>	<u>\$ 752,270</u>	<u>\$ 1,134,991</u>	<u>\$ 884,629</u>

(continued)

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds			Debt Service Funds
	Recreation Fund	Tennis Fund	CMP Management Services Fund	CRA Debt Service
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits				
Intergovernmental				
Charges for services	420,823	130,848	1,398,766	
Fines and forfeits				
Interest income	2,338	763	4,572	5,045
Donations	3,975			
Other			150	
Total revenues	<u>427,136</u>	<u>131,611</u>	<u>1,403,488</u>	<u>5,045</u>
Expenditures:				
Current -				
General government				
Public safety				
Transportation				
Culture and recreation	555,279	65,357	885,314	
Economic environment				
Physical environment				
Capital outlay	5,221			
Debt service -				
Principal retirement			20,000	1,842,181
Interest				2,297,444
Total expenditures	<u>560,500</u>	<u>65,357</u>	<u>905,314</u>	<u>4,139,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(133,364)</u>	<u>66,254</u>	<u>498,174</u>	<u>(4,134,580)</u>
Other financing sources (uses):				
Transfers in	786,500		534,000	4,493,043
Transfers (out)				
Total other financing sources (uses)	<u>786,500</u>	<u>0</u>	<u>534,000</u>	<u>4,493,043</u>
Net change in fund balances before special item	<u>653,136</u>	<u>66,254</u>	<u>1,032,174</u>	<u>358,463</u>
Special item - Parking Operations Transfer				
Net Change in fund balances	<u>653,136</u>	<u>66,254</u>	<u>1,032,174</u>	<u>358,463</u>
Fund balances at beginning of year	<u>303,900</u>	<u>154,268</u>	<u>784,718</u>	<u>3,126,602</u>
Fund balances at end of year	<u>\$ 957,036</u>	<u>\$ 220,522</u>	<u>\$ 1,816,892</u>	<u>\$ 3,485,065</u>

(continued)

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Debt Service Funds	Capital Project Funds		
	Local Option Gas Tax Debt Service	CRA 2017 Project Fund	CRA 2019 Project Fund	Local Option Sales Tax Project Fund
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits				
Intergovernmental				
Charges for services				
Fines and forfeits				
Interest income	204	35,004	68,600	
Donations				
Other				
Total revenues	<u>204</u>	<u>35,004</u>	<u>68,600</u>	<u>0</u>
Expenditures:				
Current -				
General government				
Public safety				
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Capital outlay		3,433,091	1,543,954	1,030,875
Debt service -				
Principal retirement	1,365,000			
Interest	172,230			
Total expenditures	<u>1,537,230</u>	<u>3,433,091</u>	<u>1,543,954</u>	<u>1,030,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,537,026)</u>	<u>(3,398,087)</u>	<u>(1,475,354)</u>	<u>(1,030,875)</u>
Other financing sources (uses):				
Transfers in	1,536,818			
Transfers (out)				
Total other financing sources (uses)	<u>1,536,818</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances before special item	<u>(208)</u>	<u>(3,398,087)</u>	<u>(1,475,354)</u>	<u>(1,030,875)</u>
Special item - Parking Operations Transfer				
Net Change in fund balances	<u>(208)</u>	<u>(3,398,087)</u>	<u>(1,475,354)</u>	<u>(1,030,875)</u>
Fund balances at beginning of year	<u>1,537,230</u>	<u>10,366,898</u>	<u>18,071,602</u>	<u>1,030,875</u>
Fund balances at end of year	\$ <u><u>1,537,022</u></u>	\$ <u><u>6,968,811</u></u>	\$ <u><u>16,596,248</u></u>	\$ <u><u>0</u></u>

(continued)

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Capital Projects Funds	Total Nonmajor Governmental Funds
	Stormwater Capital	
Revenues:		
Taxes	\$	\$ 1,431,737
Licenses and permits		2,953,241
Intergovernmental		7,528,188
Charges for services		6,286,666
Fines and forfeits		41,253
Interest income	20,501	208,741
Donations		87,071
Other		17,326
Total revenues	<u>20,501</u>	<u>18,554,223</u>
Expenditures:		
Current -		
General government		3,343,756
Public safety		2,047,496
Transportation		716,933
Culture and recreation		2,917,928
Economic environment		176,747
Physical environment	819,426	3,933,515
Capital outlay	2,718,548	9,701,772
Debt service -		
Principal retirement		3,227,181
Interest		2,484,674
Total expenditures	<u>3,537,974</u>	<u>28,550,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,517,473)</u>	<u>(9,995,779)</u>
Other financing sources (uses):		
Transfers in	2,735,000	17,216,696
Transfers (out)		(9,413,392)
Total other financing sources (uses)	<u>2,735,000</u>	<u>7,803,304</u>
Net change in fund balances before special item	<u>(782,473)</u>	<u>(2,192,475)</u>
Special item - Parking Operations Transfer		<u>38,626</u>
Net Change in fund balances	<u>(782,473)</u>	<u>(2,153,849)</u>
Fund balances at beginning of year	<u>4,533,629</u>	<u>48,499,594</u>
Fund balances at end of year	\$ <u><u>3,751,156</u></u>	\$ <u><u>46,345,745</u></u>

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Grants			Local Option Gasoline Tax		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$ 1,431,737	\$ 1,431,737	\$ 0
Licenses and permits						
Intergovernmental	3,502,626	1,736,354	(1,766,272)			
Charges for services						
Fines and forfeits						
Interest income				7,052	7,052	0
Donations	308,541	83,096	(225,445)			
Other						
Total revenues	<u>3,811,167</u>	<u>1,819,450</u>	<u>(1,991,717)</u>	<u>1,438,789</u>	<u>1,438,789</u>	<u>0</u>
Expenditures:						
Current -						
General government						
Public safety	519,793	168,415	351,378			
Transportation				4,300	4,300	0
Culture and recreation	744,017	673,677	70,340			
Economic environment	1,370,761	176,747	1,194,014			
Physical environment	173,800	75,000	98,800			
Human services			0			
Capital outlay	1,002,796	759,887	242,909			
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>3,811,167</u>	<u>1,853,726</u>	<u>1,957,441</u>	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(34,276)</u>	<u>(34,276)</u>	<u>1,434,489</u>	<u>1,434,489</u>	<u>0</u>
Other financing sources (uses):						
Transfers in						
Transfers (out)				(1,536,818)	(1,536,818)	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,536,818)</u>	<u>(1,536,818)</u>	<u>0</u>
Net change in fund balances before special item	<u>0</u>	<u>(34,276)</u>	<u>(34,276)</u>	<u>(102,329)</u>	<u>(102,329)</u>	<u>0</u>
Special item - Parking Operations Transfer						
Net Change in fund balances	<u>\$ 0</u>		<u>\$ (34,276)</u>	<u>\$ (102,329)</u>		<u>\$ 0</u>
Fund balances at beginning of year		<u>144,910</u>			<u>1,181,785</u>	
Fund balances at end of year		<u>\$ 110,634</u>			<u>\$ 1,079,456</u>	

(continued)

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Community Development Block Grant			Community Redevelopment Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental	1,504,354	429,114	(1,075,240)			
Charges for services				9,679	9,262	417
Fines and forfeits						
Interest income		5,445	5,445	42,124	42,124	0
Donations						
Other		10,511	10,511			
Total revenues	<u>1,504,354</u>	<u>445,070</u>	<u>(1,059,284)</u>	<u>51,803</u>	<u>51,386</u>	<u>417</u>
Expenditures:						
Current -						
General government	1,469,354	445,070	1,024,284	7,090,380	2,761,490	4,328,890
Public safety						
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay	35,000	0	35,000	647,451	157,096	490,355
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>1,504,354</u>	<u>445,070</u>	<u>1,059,284</u>	<u>7,737,831</u>	<u>2,918,586</u>	<u>4,819,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,686,028)</u>	<u>(2,867,200)</u>	<u>4,819,662</u>
Other financing sources (uses):						
Transfers in				3,383,531	3,383,531	0
Transfers (out)						
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,383,531</u>	<u>3,383,531</u>	<u>0</u>
Net change in fund balances before special item	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,302,497)</u>	<u>516,331</u>	<u>4,819,662</u>
Special item - Parking Operations Transfer						
Net Change in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,302,497)</u>		<u>\$ 4,819,662</u>
Fund balances at beginning of year		<u>0</u>			<u>5,303,085</u>	
Fund balances at end of year		<u>\$ 0</u>			<u>\$ 5,819,416</u>	

(continued)

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Urban Core Redevelopment Trust			Stormwater Utility Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental	4,723,231	4,723,231	0			
Charges for services				2,889,882	2,889,883	1
Fines and forfeits				2,278	2,278	0
Interest income				4,137	4,137	0
Donations						
Other				6,502	6,502	0
Total revenues	<u>4,723,231</u>	<u>4,723,231</u>	<u>0</u>	<u>2,902,799</u>	<u>2,902,800</u>	<u>1</u>
Expenditures:						
Current -						
General government						
Public safety						
Transportation						
Culture and recreation						
Economic environment						
Physical environment				3,248,299	3,039,089	209,210
Human services						
Capital outlay				5,000	5,000	0
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,253,299</u>	<u>3,044,089</u>	<u>209,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,723,231</u>	<u>4,723,231</u>	<u>0</u>	<u>(350,500)</u>	<u>(141,289)</u>	<u>209,211</u>
Other financing sources (uses):						
Transfers in	2,785,600	2,785,600	0			
Transfers (out)	<u>(7,508,831)</u>	<u>(7,508,831)</u>	<u>0</u>			
Total other financing sources (uses)	<u>(4,723,231)</u>	<u>(4,723,231)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances before special item	<u>0</u>	<u>0</u>	<u>0</u>	<u>(350,500)</u>	<u>(141,289)</u>	<u>209,211</u>
Special item - Parking Operations Transfer						
Net Change in fund balances	<u>\$ 0</u>		<u>\$ 0</u>	<u>\$ (350,500)</u>		<u>\$ 209,211</u>
Fund balances at beginning of year		<u>0</u>			<u>417,791</u>	
Fund balances at end of year		<u>\$ 0</u>			<u>\$ 276,502</u>	

(continued)

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Parking Fund			Law Enforcement Trust		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental						
Charges for services	811,229	811,228	1			
Fines and forfeits				34,623	38,975	4,352
Interest income	708	709	(1)	915	1,114	199
Donations						
Other	140	141	(1)			
Total revenues	<u>812,077</u>	<u>812,078</u>	<u>(1)</u>	<u>35,538</u>	<u>40,089</u>	<u>4,551</u>
Expenditures:						
Current -						
General government						
Public safety				80,293	53,302	26,991
Transportation	820,303	712,633	107,670			
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay	30,400	15,634	14,766	5,202	5,057	145
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>850,703</u>	<u>728,267</u>	<u>122,436</u>	<u>85,495</u>	<u>58,359</u>	<u>27,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,626)</u>	<u>83,811</u>	<u>122,435</u>	<u>(49,957)</u>	<u>(18,270)</u>	<u>31,687</u>
Other financing sources (uses):						
Transfers in	300,000	300,000	0			
Transfers (out)				199	0	199
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>199</u>	<u>0</u>	<u>199</u>
Net change in fund balances before special item	<u>261,374</u>	<u>383,811</u>	<u>122,435</u>	<u>(49,758)</u>	<u>(18,270)</u>	<u>31,886</u>
Special item - Parking Operations Transfer	<u>38,626</u>	<u>38,626</u>	<u>0</u>			
Net Change in fund balances	<u>\$ 300,000</u>	<u>422,437</u>	<u>\$ 122,435</u>	<u>\$ (49,758)</u>		<u>\$ 31,886</u>
Fund balances at beginning of year		<u>0</u>			<u>289,728</u>	
Fund balances at end of year		<u>\$ 422,437</u>			<u>\$ 271,458</u>	

(continued)

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Golf Course Fund			Eastside Tax Increment Financing District		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental				145,897	145,897	0
Charges for services	603,580	602,081	(1,499)			
Fines and forfeits						
Interest income	929	929	0	3,365	3,365	0
Donations						
Other						
Total revenues	<u>604,509</u>	<u>603,010</u>	<u>(1,499)</u>	<u>149,262</u>	<u>149,262</u>	<u>0</u>
Expenditures:						
Current -						
General government				760,155	59,384	700,771
Public safety						
Transportation						
Culture and recreation	855,234	738,301	116,933			
Economic environment						
Physical environment						
Human services						
Capital outlay	5,300	0	5,300	51,500	0	51,500
Debt service -						
Principal retirement				15,000	15,000	0
Interest						
Total expenditures	<u>860,534</u>	<u>738,301</u>	<u>122,233</u>	<u>826,655</u>	<u>74,384</u>	<u>752,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(256,025)</u>	<u>(135,291)</u>	<u>120,734</u>	<u>(677,393)</u>	<u>74,878</u>	<u>752,271</u>
Other financing sources (uses):						
Transfers in	250,000	250,000	0	92,208	92,207	(1)
Transfers (out)				(89,318)	(89,318)	0
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>2,890</u>	<u>2,889</u>	<u>(1)</u>
Net change in fund balances before special item	<u>(6,025)</u>	<u>114,709</u>	<u>120,734</u>	<u>(674,503)</u>	<u>77,767</u>	<u>752,270</u>
Special item - Parking Operations Transfer						
Net Change in fund balances	<u>\$ (6,025)</u>		<u>\$ 120,734</u>	<u>\$ (674,503)</u>		<u>\$ 752,270</u>
Fund balances at beginning of year		<u>146,491</u>			<u>674,503</u>	
Fund balances at end of year		<u>\$ 261,200</u>			<u>\$ 752,270</u>	

(continued)

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Inspections Fund			Westside Tax Increment Financing District		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits	2,953,241	2,953,241	0	493,592	493,592	0
Intergovernmental						
Charges for services	23,775	23,775	0			
Fines and forfeits						
Interest income	2,144	2,144	0	4,695	4,695	0
Donations						
Other	22	22	0			
Total revenues	<u>2,979,182</u>	<u>2,979,182</u>	<u>0</u>	<u>498,287</u>	<u>498,287</u>	<u>0</u>
Expenditures:						
Current -						
General government				962,441	77,812	884,629
Public safety	2,960,745	1,825,779	1,134,966			
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay	27,409	27,409	0			
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>2,988,154</u>	<u>1,853,188</u>	<u>1,134,966</u>	<u>962,441</u>	<u>77,812</u>	<u>884,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,972)</u>	<u>1,125,994</u>	<u>1,134,966</u>	<u>(464,154)</u>	<u>420,475</u>	<u>884,629</u>
Other financing sources (uses):						
Transfers in				319,998	319,998	0
Transfers (out)				(278,426)	(278,426)	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,572</u>	<u>41,572</u>	<u>0</u>
Net change in fund balances before special item	<u>(8,972)</u>	<u>1,125,994</u>	<u>1,134,966</u>	<u>(422,582)</u>	<u>462,047</u>	<u>884,629</u>
Special item - Parking Operations Transfer						
Net Change in fund balances	<u>\$ (8,972)</u>		<u>\$ 1,134,966</u>	<u>\$ (422,582)</u>		<u>\$ 884,629</u>
Fund balances at beginning of year		8,997			422,582	
Fund balances at end of year		<u>\$ 1,134,991</u>			<u>\$ 884,629</u>	

(continued)

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Recreation Fund			Tennis Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental						
Charges for services	420,826	420,823	(3)	130,915	130,848	(67)
Fines and forfeits						
Interest income	2,338	2,338	0	763	763	0
Donations	3,975	3,975	0			
Other						
Total revenues	<u>427,139</u>	<u>427,136</u>	<u>(3)</u>	<u>131,678</u>	<u>131,611</u>	<u>(67)</u>
Expenditures:						
Current -						
General government						
Public safety						
Transportation						
Culture and recreation	604,821	555,279	49,542	123,978	65,357	58,621
Economic environment						
Physical environment						
Human services						
Capital outlay	71,480	5,221	66,259	7,700	0	7,700
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>676,301</u>	<u>560,500</u>	<u>115,801</u>	<u>131,678</u>	<u>65,357</u>	<u>66,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(249,162)</u>	<u>(133,364)</u>	<u>115,798</u>	<u>0</u>	<u>66,254</u>	<u>66,254</u>
Other financing sources (uses):						
Transfers in	786,500	786,500	0			
Transfers (out)						
Total other financing sources (uses)	<u>786,500</u>	<u>786,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances before special item	<u>537,338</u>	<u>653,136</u>	<u>115,798</u>	<u>0</u>	<u>66,254</u>	<u>66,254</u>
Special item - Parking Operations Transfer						
Net Change in fund balances	<u>\$ 537,338</u>		<u>\$ 115,798</u>	<u>\$ 0</u>		<u>\$ 66,254</u>
Fund balances at beginning of year		<u>303,900</u>			<u>154,268</u>	
Fund balances at end of year		<u>\$ 957,036</u>			<u>\$ 220,522</u>	

(continued)

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	CMP Management Services Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental			
Charges for services	1,399,826	1,398,766	(1,060)
Fines and forfeits			
Interest income	4,572	4,572	0
Donations			
Other	150	150	0
Total revenues	<u>1,404,548</u>	<u>1,403,488</u>	<u>(1,060)</u>
Expenditures:			
Current -			
General government			
Public safety			
Transportation			
Culture and recreation	101,400	885,314	(783,914)
Economic environment	1,272,176	0	1,272,176
Physical environment			
Human services			
Capital outlay	80,000	0	80,000
Debt service -			
Principal retirement	20,000	20,000	0
Interest			
Total expenditures	<u>1,473,576</u>	<u>905,314</u>	<u>568,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,028)</u>	<u>498,174</u>	<u>567,202</u>
Other financing sources (uses):			
Transfers in	534,000	534,000	0
Transfers (out)			
Total other financing sources (uses)	<u>534,000</u>	<u>534,000</u>	<u>0</u>
Net change in fund balances before special item	<u>464,972</u>	<u>1,032,174</u>	<u>567,202</u>
Special item - Parking Operations Transfer			
Net Change in fund balances	<u>\$ 464,972</u>		<u>\$ 567,202</u>
Fund balances at beginning of year		<u>784,718</u>	
Fund balances at end of year		<u>\$ 1,816,892</u>	

CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	CRA Debt Service Fund			Local Option Gas Tax Debt Service		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental						
Charges for services						
Fines and forfeits						
Interest income	5,044	5,044	0	204	204	0
Donations						
Other						
Total revenues	<u>5,044</u>	<u>5,044</u>	<u>0</u>	<u>204</u>	<u>204</u>	<u>0</u>
Expenditures:						
Current -						
General government						
Public safety						
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay						
Debt service -						
Principal retirement	2,089,188	1,842,181	247,007	1,373,359	1,365,000	8,359
Interest	2,408,900	2,297,444	111,456	178,664	172,230	6,434
Total expenditures	<u>4,498,088</u>	<u>4,139,625</u>	<u>358,463</u>	<u>1,552,023</u>	<u>1,537,230</u>	<u>14,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,493,044)</u>	<u>(4,134,581)</u>	<u>358,463</u>	<u>(1,551,819)</u>	<u>(1,537,026)</u>	<u>14,793</u>
Other financing sources (uses):						
Transfers in	4,493,044	4,493,044	0	1,536,819	1,536,818	(1)
Transfers (out)						
Total other financing sources (uses)	<u>4,493,044</u>	<u>4,493,044</u>	<u>0</u>	<u>1,536,819</u>	<u>1,536,818</u>	<u>(1)</u>
Net change in fund balances before special item	<u>0</u>	<u>358,463</u>	<u>358,463</u>	<u>(15,000)</u>	<u>(208)</u>	<u>14,792</u>
Special item - Parking Operations Transfer						
Net Change in fund balances	<u>\$ 0</u>		<u>\$ 358,463</u>	<u>\$ (15,000)</u>		<u>\$ 14,792</u>
Fund balances at beginning of year		<u>3,126,602</u>			<u>1,537,230</u>	
Fund balances at end of year		<u>\$ 3,485,065</u>			<u>\$ 1,537,022</u>	

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government on a cost reimbursement basis.

General Stock Account - to account for the cost of operating a central warehouse facility used by other City departments. Material purchases are recovered from the users.

Insurance Retention Fund - to account for the City's self-insurance program.

Central Services Fund - to account for the operation of the City Mail Room, Management Information Services, Engineering, and City Garage Facilities.

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2021

	General Stock Account	Insurance Retention Fund	Central Services Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 19,146	\$ 1,790,398	\$ 1,739,268	\$ 3,548,812
Investments	17,632	1,648,887	1,601,800	3,268,319
Accounts receivable (net)		663,356		663,356
Due from other funds		139,700		139,700
Due from other governments		8,250		8,250
Prepaid expenses		30,433	32,989	63,422
Inventory	1,577,326			1,577,326
Total current assets	1,614,104	4,281,024	3,374,057	9,269,185
Noncurrent assets:				
Prepaid expense		200,000		200,000
Advances to other funds		577,689		577,689
Restricted assets				
Cash and cash equivalents		4,071,529		4,071,529
Investments		3,749,724		3,749,724
Capital assets				
Depreciable (net)			1,963,539	1,963,539
Total noncurrent assets	0	8,598,942	1,963,539	10,562,481
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension		213,351	1,272,389	1,485,740
Deferred OPEB		20,181	164,802	184,983
Total deferred outflows of resources	0	233,532	1,437,191	1,670,723
Total assets and deferred outflows	\$ 1,614,104	\$ 13,113,498	\$ 6,774,787	\$ 21,502,389
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 22,342	\$ 114,577	\$ 55,011	\$ 191,930
Contracts payable			1,722	1,722
Due to other funds	728,392	18,221	108,508	855,121
Compensated absences payable			13,822	13,822
Claims and judgments payable		1,093,000		1,093,000
Unearned revenue		75,000		75,000
Deposits		14,833		14,833
Total current liabilities	750,734	1,315,631	179,063	2,245,428
Noncurrent liabilities:				
Compensated absences payable		40,002	315,907	355,909
Advances from other funds			29,785	29,785
Claims and judgments payable		3,485,294		3,485,294
Net pension liability		497,730	2,982,977	3,480,707
Total OPEB liability		114,403	956,957	1,071,360
Total noncurrent liabilities	0	4,137,429	4,285,626	8,423,055
Total liabilities	750,734	5,453,060	4,464,689	10,668,483
DEFERRED INFLOWS OF RESOURCES				
Deferred pension		135,921	985,248	1,121,169
Deferred OPEB		63,170	489,665	552,835
Total deferred inflows of resources	0	199,091	1,474,913	1,674,004
NET POSITION				
Net investment in capital assets			1,963,539	1,963,539
Unrestricted	863,370	7,461,347	(1,128,354)	7,196,363
Total net position	863,370	7,461,347	835,185	9,159,902
Total liabilities and net position	\$ 1,614,104	\$ 13,113,498	\$ 6,774,787	\$ 21,502,389

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Stock Account</u>	<u>Insurance Retention Fund</u>	<u>Central Services Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$	\$	\$ 5,295,635	\$ 5,295,635
Health		11,594,876		11,594,876
Dental		318,676		318,676
Vision		60,316		60,316
Life		263,727		263,727
Survivor disability		162,457		162,457
Liability		5,820,789		5,820,789
Other		13,710	2,102	15,812
Total operating revenues	<u>0</u>	<u>18,234,551</u>	<u>5,297,737</u>	<u>23,532,288</u>
Operating expenses:				
Salaries and employee benefits		528,751	2,885,030	3,413,781
Materials and supplies		10,489	73,493	83,982
Repairs and maintenance		15,475	215,604	231,079
Contractual services		29,617	1,003,984	1,033,601
Office and utilities		54,927	432,527	487,454
Premiums and claims expense -				
General liability		3,367,015		3,367,015
Workmen's compensation		1,572,878		1,572,878
Auto		596,568		596,568
Health		10,421,866		10,421,866
Dental		320,238		320,238
Vision		60,942		60,942
Life		255,341		255,341
Survivor disability		239,772		239,772
Total operating expenses before depreciation	<u>0</u>	<u>17,473,879</u>	<u>4,610,638</u>	<u>22,084,517</u>
Operating income (loss) before depreciation	<u>0</u>	<u>760,672</u>	<u>687,099</u>	<u>1,447,771</u>
Depreciation			340,947	340,947
Operating income (loss)	<u>0</u>	<u>760,672</u>	<u>346,152</u>	<u>1,106,824</u>
Nonoperating revenues (expenses):				
Investment interest		57,011	12,546	69,557
Total nonoperating revenues (expenses)	<u>0</u>	<u>57,011</u>	<u>12,546</u>	<u>69,557</u>
Change in net position	<u>0</u>	<u>817,683</u>	<u>358,698</u>	<u>1,176,381</u>
Net position at beginning of year	<u>863,370</u>	<u>6,643,664</u>	<u>476,487</u>	<u>7,983,521</u>
Net position at end of year	<u>\$ 863,370</u>	<u>\$ 7,461,347</u>	<u>\$ 835,185</u>	<u>\$ 9,159,902</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Stock Account</u>	<u>Insurance Retention Fund</u>	<u>Central Services Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$	\$ 13,170,248	\$ 5,297,737	\$ 18,467,985
Cash received from other funds	750,734	5,083,349		5,834,083
Cash payments to suppliers for goods and services	(761,728)	(16,754,628)	(1,691,310)	(19,207,666)
Cash payments to employees for services		(598,551)	(3,491,642)	(4,090,193)
Net cash provided by (used for) operating activities	<u>(10,994)</u>	<u>900,418</u>	<u>114,785</u>	<u>1,004,209</u>
Cash flows from noncapital financing activities:				
Advance from (to) other funds		226,949	(21,953)	204,996
Net cash provided by (used for) noncapital financing activities	<u>0</u>	<u>226,949</u>	<u>(21,953)</u>	<u>204,996</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets			(77,488)	(77,488)
Net cash provided by (used for) capital and related financing activities	<u>0</u>	<u>0</u>	<u>(77,488)</u>	<u>(77,488)</u>
Cash flows from investing activities:				
Sale (purchase) of investments	17,907	2,097,289	862,953	2,978,149
Interest on investments		57,011	12,546	69,557
Net cash provided by (used for) investing activities	<u>17,907</u>	<u>2,154,300</u>	<u>875,499</u>	<u>3,047,706</u>
Net increase (decrease) in cash and cash equivalents	<u>6,913</u>	<u>3,281,667</u>	<u>890,843</u>	<u>4,179,423</u>
Cash and cash equivalents at beginning of year	<u>12,233</u>	<u>2,580,260</u>	<u>848,425</u>	<u>3,440,918</u>
Cash and cash equivalents of end of year	<u>\$ 19,146</u>	<u>\$ 5,861,927</u>	<u>\$ 1,739,268</u>	<u>\$ 7,620,341</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING INCOME TO NET CASH
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Stock Account</u>	<u>Insurance Retention Fund</u>	<u>Central Services Fund</u>	<u>Total</u>
Operating income (loss)	\$	\$ 760,672	\$ 346,152	\$ 1,106,824
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation			340,947	340,947
Change in assets and liabilities:				
(Increase) decrease in accounts receivable		31,420		31,420
(Increase) decrease in inventory	(761,728)			(761,728)
(Increase) decrease in due from other funds		44,000		44,000
(Increase) decrease in due from other governments		(8,250)		(8,250)
(Increase) decrease in prepaid expenses		52,220	2,925	55,145
Increase (decrease) in accounts payable	22,342	18,973	31,373	72,688
Increase (decrease) in contracts payable		(12,796)	(18,105)	(30,901)
Increase (decrease) in due to other funds	728,392	18,221	(22,950)	723,663
Increase (decrease) in deposits		(31,374)		(31,374)
Increase (decrease) in claims and judgments		132,103		132,103
Increase (decrease) in deferred revenue		(25,000)		(25,000)
Increase (decrease) in compensated absences		13,069	17,292	30,361
Increase (decrease) in net OPEB obligation		1,678	12,307	13,985
Increase (decrease) in net pension liability		(94,518)	(595,156)	(689,674)
Net cash provided by (used for) operating activities	\$ <u>(10,994)</u>	\$ <u>900,418</u>	\$ <u>114,785</u>	\$ <u>1,004,209</u>



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FIDUCIARY FUNDS

Fiduciary funds are trust funds used to account for assets held by the City in a trustee capacity for individuals, other governmental units and/or other funds.

PENSION TRUST FUNDS

Pension Trust Funds account for financial operations of the City's three pension plans.

General Pension and Retirement Fund – to account for the accumulation of resources to be used for pension and retirement payments for substantially all City employees except for those in the Fire and Police Pension Funds. Resources are contributed by employees and the City at actuarially determined rates. On June 18, 2007 the City's General Pension and Retirement Plan was closed to all new employees. Existing participants were given the option to participate in the Florida Retirement System or remain in the City's General Pension and Retirement Plan.

Firefighter's Relief and Pension Fund – to account for the accumulation of resources to be used for pension and retirement payments for all firefighters. Resources are contributed by employees and the City at actuarially determined rates.

Police Officer's Retirement Fund – to account for the accumulation of resources to be used for pension and retirement payments for all police officers. Resources are contributed by employees and the City at actuarially determined rates. On January 1, 2013 the City's Police Officers' Retirement Fund was closed to all new employees. Existing participants were given the option to participate in the Florida Retirement System or remain in the City's Police Officers' Retirement Fund.

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	<u>General Pension and Retirement Fund</u>	<u>Firefighter's Relief and Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS				
Other cash	\$ 118,300	\$ 61,101	\$ 454,497	\$ 633,898
Receivables:				
Employer	181	202	148	531
Employee	9,930	22,199	7,692	39,821
Total receivables	<u>10,111</u>	<u>22,401</u>	<u>7,840</u>	<u>40,352</u>
Investments :				
Short term investments	3,700,423	4,167,893	1,477,753	9,346,069
Debt Securities & Bond Mutual Funds	26,437,863	25,667,461	26,530,634	78,635,958
Convertible Corporate Bonds	13,430,749	16,765,499		30,196,248
Stock Mutual Funds	2,706,318	29,200,269		31,906,587
Mortgage Backed Securities	23,628,360	10,016,876	21,146,210	54,791,446
Commingled Trust Fund	259,977	8,462,398		8,722,375
Domestic Stocks	65,713,313	49,915,428	61,700,965	177,329,706
Preferred Stocks	2,583,288	3,165,988		5,749,276
Foreign Stocks	30,655,704	1,987,903	23,348,017	55,991,624
Total investments	<u>169,115,995</u>	<u>149,349,715</u>	<u>134,203,579</u>	<u>452,669,289</u>
Total assets	<u>\$ 169,244,406</u>	<u>\$ 149,433,217</u>	<u>\$ 134,665,916</u>	<u>\$ 453,343,539</u>
LIABILITIES				
Accounts payable	\$ 253,840	\$ 203,455	\$ 513,113	\$ 970,408
Total liabilities	<u>253,840</u>	<u>203,455</u>	<u>513,113</u>	<u>970,408</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 168,990,566</u>	<u>\$ 149,229,762</u>	<u>\$ 134,152,803</u>	<u>\$ 452,373,131</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Pension and Retirement Fund</u>	<u>Firefighter's Relief and Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	<u>Total Pension Trust Funds</u>
Additions:				
Contributions - city	\$ 5,946,411	\$ 1,324,930	\$ 4,157,135	\$ 11,428,476
Contributions - employee	279,948	619,230	215,050	1,114,228
Commission recapture	473	16	2,222	2,711
Insurance proceeds - State of Florida		573,129	640,287	1,213,416
Total contributions	<u>6,226,832</u>	<u>2,517,305</u>	<u>5,014,694</u>	<u>13,758,831</u>
Investment income				
Net appreciation				
in fair value of investments	286,347,19	27,303,793	22,915,170	78,853,682
Interest and dividends	<u>2,637,583</u>	<u>2,006,362</u>	<u>2,513,085</u>	<u>7,157,030</u>
	31,272,302	29,310,155	25,428,255	86,010,712
Less investment expense	<u>787,822</u>	<u>706,936</u>	<u>510,204</u>	<u>2,004,962</u>
Net investment income	<u>30,484,480</u>	<u>28,603,219</u>	<u>24,918,051</u>	<u>84,005,750</u>
Total additions	<u>36,711,312</u>	<u>31,120,524</u>	<u>29,932,745</u>	<u>97,764,581</u>
Deductions:				
Pensions paid - employees	10,838,110	7,268,449	6,211,724	24,318,283
Pensions paid - widows	2,061,620	968,094	628,560	3,658,274
Refunds to employees	10,529	15,726		26,255
Deferred retirement option plan	1,074,753	245,141	575,773	1,895,667
Health insurance assistance	100,464			100,464
Administrative expenses	<u>117,601</u>	<u>115,838</u>	<u>88,522</u>	<u>321,961</u>
Total deductions	<u>14,203,077</u>	<u>8,613,248</u>	<u>7,504,579</u>	<u>30,320,904</u>
Change in net position	<u>22,508,235</u>	<u>22,507,276</u>	<u>22,428,166</u>	<u>67,443,677</u>
Net position restricted for pension benefits:				
Beginning of year	<u>146,482,331</u>	<u>126,722,486</u>	<u>111,724,637</u>	<u>384,929,454</u>
End of year	\$ <u><u>168,990,566</u></u>	\$ <u><u>149,229,762</u></u>	\$ <u><u>134,152,803</u></u>	\$ <u><u>452,373,131</u></u>



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STATISTICAL SECTION

This part of the City of Pensacola's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Financial Trends - These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property, sales taxes, and utility revenue.

Debt Capacity - These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. Note the city has no general obligation debt.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make a comparison over time and with other governments.

Operating Information - These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*



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FINANCIAL TRENDS

CITY OF PENSACOLA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General Government	\$ 30,598,069 (a)	\$ 11,030,982	\$ 10,140,686	\$ 11,459,325	\$ 10,675,142	\$ 13,421,994	\$ 12,382,833	\$ 12,101,937	\$ 14,024,575	\$ 12,380,195
Public safety	30,960,121	30,934,597	33,276,740	31,187,510	32,478,560	41,001,683	37,978,435	36,484,101	40,407,906	33,074,865
Transportation	2,992,464	2,679,732	2,942,516	3,205,374	4,051,784	2,896,355	4,057,926	5,333,798	6,768,664	7,746,788
Culture and recreation	18,824,265	18,544,968	12,968,344	14,030,560	13,467,494	13,651,877	13,787,334	14,315,481	14,374,666	16,196,710
Economic environment	13,780,462	14,808,193	13,876,714	16,362,079	16,502,619	17,947,509	18,318,018	16,877,887	17,914,891	18,373,202
Physical environment	2,893,391	2,855,920	4,922,313	5,470,198	3,146,051	4,218,895	4,033,681	5,524,973	7,903,072	13,195,272
Human services	30,000	30,000	30,000	30,000	30,000	30,000	30,000	14,492,331 (e)	9,453,927	30,000
Unallocated depreciation	3,028,787	3,316,233	3,418,471	3,592,828	3,898,568	4,139,867	2,025,235	1,917,285	1,797,534	1,716,378
Interest on long-term debt	3,712,342	5,397,074 (b)	5,272,532	5,091,611	5,139,876	4,514,339	4,324,860	5,953,180	3,144,298	2,909,320
Total governmental activities expenses	<u>106,819,901</u>	<u>89,597,699</u>	<u>86,848,316</u>	<u>90,429,485</u>	<u>89,390,094</u>	<u>101,822,519</u>	<u>96,938,322</u>	<u>113,000,973</u>	<u>115,789,533</u>	<u>105,622,730</u>
Business-type activities:										
Utility	25,338,365	28,928,155	33,899,904	30,526,216	31,136,870	33,575,070	34,940,330	34,105,382	31,835,300	32,896,169
Sanitation	6,179,795	6,096,488	6,636,126	6,115,820	6,883,649	7,385,517	6,901,117	7,488,155	7,805,854	7,884,591
Port	2,633,916	2,628,491	2,646,153	2,609,159	2,601,580	2,869,779	2,615,462	2,713,331	3,521,004	3,070,577
Airport	26,110,733	25,093,721	24,331,152	23,833,660	25,085,705	25,102,535	26,533,722	28,606,833	28,398,131	26,204,842
Total business-type activities expenses	<u>60,262,809</u>	<u>62,746,855</u>	<u>67,513,335</u>	<u>63,084,855</u>	<u>65,707,804</u>	<u>68,932,901</u>	<u>70,990,631</u>	<u>72,913,701</u>	<u>71,560,289</u>	<u>70,056,179</u>
Total primary government expenses	<u>\$ 167,082,710</u>	<u>\$ 152,344,554</u>	<u>\$ 154,361,651</u>	<u>\$ 153,514,340</u>	<u>\$ 155,097,898</u>	<u>\$ 170,755,420</u>	<u>\$ 167,928,953</u>	<u>\$ 185,914,674</u>	<u>\$ 187,349,822</u>	<u>\$ 175,678,909</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General Government	\$ 493,530	\$ 526,039	\$ 679,868	\$ 538,272	\$ 540,401	\$ 492,954	\$ 296,437	\$ 286,817	\$ 1,220,454	\$ 261,078
Public safety	1,901,310	1,903,583	2,308,840	2,304,786	2,165,304	2,434,239	2,191,063	2,553,611	2,584,504	3,856,136
Transportation	543,851	538,138	619,630	636,372	722,452	808,801	695,121	738,270	967,281	1,817,144
Culture and recreation	2,387,544	3,192,352	2,763,580	2,817,702	3,064,679	2,996,558	2,826,837	2,777,016	1,749,952	2,605,833
Physical environment	2,543,121	2,498,829	2,619,208	2,609,127	2,785,085	2,713,930	2,779,337	2,845,664	2,845,965	2,902,846
Operating grants and contributions	18,674,020	20,526,485	15,686,464	19,435,541	20,937,879	20,751,603	21,219,767	36,160,940	32,131,025	31,148,673
Capital grants and contributions	6,880,444	3,438,904	4,522,447	9,770,999	5,240,998	5,952,566	3,239,646	2,533,119	1,675,802	938,171
Total governmental activities program revenues	<u>33,423,820</u>	<u>32,624,330</u>	<u>29,200,037</u>	<u>38,112,799</u>	<u>35,456,798</u>	<u>36,150,651</u>	<u>33,248,208</u>	<u>47,895,437</u>	<u>43,174,983</u>	<u>43,529,881</u>
Business-type activities:										
Charges for Services										
Utility	36,900,749	42,891,258	49,170,177	45,466,269	43,278,297	44,741,994	49,914,141	50,231,748	46,608,310	50,804,613
Sanitation	6,838,663	6,948,353	6,989,558	7,060,514	7,084,148	7,190,675	7,744,185	8,255,120	8,439,456	8,867,686
Port	2,401,744	1,908,200	1,906,423	1,900,212	1,609,280	1,058,964	1,259,626	2,400,834	2,740,267	2,809,593
Airport	17,996,001	18,729,817	18,915,396	21,073,261	21,887,992	21,638,635	23,190,940	25,921,379	20,718,662	22,276,241
Operating grants and contributions										5,866,730
Capital grants and contributions	7,834,262	13,462,418	6,076,663	8,685,517	12,843,595	28,704,147	24,610,034	10,172,410	16,912,674	17,894,768
Total business-type activities program revenues	<u>71,971,419</u>	<u>83,840,046</u>	<u>83,058,217</u>	<u>84,185,773</u>	<u>86,703,312</u>	<u>103,334,415</u>	<u>106,718,926</u>	<u>96,981,491</u>	<u>95,419,369</u>	<u>108,519,631</u>
Total primary government program revenues	<u>\$ 105,395,239</u>	<u>\$ 116,464,376</u>	<u>\$ 112,258,254</u>	<u>\$ 122,298,572</u>	<u>\$ 122,160,110</u>	<u>\$ 139,485,066</u>	<u>\$ 139,967,134</u>	<u>\$ 144,876,928</u>	<u>\$ 138,594,352</u>	<u>\$ 152,049,512</u>

(continued)

CITY OF PENSACOLA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental activities	\$ (73,396,081)	\$ (56,973,369)	\$ (57,648,279)	\$ (52,316,686)	\$ (53,933,296)	\$ (65,671,868)	\$ (63,690,114)	\$ (65,105,536)	\$ (72,614,550)	\$ (62,092,849)
Business-type activities	11,708,610	21,093,191	15,544,882	21,100,918	20,995,508	34,401,514	35,728,295	24,067,790	23,859,080	38,463,452
Total primary government net expenses	\$ (61,687,471)	\$ (35,880,178)	\$ (42,103,397)	\$ (31,215,768)	\$ (32,937,788)	\$ (31,270,354)	\$ (27,961,819)	\$ (41,037,746)	\$ (48,755,470)	\$ (23,629,397)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 12,311,601	\$ 12,096,544	\$ 12,232,594	\$ 12,728,973	\$ 13,312,773	\$ 13,781,024	\$ 14,638,449	\$ 15,718,156	\$ 16,953,100	\$ 18,137,244
Public service taxes and franchise fees	14,252,846	14,160,542	15,720,253	16,339,157	16,000,690	16,092,524	17,222,374	17,135,120	17,097,763	17,473,081
Communication services tax	3,600,306	3,468,827	3,115,591	3,026,561	3,127,266	2,853,565	3,095,646	3,069,511	3,185,927	3,159,425
Local business tax	885,161	902,106	917,179	909,057	914,773	902,333	915,792	939,973	944,046	918,590
Local option gasoline tax	1,557,013	1,524,736	1,553,809	1,541,616	1,585,310	1,353,590	1,365,613	1,364,246	1,301,270	1,431,737
Local option sales tax	6,401,758	6,665,836	7,015,227	7,337,154	7,662,504	7,881,842	8,524,108	8,901,413	8,698,808	10,718,928
Contribution from other governments										
Intergovernmental revenues	6,123,014	6,368,742	6,502,204	6,719,109	6,846,265	6,999,518	7,330,410	7,630,878	7,485,820	8,225,603
Unrestricted investment earnings	1,948,024	1,918,865	1,902,728	1,939,068	2,026,216	1,780,315	946,252	1,683,080	1,358,607	326,148
Insurance recoveries										
Donation of capital assets										
Miscellaneous	32,315	20,547	41,068	4,872	14,316	139,669	35,573	29,113	38,755	58,984
Net gain (loss) on sale of asset	105,387	87,400	71,972	56,851		1,496,281	2,529,358	708,896	94,056	84,366
Gain (loss) on impairment of asset - Hurricane Ivan										
Special Item			(1,306,106)	5,351,922 (c)		14,266,276 (d)				689,131
Transfers	8,000,000	8,000,000	8,206,788	8,070,459	8,000,000	8,000,000	8,000,000	7,282,376	5,752,854	6,966,490
Overhead transfers	2,366,900	2,094,600	2,372,500	2,376,600	2,355,500	2,458,900	2,480,300	2,662,700	2,708,800	2,839,300
Total governmental activities	57,584,325	57,308,745	58,345,807	66,401,399	61,845,613	78,005,837	67,083,875	67,125,462	65,619,806	71,029,027
Business-type activities:										
Unrestricted investment earnings	42,597	106,780	121,682	170,836	215,216	467,169	837,949	1,353,089	1,281,334	377,237
Insurance recoveries										1,650,924
Donation of capital assets										
Miscellaneous	392,351	371,655	373,481	511,037	424,772	919,630	753,915	605,249	515,442	635,705
Net gain (loss) on sale of asset	66,358	2,000	43,870	19,196		64,870	29,531	112,180	75,921	93,536
Gain (loss) on impairment of asset - Hurricane Ivan										
Special Item		470,000								
Transfers	(8,000,000)	(8,000,000)	(8,206,788)	(8,070,459)	(8,000,000)	(8,000,000)	(8,000,000)	(7,282,376)	(5,752,854)	(6,966,490)
Overhead transfers	(2,366,900)	(2,094,600)	(2,372,500)	(2,376,600)	(2,355,500)	(2,458,900)	(2,480,300)	(2,662,700)	(2,708,800)	(2,839,300)
Total business-type activities	(9,865,594)	(9,144,165)	(10,040,255)	(9,745,990)	(9,715,512)	(9,007,231)	(8,858,905)	(7,874,558)	(6,588,957)	(7,048,388)
Total primary government	\$ 47,718,731	\$ 48,164,580	\$ 48,305,552	\$ 56,655,409	\$ 52,130,101	\$ 68,998,606	\$ 58,224,970	\$ 59,250,904	\$ 59,030,849	\$ 63,980,639
Change in Net Position										
Governmental activities	\$ (15,811,756)	\$ 335,376	\$ 697,528	\$ 14,084,713	\$ 7,912,317	\$ 12,333,969	\$ 3,393,761	\$ 2,019,926	\$ (6,994,744)	\$ 8,936,178
Business-type activities	1,843,016	11,949,026	5,504,627	11,354,928	11,279,996	25,394,283	26,869,390	16,193,232	17,270,123	31,415,064
Total primary government	\$ (13,968,740)	\$ 12,284,402	\$ 6,202,155	\$ 25,439,641	\$ 19,192,313	\$ 37,728,252	\$ 30,263,151	\$ 18,213,158	\$ 10,275,379	\$ 40,351,242

Notes: (a) In FY12, the City made a one time \$19.5 million contribution to ECUA for Main Street Waste Water Treatment Plant Relocation Project.

(b) In FY 13, CMPA Construction Fund interest was included into governmental activities due to GASB No. 65 implementation.

(c) In FY 15, BP claim was settled for the BP Deep Horizon Oil Spill in 2010 and the City was awarded \$5,351,922

(d) In FY 17 , the City cancelled the \$54,079,902 loan the CTA Investment Fund, LLC made to CMPA and the loan the City made to CTA Investment Fund, LLC which resulted in a net gain to the City of \$14,266,276.

(e) In FY 19, the City created the Hospital Special Assement Fund to account for the receipts from local hospitals and subsequently submit to the State for health care provisions.

CITY OF PENSACOLA, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015 (b)	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 170,014,519	174,961,171	\$ 175,446,759	\$ 173,000,255	\$ 163,348,312	\$ 190,491,657	\$ 191,203,167	\$ 186,615,457	\$ 186,703,675	\$ 190,220,754
Restricted	20,560,416	17,644,779	16,283,438	27,838,599	35,352,306	29,751,412	23,754,264	24,688,258	29,203,635	24,748,663
Unrestricted	(6,865,663) (a)	(8,838,200)	(7,264,919)	(63,328,173)	(53,277,620)	(62,486,102)	(58,653,937)	(52,980,295)	(64,578,634)	(54,704,563)
Total governmental activities net position	<u>\$ 183,709,272</u>	<u>183,767,750</u>	<u>\$ 184,465,278</u>	<u>\$ 137,510,681</u>	<u>\$ 145,422,998</u>	<u>\$ 157,756,967</u>	<u>\$ 156,303,494</u>	<u>\$ 158,323,420</u>	<u>\$ 151,328,676</u>	<u>\$ 160,264,854</u>
Business-type activities										
Net investment in capital assets	\$ 132,621,897	133,809,955	\$ 131,081,295	\$ 135,878,607	\$ 142,842,026	\$ 168,168,989	\$ 186,225,485	\$ 194,787,731	\$ 198,846,540	\$ 212,977,675
Restricted	8,800,733	8,833,733	8,703,100	9,904,200	9,956,165	10,497,398	12,176,912	13,227,612	13,905,112	20,333,112
Unrestricted	16,214,273	25,949,463	34,313,383	20,040,759	24,305,371	23,831,458	29,067,346	35,647,632	48,181,446	59,037,375
Total business-type activities net position	<u>\$ 157,636,903</u>	<u>168,593,151</u>	<u>\$ 174,097,778</u>	<u>\$ 165,823,566</u>	<u>\$ 177,103,562</u>	<u>\$ 202,497,845</u>	<u>\$ 227,469,743</u>	<u>\$ 243,662,975</u>	<u>\$ 260,933,098</u>	<u>\$ 292,348,162</u>
Primary government										
Net investment in capital assets	\$ 302,636,416	308,771,126	\$ 306,528,054	\$ 308,878,862	\$ 306,190,338	\$ 358,660,646	\$ 377,428,652	\$ 381,403,188	\$ 385,550,215	\$ 403,198,429
Restricted	29,361,149	26,478,512	24,986,538	37,742,799	45,308,471	40,248,810	35,931,176	37,915,870	43,108,747	45,081,775
Unrestricted	9,348,610	17,111,263	27,048,464	(43,287,414)	(28,972,249)	(38,654,644)	(29,586,591)	(17,332,663)	(16,397,188)	4,332,812
Total primary government net position	<u>\$ 341,346,175</u>	<u>352,360,901</u>	<u>\$ 358,563,056</u>	<u>\$ 303,334,247</u>	<u>\$ 322,526,560</u>	<u>\$ 360,254,812</u>	<u>\$ 383,773,237</u>	<u>\$ 401,986,395</u>	<u>\$ 412,261,774</u>	<u>\$ 452,613,016</u>

Notes: (a) In FY12, the City made a one time \$19.5 million contribution to ECUA for Main Steet Waste Water Treatment Plant Relocation Project.

(b) The City implemented GASB Statement 68 in fiscal year 2015.

CITY OF PENSACOLA, FLORIDA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Function/Programs	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 7,713,091	\$ 3,003,380	\$ 3,153,436	\$ 3,283,833	\$ 3,427,107	\$ 3,700,398	\$ 3,901,755	\$ 4,479,037	\$ 6,187,932	\$ 6,211,248
Public safety	2,580,263	3,367,697	3,328,936	2,484,036	2,349,489	2,666,971	2,280,040	2,818,481	2,677,146	4,743,763
Transportation	793,491	538,138	859,734	2,807,030	1,911,016	808,801	695,121	747,358	967,281	2,252,364
Culture and recreation	7,145,440	8,091,572	4,990,080	6,822,539	5,076,963	4,168,728	3,916,783	4,118,589	1,819,592	5,802,050
Economic environment	12,418,071	14,930,338	13,503,294	16,793,245	17,147,764	17,850,657	17,484,499	16,858,471	17,662,062	18,985,778
Physical environment	2,773,464	2,693,205	3,364,557	5,922,116	5,544,459	6,955,096	4,970,010	4,411,169	4,437,043	5,534,678
Human services								14,462,332 (a)	9,423,927	
Total governmental activities	<u>33,423,820</u>	<u>32,624,330</u>	<u>29,200,037</u>	<u>38,112,799</u>	<u>35,456,798</u>	<u>36,150,651</u>	<u>33,248,208</u>	<u>47,895,437</u>	<u>43,174,983</u>	<u>43,529,881</u>
Business-type activities:										
Utility	38,054,431	42,987,116	49,387,343	45,939,470	43,761,940	45,297,295	50,548,308	50,231,748	46,608,310	50,804,613
Sanitation	6,838,663	7,014,670	6,989,558	7,074,746	7,084,148	7,192,089	7,744,185	8,255,120	9,620,538	8,867,686
Port	2,586,212	2,532,976	2,026,744	2,108,450	2,457,376	2,753,554	4,971,116	5,186,090	3,156,635	3,842,119
Airport	24,492,113	31,305,284	24,654,572	29,063,107	33,399,848	48,091,477	43,455,317	33,308,533	36,033,886	45,005,213
Total business-type activities	<u>71,971,419</u>	<u>83,840,046</u>	<u>83,058,217</u>	<u>84,185,773</u>	<u>86,703,312</u>	<u>103,334,415</u>	<u>106,718,926</u>	<u>96,981,491</u>	<u>95,419,369</u>	<u>108,519,631</u>
Total primary government	<u>\$ 105,395,239</u>	<u>\$ 116,464,376</u>	<u>\$ 112,258,254</u>	<u>\$ 122,298,572</u>	<u>\$ 122,160,110</u>	<u>\$ 139,485,066</u>	<u>\$ 139,967,134</u>	<u>\$ 144,876,928</u>	<u>\$ 138,594,352</u>	<u>\$ 152,049,512</u>

Notes: (a) In FY 19, the City created the Hospital Special Assessment Fund to account for the receipts from local hospitals and subsequently submit to the State for health care provisions.

CITY OF PENSACOLA, FLORIDA
FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Non-spendable	\$ 24,780	\$ 33,976 (a)	\$ 37,491	\$ 31,016	\$ 28,729	\$ 23,339	\$ 23,422	\$ 26,635	\$ 50,814	\$ 43,890
Restricted	428,618	381,561	447,395	632,697	665,283	891,857	1,038,512	880,968	1,064,330	1,154,652
Committed	8,399,115	8,654,687	8,816,950	9,210,488	10,143,175	11,694,280	14,017,235	14,397,663	14,628,212	14,620,074
Assigned	2,187,305	2,196,081	2,986,393	2,761,806	2,640,289	2,692,973	4,591,459	7,170,387	9,236,622	9,879,232
Unassigned	1,100,516	1,167,855	1,110,671	1,102,141	1,128,736	1,721,705	208,800	1,516,294	537,926	98,402
Total General Fund	<u>\$ 12,140,334</u>	<u>\$ 12,434,160</u>	<u>\$ 13,398,900</u>	<u>\$ 13,738,148</u>	<u>\$ 14,606,212</u>	<u>\$ 17,024,154</u>	<u>\$ 19,879,428</u>	<u>\$ 23,991,947</u>	<u>\$ 25,517,904</u>	<u>\$ 25,796,250</u>
All Other Governmental Funds										
Non-spendable	\$ 3,163,567	\$ 7,661,628	\$ 3,770,589	\$ 7,510,198	\$ 3,437,808	\$ 3,519,866	17,153	19,944	20,867	18,040
Restricted	66,544,108	58,187,514	57,319,028	58,928,951	75,306,214 (b)	38,838,782	53,562,885	62,274,000	56,111,278	49,200,597
Committed	4,207,674	3,047,291	3,695,188	5,760,423	6,525,521	5,888,016	5,181,575	5,571,152	4,191,794	3,121,347
Assigned	6,858	8,102	715,949	3,137,792	1,712,813	867,343	716,721	872,612	4,844,743	6,913,127
Unassigned	(6,082,300)	(7,778,573)	(6,974,974)	(7,341,255)	(6,642,268)	(8,547,881)	(260,165)	(415,247)	(8,620,052)	(15,550,037)
Total all other governmental funds	<u>\$ 67,839,907</u>	<u>\$ 61,125,962</u>	<u>\$ 58,525,780</u>	<u>\$ 67,996,109</u>	<u>\$ 80,340,088</u>	<u>\$ 40,566,126</u>	<u>\$ 59,218,169</u>	<u>\$ 68,322,461</u>	<u>\$ 56,548,630</u>	<u>\$ 43,703,074</u>

Notes: (a) Increase in non-spendable fund balance is related to the prepayment of bond principal in the Local Option Sales Tax fund
(b) Increase in restricted fund balance is related to the unspent bond proceeds in the Local Option Gas Tax Project Fund.

CITY OF PENSACOLA, FLORIDA
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
Revenues	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Taxes	\$ 31,234,509	\$ 31,300,035	\$ 32,259,057	\$ 33,316,544	\$ 34,076,354	\$ 34,883,249	\$ 37,034,176	\$ 38,493,239	\$ 39,663,462	\$ 43,132,137
Licenses and permits	1,132,486	1,072,138	1,277,978	1,346,721	1,415,580	1,771,849	1,593,488	1,751,816	1,797,767	3,124,299
Franchise fees	7,774,176	7,518,556	8,295,596	8,565,974	8,289,710	8,218,881	8,727,806	8,635,180	8,517,452	8,706,868
Intergovernmental	28,045,478	29,348,015	25,037,986	34,883,053	31,227,672	31,348,598	30,882,832	31,258,032	32,281,626	39,864,893
Charges for services	5,842,665	6,584,768	6,472,779	6,634,483	6,995,182	7,008,094	6,621,643	6,763,745	6,058,848	7,894,124
Fines and forfeits	337,858	427,168	483,732	318,933	286,782	153,648	166,780	271,104	239,869	147,436
Assessments	51,729	10,663	35,191	14,347	27,187	78,741	52,326	14,519,578	9,462,697	52,383
Interest income	1,958,681	1,943,236	1,921,332	1,943,368	2,045,038	1,812,692	994,564	1,714,509	1,401,730	341,669
Donations	199,965	334,093	529,217	106,536	1,017,668	2,011,038	1,125,245	71,160	20,498	87,071
Other	706,264	809,905	1,576,588	915,518	1,320,438	775,965	840,582	647,406	713,365	681,761
Total revenues	77,283,811	79,348,577	77,889,456	88,045,477	86,701,611	88,062,755	88,039,442	104,125,769	100,157,314	104,032,641
Expenditures										
Current -										
General government	7,986,834	8,822,473	8,370,721	9,763,178	8,731,145	8,756,239	9,394,210	9,315,718	10,686,826	11,221,735
Public safety	29,892,275	29,678,412	31,613,523	33,344,112	32,344,989	31,692,091	32,948,093	33,820,334	35,378,579	37,090,021
Transportation	2,531,637	2,208,999	2,558,589	3,002,495	3,703,713	2,601,106	2,484,138	3,030,089	3,966,855	5,044,289
Culture and recreation	15,962,500	13,224,751	8,265,301	9,888,492	8,961,041	8,901,116	9,207,741	9,255,731	9,168,428	12,575,652
Economic environment	13,671,431	14,720,255	13,795,153	16,379,088	16,512,073	17,840,723	17,613,088	16,821,741	17,765,989	18,572,942
Physical environment	3,009,598	2,918,934	4,927,340	5,596,702	3,345,057	4,089,950	3,233,928	4,190,835	5,791,302	11,828,268
Human services	30,000	30,000	30,000	30,000	30,000	30,000	30,000	14,492,331	9,453,927	30,000
Capital outlay	14,483,196	11,278,564	9,115,258	10,770,532	12,963,404	18,210,965	23,324,603	14,190,938	14,818,379	17,316,526
Debt service -										
Principal retirement	3,504,241	6,884,053 (a)	3,365,000	3,520,000	3,695,000	4,561,000	7,740,418	6,332,419	6,593,729	7,048,568
Interest	4,162,404	5,988,052	5,758,346	5,602,755	5,600,516	5,182,598	3,934,010	4,240,349	2,625,797	2,961,332
Total expenditures	95,234,116	95,754,493	87,799,231	97,897,354	95,886,938	101,865,788	109,910,229	115,690,485	116,249,811	123,689,333
Excess (deficiency) of revenues over (under) expenditures	(17,950,305)	(16,405,916)	(9,909,775)	(9,851,877)	(9,185,327)	(13,803,033)	(21,870,787)	(11,564,716)	(16,092,497)	(19,656,692)

(continued)

CITY OF PENSACOLA, FLORIDA
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other financing sources (uses)										
Transfers in	28,398,726	20,869,255	65,692,097 (b)	22,172,579	21,700,560	22,697,499	18,645,522	23,813,700	22,556,620	25,216,696
Transfers (out)	(19,898,726)	(12,869,255)	(57,485,309) (b)	(14,379,367)	(13,525,081)	(13,388,403)	(10,645,522)	(16,531,324)	(16,803,766)	(18,250,206)
Capital Lease Note Issuance				6,460,954 (d)						
Loan proceeds						100,000		58,140,000		
Sale of capital assets	105,387	87,400	67,545	55,366		1,487,365	2,526,004	701,970	91,769	84,366
Contributed capital from other funds										
Contributed capital from other governments										
Reimbursement of prior year expenditures										
Insurance recoveries						20,000				
Payment to refund debt								(41,182,811)		
Bonds Issued					14,314,000	5,389,000	33,000,000			
Issuance Cost					(92,109)	(44,822)	(147,900)	(160,008)		
Total other financing sources (uses)	8,605,387	8,087,400	8,274,333	14,309,532	22,397,370	16,260,639	43,378,104	24,781,527	5,844,623	7,050,856
Net change in fund balances										
before prior period adjustments/special items	(9,344,918)	(8,318,516)	(1,635,442)	4,457,655	13,212,043	2,457,606	21,507,317	13,216,811	(10,247,874)	(12,605,836)
Special Item-NMTC Unwind						(39,813,626) (e)				
Special item - sale of capital asset	3,495,507									
Special item - BP Settlement				5,351,922 (c)						
Special item - Parking Transfer										38,626
PPA/Change in accounting principle		1,898,397								
Net change in fund balances	\$ (5,849,411)	\$ (6,420,119)	\$ (1,635,442)	\$ 9,809,577	\$ 13,212,043	\$ (37,356,020)	\$ 21,507,317	\$ 13,216,811	\$ (10,247,874)	\$ (12,567,210)
Debt service as a percentage of										
noncapital expenditures	9.46%	15.19%	11.59%	10.47%	11.21%	11.65%	13.48%	10.42%	9.09%	9.41%

Notes: (a) In FY 13, principal payments on the Capital Funding Revenue Bonds, Series 2010 A began.

(b) In FY 14, Maritime Community Construction Fund was closed and residual equity transfers were made to the CRA and Debt Service Fund.

(c) In FY 15, BP claim was settled for the BP Deep Horizon Oil Spill in 2010 and the City was awarded \$5,351,922.

(d) In FY 15, Motorola released \$6,460,954 to finance the acquisition of technology related equipment.

(e) In FY 17, the City forgave the loan made with CTA Investment Fund, LLC of \$39,813,626.

REVENUE CAPACITY

CITY OF PENSACOLA, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Personal Property	Real Property	Central Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	\$ 534,538	\$ 4,300,878	\$ 5,391	\$ 1,873,379	\$ 2,967,428	4.2895
2013	517,534	4,147,698	5,277	1,763,287	2,907,222	4.2895
2014	552,382	4,223,888	5,581	1,840,040	2,941,811	4.2895
2015	539,820	4,491,889	5,682	1,964,598	3,072,793	4.2895
2016	561,229	4,729,674	5,627	2,109,546	3,186,984	4.2895
2017	507,305	5,034,056	5,850	2,222,806	3,324,405	4.2895
2018	520,566	5,306,319	5,809	2,307,122	3,525,572	4.2895
2019	557,576	5,717,586	6,173	2,500,346	3,780,989	4.2895
2020	668,682	6,182,529	5,985	2,769,526	4,087,670	4.2895
2021	605,422	6,504,333	6,640	2,745,635	4,370,760	4.2895

Source: Escambia County Property Appraiser's Office

Notes: Property is reassessed every year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

CITY OF PENSACOLA, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year	City Of Pensacola Total Direct Rate	Overlapping Rates				
		City Of Pensacola Downtown Improvement Board	Escambia County School Board	Escambia County (a)	Escambia County Library MSTU (b)	Northwest Florida Water Management District
2012	4.2895	2.0000	7.8210	6.9755		0.0400
2013	4.2895	2.0000	7.7580	6.9755		0.0400
2014	4.2895	2.0000	7.5570	6.6165	0.3590	0.0400
2015	4.2895	2.0000	7.3220	6.6165	0.3590	0.0390
2016	4.2895	2.0000	7.1130	6.6165	0.3590	0.0378
2017	4.2895	2.0000	6.8760	6.6165	0.3590	0.0366
2018	4.2895	2.0000	6.6310	6.6165	0.3590	0.0353
2019	4.2895	2.0000	6.3250	6.6165	0.3590	0.0338
2020	4.2895	2.0000	6.0430	6.6165	0.3590	0.0327
2021	4.2895	2.0000	5.9280	6.6165	0.3590	0.0311

Source: Escambia County Tax Collector

Notes: (a) Escambia County property tax rates do not include MSTU rate. The MSTU rate is a rate charged to County-Only residents.
(b) Beginning FY 2014 Escambia County began applying Library MSTU to fund the West Florida Public Library System. This MSTU is charged to both City and County properties.

**CITY OF PENSACOLA, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Sacred Heart Hospital	\$ 298,631,385	1	0.97%	\$ 46,197,923	2	0.23%
Gulf Power	167,709,461	2	0.55%	95,294,904	1	0.48%
Baptist Hospital	155,086,603	3	0.51%			----
Pensacola Southtowne Owner LLC	52,040,657	4	0.17%			----
Simon Debartolo/Simon Properties	50,491,636	5	0.16%	34,831,566	3	0.18%
Chapins Landing	44,909,196	6	0.15%			----
Armstrong World Industries	31,578,948	7	0.10%	30,773,169	4	0.16%
Bellsouth/Southern Bell	26,808,455	8	0.09%	20,208,012	6	0.10%
Walmart	23,578,517	9	0.08%	23,367,823	5	0.12%
Cordova Regency	21,644,243	10	0.07%			----
Gayfers/Higbee	----	----	----	17,339,455	7	----
Pensacola POB Inc	----	----	----	15,396,711	8	----
Moulton Properties	----	----	----	13,864,407	9	0.07%
Reichhold Inc/Arizona Chemical	----	----	----	13,282,193	10	0.07%
Total	\$ <u>872,479,101</u>		<u>2.85%</u>	\$ <u>310,556,163</u>		<u>1.57%</u>

Source: Escambia County Tax Collector

**CITY OF PENSACOLA, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
PAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year (a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (c)	Totals Collections to Date	
		Amount (b)	Percentage of Levy		Amount (d)	Percentage of Levy
2012	\$ 12,728,569	12,279,754	96.5%	\$ 31,847	\$ 12,311,601	96.7%
2013	12,470,529	12,055,999	96.7%	40,546	12,096,545	97.0%
2014	12,618,899	12,170,283	96.4%	62,311	12,232,594	96.9%
2015	13,156,494	12,701,481	96.5%	27,493	12,728,974	96.8%
2016	13,670,568	13,232,668	96.8%	80,105	13,312,773	97.4%
2017	14,260,035	13,768,035	96.6%	12,989	13,781,024	96.6%
2018	15,122,942	14,589,079	96.5%	49,369	14,638,448	96.8%
2019	16,218,558	15,655,210	96.5%	62,946	15,718,156	96.9%
2020	17,534,064	16,896,732	96.4%	56,368	16,953,100	96.7%
2021	18,748,372	18,093,919	96.5%	43,324	18,137,243	96.7%

Source: Escambia County Tax Collector.

Notes: (a) The tax levy is based on the tax roll as certified by the Escambia County Property Appraiser.

(b) Current tax collections are after applicable discounts for early payment.

(c) Collections represent subsequent and current year delinquent revenues.

(d) Property taxes collected are accounted for in the General Fund.

CITY OF PENSACOLA, FLORIDA
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(in thousands of dollars)

	Calendar Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 (a)</u>
General merchandise stores	\$ 700,221	\$ 719,356	\$ 741,251	\$ 747,540	\$ 796,846	\$ 764,661	\$ 772,478	\$ 804,314	\$ 837,736	\$ 692,926
Grocery stores	227,557	232,516	242,179	252,702	259,820	275,592	291,707	305,567	341,687	284,813
Hotels and apartments	196,948	212,653	239,013	260,427	278,032	292,298	325,431	350,089	294,496	358,372
Lumber and building materials	217,582	246,944	269,521	273,741	306,993	343,579	368,248	415,590	541,361	565,543
Manufacturing and mining	59,046	68,843	62,944	69,620	79,555	101,702	130,644	120,665	99,706	96,117
Motor vehicle dealers	705,531	743,242	823,294	861,382	902,727	948,633	995,785	1,067,119	1,071,133	1,010,285
Office space and commercial rentals	208,092	213,965	217,941	220,022	226,118	232,768	272,278	307,300	299,737	256,546
Restaurants and lunchrooms	<u>524,039</u>	<u>549,825</u>	<u>576,942</u>	<u>614,241</u>	<u>645,724</u>	<u>674,666</u>	<u>698,068</u>	<u>728,320</u>	<u>656,232</u>	<u>636,133</u>
Total	<u>\$ 2,839,016</u>	<u>\$ 2,987,344</u>	<u>\$ 3,173,085</u>	<u>\$ 3,299,675</u>	<u>\$ 3,495,815</u>	<u>\$ 3,633,899</u>	<u>\$ 3,854,639</u>	<u>\$ 4,098,964</u>	<u>\$ 4,142,088</u>	<u>\$ 3,900,735</u>

City direct sales tax rate (b)

Source: Florida Department of Revenue

Notes: Data presented reflects Escambia County.

(a) 2021 data only represents the first nine months of the calendar year.

(b) The city has no direct tax rate. However, the city receives a portion of the proceeds from the Half Cent Sales Tax and the Local Option Sales Tax. The distribution of the proceeds of the Half Cents Sales Tax and the Local Option Sales Tax to the incorporated municipalities of the County are controlled by the formula set forth in Section 218.65 and 218.62, Florida Statutes.

**CITY OF PENSACOLA, FLORIDA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Local Option Sales Tax Escambia County	Half Cent Sales Tax School District
2012	1.00%	0.50%
2013	1.00%	0.50%
2014	1.00%	0.50%
2015	1.00%	0.50%
2016	1.00%	0.50%
2017	1.00%	0.50%
2018	1.00%	0.50%
2019	1.00%	0.50%
2020	1.00%	0.50%
2021	1.00%	0.50%

Source: City Budget Office

Note: The city has no direct tax rate. However, the city receives a portion of the proceeds from the Local Option Sales Tax. The distribution of the proceeds of the Local Option Sales Tax to the incorporated municipalities of the County are controlled by the formula set forth in Section 218.62, Florida Statutes.

CITY OF PENSACOLA, FLORIDA
SALES TAX REVENUE PAYERS BY INDUSTRY
CURRENT YEAR AND NINE YEARS AGO
(in thousands of dollars)

	2021			2012	
	Tax Liability (a)	Percentage of Total		Liability (a)	Percentage of Total
Retail trade	\$ 218,963	52.59%	\$	140,997	54.26%
Services	74,082	17.79%		53,401	20.55%
Manufacturing and mining	6,584	1.58%		3,678	1.42%
Wholesale trade	14,721	3.54%		6,128	2.36%
Construction	38,458	9.24%		13,898	5.35%
Finance, insurance, and real estate	40,568	9.74%		24,066	9.26%
Transportation and utilities	17,785	4.27%		14,647	5.64%
Agricultural	2,696	0.65%		1,132	0.44%
Other	2,485	0.58%		1,919	0.74%
Total	\$ 416,342	100.00%	\$	259,866	100.00%

Source: Florida Department of Revenue Office of Research

Notes: Data presented reflects Escambia County. Data is presented on the State Fiscal Year of July 1 - June 30.

(a) Tax liability represents the state percentage of the tax liability paid by businesses in Escambia County. Total tax liability was not available by industry for Escambia County.

CITY OF PENSACOLA, FLORIDA
ENERGY SERVICES OF PENSACOLA
GAS SOLD IN MCFS BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS
(in thousands of Mcfs)

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Type of Customer										
Residential -Inside City Limits	245	286	347	306	243	201	270	257	239	273
Residential -Outside City Limits	570	650	767	695	578	501	640	611	590	657
Commercial -Inside City Limits	304	307	322	310	301	298	324	326	292	306
Commercial -Outside City Limits	393	407	441	415	390	351	401	408	389	410
Municipal	27	23	26	25	24	22	25	23	24	25
Interruptible	633	1,063	1,089	1,046	944	639	647	707	690	674
Transportation	1,068	1,159	1,331	1,377	1478	1887	1978	1799	2015	1984
Total	<u>3,240</u>	<u>3,895</u>	<u>4,323</u>	<u>4,174</u>	<u>3,958</u>	<u>3,899</u>	<u>4,285</u>	<u>4,131</u>	<u>4,239</u>	<u>4,329</u>
Total direct rate per Mcf (a)	\$ 16.55	\$ 16.93	\$ 17.21	\$ 19.86	\$ 22.25	\$ 24.99	\$ 23.02	\$ 23.59	\$ 23.62	\$ 23.57

Source: Pensacola Energy

Notes: (a) Total direct rate per Mcf is calculated using residential in/out, commercial in/out, and municipal customers. Interruptible and transportation direct rates are not available.

**CITY OF PENSACOLA, FLORIDA
ENERGY SERVICES OF PENSACOLA
GAS RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Residential - Inside City Limits			Residential - Outside of City Limits			Commercial - Inside City Limits		
	Fixed Monthly Charge	Base Rate per Mcf	PGA & WNA Rate per Mcf (a)	Fixed Monthly Charge	Base Rate per Mcf	PGA & WNA Rate per Mcf (a)	Fixed Monthly Charge	Base Rate per Mcf	PGA & WNA Rate per Mcf (a)
2012(c)	8.95	7.52	8.27	10.00	9.29	8.31	15.85	7.52	7.37
2013	8.95	7.52	8.46	10.00	9.29	8.49	15.85	7.52	7.91
2014(d)	9.08	7.63	7.88	10.15	9.43	7.92	16.09	7.63	7.77
2015(e)	9.22	7.74	7.51	10.30	9.57	7.47	16.33	7.74	7.23
2016(f)	9.21	7.73	9.54	10.29	9.56	9.54	16.31	7.73	8.17
2017	9.21	7.73	11.75	10.29	9.56	11.67	16.31	7.73	9.72
2018 (g)	9.52	7.99	8.51	10.63	9.88	8.49	16.85	7.99	7.40
2019 (h)	9.75	8.18	8.63	10.88	10.12	8.46	17.25	8.18	7.88
2020 (i)	9.94	8.34	8.27	11.09	10.31	8.25	17.58	8.34	7.29
2021	9.94	8.34	8.43	11.09	10.31	8.5	17.58	8.34	7.89

Fiscal Year	Commercial - Outside of City Limits			Municipal			Interruptible and Transportation (b)		
	Fixed Monthly Charge	Base Rate per Mcf	PGA & WNA Rate per Mcf (a)	Fixed Monthly Charge	Base Rate per Mcf	PGA & WNA Rate per Mcf (a)	Fixed Monthly Charge	Base Rate per Mcf	PGA & WNA Rate per Mcf (a)
2012(c)	18.00	9.29	7.37	20.00	2.93	6.36	200.00	N/A	N/A
2013	18.00	9.29	7.97	20.00	2.93	7.55	200.00	N/A	N/A
2014(d)	18.27	9.43	7.74	20.30	2.97	7.64	200.00	N/A	N/A
2015(e)	18.54	9.57	7.26	20.60	3.01	7.15	200.00	N/A	N/A
2016(f)	18.52	9.56	8.28	20.58	3.01	7.72	200.00	N/A	N/A
2017	18.52	9.56	9.88	20.58	3.01	8.70	200.00	N/A	N/A
2018 (g)	19.14	9.88	7.75	21.26	3.11	7.20	200.00	N/A	N/A
2019 (h)	19.60	10.12	7.79	21.77	3.18	7.26	200.00	N/A	N/A
2020 (i)	19.97	10.31	7.37	22.18	3.24	6.68	200.00	N/A	N/A
2021	19.97	10.31	7.92	22.18	3.24	7.23	200.00	N/A	N/A

Source: Pensacola Energy

- Notes:** (a) The Purchase Gas Adjustment (PGA) is a monthly adjustment to the gas rate due to increases in the cost of gas purchased for resale. The Weather Normalization Adjustment (WNA) is an adjustment to the gas rate to account for fluctuations in consumption due to colder or warmer weather during the months of October through March of the previous or current fiscal year. PGA and WNA rates are based on a yearly average. Both the base rate and the PGA/WNA rates need to be taking into consideration when determining the yearly rate per Mcf.
- (b) Interruptible and transportation rates per Mcf are not reported as rates are negotiated on a customer by customer bases.
- (c) The increase to rates took effect in the beginning of the monthly October 2011 billing cycle
- (d) The increase to rates took effect in the beginning of the monthly October 2013 billing cycle
- (e) The increase to rates took effect in the beginning of the monthly October 2014 billing cycle
- (f) The decrease to rates took effect in the beginning of the monthly October 2015 billing cycle
- (g) The increase to rates took effect in the beginning of the monthly October 2017 billing cycle
- (h) The increase to rates took effect in the beginning of the monthly October 2018 billing cycle
- (i) The increase to rates took effect in the beginning of the monthly October 2019 billing cycle

DEBT CAPACITY

CITY OF PENSACOLA, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(dollars in thousands, except for per capita)

Fiscal Year	Governmental Activities							Business-type Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)						
	Tax and Franchise Fee Bonds	Local Option Sales Tax Bond(s) (b)	Local Option Gas Tax Note	Community Redevelopment Notes	Maritime Community Park Construction Bonds	Maritime Community Park Loans Payable	Capital Leases	Gas Revenue Bonds/Notes	Airport Revenue Bonds/Notes										
2012	\$	3,240	18,190	\$	-	\$	414	\$	45,640	-	-	\$	14,445	\$	77,810	\$	159,739	2.36%	531
2013		-	15,495		-		-		45,105	-	151		12,550		75,310		148,611	2.09%	490
2014		-	12,690		-		-		44,545	-	115		10,595		72,745		140,690	1.96%	459
2015		-	9,750		-		-		43,787	-	6,539		8,585		66,526		135,187	1.82%	437
2016		-	6,660		14,314		-		43,190	-	6,501		6,510		63,069		140,244	1.85%	446
2017		-	3,415		14,043		5,389		42,152	100	6,461		19,355		60,254		151,169	1.88%	479
2018		-	25,000		12,750		13,008		41,074	80	4,915		16,830		59,988		173,645	2.16%	542
2019		-	23,048		11,434		70,825		1,175	60	3,323		15,105		50,594		175,564	2.16%	552
2020		-	20,957		10,094		70,495		-	40	1,685		13,346		48,075		164,692	1.86%	518
2021		-	18,821		8,729		68,653		-	20	-		11,551		45,470		153,244	1.69%	472

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(a) See demographic and economic statistics schedule for personal income and population data. These ratios are calculated using Escambia County population and personal income for the corresponding calendar year.

(b) Capital Funding Revenue Bonds, Series 2010A were outstanding during fiscal years 2010-2017. The Infrastructure sales Surtax Revenue Bond, Series 2017 was issued in fiscal year 2018. The Series 2017 Bond shows as a note payable in the financial statements.

CITY OF PENSACOLA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES
AS OF SEPTEMBER 30, 2021
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Other Debt			
Escambia County			
Sales Tax Revenue Bonds/Notes	\$ 115,692	16.87%	\$ 19,517
Capital Improvement Bonds/Notes	37,395	16.87%	6,309
Escambia County School District			
State Board of Education Bonds	1,084	16.87%	183
Sales Tax Revenue Bonds	39,301	16.87%	6,630
Certificates of Participation	49,020	16.87%	8,270
Subtotal, overlapping debt			<u>40,908</u>
City Direct Debt			
City direct debt bond(s)/notes			96,203
City direct debt loans payable			<u>20</u>
Subtotal, direct debt			<u>96,223</u>
Total direct and overlapping debt			<u>\$ 137,131</u>

Source: Debt outstanding provided by Escambia County Clerks office.

Estimated percentages for Escambia County is obtained by dividing the city's population by the counties population.

Estimated percentages for Escambia County School Board is obtained by dividing the city's population by the counties population.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Pensacola. This process recognizes that, when considering the city's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every tax payer is a resident - and therefore responsible for repaying the debt - of each overlapping government.

Escambia County School District Bonds includes \$11,778,069 of unamortized premiums.

Escambia County Sales Tax Revenue Bonds, Series 2017 and Capital Improvement Refunding Revenue Bonds, Series 2018 includes \$13,291,891 of unamortized premiums.

CITY OF PENSACOLA, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(dollars in thousands)

	Tax and Franchise Fee Bonds						Local Option Sales Tax Bonds				
Fiscal Year	Public Service Tax	Half Cent Sales Tax	Electric Franchise Fee	Debt Service		Coverage	Local Option Sales Tax	Debt Service		Coverage	
				Principal	Interest			Principal	Interest		
2012	\$ 6,466	\$ 3,716	\$ 5,504	\$ 3,105	\$ 192	4.76	\$ 6,402	-	877	7.30	
2013	6,621	3,845	5,152	3,240	65	4.73	6,666	\$ 2,695	\$ 821	1.90	
2014	7,425	4,054	5,793	-	-	-	7,015	2,805	708	2.00	
2015	7,773	4,192	6,110	-	-	-	7,337	2,940	575	2.09	
2016	7,711	4,359	5,880	-	-	-	7,662	3,090	596	2.08	
2017	7,874	4,479	5,688	-	-	-	7,882	3,245	242	2.26	
2018	8,495	4,810	5,920	-	-	-	8,524	3,415	331	2.28	
2019	8,500	5,062	5,761	-	-	-	8,901	1,952	517	3.61	
2020	8,580	4,918	5,743	-	-	-	8,699	2,091	473	3.39	
2021	8,766	6,001	5,848	-	-	-	10,719	2,136	428	4.18	
Community Redevelopment Bond(s)						Eastside Community Redevelopment Bond(s)					
Fiscal Year	Urban Core Tax		Debt Service (g)		Coverage	Eastside Tax		Debt Service		Coverage	
	Increment Revenues		Principal	Interest		Increment Revenues	Principal	Interest			
2012	\$ 3,959	\$ 399	\$ 2,115		1.57	\$ -	\$ -	\$ -	-	-	
2013	3,791	949	2,101		1.24	-	-	-	-	-	
2014	3,790	560	2,142		1.40	-	-	-	-	-	
2015	4,075	580	2,112		1.51	-	-	-	-	-	
2016	4,428	605	2,087		1.64	-	-	-	-	-	
2017	4,794	1,045	2,064		1.54	104	-	-	-	-	
2018	5,260	1,210	2,130		1.57	120	62	27	1.35		
2019	5,898	1,255	2,899		1.42	159	48	41	1.79		
2020	6,837	1,300	1,680		2.29	208	50	40	2.31		
2021	7,509	1,631	2,140		1.99	238	51	38	2.67		

(continued)

CITY OF PENSACOLA, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(dollars in thousands)

Westside Community Redevelopment Bond(s)					Local Option Gas Tax Revenue Bonds			
Fiscal Year	Westside Tax Incremental Revenues	Debt Service		Coverage	Local Option Gasoline Tax	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2012	\$ -	\$ -	\$ -	-	\$ 1,557	\$ -	\$ -	-
2013	-	-	-	-	1,525	-	-	-
2014	-	-	-	-	1,554	-	-	-
2015	-	-	-	-	1,542	-	-	-
2016	-	-	-	-	1,462	-	-	-
2017	195	-	-	-	1,477	271	242	2.88
2018	307	194	85	1.10	1,366	1,293	245	0.89 (h)
2019	432	150	129	1.55	1,364	1,316	221	0.89 (h)
2020	637	155	124	2.28	1,301	1,340	197	0.85 (h)
2021	814	160	119	2.92	1,432	1,365	172	0.93 (h)

Gas Revenue Bonds						
Fiscal Year	Utility Charges for Services	Less: Operating Expense (a)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 39,439	\$ 30,961	\$ 8,478	\$ 1,405	\$ 251	5.12
2012	\$ 37,222	\$ 24,470	\$ 12,752	\$ 1,405	\$ 390	7.10
2013	43,212	27,939	15,273	1,895	416	6.61
2014	49,488	33,176	16,312	1,955	358	7.05
2015	45,783	29,947	15,836	2,010	306	6.84
2016	43,642	30,450	13,192	2,075	240	5.70
2017	45,094	32,549	12,545	2,026	246	5.52
2018	50,240	33,788	16,452	2,525	386	5.65
2019	50,630	32,761	17,869	1,725	317	8.75
2020	46,951	30,186	16,765	1,759	282	8.21
2021	51,150	31,185	19,965	1,795	246	9.78

(continued)

**CITY OF PENSACOLA, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**
(dollars in thousands)

Airport Revenue Bonds

Fiscal Year	Airport Revenues	Expenses			Net Revenue	Debt Service		Coverage before Other Requirements	Other Requirements (b)	Coverage after Prepaid
		Total	Less Grant	Operating/ (a) Maintenance		Principal	Interest			
2012	\$ 16,188	\$ 12,687	\$ 33	\$ 12,654	\$ 3,534	\$ 1,980	\$ 1,284	1.08	2,459	1.84
2013	16,788	12,037	12	12,025	4,763	2,040	1,310	1.42	678	1.62
2014	16,793	11,491	-	11,491	5,302	2,080	1,333	1.55	858	1.80
2015	18,796	11,090	221	10,869	7,927	2,145	1,277	2.32	1,246	2.68
2016	19,479	12,759	-	12,759	6,720	2,180	1,082	2.06	2,407	2.80
2017	19,111	12,847	101	12,746	6,365	2,275	986	1.95	3,479	3.02
2018	20,525	13,311	43	13,268	7,257	2,315	777	2.35	4,749	3.88
2019	22,984	15,078	62	15,016	7,968	2,831	723	2.24	4,749	3.58
2020	18,747	14,739	5,404 (j)	9,335	9,412	1,715	589	4.09	3,954	5.80
2021	19,548	13,287	4,183 (j)	9,104	10,444	1,768	542	4.52	3,684	6.12

Airport Revenue Note CFC

Airport Revenue Bonds PFC

Fiscal Year	Customer Facility Charge	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage (e)	Passenger Facility Charge	Debt Service		Coverage (f)
				Principal	Interest			Principal	Interest	
2012	\$ 1,809	\$ 886	\$ 923	\$ -	\$ 145	6.37	3,003	\$ 440	\$ 1,698	1.40
2013	1,944	662	1,282	-	114	11.25	2,958	460	1,675	1.39
2014	2,128	741	1,387	-	109	12.72	3,025	485	1,652	1.42
2015	2,424	720	1,704	-	118	14.44	3,104	510	1,627	1.45
2016	2,415	640	1,775	-	94	18.88	3,127	535	1,600	1.46
2017	2,540	679	1,861	-	141	13.20	3,299	560	1,573	1.55
2018	2,730	711	2,019	-	228	8.86	3,876	590	1,543	1.82
2019	2,972	1,037	1,935	-	176	10.99	4,323	263	658	4.69
2020	2,003	1,767	236	-	114	2.07	2,859	804	917	1.66
2021	2,759	588	2,171	-	51	42.57	4,318	836	885	2.51

Source: City Finance Office

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Interest consist of both variable and fixed rates.

(a) Operating expenses are net of depreciation expenses.

(b) The other requirements amount is comprised of the prior year's coverage plus non-obligated capital improvements and any excess operating funds.

(c) Excludes debt payments which were paid with bond proceeds.

(d) Excludes debt payments which were paid with sinking fund reserves.

(e) The coverage table is for illustrative purposes as required by GAAP. See CFC Bank of America Note.

(f) The coverage table is for illustrative purposes as required by GAAP. See PFC Rate Maintenance covenant in Resolution 17-08 for coverage requirements.

(g) Excludes debt payments which were paid with bond proceeds and federal subsidy payments.

(h) Local Option Gasoline Tax revenues along with funds available in the Local Option Gas Tax Debt Service Fund are sufficient to make annual debt service payments.

(j) Fiscal year 2020 and 2021 includes \$5 million and \$4 million, respectively, in CARES Act grant funding which paid for Airport operations.

DEMOGRAPHIC AND ECONOMIC INFORMATION

**CITY OF PENSACOLA, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALANDER YEARS**

Calendar Year	Pensacola Population	Escambia County Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2012	52,508	300,701	\$ 6,777,801	\$ 22,540	38	39,870	8.3%
2013	51,820	303,567	7,102,254	23,396	37	40,077	6.5%
2014	52,028	306,630	7,187,713	23,441	38	40,127	5.8%
2015	52,191	309,539	7,433,269	24,014	39	40,206	4.7%
2016	53,690	314,788	7,572,855	24,057	37	40,125	4.9%
2017	54,185	315,607	8,044,507	25,489	37	40,234	4.9%
2018	54,583	320,502	8,030,819	25,057	37	39,807	4.0%
2019	54,422	318,174	8,139,527	25,582	37	39,499	3.3%
2020	54,382	318,081	8,831,201	27,764	37	39,828	4.5%
2021	54,312	321,905	9,091,962	28,022	38	38,181	3.8%

Source: Population, personal income, median age and unemployment rate data provide by the Florida Legislature Office of Economic and Demographic Research, Florida Department of Economic Opportunity and U.S. Census. School enrollment data provided by Escambia County school system, public relations office.

Notes: All data is applicable to Escambia County except for Pensacola population.
(a) Decrease in population numbers are based on the United States Census in 2010.

**CITY OF PENSACOLA, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2021			2012		
	Employees	Rank	Percentage of Total MSA Employment	Employees	Rank	Percentage of Total MSA Employment
<u>Employer</u>						
Local Government	15,700	1	6.78%	15,700	1	8.31%
Navy Federal Credit Union	8,500	2	3.67%	----	----	----
Baptist Health Care	7,347	3	3.17%	3,763	5	1.99%
Federal Government	6,700	4	2.89%	6,800	2	3.60%
State Government	6,500	5	2.81%	6,300	3	3.33%
Sacred Heart Health System	4,820	6	2.08%	5,000	4	2.65%
Pensacola Christian College	1,584	7	0.68%	----	----	----
Ascend Performace Materials	1,288	8	0.56%	1,400	7	0.74%
West Florida Healthcare	1,200	9	0.52%	1,300	9	0.69%
Innisfree Hotel	750	10	0.32%	----	----	----
Lakeview Center	----	----	----	2,000	6	1.06%
University of West Florida	----	----	----	1,231	10	0.65%
Gulf Power Company	----	----	----	1,400	8	0.74%
Total	<u>54,389</u>		<u>0.00%</u>	<u>44,894</u>		<u>23.75%</u>

Source: Florida West and Florida Department of Economic Opportunity.

Notes: Principal employer information is only available on a calendar year basis and for the Pensacola Metropolitan Statistical Area. Actual numbers are not available, therefore estimates are presented.



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OPERATING INFORMATION

CITY OF PENSACOLA, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities:										
General Government										
Permits issued	5,659	5,796	6,818	6,729	7,162	8,034	8,606	9,105	9,180	11,602
Building inspections conducted	11,482	10,998	13,682	14,021	13,661	15,067	18,642	18,666	17,147	18,913
Police										
Residential burglary responses	640	457	463	354	360	321	272	183	125	244
Commercial burglary responses	144	81	82	108	84	62	60	49	40	74
Emergency responses	94,911	96,808	83,375	82,201	84,804	94,293	93,800	87,706	79,621	86,296
Physical arrests	3,316	3,773	3,225	3,174	2,438	2,972	3,697	3,959	2,781	2,781
Traffic violations	6,018	8,179	8,199	6,826	6,795	7,996	7,315	8,391	8,523	5,713
Fire										
Emergency responses	6,050	5,896	5,846	6,446	6,323	7,166 (k)	7,571 (j)	7,874 (j)	5,743	5,435
Fires extinguished	222	197	187	221	197	255 (k)	210 (j)	252 (j)	276	238
Inspections	1,652	764 (d)	676	776	1,041	2,034 (k)	2,824 (j)	2,574 (j)	1,778	3,640
Transportation (a)										
Traffic signals maintained	293	388	363	333	449	328	354	291	178	176
Traffic warning signals maintained	38	27	41	29	32	34	31	25	34	36
Street lights maintained	197	273	199	221	209	294	207	233	183	175
Street name markers replaced	204	192	284	206	257	194	213	297	231	220
Traffic control signs replaced	659	749	748	740	978	1,037	996	1,007	971	1,230
Culture and recreation										
Parks and recreation										
Number of programs offered	258	309	324	298	425	452	459	477	375 (k)	252 (k)
City resident program participants	363,183	452,968	231,624 (f)	189,292	310,437 (i)	277,241	338,461	307,117	136,578 (k)	130,611 (k)
County resident program participants	52,763	57,243	65,248	45,272	113,682	99,795	76,913	61,456	58,511 (k)	39,438 (k)
Golf Course										
Rounds played	36,643	36,570	20,408 (e)	18,449	25,874	27,394	26,243	25,487	28,411	23,087
Tournaments held	56	59	56	62	74	78	79	79	62	42
Tournament participants	3,149	3,245	2,273	3,410	4,810	4,914	4,983	4,972	2,841	1,722
Libraries (c)										
Items circulated	746,146	702,345	-	-	-	-	-	-	-	-
Public computer use	149,746	153,443	-	-	-	-	-	-	-	-
Program Attendance	13,364	15,518	-	-	-	-	-	-	-	-
Information Transactions	88,407	114,002	-	-	-	-	-	-	-	-
City resident library card usage	31,401	29,079	-	-	-	-	-	-	-	-
County resident library card usage	83,438	81,983	-	-	-	-	-	-	-	-
Economic environment										
Homes repaired/rehabilitated	3	22	25	32	28	12	27	11	8	6
New homes constructed	2	3	4	4	3	2	2	-	-	-
First-time homebuyers assisted/Foreclosure Prevention	120	99	76	142 (g)	115	122	130	76	84	55
Families assisted (monthly)	2,179	2,321	2,247	2,375	2,376	2,417	2,285	2,165	2,167	2,078
Housing inspections conducted	5,034	4,762	4,553	4,793	4,108	3,912	3,532	3,618	3,027	3,301
Nutritional Meal Programs (monthly)	1,241	1,306	1,389	1,653	1,997	1,721	1,382	1,382	1,703	323
Physical environment (a)										
Miles of paved streets swept	29,232	24,467	22,754	22,825	22,907	21,619	23,743	22,381	23,329	23,329

(continued)

CITY OF PENSACOLA, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Business-type Activities:										
Utility										
Average daily consumption in mmbtu's (b)	7,404	9,245	10,662	10,371	9,748	9,564	10,527	10,167	10,760	11,146
Maximum daily consumption in mmbtu's	23,363	26,612	38,569	32,629	28,093	28,803	39,593	27,795	28,206	28,363
In City customer connections	16,580	16,581	16,214	16,236	15,853	14,461	13,664	13,853	14,021	14,309
Outside City customer connections	40,990	41,193	41,686	41,741	40,788	37,329	35,350	35,821	36,237	36,954
Sanitation										
Customers	19,095	19,176	19,224	19,325	19,535	19,747	19,895	20,402	20,386	20,934
Refuse collected (tons)										
Garbage	14,805	15,308	15,113	14,512	15,395	15,455	15,685	16,510	17,218	18,979
Green Waste	12,583	11,999	12,691	13,001	14,769	13,211	13,281	12,523	13,282	10,706
Recycling (new in FY 2009)	4,539	3,847	3,782	4,805	4,745	4,605	4,141	4,282	3,874	2,936
Construction/Demolition (C&D)	1,676	1,582	1,429	1,579	2,202	2,213	1,568	1,739	2,185	2,190
Port										
Tonnage exported	67,003	66,927	98,468	56,696	30,506	54,641	36,269	10,517	597 (i)	4,566
Tonnage imported	157,156	148,514	86,814	161,073	170,503	177,294	78,445	81,893	104,420	173,876
Number of vessels in port	69	74	68	54	51	20	31	29	26	28
Airport										
Mainland carriers	2	2	3	2	2	3	5	5	5	7
Regional commuter services	9	8	7	7	9	10	10	10	11	11
Passengers enplaned	756,229	758,158	774,320	797,854	802,260	834,504	951,751	1,100,121	692,616 (i)	1,041,318
Passengers deplaned	758,769	758,376	768,662	796,204	802,482	834,393	950,920	1,100,445	689,515 (i)	1,036,102
Air freight enplaned in pounds	4,229,417	4,563,173	4,608,702	4,617,580	4,196,031	4,839,066	5,815,192	4,763,078	4,937,432	5,657,427
Mail enplaned in pounds	-	476	576	2,513	2 (h)	1,202	-	-	-	598
Total flights (private and commercial)	105,333	102,502	105,630	104,400	97,858	114,026	115,268	125,213	107,441	102,294

Sources: Various city departments.

Notes: No operating indicators are available for the human services function. For those indicators that are null, data is not available.

(a) Data provided is based on estimates.

(b) MMBTU stands for one million British Thermal Unit.

(c) The Santa Rosa Library was transferred to the County in FY07. The West Florida Library system was transferred to the County in FY14.

(d) In 2013, the Fire Dept had a temporary decrease in staff which resulted in fewer inspections.

(e) In 2014, the Golf Course was damaged due to a flood in April

(f) Two resource centers closed to due the flood and one resource center closed to the general public which was used as a shelter for 4 weeks following the flood.

(g) Beginning in FY 14, the City initiated a new program to prevent foreclosure.

(h) In 2016, commercial airlines have shifted from carrying mail to allow more space for passenger luggage which produces greater revenue.

(i) The increase in participants in the center programs was due to implementation of new programs.

(j) Fire operating Indicators were restated for years 2017 and 2018.

(k) In FY 20-21 the City's operations were reduced to due COVID-19 pandemic.

(l) One of Port's large tenants had a decrease in sales overseas.

CITY OF PENSACOLA, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year										
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities:											
General Government											
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol units	140	140	140	140	140	140	146	148	149	144	143
Fire											
Stations	6	6	6	6	6	6	6	6	6	6	6
Apparatus	31	31	31	31	31	31	31	31	31	32	32
Transportation (a)											
Miles of street	332	332	332	332	332	332	325	325	325	326	326
Traffic warning signals	51	60	57	60	60	64	66	66	65	64	66
Traffic control signals	90	92	92	92	92	92	92	92	92	86	96
Traffic control signs	10,033	10,293	10,367	10,581	10,543	10,519	10,536	10,557	10,621	10,959	10,959
Culture and recreation											
Parks and recreation											
Parks	92	93	93	93	93	93	93	93	93	93	93
Acreage	478	517	517	517	592	592	592	593	600	600	600
Golf course											
Par	70	70	70	70	70	70	70	70	70	70	70
Acreage	123	123	123	123	108	123	123	123	123	123	123
Yardage	6,400	6,400	6400	6,400	6,450	6,400	6,400	6,400	6,400	6,400	6,400
Libraries (b)											
Number of libraries	3	3	3	-	-	-	-	-	-	-	-
Number of volumes	292,291	296,373	309,609	-	-	-	-	-	-	-	-
Economic environment (a)											
Street lights	7,757	7,780	7,804	7,794	7,798	7,891	7,887	7,906	8,124	9,103	9,508
Street name markers	5,676	5,676	5,676	5,685	5,691	5,703	5,709	5,711	5,734	5,749	5,749
Berths	3	3	3	3	3	3	3	3	3	3	3
Physical environment											
Street Sweepers	7	7	7	7	7	7	7	7	7	7	7

(continued)

**CITY OF PENSACOLA, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	Fiscal Year										
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Business-type activities:											
Utility											
Miles of gas mains	1,630	1,632	1,638	1,680	1,610	1,621	1,639	1,654	1,719	1,745	1,761
Sanitation											
Collection trucks - residential											
Garbage	12	12	11	11	11	11	11	10	10	9	8
Collection trucks - trash collection											
Container	2	2	2	2	2	2	2	2	2	2	2
Grapplers	9	9	9	9	9	9	9	9	10	11	13
Shuttle	2	2	2	2	2	2	2	2	2	2	2
Dump	1	1	1	1	1	-	-	-	-	-	-
Tractor	1	1	1	1	1	1	1	1	1	1	1
Shuttle trailers	8	8	8	8	8	8	8	8	8	8	2
Collection trucks - residential											
Recycling	4	4	6	6	6	7	7	5	7	7	5
Port											
Warehouses	7	7	7	7	7	7	7	7	7	7	7
Berths	5	5	5	5	5	5	5	5	5	5	5
Airport											
Runway 17-35 length and width in square feet	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150
Runway 8-26 length and width in square feet	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150	7000x150
Terminal building in square feet	181,808	181,808	181,808	181,808	181,808	181,808	181,808	181,808	181,808	181,808	181,808

Sources: Various city departments.

Notes: No capital asset indicators are available for the economic environment and human services function. For those indicators that are null, data is not available.

(a) Data provided is based on estimates.

(b) The Santa Rosa Library was transferred to the County in FY07. The West Florida Library system was transferred to the County in FY14.

(c) The change is due to a physical count of inventory.

CITY OF PENSACOLA, FLORIDA
FULL-TIME-EQUIVALENT CITY GOVERNMENT POSITIONS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General Government										
Mayor	11	11	10	9	8	8	8	8	11	11
City Manager	0	0	0	0	0	0	0	0	0	0
City Clerk	3	3	3	4	3	3	2	2	3	3
City Council	1	1	2	2	4	5	5	5	5	5
Legal	4	4	4	4	3	3	4	4	6	6
Human Resources	9	8	7	7	7	10	10	10	11	13
Civil Service	0	0	0	0	0	0	0	0	0	0
Financial Services	29	29	27	27	27	25	25	25	24	24
Planning Services	8	7	6	6	7	8	7	8	8	8
Garage	17	17	17	17	17	17	17	17	17	18
Technology Resources	17	17	14	14	15	14	14	14	14	17
CRA	2	2	0	0	0	2	2	2	2	3
Public Safety										
Police	205	204	203	203	204	204	204	204	205	206
Fire	111	114	114	114	115	116	123 (e)	123	123	125
Inspection Services	10	10	10	11	12	12	12	12	12	12
Transportation										
Public Works	54 (b)	46	24 (d)	24	23	23	23	23	23	23
Culture and Recreation										
Neighborhood Services (a)	28 (b)	29	48 (d)	48	47	48	48	48	50	57
Golf Course	5	4	4	4	3	3	3	3	3	3
Library (c)	36	36	0	0	0	0	0	0	0	0
Economic Environment										
Housing	22	22	22	20	20	20	20	20	19	23
Physical Environment										
Stormwater utility	29	26	26	26	27	27	27	27	27	27
Engineering	12	9	8	8	8	8	8	8	8	9
Business-type activities:										
Utility	117	117	117	117	117	117	115	114	114	122
Sanitation	41	43	43	43	43	43	43	43	43	49
Port	10	10	9	9	9	9	8	8	8	9
Airport	61	61	53	53	51	51	53	53	56	57
	<u>842</u>	<u>830</u>	<u>771</u>	<u>770</u>	<u>770</u>	<u>776</u>	<u>781</u>	<u>781</u>	<u>792</u>	<u>830</u>

Source: City Budget Office

Notes: (a) Number of employees represent full time budgeted positions. Parks and recreation has part-time temporary employees to help facilitate programs during the summer.
(b) As part of reorganization, public works employees moved to park works.
(c) Beginning October 2014, the City was no longer responsible for the library system. The library system was transferred to the County at the end of the previous fiscal year.
(d) As part of reorganization, public works employees moved to park works.
(e) Six fire cadets were added with the revitalization of the Fire Cadet Program.

OTHER AUDIT REPORTS SECTION



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**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**

Honorable Mayor and
Members of the City Council
City of Pensacola, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pensacola, Florida ("the City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 7, 2022.

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 the audit 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
February 7, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM, STATE PROJECT AND PASSENGER FACILITY
CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Council
City of Pensacola, Florida

Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility Charge Program

We have audited the City of Pensacola, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that could have a direct and material effect on each of the City's major federal programs, state projects and its passenger facility charges for the year ended September 30, 2021. The City's major federal program and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs, state projects, and passenger facility charges.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs, state projects, and passenger facility charges based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards, the Uniform Guidance, Chapter 10.550, and Passenger Facility Charge Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, state project, and passenger facility charges program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program, state project, and passenger facility charges program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program

In our opinion, City of Pensacola, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects, and passenger facility charges program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, state project, and passenger facility charges program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program, state project, and passenger facility charges program 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*, and *Passenger Facility Charge Audit Guide for Public Agencies*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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, state project, or passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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, state project, or passenger facility charges 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, state project, or passenger facility charges 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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*, and *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
February 7, 2022

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Mayor and
Members of the City Council
City of Pensacola, Florida

We have examined the City of Pensacola, Florida's (hereinafter referred to as the "the City") compliance with the following requirement for the year ended September 30, 2021:

(1) Florida Statute 218.415 in regards to investments.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City has complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
February 7, 2022

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

SECTION I - SUMMARY OF AUDITOR RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified Opinion
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes ☒ No
Significant deficiency (ies) identified that are not considered to be material weakness(es)?	_____ Yes ☒ None reported
Noncompliance material to financial statements noted?	_____ Yes ☒ No

FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECTS

Internal control over major federal programs and state projects:	
Material weakness(es) identified?	_____ Yes ☒ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes ☒ None reported
Type of auditors' report issued on compliance for major federal programs and state projects:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or Chapter 10.550, <i>Rules of the Auditor General</i> ?	_____ Yes ☒ No

IDENTIFICATION OF MAJOR PROGRAM

Federal Program:

Federal Assistance Listing Number 20.106 – U.S. Department of Transportation – Airport Improvement Program
Federal Assistance Listing Number 21.027 – U.S. Department of Treasury – American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds
Federal Assistance Listing Number 97.036 – U.S. Department of Homeland Security – Disaster Grants - Public Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,108,752
Auditee qualified as low-risk auditee?	☒ Yes _____ No

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

SECTION I - SUMMARY OF AUDITOR RESULTS – (CONTINUED)

IDENTIFICATION OF MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

State Projects:

CSFA No. 40.043 – Department of Economic Opportunity – Economic Development Tax Refund,
Tax Credit, and Grant Program

CSFA No. 55.004 – Department of Transportation - Aviation Grant Programs

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

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no findings which were required to be reported in accordance with government auditing standards generally accepted in the United States of America.

SECTION III – MAJOR FEDERAL PROGRAM AND STATE PROJECT FINDINGS AND QUESTIONED COSTS

There are no audit findings required to be reported in accordance with the Uniform Guidance or Chapter 10.550, *Rules of the Auditor General*.

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

There were no prior year audit findings.



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**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE PERIOD ENDING SEPTEMBER 30, 2021**

Federal/State Agency, Pass-Through Entity, Federal Program/State Project	Assistance Listing Number	Contract Grant Number	Pass-Through Entity Identifying Number	Passed Through to Sub recipients	Total Expenditures	Passenger Facility Charge Revenue
<u>FEDERAL AWARDS</u>						
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>						
COVID-19 Shuttered Venue Operators Grant	59.075	SBAHQ21SV001961		\$ -	\$ 662,016	
Total U.S. Small Business Administration				-	662,016	
<u>U.S. DEPARTMENT OF TREASURY</u>						
COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	NA		-	1,442,749	
<i>Passed through Florida Department of Transportation</i>						
COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	449499-2-84-01		-	685,178	
				-	2,127,927	
<i>Passed through Escambia County BOCC:</i>						
COVID-19 Coronavirus Relief Fund	21.019	Y2269		-	840,928	
COVID-19 Coronavirus Relief Fund <i>SHIP</i>	21.019	050-2020		-	20,000	
Total COVID-19 Coronavirus Relief Fund Cluster				-	860,928	
Total U.S. Department of Treasury				-	2,988,855	
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
<i>CDBG-Entitlement Grants Cluster:</i>						
COVID-19 Community Development Block Grant (CARES)	14.218	B-20-MW-12-0016		-	38,732	
<i>Passed through Escambia County BOCC:</i>						
Community Development Block Grant	14.218	B-14/20-MC-12-0016		-	103,235	
Housing Rehabilitation	14.218	B-14/20-MC-12-0016		-	291,899	
Aid to Private Agencies	14.218	B-14/20-MC-12-0016		-	49,936	
Total CDBG-Entitlement Grants Cluster				-	483,802	
<i>Passed through Escambia County Florida:</i>						
HOME Investment Partnerships Program	14.239	B-20-UC-120012		-	98,533	
<i>Housing Voucher Cluster:</i>						
Section 8 Housing Choice Vouchers Program	14.871	FL092VO-0255		-	16,237,519	
COVID-19 Section 8 Housing Choice Vouchers Program (<i>Vouchers Care Act</i>)	14.871	FL092VO0243		-	1,714,982	
Total Housing Voucher Cluster				-	17,952,501	
Total U. S. Department of Housing and Urban Development				-	18,534,836	
<u>U. S. DEPARTMENT OF JUSTICE</u>						
Bulletproof Vest Partnership Program	16.607	2019BUBX19035000		-	10,416	
Bulletproof Vest Partnership Program	16.607	2020BUBX20022770		-	9,956	
Total Bulletproof Vest Partnership Program Cluster				-	20,372	
Law Enforcement Trust Fund	16.922	N/A		-	13,330	
<i>Passed through the State of Florida, Department of Law Enforcement:</i>						
Edward Byrne Memorial Justice Assistance Program	16.738	2020-JAGC-ESCA-2-Y5-099		-	55,880	
Edward Byrne Memorial Justice Assistance Program	16.738	2020-DJ-BX-0551		-	9,271	
Total Edward Byrne Memorial Justice Assistance Program Cluster				-	65,151	
Total U. S. Department of Justice				-	98,853	
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>						
Airport Improvement Program	20.106	N/A		-	6,208,371	
COVID-19 Airport Improvement Program (<i>Cares Act</i>)	20.106	N/A		-	5,234,600	
				-	11,442,971	
<i>National Priority Safety Program Cluster:</i>						
<i>Passed through State of Florida, Florida Department of Transportation:</i>						
National Priority Safety Program	20.616	G1S99		-	11,658	
Total National Priority Safety Program Cluster				-	11,658	
Total U. S. Department of Transportation				-	11,454,629	
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
<i>Passed through State of Florida, Florida Division of Emergency Management:</i>						
Disaster Grants - Public Assistance - Federal 75%	97.036	Z2566		-	2,289,602	
Port Security Grant Program	97.056	EMW-2019-PU-00016-S01		-	77,722	
Port Security Grant Program	97.056	DHS-17-GPD-056-00-01		-	153,173	
Port Security Grant Program	97.056	EMW-2019-PU-00016		-	150,671	
Total Port Security Grant Program Cluster				-	381,566	
Assistance to Firefighters Grant	97.044	EMW-2019-FG-10291		-	518,604	
<i>Passed through Florida Division of Emergency Management</i>						
Hazard Mitigation Grant	97.039	H0155		-	39,265	
Total U.S. Department of Homeland Security				-	3,229,037	

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE PERIOD ENDING SEPTEMBER 30, 2021**

Federal/State Agency, Pass-Through Entity, Federal Program/State Project	Assistance Listing Number	Contract Grant Number	Pass-Through Entity Identifying Number	Passed Through to Sub recipients	Total Expenditures	Passenger Facility Charge Revenue
<u>FEDERAL AWARDS CONTINUED</u>						
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>						
Passed through Santa Rosa County Sheriff's Office:						
High Intensity Drug Trafficking Areas Program	95.001	G18GC007A		-	523	
High Intensity Drug Trafficking Areas Program	95.001	G20GC007A		-	2,381	
High Intensity Drug Trafficking Areas Program	95.001	G19GC007A		-	7,283	
Total Executive Office of the President				-	10,187	
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ -	\$ 36,978,413	
PASSENGER FACILITY CHARGE					\$ 1,705,229	\$ 4,317,467
<u>STATE FINANCIAL ASSISTANCE</u>						
<u>FLORIDA HOUSING FINANCE CORPORATION</u>						
SHIP Program	40.901	SHIP 2021		\$ -	\$ 19,483	
Total Florida Housing Finance Corporation				-	19,483	
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>						
Resilient Coastlines Program	37.098	R2116		-	75,000	
Total Florida Department of Environmental Protection				-	75,000	
<u>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</u>						
Economic Development Tax Refund, Tax Credit, and Grant Program	40.043	G0009		-	2,748,162	
Total Florida Department of Economic Opportunity				-	2,748,162	
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>						
Aviation Grant Programs	55.004	G0Z27		-	1,976,392	
Aviation Grant Programs	55.004	G1P51		-	84,600	
Total Aviation Grant Programs Cluster				-	2,060,992	
Seaport Grant Programs	55.005	44554819401		-	34,733	
Seaport Grant Programs	55.005	44554919401		-	158,784	
Total Seaport Grant Programs Cluster				-	193,517	
Total Florida Department of Transportation				-	2,254,509	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				\$ -	\$ 5,097,154	

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE

The schedule of expenditures of federal awards, passenger facility charge, and state financial assistance is presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in 2 CFR 200 Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected to use the 10-percent de minimis indirect cost rate as covered in 2 CFR 200.414 of the Uniform Guidance for Federal Awards.

The City has a loan program for low income housing renovations funded through the Community Development Block Grants and a loan program for home reconstruction funded through the HOME Investment Partnerships Program Grants. Under these programs, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants for the year was \$17,040 and \$0.00, respectively, and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was \$64,626 and \$95,946 respectively. The balance of the loans outstanding as of fiscal year end consist of:

Community Development Block Grants CFDA number 14.218 \$956,455
HOME Investment Partnerships Program Grants CFDA number 114.239 \$690,040

- 1 Includes debt service of \$1,705,229
- 2 Includes interest earnings of \$2,824
- 3 Total EHV funds included \$0.00

MANAGEMENT LETTER

Honorable Mayor and
Members of the City Council
City of Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Pensacola, Florida (hereinafter referred to as the "City"), as of and for the year ended September 30, 2021, and have issued our report thereon dated February 7, 2022.

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; 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); Chapter 10.550 *Rules of the Florida Auditor General*; and *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

Other Reports 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*; Independent Auditor's Report on Compliance for Each Major Federal Program, State Project, Passenger Facility Charge Program and on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 7, 2022, 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 reported in the prior year.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we 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 condition(s) 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 did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c, *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of the City provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the City in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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.

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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
February 7, 2022

**CITY OF PENSACOLA, FLORIDA
FINANCIAL DATA SCHEDULE
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM
ASSISTANCE LISTINGS NUMBER 14.871
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Line Item #	Account Description	HCV Program 14.871	HCV CARES Act Funding 14.HCC	EHV Program 14.EHV	Total
	Assets:				
	Current Assets:				
	Cash:				
111	Unrestricted	\$ 2,924,913		21,108	2,946,021
113	Other restricted	373,363	29,612	129,064	532,039
100	Total cash	<u>3,298,276</u>	<u>29,612</u>	<u>150,172</u>	<u>3,478,060</u>
	Receivables:				
128	Fraud recovery	1,565,740			1,565,740
128.1	Allowance for doubtful accounts - Fraud	(1,213,371)			(1,213,371)
120	Total receivables	<u>352,369</u>	<u>0</u>	<u>0</u>	<u>352,369</u>
142	Prepaid expenses and other assets	785			785
150	Total current assets	<u>3,651,430</u>	<u>29,612</u>	<u>150,172</u>	<u>3,831,214</u>
290	Total assets	<u>\$ 3,651,430</u>	<u>29,612</u>	<u>150,172</u>	<u>3,831,214</u>
	Liabilities:				
	Current liabilities:				
312	Accounts payable <= 90 days	\$ 290	1,380		1,670
331	Accounts payable - HUD PHA Programs	3,754		58	3,812
333	Accounts payable - other government	31,619	1,756		33,375
342	Deferred revenue	352,369	26,476	61,327	440,172
310	Total current liabilities	<u>388,032</u>	<u>29,612</u>	<u>61,385</u>	<u>479,029</u>
300	Total liabilities	<u>388,032</u>	<u>29,612</u>	<u>61,385</u>	<u>479,029</u>
	Equity:				
508.3	Nonspendable Fund Balance	785	0	0	785
509.3	Restricted Fund Balance	373,363	0	67,737	441,100
512.3	Unassigned fund balance	2,889,250	0	21,050	2,910,300
513	Total equity/net assets	<u>3,263,398</u>	<u>0</u>	<u>88,787</u>	<u>3,352,185</u>
600	Total liabilities and equity/net assets	<u>\$ 3,651,430</u>	<u>29,612</u>	<u>150,172</u>	<u>3,831,214</u>

CITY OF PENSACOLA, FLORIDA
FINANCIAL DATA SCHEDULE
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM
ASSISTANCE LISTINGS NUMBER 14.871
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Line Item #	Account Description	HCV Program 14.871	HCV CARES Act Funding 14.HCC	EHV Program 14.EHV	Total
Revenues					
Other revenue:					
70600	HUD PHA Operating Grants	\$ 16,710,571	1,713,843	88,763	18,513,177
71100	Investment Income - unrestricted	11,581	1,139	24	12,744
71400	Fraud Recovery	8,241			8,241
70000	Total revenues	<u>16,730,393</u>	<u>1,714,982</u>	<u>88,787</u>	<u>18,534,162</u>
Expenses					
91100	Administrative salaries	426,958	306,426		733,384
91200	Auditing fees	35,000			35,000
91500	Employee benefit contributions - administrative	350,343	118,154		468,497
91810	Allocated Overhead	85,000			85,000
91900	Other operating - administrative	3,015	229		3,244
93100	Water	408			408
93200	Electricity	8,019			8,019
93300	Gas	550			550
93600	Sewer	459			459
93800	Other utilities expense	604			604
94200	Maintenance and operations - materials and other	203,029	21,086		224,115
94300	Maintenance and operations - contracts	70,898	1,889		72,787
96110	Property insurance	8,652			8,652
96200	Other general expenses	438			438
96900	Total operating expenses	<u>1,193,373</u>	<u>447,784</u>	<u>0</u>	<u>1,641,157</u>
97000	Excess operating revenue over operating expenses	<u>15,537,020</u>	<u>1,267,198</u>	<u>88,787</u>	<u>16,893,005</u>
Other expenses:					
97300	Housing Assistance Payments	15,038,146	1,261,326		16,299,472
97600	Capital outlays - governmental funds	6,000	5,872		11,872
90000	Total expenses	<u>16,237,519</u>	<u>1,714,982</u>	<u>0</u>	<u>17,952,501</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	<u>\$ 492,874</u>	<u>0</u>	<u>88,787</u>	<u>581,661</u>
11030	Beginning Equity	\$ 2,770,524	0	0	2,770,524
11170	Administrative Fee Equity	\$ 2,890,035	0	21,050	2,911,085
11180	Housing Assistance Payments Equity	\$ 373,363	0	67,737	441,100
11190	Unit Months Available	29,892	0	0	29,892
11210	Number of Unit Months Leased	24,886	0	0	24,886



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