

FISCAL YEAR 2022

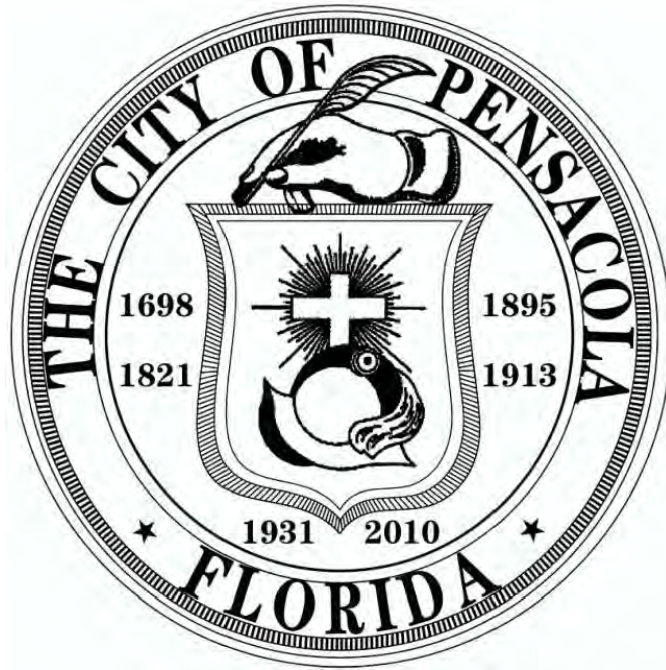
ANNUAL FINANCIAL REPORT

For the Year Ending September 30, 2022



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





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THE CITY OF PENSACOLA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

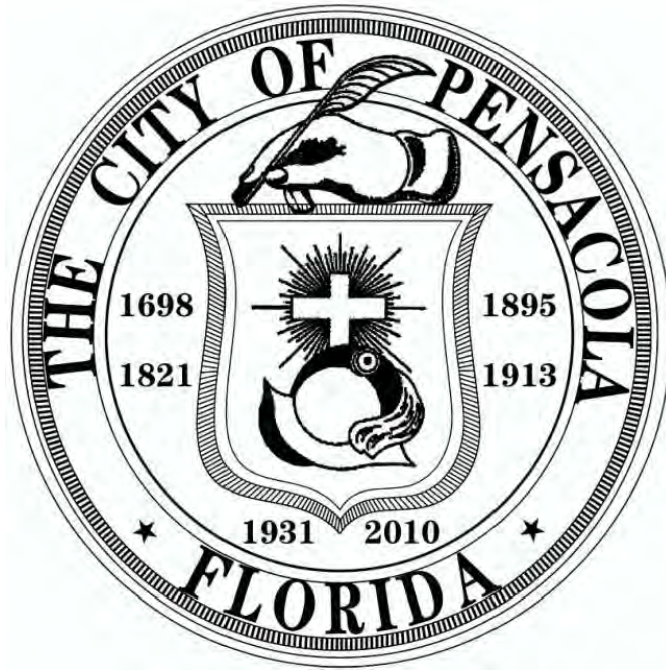
FOR THE YEAR ENDED SEPTEMBER 30, 2022



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022
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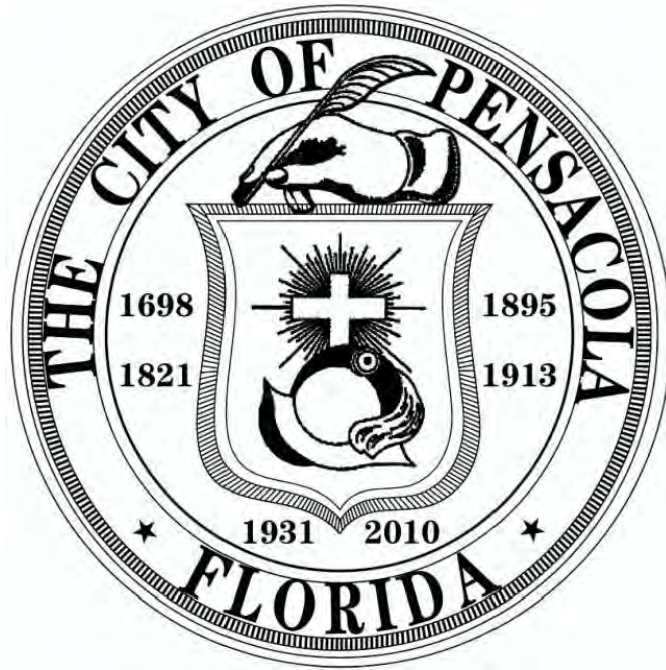
INTRODUCTORY SECTION

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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D.C. Reeves
Mayor

March 23, 2023

The Honorable Delarian Wiggins, President
And Members of the City Council
City of Pensacola
Pensacola, Florida

Pursuant to applicable Florida Statutes and sound financial management practices, the Annual Comprehensive Financial Report (Annual Financial Report) of the City of Pensacola, Florida, for the fiscal year ended September 30, 2022, 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 served as the second Mayor under the City's strong mayor form of government between November 27, 2018 and November 21, 2022. This Annual Financial Report represents Mayor Robinson's final year in office and as such the initiatives set forth by Mayor Robinson are summarized below.

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. The City's fiscal year 2023 approved annual budget document details out each of these recommendations and how the recommendations were implemented.

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 with Chapter 166.241, Florida Statutes, budget amendments within a fund (transfers of amounts from one line item to another) are 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 2022 business-type activities paid a total of \$10.3 million and \$1.6 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. However, in

fiscal year 2022, the City paid off the Airport Taxable Customer Facility Charge (CFC) Revenue Note, Series 2008 totaling \$5.8 million. The \$5.8 million principal payment was made with CFC cash reserves which had been accumulated over the years for such purpose.

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 \$5.5 million and \$2.8 million, respectively for principal and interest, for governmental activities debt during fiscal year 2022. 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 Annual Comprehensive 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.

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, 19.3% industrial and 0.5% municipal.

Pensacola Energy had operating income before depreciation of \$16,457,277; a decrease of \$3,507,270 over last year. Operating revenue increased by \$18,937,706 (37.0%) during fiscal year 2022 and operating expenses increased by \$22,444,976 (72.0%). 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 2022, the cost of natural gas increased by \$12,820,026 and increased gas purchases related to a new transportation customer totaled \$9,639,123. Offsetting the increase to fiscal year 2022 revenues as a result the pass through of natural gas cost, Pensacola Energy had a three percent decrease in natural gas sales which equates to approximately \$1,147,000 in revenues and a \$2,615,098 decrease 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 only decreased by \$14,200. While the salaries and employee benefits line item of the financial statements remained consistent with fiscal year 2021, both years include a large decrease in pension expenses. 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 2022.

Fiscal year 2023 operating revenues are budgeted at \$73.3 million, \$24.7 million (51.0%) higher than the prior year budget. The significant increase in revenues for fiscal year 2023 is due to anticipated increases in the cost of natural gas which was the trend when the budget was developed in 2022, thus increasing revenues as the cost of gas is passed onto the customer through rates and charges. The CPI increase for fiscal year 2023 is 8.5%, however due to high inflation which is already affecting customers, no increase in rates were recommended in the fiscal year 2023 budget. Fiscal year 2023 appropriations increased \$24.7 million (51.0%) over fiscal year 2022 mainly due anticipated increases in the cost of natural gas. 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 21,000 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 \$33.56 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 2022. Funds generated by the equipment surcharge is used for replacement of sanitation equipment.

Sanitation had operating income before depreciation of \$1,569,559; an increase of \$527,125 over the prior fiscal year. Operating revenue increased by \$556,931 (6.13%) during fiscal year 2022 and expenses increased by \$29,806 (0.3%). The primary reason for the increase in operating revenue over the prior fiscal year can be linked to increase in customer base and increase in rates. In addition, revenues for franchise fees and code enforcement increased by \$22,768 and \$26,582, respectively, in fiscal year 2022. The primary reason for the increase in operating expenses of \$373,214 is linked to increase repairs and maintenance, materials and supplies, office and utilities, landfill fees and overhead allocation. In addition, Sanitation had a significant increase in non-operating revenues in the amount of \$1,039,481 related to rebates for the purchase of compressed natural gas vehicles. These rebates will be used to offset the cost of capital equipment.

Fiscal year 2023 revenues are budgeted at \$9.4 million, \$323,000 (3.3%) lower than the prior year budget. The majority of the decrease is related to decreases in anticipated rebates for the purchase of compressed natural gas vehicles. During 2022 a rate study was conducted, and on September 15, 2022, City Council adopted a collection rate increase of \$1.29 bringing the new rate to \$27.44 per month effective October 1, 2022. Fiscal year 2023 appropriations decreased by \$325,300 (3.17%) over fiscal year 2022 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 \$70,760; a decrease from last fiscal year by \$912,806. Operating revenues decreased \$17,438 (0.6%) and expenses increased by \$895,368 (46.6%). The primary reason for the decrease in operating revenue can be linked to decrease in vessel activity at the Port. The increase in expense can be linked to a \$740,524 increase in repairs and maintenance, contractual services and office and utilities.

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 2022, 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, 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 railroad modern initiative projects/repairs, Waterside improvement initiative berth repairs, upland cargo improvement pavement/drainage repairs, and upland cargo improvement-hurricane projects.

Fiscal year 2023 operating revenues are budgeted at \$3.1 million, \$539,200 (21.11%) higher than the prior year budget as revenues is based on historical trend information on vessel activity levels as well as current and prospective lease agreements. Fiscal year 2023 appropriations increased by \$539,200 (21.11%) over fiscal year 2023 budget mainly due to a \$142,000 increase in personnel services and \$358,900 in operating cost such as repair and maintenance.

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 2022, 2.44 million passengers utilized the scheduled service. According to the Bureau of Transportation Statistics data, Pensacola was ranked 87th among 794 U.S. airports in terms of the total number of scheduled enplanements as of September 2022.

The Airport had operating income before depreciation of \$12,408,346; a \$3,976,3263 increase over last fiscal year. The Airport Fund's operating revenues increased by \$6,627,226 (29.7%) in fiscal year 2022 and expenses increased by \$2,650,963 (19.1%). The primary reason for the increase in revenues is increased passenger traffic as well as increased airline rates and charges. In fiscal year 2021, the Airport utilized \$5 million in CARES Act funding to help reduce airline rents and charges while in fiscal year 2022, the Airport was only able to utilize \$2 million in CARES Act funding to help reduce airline rents and charges. This resulted in a \$3 million increase in airline revenues. In addition, a 17.5% increase in passenger traffic resulted in a \$3.5

million increase in non-airline revenues, primarily in parking (\$2.48 million) and rental car (\$600,000). The increase in expense can be linked to an \$1,386,769 increase in contractual services mainly related to the Airport's parking management, janitorial services and advertising contracts and an \$841,125 increase in office and utilities mainly related to the Airport's liability insurance, utility cost, and IT overhead charges.

Fiscal year 2023 operating revenues are budgeted at \$21.3 million, \$1.7 million (8.8%) higher than the prior fiscal year budget which was conservative due to the unknown impact COVID-19 at the time the 2022 budget was developed. non-airline revenues such as restaurant and lounge, hanger/ground leases, parking lot, and rental car customer facility charge revenues are projected to increase to a total of \$1,559,000 due to the increase in passenger traffic through the Airport. Charges to the airlines such as loading Bridge fees, landing fees, apron area rentals, and airline rentals are projected to increase by \$164,000 based on the agreements with the airlines. Fiscal year 2023 operating appropriations decreased by \$6.1 million (19.4%) over fiscal year 2022 budgeted totals primarily due to a \$6.0 million decrease in principal and interest payments.

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 2022 budget of \$253,203,200, an increase of \$17,207,500 from the 2021 budget. Overall appropriated fund balance decreased by \$15,430,900 and overall revenue estimates increased by \$7,782,200. The General Fund anticipated an increase in revenues of \$2,072,600 (3.58%) due to a \$1,535,800 increase in property taxes as a result of an 8.15% increase in taxable property valuation, \$180,700 increase in Franchise Fees based on historical trends, estimated changes in population and estimated inflation and rate changes and \$177,800 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 a decrease of \$11,100 (0.18%) due to decreased transfers to cover debt service. The Special Revenue Funds anticipated an increase in revenues of \$3,802,400 (8.97%) mainly due to increased intergovernmental revenues based on available grant funding. The Capital Project Funds anticipated an increase in revenues of \$139,100 (1.14%) due to increases in Local Option Sales Tax based on prior year receipts. The Enterprise Funds anticipated a decrease in revenues of \$155,600 (0.18%). Natural gas sales were projected at \$47,293,900 a decrease of \$1,044,400 or 2.16% from the fiscal year 2021 budget. The decrease was attributed to anticipated lower cost of natural gas and less demand. Sanitation revenues were projected at \$6,869,200, an increase of \$144,600 or 2.15% from the fiscal year 2021 budget. The increase is attributed to increase in sanitation charges due to an increase in customer rates. Port revenues were projected at \$2,554,100, an increase of \$98,100 or 3.9% from the fiscal year 2021 budget based historical trend information on vessel activity. Pensacola International Airport revenues and passenger facility charges were projected at \$23,121,000, an increase of \$635,900 or 2.75% from the fiscal year 2021 budget. The increase is attributed to the increase of airline revenues of \$2,180,000. The non-airline revenues increased by \$1,914,900 and rental car facility charges increased by \$1,101,000. The passenger facility charged decreased by \$200,000.

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 \$203,315 in local, state and federal grants to purchase items necessary to further crime prevention goals as well as improve officer safety.

In fiscal year 2023, 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 it achieved the best possible Insurance Services Organization (ISO) Class 1 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, training, 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 2022 the live fire training simulator was installed, and prop testing began. Apparatus and equipment upgrades continued with the design and build of a new fire engine, replacement of mobile data terminals, and radio system upgrades. A Command Operations Vehicle was delivered, allowing for operations command center capabilities in the field. A fund match for a state grant, allowed for delivery of fire gear extractors which decontaminate personal protective clothing. 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 monitor, evaluate, and improve its processes more accurately. The Training Division improved employee training and development, creating uniformity in all-hazards training exercises and response readiness. The Fire Marshal's office deployed a Hazard House prop which enables additional fire safety education.

In fiscal year 2023, 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. Best-practice leadership training will be provided to all department supervisors as succession and transition planning continues. Upgrades to facilities and 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 2022. Such improvements included: installation of new dog park at Kiwanis Park, new playground at Longhollow Park, Mallory Heights Park 1, Sanders Beach-Corinne Jones Park, and Bayview Park; countless volunteer cleanup days throughout the City; renovations to the East Pensacola Heights Center, Miraflores Park Boy Scout Building; renovation of McGee Field with a new press box, concession stand/restroom facility, bleachers and shade structures and the installation of two (2) new sculptures at Bartram Park.

In fiscal year 2023, the department will continue to develop the park master plan based on a parks' needs assessment report from University of West Florida (UWF). The Parks and Recreation Department will install seven (7) new playgrounds to include Lions Park, East Gate Park, Lamancha Square Park, Pintado Park, Belvedere Park, Fairchild Park, Operto Park and Granada Subdivision; one (1) new sculpture at Admiral Mason Park and create the Garden of Peace and Hope, a memorial for homicide victims at the Corinne Jones Park; install new solar lighting and a musical/sensory garden at Kiwanis Park; and replace the Roger Scott Pool restrooms and office areas.

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. Operations maintains 332 miles of roadway, 82 stormwater ponds, 118 various underground stormwater treatment units, 18 ditches, 2,352 drainage inlets and 45 stormwater outfalls, 15 of which are major outfalls.

During fiscal year 2022, Operations completed 77 sidewalk repair work orders, repaired over 260 potholes, addressed 315 traffic signal issues, and converted 90 City owned streetlights to LED. Approximately 3,917 miles of roadway were swept and approximately 4,600 tons of road debris were removed. The department replaced 180 street markers and street signs, installed 2 speed tables, and placed over 1200 linear feet of thermoplastic pavement markings. In addition, the department installed 8 new video detection systems and 8 new uninterrupted power supplies to traffic signals owned by the City. Engineering had several significant capital improvement projects completed in 2022. With regards to stormwater projects, Cross Street was completed to provide flood abatement as well as two major pipe rehabilitation projects (I Street and Gimble Street) on antiquated stormwater pipes which mitigates the continual pipe failure and corresponding roadway failure. Other capital projects completed include a new parking lot at Pensacola International Airport, which will accommodate an additional 340 parking spaces. Burgess Road, from Joy Street to Lanier Drive, was completely reconstructed to include new sidewalk and infrastructure to mitigate flooding. A total of four blocks of pavement was reconstructed along N. P Street and N. S Street along with the addition of new curb and gutter and sidewalks.

In fiscal year 2023, Public Works will complete several large stormwater capital improvement projects including installation of new stormwater piping down Barrancas Avenue, as well as the volumetric expansion of the existing pond at Marketplace Drive. Furthermore, a drainage improvements project along E. Texar Street, between 9th Avenue and 12th Avenue, will be designed and advertised for construction, to help mitigate flooding along E. Texar Street. Similarly, a project will be designed at the intersection of Summit Blvd and Piedmont Road. To continue our pursuit of a more walkable City, the College Parkway sidewalk project, from Washington High School to Langley Ave., is slated to be constructed in mid-2023. Further, multi-modal improvements are slated for A Street (Cervantes Street to Main Street) as well as on Main Street (Baylen Street to Alcaniz Street). The department will also manage design for two major projects to install new stormwater outfalls to Pensacola Bay which will mitigate flooding along 9th Avenue, as well as Main Street. Additionally, Public Works will be managing the design and/or construction of major park improvement projects, for the Parks and Recreation Department, related to Bruce Beach, Sanders Beach Boat Ramp, Bayview Park, Roger Scott, Community Maritime Park, and Hollice T. Williams. Lastly, Pensacola International Airport is expanding their parking lots and the department will be managing the conceptual design for another 470 parking spaces.

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 recent years, the City completed streetscape improvements to DeVilliers Street from Main Street to Cervantes Street and Reus Street from Main Street to Garden Street and initiated an ADA sidewalk enhancement program throughout the near-downtown area. Construction of the East Garden District streetscape redevelopment project and landscaping of the Garden Street median from Alcaniz to A Street was substantially completed in 2022. 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 2023 include the continuation of the CRA’s established residential and commercial improvement programs and affordable housing initiatives, as well as construction of corridor improvements to Main Street (as a component of the “Hashtag” Waterfront Connector (Continuous Waterfront Trail System)), A Street, the first phase of park improvements to the Bruce Beach Natural Area and a floating day-use marina at Community Maritime Park. Design of the 2nd phase of Bruce Beach is also slated to continue during the upcoming fiscal year with construction soon to follow.

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. Two affordable housing infill sites located at 1700 Dr. Martin Luther King Jr. Blvd and 2700 Dr. Martin Luther King Jr. Blvd will be available for housing in the coming years. Acquisition of the 2700 site was completed in 2022 and home plans are in design for both locations. Construction of a 2nd phase of improvements to expand the campus of the General Daniel “Chappie” James, Jr. Museum and Youth Flight Academy is slated for completion in the upcoming fiscal year.

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, as well as construction of corridor improvements to A Street. Three affordable housing infill sites located at 2300 West Jackson Street, 901 West Blount Street and 900 Block West Blount Street will be made available for housing in the upcoming and future years. Home plans are in design for the Jackson Street and 900 Block locations and rehabilitation specifications are in development for 901 West Blount. Other planned CRA initiatives include landscaping improvements to West Garden Street from A Street to C Street, corridor improvements to L Street, Gregory Street and Wright Street, rehabilitation of the former Alice Williams library and land assembly to support park redevelopment of the American Creosote Works (ACW) superfund site.

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 address the community's needs by supporting community redevelopment projects, supportive service agencies, and concentrating on the need for decent, safe, and attainable housing to enhance the quality of life for all area residents.

During fiscal year 2022 in support of the Mayor's commitment to build stronger neighborhoods, 21 families had their homes rehabilitated through the city's Single Family Housing Rehabilitation Program leveraging funds from federal and state sources. 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.

Through the city's Community Development Block Grant (CDBG) program public service activities supported the delivery of 21,246 nutritional meals to 114 elderlies, disabled, and special needs families. Group classes provided educational opportunities regarding home buying and foreclosure prevention for 44 residents, 16 of which achieved the goal of homeownership. Neighborhood improvements included the installation of a playground and the first dog park in a historically underserved area of the city.

Funds received through the State Housing Initiatives Partnership (SHIP) program assisted 31 families in the community reach the goal of homeownership. In response to local concern regarding the lack of attainable housing in the community, the city allocated \$2 million of its

American Rescue Plan Act State & Local Fiscal Recovery Funds to address this pressing need. The Department 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 allocated to support the development and rehabilitation of houses in support of the city's Attainable Housing Infill Program.

In response to the pandemic, the city received an award of CDBG-Coronavirus funds. These funds supported the delivery of meals through the Council on Aging of West Florida, Inc.'s nutritional service programs to 22 elderly or disabled families. The CDBG-Coronavirus funds provided 16 families with eviction and foreclosure counseling assisting them with the goal of maintaining their residence. Additionally, CDBG-Coronavirus funds provided 20 families with emergency payments for overdue mortgage and utility expenses assisting residents maintain their homes.

The Section 8 Housing Choice Voucher (HCV) Program provided rental assistance for approximately 1,950 extremely and very low-income families each month during fiscal year 2022. This reflects approximately \$1.3 million in monthly rental housing assistance in our community, paid out to an estimated 525 local landlords. The Housing Department completed 3,323 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 2022, the city continued to administer a special allocation of 35 Emergency Housing Vouchers in partnership with the Continuum of Care lead agency, Opening Doors Northwest, Florida, Inc., targeting the housing needs of the homeless, victims of domestic violence, and families who may become homeless. During the fiscal year, all the vouchers were assigned to families with over half the families successfully leasing a unit.

In response to the growing need for attainable housing in the community, to include the development of both rental and homeownership opportunities, the Department continues to develop new programs and seek creative solutions to address this concern for the city's residents.

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 and minimize greenhouse gas emissions.

In fiscal year 2022, the department began serving a large industrial customer that increased system throughput by 1,281,000 MMBTU for the six months beginning April 2022. Construction began on the expansion of the Palafox CNG Station serving Pensacola Sanitation Services and Fleet Management. This project will increase compressor capacity and add additional time fill posts. With continued residential growth in the area, fourteen new subdivisions were added to the distribution system which included the installation of nineteen miles of natural gas main. New service line installation remained above the five year average at 947.

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 2022, Sanitation Services collected 18,512 tons of solid waste and 2,403 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 2022 resulted in the removal of 678 tons of bulk waste, 1,149 old tires, and 9,938 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, 12,342 calls processed, 2,382 service requests, and over 811 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 4,039 new cases in fiscal year 2022, with 869 cases categorized as overgrown vacant property. Along with illegal dumping cases and Sanitation "no service cases," these officers made 1,736 site visits consisting of investigations, follow-ups, and postings.

The Fleet Management and Central Garage Divisions had a robust fiscal year 2022. Repairs were made to 1,575 light-duty vehicles and 1,708 repairs to heavy-duty vehicles.

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.

While fiscal year 2022 had increases in vessel traffic of 64%, cargo tonnage increases of 55% (Export) and 129% (Import), the loss of a prime storage tenant offset those gains. As a result, revenue from port operations was \$2,886,082, a decrease of 0.6% from last year.

The Port of Pensacola's fiscal year 2023 will continue to flourish in a positive direction for future maritime/business trade. Long term/short term leases could include a potential high tech performance maritime technology center adding more leases. Cargo/vessel traffic will continue to take an upward direction in percentages. Imports of bulk cement and wind energy product growth will increase as the Port's tenants conduct larger business operations.

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 2022 the Airport had 2.441 million passengers utilized the scheduled service of seven airlines to fifteen plus non-stop destinations, surpassing pre-pandemic passenger numbers of 2.200 million. While nationally air travel remains down 2.6% from 2019 numbers, Pensacola International Airport has already surpassed 2019 numbers by 10.0% 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 runway 8/26 rehabilitation, corporate apron expansion and terminal building expansion. In addition, construction for taxiway A rehabilitation, terminal escalator replacement, and economy lot 1 lighting is planned. Construction will continue with the expansion of the Airport's Maintenance Repair Overhaul (MRO) Facility. Hanger two should be completed in 2023 and construction should commence for the next phase which includes an additional hanger, warehouse space, and administration offices.

Citywide topics

In fiscal year 2022, the City lost six (6) key staff employees: the City Administrator, CRA Administrator, Director of Innovation & Technology, Sanitation Services & Fleet Management Director, Parks & Recreation Director, and the Pensacola Energy Director. Kerrith Fiddler was appointed as the City Administrator position in October 2021. Adrian Stills was appointed as the Parks & Recreation Director in June 2022. Fred Crenshaw was appointed as the Sanitation Services & Fleet Management Director in February 2022. The Director of Innovation & Technology was filled by Robert Echols as interim in July 2022. The position was vacated in August 2022 and remained vacant for the rest of fiscal year 2022. The CRA Administrator and the Pensacola Energy Director positions were not filled in fiscal year 2022. The City experienced a 11.06% turnover rate in fiscal year 2022, an increase over the reported fiscal year

2021 rate of 10.7%. The 2022 turnover rate does not include retirements. Based on exit interviews, employees cited increased compensation from other job opportunities, promotional 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 23, 2021, for fiscal years October 1, 2021 through September 30, 2024. 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, 2022, and October 1, 2023, not to exceed the maximum for \$77,251, \$81,120 and \$85,176 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. 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, 2022.

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 2022, 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, but the City also 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 95% 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 2022 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, 2021. 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-one of its last forty-two 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.

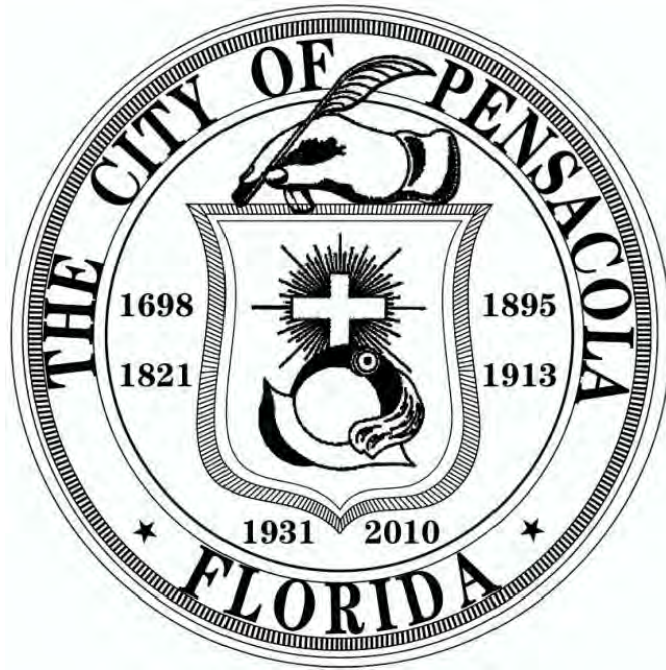
Respectfully submitted,



D.C. Reeves
Mayor



Amy L. Lovoy
Finance Director



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

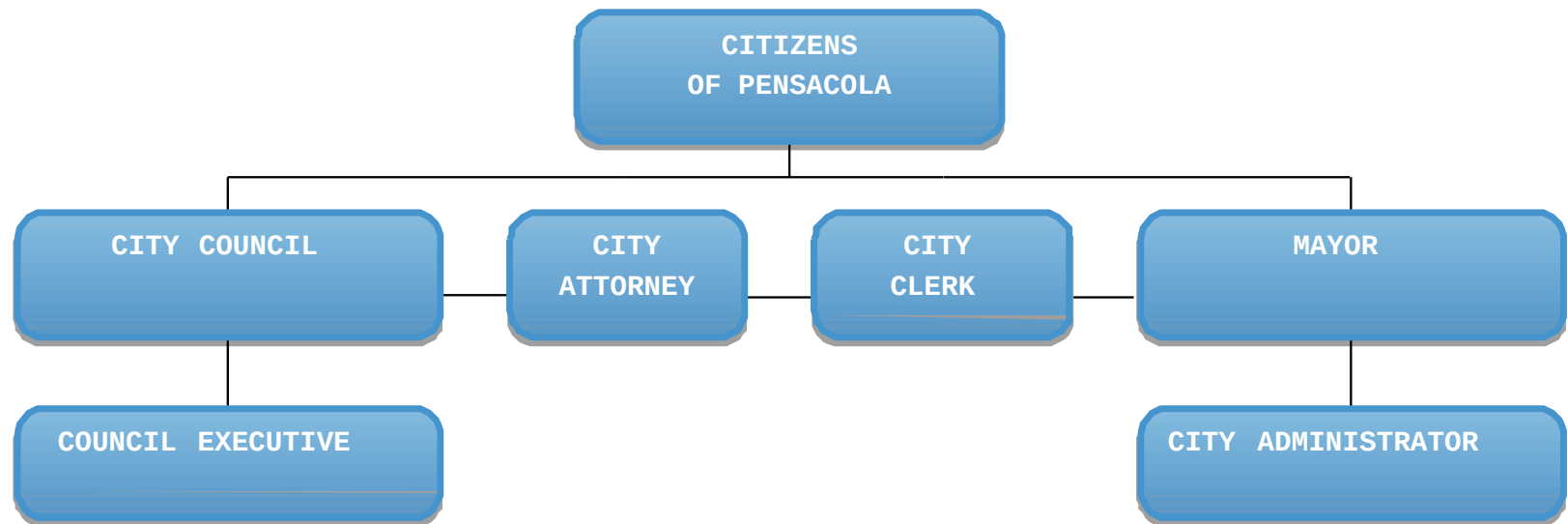
**City of Pensacola
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

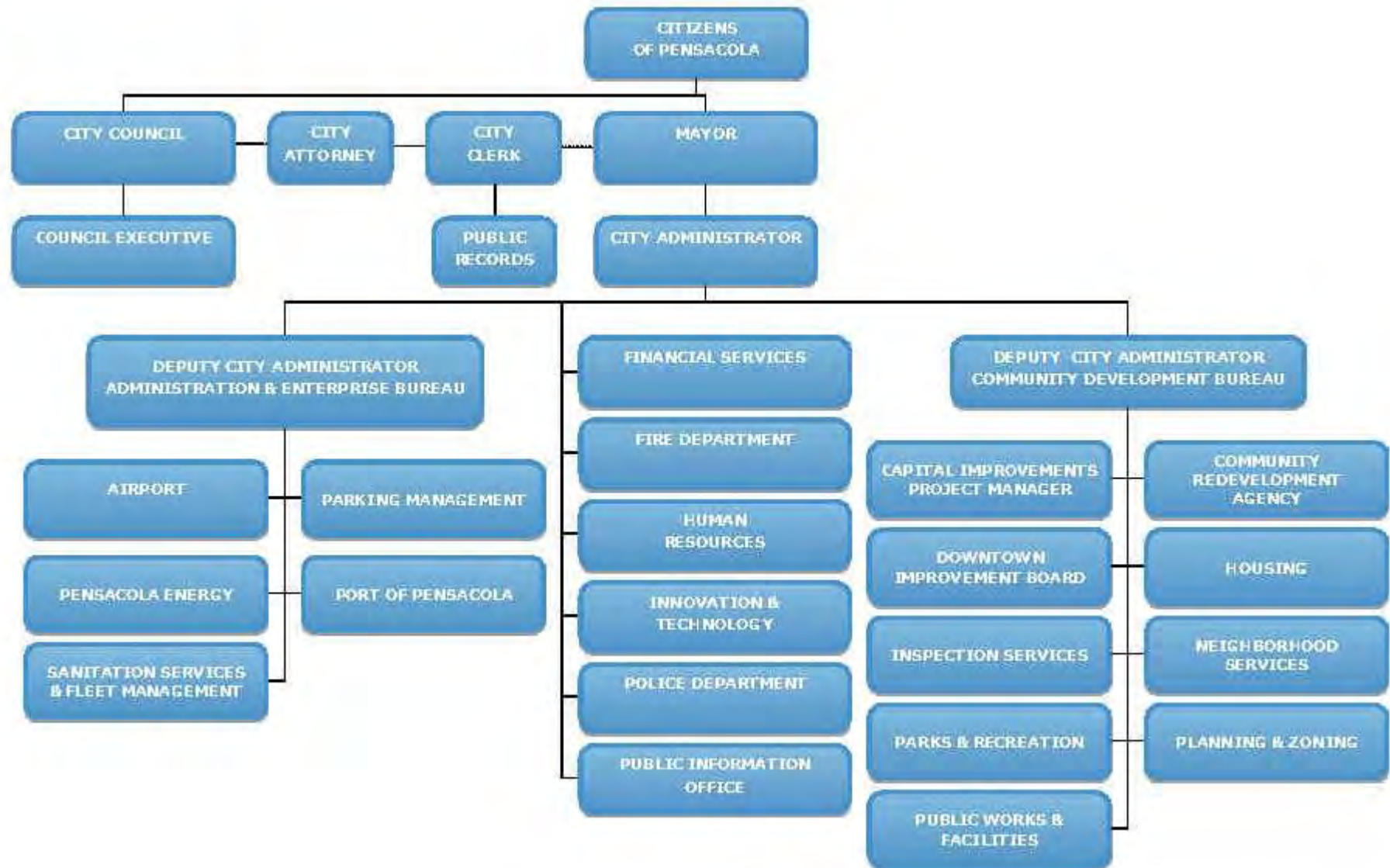
September 30, 2021

Executive Director/CEO

**CITY OF PENSACOLA
FISCAL YEAR 2022
ORGANIZATIONAL CHART**



CITY OF PENSACOLA FISCAL YEAR 2022 CITY REPORTING STRUCTURE CHART



CITY OF PENSACOLA, FLORIDA
LISTING OF ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS
FY 2022 MAYOR & CITY COUNCIL



Sherri F. Myers
District 2



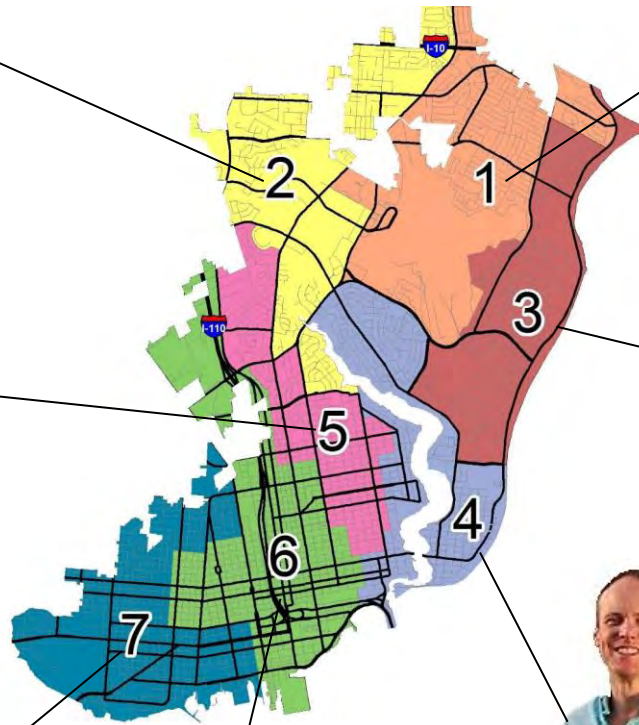
Grover C. Robinson, IV
Mayor



Jennifer Brahier
District 1



Teniade' Broughton
District 5



Casey Jones
District 3



Delarian Wiggins
Council Vice President
District 7



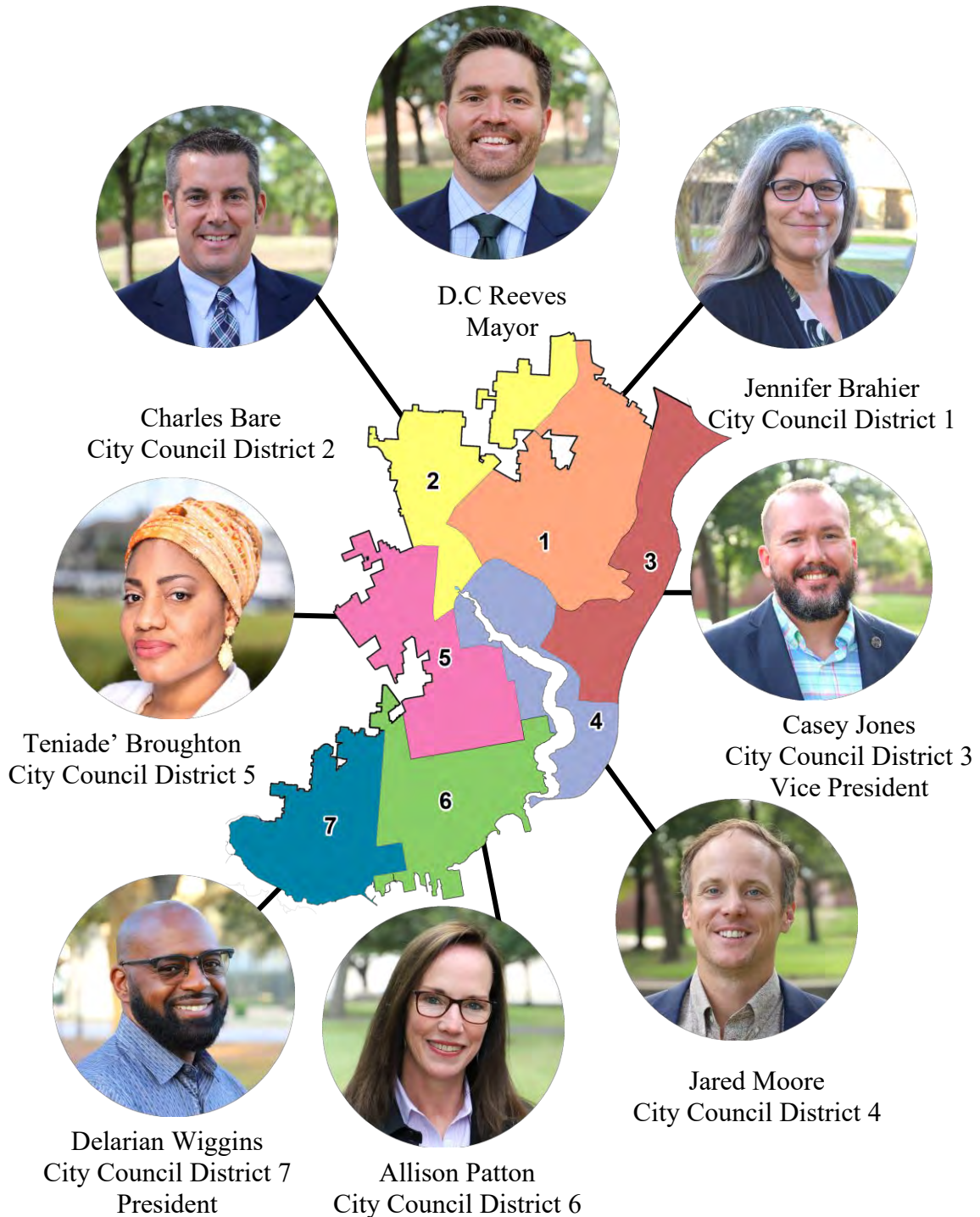
Jared Moore
District 4

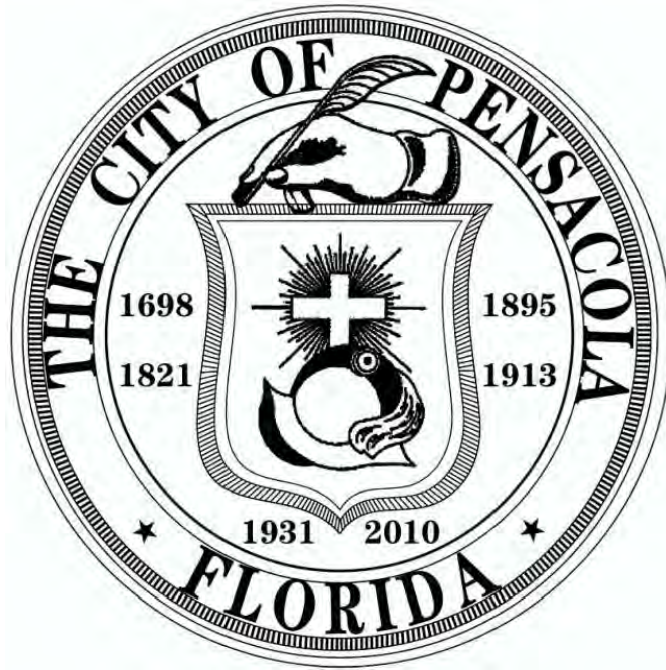


Ann Hill
Council President
District 6

CITY OF PENSACOLA, FLORIDA
LISTING OF ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS
FY 2023 MAYOR & CITY COUNCIL





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FINANCIAL SECTION

This section contains the following subsections:

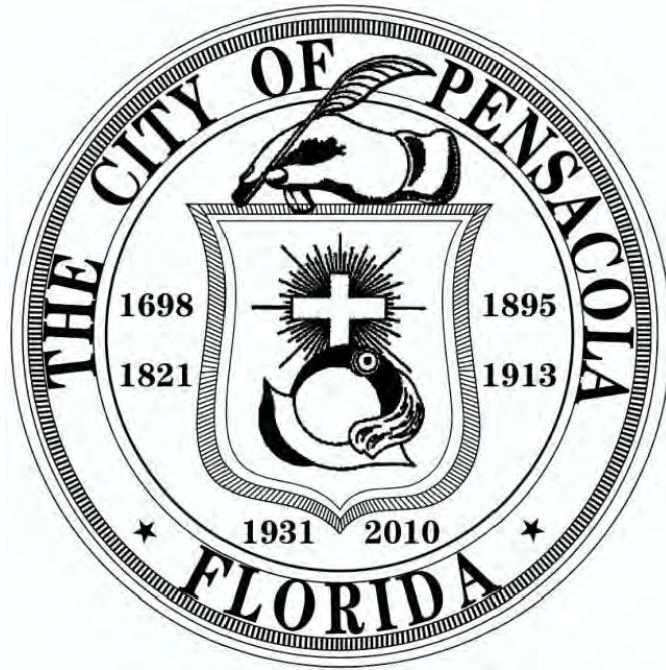
INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of September 30, 2022, and the respective changes in financial position, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, American Rescue Plan Act Fund, Natural Disaster 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Emphasis of Matter

As discussed in the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pensacola, Florida's basic financial statements. The budgetary comparison information, combining and individual nonmajor fund financial statements and schedules, 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 budgetary comparison information, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, 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.

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Pensacola, Florida
March 23, 2023

Management's Discussion and Analysis

This section will provide a comparative analysis between fiscal year 2022 and 2021. 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, 2022. 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, 2022 by \$554,170,859. Of this amount, the net investment in capital assets totaled \$460,755,728, which is unavailable, and restricted net position totaled \$49,518,052 resulting in an unrestricted net position of \$43,897,079. Unrestricted net position is negatively impacted due to GASB Statement No. 68, which reduced governmental activities unrestricted net position by \$67,414,991 and business-type activities by \$17,354,867 for a total reduction of \$84,769,858. 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 \$554,170,859 increased \$101,557,843 (22.4%) over the fiscal year 2021 net position of \$452,613,016. Governmental activities increased by \$34,823,316 (22.1%) and business-type activities increased by \$65,930,437 (22.6%). 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, 2022, the City's governmental funds reported combined fund balances of \$84,863,651 an increase of \$15,364,327 (22.1%) over the prior fiscal year. The majority of the increase can be attributed to an \$5.4 million increase in fund balance in the City's General Fund and the City's Local Option Sales Tax (LOST) Project Fund as well as a \$9.7 million increase in fund balance in the City's Natural Disaster Fund related to reimbursements received 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 \$3,371,392. 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 \$24,514,113 (23.6%) over the prior fiscal year total of \$104,032,641. The major increase in governmental funds' revenues stems from \$1,776,524 in General Fund revenues mainly related to an increase in ad valorem tax revenues, \$1,769,056 in local option sales tax proceeds, \$19,111,113 in

intergovernmental revenues mainly related to the redevelopment trust funds, COVID-19 funding and grant funding.

Governmental funds' expenditures decreased by \$2,574,035 (2.1%) over the prior fiscal year total of \$123,689,333. The major decrease in governmental funds' expenditures stems from an \$6,707,060 decrease in the Natural Disaster Fund related to the Hurricane Sally, \$1,353,182 in capital outlay, \$1,746,128 in debt service. Offsetting the decreases was a \$1,584,333 increase in General Fund Program cost, \$4,938,158 increased in the American Rescue Plan Fund and \$676,716 increase in Community Redevelopment Agency Fund and \$334,461 in Culture and Recreation Fund.

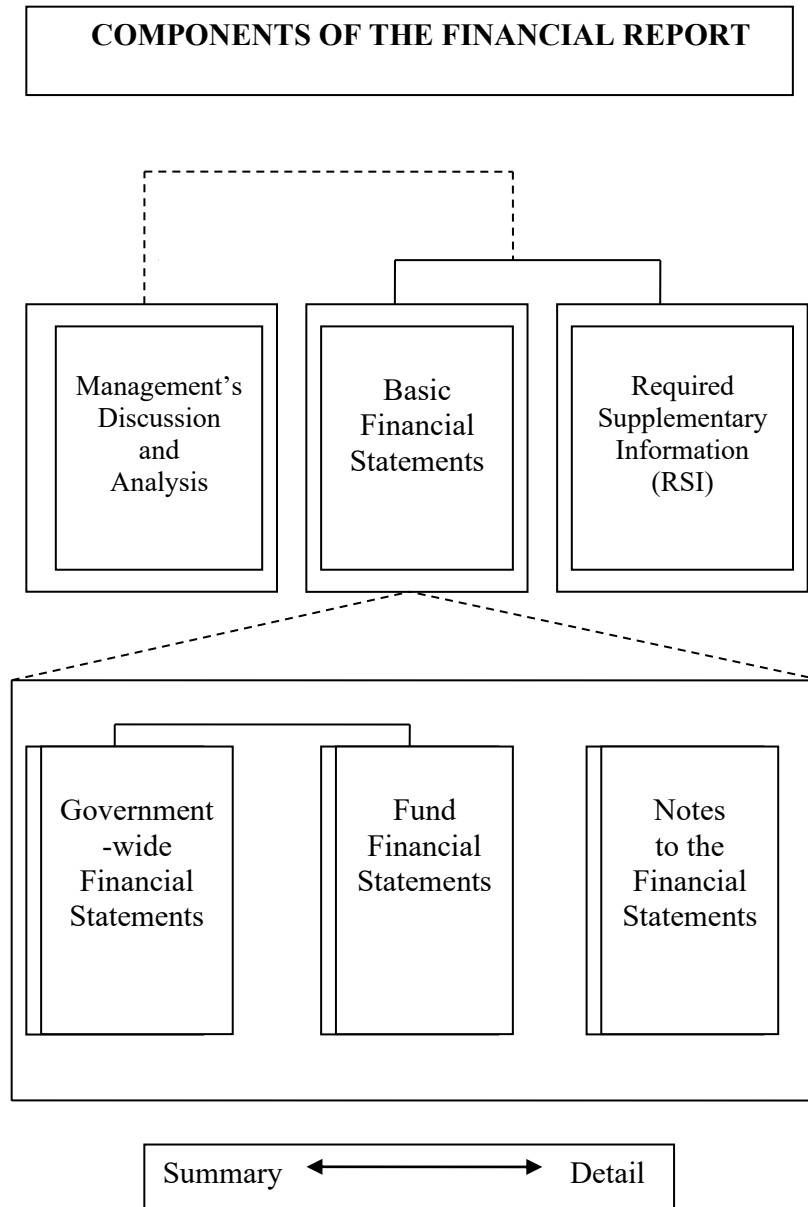
- The City's General Fund fund balance, excluding restricted fund balance, increased by \$3,333,018 from \$24,597,708 to \$27,930,726 in fiscal year 2022 primarily related to actual revenues exceeding the original budget by \$3,304,417. Included in the committed fund balance is Council Reserves of \$14,042,818. The Council Reserve balance represents 21.3% of fiscal year 2023 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 decrease in restricted fund balance of \$107,408 related to an decrease in contractual obligations. Total fund balance increased by \$2,877,774 (11.1%) from fiscal year 2021.

General Fund revenues increased over fiscal year 2021 by \$4,509,553 (8.8%) mainly related to a \$1,776,524 increase in ad valorem tax revenues and a \$1,168,230 increase in intergovernmental revenue such as sales tax collections and a \$1,112,503 increase in franchise fees. Expenditures increased by \$1,494,178 (2.8%) primarily as a result of a \$973,502 increase in personnel cost related to increases in employee pay. In addition to personnel cost, communication increased by \$323,929, utilities increased by \$273,779 and fuel and lubricants increased by \$368,251.

- The City's enterprise funds reported combined ending net position of \$358,441,664, an increase of \$65,930,437 (22.50%) in comparison to the prior fiscal year. Of the total net position amount, \$268,611,152 represents net investment in capital assets which increased \$55,633,477 (26.1%). Operating revenues increased by \$26,104,425 (30.5%) from last fiscal year and operating expenses before depreciation increased by \$26,021,113 (47.3%). 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 Annual Comprehensive Financial Report (ACFR).



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 ACFR 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 and American Rescue Plan 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, 2022 and 2021 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.

In October 2021, GASB Statement No. 87, *Leases*, was implemented and required the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of this Statement, the City recognized a lease liability and an intangible right-to-use lease asset, and a lease receivable and a deferred inflow of resources in fiscal year 2022. The prior year’s balances were not restated for this change in the comparative schedules on the next page.

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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 78,470,470	\$ 68,578,044	\$ 129,621,277	\$ 112,142,361	\$ 208,091,747	\$ 180,720,405
Internal balances	(93,488)	(9,975,944)	93,488	9,975,944	0	0
Noncurrent assets	51,216,274	44,839,922	39,758,605	20,636,652	90,974,879	65,476,574
Capital assets	262,976,737	262,526,333	314,695,671	269,311,052	577,672,408	531,837,385
Total assets	<u>392,569,993</u>	<u>365,968,355</u>	<u>484,169,041</u>	<u>412,066,009</u>	<u>876,739,034</u>	<u>778,034,364</u>
Total deferred outflows of resources	<u>24,846,340</u>	<u>28,345,058</u>	<u>6,845,680</u>	<u>7,727,204</u>	<u>31,692,020</u>	<u>36,072,262</u>
Current and other liabilities	30,615,030	25,130,411	45,403,614	49,991,023	76,018,644	75,121,434
Noncurrent liabilities	140,019,605	180,927,359	58,509,716	70,326,400	198,529,321	251,253,759
Total liabilities	<u>170,634,635</u>	<u>206,057,770</u>	<u>103,913,330</u>	<u>120,317,423</u>	<u>274,547,965</u>	<u>326,375,193</u>
Total deferred inflows of resources	<u>51,052,503</u>	<u>7,950,507</u>	<u>28,359,727</u>	<u>7,127,628</u>	<u>79,412,230</u>	<u>15,078,135</u>
Net position:						
Net investment in capital assets,	192,144,576	190,220,754	268,611,152	212,977,675	460,755,728	403,198,429
Restricted	27,110,940	24,748,663	22,407,112	20,333,112	49,518,052	45,081,775
Unrestricted	(23,526,321)	(54,704,563)	67,423,400	59,037,375	43,897,079	4,332,812
Total net position	<u>\$ 195,729,195</u>	<u>\$ 160,264,854</u>	<u>\$ 358,441,664</u>	<u>\$ 292,348,162</u>	<u>\$ 554,170,859</u>	<u>\$ 452,613,016</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.

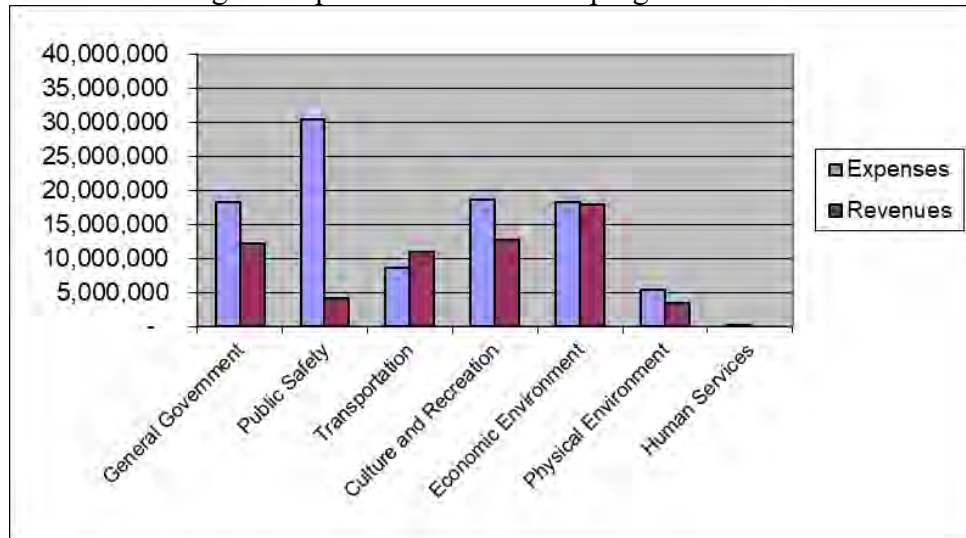
Restricted net position are resources subject to external restriction on how they may be used while unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position represents 18.8% of total net position for business-type activities. Unrestricted net position for governmental activities is negative primarily due to the net pension liability of \$29,465,799 and total OPEB liability of \$13,192,540. 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 \$6,500,000 as of September 30, 2022. 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.

Changes in Net Position Years Ended September 30,

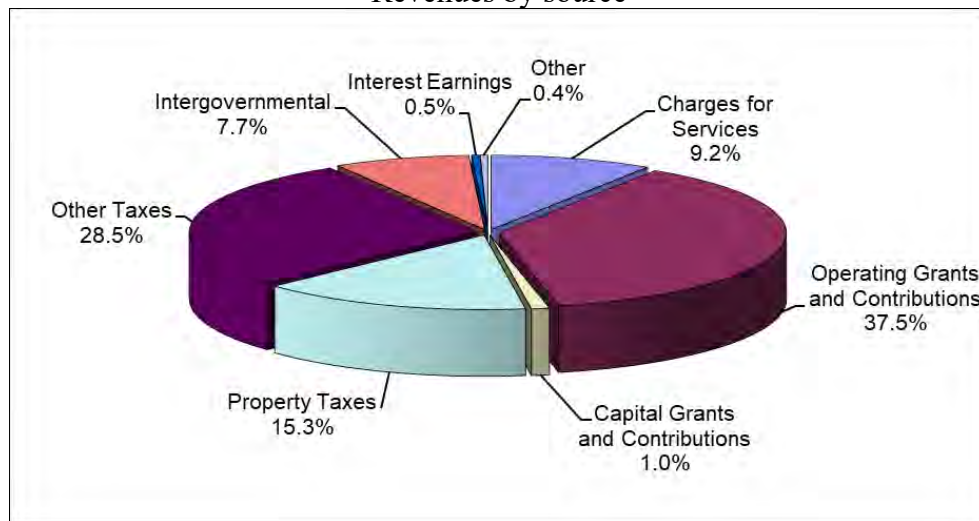
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 11,770,828	\$ 11,443,037	\$ 110,835,725	\$ 84,758,133	\$ 122,606,553	\$ 96,201,170
Operating grants and contributions	48,204,504	31,148,673		5,866,730	48,204,504	37,015,403
Capital grants and contributions	1,303,263	938,171	59,978,639	17,894,768	61,281,902	18,832,939
General revenues:						
Property taxes	19,640,104	18,137,244			19,640,104	18,137,244
Other taxes	36,600,360	33,701,761			36,600,360	33,701,761
Intergovernmental	9,831,242	8,225,603			9,831,242	8,225,603
Interest earnings	590,532	326,148	931,927	377,237	1,522,459	703,385
Insurance recoveries	272,997			1,650,924	272,997	1,650,924
Gain on sale of capital asset	65,623	84,366	60,760	93,536	126,383	177,902
Other	199,714	58,984	703,755	635,705	903,469	694,689
Total revenues	<u>128,479,167</u>	<u>104,063,987</u>	<u>172,510,806</u>	<u>111,277,033</u>	<u>300,989,973</u>	<u>215,341,020</u>
Expenses						
General government	18,281,895	12,380,195			18,281,895	12,380,195
Public safety	30,403,609	33,074,865			30,403,609	33,074,865
Transportation	8,616,365	7,746,788			8,616,365	7,746,788
Culture and recreation	18,695,537	16,196,710			18,695,537	16,196,710
Economic environment	18,189,837	18,373,202			18,189,837	18,373,202
Physical environment	5,331,122	13,195,272			5,331,122	13,195,272
Human services	21,666	30,000			21,666	30,000
Unallocated depreciation	1,682,419	1,716,378			1,682,419	1,716,378
Interest on long-term debt	2,726,705	2,909,320			2,726,705	2,909,320
Utility			55,485,713	32,896,169	55,485,713	32,896,169
Sanitation			8,030,569	7,884,591	8,030,569	7,884,591
Port			3,785,115	3,070,577	3,785,115	3,070,577
Airport			28,985,668	26,204,842	28,985,668	26,204,842
Total expenses	<u>103,949,155</u>	<u>105,622,730</u>	<u>96,287,065</u>	<u>70,056,179</u>	<u>200,236,220</u>	<u>175,678,909</u>
Increase (decrease) in net position before transfers and other items	24,530,012	(1,558,743)	76,223,741	41,220,854	100,753,753	39,662,111
Transfers in (out)	10,293,304	9,805,790	(10,293,304)	(9,805,790)	0	0
Special items		689,131			0	689,131
Increase (decrease) in net position	<u>34,823,316</u>	<u>8,936,178</u>	<u>65,930,437</u>	<u>31,415,064</u>	<u>100,753,753</u>	<u>40,351,242</u>
Net position at beginning of year	<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>
Change in accounting principle - Implementation of GASB 87	<u>641,025</u>		<u>163,065</u>		<u>804,090</u>	<u>0</u>
Net position as restated	<u>160,905,879</u>	<u>151,328,676</u>	<u>292,511,227</u>	<u>260,933,098</u>	<u>453,417,106</u>	<u>412,261,774</u>
Net position at end of year	<u>\$ 195,729,195</u>	<u>\$ 160,264,854</u>	<u>\$ 358,441,664</u>	<u>\$ 292,348,162</u>	<u>\$ 554,170,859</u>	<u>\$ 452,613,016</u>

Governmental Activities Fiscal Year 2022

Program expenses matched with program revenues



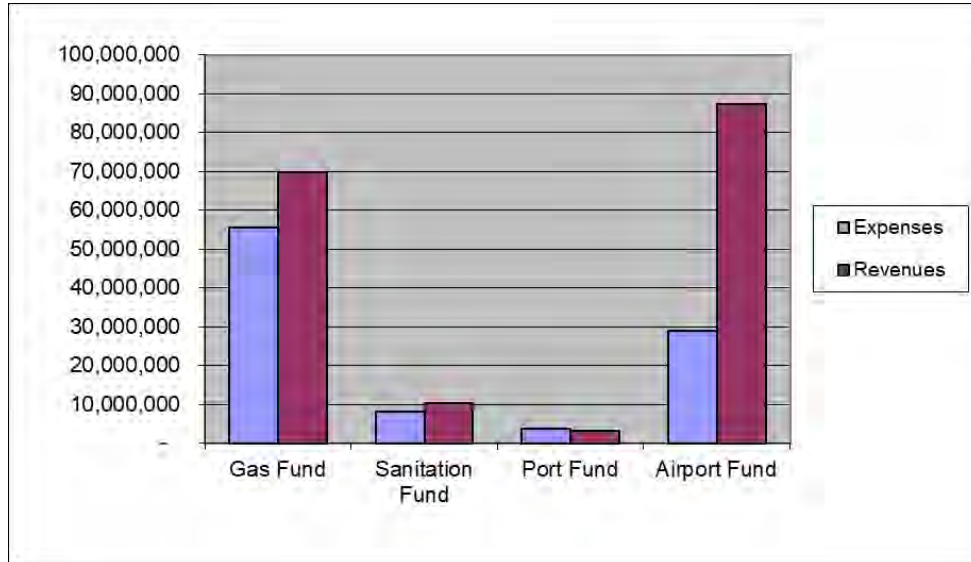
Revenues by source



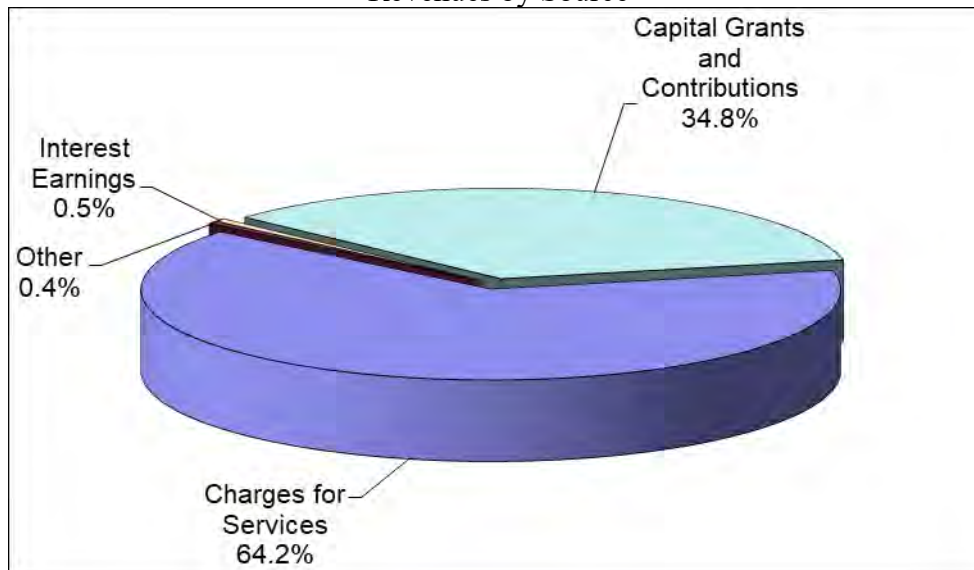
GASB Statement No. 34 reporting requires that functional expenses are matched with revenues that directly support the function. The increase in current year net position for Governmental Activities on the Statement of Activities equaled \$34,323,316. The majority of the increase can be attributed to increase in operating grants and contributions. In fiscal year 2022, the City received an additional \$17.1 in operating grants than in FY 21. In addition, the property and other taxes increased by 4.4 million. 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 2022

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 \$65,930,437. The Utility Fund increased \$5,295,229, the Sanitation Fund increased \$1,964,091, the Port Fund decreased \$341,831 and Airport Fund increased \$59,045,948. 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, 2022, the City's governmental funds reported combined fund balances of \$84,863,651, an increase of \$15,364,327 (22.1%) over the prior fiscal year. The majority of the increase can be attributed to an \$5.4 million increase in fund balance in the City's General Fund and the City's Local Option Sales Tax (LOST) Project Fund as well as a \$9.7 million increase in fund balance in the City's Natural Disaster Fund related to reimbursements received for Hurricane Sally repairs and clean-up.

Non-spendable and restricted governmental funds balance of \$48,689,602 are available to meet current commitments in the next fiscal year. Non-spendable fund balance of \$72,882 is for prepaid expenditures and inventory. Restricted fund balance is broken down as; \$424,621 is for Saenger capital reserves; \$5,364,975 is for debt service requirements; \$24,357,259 is for community development projects and \$18,469,865 is for other purposes. This leaves a remaining unrestricted fund balance of \$36,174,049.

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.

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>
Fiscal Year 2022				
Revenues and other sources	\$ 63,344,107	\$ 17,236,572	\$ 17,444,248	6,001,807
Expenditures and other outlays	<u>(60,466,333)</u>	<u>(17,748,232)</u>	<u>(7,742,307)</u>	<u>(5,594,398)</u>
Increase (decrease) in fund balance	\$ <u>2,877,774</u>	\$ <u>(511,660)</u>	\$ <u>9,701,941</u>	\$ <u>407,409</u>
Fiscal Year 2021				
Revenues and other sources	\$ 58,860,130	\$ 18,534,162	\$ 3,984,392	1,442,749
Expenditures and other outlays	<u>(58,581,784)</u>	<u>(17,952,501)</u>	<u>(13,006,833)</u>	<u>(1,850,158)</u>
Increase (decrease) in fund balance	\$ <u>278,346</u>	\$ <u>581,661</u>	\$ <u>(9,022,441)</u>	\$ <u>(407,409)</u>

The General Fund is the main operating fund of the City. At September 30, 2022, total fund balance in the General Fund was \$29,021,068, an increase of \$3,225,610 (12.5%) from beginning fund balance. The unrestricted portion of fund balance was \$29,930,726, however \$14,042,818 is committed for the Council Reserve, \$21,756 is committed for park purchases, \$613,302 is committed for the tree planting trust fund, \$1,701,688 is assigned for general government commitments, \$5,100,000 is assigned for future fund balance draw downs, \$26,398 is assigned for assessments, \$503,272 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 \$3,371,392.

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 2022 actual revenues exceeded the original budget by \$3,363,207. The majority of the increase was made up of \$1,776,524 in taxes, \$1,112,503 in franchise fees and \$1,168,230 in governmental revenues. Fiscal year 2022 actual expenditures came in over the original budget (less the anticipated fund balance drawdown of \$1.7 million) by \$485,433.

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 53.8% and 51.8%, 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 51.8% of unrestricted fund balance, this provides more than six months of coverage.

The Housing Assistance Payments Fund had a total fund balance at year-end of \$2,840,525, a decrease of \$511,660 (15.2%). Fund balance of \$858 is non-spendable and \$2,839,667 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 decrease in fiscal year 2022 fund balance is due to an increase spending 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 total fund balance at year-end of \$961,521, an increase of \$9,701,941. The fund is used to track cost associated with natural disasters which the City expects to receive Federal and State assistance for. The fund increased in fiscal year 2022 because many reimbursements were received for Hurricane Sally expenditures.

The American Rescue Plan Act (Act) Fund had zero fund balance at year-end. 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. In fiscal year 2021, those three funds which received the operating transfer had used all but \$407,409 of the transfer towards eligible governmental services. The remaining operating transfers were spent in fiscal year 2022 bringing the fund balance to zero.

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 \$78,793,423 at fiscal year-end, an increase of \$5,278,884 (7.1%) over the prior fiscal year. Pensacola Energy operated at a profit of \$16,457,227 before depreciation expense of \$3,067,270 and an \$8,000,000 transfer to the General Fund; a decrease from last fiscal year by \$3,507,320. Operating revenue increased by \$18,937,706 (37.0%) during fiscal year 2022 and operating expenses increased by \$22,444,976 (72.0%). 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 2022, the cost of natural gas increased by \$12,820,026 and increased gas purchases related to a new transportation customer totaled \$9,639,123. In addition, fiscal year 2022 revenues were higher due to a three percent increase in natural gas sales which equates to approximately \$1,147,000 in revenues as well as a \$2,615,098 decrease 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 \$14,200. The salaries and employee benefits line items of the financial statements were comparable to 2021 and included a large decrease in pension expenses. 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 \$2,851,906 at fiscal year-end, an increase of \$1,964,091 (221.2%) over the prior fiscal year. Sanitation Services operated at a profit of \$1,569,559 before depreciation expense of \$629,072; an increase from last fiscal year by \$527,125. Operating revenue increased by \$556,931 (6.1%) during fiscal year 2022 and expenses increased by \$29,806 (0.3%). The primary reason for the increase in operating revenue over the prior fiscal year can be linked to increase in customer base and increase in rates. In addition, revenues for franchise fees and code enforcement increased by \$22,768 and \$26,582, respectively, in fiscal year 2022. The operating expenses increased by \$373,214, due to the increase to repairs and maintenance, materials and supplies, office and utilities, landfill fees and overhead allocation. In addition, Sanitation had a significant increase in non-operating revenues

in the amount of \$1,039,481 related to rebates for the purchase of compressed natural gas vehicles. The rebates will be used to offset the cost of the capital equipment.

The Port Fund had a total net position of \$18,574,655 at fiscal year-end, an increase of \$233,558 (1.2%) from the prior fiscal year. The Port operated at a profit of \$70,760 before depreciation expense of \$1,176,093; an increase from last fiscal year by \$192,527. Operating revenues decreased by \$17,438 (0.6%) and expenses increased by \$895,378 (46.6%). The primary reason for the increase in operating revenue can be linked to increased vessel activity at the Port. The increase in expense can be linked to a \$740,524 increase in repairs and maintenance, contractual services and office and utilities.

The Airport Fund had a total net position of \$258,221,680 at fiscal year-end, an increase of \$58,616,879 (29.3%) over the prior fiscal year. The Airport operated at a profit of \$12,408,346 before depreciation expense of \$11,791,303; an increase from last fiscal year of \$3,976,263. The Airport Fund's operating revenues increased by \$6,627,226 (29.7%) in fiscal year 2022 and expenses increased by \$2,650,96 (19.1%). The primary reason for the increase in revenues is increased passenger traffic as well as increased airline rates and charges. In fiscal year 2021, the Airport utilized \$5 million in CARES Act funding to help reduce airline rents and charges while in fiscal year 2022, the Airport was only able to utilize \$2 million in CARES Act funding to help reduce airline rents and charges. This resulted in a \$3 million increase in airline revenues. In addition, a 17.5% increase in passenger traffic resulted in a \$3.5 million increase in non-airline revenues, primarily in parking (\$2.48 million) and rental car (\$600,000). The increase in expense can be linked to an \$1,386,769 increase in contractual services mainly related to the Airport's parking management, janitorial services and advertising contracts and an \$841,125 increase in office and utilities mainly related to the Airport's liability insurance, utility cost, and IT overhead charges.

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)	
	2022	2021
Utility Fund	\$ 13,390,007	\$ 17,166,052
Sanitation Fund	940,487	545,591
Port Fund	(1,105,333)	(318,557)
Airport Fund	617,043	(3,086,289)
Total	<u>\$ 13,842,204</u>	<u>\$ 14,306,797</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 \$334,618. The City's Insurance Retention Fund decreased by \$691,098 and the Central Services Fund increased by \$1,025,716. The decrease in the Insurance Retention Fund was due to a \$822,433 increase in salaries and employee benefits. The Central Services Fund saw an increase of \$839,934 in charges for services.

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 \$452,895 (0.8%) during fiscal year 2022. The majority of the increase was made up of \$248,095 in charges for services, \$100,000 in assessments in taxes and \$94,800 in licenses and permits.

The final appropriations in the General Fund as compared with the original budget increased by \$3,609,905 (6.5%) in fiscal year 2022. The primary reason for the increase relates to:

- An increase in appropriations for general government of \$614,650 is primarily related to carryforwards from the prior fiscal year budget to cover open encumbrances and projects. Some of the larger carryforwards included \$530,176 related to City Council unspent project budget offset with the increase of \$331,0000 in allocated overhead.
- An increase in appropriations for public safety in the amount of \$845,034 is primarily related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects as well as \$657,800 in personnel services and operating expenses required as part of the 2022 negotiated fire union agreement.
- An increase in appropriations for transportation in the amount of \$326,315 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 \$1,106,659 is related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects. Some of the larger carryforwards included \$1,017,923 related to the Tree Trust fund and \$285,293 related to the Saenger Capital account.
- An increase in appropriations for economic environment in the amount of \$557,902 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.
- An increase in appropriations for physical environment in the amount of \$100,000 is primarily related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects.

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Capital Asset and Debt Administration

Capital Assets. As of year-end, the City had \$460,755,728 net investment in capital assets. Governmental activities accounted for \$192,144,576 and business-type activities accounted for \$286,611,152. 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:

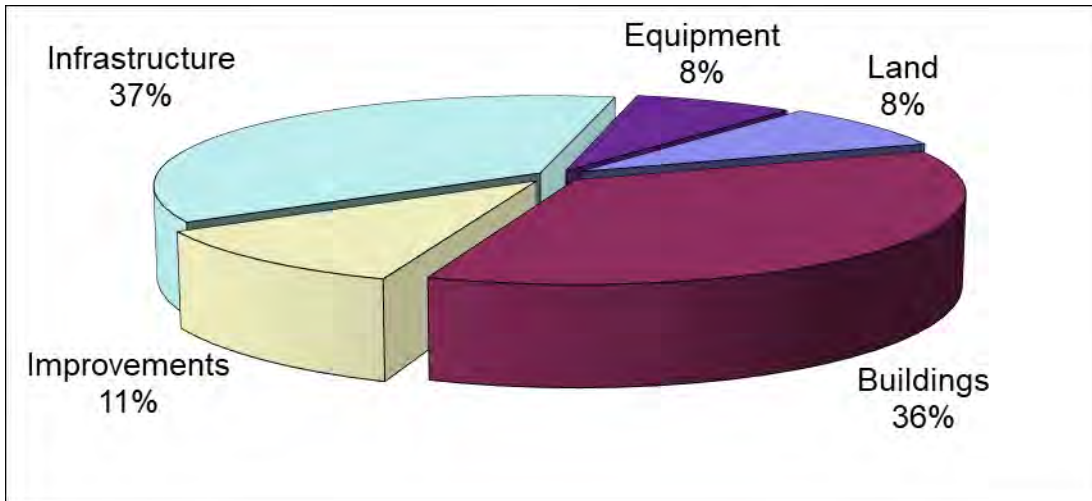
Governmental Activities

- Stormwater, street and sidewalk capital projects \$3,811,199
- Maritime Park improvements \$1,689,068
- Athletic facility, resource center and park improvements \$2,529,757
- Fire training building simulator \$421,627
- Air handling scrubbers \$238,321
- Fire vehicles \$1,347,996
- Police vehicles \$666,954
- Public Works vehicles \$769,229

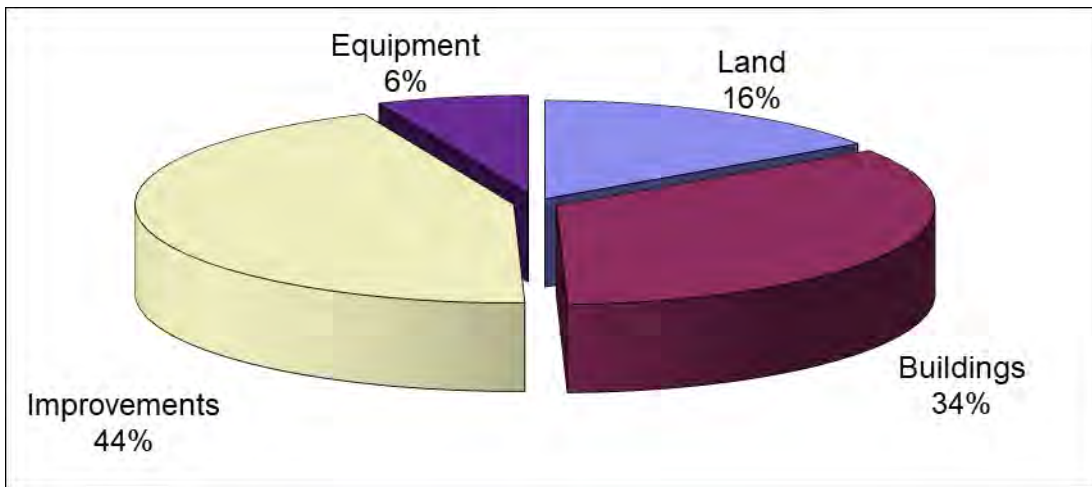
Business-type Activities

- Pensacola Energy natural gas utility improvements \$4,722,721
- Pensacola Energy large equipment \$480,704
- Pensacola Energy vehicles \$733,866
- Sanitation garbage trucks \$1,154,894
- Sanitation vehicles \$246,880
- Port large equipment \$55,595
- Port underground utilities improvements \$68,900
- Airport vehicles \$815,127
- Airport parking lot \$2,103,875
- Airport airfield and terminal improvements \$1,084,712
- Airport stormwater improvements \$296,722
- Technology Resources network equipment \$228,312
- Technology Resources vehicle \$52,396

**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 2022, the City had total non-self-supporting bonded debt of \$90,739,248 and self-supporting bonded debt of \$46,700,000. Governmental activities have notes payable in the amount of \$90,739,248 and Business-type activities have notes payable in the amount of \$46,700,000. 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 54,790) as of September 30, 2022 is as follows:

Local Option Sales Tax Debt	\$ 16,640,000	Per capita \$ 304
Local Option Gas Tax Debt	7,339,000	Per capita 134
Eastside Redevelopment Area Debt	1,043,000	Per capita 19
Westside Redevelopment Area Debt	3,258,000	Per capita 59
Urban Core Redevelopment Area Debt	62,459,248	Per capita 1,140
Total	<u>\$ 90,739,248</u>	<u>\$ 1,656</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, 2022, 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 City’s fiscal year 2023 budget totals \$277,368,524. Of this, \$65.7 million is for the General Fund, \$120.5 million is for enterprise funds, and the remaining \$91.2 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 \$3.9 million in revenue growth. The estimated 11.51 percent growth in property valuations will amount to an additional \$2,271,700 in gross Property Tax revenue. After the required transfers to the Tax Increment Financing Districts, the net additional Property Tax Revenue is \$1,700,200. Franchise Fees and Public Service Tax Revenues are projected to increase 2.00% or \$365,100 in anticipation of a normal winter as well as the cost of energy. The Utility fund is expected to see \$24.7 million increase in budgeted revenues. The significant increase in revenues for fiscal year 2023 is due to anticipated increases in the cost of natural gas which was the trend when the budget was developed in 2022, thus increasing revenues as the cost of gas is passed onto the customer through rates and charges. The CPI increase for fiscal year 2023 is 8.5%, however due to high inflation which is already affecting customers, no increase in rates were recommended in the fiscal year 2023 budget. The Sanitation Fund is expected to see \$323,300 decrease in revenues The majority of the decrease is related to decreases in anticipated rebates for the purchase of compressed natural gas vehicles. The Port Fund is expected to see \$539,200

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 \$1.7 million increase in revenues as the 2022 budget was very conservative due to the unknown impact COVID-19. Non-airline revenues such as restaurant and lounge, hanger/ground leases, parking lot, and rental car customer facility charge revenues are projected to increase to a total of \$1,559,000 due to the increase in passenger traffic through the Airport. Charges to the airlines such as loading Bridge fees, landing fees, apron area rentals, and airline rentals are projected to increase by \$164,000 based on the agreements with the airlines.

Personnel costs account for \$82,025,500 of the City's fiscal year 2023 budget (29.5%). The fiscal year 2023 budget includes various organizational improvements that includes the addition of twenty-six positions bringing the total number of budgeted executive branch positions to 879. During fiscal year 2022, ten positions were added to the executive branch which were included in the fiscal year 2023 budget and five positions are new to fiscal year 2022. In addition to the new position, the fiscal year 2023 budget provides for a 3% increase for employees not represented by a union, a 10% 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 2023 budgeted General Fund appropriations. This marks the fifteenth 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, 2022

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Improvement
				Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 31,392,580	\$ 16,549,536	\$ 47,942,116	\$ 363,811
Other cash	9,210		9,210	
Investments	21,804,018	11,067,959	32,871,977	
Accrued interest	395,862	73,565	469,427	
Receivables (net of allowances)				
Accounts	2,642,885	10,468,207	13,111,092	1,713
Demolition assessments	23,595		23,595	
Internal balances	(93,488)	93,488	0	
Due from other governments	8,927,518	27,885,339	36,812,857	
Inventory	1,688,053		1,688,053	
Note receivable		122,589	122,589	
Lease receivable	186,565	1,333,571	1,520,136	
Prepays and deposits	353,222	180,589	533,811	12,913
Restricted assets				
Restricted cash and cash equivalents	6,495,580	36,109,956	42,605,536	
Investments	4,551,382	25,829,966	30,381,348	
Total current assets	78,376,982	129,714,765	208,091,747	378,437
Noncurrent assets				
Cash and cash equivalents	19,538,456		19,538,456	
Investments	13,690,381		13,690,381	
Intangible asset		99,534	99,534	
Note receivable		88,430	88,430	
Lease receivable	7,919,946	17,163,528	25,083,474	
Net pension asset	10,743,897	638,556	11,382,453	
Restricted assets				
Cash and cash equivalents	5,458,194	13,175,315	18,633,509	
Investments	3,824,496	9,231,798	13,056,294	
Notes receivable	784,801		784,801	
Capital assets				
Non-depreciable	32,154,519	105,201,182	137,355,701	
Depreciable (net)	230,822,218	209,494,489	440,316,707	118,111
Total noncurrent assets	324,936,908	355,092,832	680,029,740	118,111
Total assets	403,313,890	484,807,597	888,121,487	496,548
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on early retirement debt	152,503	515,947	668,450	
Deferred pension	22,654,377	5,539,386	28,193,763	
Deferred OPEB	2,039,460	790,347	2,829,807	
Total deferred outflows of resources	24,846,340	6,845,680	31,692,020	0

(continued)

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

CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Improvement
				Board
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,092,764	\$ 6,734,340	\$ 7,827,104	\$ 25,002
Contracts payable	2,703,506	2,288,381	4,991,887	
Contracts payable - retainage	279,171	1,872,983	2,152,154	
Leases accrued interest payable	9	384	393	
Due to other governments	90,018	9,750	99,768	15,000
Wages and benefits payable	2,873,114		2,873,114	
Compensated absences payable	254,033	45,151	299,184	
Deposits	320,334	290,114	610,448	
Claims and judgments payable	1,866,501		1,866,501	
Unearned revenue	12,940,247	28,760,557	41,700,804	5,000
Lease payable	4,443	10,389	14,832	
Payable from restricted assets				
Due to other governments	1,300,000		1,300,000	
Notes payable	5,591,068	4,644,000	10,235,068	
Accrued interest payable	1,299,822	747,565	2,047,387	
Total current liabilities	<u>30,615,030</u>	<u>45,403,614</u>	<u>76,018,644</u>	<u>45,002</u>
Noncurrent liabilities				
Due to other governments	5,200,000		5,200,000	
Compensated absences payable	5,110,025	2,061,072	7,171,097	1,360
Claims and judgments payable	1,903,061		1,903,061	
Notes payable	85,148,180	42,056,000	127,204,180	
Lease payable		282,607	282,607	
Net pension liability	40,209,696	9,898,827	50,108,523	
Total OPEB liability	<u>13,192,540</u>	<u>5,149,766</u>	<u>18,342,306</u>	
Total noncurrent liabilities	<u>150,763,502</u>	<u>59,448,272</u>	<u>210,211,774</u>	<u>1,360</u>
Total liabilities	<u>181,378,532</u>	<u>104,851,886</u>	<u>286,230,418</u>	<u>46,362</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on early retirement	310,287		310,287	
Deferred pension	37,949,192	8,094,596	46,043,788	
Deferred OPEB	5,358,044	2,077,657	7,435,701	
Leases	<u>7,434,980</u>	<u>18,187,474</u>	<u>25,622,454</u>	
Total deferred outflows of resources	<u>51,052,503</u>	<u>28,359,727</u>	<u>79,412,230</u>	<u>0</u>
NET POSITION				
Net investment in capital assets	192,144,576	268,611,152	460,755,728	118,111
Restricted for				
Capital projects	1,634,466		1,634,466	
Debt service	7,926,784	3,369,612	11,296,396	
Community redevelopment	4,004,200		4,004,200	
Federal housing program	2,840,525		2,840,525	
Other purposes	7,443,504		7,443,504	
Disaster recovery	3,261,461		3,261,461	
Renewal and replacement		13,622,000	13,622,000	
Operations and maintenance		5,415,500	5,415,500	
Unrestricted	<u>(23,526,321)</u>	<u>67,423,400</u>	<u>43,897,079</u>	<u>332,075</u>
Total net position	<u>\$ 195,729,195</u>	<u>\$ 358,441,664</u>	<u>\$ 554,170,859</u>	<u>\$ 450,186</u>

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

CITY OF PENSACOLA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 18,281,895	\$ 153,200	\$ 12,026,837	\$
Public safety	30,403,609	3,846,061	303,449	59,171
Transportation	8,616,365	2,128,911	8,735,199	
Culture and recreation	18,695,537	2,647,772	9,007,289	1,060,264
Economic environment	18,189,837		17,964,005	20,427
Physical environment	5,331,122	2,994,884	167,725	163,401
Human services	21,666			
Unallocated depreciation	1,682,419			
Interest on long-term debt	2,726,705			
Total governmental activities	<u>103,949,155</u>	<u>11,770,828</u>	<u>48,204,504</u>	<u>1,303,263</u>
Business-type activities:				
Utility	55,485,713	69,715,079		
Sanitation	8,030,569	9,355,523		1,039,481
Port	3,785,115	2,881,597		440,284
Airport	28,985,668	28,883,526		58,498,874
Total business-type activities	<u>96,287,065</u>	<u>110,835,725</u>	<u>0</u>	<u>59,978,639</u>
Total primary government	<u>\$ 200,236,220</u>	<u>\$ 122,606,553</u>	<u>\$ 48,204,504</u>	<u>\$ 61,281,902</u>
Component unit:				
Downtown Improvement Board	\$ 1,266,141	\$ 275,807	\$ 357,534	\$
Total component units	<u>\$ 1,266,141</u>	<u>\$ 275,807</u>	<u>\$ 357,534</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, 2022

	Net (Expenses) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental	Business-type	Total	Downtown Improvement Board
Function/Programs	Activities	Activities		
Primary government				
Governmental activities:				
General government	\$ (6,101,858)		\$ (6,101,858)	
Public safety	(26,194,928)		(26,194,928)	
Transportation	2,247,745		2,247,745	
Culture and recreation	(5,980,212)		(5,980,212)	
Economic environment	(205,405)		(205,405)	
Physical environment	(2,005,112)		(2,005,112)	
Human services	(21,666)		(21,666)	
Unallocated depreciation	(1,682,419)		(1,682,419)	
Interest on long-term debt	(2,726,705)		(2,726,705)	
Total governmental activities	(42,670,560)		(42,670,560)	
Business-type activities:				
Utility		\$ 14,229,366	14,229,366	
Sanitation		2,364,435	2,364,435	
Port		(463,234)	(463,234)	
Airport		58,396,732	58,396,732	
Total business-type activities		74,527,299	74,527,299	
Total primary government	(42,670,560)	74,527,299	31,856,739	
Component unit:				
Downtown Improvement Board				\$ (632,800)
Total component units				
General revenues:				
Property taxes	19,640,104		19,640,104	634,077
Public service taxes	9,281,504		9,281,504	
Franchise fees	9,819,371		9,819,371	
Communication service tax	2,906,976		2,906,976	
Local business tax	929,411		929,411	
Local option gasoline tax	1,428,853		1,428,853	
Local option sales tax	12,234,245		12,234,245	
Unrestricted intergovernmental revenues	9,831,242		9,831,242	
Unrestricted interest earnings	590,532	931,927	1,522,459	
Insurance recoveries	272,997		272,997	
Gain on sale of capital asset	65,623	60,760	126,383	
Miscellaneous	199,714	703,755	903,469	743
Transfers	7,226,404	(7,226,404)	0	
Overhead transfers	3,066,900	(3,066,900)	0	
Total general revenues, transfers, and other items	77,493,876	(8,596,862)	68,897,014	634,820
Change in net position	34,823,316	65,930,437	100,753,753	2,020
Net position at beginning of year	160,264,854	292,348,162	452,613,016	448,166
Change in accounting principle - Implementation of GASB 87	641,025	163,065	804,090	
Net position at beginning of year, as restated	160,905,879	292,511,227	453,417,106	448,166
Net position September 30, 2022	\$ 195,729,195	\$ 358,441,664	\$ 554,170,859	\$ 450,186

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

**CITY OF PENSACOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund	Housing Assistance Payments	Natural Disaster Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 14,475,677	\$ 1,541,852	\$	\$ 7,065,026	\$ 24,057,858	\$ 47,140,413
Other cash		899			8,311	9,210
Investments	9,950,530	1,080,358		4,950,386	16,857,077	32,838,351
Accrued interest	347,168				48,694	395,862
Accounts receivable (net of allowances)	1,587,964	325,485			397,247	2,310,696
Demolition assessments receivable	23,595					23,595
Due from other funds	4,231,157				347,681	4,578,838
Due from other governments	1,188,346	18,122	4,788,461		2,932,589	8,927,518
Prepays and deposits	48,499	858			22,162	71,519
Inventories					1,363	1,363
Notes receivable					784,801	784,801
Lease Receivable	5,003,630				3,102,881	8,106,511
Restricted assets						
Cash and cash equivalents	934,591	190,379			6,055,526	7,180,496
Investments	654,858	133,397			4,243,040	5,031,295
Total assets	\$ 38,446,015	\$ 3,291,350	\$ 4,788,461	\$ 12,015,412	\$ 58,859,230	\$ 117,400,468
LIABILITIES						
Accounts payable	\$ 641,212	\$ 11,683	\$	\$ 107,059	\$ 234,385	\$ 994,339
Contracts payable	145,253	2,469	562,802	180,344	1,683,273	2,574,141
Contracts payable - retainage	1,857		115,386	9,492	141,383	268,118
Due to other funds		47,340	3,148,752	9,430	504,470	3,709,992
Due to other governments	930	1,028			88,060	90,018
Compensated absences payable	166,258	62,820			2,713	231,791
Wages and benefits payable	2,873,114					2,873,114
Unearned revenue	874,254			11,709,087	306,906	12,890,247
Deposits	58,225				247,012	305,237
Total liabilities	4,761,103	125,340	3,826,940	12,015,412	3,208,202	23,936,997
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	40,637	325,485			798,718	1,164,840
Related to leases	4,622,415				2,812,565	7,434,980
Total deferred inflows of resources	4,663,052	325,485	-	-	3,611,283	8,599,820

(continued)

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

CITY OF PENSACOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Housing Assistance Payments</u>	<u>Natural Disaster Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCE (DEFICITS)						
Non-spendable	48,499	858			23,525	72,882
Restricted						
Saenger capital	424,621					424,621
Community development projects					24,357,259	24,357,259
Debt service payments					5,364,975	5,364,975
Other restricted	618,014	2,839,667	3,261,461	1,158,312	10,592,411	18,469,865
Committed						
Park purchases	21,756					21,756
Tree landscape	613,302					613,302
Council reserve	14,042,818					14,042,818
Other committed					4,494,441	4,494,441
Assigned	9,881,458				7,710,896	17,592,354
Unassigned	3,371,392		(2,299,940)	(1,158,312)	(503,762)	(590,622)
Total fund balances	<u>29,021,860</u>	<u>2,840,525</u>	<u>961,521</u>	<u>-</u>	<u>52,039,745</u>	<u>84,863,651</u>

Total liabilities, deferred inflows of resources and fund balances (deficits)	\$	<u>38,446,015</u>	\$	<u>3,291,350</u>	\$	<u>4,788,461</u>	\$	<u>12,015,412</u>	\$	<u>58,859,230</u>
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Capital assets used in governmental activities are not financial resources to the governmental funds. The cost of the assets is \$438,190,723 and the accumulated depreciation is \$177,208,119. 260,982,604

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 1,164,840

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 9,494,520

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. (15,160,562)

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. (42,133,991)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Notes payable	(90,739,248)	
Deferred gain on refunding	(310,287)	
Deferred loss on early retirement	152,503	
Due to other governments	(6,500,000)	
Compensated absences	(4,780,561)	
Lease obligations	(4,452)	
Accrued interest payable	<u>(1,299,822)</u>	<u>(103,481,867)</u>

Net position of governmental activities

\$ 195,729,195

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, 2022

	General Fund	Housing Assistance Payments	Natural Disaster Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 32,757,995	\$	\$	\$	\$ 13,663,098	\$ 46,421,093
Licenses and permits	211,782				2,646,741	2,858,523
Franchise fees	9,819,371				-	9,819,371
Intergovernmental	9,831,242	17,225,366	17,461,669	6,001,807	8,455,942	58,976,026
Charges for services	1,637,702				6,764,414	8,402,116
Fines and forfeits	92,568				187,704	280,272
Assessments	14,748				-	14,748
Interest income	318,564	11,206	(17,421)		267,257	579,606
Donations					246,302	246,302
Other	601,345				347,352	948,697
Total revenues	<u>55,285,317</u>	<u>17,236,572</u>	<u>17,444,248</u>	<u>6,001,807</u>	<u>32,578,810</u>	<u>128,546,754</u>
Expenditures:						
Current -						
General government	6,889,983			5,128,963	4,352,772	16,371,718
Public safety	36,187,899				2,586,249	38,774,148
Transportation	2,821,435		1,804,917		785,358	5,411,710
Culture and recreation	7,512,558		3,850,732		2,691,351	14,054,641
Economic environment	416,437	17,741,053			217,521	18,375,011
Physical environment	23,335		16,687		3,839,266	3,879,288
Human services	21,666					21,666
Capital outlay	19,845	7,179	2,069,971	465,435	13,400,914	15,963,344
Debt service -						
Principal retirement					5,483,571	5,483,571
Interest					2,780,201	2,780,201
Total expenditures	<u>53,893,158</u>	<u>17,748,232</u>	<u>7,742,307</u>	<u>5,594,398</u>	<u>36,137,203</u>	<u>121,115,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,392,159</u>	<u>(511,660)</u>	<u>9,701,941</u>	<u>407,409</u>	<u>(3,558,393)</u>	<u>7,431,456</u>
Other financing sources (uses):						
Transfers in	8,000,000				16,561,143	24,561,143
Transfers (out)	(6,573,175)				(10,761,564)	(17,334,739)
Sale of capital assets	58,790				6,400	65,190
Total other financing sources (uses)	<u>1,485,615</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,805,979</u>	<u>7,291,594</u>
Net Change in fund balances	<u>2,877,774</u>	<u>(511,660)</u>	<u>9,701,941</u>	<u>407,409</u>	<u>2,247,586</u>	<u>14,723,050</u>
Fund balances at beginning of year	<u>25,796,250</u>	<u>3,352,185</u>	<u>(8,740,420)</u>	<u>(407,409)</u>	<u>49,498,718</u>	<u>69,499,324</u>
Change in accounting principle - Implementation of GASB 87	<u>347,836</u>				<u>293,441</u>	<u>641,277</u>
Fund balances at end of year	<u>\$ 29,021,860</u>	<u>\$ 2,840,525</u>	<u>\$ 961,521</u>	<u>\$ 0</u>	<u>\$ 52,039,745</u>	<u>\$ 84,863,651</u>

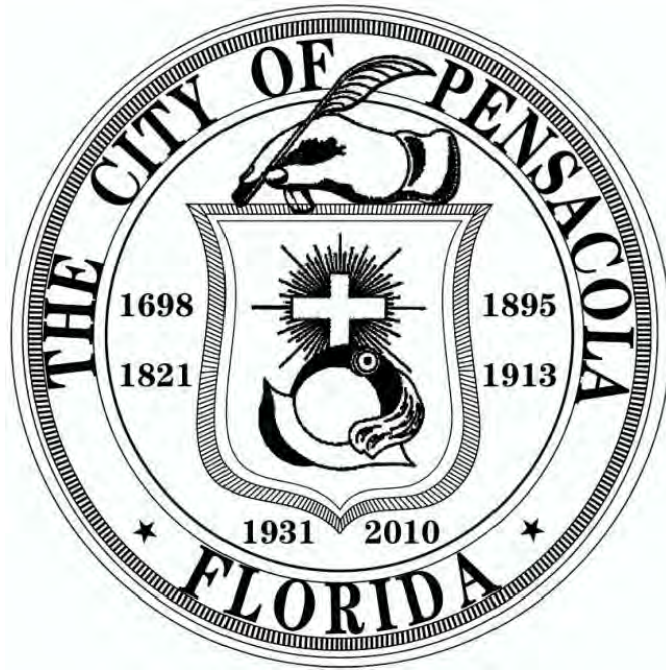
(continued)

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, 2022

Net change in fund balances - total governmental funds		\$ 14,723,050
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	16,015,210
	Less current year depreciation	<u>(15,087,138)</u>
		928,072
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		5,483,571
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.		(198,852)
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.		(153,714)
Accrued interest expense, reported in the statement of activities, do not require the use of current financial resources in governmental funds.		53,496
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.		963,233
The change in leases, as required by Governmental Accounting Standards Statement No. 87, does not require the use of current financial resource; therefore, the change is not reported as an expenditure in governmental funds.		699
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.		11,902,304
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.		334,618
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	<u>(513,161)</u>
		<u>(513,161)</u>
Change in net position of governmental activities		\$ 34,823,316

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



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CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Taxes	\$ 32,570,500	\$ 32,570,500	\$ 32,757,995	\$ 187,495
Licenses and permits	76,000	170,800	211,782	40,982
Franchise fees	9,188,200	9,188,200	9,819,371	631,171
Intergovernmental	7,960,600	7,960,600	9,831,242	1,870,642
Charges for services	1,517,100	1,765,195	1,637,702	(127,493)
Fines and forfeits	143,500	143,500	92,568	(50,932)
Assessments	0	100,000	14,748	(85,252)
Interest income			318,564	318,564
Other	475,000	485,000	601,345	116,345
Total revenues	<u>51,930,900</u>	<u>52,383,795</u>	<u>55,285,317</u>	<u>2,901,522</u>
Expenditures:				
Current -				
General government	8,137,900	8,752,550	6,889,983	1,862,567
Public safety	35,572,100	36,417,134	36,187,899	229,235
Transportation	3,054,400	3,380,715	2,821,435	559,280
Culture and recreation	7,948,200	9,054,859	7,512,558	1,542,301
Economic environment	414,000	971,902	416,437	555,465
Physical environment	0	100,000	23,335	76,665
Human services	30,000	30,000	21,666	8,334
Capital outlay	0	59,345	19,845	39,500
Total expenditures	<u>55,156,600</u>	<u>58,766,505</u>	<u>53,893,158</u>	<u>4,873,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,225,700)</u>	<u>(6,382,710)</u>	<u>1,392,159</u>	<u>7,774,869</u>
Other financing sources (uses):				
Transfers in	8,000,000	8,000,000	8,000,000	-
Transfers (out)	(6,573,300)	(6,573,300)	(6,573,175)	125
Sale of capital assets	50,000	50,000	58,790	8,790
Total other financing sources (uses)	<u>1,476,700</u>	<u>1,476,700</u>	<u>1,485,615</u>	<u>8,915</u>
Net change in fund balances	<u>\$ (1,749,000)</u>	<u>\$ (4,906,010)</u>	<u>2,877,774</u>	<u>\$ 7,783,784</u>
Fund balances at beginning of year			<u>25,796,250</u>	
Change in accounting principle - Implementation of GASB 87			<u>347,836</u>	
Fund balances at end of year			<u>\$ 29,021,860</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, 2022

	<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	\$ 20,918,500	\$ 25,395,646	\$ 17,225,366	\$ (8,170,280)
Interest income			11,206	11,206
Other	<u>22,000</u>	<u>22,000</u>	<u>0</u>	<u>(22,000)</u>
Total revenues	<u>20,940,500</u>	<u>25,417,646</u>	<u>17,236,572</u>	<u>(8,181,074)</u>
Expenditures :				
Current -				
Economic environment	21,729,500	26,184,743	17,741,053	8,443,690
Capital outlay	<u>67,000</u>	<u>98,216</u>	<u>7,179</u>	<u>91,037</u>
Total expenditures	<u>21,796,500</u>	<u>26,282,959</u>	<u>17,748,232</u>	<u>8,534,727</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(856,000)</u>	<u>(865,313)</u>	<u>(511,660)</u>	<u>353,653</u>
Net change in fund balances	\$ <u>(856,000)</u>	\$ <u>(865,313)</u>	<u>(511,660)</u>	\$ <u>353,653</u>
Fund balances at beginning of year			<u>3,352,185</u>	
Fund balances at end of year			\$ <u><u>2,840,525</u></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, 2022

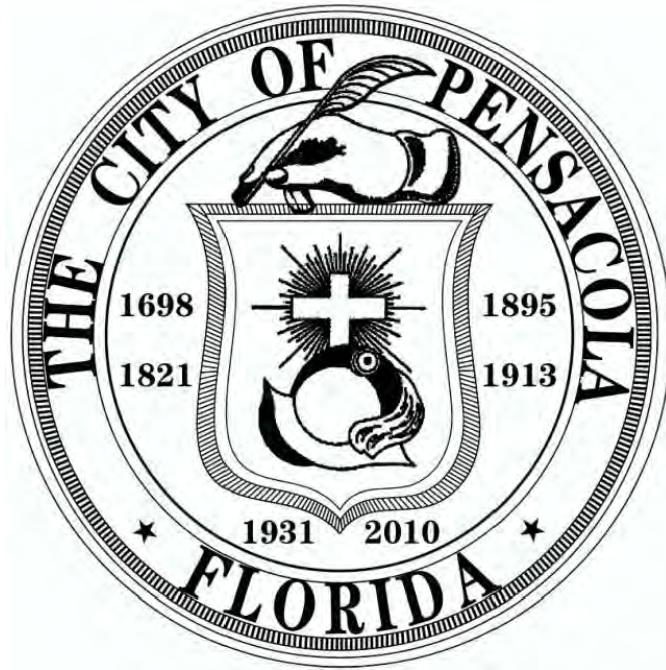
	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Intergovernmental	\$ 0	\$ 34,411,862	\$ 17,461,669	\$ (16,950,193)
Interest Income	0	0	(17,421)	(17,421)
Total revenues	0	34,411,862	17,444,248	(16,967,614)
Expenditures:				
Current -				
General government	0	22,872,473	0	22,872,473
Transportation	0	2,341,596	1,804,917	536,679
Culture and recreation	0	4,434,180	3,850,732	583,448
Physical environment	0	2,692,979	16,687	2,676,292
Capital outlay	0	2,070,634	2,069,971	663
Total expenditures	0	34,411,862	7,742,307	26,669,555
Excess (deficiency) of revenues over (under) expenditures	0	0	9,701,941	9,701,941
Net change in fund balances	\$ 0	\$ 0	9,701,941	\$ 9,701,941
Fund balances at beginning of year			(8,740,420)	
Fund balances at end of year			\$ 961,521	

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, 2022

	<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	\$ 17,211,486	\$ 6,001,807	\$ (11,209,679)
Total revenues	0	17,211,486	6,001,807	(11,209,679)
Expenditures:				
Current -				
General government	0	11,082,318	5,128,963	5,953,355
Capital outlay	0	6,129,168	465,435	5,663,733
Total expenditures	0	17,211,486	5,594,398	11,617,088
Excess (deficiency) of revenues over (under) expenditures	0	0	407,409	407,409
Other financing sources (uses):				
Transfers (out)	0	0	0	-
Total other financing sources (uses)	0	0	0	0
Net change in fund balances	\$ 0	\$ 0	407,409	\$ 407,409
Fund balances at beginning of year			(407,409)	
Fund balances at end of year			\$ 0	

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, 2022

	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	\$ 13,154,317	\$ 871,730	\$ 1,769,777	\$ 753,712	\$ 16,549,536	\$ 3,790,623
Investments	9,217,085	610,811	1,240,063		11,067,959	2,656,048
Interest receivable			56,546	17,019	73,565	
Accounts receivable (net)	7,579,400	765,743	376,781	1,746,283	10,468,207	332,189
Due from other funds	830,000				830,000	0
Due from other governments			334,174	27,551,165	27,885,339	0
Prepaid expenses	80,193	1,356	24,160	74,880	180,589	81,703
Inventory					0	1,686,690
Note receivable	122,589				122,589	
Lease receivable			348,316	985,255	1,333,571	
Restricted assets						
Cash and cash equivalents	1,154,669			34,955,287	36,109,956	
Investments	809,063			25,020,903	25,829,966	
Total current assets	32,947,316	2,249,640	4,149,817	91,104,504	130,451,277	8,547,253
Noncurrent assets						
Intangible asset	99,534				99,534	
Prepaid expenses					0	200,000
Note receivable	88,430				88,430	
Lease receivable			7,697,125	9,466,403	17,163,528	
Net pension asset				638,556	638,556	
Restricted assets						
Cash and cash equivalents				13,175,315	13,175,315	4,773,278
Investments				9,231,798	9,231,798	3,344,583
Capital assets						
Non-depreciable	1,195,198	41,093	3,096,941	100,867,950	105,201,182	
Depreciable (net)	71,033,200	5,522,047	11,875,071	121,064,171	209,494,489	1,994,133
Total noncurrent assets	72,416,362	5,563,140	22,669,137	254,444,193	355,092,832	10,311,994
Total assets	105,363,678	7,812,780	26,818,954	345,548,697	485,544,109	18,859,247
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on early retirement				515,947	515,947	
Deferred pension	2,606,075	1,360,597	249,130	1,323,584	5,539,386	1,369,311
Deferred OPEB	425,540	149,855	33,329	181,623	790,347	159,102
Total deferred outflows of resources	3,031,615	1,510,452	282,459	2,021,154	6,845,680	1,528,413

(continued)

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

CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	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	5,707,762	71,034	51,375	904,169	6,734,340	98,425
Contracts payable	176,596	480	33,630	2,077,675	2,288,381	129,365
Contracts payable - retainage	7,801			1,865,182	1,872,983	11,053
Leases accrued interest payable	384				384	
Due to other funds	393,894	125,683	26,651	190,284	736,512	962,334
Due to other governments			9,750		9,750	
Compensated absences payable	3,420	38,467		3,264	45,151	22,242
Claims and judgments payable					0	1,866,501
Unearned revenue	535,296			28,225,261	28,760,557	50,000
Lease payable	10,389				10,389	
Deposits			3,150	286,964	290,114	15,097
Payable from restricted assets						
Notes payable	1,868,000			2,776,000	4,644,000	
Accrued interest payable	95,732			651,833	747,565	
Total current liabilities	8,799,274	235,664	124,556	36,980,632	46,140,126	3,155,017
Noncurrent liabilities						
Compensated absences payable	909,121	410,235	132,173	609,543	2,061,072	329,464
Claims and judgments payable					0	1,903,061
Notes payable	7,851,000			34,205,000	42,056,000	
Lease payable	282,607				282,607	
Net pension liability	4,573,840	2,737,021	432,107	2,155,859	9,898,827	2,649,582
Total OPEB liability	2,704,927	985,246	220,373	1,239,220	5,149,766	1,082,164
Total noncurrent liabilities	16,321,495	4,132,502	784,653	38,209,622	59,448,272	5,964,271
Total liabilities	25,120,769	4,368,166	909,209	75,190,254	105,588,398	9,119,288
DEFERRED INFLOWS OF RESOURCES						
Deferred pension	3,393,878	1,695,434	274,414	2,730,870	8,094,596	1,346,352
Deferred OPEB	1,087,223	407,726	74,962	507,746	2,077,657	427,500
Leases			7,268,173	10,919,301	18,187,474	
Total deferred outflows of resources	4,481,101	2,103,160	7,617,549	14,157,917	28,359,727	1,773,852
NET POSITION						
Net investment in capital assets	62,608,932	5,563,140	14,972,012	185,467,068	268,611,152	1,994,133
Restricted						
Debt service				3,369,612	3,369,612	
Renewal and replacement				13,622,000	13,622,000	
Operations and maintenance				5,415,500	5,415,500	
Unrestricted	16,184,491	(2,711,234)	3,602,643	50,347,500	67,423,400	7,500,387
Total net (deficit) position	<u>\$ 78,793,423</u>	<u>\$ 2,851,906</u>	<u>\$ 18,574,655</u>	<u>\$ 258,221,680</u>	<u>\$ 358,441,664</u>	<u>\$ 9,494,520</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, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Operating revenues:						
Charges for services	\$ 69,715,079	\$ 9,355,523	\$ 2,881,597	\$ 28,883,526	\$ 110,835,725	\$ 6,135,569
Insurance					-	18,052,332
Fines and forfeits		120,205			120,205	
Other	373,159	155,040	4,485	50,866	583,550	9,059
Total operating revenues	70,088,238	9,630,768	2,886,082	28,934,392	111,539,480	24,196,960
Operating expenses:						
Gas purchases	40,313,531				40,313,531	
Salaries and employee benefits	4,554,118	3,111,907	844,111	4,746,587	13,256,723	4,186,940
Materials and supplies	885,844	547,618	41,002	339,121	1,813,585	117,726
Repairs and maintenance	648,303	1,362,393	486,019	1,474,898	3,971,613	315,339
Contractual services	4,117,828	408,165	388,879	5,948,788	10,863,660	1,187,016
Office and utilities	1,675,918	854,455	849,011	3,296,952	6,676,336	644,788
Land fill fees	519	1,070,671			1,071,190	
Overhead allocation	1,434,900	706,000	206,300	719,700	3,066,900	
Premiums and claims expense						17,226,493
Total operating expenses before depreciation and amortization	53,630,961	8,061,209	2,815,322	16,526,046	81,033,538	23,678,302
Operating income (loss) before depreciation and amortization	16,457,277	1,569,559	70,760	12,408,346	30,505,942	518,658
Depreciation and amortization	3,067,270	629,072	1,176,093	11,791,303	16,663,738	250,114
Operating income (loss)	13,390,007	940,487	(1,105,333)	617,043	13,842,204	268,544
Nonoperating revenues (expenses):						
Investment interest	94,803	4,887	10,322	248,104	358,116	65,641
Lease interest			245,446	328,365	573,811	
Interest expense	(200,407)	(1,492)		(1,376,595)	(1,578,494)	
Amortization of bond expense	(11,516)				(11,516)	
Gain (loss) on disposal of capital assets	22,342	(19,272)		(8,989)	(5,919)	433
Total nonoperating revenues (expenses)	(94,778)	(15,877)	255,768	(809,115)	(664,002)	66,074
Income (loss) before contributions and transfers	13,295,229	924,610	(849,565)	(192,072)	13,178,202	334,618
Contributions and transfers:						
Contributions						
Federal and state grants		1,039,481	440,284	49,347,945	50,827,710	
Passenger facility charge				4,808,704	4,808,704	
Passenger facility charge - Interest				56,162	56,162	
Donations				4,286,063	4,286,063	
Transfers in (out)	(8,000,000)		34,450	739,146	(7,226,404)	
Total contributions and transfers	(8,000,000)	1,039,481	474,734	59,238,020	52,752,235	-
Change in net position	5,295,229	1,964,091	(374,831)	59,045,948	65,930,437	334,618
Net position at beginning of year	73,514,539	887,815	18,341,007	199,604,801	292,348,162	9,159,902
Implementation of GASB 87	(16,345)		608,479	(429,069)	163,065	
Net position at beginning of year, as restated	73,498,194	887,815	18,949,486	199,175,732	292,511,227	9,159,902
Net position at end of year	\$ 78,793,423	\$ 2,851,906	\$ 18,574,655	\$ 258,221,680	\$ 358,441,664	\$ 9,494,520

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, 2022

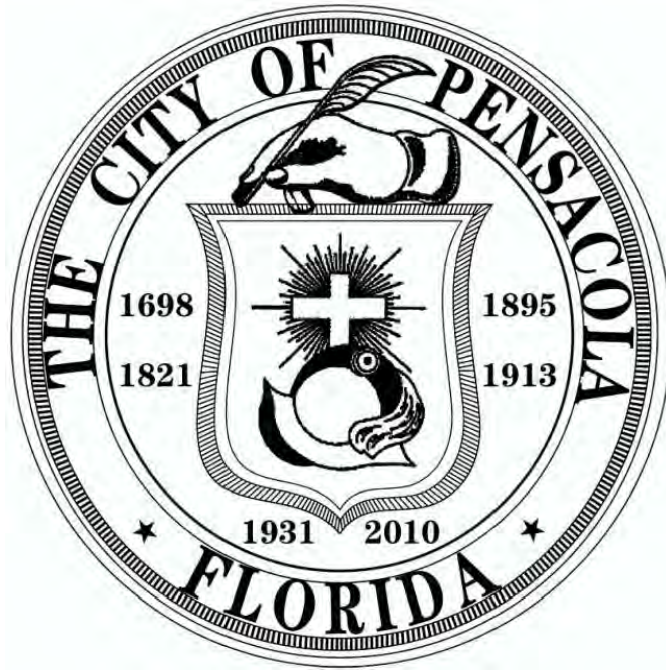
	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Cash flows from operating activities:						
Cash received from customers	\$ 67,510,428	\$ 9,561,042	\$ 2,572,382	\$ 29,861,132	\$ 109,504,984	\$ 20,040,668
Cash received from other funds					0	4,681,689
Cash payments to suppliers for goods and services	(45,664,541)	(4,958,418)	(2,009,754)	(21,115,942)	(73,748,655)	(20,476,660)
Cash payments to employees for services	(6,206,570)	(3,986,873)	(942,291)	3,786,278	(7,349,456)	(4,683,589)
Net cash provided by (used for) operating activities	15,639,317	615,751	(379,663)	12,531,468	28,406,873	(437,892)
Cash flows from noncapital financing activities:						
Advance from (to) other funds	(380,760)	(129,673)		(37,471)	(547,904)	547,904
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	(8,380,760)	(129,673)	0	10,459,935	1,949,502	547,904
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(6,237,534)	(466,532)	(569,925)	(4,716,933)	(11,990,924)	(249,504)
Acquisition of capital assets with grant monies			(54,130)	(47,149,236)	(47,203,366)	
Proceeds from sale of assets	32,800	25,525		2,435	60,760	
Contributions from other governments			1,169,925	27,880,467	29,050,392	
Contributions from tenants				0	0	
Contributions from customers				6,858,477	6,858,477	
Acquisition of capital assets with contributions				(1,759,890)	(1,759,890)	
Principal paid on capital debt	(1,832,000)			(8,489,000)	(10,321,000)	
Interest paid on capital debt	(209,839)	(1,492)		(1,361,587)	(1,572,918)	
Payments from leasing activities	(8,942)		245,445	328,364	564,867	
Proceeds from note receivable	322,208				322,208	
Net cash provided by (used for) capital and related financing activities	(7,933,307)	(442,499)	791,315	(28,406,903)	(35,991,394)	(249,504)
Cash flows from investing activities:						
Sale (purchase) of investments	1,918,828	76,724	631	8,082,865	10,079,048	1,017,412
Sale (purchase) of intangible asset						
Interest on investments	94,803	4,887	10,322	248,104	358,116	65,641
Proceeds from insurance claim					0	
Net cash provided by (used for) investing activities	2,013,631	81,611	10,953	8,330,969	10,437,164	1,083,053
Net increase (decrease) in cash and cash equivalents	<u>1,338,881</u>	<u>125,190</u>	<u>422,605</u>	<u>2,915,469</u>	<u>4,802,145</u>	<u>943,561</u>
Cash and cash equivalents at beginning of year	<u>12,970,105</u>	<u>746,540</u>	<u>1,347,172</u>	<u>45,968,845</u>	<u>61,032,662</u>	<u>7,620,341</u>
Cash and cash equivalents at end of year	<u>\$ 14,308,986</u>	<u>\$ 871,730</u>	<u>\$ 1,769,777</u>	<u>\$ 48,884,314</u>	<u>\$ 65,834,807</u>	<u>\$ 8,563,902</u>

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, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Operating income (loss)	\$ 13,390,007	\$ 940,487	\$ (1,105,333)	\$ 617,043	\$ 13,842,204	\$ 268,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,067,270	629,072	1,176,093	11,791,303	16,663,738	250,114
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(2,714,266)	689	(90,509)	700,926	(2,103,160)	331,167
(Increase) decrease in inventory	5,664				5,664	(109,364)
(Increase) decrease in due from other funds	41,132				41,132	139,700
(Increase) decrease in due from other governments					0	8,250
(Increase) decrease in prepaid expense	(22,504)	(116)	(2,296)	(6,988)	(31,904)	(18,281)
(Increase) decrease in lease receivable			212,991	1,011,437	1,224,428	
Increase (decrease) in accounts payable	3,444,443	(77,024)	(39,601)	257,232	3,585,050	(93,505)
Increase (decrease) in contracts payable	(161,877)	(2,391)	3,354	(168,587)	(329,501)	107,925
Increase (decrease) in due to other funds	20,310	(146,526)	(813)	18,851	(108,178)	107,213
Increase (decrease) in due to other governments					0	
Increase (decrease) in deposits			2,143	204,258	206,401	264
Increase (decrease) in claims and judgments					0	(786,490)
Increase (decrease) in deferred revenue	253,476				253,476	(25,000)
Increase (decrease) in lease payable	(9,637)				(9,637)	
Increase (decrease) in compensated absences	(32,377)	2,781	27,446	123,311	121,161	(40,267)
Increase (decrease) in lease deferred inflow			(438,325)	(989,881)	(1,428,206)	
Increase (decrease) in net OPEB obligation	(211,400)	(88,651)	(17,049)	(105,701)	(422,801)	(558,249)
Increase (decrease) in net pension liability	(1,430,924)	(642,570)	(107,764)	(921,736)	(3,102,994)	(19,913)
Net cash provided by (used for) operating activities:	<u>\$ 15,639,317</u>	<u>\$ 615,751</u>	<u>\$ (379,663)</u>	<u>\$ 12,531,468</u>	<u>\$ 28,406,873</u>	<u>\$ (437,892)</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			3,161		3,161	
Gain (loss) on disposal of capital assets	(10,457)	(44,797)	(39,000)	(11,424)	(105,678)	

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, 2022

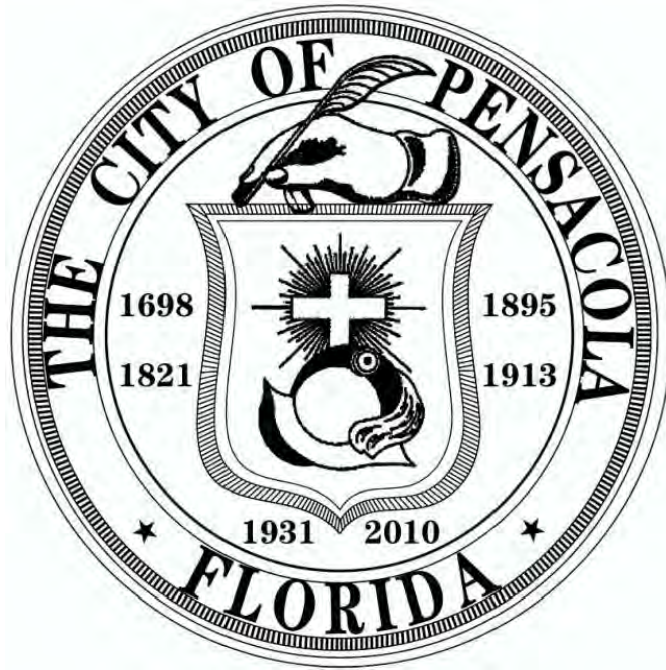
	Total Pension Trust Funds
ASSETS	
Other cash	\$ 765,884
Receivables:	
Employer	595
Employee	45,124
Total receivables	45,719
Investments:	
Short term investments	10,467,309
Debt Securities & Bond Mutual Funds	70,369,328
Convertible Corporate Bonds	24,495,569
Stock Mutual Funds	25,822,950
Mortgage Backed Securities	54,214,490
Commingled Trust Fund	8,522,754
Domestic Stocks	124,505,520
Preferred Stocks	2,543,758
Foreign Stocks	37,119,097
Total investments	358,060,775
Total assets	\$ 358,872,378
LIABILITIES	
Accounts payable	\$ 713,817
Total liabilities	713,817
NET POSITION	
Restricted for pension benefits	\$ 358,158,561

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, 2022

	Total Pension Trust Funds
Additions:	
Contributions - city	\$ 10,952,240
Contributions - employee	1,213,979
Commission recapture	910
Insurance proceeds - State of Florida	1,298,250
Total contributions	<u>13,465,379</u>
Investment income	
Net appreciation	
in fair value of investments	(82,380,039)
Interest and dividends	8,415,088
	<u>(73,964,951)</u>
Less investment expense	1,770,653
Net investment income	<u>(75,735,604)</u>
Total additions	<u>(62,270,225)</u>
Deductions:	
Pensions paid - employees	24,890,458
Pensions paid - widows	3,877,249
Pensions paid - children	4,891
Refunds to employees	19,782
Deferred retirement option plan	2,705,020
Health insurance assistance	100,212
Administrative expenses	346,733
Total deductions	<u>31,944,345</u>
Change in net position	<u>(94,214,570)</u>
Net position held in trust for pension benefits:	
Beginning of year	<u>452,373,131</u>
End of year	\$ <u><u>358,158,561</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, 2022

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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

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, 2022

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, 2022
(Audited)

Assets	\$ <u>20,135</u>
Liabilities	<u>5,832</u>
Net Position:	
Restricted	-
Unrestricted	<u>14,303</u>
Total Net Position	<u>14,303</u>
Total Liabilities and Net Position	\$ <u><u>20,135</u></u>

HRC
Statement of Revenues, Expenses
and Changes in Net Position
for the Fiscal Year Ended September 30, 2022
(Audited)

Revenue	\$ 158,059
Expenses	<u>163,024</u>
Excess of revenue over (under) expenses	<u>(4,965)</u>
Net position Beginning of Year	<u>19,268</u>
Net position at End of Year	\$ <u><u>14,303</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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:

**Statement of Net Position
September 30, 2022
(Audited)**

Assets	\$ 17,712,488
Liabilities	10,615,431
Deferred inflows of resources	2,528,794
Net Position:	
Restricted	61,198
Unrestricted	4,507,065
Total Net Position	4,568,263
Total Liabilities and Net Position	\$ 17,712,488

**PEDC
Statement of Revenues, Expenses
and Changes in Net Position
for the Fiscal Year Ended September 30, 2022
(Audited)**

Revenue	\$ 1,263,529
Expenses	1,111,680
Excess of revenue over (under) expenses	151,849
Net position Beginning of Year	4,416,414
Net position at End of Year	\$ 4,568,263

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

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, 2022

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, 2022

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

8. Leases

The City of Pensacola is a lessee for noncancellable leases of equipment and building. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary lease fund financial statements.

At the commencement of the lease, the City initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

The City uses the interest rate charged by the lessor as the discount rate or its incremental borrowing rate as the discount rate for the leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payment and any purchase option price that the City will reasonably be certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The City monitors changes in the circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Payments due under the lease contracts include fixed payments. Assets and liabilities arising from a lease initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Amounts expected to be payable by the City under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain the option will be executed.
- Payments of penalties for terminating the lease, if the lease term reflects the City exercising that option.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The City is a lessor for noncancellable leases of land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental fund financial statements.

At the commencement of the lease, the City initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow is recognized as revenue over the term of the lease.

The City uses its incremental borrowing rate as the discount rate for the leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is comprised of the following:

- Fixed payments (including in-substance fixed payments), plus variable payments from the lessee. For land and building leases that include variable payments, those payments include common area maintenance.
- Residual value guarantee payments that are fixed in substance.
- Any lease incentives.

Variable payments that depend on an index or a rate such as the Consumer Price Index or a market rate interest rate are initially measured using the index or market rate at the commencement of the lease.

The City monitors changes in circumstances that would require a remeasurement of the lease receivable a deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

9. 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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 four 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. The fourth is the deferred recognition of revenue that will be recognized over the life of the lease.

10. 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.

11. 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Police sergeants, lieutenants and captains may accumulate up to 500 hours PTO and police officers may accumulate up to 900 hours PTO. 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, unless the payments are current liabilities and will be made in the following year.

12. 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.

13. 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.

14. 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

15. 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.

16. New Accounting Pronouncements

GASB Statement No. 87

In June 2017, the GASB issued Statement NO. 87, "Leases." This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As such, implementation of the Statement occurred in the City's fiscal year ending September 30, 2022.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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	\$ 4,253,407	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	4.72 years	5,326,014	A1 - A3
Corporate Bonds	6.43 years	9,836,001	Aaa
Corporate Bonds	9.21 years	462,388	Aa1 - Aa3
Corporate Bonds	3.99 years	5,795,993	Baa1 - Baa3
Corporate Bonds	3.00 years	1,732,546	Rating Unavailable
Limited Partnerships	Current	188,610	N/A
Convertible Corporate Bonds			
Corporate Bonds	2.59 years	142,955	A1 - A3
Corporate Bonds	3.21 years	55,104	B1 - B3
Corporate Bonds	2.29 years	754,743	Baa1 - Baa3
Corporate Bonds	4.23 years	10,346,104	Rating Unavailable
Stock Mutual Funds	Current	3,768,397	N/A
Mortgage Backed Securities			
Mortgage Backed Securities	12.24 years	4,337,889	Aaa
Real Estate Investment Trust	Current	18,516,201	N/A
Domestic Stocks	Current	43,210,493	N/A
Commingled Trust Fund	Current	2,266,469	N/A
Preferred Stocks	Current	1,172,430	N/A
Foreign Stocks	Current	19,949,489	N/A
Total General Pension Investments		\$ 132,115,233	

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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	\$ 4,143,465	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	4.94 years	4,429,354	A1 - A3
Corporate Bonds	6.43 years	11,000,159	Aaa
Corporate Bonds	3.07 years	329,746	Aa1 - Aa3
Corporate Bonds	4.13 years	4,019,490	Baa1 - Baa3
Corporate Bonds	3.00 years	1,225,807	Rating Unavailable
Limited Partnership	Current	163,107	N/A
Bond Mutual Funds	Current	978,717	N/A
Convertible Corporate Bonds			
Corporate Bonds	2.59 years	165,779	A1 - A3
Corporate Bonds	3.21 years	63,632	B1-B2
Corporate Bonds	2.03 years	881,323	Baa1 - Baa3
Corporate Bonds	4.23 years	12,085,929	Rating Unavailable
Stock Mutual Funds	Current	22,054,553	N/A
Mortgage Backed Securities			
Mortgage Backed Securities	13.12 years	3,473,063	Rating Unavailable
Real Estate Investment Trust	Current	6,389,369	N/A
Commingled Trust Fund	Current	6,256,285	N/A
Domestic Stocks	Current	35,993,329	N/A
Preferred Stocks	Current	1,371,328	N/A
Foreign Stocks	Current	1,452,270	N/A
Total Fire Pension Investments		\$ 116,476,705	

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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	\$ 2,070,437	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	4.29 years	4,579,041	A1 - A3
Corporate Bonds	10.32 years	11,235,537	Aaa
Corporate Bonds	4.36 years	324,840	Aa1 -Aa3
Corporate Bonds	4.04 years	5,623,288	Baa1-Baa3
Corporate Bonds	2.06 years	499,204	Rating Unavailable
Bond Mutual Funds		2,619,486	Rating Unavailable
Mortgage Backed Securities			
Mortgage Backed Securities	13.89 years	7,917,193	Rating Unavailable
Real Estate Investment Trust	Current	13,580,775	N/A
Domestic Stocks	Current	45,301,698	N/A
Foreign Stocks	Current	15,717,338	N/A
Total Police Pension Investments		\$ 109,468,837	

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	\$ 19,838,226	\$ 18,216,988	\$ 16,950,149	\$ 55,005,363
Unrealized Losses	(56,347,818)	(50,804,341)	(42,083,993)	(149,236,152)
Net Unrealized Gains/(Loss)	<u>\$ (36,509,592)</u>	<u>\$ (32,587,353)</u>	<u>\$ (25,133,845)</u>	<u>\$ (94,230,789)</u>

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, 2022

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, 2022:

<u>General Pension Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>9/30/2022</u>
Investments by Fair Value Level				
Short Term Investments	\$ 4,253,407	\$	\$	4,253,407
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		23,152,942		23,152,942
Limited Partnerships	188,610			188,610
Total Debt Securities & Bond Mutual Funds	<u>4,442,017</u>	<u>23,152,942</u>	<u>-</u>	<u>23,341,552</u>
Convertible Corporate Bonds		11,298,906		11,298,906
Stock Mutual Funds	3,768,397			3,768,397
Mortgage Backed Securities:				
Mortgage Backed Securities		4,337,889		4,337,889
Real Estate Investment Trust			18,516,201	18,516,201
Total Mortgage Baked Securities	<u>-</u>	<u>4,337,889</u>	<u>18,516,201</u>	<u>22,854,090</u>
Domestic Stocks	43,210,493			43,210,493
Commingled Trust Fund	2,266,469			2,266,469
Preferred Stocks	1,172,430			1,172,430
Foreign Stocks	19,949,489			19,949,489
Total Investments measured at fair value	<u>\$ 79,062,702</u>	<u>\$ 38,789,737</u>	<u>\$ 18,516,201</u>	<u>\$ 132,115,233</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, 2022

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>9/30/2022</u>
Investments by Fair Value Level				
Short Term Investments	\$ 4,143,465	\$	\$	4,143,465
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		21,004,556		21,004,556
Bond Mutual Funds	978,717			978,717
Limited Partnerships	163,107			163,107
Total Debt Securities & Bond Mutual Funds	<u>1,141,824</u>	<u>21,004,556</u>	<u>-</u>	<u>22,146,380</u>
Convertible Corporate Bonds		13,196,663		13,196,663
Stock Mutual Funds		12,298,082	9,756,471	22,054,553
Mortgage Backed Securities:				
Mortgage Backed Securities		3,473,063		3,473,063
Real Estate Investment Trust			6,389,369	6,389,369
Total Mortgage Baked Securities	<u>-</u>	<u>3,473,063</u>	<u>6,389,369</u>	<u>9,862,432</u>
Domestic Stocks	35,993,329			35,993,329
Commingled Trust Fund	6,256,285			6,256,285
Preferred Stocks	1,371,328			1,371,328
Foreign Stocks	1,452,270			1,452,270
Total Investments measured at fair value	<u>\$ 50,358,501</u>	<u>\$ 49,972,364</u>	<u>\$ 6,389,369</u>	<u>\$ 116,476,705</u>

Short term investments, bond mutual funds, 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, 2022

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>9/30/2022</u>
Investments by Fair Value Level				
Short Term Investments	\$ 2,070,437	\$	\$	2,070,437
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		22,261,910		22,261,910
Bond Mutual Funds			2,619,486	2,619,486
Total Debt Securities & Bond Mutual Funds	<u>-</u>	<u>22,261,910</u>	<u>2,619,486</u>	<u>24,881,396</u>
Mortgage Backed Securities:				
Mortgage Backed Securities		7,917,193		7,917,193
Real Estate Investment Trust			13,580,775	13,580,775
Total Mortgage Baked Securities	<u>-</u>	<u>7,917,193</u>	<u>13,580,775</u>	<u>21,497,968</u>
Domestic Stocks	45,301,698			45,301,698
Foreign Stocks	15,717,338			15,717,338
Total Investments by Fair Value	<u>\$ 63,089,473</u>	<u>\$ 30,179,103</u>	<u>\$ 16,200,261</u>	<u>\$ 109,468,837</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 \$90,000,000 are in certificates of deposits with maturities that range from October 2022 to July 2023 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, 2022

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		
Governmental activities:	Receivable	Allowance	Net
General Fund	\$ 1,587,964	\$	\$ 1,587,964
Housing Assistance Payments Fund	1,530,499	1,205,014	325,485
Nonmajor Governmental Funds	397,247		397,247
Internal Service Fund	332,189		332,189
Total governmental activities	<u>\$ 3,847,899</u>	<u>\$ 1,205,014</u>	<u>\$ 2,642,885</u>
Business-type activities:			
Utility Fund	\$ 7,945,008	\$ 365,608	\$ 7,579,400
Sanitation Fund	845,485	79,742	765,743
Port Fund	376,781		376,781
Airport Fund	1,746,283		1,746,283
Total business-type activities	<u>\$ 10,913,557</u>	<u>\$ 445,350</u>	<u>\$ 10,468,207</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

4. Lease Receivables

The City leases land and building space to third parties. As of September 30, 2022, The City's leases receivables were valued at \$26,603,610 and the deferred inflow of resources associated with the leases that will be recognized as revenue over the term of the leases were \$25,622,454. The lease receivables for Governmental and Business-type Activities at September 30, 2022 were as follows:

Governmental Activities

Land leases – annual lease payments totaling \$125,495 plus interest at a rate of 3%, due dates ranging from December 2022 to December 2071.	\$986,083
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Building and office space leases – annual lease payments totaling \$120,428 plus interest at a rate of 3%, due dates ranging from September 2023 to December 2134.	<u>7,120,428</u>
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Total Governmental Activities Lease Receivables	<u><u>\$8,106,511</u></u>
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Business-like Activities

Land leases – annual lease payments totaling \$429,184 plus interest at a rate of 3%, due dates ranging from December 2025 to August 2118.	\$11,435,099
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Building and office space leases – annual lease payments totaling \$1,000,499 plus interest at a rate of 3%, due dates ranging from September 2023 to September 2060.	<u>7,062,000</u>
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Total Business-like Activities Lease Receivables	<u><u>\$18,497,099</u></u>
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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The payments for the lease receivables are expected to be received in the subsequent years as follows:

Fiscal Year	Governmental Activities		Business-like Activities	
	Principal	Interest	Principal	Interest
2023	\$ 186,565	\$ 217,064	\$ 1,333,571	\$ 517,716
2024	172,082	216,946	1,197,735	479,429
2025	93,428	216,066	739,346	449,997
2026	36,191	215,231	677,041	428,357
2027	36,670	214,144	621,679	403,708
2028-2032	225,103	1,062,766	2,966,189	1,784,569
2033-2037	304,314	1,040,836	1,707,624	1,421,869
2038-2042	354,374	1,010,823	1,889,793	1,158,419
2043-2047	435,747	971,234	2,195,457	981,613
2048-2052	503,488	922,243	1,117,829	833,146
2053-2057	617,842	862,597	967,939	693,039
2058-2062	781,379	783,274	861,230	543,998
2063-2067	973,069	679,187	53,682	480,551
2068-2072	387,620	583,227	-	480,081
2073-2077	31,165	599,367	-	480,081
2078-2082	36,665	627,275	59,112	420,969
2083-2087	36,327	656,983	176,237	303,844
2088-2092	40,491	689,140	204,584	275,497
2093-2097	337,418	432,700	237,843	242,238
2098-2103	466,567	346,872	276,421	203,660
2104-2108	591,691	268,101	320,996	159,085
2109-2113	740,717	168,673	372,853	107,228
2114-2118	339,334	72,295	433,226	46,855
2119-2123	99,557	51,693	86,712	1,303
2124-2128	115,659	35,591	-	-
2129-2133	134,366	16,884	-	-
2134-2138	28,682	1,318	-	-
	<u>\$ 8,106,511</u>	<u>\$ 12,962,530</u>	<u>\$ 18,497,099</u>	<u>\$ 12,897,252</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The City has leasing agreements with several air carriers that are regulated by the Federal Aviation Administration, and as such qualify to be treated as a regulated lease in accordance with GASB 87. The leases with the air carriers have specific requirements which are subject to external laws and regulations mandated by Federal Aviation Administration. The City leases land and building space to third parties under these agreements. The building leases expired on September 30, 2022. The expired leases continue under a hold over provision until such time that a new lease is negotiated. The hold over provision allows the City to terminate the lease at any time. Revenues collected under the building leases for fiscal year 2022 totaled \$6,537,425. Due to the current hold over provision, expected future minimum lease payments are not included in the schedule below. The land lease range is 30 years with annual lease payments totaling \$9,440. As of September 30, 2022, the remaining nominal amount of the revenue that will be recognized as revenue over the lease term associated with these leases amount to \$45,642 which is expected to be received for each of the subsequent five years and in five-year increments thereafter as stated below:

<u>Fiscal Year</u>	<u>Business-type Activities</u>
2023	\$ 9,692
2024	4,610
2025	2,915
2026	2,915
2027	2,915
2028-2032	14,577
2032-2037	8,018
Total	<u><u>\$ 45,642</u></u>

5. 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:

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Special assessments	\$ 23,595	\$
Leases – Land/ROW receivables	17,042	
Prepaid lease payments		203,786
Occupational license fees and fines received for subsequent year		670,468
Special Revenue Funds		
HUD - Fraud Recovery	325,485	
CDBG - Housing Rehab Project notes receivable	286,047	
Golf Course- Lease receivables	1,500	
Parks Recreation - Lease receivables	2,000	
Tennis Center- Lease receivables	10,417	
CMP - Use Fee		71,875
American Rescue Act Funding		11,709,087
Home Reconstruction Loans	498,754	
Grant request and draws prior to meeting all requirements		235,031
	<u>\$ 1,164,840</u>	<u>\$ 12,890,247</u>

The American Rescue Plan grant does not require the City to hold unspent funds in a separate bank account. The unspent monies are 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, 2022.

The Airport Fund includes \$27,815,049 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. VTMAE 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, 2022

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

C. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended September 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Non-Depreciable Assets:				
Land	\$ 21,519,751	\$ 445	\$	\$ 21,520,196
Construction in Progress	<u>6,542,329</u>	<u>12,671,146</u>	<u>(8,579,152)</u>	<u>10,634,323</u>
Total Non-depreciable assets	<u>28,062,080</u>	<u>12,671,591</u>	<u>(8,579,152)</u>	<u>32,154,519</u>
Depreciable Assets:				
Buildings	133,185,149	2,194,751	(538,498)	134,841,402
Improvements	58,921,705	2,017,069	(1,863,850)	59,074,924
Infrastructure	155,721,375	3,623,874	(4,547)	159,340,702
Equipment	58,529,500	4,315,917	(1,848,117)	60,997,300
Right to-use leased equipment	<u>108,636</u>	<u>-</u>	<u>-</u>	<u>108,636</u>
Total Depreciable assets	<u>406,466,365</u>	<u>12,151,611</u>	<u>(4,255,012)</u>	<u>414,362,964</u>
Less accumulated depreciation for:				
Buildings	41,751,922	3,030,102	(325,350)	44,456,674
Improvements	31,259,805	2,028,547	(1,587,368)	31,700,984
Infrastructure	59,040,554	6,520,111	(4,488)	65,556,177
Equipment	39,841,195	3,706,623	(1,824,644)	41,723,174
Right to-use leased building	<u>51,868</u>	<u>51,869</u>	<u>-</u>	<u>103,737</u>
Total accumulated depreciation	<u>171,945,344</u>	<u>15,337,252</u>	<u>(3,741,850)</u>	<u>183,540,746</u>
Total depreciable assets net of depreciation	<u>234,521,021</u>	<u>(3,185,641)</u>	<u>(513,162)</u>	<u>230,822,218</u>
Governmental activities net capital assets	<u><u>262,583,101</u></u>	<u><u>\$ 9,485,950</u></u>	<u><u>\$ (9,092,314)</u></u>	<u><u>\$ 262,976,737</u></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 2022, the net book value of assets held by Internal Service Funds is \$1,994,133. Total depreciation expense for governmental activities for fiscal year 2022 is \$15,337,252.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Capital asset activity for business-type activities for the fiscal year ended September 30, 2022 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	\$ 38,397,584	\$	\$	\$ 38,397,584
Construction in Progress	16,963,942	53,473,161	(3,633,505)	66,803,598
Total Non-depreciable assets	<u>55,361,526</u>	<u>53,473,161</u>	<u>(3,633,505)</u>	<u>105,201,182</u>
Depreciable Assets:				
Buildings	188,974,921	32,049		189,006,970
Improvements	227,311,709	8,433,789	(654,148)	235,091,350
Equipment	42,507,554	3,531,621	(1,031,242)	45,007,933
Right to-use leased building	298,819	-	-	298,819
Total Depreciable assets	<u>459,093,003</u>	<u>11,997,459</u>	<u>(1,685,390)</u>	<u>469,405,072</u>
Less accumulated depreciation for:				
Building	98,707,185	6,179,680		104,886,865
Improvements	119,351,095	7,313,370	(654,148)	126,010,317
Equipment	26,786,378	3,154,881	(955,813)	28,985,446
Right to-use leased building	12,148	15,807	-	27,955
Total accumulated depreciation	<u>244,856,806</u>	<u>16,663,738</u>	<u>(1,609,961)</u>	<u>259,910,583</u>
Total depreciable assets net of depreciation	<u>214,236,197</u>	<u>(4,666,279)</u>	<u>(75,429)</u>	<u>209,494,489</u>
Business-type activities net capital assets	<u>\$ 269,597,723</u>	<u>\$ 48,806,882</u>	<u>\$ (3,708,934)</u>	<u>\$ 314,695,671</u>

Total depreciation expense for business-type activities for fiscal year 2022 is \$16,663,738.

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, 2022

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	\$ 696,759
Public Safety	2,361,153
Physical Environment	1,917,789
Transportation	3,344,766
Economic Environment	50,302
Culture and Recreation	5,033,950
Unallocated Infrastructure	1,682,419
Capital assets held by governmental type internal service funds are charged to the various functions based on their usage	<u>250,114</u>
Total depreciation expense- governmental activities	<u><u>\$ 15,337,252</u></u>

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

Business-type activities:

Gas	\$ 3,067,270
Sanitation	629,072
Port	1,176,093
Airport	<u>11,791,303</u>
Total depreciation expense- business-type activities	<u><u>\$ 16,663,738</u></u>

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 \$473,559 as reported in the governmental activities.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

D. Interfund Receivables, Payables, and Transfers

Interfund receivables/payables balances as of September 30, 2022, are as follows:

	<u>Due To</u>	<u>Due From</u>	<u>Advance To</u>	<u>Advance From</u>
Governmental activities:				
General Fund	\$	\$ 4,231,157	\$	\$
Housing Assistance Fund	47,340			
Natural Disaster Fund	3,148,752			
American Rescue Plan Act Fund	9,430			
Nonmajor Governmental Funds	504,470	347,681		
Internal Service Funds	962,334			
Total Governmental activities	<u>4,672,326</u>	<u>4,578,838</u>	<u>-</u>	<u>-</u>
Business-type activities:				
Utility Fund	393,894	830,000		
Sanitation Fund	125,683			
Port Fund	26,651			
Airport Fund	190,284	-		
Total Business-type activities	<u>736,512</u>	<u>830,000</u>	<u>0</u>	<u>-</u>
Total governmental and business-type activities	<u>\$ 5,408,838</u>	<u>\$ 5,408,838</u>	<u>\$ -</u>	<u>\$ -</u>

Internal balances-current reported in the government-wide statement of net position in the amount of \$93,488 represents the amounts receivable/payable between government and business-type activities for end of year payroll liabilities, risk management claims and inter-fund transfers.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

For the year ended September 30, 2022, interfund transfers are as follows:

Governmental activities:			
<u>Major Governmental Funds</u>	Transfer In	Transfer Out	Purpose
General Fund	\$ 8,000,000	\$ 6,573,175	Transfer from Utility Fund Transfer to UCRT, Golf, Eastside TIF, Westside TIF and Stormwater Capital
<u>Nonmajor Governmental Funds</u>		1,536,318	Transfer to Local Option Gasoline Tax Debt Service
Local Option Gasoline Tax (LOGT)			
Community Redevelopment Agency (CRA)	3,990,366		Transfer from UCRT
Urban Core Redevelopment Trust (UCRT)	2,999,452	8,083,603	City's required contribution Transfer to CRA and CRA Debt Service
Golf Course Fund	250,000		Transfer from General Fund
Eastside Tax Increment Financing District	115,882	89,446	City's required contribution Transfer to CRA Debt Service
Westside Tax Increment Financing District	472,841	278,601	City's required contribution Transfer to CRA Debt
CRA Debt Service	4,461,284		Transfer from UCRT, Eastside TIF and Westside TIF
Local Option Gas Tax Det Service Fund	1,536,318		Transfer from LOGT
Local Option Sales Tax Fund (LOST)		773,596	Transfer to Port and Airport
Stormwater Capital Fund	2,735,000		Transfer from General Fund
Business-type activities:			
Utility Fund		8,000,000	Transfer to General Fund
Port Fund	34,450		Transfer from LOST
Airport Fund	739,146		Transfer from LOST
Total	\$ 25,334,739	\$ 25,334,739	

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, 2022

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

E. 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, 2022:

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. \$ 7,339,000

\$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. 1,043,000

\$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. 3,258,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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.

7,310,000

\$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.

16,640,000

\$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.

55,149,248

Total Nonmajor Fund Types 90,739,248

Total Governmental Activities \$ 90,739,248

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Business-type Activities:

Utility Enterprise

\$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.

9,719,000

Total Utility Enterprise

9,719,000

Airport Enterprise

\$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.

6,695,000

\$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.

4,035,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

\$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.

26,251,000

Total Airport Enterprise

36,981,000

Total Business-type Activities

\$ 46,700,000

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, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Due to other governments	\$ 7,800,000	\$ 90,018	\$ (1,300,000)	\$ 6,590,018	\$ 1,390,018
Claims and judgments	4,578,294	2,105,419	(2,914,151)	3,769,562	1,888,743
Compensated absences	5,152,549	3,768,049	(3,556,540)	5,364,058	254,033
Bonds/Notes payable	96,202,819		(5,463,571)	90,739,248	5,591,068
Loans payable	20,000		(20,000)	-	
Lease payable	56,902	-	(52,459)	4,443	4,443
OPEB	13,064,351	549,852	(421,663)	13,192,540	
Pension liability	62,155,710	38,271,622	(70,961,533)	29,465,799	
Governmental activity long-term liabilities	<u>\$ 189,030,625</u>	<u>\$ 44,784,960</u>	<u>\$ (84,689,917)</u>	<u>\$ 149,125,668</u>	<u>\$ 9,128,305</u>
Business-type activities					
Bonds/Notes payable	\$ 57,021,000	\$	\$ (10,321,000)	\$ 46,700,000	\$ 4,644,000
Compensated absences	1,985,062	1,182,520	(1,061,359)	2,106,223	45,151
OPEB	5,098,242	213,832	(162,308)	5,149,766	
Lease payable	302,626		(9,630)	292,996	10,389
Pension liability	16,703,114	12,085,775	(19,528,618)	9,260,271	
Business-type activity long-term liabilities	<u>\$ 81,110,044</u>	<u>\$ 13,482,127</u>	<u>\$ (31,082,915)</u>	<u>\$ 63,509,256</u>	<u>\$ 4,699,540</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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
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	6,135,210	2,054,121	8,189,331
2028-2032	19,198,993	8,400,240	27,599,233
2033-2037	16,600,520	5,874,977	22,475,497
2038-2042	17,614,410	3,163,718	20,778,128
2043-2044	8,029,553	377,555	8,407,108
Total	<u>90,739,248</u>	<u>29,544,120</u>	<u>120,283,368</u>
Less: Current	<u>(5,591,068)</u>	<u>-</u>	<u>(5,591,068)</u>
Total government debt	<u><u>\$ 85,148,180</u></u>	<u><u>\$ 29,544,120</u></u>	<u><u>\$ 114,692,300</u></u>

Business-Type Activities Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
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	5,190,000	912,276	6,102,276
2028-2032	9,221,000	3,301,497	12,522,497
2033-2037	8,861,000	1,693,850	10,554,850
2038-2039	4,051,000	160,599	4,211,599
Total	<u>46,700,000</u>	<u>11,040,588</u>	<u>57,740,588</u>
Less: Current	<u>(4,644,000)</u>	<u>-</u>	<u>(4,644,000)</u>
Total business-type debt	<u><u>\$ 42,056,000</u></u>	<u><u>\$ 11,040,588</u></u>	<u><u>\$ 53,096,588</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

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 Bonds 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 \$314,751 and the 2019 bonds was \$3,446,310 and Tax Increment Revenues for the current year were \$8,083,603.

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 \$89,497 and Tax Increment Revenues for the current year were \$294,629.

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 \$278,986 and Tax Increment Revenues for the current year were \$1,202,681.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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 \$2,562,206 and Infrastructure Sales Tax revenues for the current year were \$12,234,246.

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 \$1,537,022 and LOGT revenues for the current year were \$1,428,852. 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 \$2,045,881 and net revenues for the current year were \$16,457,277.

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 \$2,314,959 and net revenues for the current year were \$15,151,050. Net Revenues excludes CFC revenues of \$2,828,315 pledged towards the Airport Taxable Customer Facility Charge Revenue Note, Series 2008, operating expenses of \$167,220 and grant operating expenses of \$5,403,799.

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 \$5,812,303 and net revenues for the current year were \$2,661,095.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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 \$1,719,282 and net revenues for the current year were \$4,808,704.

Direct Borrowings, Direct Placements and Lines of Credit

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

Leases Payable

The City is a lessee for noncancellable leases of land and equipment. At September 30, 2022, The City's lease payable of \$297,439 was composed of the following:

Governmental Activities

Equipment leases – annual lease payments totaling \$53,436 plus interest at a rate of 3%, due date November 2022.	<u>\$4,443</u>
Total Governmental Activities Lease Receivables	<u><u>\$4,443</u></u>

Business-like Activities

Land leases – annual lease payments totaling \$292,997 plus interest at a rate of 3%, due dates ranging from September 2032 to March 2046.	<u>\$292,996</u>
	<u><u>\$292,996</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The future principal and interest lease payments as of September 30, 2022 were as follows:

Fiscal Year	Governmental Activities		Business-like Activities	
	Principal	Interest	Principal	Interest
2023	\$ 4,443	\$ 11	\$ 10,389	\$ 8,652
2024	-	-	11,161	8,352
2025	-	-	12,015	7,983
2026	-	-	12,884	7,610
2027	-	-	13,793	7,211
2028-2032	-	-	83,033	29,085
2033-2037	-	-	43,408	19,434
2038-2042	-	-	57,469	11,913
2043-2047	-	-	48,844	2,638
	<u>\$ 4,443</u>	<u>\$ 11</u>	<u>\$ 292,996</u>	<u>\$ 102,879</u>

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

F. 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

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, 2022

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	48,499	858		
Subtotal non-spendable fund balance	48,499	858	-	-
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative		2,839,667		
Natural disaster projects			3,261,461	
General government	253,352			1,158,312
Transportation	128,285			
Physical Environment				
Saenger capital	437,982			
Public safety	79,768			
Community development projects				
Culture and recreation	122,358			
Tree landscape	20,890			
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	1,042,635	2,839,667	3,261,461	1,158,312
Committed				
Council Reserve	14,042,818			
Tree landscape	613,302			
Park purchases	21,756			
Stormwater projects				
Subtotal committed fund balance	14,677,876	-	-	-
Assigned				
General government	6,282,144			
Demolition	519,544			
Lien amnesty	26,498			
Housing Initiatives Fund	503,272			
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects	2,550,000			
Culture and recreation				
Subtotal assigned fund balance	9,881,458	-	-	-
Unassigned	3,371,392		(2,299,940)	(1,158,312)
<i>Total Fund Balance</i>	\$ 29,021,860	\$ 2,840,525	\$ 961,521	\$ -

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

	Nonmajor Funds			
	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Community Redevelopment Agency
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays				136
Subtotal non-spendable fund balance	-	-	-	136
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation		975,412		
Physical Environment	2,813			
Saenger capital				
Public safety	10,604			
Community development projects			152	2,141,288
Culture and recreation	774,604			
Tree landscape				
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	788,021	975,412	152	2,141,288
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				4,109,564
Natural disaster projects				
Culture and recreation				
Subtotal assigned fund balance	-	-	-	4,109,564
Unassigned	(631,667)		(152)	
Total Fund Balance	\$ 156,354	\$ 975,412	\$ -	\$ 6,250,988

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

	Nonmajor Funds			
	Special Revenue Funds			
	Urban Core Redevelopment Trust	Stormwater Utility Fund	Parking Fund	Law Enforcement Trust
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays		1,097	1,843	
Subtotal non-spendable fund balance	-	1,097	1,843	-
Restricted				
Parking			40,541	
Redevelopment Rev Bond(s) debt payments				
Stormwater projects		1,000		
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Physical Environment				
Saenger capital				
Public safety				372,098
Community development projects				
Culture and recreation				
Tree landscape				
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	-	1,000	40,541	372,098
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects		404,659		
Subtotal committed fund balance	-	404,659	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking			722,073	
Community development projects				
Natural disaster projects				
Culture and recreation				
Subtotal assigned fund balance	-	-	722,073	-
Unassigned				
<i>Total Fund Balance</i>	\$ -	\$ 406,756	\$ 764,457	\$ 372,098

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

	Nonmajor Funds			
	Special Revenue Funds			
	Golf Course Fund	Eastside Tax Incremental Financing District	Inspections Fund	Westside Tax Incremental Financing District
<i>Fund Balance</i>				
Non-spendable				
Inventories	5,622		\$	\$
Prepays				
Subtotal non-spendable fund balance	5,622	-	-	-
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				1,449,783
Culture and recreation	(742)	822,812		
Tree landscape				
Building inspections			1,975,285	
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	(742)	822,812	1,975,285	1,449,783
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	348,771			
Subtotal assigned fund balance	348,771	-	-	-
Unassigned				
<i>Total Fund Balance</i>	\$ 353,651	\$ 822,812	\$ 1,975,285	\$ 1,449,783

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

	Nonmajor Funds			Debt Service Fund
	Special Revenue Funds			
			CMP Management Services Fund	CRA Debt Service
<i>Fund Balance</i>	Recreation Fund	Tennis Fund		
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays	554	1,038	13,235	
Subtotal non-spendable fund balance	554	1,038	13,235	-
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				3,828,619
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Physical Environment				
Saenger capital				
Public safety				
Community development projects				
Culture and recreation			823,052	
Tree landscape				
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	-	-	823,052	3,828,619
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	761,454	247,581	1,521,453	
Subtotal assigned fund balance	761,454	247,581	1,521,453	-
Unassigned				
<i>Total Fund Balance</i>	<u>\$ 762,008</u>	<u>\$ 248,619</u>	<u>\$ 2,357,740</u>	<u>\$ 3,828,619</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

	Nonmajor Funds			
	Debt Service Fund	Capital Projects Funds		
	Local Option Gasoline Tax Debt Service	Local Option Sales Tax Fund	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				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government		67,403		
Transportation	1,536,356	318,815		
Physical Environment				
Saenger capital				
Public safety		2,081,309		
Community development projects			5,332,179	14,611,197
Culture and recreation		2,792,822		
Tree landscape				
Building inspections				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	1,536,356	5,260,349	5,332,179	14,611,197
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		128,057		
<i>Total Fund Balance</i>	\$ 1,536,356	\$ 5,388,406	\$ 5,332,179	\$ 14,611,197

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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	\$	5,622
Prepays		67,260
Subtotal non-spendable fund balance	-	72,882
Restricted		
Parking		40,541
Redevelopment Rev Bond(s) debt payments		3,828,619
Stormwater projects	357,243	358,243
Section 8 program administrative		2,839,667
Natural disaster projects		3,261,461
General government		1,479,067
Transportation		2,958,868
Physical Environment		2,813
Saenger capital		437,982
Public safety		2,543,779
Community development projects		23,534,599
Culture and recreation		5,334,906
Tree landscape		20,890
Building inspections		1,975,285
Local Option Sales Tax debt payment		-
Subtotal restricted fund balance	357,243	48,616,720
Committed		
Council Reserve		14,042,818
Tree landscape		613,302
Park purchases		21,756
Stormwater projects	4,089,782	4,494,441
Subtotal committed fund balance	4,089,782	19,172,317
Assigned		
General government		6,282,144
Demolition		519,544
Lien amnesty		26,498
Housing Initiatives Fund		503,272
Inner City Housing Initiatives		-
Parking		722,073
Community development projects		4,109,564
Natural disaster projects		2,550,000
Culture and recreation		2,879,259
Subtotal assigned fund balance	-	17,592,354
Unassigned		(590,622)
<i>Total Fund Balance</i>	\$ 4,447,025	\$ 84,863,651

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 \$4,344,004 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 \$3,769,562 on September 30, 2022 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, 2022

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, 2022, the claims liability for automobile, general and workers' compensation liability were \$740,972, \$399,253, and \$2,629,337 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 2021 and 2022 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2021	\$4,446,191	1,849,552	(1,717,449)	\$4,578,294
2022	\$4,578,294	2,105,419	(2,914,151)	\$3,769,562

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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022**

	General Pension and Retirement Fund	Firefighter's Relief and Pension Fund	Police Officers' Retirement Fund	Total Pension Trust Funds
ASSETS				
Other cash	\$ 242,840	\$ 266,560	\$ 256,484	\$ 765,884
Receivables:				
Employer	195	235	165	595
Employee	10,734	25,826	8,564	45,124
Total receivables	<u>10,929</u>	<u>26,061</u>	<u>8,729</u>	<u>45,719</u>
Investments :				
Short term investments	4,253,407	4,143,465	2,070,437	10,467,309
Debt Securities & Bond Mutual Funds	23,341,552	22,146,380	24,881,396	70,369,328
Convertible Corporate Bonds	11,298,906	13,196,663		24,495,569
Stock Mutual Funds	3,768,397	22,054,553		25,822,950
Mortgage Backed Securities	22,854,090	9,862,432	21,497,968	54,214,490
Commingled Trust Fund	2,266,469	6,256,285		8,522,754
Domestic Stocks	43,210,493	35,993,329	45,301,698	124,505,520
Preferred Stocks	1,172,430	1,371,328		2,543,758
Foreign Stocks	19,949,489	1,452,270	15,717,338	37,119,097
Total investments	<u>132,115,233</u>	<u>116,476,705</u>	<u>109,468,837</u>	<u>358,060,775</u>
Total assets	<u>\$ 132,369,002</u>	<u>\$ 116,769,326</u>	<u>\$ 109,734,050</u>	<u>\$ 358,872,378</u>
LIABILITIES				
Accounts payable	\$ 463,717	\$ 132,729	\$ 117,371	\$ 713,817
Total liabilities	<u>463,717</u>	<u>132,729</u>	<u>117,371</u>	<u>713,817</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 131,905,285</u>	<u>\$ 116,636,597</u>	<u>\$ 109,616,679</u>	<u>\$ 358,158,561</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

**STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General Pension and Retirement Fund	Firefighter's Relief and Pension Fund	Police Officers' Retirement Fund	Total Pension Trust Funds
Additions:				
Contributions - city	\$ 5,599,854	\$ 1,380,363	\$ 3,972,023	\$ 10,952,240
Contributions - employee	266,873	732,734	214,372	1,213,979
Commission recapture	57	53	800	910
Insurance proceeds - State of Florida	615,134	683,116	1,298,250	1,298,250
Total contributions	<u>5,866,784</u>	<u>2,728,284</u>	<u>4,870,311</u>	<u>13,465,379</u>
Investment income				
Net appreciation/(loss)				
in fair value of investments	(31,363,402)	(27,931,022)	(23,085,615)	(82,380,039)
Interest and dividends	3,166,555	2,419,678	2,828,855	8,415,088
	<u>(28,196,847)</u>	<u>(25,511,344)</u>	<u>(20,256,760)</u>	<u>(73,964,951)</u>
Less investment expense	663,814	624,843	481,996	1,770,653
Net investment income	<u>(28,860,661)</u>	<u>(26,136,187)</u>	<u>(20,738,756)</u>	<u>(75,735,604)</u>
Total additions	<u>(22,993,877)</u>	<u>(23,407,903)</u>	<u>(15,868,445)</u>	<u>(62,270,225)</u>
Deductions:				
Pensions paid - employees	10,765,008	7,410,720	6,714,730	24,890,458
Pensions paid - widows	2,167,824	1,035,399	674,026	3,877,249
Pensions paid - children	4,891			4,891
Refunds to employees		19,782		19,782
Deferred retirement option plan	937,721	595,373	1,171,926	2,705,020
Health insurance assistance	100,212			100,212
Administrative expenses	115,748	123,988	106,997	346,733
Total deductions	<u>14,091,404</u>	<u>9,185,262</u>	<u>8,667,679</u>	<u>31,944,345</u>
Change in net position	<u>(37,085,281)</u>	<u>(32,593,165)</u>	<u>(24,536,124)</u>	<u>(94,214,570)</u>
Net position restricted for pension benefits:				
Beginning of year	<u>168,990,566</u>	<u>149,229,762</u>	<u>134,152,803</u>	<u>452,373,131</u>
End of year	\$ <u><u>131,905,285</u></u>	\$ <u><u>116,636,597</u></u>	\$ <u><u>109,616,679</u></u>	\$ <u><u>358,158,561</u></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, 2022

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, 2022

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, 2020 as well as the Firefighters' Relief and Pension Plan and the Police Officers' Retirement plan as of September 30, 2022 consisted of the following:

	<u>General Pension and Retirement</u>	<u>Firefighters' Relief and Pension</u>	<u>Police Officers' Retirement</u>
Retirees and beneficiaries receiving benefits	587	171	163
Terminated plan members entitled to but not yet receiving benefits	52	3	16
DROP plan members	26	11	6
Active plan members	87	111	59
Total	<u>752</u>	<u>296</u>	<u>244</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, 2022 consisted of the following:

DROP	1
Elected Officials	6
Senior Management Retired	1
Regular Class	375
Regular Class Retired	2
Senior Management	11
Special Risk	107
Special Risk Retired	1
Total	<u>504</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

Benefits Provided. For the HIS Plan, fiscal year ended June 30, 2022, 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, 2022

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 \$3,134,797 for the State's fiscal year ended June 30, 2022.

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 \$424,706 for the State's fiscal year ended June 30, 2022.

For the year ended September 30, 2022, 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%	115.40%	20.70%	96.30%
Regular Class	11.91%	N/A	N/A	N/A	N/A
Senior Mgmt.	31.57%	N/A	N/A	N/A	N/A
Elect Officials	57.00%	N/A	N/A	N/A	N/A
DROP	18.60%	N/A	N/A	N/A	N/A
Special Risk	27.83%	N/A	N/A	N/A	N/A
Retired	5.89%	N/A	N/A	N/A	N/A
Sr. Mgmt Ret.	23.81%	N/A	N/A	N/A	N/A
Sr. Risk Ret.	11.33%	N/A	N/A	N/A	N/A
State	N/A	N/A	N/A	9.20%	16.50%

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, 2022

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, 2022 and the State Board of Administrations policy as of June 30, 2022.

	Florida Retirement System (FRS)	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement
Asset Class:				
Global Equity	54.0%			
Domestic Equity		37%	37%	40%
International Eq		15%	15%	15%
Master Limited Partnerships		5%	5%	
Real Estate	10.3%	8%	8%	10%
Convertible Sec		10%	10%	
Fixed Income	19.8%	25%	25%	25%
Private Equity	11.1%			
Strategic Investments	3.8%			
Cash Equivalents/ Short Term TIPS Alternatives	1.0%			10%
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, 2022, the annual money-weighted rate of return on pension plan investments for the General Pension and Retirement Plan was 23.46 percent. For the year ended September 30, 2022, the Firefighters' Relief and Pension Plan was 22.94 percent and the Police Officers' Retirement Fund was 22.47 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, 2022

NOTE IV. – OTHER INFORMATION (Continued)

Reserves. The Police Officers' Retirement Fund has a small portion of funds deposited in a Contribution Surplus Account (\$966,951) as of September 30, 2022. 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, 2022 for the General Pension and Retirement Plan, Firefighters' Relief and Pension Plan and Police Officers' Retirement Fund were \$2,035,779, \$2,037,673, and \$366,296, 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 Asset/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, 2021, the Firefighters' Relief and Pension Plan as of October 1, 2021, the Police Officers' Retirement Fund as of October 1, 2021, and the Florida Retirement System and HIS Plan as of June 30, 2022 are provided in the table on the following page.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

	General Pension	Fire Pension	Police Pension	FRS Plan	HIS Plan	Total
Total Pension Liability	\$ 175,260,893	\$ 137,847,311	\$ 142,343,805	\$ 159,733,723	\$ 7,809,971	\$ 622,995,703
Plan Fiduciary Net Position	(168,990,567)	(149,229,764)	(134,152,805)	(132,399,608)	(375,773)	(585,148,517)
Less Reserve Accounts			878,884			
City Net Pension (Asset)/Liability	<u>6,270,326</u>	<u>(11,382,453)</u>	<u>9,069,884</u>	<u>27,334,115</u>	<u>7,434,198</u>	<u>38,726,070</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.42%	108.26%	94.25%	82.89%	4.81%	

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 2021 and 2022 relative to the contributions of all participants.

On June 30, 2022, the City's FRS Plan proportionate share of net pension liability was .0735%, which was an increase of .0059% from its proportionate share of .0676% measured as June 30, 2021. The City's HIS proportionate share of net pension liability was .0702% which was an increase of .0060% from its proportionate share .0642% measured as of June 30, 2021.

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, 2022

NOTE IV. – OTHER INFORMATION (Continued)

The actuarial recognized pension expense, calculated in accordance with GASB 68, for the year ended September 30, 2022 is as follows: General Pension and Retirement Plan \$(1,357,254); Firefighters' Relief and Pension Plan \$320,182; and Police Officers' Retirement Fund \$701,871 for a total pension expense of \$(335,201). For the year ended September 30, 2022, the City recognized pension expense of \$5,170,464 for its proportionate share of the FRS Plan and \$863,048 for its proportionate share of the HIS plan.

Contributions made after the measurement date for the year ended September 30, 2022 are as follows: General Pension and Retirement Plan \$5,599,853 (one year of contributions); Firefighters' Relief and Pension Plan \$1,995,497; Police Officers' Retirement Fund \$4,655,139; City's proportionate share of the FRS Plan \$903,435 and City's proportionate share of the HIS plan \$118,702. 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, 2022, 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	\$		\$	- 1,481,890	\$	675,167 -	\$	1,298,213	\$	225,645 32,711	\$	2,199,025	\$	1,514,601
Changes of assumptions				1,151,316		- -		3,366,311		426,133 1,150,066		4,943,760		1,150,066
Net difference between projected and actual investment earnings		- 13,859,006		- 15,558,970		- 13,961,145		1,804,868		- 10,763		- 1,815,631		43,379,121
Differences in Proportionate Share of Contributions								4,130,544		1,832,177		- 5,962,721		-
Total	\$	- 13,859,006	\$	1,151,316 17,040,860	\$	675,167 13,961,145	\$	10,599,936	-	\$ 2,494,718 1,182,777	\$	14,921,137	\$	46,043,788

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	General		Police			
September 30:	Pension	Fire Pension	Pension	FRS	HIS	
2023	\$ (2,787,782)	\$ (3,783,780)	\$ (3,022,177)	\$ 2,792,800	\$ 314,188	
2024	(2,627,048)	(3,425,433)	(3,137,671)	105,391	169,426	
2025	(4,399,097)	(4,602,057)	(3,724,680)	(943,141)	77,466	
2026	(4,045,079)	(4,078,274)	(3,401,450)	8,206,074	171,471	
2027	0	0	0	438,812	398,007	
Thereafter				0	181,384	
Total	\$ (13,859,006)	\$ (15,889,544)	\$ (13,285,978)	\$ 10,599,936	\$ 1,311,942	

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

Actuarial assumptions. The General Pension and Retirement Plan as of September 30, 2021, the Firefighters' Relief and Pension Plan as of October 1, 2021, and the Police Officers' Retirement Fund as of October 1, 2021 total pension liability was determined by an actuarial valuation and the Florida Retirement System was determined by actuarial assumptions as of June 30, 2022, 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%	6.70%	
Municipal bond rate					3.54%
Mortality	PUB-2010 Mortality table for males & females as appropriate	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's 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	8.35%	8.30%	7.50%	N/A
International Equity	4.07%	4.10%	8.50%	N/A
Global Equity	N/A	N/A	7.50%	7.30%
Private Equity	N/A	N/A	N/A	8.90%
Master Limited Partnerships	7.01%	7.00%	N/A	N/A
Real Estate	5.55%	5.50%	4.50%	6.30%
Convertible Sec	7.82%	7.80%	N/A	N/A
Strategic Investments	N/A	N/A	N/A	5.90%
Fixed Income	3.14%	3.10%	2.50%	4.40%
TIPS	N/A	N/A	N/A	N/A
Global Bonds	N/A	N/A	3.50%	N/A
Cash	N/A	N/A	N/A	2.60%

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 6.70% 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 09/30/21	\$ 176,495,325	\$ 146,482,331	\$ 30,012,994
Changes for the year:			
Service Cost	653,860		653,860
Interest	12,200,468		12,200,468
Differences between expected and Actual Experience	0		0
Changes of Assumptions	0		0
Contributions - employer		5,946,411	(5,946,411)
Contributions - employee		279,948	(279,948)
New investment income		30,484,953	(30,484,953)
Benefit payments, including refunds of employee contributions	(14,088,760)	(14,088,760)	
Administrative expense		(114,316)	114,316
Net changes	(1,234,432)	22,508,236	(23,742,668)
Balances at 09/30/22	<u>\$ 175,260,893</u>	<u>\$ 168,990,567</u>	<u>\$ 6,270,326</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

Fire Pension
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 09/30/21	<u>\$ 135,538,471</u>	<u>\$ 126,722,487</u>	<u>\$ 8,815,984</u>
Changes for the year:			
Service Cost	1,497,129		1,497,129
Interest	10,322,867		10,322,867
Differences between expected and Actual Experience	(1,424,849)		(1,424,849)
Changes of assumptions	-		-
Changes in benefit terms	411,685		411,685
Contributions - employer		1,898,060	(1,898,060)
Contributions - employee		619,231	(619,231)
New investment income		28,553,234	(28,553,234)
Benefit payments, including refunds of employee contributions	(8,497,992)	(8,497,992)	
Administrative expense		(65,256)	65,256
Net changes	<u>2,308,840</u>	<u>22,507,277</u>	<u>(20,198,437)</u>
Balances at 09/30/22	<u><u>\$ 137,847,311</u></u>	<u><u>\$ 149,229,764</u></u>	<u><u>\$ (11,382,453)</u></u>

Police 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	<u>\$ 137,999,913</u>	<u>\$ 110,955,080</u>	<u>\$ 27,044,833</u>
Changes for the year:			
Service Cost	785,361		785,361
Interest	9,624,254		9,624,254
Differences between expected and Actual Experience	1,350,334		1,350,334
Changes in Assumptions	-		-
Contributions - employer		4,797,421	(4,797,421)
Contributions - employee		215,050	(215,050)
Contributions - buy back	-	-	-
New investment income		24,880,274	(24,880,274)
Benefit payments, including refunds of employee contributions	(7,416,057)	(7,416,057)	
Administrative expense		(48,522)	48,522
Other changes		(109,325)	109,325
Net changes	<u>4,343,892</u>	<u>22,318,841</u>	<u>(17,974,949)</u>
Balances at 09/30/22	<u><u>\$ 142,343,805</u></u>	<u><u>\$ 133,273,921</u></u>	<u><u>\$ 9,069,884</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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	\$ 22,959,929	\$ 6,270,326	\$ (7,969,917)

<u>Fire Pension</u>	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
City's net pension asset	\$ 4,408,596	\$ (11,382,453)	\$ (24,467,466)

<u>Police Pension</u>	1% Decrease 6.13%	Current Discount Rate 7.13%	1% Increase 8.13%
City's net pension liability	\$ 27,229,357	\$ 9,069,884	\$ (5,848,973)

<u>FRS</u>	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City's net pension liability	\$ 47,272,473	\$ 27,334,115	\$ 10,663,276

<u>HIS</u>	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
City's net pension liability	\$ 8,505,332	\$ 7,434,198	\$ 6,547,855

Payable to the Pension Plan

As of September 30, 2022, the City reported a payable of \$10,929 to the General Pension and Retirement Plan, \$26,061 to the Firefighters' Relief and Pension Plan, \$8,729 to the Police Officers' Retirement Fund, \$195,824 to the FRS Plan, and \$17,376 to HIS Plan for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2022.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

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.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

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>

Total OPEB Liability

The total OPEB liability of \$18,342,306 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, 2022 were as follows:

	<u>FISCAL YEAR 2022</u>
Valuation Date	12/31/2020
Inflation	2.50%
Municipal Bond Index Rate:	
Prior measurement date	2.12%
Measurement date	2.06%
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

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

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.

Changes to Total OPEB Liability

	Total OPEB Liability (a)
Balances at 12/31/20	\$ 18,162,592
Changes for the year:	
Service cost *	223,125
Interest	380,268
Changes in benefit terms	0
Differences between expected and actual experience	(130,766)
Changes in assumptions or other inputs	160,291
Benefit payments	(453,204)
Net changes	<u>179,714</u>
Balances at 12/31/21	<u><u>\$ 18,342,306</u></u>
* 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, 2021, 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, 2021, 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

Since the Prior Measurement Date, the Discount Rate has changed from 2.12% to 2.06% 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.

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%		Current	1%
	Decrease		Discount Rate	Increase
	<u>1.06%</u>		<u>2.06%</u>	<u>3.06%</u>
City's total OPEB liability	\$ 21,351,851	\$	18,342,306	\$ 15,921,203

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%		Current	1%
	Decrease		Current	Increase
	<u>Blended Rate</u>		<u>Blended Rate</u>	<u>Blended Rate</u>
City's total OPEB liability	\$ 15,788,219	\$	18,342,306	\$ 21,489,499

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

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

For the year ended September 30, 2022, the City recognized an OPEB Income of \$1,014,208. Contributions made after the measurement date for the year ended September 30, 2022 were \$250,967. Contributions made after the measurement date are not included as a deferred outflow of resources in the table below. On September 30, 2022, 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	\$	\$ 7,435,701
Changes of assumptions or other inputs	2,578,840	
Total	<u>\$ 2,578,840</u>	<u>\$ 7,435,701</u>

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:	
2022	\$ (943,315)
2023	(943,315)
2024	(943,315)
2025	(806,745)
2026	(563,956)
Thereafter	(656,215)
Total	<u>\$ (4,856,861)</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

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, 2022 there were 396 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.

	General & Police Social Security Replacement Plan	Pension Replacement Plan	Non-Social Security Plan	Elected Officers & Part-time Employees Plan
Employee Contribution	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 9/30/22	\$1,191,740	\$40,905	\$709,363	\$-0-
City Contribution for 9/30/22	\$721,746	\$44,734	N/A	N/A

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

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

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, 2022 were:

General Fund	\$	618,055
Housing Assitances Payments		76,849
Natural Disaster Fund		3,261,470
American Rescue Plan Fund		1,158,314
Utility Fund		2,836,419
Sanitation Fund		9,547
Port Fund		554,100
Airport Fund		25,789,630
Nonmajor Government		13,327,817
Internal Service Fund		227,622
Total	\$	<u>47,859,823</u>

The Airport's outstanding commitment of \$25,789,630 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 Hanger 2. Airport's construction commitments will continue to be large until the project is completed.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

I. Note Receivables

1. Compressed Natural Gas (CNG) station financing. In October 2012, the City 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 contract 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, 2022, the outstanding balance is \$18,531.

2. Compressed Natural Gas (CNG) station financing. In August 2014, the City entered 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, 2022, the outstanding balance is \$192,489.

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, 2022, the City abated real and tangible property taxes totaling \$218,771 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 \$213,193.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE IV. – OTHER INFORMATION (Continued)

K. Change in Accounting Principle

The City adopted GASB Statement 87, “Leases” in fiscal year 2022. The change required the restatement of beginning net position for the governmental and business activities. The beginning net position for governmental -type activities increased by \$641,025 and the beginning net position for business-type activities increased by \$163,065.

B. Other Significant Commitments

1. 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.

2. 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 \$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, 2022

NOTE IV. – OTHER INFORMATION (Continued)

Community Redevelopment Agency (CRA)

- 1. *CRA Interlocal Agreement – Downtown Improvement Board.*** On September 11, 2022, 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, 2025. 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 Increment Revenues derived from the Urban Core Redevelopment Area. Payments for the year ended September 30, 2022 totaled \$357,534.
- 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 Increment 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, 2022 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, 2022

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 personal 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 personal. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2022 totaled \$692,142.

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, 2022 totaled \$350,966.

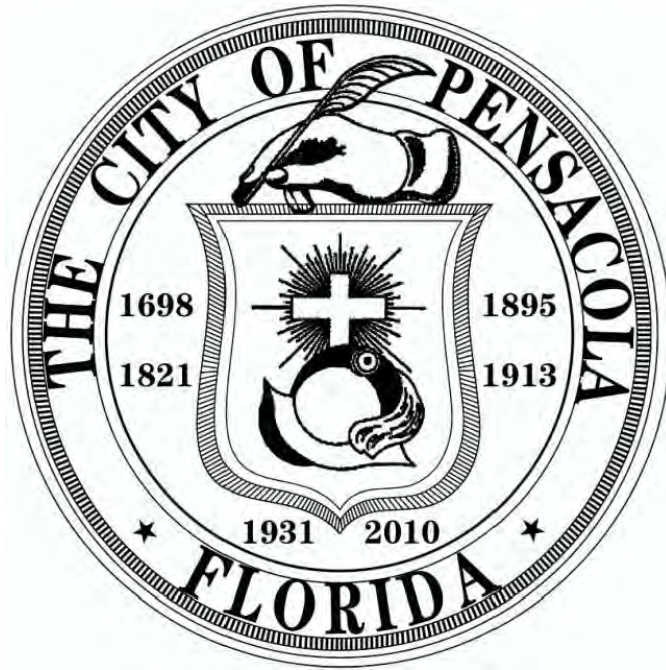
6. *CRA Interlocal Agreement – Eastside Landscape Maintenance Services.* On November 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape, park, property management, leasing, accessibility improvement, public space enhancement, and facilities 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, 2022 totaled \$17,149.

7. *CRA Interlocal Agreement – Community Policing Innovations.* On September 20, 2021, 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, 2022. 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, 2022 totaled \$92,138

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022, \$1,689,068 has been paid towards improvements.



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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 *								
	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service Cost (BOY)	\$ 653,860	\$ 706,288	\$ 692,814	\$ 806,853	\$ 806,853	\$ 960,937	\$ 875,872	\$ 875,872
Interest	12,200,468	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	(14,078,231)	(13,412,714)	(13,364,040)	(13,213,824)	(14,334,373)	(13,902,080)	(13,007,151)	(13,664,554)
Refunds of contributions	(10,529)	(23,117)	(31,267)			(82,082)	(31,304)	(82,048)
Net change in total pension liability	(1,234,432)	(3,605,597)	168,172	1,810,289	(440,147)	1,501,389	2,847,197	168,688
Total pension liability - beginning	176,495,325	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)	\$ 175,260,893	\$ 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	\$ 5,946,411	\$ 5,946,490	\$ 6,200,753	\$ 6,200,956	\$ 6,788,208	6,788,559	\$ 6,586,144	\$ 6,586,424
Contributions - member	279,948	285,355	294,284	305,534	341,314	360,693	375,026	388,789
Net investment income	30,484,953	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	(14,078,231)	(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	(10,529)	(23,117)	(31,267)	(14,721)		(82,082)	(31,304)	(82,048)
Administrative expense	(114,316)	(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	22,508,236	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	146,482,331	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	168,990,567	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)	\$ 168,990,567	\$ 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)	\$ 6,270,326	\$ 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	96.42%	83.00%	78.73%	81.72%	80.00%	75.53%	73.67%	78.48%
Covered payroll	5,076,072	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	123.53%	592.29%	728.53%	592.05%	577.07%	688.41%	675.42%	554.70%
Annual money-weighted rate of return	23.46%	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 *										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	\$ 5,946,411	\$ 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
Actual employer contribution	5,946,411	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
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 5,076,072	\$ 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
Actual contributions as a % of covered payroll	117.15%	116.83%	117.35%	117.92%	111.63%	109.93%	106.95%	108.89%	110.22%	102.81%
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 2022	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	9/30/2020	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	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	Level Dollar Closed
Remaining Amortization Period	7 years	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	5 year smoothed market
Actuarial Assumptions:								
Inflation	2.40%	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%	4.50% - 9.50%
Investment rate of return	7.2%, net of pension plan investment expense, including inflation	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%	1.0-1.5%
Mortality Rates	PUB-2010 Headcount Weighted	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

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost (BOY)	\$ 1,497,129	\$ 1,258,728	\$ 1,290,959	\$ 1,263,734	\$ 1,317,501	\$ 1,340,661	\$ 1,189,882	\$ 1,578,578
Interest	10,322,867	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	(1,424,849)	(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	411,685		(1,793)			802,334	(4,080,439)	
Contributions - Buy Back						44,064		
Benefit payments, including refunds of member contributions	(8,497,992)	(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	2,308,840	3,246,653	900,826	2,820,089	63,017	2,371,093	7,148,460	2,531,760
Total pension liability - beginning	135,538,471	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)	\$ 137,847,311	\$ 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	\$ 1,898,060	\$ 1,720,961	\$ 1,658,203	\$ 2,009,062	\$ 2,336,545	3,826,740	\$ 4,334,264	\$ 3,649,568
Contributions - member	619,231	543,443	505,660	480,066	449,131	421,774	474,193	457,362
Contributions - Buy Back						44,064		
Net investment income	28,553,234	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	(8,497,992)	(9,404,872)	(10,188,894)	(8,438,858)	(8,511,653)	(8,929,344)	(6,788,324)	(8,163,106)
Administrative expense	(65,256)	(75,205)	(73,186)	(93,728)	(90,536)	(105,921)	(92,822)	(131,563)
Other					81,471			
Net change in plan fiduciary net position	22,507,277	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	126,722,487	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	149,229,764	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)	\$ 149,229,764	\$ 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)	\$ (11,382,453)	\$ 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	108.26%	93.50%	91.33%	95.51%	93.82%	88.62%	86.17%	94.58%
Covered payroll	5,629,353	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	-202.20%	178.45%	249.39%	135.33%	194.67%	381.40%	232.70%	155.07%
Annual money-weighted rate of return	22.94%	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 *											
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	\$ 1,837,352	\$ 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	1,898,060	1,898,060	1,720,961	1,658,203	2,009,062	2,336,545	3,826,740	4,334,264	3,097,587	3,234,358	3,562,977
Annual contribution deficiency (excess)	\$ (60,708)	\$ 0	\$ (9,155)	\$ (14,125)	\$ (15,419)	\$ (15,260)	\$ (4,260)	\$ 0	\$ 0	\$ 0	\$ (68,588)
Covered payroll	\$ 5,629,353	\$ 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%	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 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	10/1/2021	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	Entry Age Normal
Amortization Method	New UAAL amortization bases are amortized over 15 years	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	12	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	5 year phased in period
Actuarial Assumptions:								
Inflation	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	3.00%	3.00%
Salary increase	Service Based	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%	7.75%	8.00%
Cost of living adjustments	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%
Mortality:	PUBS.H-2010	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 ***

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost (BOY)	\$ 785,361	\$ 825,932	\$ 786,760	\$ 816,071	\$ 761,793	\$ 912,596	\$ 818,742	\$ 860,340
Interest	9,624,254	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	1,350,334	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	(7,416,057)	(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	4,343,892	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	137,999,913	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)	\$ 142,343,805	\$ 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	\$ 4,157,135	\$ 4,254,519	\$ 4,445,468	\$ 4,528,544	\$ 4,331,190	3,830,736	\$ 3,830,839	\$ 3,825,656
Contributions - member	215,050	219,429	211,533	209,565	218,457	227,357	240,097	156,000
Net investment income	24,880,274	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	(7,416,057)	(7,544,199)	(6,317,326)	(6,397,599)	(8,755,072)	(7,539,629)	(6,446,003)	(5,994,107)
Administrative expense	(48,522)	(38,631)	(48,723)	(52,447)	(115,371)	(93,853)	(82,441)	(69,051)
State Insurance	640,286	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	22,428,166	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	111,724,639	105,137,476	101,955,040	93,617,461	85,740,569	80,130,799	84,437,986	79,153,159
Plan fiduciary net position - ending	134,152,805	111,724,639	105,137,476	101,955,040	93,617,461	85,740,569	80,130,799	84,437,986
LESS RESERVE ACCOUNTS	878,884	769,559	668,865	371,687	775,007	1,168,510	1,203,293	1,097,405
Total Plan fiduciary net position (b)	\$ 133,273,921	\$ 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)	\$ 9,069,884	\$ 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	94.3%	81.0%	77.1%	77.3%	72.5%	65.2%	62.0%	70.6%
Covered payroll	\$ 4,135,565	\$ 4,219,813	\$ 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	219.3%	640.9%	785.8%	740.1%	836.7%	1030.3%	1095.1%	777.7%
Annual money-weighted rate of return	22.47%	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 *										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	\$ 4,757,576	\$ 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
Actual employer contribution	4,757,576	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
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 4,135,565	\$ 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
Actual contributions as a % of covered payroll	115.04%	116.00%	115.61%	124.07%	126.58%	116.01%	99.82%	98.19%	96.24%	58.15%
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 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	10/1/2021	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	Individual Entry Age
Amortization method	New UAAL amortization	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount
Remaining Amortization Period	10	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	5 year weighted index
Actuarial Assumptions:								
Inflation	2.50%	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%	4.00%
Investment rate of return	7.125%	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%	2.50%
Mortality Rates	PUBS.H-2010	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								
	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the FRS net pension liability (asset)	0.073462936%	0.067580322%	0.059663066%	0.055026148%	0.049432047%	0.045283952%	0.041335299%	0.039418763%
City's proportion of the FRS net pension liability (asset)	\$ 27,334,115	\$ 5,104,925	\$ 25,858,852	\$ 18,949,722	\$ 14,889,189	\$ 13,394,689	\$ 10,437,195	\$ 5,091,462
Covered payroll	\$ 25,635,863	\$ 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	106.6%	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	82.89%	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								
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	\$ 3,134,797	\$ 2,574,518	\$ 1,982,339	\$ 1,706,208	\$ 1,453,249	\$ 1,210,082	\$ 1,099,355	\$ 978,143
Actual employer contribution	3,134,797	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	\$ 0
Covered payroll	\$ 28,415,317	\$ 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	11.03%	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 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	6/30/2022	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	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 Percentage Closed, Layered	Level Dollar Amount Closed	Level Dollar Amount Closed
Asset Valuation Method	20 years	20 years	25 years	30 years	30 years	30 years	30 years	30 years
Actuarial Assumptions:								
Inflation	2.40%	2.40%	2.40%	2.60%	2.60%	2.60%	2.60%	2.60%
Salary increase	Varies	Varies	Varies	Varies	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.70%	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%	0.00%
Mortality Rates	Generational PUB-2010 with Scale MP-2018	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								
	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the HIS net pension liability (asset)	0.070189581%	0.064240703%	0.055541371%	0.051069262%	0.047519167%	0.043820246%	0.041586882%	0.040531215%
City's proportion of the HIS net pension liability (asset)	\$ 7,434,198	\$ 7,880,088	\$ 6,781,511	\$ 5,714,139	\$ 5,029,482	\$ 4,685,463	\$ 4,846,779	\$ 4,133,546
Covered payroll	\$ 25,584,699	\$ 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	29.1%	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	4.81%	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								
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	\$ 424,706	\$ 377,607	\$ 320,059	\$ 283,583	262,412	241,173	\$ 221,345	\$ 169,762
Actual employer contribution	424,706	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	\$ 0
Covered payroll	\$ 27,149,190	\$ 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%	1.56%	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 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	6/30/2022	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	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	Fair Market Value
Actuarial Assumptions:								
Inflation	2.40%	2.40%	2.40%	2.60%	2.60%	2.60%	2.60%	2.60%
Salary increase	3.25%	Varies	Varies	Varies	3.25%	3.25%	3.25%	3.25%
Discount rate	3.54%	2.16%	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%	0.00%
Mortality Rates	Generational PUB-2010 with Projection Scale MP- 2018	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service Cost	\$ 223,125	\$ 133,896	\$ 91,439	\$ 101,187	\$ 87,688
Interest	380,268	593,862	977,708	895,230	798,393
Difference between Expected & Actual Experience	(130,766)	(5,711,095)	(5,486,957)	(392,192)	(368,076)
Changes in Assumptions or Other Inputs	160,291	1,074,050	2,968,014	(2,748,991)	5,416,699
Changes of benefit terms	-	642,604	-	-	-
Benefit payments	<u>(453,204)</u>	<u>(485,747)</u>	<u>(610,816)</u>	<u>(351,400)</u>	<u>(329,792)</u>
Net change in total OPEB liability	179,714	(3,752,430)	(2,060,612)	(2,496,166)	5,604,912
Total OPEB liability - beginning	<u>18,162,592</u>	<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>\$ 18,342,306</u>	<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	 34,492,658	 27,368,943	 26,571,789	 23,130,270

Notes to Schedule:

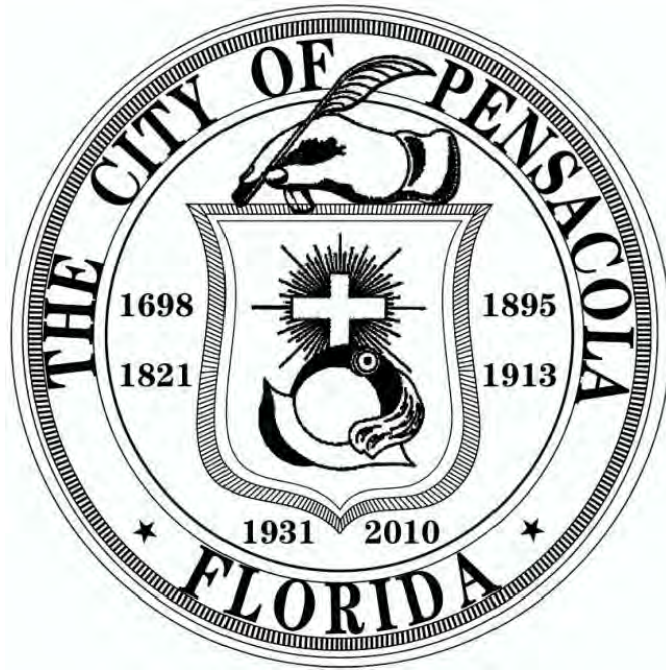
Changes in benefit terms. There are no changes in benefit terms since the Prior Measurement Date.

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%
2022	2.06%

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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

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.

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Community Redevelopment Agency
ASSETS				
Cash and cash equivalents	\$ 13,972	\$ 496,349	\$	\$ 3,272,757
Other cash			8,311	
Investments	9,790	347,787		2,293,185
Accrued Interest				9
Accounts receivable				
Due from other funds				
Due from other governments	1,297,476	131,276	91,762	
Prepays and deposits				136
Inventory				
Notes receivable	498,754		286,047	
Lease Receivable				11,462
Restricted assets				
Cash and cash equivalents				600,671
Investments				420,884
Total assets	\$ 1,819,992	\$ 975,412	\$ 386,120	\$ 6,599,104
LIABILITIES				
Accounts payable	\$ 46,101	\$	\$ 1,829	\$ 10,654
Contracts payable	481,480			198,253
Contracts payable - retainage	52,939			2,997
Due to other funds	261,273		98,244	23,537
Due to other governments	88,060			
Compensated absences payable				
Unearned revenue	235,031			
Deposits				101,000
Total liabilities	1,164,884	0	100,073	336,441
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	498,754		286,047	
Related to leases				11,675
Total deferred inflows of resources	498,754	0	286,047	11,675
FUND BALANCE (DEFICITS)				
Non-spendable				136
Restricted	788,021	975,412	152	2,141,288
Committed				
Assigned				4,109,564
Unassigned	(631,667)		(152)	
Total fund balances	156,354	975,412	0	6,250,988
Total liabilities, deferred inflows of resources and fund balances	\$ 1,819,992	\$ 975,412	\$ 386,120	\$ 6,599,104
Fund balances at end of year	\$ 156,354	\$ 975,412	\$ 0	\$ 6,250,988

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds			
	Urban Core Redevelopment Trust	Stormwater Utility Fund	Parking Fund	Law Enforcement Trust
ASSETS				
Cash and cash equivalents	\$	\$ 269,895	\$ 485,768	\$ 234,102
Other cash				
Investments		189,112	340,372	164,033
Accrued Interest				
Accounts receivable				
Due from other funds				
Due from other governments		9,310		
Prepays and deposits		1,097	1,843	
Inventory				
Notes receivable				
Lease Receivable				
Restricted assets				
Cash and cash equivalents				
Investments				
Total assets	\$ <u>0</u>	\$ <u>469,414</u>	\$ <u>827,983</u>	\$ <u>398,135</u>
LIABILITIES				
Accounts payable	\$	\$ 4,355	\$ 35,782	\$ 1,121
Contracts payable		8,625	7,800	24,916
Contracts payable - retainage				
Due to other funds		49,678	17,231	
Due to other governments				
Compensated absences payable			2,713	
Unearned revenue				
Deposits				
Total liabilities	<u>0</u>	<u>62,658</u>	<u>63,526</u>	<u>26,037</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Related to leases				
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE (DEFICITS)				
Non-spendable		1,097	1,843	
Restricted		1,000	40,541	372,098
Committed		404,659		
Assigned			722,073	
Unassigned				
Total fund balances	<u>0</u>	<u>406,756</u>	<u>764,457</u>	<u>372,098</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>0</u>	\$ <u>469,414</u>	\$ <u>827,983</u>	\$ <u>398,135</u>
Fund balances at end of year	\$ <u>0</u>	\$ <u>406,756</u>	\$ <u>764,457</u>	\$ <u>372,098</u>

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds			
	Golf Course Fund	Eastside Tax Increment Financing District	Inspections Fund	Westside Tax Increment Financing District
ASSETS				
Cash and cash equivalents	\$ 220,056	\$ 498,196	\$ 1,222,758	\$ 878,634
Other cash				
Investments	154,191	349,080	856,773	615,648
Accrued Interest	1			
Accounts receivable				
Due from other funds				
Due from other governments				
Prepays and deposits	4,259			
Inventory	1,363			
Notes receivable				
Lease Receivable	7,444			
Restricted assets				
Cash and cash equivalents				
Investments				
Total assets	\$ 387,314	\$ 847,276	\$ 2,079,531	\$ 1,494,282
LIABILITIES				
Accounts payable	\$ 14,949	\$ 5,008	\$ 20,822	\$ 83
Contracts payable	744	18,344	3,980	42,000
Contracts payable - retainage				
Due to other funds	5,452	1,112	42,189	2,416
Due to other governments				
Compensated absences payable				
Unearned revenue				
Deposits	2,475		37,255	
Total liabilities	23,620	24,464	104,246	44,499
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,500			
Related to leases	8,543			
Total deferred inflows of resources	10,043	0	0	0
FUND BALANCE (DEFICITS)				
Non-spendable	5,622			
Restricted	(742)	822,812	1,975,285	1,449,783
Committed				
Assigned	348,771			
Unassigned				
Total fund balances	353,651	822,812	1,975,285	1,449,783
Total liabilities, deferred inflows of resources and fund balances	\$ 387,314	\$ 847,276	\$ 2,079,531	\$ 1,494,282
Fund balances at end of year	\$ 353,651	\$ 822,812	\$ 1,975,285	\$ 1,449,783

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds			Debt Service Funds
	Recreation Fund	Tennis Fund	CMP Management Services Fund	CRA Debt Service
ASSETS				
Cash and cash equivalents	\$ 311,054	\$ 150,863	\$ 253,543	\$
Other cash				
Investments	217,952	105,708	177,655	
Accrued Interest	198	148	48,338	
Accounts receivable	2,000	10,417	384,830	
Due from other funds	347,681			
Due from other governments				
Prepays and deposits	554	1,038	13,235	
Inventory				
Notes receivable				
Lease Receivable	602,561	299,977	2,181,437	
Restricted assets				
Cash and cash equivalents			793,929	2,251,217
Investments			556,298	1,577,402
Total assets	\$ 1,482,000	\$ 568,151	\$ 4,409,265	\$ 3,828,619
LIABILITIES				
Accounts payable	\$ 29,852	\$ 3,375	\$ 47,734	\$
Contracts payable	1,725		22,104	
Contracts payable - retainage				
Due to other funds			3,338	
Due to other governments				
Compensated absences payable				
Unearned revenue			71,875	
Deposits	95,747		10,535	
Total liabilities	127,324	3,375	155,586	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,000	10,417		
Related to leases	590,668	305,740	1,895,939	
Total deferred inflows of resources	592,668	316,157	1,895,939	0
FUND BALANCE (DEFICITS)				
Non-spendable	554	1,038	13,235	
Restricted	0		823,052	3,828,619
Committed				
Assigned	761,454	247,581	1,521,453	
Unassigned				
Total fund balances	762,008	248,619	2,357,740	3,828,619
Total liabilities, deferred inflows of resources and fund balances	\$ 1,482,000	\$ 568,151	\$ 4,409,265	\$ 3,828,619
Fund balances at end of year	\$ 762,008	\$ 248,619	\$ 2,357,740	\$ 3,828,619

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Debt Service Funds	Capital Projects Funds		
	Local Option Gas Tax Debt Service	Local Option Sales Tax Fund	CRA 2017 Project Fund	CRA 2019 Project Fund
ASSETS				
Cash and cash equivalents	\$	\$ 1,331,025	\$ 3,137,564	\$ 8,660,519
Other cash				
Investments		932,634	2,198,459	6,068,330
Accrued Interest				
Accounts receivable				
Due from other funds				
Due from other governments		1,402,765		
Prepays and deposits				
Inventory				
Notes receivable				
Lease Receivable				
Restricted assets				
Cash and cash equivalents	903,373	1,506,336		
Investments	632,983	1,055,473		
Total assets	\$ 1,536,356	\$ 6,228,233	\$ 5,336,023	\$ 14,728,849
LIABILITIES				
Accounts payable	\$	\$ 2,574	\$	\$
Contracts payable		795,853	3,844	73,605
Contracts payable - retainage		41,400		44,047
Due to other funds				
Due to other governments				
Compensated absences payable				
Unearned revenue				
Deposits				
Total liabilities	0	839,827	3,844	117,652
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Related to leases				
Total deferred inflows of resources	0	0	0	0
FUND BALANCE (DEFICITS)				
Non-spendable				
Restricted	1,536,356	5,260,349	5,332,179	14,611,197
Committed				
Assigned				
Unassigned		128,057		
Total fund balances	1,536,356	5,388,406	5,332,179	14,611,197
Total liabilities, deferred inflows of resources and fund balances	\$ 1,536,356	\$ 6,228,233	\$ 5,336,023	\$ 14,728,849
Fund balances at end of year	\$ 1,536,356	\$ 5,388,406	\$ 5,332,179	\$ 14,611,197

(continued)

CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	Capital Projects Funds		Total
	Local Option Sales Tax Project Fund	Stormwater Capital	Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$	\$ 2,620,803	\$ 24,057,858
Other cash			8,311
Investments		1,836,368	16,857,077
Accrued Interest			48,694
Accounts receivable			397,247
Due from other funds			347,681
Due from other governments			2,932,589
Prepays and deposits			22,162
Inventory			1,363
Notes receivable			784,801
Lease Receivable			3,102,881
Restricted assets			
Cash and cash equivalents			6,055,526
Investments			4,243,040
Total assets	\$ 0	\$ 4,457,171	\$ 58,859,230
LIABILITIES			
Accounts payable	\$	\$ 10,146	\$ 234,385
Contracts payable			1,683,273
Contracts payable - retainage			141,383
Due to other funds			504,470
Due to other governments			88,060
Compensated absences payable			2,713
Unearned revenue			306,906
Deposits			247,012
Total liabilities	0	10,146	3,208,202
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			798,718
Related to leases			2,812,565
Total deferred inflows of resources	0	0	3,611,283
FUND BALANCE (DEFICITS)			
Non-spendable			23,525
Restricted		357,243	40,314,645
Committed		4,089,782	4,494,441
Assigned			7,710,896
Unassigned			(503,762)
Total fund balances	0	4,447,025	52,039,745
Total liabilities, deferred inflows of resources and fund balances	\$ 0	\$ 4,457,171	\$ 58,859,230
Fund balances at end of year	\$ 0	\$ 4,447,025	\$ 52,039,745

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Community Redevelopment Agency
Revenues:				
Taxes	\$	1,428,852		
Licenses and permits				
Intergovernmental	1,860,082		603,122	
Charges for services				15,829
Fines and forfeits				
Interest income		7,722	4,326	22,974
Donations	165,593			
Other			23,704	25,000
Total revenues	<u>2,025,675</u>	<u>1,436,574</u>	<u>631,152</u>	<u>63,803</u>
Expenditures:				
Current -				
General government			631,152	3,435,206
Public safety	303,450			
Transportation	4,661	4,300		
Culture and recreation	62,998			
Economic environment	217,521			
Physical environment	130,127			
Capital outlay	1,261,198			187,391
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>1,979,955</u>	<u>4,300</u>	<u>631,152</u>	<u>3,622,597</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,720</u>	<u>1,432,274</u>	<u>0</u>	<u>(3,558,794)</u>
Other financing sources (uses):				
Transfers in				3,990,366
Transfers (out)		(1,536,318)		
Sale of capital assets				
Total other financing sources (uses)	<u>0</u>	<u>(1,536,318)</u>	<u>0</u>	<u>3,990,366</u>
Net Change in fund balances	<u>45,720</u>	<u>(104,044)</u>	<u>0</u>	<u>431,572</u>
Fund balances at beginning of year	<u>110,634</u>	<u>1,079,456</u>	<u>0</u>	<u>5,819,416</u>
Change in accounting principle - Implementation of GASB 87	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances at end of year	<u>\$ 156,354</u>	<u>\$ 975,412</u>	<u>\$ 0</u>	<u>\$ 6,250,988</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, 2022

	Special Revenue Funds			
	Urban Core Redevelopment Trust	Stormwater Utility Fund	Parking Fund	Law Enforcement Trust
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits				
Intergovernmental	5,084,151			
Charges for services		3,051,398	1,128,383	
Fines and forfeits		6,038		181,666
Interest income		2,002	2,680	1,265
Donations				
Other			1,189	
Total revenues	<u>5,084,151</u>	<u>3,059,438</u>	<u>1,132,252</u>	<u>182,931</u>
Expenditures:				
Current -				
General government				
Public safety				82,291
Transportation			776,397	
Culture and recreation				
Economic environment				
Physical environment		2,929,184		
Capital outlay			13,835	
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>0</u>	<u>2,929,184</u>	<u>790,232</u>	<u>82,291</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,084,151</u>	<u>130,254</u>	<u>342,020</u>	<u>100,640</u>
Other financing sources (uses):				
Transfers in	2,999,452			
Transfers (out)	(8,083,603)			
Sale of capital assets				
Total other financing sources (uses)	<u>(5,084,151)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in fund balances	<u>0</u>	<u>130,254</u>	<u>342,020</u>	<u>100,640</u>
Fund balances at beginning of year	<u>0</u>	<u>276,502</u>	<u>422,437</u>	<u>271,458</u>
Change in accounting principle - Implementation of GASB 87	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances at end of year	<u>\$ 0</u>	<u>\$ 406,756</u>	<u>\$ 764,457</u>	<u>\$ 372,098</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, 2022

	Special Revenue Funds			
	<u>Golf Course Fund</u>	<u>Eastside Tax Incremental Financing District</u>	<u>Inspections Fund</u>	<u>Westside Tax Incremental Financing District</u>
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits			2,646,741	
Intergovernmental		178,747		729,840
Charges for services	629,350		30,450	
Fines and forfeits				
Interest income	1,766	3,113	6,828	6,214
Donations				
Other			110	
Total revenues	<u>631,116</u>	<u>181,860</u>	<u>2,684,129</u>	<u>736,054</u>
Expenditures:				
Current -				
General government		99,565		182,994
Public safety			1,836,879	
Transportation				
Culture and recreation	782,487			
Economic environment				
Physical environment				
Capital outlay	5,208	23,189	6,956	182,146
Debt service -				
Principal retirement				
Interest		15,000		
Total expenditures	<u>787,695</u>	<u>137,754</u>	<u>1,843,835</u>	<u>365,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(156,579)</u>	<u>44,106</u>	<u>840,294</u>	<u>370,914</u>
Other financing sources (uses):				
Transfers in	250,000	115,882		472,841
Transfers (out)		(89,446)		(278,601)
Sale of capital assets				
Total other financing sources (uses)	<u>250,000</u>	<u>26,436</u>	<u>0</u>	<u>194,240</u>
Net Change in fund balances	<u>93,421</u>	<u>70,542</u>	<u>840,294</u>	<u>565,154</u>
Fund balances at beginning of year	<u>261,200</u>	<u>752,270</u>	<u>1,134,991</u>	<u>884,629</u>
Change in accounting principle - Implementation of GASB 87	<u>(970)</u>			
Fund balances at end of year	<u>\$ 353,651</u>	<u>\$ 822,812</u>	<u>\$ 1,975,285</u>	<u>\$ 1,449,783</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, 2022

	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	731,441	117,419	1,060,144	
Fines and forfeits				
Interest income	21,377	6,100	72,729	11,814
Donations	2,851		77,758	
Other			202	
Total revenues	<u>755,669</u>	<u>123,519</u>	<u>1,210,833</u>	<u>11,814</u>
Expenditures:				
Current -				
General government				
Public safety				
Transportation				
Culture and recreation	889,740	87,802	868,324	
Economic environment				
Physical environment				
Capital outlay	66,257	7,620	70,772	
Debt service -				
Principal retirement			20,000	1,892,571
Interest				2,236,973
Total expenditures	<u>955,997</u>	<u>95,422</u>	<u>959,096</u>	<u>4,129,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200,328)</u>	<u>28,097</u>	<u>251,737</u>	<u>(4,117,730)</u>
Other financing sources (uses):				
Transfers in				4,461,284
Transfers (out)				
Sale of capital assets				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,461,284</u>
Net Change in fund balances	<u>(200,328)</u>	<u>28,097</u>	<u>251,737</u>	<u>343,554</u>
Fund balances at beginning of year	<u>957,036</u>	<u>220,522</u>	<u>1,816,892</u>	<u>3,485,065</u>
Change in accounting principle - Implementation of GASB 87	<u>5,300</u>		<u>289,111</u>	
Fund balances at end of year	<u>\$ 762,008</u>	<u>\$ 248,619</u>	<u>\$ 2,357,740</u>	<u>\$ 3,828,619</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, 2022

	Debt Service Funds	Capital Project Funds		
	Local Option Gas Tax Debt Service	Local Option Sales Tax Fund	CRA 2017 Project Fund	CRA 2019 Project Fund
Revenues:				
Taxes	\$	\$ 12,234,246	\$	\$
Licenses and permits				
Intergovernmental				
Charges for services				
Fines and forfeits				
Interest income	38	3,164	24,004	53,191
Donations				
Other		272,997		
Total revenues	<u>38</u>	<u>12,510,407</u>	<u>24,004</u>	<u>53,191</u>
Expenditures:				
Current -				
General government			3,855	
Public safety		363,629		
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Capital outlay		6,581,943	1,656,781	2,038,242
Debt service -				
Principal retirement	1,390,000	2,181,000		
Interest	147,022	381,206		
Total expenditures	<u>1,537,022</u>	<u>9,507,778</u>	<u>1,660,636</u>	<u>2,038,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,536,984)</u>	<u>3,002,629</u>	<u>(1,636,632)</u>	<u>(1,985,051)</u>
Other financing sources (uses):				
Transfers in	1,536,318			
Transfers (out)		(773,596)		
Sale of capital assets		6,400		
Total other financing sources (uses)	<u>1,536,318</u>	<u>(767,196)</u>	<u>0</u>	<u>0</u>
Net Change in fund balances	<u>(666)</u>	<u>2,235,433</u>	<u>(1,636,632)</u>	<u>(1,985,051)</u>
Fund balances at beginning of year	<u>1,537,022</u>	<u>3,152,973</u>	<u>6,968,811</u>	<u>16,596,248</u>
Change in accounting principle - Implementation of GASB 87				
Fund balances at end of year	<u>\$ 1,536,356</u>	<u>\$ 5,388,406</u>	<u>\$ 5,332,179</u>	<u>\$ 14,611,197</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, 2022

	Capital Project Funds		Total
	Local Option Sales Tax Project Fund	Stormwater Capital	Nonmajor Governmental Funds
Revenues:			
Taxes	\$	\$	\$ 13,663,098
Licenses and permits			2,646,741
Intergovernmental			8,455,942
Charges for services			6,764,414
Fines and forfeits			187,704
Interest income		15,950	267,257
Donations			246,202
Other		24,250	347,452
Total revenues	<u>0</u>	<u>40,200</u>	<u>32,578,810</u>
Expenditures:			
Current -			
General government			4,352,772
Public safety			2,586,249
Transportation			785,358
Culture and recreation			2,691,351
Economic environment			217,521
Physical environment		779,955	3,839,266
Capital outlay		1,299,376	13,400,914
Debt service -			
Principal retirement			5,483,571
Interest			2,780,201
Total expenditures	<u>0</u>	<u>2,079,331</u>	<u>36,137,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(2,039,131)</u>	<u>(3,558,393)</u>
Other financing sources (uses):			
Transfers in		2,735,000	16,561,143
Transfers (out)			(10,761,564)
Sale of capital assets			6,400
Total other financing sources (uses)	<u>0</u>	<u>2,735,000</u>	<u>5,805,979</u>
Net Change in fund balances	<u>0</u>	<u>695,869</u>	<u>2,247,586</u>
Fund balances at beginning of year	<u>0</u>	<u>3,751,156</u>	<u>49,498,718</u>
Change in accounting principle - Implementation of GASB 87			293,441
Fund balances at end of year	<u>\$ 0</u>	<u>\$ 4,447,025</u>	<u>\$ 52,039,745</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, 2022

	Special Grants			Local Option Gasoline Tax		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$ 1,370,000	1,428,852	\$ 58,852
Licenses and permits						
Intergovernmental	7,159,033	1,860,082	(5,298,951)			
Charges for services						
Fines and forfeits						
Interest income				0	7,722	7,722
Donations	379,522	165,593	(213,929)			
Other						
Total revenues	<u>7,538,555</u>	<u>2,025,675</u>	<u>(5,512,880)</u>	<u>1,370,000</u>	<u>1,436,574</u>	<u>66,574</u>
Expenditures:						
Current -						
General government						
Public safety	499,238	303,450	195,788			
Transportation	253,662	4,661	249,001	4,300	4,300	0
Culture and recreation	213,885	62,998	150,887			
Economic environment	1,822,789	217,521	1,605,268			
Physical environment	695,319	130,127	565,192			
Human services						
Capital outlay	4,053,662	1,261,198	2,792,464			
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>7,538,555</u>	<u>1,979,955</u>	<u>5,558,600</u>	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>45,720</u>	<u>45,720</u>	<u>1,365,700</u>	<u>1,432,274</u>	<u>66,574</u>
Other financing sources (uses):						
Transfers in						
Transfers (out)				(1,537,100)	(1,536,318)	(782)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,537,100)</u>	<u>(1,536,318)</u>	<u>(782)</u>
Net Change in fund balances	<u>\$ 0</u>		<u>\$ 45,720</u>	<u>\$ (171,400)</u>		<u>\$ 65,792</u>
Fund balances at beginning of year		<u>110,634</u>			<u>1,079,456</u>	
Change in accounting principle - Implementation of GASB 87						
Fund balances at end of year		<u>\$ 156,354</u>			<u>\$ 975,412</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, 2022

	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	1,876,342	603,122	(1,273,220)			
Charges for services				16,000	15,829	(171)
Fines and forfeits						
Interest income	0	4,326	4,326	0	22,974	22,974
Donations						
Other	0	23,704	23,704	0	25,000	25,000
Total revenues	<u>1,876,342</u>	<u>631,152</u>	<u>(1,245,190)</u>	<u>16,000</u>	<u>63,803</u>	<u>47,803</u>
Expenditures:						
Current -						
General government	1,876,342	631,152	1,245,190	7,873,184	3,435,206	4,437,978
Public safety						
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay				944,956	187,391	757,565
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>1,876,342</u>	<u>631,152</u>	<u>1,245,190</u>	<u>8,818,140</u>	<u>3,622,597</u>	<u>5,195,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,802,140)</u>	<u>(3,558,794)</u>	<u>5,243,346</u>
Other financing sources (uses):						
Transfers in				3,984,300	3,990,366	6,066
Transfers (out)						
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,984,300</u>	<u>3,990,366</u>	<u>6,066</u>
Net Change in fund balances	<u>\$ 0</u>		<u>\$ 0</u>	<u>\$ (4,817,840)</u>		<u>\$ 5,249,412</u>
Fund balances at beginning of year		<u>0</u>			<u>5,819,416</u>	
Change in accounting principle - Implementation of GASB 87						
Fund balances at end of year		<u>\$ 0</u>			<u>\$ 6,250,988</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, 2022

	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	5,084,300	5,084,151	(149)			
Charges for services				2,957,000	3,051,398	94,398
Fines and forfeits				5,000	6,038	1,038
Interest income				0	2,002	2,002
Donations						
Other						0
Total revenues	<u>5,084,300</u>	<u>5,084,151</u>	<u>(149)</u>	<u>2,962,000</u>	<u>3,059,438</u>	<u>97,438</u>
Expenditures:						
Current -						
General government						
Public safety						
Transportation						
Culture and recreation						
Economic environment						
Physical environment				3,032,023	2,929,184	102,839
Human services						
Capital outlay						
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,032,023</u>	<u>2,929,184</u>	<u>102,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,084,300</u>	<u>5,084,151</u>	<u>(149)</u>	<u>(70,023)</u>	<u>130,254</u>	<u>200,277</u>
Other financing sources (uses):						
Transfers in	2,999,500	2,999,452	(48)			
Transfers (out)	(8,083,800)	(8,083,603)	197			
Total other financing sources (uses)	<u>(5,084,300)</u>	<u>(5,084,151)</u>	<u>149</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in fund balances	<u>\$ 0</u>		<u>\$ 0</u>	<u>\$ (70,023)</u>		<u>\$ 200,277</u>
Fund balances at beginning of year		<u>0</u>			<u>276,502</u>	
Change in accounting principle - Implementation of GASB 87						
Fund balances at end of year		<u>\$ 0</u>			<u>\$ 406,756</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, 2022

	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	1,144,100	1,128,383	15,717			
Fines and forfeits				0	181,666	181,666
Interest income	0	2,680	(2,680)	0	1,265	1,265
Donations						
Other	100	1,189	(1,089)			
Total revenues	<u>1,144,200</u>	<u>1,132,252</u>	<u>11,948</u>	<u>0</u>	<u>182,931</u>	<u>182,931</u>
Expenditures:						
Current -						
General government						
Public safety				251,744	82,291	169,453
Transportation	1,032,280	776,397	255,883			
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay	112,670	13,835	98,835	16,565	0	16,565
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>1,144,950</u>	<u>790,232</u>	<u>354,718</u>	<u>268,309</u>	<u>82,291</u>	<u>186,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(750)</u>	<u>342,020</u>	<u>366,666</u>	<u>(268,309)</u>	<u>100,640</u>	<u>368,949</u>
Other financing sources (uses):						
Transfers in						
Transfers (out)						
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in fund balances	<u>\$ (750)</u>	<u>342,020</u>	<u>\$ 366,666</u>	<u>\$ (268,309)</u>		<u>\$ 368,949</u>
Fund balances at beginning of year		<u>422,437</u>			<u>271,458</u>	
Change in accounting principle - Implementation of GASB 87						
Fund balances at end of year		<u>\$ 764,457</u>			<u>\$ 372,098</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, 2022

	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				178,800	178,747	(53)
Charges for services	534,700	629,350	94,650			
Fines and forfeits						
Interest income	0	1,766	1,766	0	3,113	3,113
Donations						
Other						
Total revenues	<u>534,700</u>	<u>631,116</u>	<u>96,416</u>	<u>178,800</u>	<u>181,860</u>	<u>3,060</u>
Expenditures:						
Current -						
General government				782,590	99,565	683,025
Public safety						
Transportation						
Culture and recreation	805,501	782,487	23,014			
Economic environment						
Physical environment						
Human services						
Capital outlay	5,208	5,208	0	159,879	23,189	136,690
Debt service -						
Principal retirement						
Interest				15,000	15,000	0
Total expenditures	<u>810,709</u>	<u>787,695</u>	<u>23,014</u>	<u>957,469</u>	<u>137,754</u>	<u>819,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(276,009)</u>	<u>(156,579)</u>	<u>119,430</u>	<u>(778,669)</u>	<u>44,106</u>	<u>822,775</u>
Other financing sources (uses):						
Transfers in	250,000	250,000	0	115,900	115,882	(18)
Transfers (out)				(89,500)	(89,446)	54
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>26,400</u>	<u>26,436</u>	<u>36</u>
Net Change in fund balances	\$ <u>(26,009)</u>	92,451	\$ <u>119,430</u>	\$ <u>(752,269)</u>		\$ <u>822,811</u>
Fund balances at beginning of year		261,200			752,270	
Change in accounting principle - Implementation of GASB 87		(970)				
Fund balances at end of year		\$ <u>353,651</u>			\$ <u>822,812</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, 2022

	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	1,742,000	2,646,741	904,741			
Intergovernmental				729,400	729,840	440
Charges for services	12,000	30,450	18,450			
Fines and forfeits						
Interest income	0	6,828	6,828	0	6,214	6,214
Donations						
Other	0	110	110			
Total revenues	<u>1,754,000</u>	<u>2,684,129</u>	<u>930,129</u>	<u>729,400</u>	<u>736,054</u>	<u>6,654</u>
Expenditures:						
Current -						
General government				1,807,929	182,994	1,624,935
Public safety	1,961,957	1,836,879	125,078			
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay	71,700	6,956	64,744	0	182,146	(182,146)
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>2,033,657</u>	<u>1,843,835</u>	<u>189,822</u>	<u>1,807,929</u>	<u>365,140</u>	<u>1,442,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(279,657)</u>	<u>840,294</u>	<u>1,119,951</u>	<u>(1,078,529)</u>	<u>370,914</u>	<u>1,449,443</u>
Other financing sources (uses):						
Transfers in				472,900	472,841	(59)
Transfers (out)				(279,000)	(278,601)	399
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>193,900</u>	<u>194,240</u>	<u>340</u>
Net Change in fund balances	<u>\$ (279,657)</u>		<u>\$ 1,119,951</u>	<u>\$ (884,629)</u>		<u>\$ 1,449,783</u>
Fund balances at beginning of year		<u>1,134,991</u>			<u>884,629</u>	
Change in accounting principle - Implementation of GASB 87						
Fund balances at end of year		<u>\$ 1,975,285</u>			<u>\$ 1,449,783</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, 2022

	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	1,148,300	731,441	(416,859)	128,800	117,419	(11,381)
Fines and forfeits						
Interest income	0	21,377	21,377	0	6,100	6,100
Donations	0	2,851	2,851			
Other						
Total revenues	<u>1,148,300</u>	<u>755,669</u>	<u>(392,631)</u>	<u>128,800</u>	<u>123,519</u>	<u>(5,281)</u>
Expenditures:						
Current -						
General government						
Public safety						
Transportation						
Culture and recreation	1,242,165	889,740	352,425	130,084	87,801	42,283
Economic environment						
Physical environment						
Human services						
Capital outlay	72,258	66,257	6,001	7,621	7,621	0
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>1,314,423</u>	<u>955,997</u>	<u>358,426</u>	<u>137,705</u>	<u>95,422</u>	<u>42,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(166,123)</u>	<u>(200,328)</u>	<u>(34,205)</u>	<u>(8,905)</u>	<u>28,097</u>	<u>37,002</u>
Other financing sources (uses):						
Transfers in						
Transfers (out)						
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in fund balances	<u>\$ (166,123)</u>	<u>(195,028)</u>	<u>\$ (34,205)</u>	<u>\$ (8,905)</u>		<u>\$ 37,002</u>
Fund balances at beginning of year		<u>957,036</u>			<u>220,522</u>	
Change in accounting principle - Implementation of GASB 87		<u>5,300</u>				
Fund balances at end of year		<u>\$ 762,008</u>			<u>\$ 248,619</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, 2022

	CMP Management Services Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental			
Charges for services	1,142,500	1,060,144	(82,356)
Fines and forfeits			
Interest income	0	72,729	(72,729)
Donations	0	77,758	(77,758)
Other	0	202	202
Total revenues	<u>1,142,500</u>	<u>1,210,833</u>	<u>(232,641)</u>
Expenditures:			
Current -			
General government			
Public safety			
Transportation			
Culture and recreation	1,512,750	868,324	644,426
Economic environment			
Physical environment			
Human services			
Capital outlay	125,772	70,772	55,000
Debt service -			
Principal retirement	20,000	20,000	0
Interest			
Total expenditures	<u>1,658,522</u>	<u>959,096</u>	<u>699,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(516,022)</u>	<u>251,737</u>	<u>466,785</u>
Other financing sources (uses):			
Transfers in			0
Transfers (out)			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in fund balances	\$ <u>(516,022)</u>	<u>540,848</u>	\$ <u>466,785</u>
Fund balances at beginning of year		<u>1,816,892</u>	
Change in accounting principle - Implementation of GASB 87		<u>289,111</u>	
Fund balances at end of year		\$ <u><u>2,357,740</u></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, 2022

	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	0	11,814	(11,814)	0	38	(38)
Donations						
Other						
Total revenues	<u>0</u>	<u>11,814</u>	<u>(11,814)</u>	<u>0</u>	<u>38</u>	<u>(38)</u>
Expenditures:						
Current -						
General government						
Public safety						
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay						
Debt service -						
Principal retirement	2,230,900	1,892,571	338,329	1,390,000	1,390,000	0
Interest	<u>2,237,100</u>	<u>2,236,973</u>	<u>127</u>	<u>147,100</u>	<u>147,022</u>	<u>78</u>
Total expenditures	<u>4,468,000</u>	<u>4,129,544</u>	<u>338,456</u>	<u>1,537,100</u>	<u>1,537,022</u>	<u>78</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,468,000)</u>	<u>(4,117,730)</u>	<u>326,642</u>	<u>(1,537,100)</u>	<u>(1,536,984)</u>	<u>40</u>
Other financing sources (uses):						
Transfers in	4,468,000	4,461,284	6,716	1,537,100	1,536,318	(782)
Transfers (out)						
Total other financing sources (uses)	<u>4,468,000</u>	<u>4,461,284</u>	<u>6,716</u>	<u>1,537,100</u>	<u>1,536,318</u>	<u>(782)</u>
Net Change in fund balances	<u>\$ 0</u>		<u>\$ 333,358</u>	<u>\$ 0</u>		<u>\$ (742)</u>
Fund balances at beginning of year		<u>3,485,065</u>			<u>1,537,022</u>	
Change in accounting principle - Implementation of GASB 87						
und balances at end of year		<u>\$ 3,828,619</u>			<u>\$ 1,536,356</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, 2022

	<u>General Stock Account</u>	<u>Insurance Retention Fund</u>	<u>Central Services Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,928	\$ 1,499,042	\$ 2,287,653	\$ 3,790,623
Investments	2,752	1,050,363	1,602,933	2,656,048
Accounts receivable (net)		332,189		332,189
Prepaid expenses		50,463	31,240	81,703
Inventory	1,686,690			1,686,690
Total current assets	<u>1,693,370</u>	<u>2,932,057</u>	<u>3,921,826</u>	<u>8,547,253</u>
Noncurrent assets:				
Prepaid expense		200,000		200,000
Restricted assets				
Cash and cash equivalents		4,773,278		4,773,278
Investments		3,344,583		3,344,583
Capital assets				
Depreciable (net)			1,994,133	1,994,133
Total noncurrent assets	<u>0</u>	<u>8,317,861</u>	<u>1,994,133</u>	<u>10,311,994</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension		191,549	1,177,762	1,369,311
Deferred OPEB		16,697	142,405	159,102
Total deferred outflows of resources	<u>0</u>	<u>208,246</u>	<u>1,320,167</u>	<u>1,528,413</u>
Total assets and deferred outflows	<u>\$ 1,693,370</u>	<u>\$ 11,458,164</u>	<u>\$ 7,236,126</u>	<u>\$ 20,387,660</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$	\$ 76,705	\$ 21,720	\$ 98,425
Contracts payable			129,365	129,365
Contracts payable - retainage			11,053	11,053
Due to other funds	830,000	25,232	107,102	962,334
Compensated absences payable				22,242
Claims and judgments payable		1,866,501	22,242	1,866,501
Unearned revenue		50,000		50,000
Deposits		15,097		15,097
Total current liabilities	<u>830,000</u>	<u>2,033,535</u>	<u>291,482</u>	<u>3,155,017</u>
Noncurrent liabilities:				
Compensated absences payable		54,125	275,339	329,464
Claims and judgments payable		1,903,061		1,903,061
Net pension liability		334,172	2,315,410	2,649,582
Total OPEB liability		115,857	966,307	1,082,164
Total noncurrent liabilities	<u>0</u>	<u>2,407,215</u>	<u>3,557,056</u>	<u>5,964,271</u>
Total liabilities	<u>830,000</u>	<u>4,440,750</u>	<u>3,848,538</u>	<u>9,119,288</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension		200,867	1,145,485	1,346,352
Deferred OPEB		46,298	381,202	427,500
Total deferred inflows of resources	<u>0</u>	<u>247,165</u>	<u>1,526,687</u>	<u>1,773,852</u>
NET POSITION				
Net investment in capital assets			1,994,133	1,994,133
Unrestricted	863,370	6,770,249	(133,232)	7,500,387
Total net position	<u>863,370</u>	<u>6,770,249</u>	<u>1,860,901</u>	<u>9,494,520</u>
Total liabilities and net position	<u>\$ 1,693,370</u>	<u>\$ 11,458,164</u>	<u>\$ 7,236,126</u>	<u>\$ 20,387,660</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

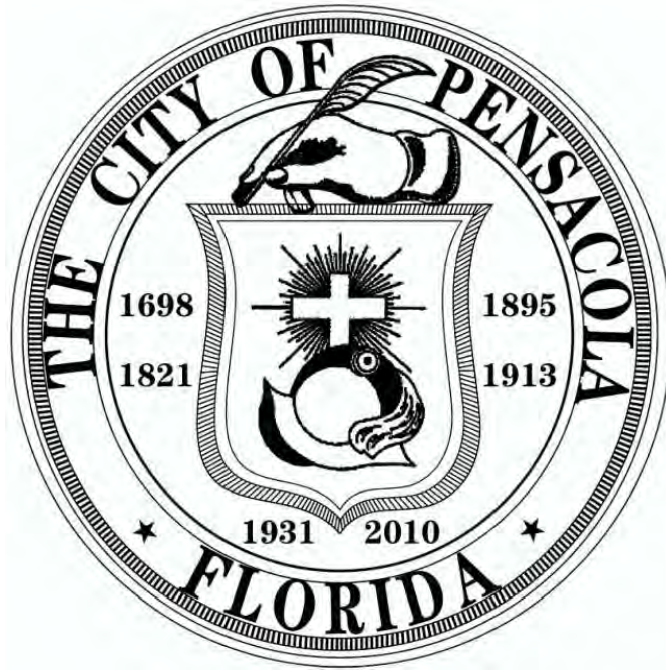
	General Stock Account	Insurance Retention Fund	Central Services Fund	Total
Operating revenues:				
Charges for services	\$	\$	\$ 6,135,569	\$ 6,135,569
Health		10,790,633		10,790,633
Dental		293,847		293,847
Vision		67,131		67,131
Life		231,131		231,131
Survivor disability		273,911		273,911
Liability		6,395,679		6,395,679
Other		6,408	2,651	9,059
Total operating revenues	<u>0</u>	<u>18,058,740</u>	<u>6,138,220</u>	<u>24,196,960</u>
Operating expenses:				
Salaries and employee benefits		1,351,184	2,835,756	4,186,940
Materials and supplies		5,308	112,418	117,726
Repairs and maintenance		480	314,859	315,339
Contractual services		109,467	1,077,549	1,187,016
Office and utilities		109,467	535,321	644,788
Premiums and claims expense -				
General liability		3,999,949		3,999,949
Workmen's compensation		892,346		892,346
Auto		1,051,140		1,051,140
Health		10,484,010		10,484,010
Dental		297,283		297,283
Vision		67,237		67,237
Life		218,805		218,805
Survivor disability		215,723		215,723
Total operating expenses before depreciation	<u>0</u>	<u>18,802,399</u>	<u>4,875,903</u>	<u>23,678,302</u>
Operating income (loss) before depreciation	<u>0</u>	<u>(743,659)</u>	<u>1,262,317</u>	<u>518,658</u>
Depreciation			250,114	250,114
Operating income (loss)	<u>0</u>	<u>(743,659)</u>	<u>1,012,203</u>	<u>268,544</u>
Nonoperating revenues (expenses):				
Gain (loss) on disposal of fixed assets			433	433
Investment interest		52,561	13,080	65,641
Total nonoperating revenues (expenses)	<u>0</u>	<u>52,561</u>	<u>13,513</u>	<u>66,074</u>
Change in net position	<u>0</u>	<u>(691,098)</u>	<u>1,025,716</u>	<u>334,618</u>
Net position at beginning of year	<u>863,370</u>	<u>7,461,347</u>	<u>835,185</u>	<u>9,159,902</u>
Net position at end of year	<u>\$ 863,370</u>	<u>\$ 6,770,249</u>	<u>\$ 1,860,901</u>	<u>\$ 9,494,520</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<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	\$	\$ 13,902,448	\$ 6,138,220	\$ 20,040,668
Cash received from other funds	79,266	4,602,423		4,681,689
Cash payments to suppliers for goods and services	(109,364)	(18,317,849)	(2,049,447)	(20,476,660)
Cash payments to employees for services	<u> </u>	<u>(1,410,543)</u>	<u>(3,273,046)</u>	<u>(4,683,589)</u>
Net cash provided by (used for) operating activities	<u>(30,098)</u>	<u>(1,223,521)</u>	<u>815,727</u>	<u>(437,892)</u>
Cash flows from noncapital financing activities:				
Advance from (to) other funds	<u> </u>	<u>577,689</u>	<u>(29,785)</u>	<u>547,904</u>
Net cash provided by (used for) noncapital financing activities	<u>0</u>	<u>577,689</u>	<u>(29,785)</u>	<u>547,904</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u> </u>	<u> </u>	<u>(249,504)</u>	<u>(249,504)</u>
Net cash provided by (used for) capital and related financing activities	<u>0</u>	<u>0</u>	<u>(249,504)</u>	<u>(249,504)</u>
Cash flows from investing activities:				
Sale (purchase) of investments	14,880	1,003,665	(1,133)	1,017,412
Interest on investments	<u> </u>	<u>52,561</u>	<u>13,080</u>	<u>65,641</u>
Net cash provided by (used for) investing activities	<u>14,880</u>	<u>1,056,226</u>	<u>11,947</u>	<u>1,083,053</u>
Net increase (decrease) in cash and cash equivalents	<u>(15,218)</u>	<u>410,394</u>	<u>548,385</u>	<u>943,561</u>
Cash and cash equivalents at beginning of year	<u>19,146</u>	<u>5,861,927</u>	<u>1,739,268</u>	<u>7,620,341</u>
Cash and cash equivalents of end of year	<u>\$ 3,928</u>	<u>\$ 6,272,321</u>	<u>\$ 2,287,653</u>	<u>\$ 8,563,902</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, 2022

	<u>General Stock Account</u>	<u>Insurance Retention Fund</u>	<u>Central Services Fund</u>	<u>Total</u>
Operating income (loss)	\$	\$ (743,659)	\$ 1,012,203	\$ 268,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation			250,114	250,114
Change in assets and liabilities:				
(Increase) decrease in accounts receivable		331,167		331,167
(Increase) decrease in inventory	(109,364)			(109,364)
(Increase) decrease in due from other funds		139,700		139,700
(Increase) decrease in due from other governments		8,250		8,250
(Increase) decrease in prepaid expenses		(20,030)	1,749	(18,281)
Increase (decrease) in accounts payable	(22,342)	(37,872)	(33,291)	(93,505)
Increase (decrease) in contracts payable		0	107,925	107,925
Increase (decrease) in due to other funds	101,608	7,011	(1,406)	107,213
Increase (decrease) in deposits		264		264
Increase (decrease) in claims and judgments		(808,732)	22,242	(786,490)
Increase (decrease) in deferred revenue		(25,000)		(25,000)
Increase (decrease) in compensated absences		14,123	(54,390)	(40,267)
Increase (decrease) in net OPEB obligation		(11,934)	(546,315)	(558,249)
Increase (decrease) in net pension liability		(76,809)	56,896	(19,913)
Net cash provided by (used for) operating activities	\$ <u>(30,098)</u>	\$ <u>(1,223,521)</u>	\$ <u>815,727</u>	\$ <u>(437,892)</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.

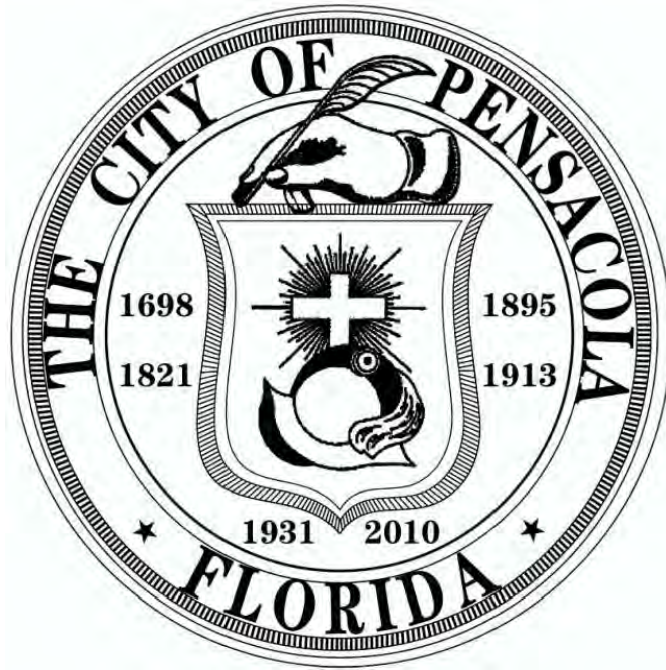
Police Officer's Retirement Fund – to account for the accumulation of resources to be used for pension and retirement payments for all police officers. Resources are contributed by employees and the City at actuarially determined rates. On January 1, 2013 the City's Police Officers' Retirement Fund was 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, 2022

	<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	\$ 242,840	\$ 266,560	\$ 256,484	\$ 765,884
Receivables:				
Employer	195	235	165	595
Employee	10,734	25,826	8,564	45,124
Total receivables	<u>10,929</u>	<u>26,061</u>	<u>8,729</u>	<u>45,719</u>
Investments :				
Short term investments	4,253,407	4,143,465	2,070,437	10,467,309
Debt Securities & Bond Mutual Funds	23,341,552	22,146,380	24,881,396	70,369,328
Convertible Corporate Bonds	11,298,906	13,196,663		24,495,569
Stock Mutual Funds	3,768,397	22,054,553		25,822,950
Mortgage Backed Securities	22,854,090	9,862,432	21,497,968	54,214,490
Commingled Trust Fund	2,266,469	6,256,285		8,522,754
Domestic Stocks	43,210,493	35,993,329	45,301,698	124,505,520
Preferred Stocks	1,172,430	1,371,328		2,543,758
Foreign Stocks	19,949,489	1,452,270	15,717,338	37,119,097
Total investments	<u>132,115,233</u>	<u>116,476,705</u>	<u>109,468,837</u>	<u>358,060,775</u>
Total assets	<u>\$ 132,369,002</u>	<u>\$ 116,769,326</u>	<u>\$ 109,734,050</u>	<u>\$ 358,872,378</u>
LIABILITIES				
Accounts payable	\$ 463,717	\$ 132,729	\$ 117,371	\$ 713,817
Total liabilities	<u>463,717</u>	<u>132,729</u>	<u>117,371</u>	<u>713,817</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 131,905,285</u>	<u>\$ 116,636,597</u>	<u>\$ 109,616,679</u>	<u>\$ 358,158,561</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Pension and Retirement Fund	Firefighter's Relief and Pension Fund	Police Officers' Retirement Fund	Total Pension Trust Funds
Additions:				
Contributions - city	\$ 5,599,854	\$ 1,380,363	\$ 3,972,023	\$ 10,952,240
Contributions - employee	266,873	732,734	214,372	1,213,979
Commission recapture	57	53	800	910
Insurance proceeds - State of Florida		615,134	683,116	1,298,250
Total contributions	<u>5,866,784</u>	<u>2,728,284</u>	<u>4,870,311</u>	<u>13,465,379</u>
Investment income				
Net appreciation/(loss) in fair value of investments	(31,363,402)	(27,931,022)	(23,085,615)	(82,380,039)
Interest and dividends	3,166,555	2,419,678	2,828,855	8,415,088
	<u>(28,196,847)</u>	<u>(25,511,344)</u>	<u>(20,256,760)</u>	<u>(73,964,951)</u>
Less investment expense	663,814	624,843	481,996	1,770,653
Net investment income	<u>(28,860,661)</u>	<u>(26,136,187)</u>	<u>(20,738,756)</u>	<u>(75,735,604)</u>
Total additions	<u>(22,993,877)</u>	<u>(23,407,903)</u>	<u>(15,868,445)</u>	<u>(62,270,225)</u>
Deductions:				
Pensions paid - employees	10,765,008	7,410,720	6,714,730	24,890,458
Pensions paid - widows	2,167,824	1,035,399	674,026	3,877,249
Pensions paid - children	4,891			4,891
Refunds to employees		19,782		19,782
Deferred retirement option plan	937,721	595,373	1,171,926	2,705,020
Health insurance assistance	100,212			100,212
Administrative expenses	115,748	123,988	106,997	346,733
Total deductions	<u>14,091,404</u>	<u>9,185,262</u>	<u>8,667,679</u>	<u>31,944,345</u>
Change in net position	<u>(37,085,281)</u>	<u>(32,593,165)</u>	<u>(24,536,124)</u>	<u>(94,214,570)</u>
Net position restricted for pension benefits:				
Beginning of year	<u>168,990,566</u>	<u>149,229,762</u>	<u>134,152,803</u>	<u>452,373,131</u>
End of year	<u>\$ 131,905,285</u>	<u>\$ 116,636,597</u>	<u>\$ 109,616,679</u>	<u>\$ 358,158,561</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.

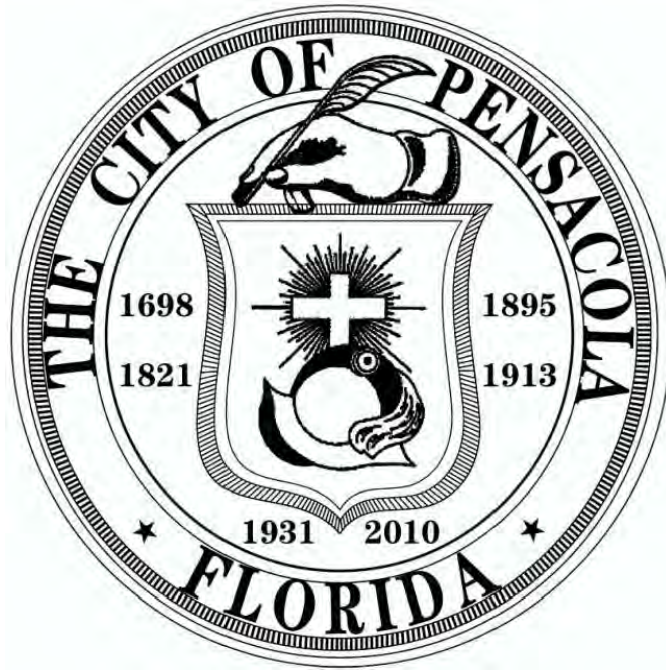
Revenue Capacity - These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property, sales taxes, and utility revenue.

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General Government	\$ 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	\$ 18,281,895
Public safety	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	30,403,609
Transportation	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	8,616,365
Culture and recreation	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	18,695,537
Economic environment	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	18,189,837
Physical environment	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	5,331,122
Human services	30,000	30,000	30,000	30,000	30,000	30,000	14,492,331 (d)	9,453,927	30,000	21,666
Unallocated depreciation	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	1,682,419
Interest on long-term debt	5,397,074 (a)	5,272,532	5,091,611	5,139,876	4,514,339	4,324,860	5,953,180	3,144,298	2,909,320	2,726,705
Total governmental activities expenses	<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>	<u>103,949,155</u>
Business-type activities:										
Utility	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	55,485,713
Sanitation	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	8,030,569
Port	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	3,785,115
Airport	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	28,985,668
Total business-type activities expenses	<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>	<u>96,287,065</u>
Total primary government expenses	<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>	<u>\$ 200,236,220</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General Government	\$ 526,039	\$ 679,868	\$ 538,272	\$ 540,401	\$ 492,954	\$ 296,437	\$ 286,817	\$ 1,220,454	\$ 261,078	\$ 153,200
Public safety	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	3,846,061
Transportation	538,138	619,630	636,372	722,452	808,801	695,121	738,270	967,281	1,817,144	2,128,911
Culture and recreation	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	2,647,772
Physical environment	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	2,994,884
Operating grants and contributions	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	48,204,504
Capital grants and contributions	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	1,303,263
Total governmental activities program revenues	<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>	<u>61,278,595</u>
Business-type activities:										
Charges for Services:										
Utility	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	69,715,079
Sanitation	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	9,355,523
Port	1,808,200	1,906,423	1,900,212	1,609,280	1,058,964	1,259,626	2,400,834	2,740,267	2,809,593	2,881,597
Airport	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	28,883,526
Operating grants and contributions									5,866,730	
Capital grants and contributions	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	59,978,639
Total business-type activities program revenues	<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>	<u>170,814,364</u>
Total primary government program revenues	<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>	<u>232,092,959</u>

(continued)

CITY OF PENSACOLA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	\$ (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)	(42,670,560)
Business-type activities	<u>21,093,191</u>	<u>15,544,882</u>	<u>21,100,918</u>	<u>20,995,508</u>	<u>34,401,514</u>	<u>35,728,295</u>	<u>24,067,790</u>	<u>23,859,080</u>	<u>38,463,452</u>	<u>74,527,299</u>
Total primary government net expenses	<u>\$ (35,880,178)</u>	<u>\$ (42,103,397)</u>	<u>\$ (31,215,768)</u>	<u>\$ (32,937,788)</u>	<u>\$ (31,270,354)</u>	<u>\$ (27,961,819)</u>	<u>\$ (41,037,746)</u>	<u>\$ (48,755,470)</u>	<u>\$ (23,629,397)</u>	<u>\$ 31,856,739</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 19,640,104
Public service taxes and franchise fees	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	19,100,875
Communication services tax	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	2,906,976
Local business tax	902,106	917,179	909,057	914,773	902,333	915,792	939,973	944,046	918,590	929,411
Local option gasoline tax	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	1,428,853
Local option sales tax	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	12,234,245
Contribution from other governments										
Intergovernmental revenues	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	9,831,242
Unrestricted investment earnings	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	590,532
Insurance recoveries										272,997
Donation of capital assets										
Miscellaneous	20,547	41,068	4,872	14,316	139,669	35,573	29,113	38,755	58,984	199,714
Net gain (loss) on sale of asset	87,400	71,972	56,851		1,496,281	2,529,358	708,896	94,056	84,366	65,623
Gain (loss) on impairment of asset - Hurricane Ivan										
Special Item		(1,306,106)	5,351,922 (b)		14,266,276 (c)				689,131	
Transfers	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	7,226,404
Overhead transfers	<u>2,094,600</u>	<u>2,372,500</u>	<u>2,376,600</u>	<u>2,355,500</u>	<u>2,458,900</u>	<u>2,480,300</u>	<u>2,662,700</u>	<u>2,708,800</u>	<u>2,839,300</u>	<u>3,066,900</u>
Total governmental activities	<u>57,308,745</u>	<u>58,345,807</u>	<u>66,401,399</u>	<u>61,845,613</u>	<u>78,005,837</u>	<u>67,083,875</u>	<u>67,125,462</u>	<u>65,619,806</u>	<u>71,029,027</u>	<u>77,493,876</u>
Business-type activities:										
Unrestricted investment earnings	106,780	121,682	170,836	215,216	467,169	837,949	1,353,089	1,281,334	377,237	931,927
Insurance recoveries									1,650,924	
Donation of capital assets										
Miscellaneous	371,655	373,481	511,037	424,772	919,630	753,915	605,249	515,442	635,705	703,755
Net gain (loss) on sale of asset	2,000	43,870	19,196		64,870	29,531	112,180	75,921	93,536	60,760
Gain (loss) on impairment of asset - Hurricane Ivan										
Special Item	470,000									
Transfers	(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)	(7,226,404)
Overhead transfers	<u>(2,094,600)</u>	<u>(2,372,500)</u>	<u>(2,376,600)</u>	<u>(2,355,500)</u>	<u>(2,458,900)</u>	<u>(2,480,300)</u>	<u>(2,662,700)</u>	<u>(2,708,800)</u>	<u>(2,839,300)</u>	<u>(3,066,900)</u>
Total business-type activities	<u>(9,144,165)</u>	<u>(10,040,255)</u>	<u>(9,745,990)</u>	<u>(9,715,512)</u>	<u>(9,007,231)</u>	<u>(8,858,905)</u>	<u>(7,874,558)</u>	<u>(6,588,957)</u>	<u>(7,048,388)</u>	<u>(8,596,862)</u>
Total primary government	<u>\$ 48,164,580</u>	<u>\$ 48,305,552</u>	<u>\$ 56,655,409</u>	<u>\$ 52,130,101</u>	<u>\$ 68,998,606</u>	<u>\$ 58,224,970</u>	<u>\$ 59,250,904</u>	<u>\$ 59,030,849</u>	<u>\$ 63,980,639</u>	<u>\$ 68,897,014</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 34,823,316
Business-type activities	<u>11,949,026</u>	<u>5,504,627</u>	<u>11,354,928</u>	<u>11,279,996</u>	<u>25,394,283</u>	<u>26,869,390</u>	<u>16,193,232</u>	<u>17,270,123</u>	<u>31,415,064</u>	<u>65,930,437</u>
Total primary government	<u>\$ 12,284,402</u>	<u>\$ 6,202,155</u>	<u>\$ 25,439,641</u>	<u>\$ 19,192,313</u>	<u>\$ 37,728,252</u>	<u>\$ 30,263,151</u>	<u>\$ 18,213,158</u>	<u>\$ 10,275,379</u>	<u>\$ 40,351,242</u>	<u>\$ 100,753,753</u>

Notes:

(a) In FY 13, CMPA Construction Fund interest was included into governmental activities due to GASB No. 65 implementation.

(b) In FY 15, BP claim was settled for the BP Deep Horizon Oil Spill in 2010 and the City was awarded \$5,351,922

(c) 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.

(d) In FY 19, the City created the Hospital Special Assesment 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									
	2013	2014	2015 (a)	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 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	\$ 192,144,576
Restricted	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	27,110,940
Unrestricted	(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)	(23,526,321)
Total governmental activities net position	<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>	<u>\$ 195,729,195</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 268,611,152
Restricted	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	22,407,112
Unrestricted	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	67,423,400
Total business-type activities net position	<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>	<u>\$ 358,441,664</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 460,755,728
Restricted	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	49,518,052
Unrestricted	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	43,897,079
Total primary government net position	<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>	<u>\$ 554,170,859</u>

Notes: (a) 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	\$ 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	\$ 12,180,037
Public safety	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	4,208,681
Transportation	538,138	859,734	2,807,030	1,911,016	808,801	695,121	747,358	967,281	2,252,364	10,864,110
Culture and recreation	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	12,715,325
Economic environment	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	17,984,432
Physical environment	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	3,326,010
Human services							14,462,332 (a)	9,423,927		
Total governmental activities	<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>	<u>61,278,595</u>
Business-type activities:										
Utility	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	69,715,079
Sanitation	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	10,395,004
Port	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	3,321,881
Airport	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	87,382,400
Total business-type activities	<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>	<u>170,814,364</u>
Total primary government	<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>	<u>\$ 232,092,959</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non-spendable	\$ 33,976 (a)	\$ 37,491	\$ 31,016	\$ 28,729	\$ 23,339	\$ 23,422	\$ 26,635	\$ 50,814	\$ 43,890	\$ 48,499
Restricted	381,561	447,395	632,697	665,283	891,857	1,038,512	880,968	1,064,330	1,154,652	1,191,930
Committed	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	14,677,876
Assigned	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	9,881,458
Unassigned	1,167,855	1,110,671	1,102,141	1,128,736	1,721,705	208,800	1,516,294	537,926	98,402	3,222,097
Total General Fund	<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>	<u>\$ 29,021,860</u>
All Other Governmental Funds										
Non-spendable	\$ 7,661,628	\$ 3,770,589	\$ 7,510,198	\$ 3,437,808	\$ 3,519,866	\$ 17,153	\$ 19,944	\$ 20,867	\$ 18,040	\$ 24,383
Restricted	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	47,574,085
Committed	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	4,494,441
Assigned	8,102	715,949	3,137,792	1,712,813	867,343	716,721	872,612	4,844,743	6,913,127	7,710,896
Unassigned	(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)	(3,962,014)
Total all other governmental funds	<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>	<u>\$ 55,841,791</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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Taxes	\$ 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	\$ 46,421,093
Licenses and permits	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	2,858,523
Franchise fees	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	9,819,371
Intergovernmental	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	58,976,026
Charges for services	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	8,402,116
Fines and forfeits	427,168	483,732	318,933	286,782	153,648	166,780	271,104	239,869	147,436	280,272
Assessments	10,663	35,191	14,347	27,187	78,741	52,326	14,519,578	9,462,697	52,383	14,748
Interest income	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	579,606
Donations	334,093	529,217	106,536	1,017,668	2,011,038	1,125,245	71,160	20,498	87,071	246,302
Other	809,905	1,576,588	915,518	1,320,438	775,965	840,582	647,406	713,365	681,761	948,697
Total revenues	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	128,546,754
Expenditures										
Current -										
General government	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	16,371,718
Public safety	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	38,774,148
Transportation	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	5,411,710
Culture and recreation	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	14,054,641
Economic environment	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	18,375,011
Physical environment	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	3,879,288
Human services	30,000	30,000	30,000	30,000	30,000	30,000	14,492,331	9,453,927	30,000	21,666
Capital outlay	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	15,963,344
Debt service -										
Principal retirement	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	5,483,571
Interest	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	2,780,201
Total expenditures	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	121,115,298
Excess (deficiency) of revenues over (under) expenditures	(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)	7,431,456

(continued)

CITY OF PENSACOLA, FLORIDA
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	<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>	<u>2022</u>
Other financing sources (uses)										
Transfers in	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	24,561,143
Transfers (out)	(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)	(17,334,739)
Capital Lease Note Issuance			6,460,954 (d)							
Loan proceeds					100,000		58,140,000			
Sale of capital assets	87,400	67,545	55,366		1,487,365	2,526,004	701,970	91,769	84,366	65,190
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)	<u>8,087,400</u>	<u>8,274,333</u>	<u>14,309,532</u>	<u>22,397,370</u>	<u>16,260,639</u>	<u>43,378,104</u>	<u>24,781,527</u>	<u>5,844,623</u>	<u>7,050,856</u>	<u>7,291,594</u>
Net change in fund balances										
before prior period adjustments/special items	<u>(8,318,516)</u>	<u>(1,635,442)</u>	<u>4,457,655</u>	<u>13,212,043</u>	<u>2,457,606</u>	<u>21,507,317</u>	<u>13,216,811</u>	<u>(10,247,874)</u>	<u>(12,605,836)</u>	<u>14,723,050</u>
Special Item-NMTC Unwind					(39,813,626) (e)					
Special item - sale of capital asset										
Special item - BP Settlement			5,351,922 (c)							
Special item - Parking Transfer									38,626	
PPA/Change in accounting principle	<u>1,898,397</u>									<u>641,277</u>
Net change in fund balances	<u>\$ (6,420,119)</u>	<u>\$ (1,635,442)</u>	<u>\$ 9,809,577</u>	<u>\$ 13,212,043</u>	<u>\$ (37,356,020)</u>	<u>\$ 21,507,317</u>	<u>\$ 13,216,811</u>	<u>\$ (10,247,874)</u>	<u>\$ (12,567,210)</u>	<u>\$ 15,364,327</u>
Debt service as a percentage of noncapital expenditures	15.19%	11.59%	10.47%	11.21%	11.65%	13.48%	10.42%	9.09%	9.41%	7.86%

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)

<u>Fiscal Year</u>	<u>Personal Property</u>	<u>Real Property</u>	<u>Central Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
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
2022	685,264	7,081,565	7,071	3,048,367	4,725,533	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
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
2022	4.2895	2.0000	5.6570	6.6165	0.3590	0.0294

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	2022			2013		
	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	\$ 320,381,195	1	0.90%	\$ 45,328,586	3	0.23%
Florida Power & Light / Gulf Power	174,919,532	2	0.49%	105,120,113	2	0.54%
Baptist Hospital	149,239,095	3	0.42%	121,017,918	1	0.62%
Pensacola Southtowne Owner LLC	56,569,703	4	0.16%			----
Simon Debartolo/Simon Properties	54,698,489	5	0.15%	34,527,338	4	0.18%
Chapins Landing	49,286,678	6	0.14%			----
Armstrong World Industries	34,173,530	7	0.10%	31,548,191	5	0.16%
Bellsouth/Southern Bell	23,939,545	10	0.07%	17,414,794	6	0.09%
Walmart	----	----	----	13,715,073	7	0.07%
Cox Communications	25,975,705	9	0.07%			----
Cordova Regency	26,693,916	8	0.07%			----
Gayfers/Higbee	----	----	----			----
Moulton Properties	----	----	----	12,786,668	9	0.07%
Reichhold Inc/Arizona Chemical	----	----	----	12,872,016	8	0.07%
Holi Corp	----	----	----	11,836,261	10	0.06%
Total	<u>\$ 915,877,388</u>		<u>2.56%</u>	<u>\$ 406,166,958</u>		<u>2.09%</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
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%
2022	20,270,174	19,551,223	96.5%	88,881	19,640,104	96.9%

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>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>	<u>2022 (a)</u>
General merchandise stores	\$ 719,356	\$ 741,251	\$ 747,540	\$ 796,846	\$ 764,661	\$ 772,478	\$ 804,314	\$ 837,736	\$ 922,191	\$ 726,108
Grocery stores	232,516	242,179	252,702	259,820	275,592	291,707	305,567	341,687	380,464	318,707
Hotels and apartments	212,653	239,013	260,427	278,032	292,298	325,431	350,089	294,496	451,104	396,955
Lumber and building materials	246,944	269,521	273,741	306,993	343,579	368,248	415,590	541,361	774,009	536,599
Manufacturing and mining	68,843	62,944	69,620	79,555	101,702	130,644	120,665	99,706	129,589	111,032
Motor vehicle dealers	743,242	823,294	861,382	902,727	948,633	995,785	1,067,119	1,071,133	1,307,066	986,798
Office space and commercial rentals	213,965	217,941	220,022	226,118	232,768	272,278	307,300	299,737	344,822	280,576
Restaurants and lunchrooms	<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>843,664</u>	<u>701,909</u>
Total	\$ <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>5,152,909</u>	\$ <u>4,058,684</u>

City direct sales tax rate (b)

Source: Florida Department of Revenue

Notes: Data presented reflects Escambia County.

(a) 2022 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
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%
2022	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)

		2022		2013	
		Tax Liability (a)	Percentage of Total	Tax Liability (a)	Percentage of Total
Retail trade	\$	238,045	49.84%	\$ 147,119	54.54%
Services		89,181	18.67%	56,092	20.80%
Manufacturing and mining		8,517	1.78%	3,636	1.35%
Wholesale trade		18,155	3.80%	6,516	2.42%
Construction		44,988	9.42%	15,416	5.72%
Finance, insurance, and real estate		50,360	10.54%	25,280	9.37%
Transportation and utilities		21,367	4.47%	12,573	4.66%
Agricultural		3,325	0.70%	1,244	0.46%
Other		3,717	0.78%	1,847	0.68%
Total	\$	<u>477,655</u>	<u>100.00%</u>	\$ <u>269,723</u>	<u>100.00%</u>

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>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>	<u>2022</u>
Type of Customer										
Residential -Inside City Limits	286	347	306	243	201	270	257	239	273	247
Residential -Outside City Limits	650	767	695	578	501	640	611	590	657	611
Commercial -Inside City Limits	307	322	310	301	298	324	326	292	306	302
Commercial -Outside City Limits	407	441	415	390	351	401	408	389	410	431
Municipal	23	26	25	24	22	25	23	24	25	25
Interruptible	1,063	1,089	1,046	944	639	647	707	690	674	674
Transportation	1,159	1,331	1,377	1478	1887	1978	1799	2015	1984	2952
Total	<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>	<u>5,242</u>
Total direct rate per Mcf (a)	\$ 16.93	\$ 17.21	\$ 19.86	\$ 22.25	\$ 24.99	\$ 23.02	\$ 23.59	\$ 23.62	\$ 23.57	\$ 26.55

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)
2013	8.95	7.52	8.46	10.00	9.29	8.49	15.85	7.52	7.91
2014(c)	9.08	7.63	7.88	10.15	9.43	7.92	16.09	7.63	7.77
2015(d)	9.22	7.74	7.51	10.30	9.57	7.47	16.33	7.74	7.23
2016(e)	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 (f)	9.52	7.99	8.51	10.63	9.88	8.49	16.85	7.99	7.40
2019 (g)	9.75	8.18	8.63	10.88	10.12	8.46	17.25	8.18	7.88
2020 (h)	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
2022	9.94	8.34	14.15	11.09	10.31	14.14	17.58	8.34	12.80

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)
2013	18.00	9.29	7.97	20.00	2.93	7.55	200.00	N/A	N/A
2014(c)	18.27	9.43	7.74	20.30	2.97	7.64	200.00	N/A	N/A
2015(d)	18.54	9.57	7.26	20.60	3.01	7.15	200.00	N/A	N/A
2016(e)	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 (f)	19.14	9.88	7.75	21.26	3.11	7.20	200.00	N/A	N/A
2019 (g)	19.60	10.12	7.79	21.77	3.18	7.26	200.00	N/A	N/A
2020 (h)	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
2022	19.97	10.31	14.14	22.18	3.24	12.21	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 2013 billing cycle
- (d) The increase to rates took effect in the beginning of the monthly October 2014 billing cycle
- (e) The decrease to rates took effect in the beginning of the monthly October 2015 billing cycle
- (f) The increase to rates took effect in the beginning of the monthly October 2017 billing cycle
- (g) The increase to rates took effect in the beginning of the monthly October 2018 billing cycle
- (h) 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
2022	-	16,640	7,339	66,760	-	-	-	9,719	36,981	137,439	1.51%	424

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, 2022
(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	\$ 116,266	16.65%	\$ 19,358
Capital Improvement Bonds/Notes	30,255	16.65%	5,037
Escambia County School District			
State Board of Education Bonds	923	16.65%	154
Sales Tax Revenue Bonds	34,331	16.65%	5,716
Certificates of Participation	42,902	16.65%	7,143
Subtotal, overlapping debt			<u>37,409</u>
City Direct Debt			
City direct debt bond(s)/notes			90,739
City direct debt loans payable			-
Subtotal, direct debt			<u>90,739</u>
Total direct and overlapping debt			<u><u>\$ 128,148</u></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 \$9,665,793 of unamortized premiums.

Escambia County Sales Tax Revenue Bonds, Series 2017 and Capital Improvement Refunding Revenue Bonds, Series 2018 includes \$12,510,637 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		
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	
2022	9,282	6,531	6,704	-	-	-	12,234	2,181	381	4.78	
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		
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	
2022	8,084	1,675	2,086		2.15	295	53	36		3.31	

(continued)

CITY OF PENSACOLA, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(dollars in thousands)

<u>Westside Community Redevelopment Bond(s)</u>					<u>Local Option Gas Tax Revenue Bonds</u>				
<u>Fiscal Year</u>	<u>Westside Tax Incremental Revenues</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Local Option Gasoline Tax</u>	<u>Debt Service</u>		<u>Coverage</u>	
		<u>Principal</u>	<u>Interest</u>			<u>Principal</u>	<u>Interest</u>		
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	
2019	432	150	129	1.55	1,364	1,316	221	0.89	
2020	637	155	124	2.28	1,301	1,340	197	0.85	
2021	814	160	119	2.92	1,432	1,365	172	0.93	
2022	1,203	165	114	4.31	1,429	1,390	147	0.93	

<u>Gas Revenue Bonds</u>							
<u>Fiscal Year</u>		<u>Utility Charges for Services</u>	<u>Less: Operating Expense (a)</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
					<u>Principal</u>	<u>Interest</u>	
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
2022		70,088	53,631	16,457	1,832	214	8.04

(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/ Maintenance (a)		Principal	Interest			
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
2022	26,106	16,359	5,404 (j)	10,955	15,151	1,822	493	6.54	4,346	8.42

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	
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
2022	2,828	167	2,661	5,800	12	0.46	4,865	868	852	2.83

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, 2021, and 2022 includes \$5 million, \$4 million and \$5 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
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%
2022	54,790	322,390	10,021,493	31,085	37	38,955	3.7%

Source: Population, personal income, median age and unemployment rate data provide by the Florida Legislature Office of Economic and Demographic Research, Flroida Department of Econonmic Opportunity and U.S. Census. School enrollment data provided by Escambia County school system, public relations office.

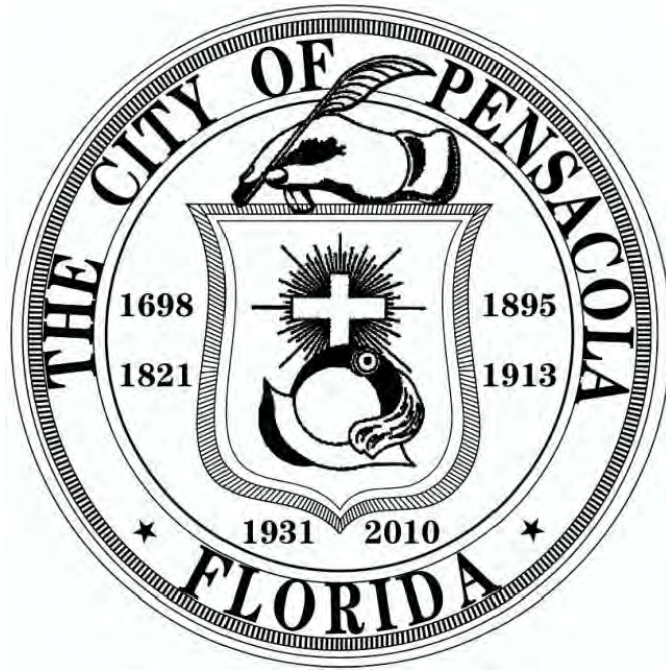
Notes: All data is applicable to Escambia County except for Pensacola population.

**CITY OF PENSACOLA, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2022			2013		
	Employees	Rank	Percentage of Total MSA Employment	Employees	Rank	Percentage of Total MSA Employment
<u>Employer</u>						
Local Government	13,900	1	6.00%	15,700	1	8.31%
Navy Federal Credit Union	8,500	2	3.67%	----	----	----
Baptist Health Care	6,630	4	2.86%	3,163	5	1.67%
Federal Government	6,800	3	2.94%	6,800	2	3.60%
State Government	6,800	5	2.94%	6,300	3	3.33%
Sacred Heart Health System	4,820	6	2.08%	5,000	4	2.65%
University of West Florida	2,220	7	0.96%	1,231	10	0.65%
Ascend Performace Materials	1,290	8	0.56%	1,400	7	0.74%
West Florida Healthcare	1,200	9	0.52%	1,300	9	0.69%
Walmart	1,080	10	0.47%	----	---	----
Lakeview Center	----	----	----	2,000	6	1.06%
Gulf Power Company	----	----	----	1,400	8	0.74%
Total	<u>52,910</u>		<u>23.32%</u>	<u>44,294</u>		<u>23.43%</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>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>	<u>2022</u>
Governmental activities:										
General Government										
Permits issued	5,796	6,818	6,729	7,162	8,034	8,606	9,105	9,180	11,602	9,521
Building inspections conducted	10,998	13,682	14,021	13,661	15,067	18,642	18,666	17,147	18,913	23,585
Police										
Residential burglary responses	457	463	354	360	321	272	183	125	244	107
Commercial burglary responses	81	82	108	84	62	60	49	40	74	46
Emergency responses	96,808	83,375	82,201	84,804	94,293	93,800	87,706	79,621	86,296	77,825
Physical arrests	3,773	3,225	3,174	2,438	2,972	3,697	3,959	2,781	2,781	2,575
Traffic violations	8,179	8,199	6,826	6,795	7,996	7,315	8,391	8,523	5,713	6,996
Fire										
Emergency responses	5,896	5,846	6,446	6,323	7,166 (k)	7,571 (j)	7,874 (j)	5,743	5,435	7,359
Fires extinguished	197	187	221	197	255 (k)	210 (j)	252 (j)	276	238	255
Inspections	764 (d)	676	776	1,041	2,034 (k)	2,824 (j)	2,574 (j)	1,778	3,640	3,495
Transportation (a)										
Traffic signals maintained	388	363	333	449	328	354	291	178	176	315
Traffic warning signals maintained	27	41	29	32	34	31	25	34	36	30
Street lights maintained	273	199	221	209	294	207	233	183	175	215
Street name markers replaced	192	284	206	257	194	213	297	231	220	180
Traffic control signs replaced	749	748	740	978	1,037	996	1,007	971	1,230	250
Culture and recreation										
Parks and recreation										
Number of programs offered	309	324	298	425	452	459	477	375 (k)	252 (k)	238
City resident program participants	452,968	231,624 (f)	189,292	310,437 (i)	277,241	338,461	307,117	136,578 (k)	130,611 (k)	155,290
County resident program participants	57,243	65,248	45,272	113,682	99,795	76,913	61,456	58,511 (k)	39,438 (k)	53,024
Golf Course										
Rounds played	36,570	20,408 (e)	18,449	25,874	27,394	26,243	25,487	28,411	23,087	22,949
Tournaments held	59	56	62	74	78	79	79	62	42	65
Tournament participants	3,245	2,273	3,410	4,810	4,914	4,983	4,972	2,841	1,722	2,739
Libraries (c)										
Items circulated	702,345	-	-	-	-	-	-	-	-	-
Public computer use	153,443	-	-	-	-	-	-	-	-	-
Program Attendance	15,518	-	-	-	-	-	-	-	-	-
Information Transactions	114,002	-	-	-	-	-	-	-	-	-
City resident library card usage	29,079	-	-	-	-	-	-	-	-	-
County resident library card usage	81,983	-	-	-	-	-	-	-	-	-
Economic environment										
Homes repaired/rehabilitated	22	25	32	28	12	27	11	8	6	21
New homes constructed	3	4	4	3	2	2	-	-	-	-
First-time homebuyers assisted/Foreclosure Prevention	99	76	142 (g)	115	122	130	76	84	55	44
Families assisted (monthly)	2,321	2,247	2,375	2,376	2,417	2,285	2,165	2,167	2,078	1,950
Housing inspections conducted	4,762	4,553	4,793	4,108	3,912	3,532	3,618	3,027	3,301	3,323
Nutritional Meal Programs (monthly)	1,306	1,389	1,653	1,997	1,721	1,382	1,382	1,703	323	1,771
Physical environment (a)										
Miles of paved streets swept	24,467	22,754	22,825	22,907	21,619	23,743	22,381	23,329	23,329	23,329

(continued)

CITY OF PENSACOLA, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	<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>	<u>2022</u>
Business-type Activities:										
Utility										
Average daily consumption in mmbtu's (b)	9,245	10,662	10,371	9,748	9,564	10,527	10,167	10,760	11,146	10,410
Maximum daily consumption in mmbtu's	26,612	38,569	32,629	28,093	28,803	39,593	27,795	28,206	28,363	30,049
In City customer connections	16,581	16,214	16,236	15,853	14,461	13,664	13,853	14,021	14,309	14,526
Outside City customer connections	41,193	41,686	41,741	40,788	37,329	35,350	35,821	36,237	36,954	39,687
Sanitation										
Customers	19,176	19,224	19,325	19,535	19,747	19,895	20,402	20,386	20,934	21,029
Refuse collected (tons)										
Garbage	15,308	15,113	14,512	15,395	15,455	15,685	16,510	17,218	18,979	19,691
Green Waste	11,999	12,691	13,001	14,769	13,211	13,281	12,523	13,282	10,706	10,643
Recycling (new in FY 2009)	3,847	3,782	4,805	4,745	4,605	4,141	4,282	3,874	2,936	2,614
Construction/Demolition (C&D)	1,582	1,429	1,579	2,202	2,213	1,568	1,739	2,185	2,190	1,914
Port										
Tonnage exported	66,927	98,468	56,696	30,506	54,641	36,269	10,517	597 (i)	4,566 (i)	3,199
Tonnage imported	148,514	86,814	161,073	170,503	177,294	78,445	81,893	104,420	173,876	397,902
Number of vessels in port	74	68	54	51	20	31	29	26	28	46
Airport										
Mainland carriers	2	3	2	2	3	5	5	5	7	7
Regional commuter services	8	7	7	9	10	10	10	9	10	9
Passengers enplaned	758,158	774,320	797,854	802,260	834,504	951,751	1,100,121	692,616 (k)	1,041,318	1,223,137
Passengers deplaned	758,376	768,662	796,204	802,482	834,393	950,920	1,100,445	689,515 (k)	1,036,102	1,217,526
Air freight enplaned in pounds	4,563,173	4,608,702	4,617,580	4,196,031	4,839,066	5,815,192	4,763,078	4,937,432 (k)	5,657,427	5,561,110
Mail enplaned in pounds	476	576	2,513	2 (h)	1,202	-	-	-	598	-
Total flights (private and commercial)	102,502	105,630	104,400	97,858	114,026	115,268	125,213	107,441 (k)	102,294	120,061

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>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>	<u>2022</u>
Governmental Activities:										
General Government										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	140	140	140	140	146	148	149	144	143	145
Fire										
Stations	6	6	6	6	6	6	6	6	6	7
Apparatus	31	31	31	31	31	31	31	32	32	31
Transportation (a)										
Miles of street	332	332	332	332	325	325	325	326	326	326
Traffic warning signals	57	60	60	64	66	66	65	64	66	67
Traffic control signals	92	92	92	92	92	92	92	86	96	101
Traffic control signs	10,367	10,581	10,543	10,519	10,536	10,557	10,621	10,959	10,959	10,985
Culture and recreation										
Parks and recreation										
Parks	93	93	93	93	93	93	93	93	93	93
Acreage	517	517	592	592	592	593	600	600	600	600
Golf course										
Par	70	70	70	70	70	70	70	70	70	70
Acreage	123	123	108	123	123	123	123	123	123	123
Yardage	6400	6,400	6,450	6,400	6,400	6,400	6,400	6,400	6,400	6,400
Libraries (b)										
Number of libraries	3	-	-	-	-	-	-	-	-	-
Number of volumes	309,609	-	-	-	-	-	-	-	-	-
Economic environment (a)										
Street lights	7,804	7,794	7,798	7,891	7,887	7,906	8,124	9,103	9,508	9,695
Street name markers	5,676	5,685	5,691	5,703	5,709	5,711	5,734	5,749	5,749	5,749
Berths	3	3	3	3	3	3	3	3	3	3
Physical environment										
Street Sweepers	7	7	7	7	7	7	7	7	7	8

(continued)

**CITY OF PENSACOLA, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	Fiscal Year									
	<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>	<u>2022</u>
Business-type activities:										
Utility										
Miles of gas mains	1,638	1,680	1,610	1,621	1,639	1,654	1,719	1,745	1,761	1,789
Sanitation										
Collection trucks - residential										
Garbage	11	11	11	11	11	10	10	9	8	8
Collection trucks - trash collection										
Container	2	2	2	2	2	2	2	2	2	6
Grapplers	9	9	9	9	9	9	10	11	13	10
Shuttle	2	2	2	2	2	2	2	2	2	2
Dump	1	1	1	-	-	-	-	-	-	-
Tractor	1	1	1	1	1	1	1	1	1	1
Shuttle trailers	8	8	8	8	8	8	8	8	2	2
Roll Off	-	-	-	-	-	-	-	-	-	1
Rear Loader	-	-	-	-	-	-	-	-	-	1
Collection trucks - residential										
Recycling	6	6	6	7	7	5	7	7	5	5
Transfer Station										
Tractors	-	-	-	-	-	-	-	-	-	7
Trailors	-	-	-	-	-	-	-	-	-	7
Port										
Warehouses	7	7	7	7	7	7	7	7	7	7
Berths	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
Runway 8-26 length and width in square feet	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

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.

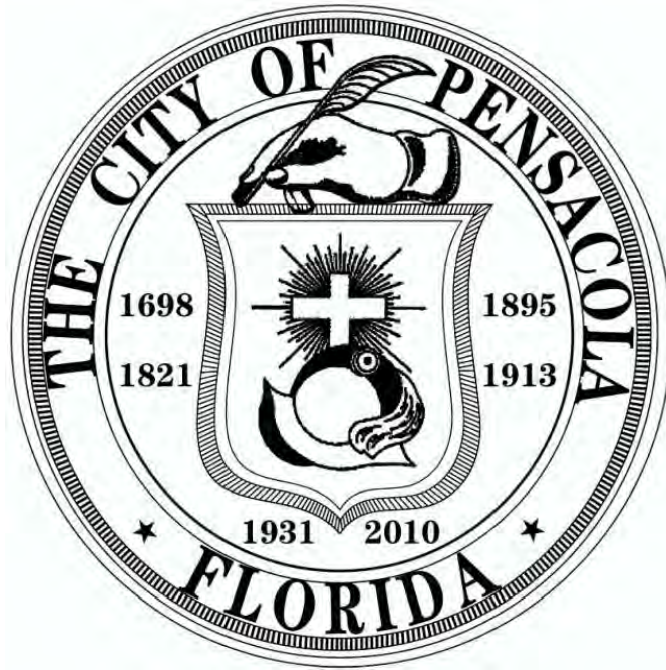
CITY OF PENSACOLA, FLORIDA
FULL-TIME-EQUIVALENT CITY GOVERNMENT POSITIONS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	<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>	<u>2022</u>
Governmental activities:										
General Government										
Mayor	11	10	9	8	8	8	8	11	11	11
City Manager	0	0	0	0	0	0	0	0	0	0
City Clerk	3	3	4	3	3	2	2	3	3	3
City Council	1	2	2	4	5	5	5	5	5	5
Legal	4	4	4	3	3	4	4	6	6	7
Human Resources	8	7	7	7	10	10	10	11	13	13
Civil Service	0	0	0	0	0	0	0	0	0	0
Financial Services	29	27	27	27	25	25	25	24	24	24
Planning Services	7	6	6	7	8	7	8	8	8	7
Garage	17	17	17	17	17	17	17	17	18	18
Technology Resources	17	14	14	15	14	14	14	14	17	20
CRA	2	0	0	0	2	2	2	2	3	4
Parking Management (e)	0	0	0	0	0	0	0	0	0	7 (e)
Public Safety										
Police	204	203	203	204	204	204	204	205	206	206
Fire	114	114	114	115	116	123 (d)	123	123	125	125
Inspection Services	10	10	11	12	12	12	12	12	12	12
Transportation										
Public Works	46	24 (c)	24	23	23	23	23	23	23	23
Culture and Recreation										
Neighborhood Services (a)	29	48 (c)	48	47	48	48	48	50	57	62
Golf Course	4	4	4	3	3	3	3	3	3	3
Library (b)	36	0	0	0	0	0	0	0	0	0
Economic Environment										
Housing	22	22	20	20	20	20	20	19	23	24
Physical Environment										
Stormwater utility	26	26	26	27	27	27	27	27	27	30
Engineering	9	8	8	8	8	8	8	8	9	10
Business-type activities:										
Utility	117	117	117	117	117	115	114	114	122	124
Sanitation	43	43	43	43	43	43	43	43	49	51
Port	10	9	9	9	9	8	8	8	9	9
Airport	61	53	53	51	51	53	53	56	57	58
	<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>	<u>856</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) 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.
(c) As part of reorganization, public works employees moved to park works.
(d) Six fire cadets were added with the revitalization of the Fire Cadet Program.
(e) Parking Management Division moved from the Mayor's Office to become Parking Management Department

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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.

Report on 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
March 23, 2023

**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, CHAPTER 10.550, RULES OF THE AUDITOR
GENERAL AND THE PFC AUDIT GUIDE FOR PUBLIC AGENCIES**

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**

Opinion on 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 program for the year ended September 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program

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; 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); the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with 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' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Florida Department of Financial Services *State Projects Compliance Supplement*, and the *Passenger Facility Charge Audit Guide for Public Agencies* but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project 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 or state project 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.



Pensacola, Florida
March 23, 2023

**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, 2022:

(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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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, 2022.

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
March 23, 2023

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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 11.307 – U.S. Department of Commerce – Economic Adjustment Assistance
Federal Assistance Listing Number 14.871 – U.S. Department of Housing and Urban Development – Housing Voucher Cluster
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

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,846,454
Auditee qualified as low-risk auditee?	☒ Yes _____ No

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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. 77.048 – Florida Fish and Wildlife Conservation Commission – Deepwater Horizon Oil
Spill

Dollar threshold used to distinguish
between type A and type B programs: \$ 936,684

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, 2022**

There were no prior year audit findings.

CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE PERIOD ENDING SEPTEMBER 30, 2022

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. DEPARTMENT OF TREASURY</u>						
COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	NA		734,219	6,001,807	
<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		-	121,594	
Total U.S. Department of Treasury				734,219	6,123,401	
<u>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</u>						
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	02D28822			4,151	
Total U.S. Department of Environmental Agency					4,151	
<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		-	169,422	
<i>Passed through Escambia County BOCC:</i>						
Community Development Block Grant	14.218	B-14/20-MC-12-0016		-	106,304	
Housing Rehabilitation	14.218	B-14/20-MC-12-0016		-	219,188	
Aid to Private Agencies	14.218	B-14/21-MC-12-0016		147,481	305,660	
Total CDBG-Entitlement Grants Cluster				147,481	800,574	
<i>Passed through Escambia County Florida:</i>						
HOME Investment Partnerships Program	14.239	M-21-DC-12-0225		-	22,031	
<i>Housing Voucher Cluster:</i>						
Section 8 Housing Choice Vouchers Program	14.871	FL092VO0256-0262		-	17,549,732	
COVID-19 Section 8 Housing Choice Vouchers Program (Vouchers Cares Act)	14.871	FL092VO0243		-	26,478	
Emergency Housing Vouchers	14.871	FL092EH001			172,022	
Total Housing Voucher Cluster				-	17,748,232	
Total U. S. Department of Housing and Urban Development				147,481	18,570,837	
<u>U. S. DEPARTMENT OF JUSTICE</u>						
Bulletproof Vest Partnership Program	16.607	2020BUBX20022770		-	4,487	
Bulletproof Vest Partnership Program	16.607	2021BUBX21024725		-	12,564	
				-	17,051	
Law Enforcement Trust Fund	16.922	N/A		-	51,332	
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0265			79,509	
Edward Byrne Memorial Justice Assistance Program	16.738	15PBJA-21-GG-01340-JAGX			22,071	
<i>Passed through the State of Florida, Department of Law Enforcement:</i>						
Edward Byrne Memorial Justice Assistance Program	16.738	2021-JAGC-ESCA-3-3B-134		-	37,210	
Edward Byrne Memorial Justice Assistance Program	16.738	2020-DJ-BX-0551		-	11,670	
				-	48,880	
Total U. S. Department of Justice				-	218,843	
<u>U.S. DEPARTMENT OF COMMERCE</u>						
Economic Adjustment Program	11.307	47907378			12,215,000	
Total U.S. Department of Commerce					12,215,000	
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>						
Airport Improvement Program	20.106	N/A		-	1,680,058	
COVID-19 Airport Improvement Program (Cares Act)	20.106	N/A		-	5,770,622	
				-	7,450,680	
<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		-	134	
Total National Priority Safety Program Cluster				-	134	
Total U. S. Department of Transportation				-	7,450,814	
<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		-	16,846,949	
Port Security Grant Program	97.056	EMW-2019-PU-00016-S01		-	74,427	
Assistance to Firefighters Grant	97.044	EMW-2019-FG-10291		-	44,028	
Total U.S. Department of Homeland Security				-	16,965,404	
				\$ 147,481	\$ 61,548,450	
TOTAL EXPENDITURES OF FEDERAL AWARDS						
PASSENGER FACILITY CHARGE					\$ 1,702,236	\$ 4,864,866

CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE PERIOD ENDING SEPTEMBER 30, 2022

<u>Federal/State Agency, Pass-Through Entity, Federal Program/State Project</u>	<u>Assistance Listing Number</u>	<u>Contract Grant Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub recipients</u>	<u>Total Expenditures</u>	<u>Passenger Facility Charge Revenue</u>
<u>STATE FINANCIAL ASSISTANCE</u>						
<u>FLORIDA DEPARTMENT OF STATE</u>						
Cultural and Museum Grants	45.061	CA2E142		\$ 44,525	\$ 44,525	
Total Florida Department of the State				44,525	44,525	
<u>FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION</u>						
Deepwater Horizon Oil Spill	77.048	FWC21129		-	981,350	
Deepwater Horizon Oil Spill	77.048	FWC21130			29,917	
Total Florida Fish and Wildlife Conservation Commission				-	1,011,267	
<u>FLORIDA HOUSING FINANCE CORPORATION</u>						
SHIP Program	40.901	SHIP 2021		-	68	
Total Florida Housing Finance Corporation				-	68	
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>						
Bayou Chico Stormwater Runoff Mitigation Study	37.039	LPA210			27,976	
Total Florida Department of Environmental Protection				-	27,976	
<u>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</u>						
Growth Management Implementation	40.024	P0424			40,000	
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	G0050			10,000,000	
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	G0069			4,875,000	
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	G0009		-	1,251,838	
Total Economic Development Tax Refund, Tax Credit and Grant Program				-	16,126,838	
Total Florida Department of Economic Opportunity				-	16,166,838	
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>						
Aviation Grant Programs	55.004	G0Z27		-	13,555,429	
Aviation Grant Programs	55.004	G1P51		-		
Highway Beautification Grants	55.003	G1391			98,000	
Seaport Grant Programs	55.005	44102729402			264,559	
Seaport Grant Programs	55.005	42235439403			19,680	
Seaport Grant Programs	55.005	44554819401		-	34,450	
				-	318,689	
Total Florida Department of Transportation				-	13,972,118	
				\$ -	\$ 31,222,792	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE						

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 \$0.00 and \$0.00, respectively, and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was \$76,076 and \$83,865 respectively. The balance of the loans outstanding as of fiscal year end consist of:

Community Development Block Grants CFDA number 14.218 \$880,045
HOME Investment Partnerships Program Grants CFDA number 114.239 \$632,799

- 1 Includes debt service of \$1,702,236
- 2 Includes interest earnings of \$56,163

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, 2022, and have issued our report thereon dated March 23, 2023.

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 Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's 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; 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 March, 23, 2023, 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.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Downtown Improvement Board (the Board) , a dependent special district of the City, reported:

- a. The total number of Board employees compensated in the last pay period of the district's fiscal year as two.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Board's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$111,581.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the Board that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as – No planned projects.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Board amends a final adopted budget under Section 189.016(6), Florida Statutes. The Board increased revenues by \$51,578, expenditures by \$141,032, and use of fund balance by \$89,454 from the adopted budget.

The specific information reported in the previous paragraph has 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 it.

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
March 23, 2023

**CITY OF PENSACOLA, FLORIDA
FINANCIAL DATA SCHEDULE
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM
ASSISTANCE LISTINGS NUMBER 14.871
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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	\$ 2,480,550		17,220	2,497,770
113	Other restricted	313,187		10,589	323,776
115	Restricted for payment of current liabilities	115,349		9,991	125,340
100	Total cash	<u>2,909,086</u>	<u>0</u>	<u>37,800</u>	<u>2,946,886</u>
	Receivables:				
122	Accounts receivable - HUD other projects			18,122	18,122
128	Fraud recovery	1,530,499			1,530,499
128.1	Allowance for doubtful accounts - Fraud	(1,205,014)			(1,205,014)
120	Total receivables	<u>325,485</u>	<u>0</u>	<u>18,122</u>	<u>343,607</u>
142	Prepaid expenses and other assets	858			858
150	Total current assets	<u>3,235,429</u>	<u>0</u>	<u>55,922</u>	<u>3,291,351</u>
290	Total assets	<u>\$ 3,235,429</u>	<u>0</u>	<u>55,922</u>	<u>3,291,351</u>
	Liabilities:				
	Current liabilities:				
312	Accounts payable <= 90 days	\$ 4,352		9,800	14,152
322	Accrued compensated absences - current portion	62,820			62,820
331	Accounts payable - HUD PHA Programs	837		191	1,028
333	Accounts payable - other government	47,340			47,340
342	Deferred revenue	325,485			325,485
310	Total current liabilities	<u>440,834</u>	<u>0</u>	<u>9,991</u>	<u>450,825</u>
300	Total liabilities	<u>440,834</u>	<u>0</u>	<u>9,991</u>	<u>450,825</u>
	Equity:				
508.3	Nonspendable Fund Balance	858	0	0	858
509.3	Restricted Fund Balance	313,187	0	28,711	341,898
512.3	Unassigned fund balance	2,480,550	0	17,220	2,497,770
513	Total equity/net assets	<u>2,794,595</u>	<u>0</u>	<u>45,931</u>	<u>2,840,526</u>
600	Total liabilities and equity/net assets	<u>\$ 3,235,429</u>	<u>0</u>	<u>55,922</u>	<u>3,291,351</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, 2022

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	\$ 17,061,312	26,476	129,022	17,216,810
71100	Investment Income - unrestricted	11,060	2	144	11,206
71400	Fraud Recovery	8,557			8,557
70000	Total revenues	<u>17,080,929</u>	<u>26,478</u>	<u>129,166</u>	<u>17,236,573</u>
Expenses					
91100	Administrative salaries	785,135	18,014	5,885	809,034
91200	Auditing fees	35,000			35,000
91500	Employee benefit contributions - administrative	481,701	6,400	2,483	490,584
91810	Allocated Overhead	85,000			85,000
91900	Other operating - administrative	3,219			3,219
92400	Tenant services - other			79,470	79,470
93100	Water	512			512
93200	Electricity	9,372			9,372
93300	Gas	312			312
93600	Sewer	610			610
93800	Other utilities expense	623			623
94200	Maintenance and operations - materials and other	238,014	1,830		239,844
94300	Maintenance and operations - contracts	82,991	234		83,225
96110	Property insurance	9,776			9,776
96200	Other general expenses	2,661			2,661
96210	Compensated absences	62,820			62,820
96900	Total operating expenses	<u>1,797,746</u>	<u>26,478</u>	<u>87,838</u>	<u>1,912,062</u>
97000	Excess operating revenue over operating expenses	<u>15,283,183</u>	<u>0</u>	<u>41,328</u>	<u>15,324,511</u>
Other expenses:					
97300	Housing Assistance Payments	15,744,807		84,184	15,828,991
97600	Capital outlays - governmental funds	7,179			7,179
90000	Total expenses	<u>17,549,732</u>	<u>26,478</u>	<u>172,022</u>	<u>17,748,232</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	<u>\$ (468,803)</u>	<u>0</u>	<u>(42,856)</u>	<u>(511,659)</u>
11030	Beginning Equity	\$ 3,263,398	0	88,787	3,352,185
11170	Administrative Fee Equity	\$ 2,481,408	0	17,220	2,498,628
11180	Housing Assistance Payments Equity	\$ 313,187	0	28,711	341,898
11190	Unit Months Available	29,892	0	0	29,892
11210	Number of Unit Months Leased	23,340	0	0	23,340