



Fiscal Year 2019

Comprehensive Annual Financial Report

For the Year Ending September 30, 2019

PENSACOLA
THE UPSIDE of FLORIDA



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, 2019



Prepared by:
Financial Services Department

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**CITY OF PENSACOLA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019**

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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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GROVER C. ROBINSON, IV
Mayor

February 10, 2020

The Honorable Jewel Cannada-Wynn, President
And Members of the City Council
City of Pensacola
Pensacola, Florida

Pursuant to applicable Florida Statutes and sound financial management practices, the Comprehensive Annual Financial Report (CAFR) of the City of Pensacola, Florida, for the fiscal year ended September 30, 2019, has been prepared and is submitted herewith.

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

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

Mayor's Initiatives

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

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

- | | |
|-------------------------------|------------------------------------|
| • 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 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, has already been accomplished. 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.

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.

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. Monthly reports are generated for public review to provide a more frequent overview of the financial status as compared to budget. In accordance to Chapter 166.241, Florida Statutes, budget amendments within a fund (transfers of amounts from one line item to another) approved by the Chief Financial Officer 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 Chief Financial Officer. Additional assistance is employed through the services of RBC Capital Markets, the City's Financial Advisors.

On July 25, 2019, the City issued its \$58,140,000 Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 (the "2019 Urban Core Bond") through a loan from BBVA Mortgage Corporation. The 2019 Urban Core Bond was issued to provide for an advanced refunding of the outstanding principal balance of the *Redevelopment Revenue Bonds, Series 2009B* ("2009B Redevelopment Bonds"), as well as finance 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 newly issued 2019 Urban Core Bond matures on December 31, 2043 and has a fixed interest rate of 3.40%. Pledged revenues for the repayment of the principal and interest will be Tax Increment Revenues derived from the Urban Core Community Redevelopment Area. In the event that these revenues are insufficient to pay debt service, the 2019 Urban Core Bond is further secured by certain non-ad valorem revenues budgeted and appropriated therefor pursuant to a Covenant to Budget and Appropriate.

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 2019 business-type activities paid a total of \$11.1 million and \$1.9 million, respectively, for principal and interest on bonds.

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 \$6.3 million and \$4.2 million, respectively for principal and interest, for governmental activities debt during fiscal year 2019. The City typically issues debt with a levelized structure thereby eliminating large increases and decreases in principal payments from year to year. However, a \$1.4 million decrease can be seen in fiscal year 2019 mainly due to the payoff of the Capital Funding Revenue Bonds, Series 2010 in fiscal year 2018 which was offset with the first payment on the City's Infrastructure Sales Surtax Revenue Bond, Series 2017 in fiscal year 2019. 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. However, due to a delay in receiving required audit information from the State of Florida for pension disclosure under GASB 68, the City was not able to meet this deadline for fiscal year 2015. Therefore, on March 28, 2016, the City filed a Notice of Failure to File Annual Report, for fiscal year 2015, on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA). The required audit information was received in mid-April 2016 from the State, and the complete Annual Report, including audited financial statements for fiscal year 2015, was filed on EMMA on May 12, 2016, which filing along with the above mentioned Notice cured the violation. The Comprehensive Annual Financial Report and the Report to Bondholders should be read in conjunction to get a clear and complete understanding of the market effect on the City of Pensacola.

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 49,000 service connections and is one of the largest municipal gas distribution systems in Florida as it relates to customer base.

Pensacola Energy had operating income before depreciation of \$17,868,804; a decrease of \$1,416,747 over last year. Operating revenue increased by \$390,334 (0.8%) during fiscal year 2019 and operating expenses decreased by \$1,026,413 (3.0%). The primary reason for the increase in operating revenue is attributed to a 2.4% rate increase based on the CPI. The primary decrease in expense can be linked to decrease in salaries and employee benefits due to a

reallocation of personnel between operating accounts and capital construction accounts. In fiscal year 2019, the cost of natural gas increased by \$253,761. Excluding the cost of gas, operating expenses decreased by \$1,280,174. The revenue classification for billed gas service is 48.9% residential, 29.3% commercial and 21.8% industrial.

Pensacola Energy budgets for normal winters; however, actual revenues fluctuate with the cost of natural gas and weather patterns. Pensacola Energy's rates are adjusted annually with the Consumer Price Index (CPI) if approved by City Council. A 3.3% increase was approved in fiscal year 2018 and a 2.4% increase was approved in fiscal year 2019.

Fiscal year 2020 operating revenues are budgeted at \$52.6 million, \$320,600 (0.6%) higher than the prior year budget. The fiscal year 2020 budget was prepared with a 1.9% rate increase based on Consumer Price Index. Offsetting that increase was a \$500,000 decrease in revenues related to navy projects. Fiscal year 2020 appropriations increased \$320,600 (0.6%) over fiscal year 2019 mainly due a \$935,300 decrease in operating expenses offset by a \$801,300 increase in personal services and \$380,200 increase in capital outlay. Pensacola Energy's transfer to the General Fund is budgeted to remain at \$8 million. The transfer complies with the City Council adopted financial planning policy which states "Long-term, the budgeted transfer should not be more than 15 percent of budgeted ESP revenue".

Sanitation Services

The City has operated a solid waste collection system for over fifty years. Sanitation service is mandatory within the city limits and the City provides residential garbage, recycling and trash collection to approximately 20,400 customers. Commercial dumpster services are provided by private hauling companies that are 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.

Sanitation had operating income before depreciation of \$736,848; a decrease of \$271,155 over the prior fiscal year. Operating revenue increased by \$319,280 (3.9%) during fiscal year 2019 and expenses increased by \$590,435 (8.3%). The primary reason for the increase in operating revenue over the prior fiscal year is attributed to a 2.4% rate increase based on the CPI and a \$1.00 per month increase in the Sanitation Equipment Surcharge. Funds generated by the Sanitation Equipment Surcharge will be used for the replacement of sanitation equipment. The Sanitation Equipment Surcharge was \$2.00 per month for fiscal year 2019. Residential sanitation fees are set at \$24.64 per month and support the self-sustaining Sanitation Services operation. In addition, there is a fuel and lubricant pass-through surcharge of \$1.50 per month for fiscal year 2019. The primary increase in expense can be linked to increased repairs and maintenance on vehicles.

Fiscal year 2020 revenues are budgeted at \$8.5 million, \$233,600 (2.8%) higher than the prior year budget. The fiscal year 2020 budget was prepared with a 1.9% rate increase based on the Consumer Price Index. Fiscal year 2020 appropriations increased by \$118,100 (1.4%) over fiscal year 2019 budget mainly due to a \$43,700 increase in the liability insurance, a \$21,300 increase in landfill fees and a \$20,200 increase in allocated overhead.

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 two basic categories of freight are general cargo and bulk cargo.

The Port had operating income before depreciation of \$570,632; an increase from last fiscal year by \$937,100. Operating revenues increased \$1,141,213 (90.6%) and expenses increased by \$204,043 (12.5%). 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 an increase in utilities as a direct result of the vessel activity.

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 2019, the Port was awarded \$897,600 (\$560,700 in FSTED funds requiring \$336,900 in local match of which \$300,000 will be provided by Local Option Sales Tax dollars) for berth improvements, upland cargo improvements and maintenance dredging.

Fiscal year 2020 operating revenues are budgeted at \$2.1 million, \$508,700 (31.42%) higher than the prior year budget as revenues are based on historical trend information on vessel activity levels as well as current and prospective lease agreements as well as increased vessel dockage days currently experienced at the Port. Fiscal year 2020 appropriations increased by \$508,700 over fiscal year 2019 budgeted totals primarily due to an increase in operating cost such as liability insurance, utilities and repairs 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 2019, 2.2 million passengers utilized the scheduled service of six airlines to eighteen non-stop destinations making Pensacola the 92nd largest airport out of over 400 commercial service airports in the United States in terms of the total number of domestic passengers served.

The Airport had operating income before depreciation of \$9,840,459; a \$607,726 increase over last fiscal year. The Airport Fund's operating revenues increased by \$2,700,696 (11.6%) in fiscal year 2019. Airline revenues increased by \$73,366 and non-airline revenues increased by \$2,627,330. The primary reason for the increase in non-airline revenues is attributed to interest income, parking, rental car revenues and customer facilities charges related to rental cars. The Airport Fund's operating expenses increased by \$2,092,970 (14.9%).

Fiscal year 2020 operating revenues are budgeted at \$22.5 million, \$1,901,000 (9.2%) higher than the prior fiscal year budget. Charges to the Airlines such as Loading Bridge fees, Landing Fees, Apron Area Rentals and Airline Rentals are projected to decrease a total of \$147,000

which results in reduced landing fees passed on to consumers. Non-Airline Revenues such as Restaurant and Lounge, Hanger/Ground Leases, Parking Lot and Rental Car Customer Facility Charge revenues are projected to increase a total of \$2,048,000. Fiscal year 2020 operating appropriations decreased by \$549,800 over fiscal year 2019 budgeted totals primarily due to a \$3.4 million decrease in debt service payments related to the refunding of the Airport Capital Improvement Bonds, Series 2008 and the Customer Facility Charges Revenue Note. Offsetting the increase was a decrease of \$2.2 million in airport maintenance expenses and \$360,100 in airport administrative expenses.

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 Events and Future Year Plans

The Pensacola City Council approved a fiscal year 2019 budget of \$239,718,600, an increase of \$10,869,800 from the 2018 budget. Overall appropriated fund balance increased by \$6,358,400 and overall revenue estimates increased by \$4,511,400. The General Fund anticipated an increase in revenues of \$1,801,800 (3.5%) due to a \$1,088,000 increase in property taxes as a result of a 5.79% increase in property valuation, \$500,000 increase in Sales and Use Taxes based on prior year receipts, \$210,800 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 an increase of \$259,000 (4.7%) mainly due to increased transfers to cover debt service. The Special Revenue Funds anticipated an increase in revenues of \$993,300 (2.7%) mainly due to increased intergovernmental revenues based on available grant funding as well as other financing sources related to operating transfers. The Capital Project Funds anticipated an increase in revenues of \$185,400 (1.7%) due to increases in Sales and Use Taxes based on prior year receipts. The Enterprise Funds anticipated an increase in revenues of \$1,343,000 (1.5%). Natural gas sales were projected at \$50,922,000, an increase of \$527,500 or 1.0% from the fiscal year 2018 budget. The increase is attributed to increases in the Consumer Price Index which is a component of Pensacola Energy's rate structure. Sanitation revenues were projected at \$8,259,000, an increase of \$440,600 or 5.6% from the fiscal year 2018 budget. Anticipated increases in residential refuse charges and a new equipment surcharge based on the rate change effective June 1, 2017 account for the majority of the increase. Port revenues were projected at \$1,619,100, a decrease of \$8,800 or 0.5% from the fiscal year 2018 budget based historical trend information on vessel activity. Pensacola International Airport revenues were projected at \$20,559,000, an increase of \$226,000 or 1.1% from the fiscal year 2018 budget.

Departmental events and plans

Planning Services provides the public the opportunity to obtain input from the administrators of Planning Services, Inspection Services, Public Works and Engineering by coordinating a standing weekly development review meeting. Planning Services continues to maintain the City's Comprehensive Plan, which was updated in 2019 via the State of Florida's Evaluation and Appraisal process. Planning Services also maintains the current Land Development Code (LDC)

and continues to work towards encouraging 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 during fiscal year 2019. In an effort to achieve this goal, the department 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 received \$196,312 in local, state and federal grants to purchase items necessary to further crime prevention goals as well as improve officer safety. Grant funds were used to purchase items such as a 3D Mapping System, SWAT Helmets, Bullet Proof Vests, as well as provide overtime specifically designated for addressing gun crimes and enforcing DUI laws. In addition, the department received \$37,694 for overtime reimbursement through multi-jurisdictional task forces through the U.S. Marshal's Office; Bureau of Alcohol, Tobacco, Firearms and Explosives; Organized Crime Drug Enforcement Task Force; and the Internet Crimes against Children Task Force and other miscellaneous revenues.

In fiscal year 2020, 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 maintained its Insurance Services Organization (ISO) Class 2 rating. A rating based on a class rating scale of 1 (highest) to 10 (lowest) and obtained by evaluating crucial factors such as: fire suppression, which includes fire station locations, personnel, apparatus, and equipment; water supply, which includes fire hydrant spacing, inspections, and fire flow; and communications, which includes station alerting and dispatch, radio communication equipment, and emergency response times.

In fiscal year 2019, construction was completed on Fire Station 3 and the new station became response ready and the old Fire Station 3 was demolished as required by the Federal Aviation Administration. The design of the grant-funded live fire training simulator was completed. New self-contained breathing apparatus test equipment and a breathing air compressor were installed. Intrinsically safe LED flashlights are now on all fire apparatus, enhancing firefighter's ability to search for victims and hazards in low visibility. Incident reporting and record management continues to advance allowing the Pensacola fire department to more accurately monitor, evaluate, and improve what is occurring within the department. The Fire Cadet Program continues to elevate departmental recruiting, improve staffing, and promote diversity. Employee training and development continues to evolve with Training Division coordination which promotes uniformity in all-hazards training exercises and response readiness. Community risk reduction efforts increased in all community centers and neighborhoods.

In fiscal year 2020, construction of the live fire training simulator will be completed and the Fire Boat will undergo grant-funded upgrades. Apparatus and facility maintenance will continue to be a top priority and a Fire Engine replacement will occur. The department will strive to continue the advancement of the Fire Cadet Program through renewed recruitment strategies. Community risk reduction, outreach and fire prevention/education initiatives will continue, including installation of grant-funded smoke alarms. New employee and supervisor drills, training and development programs will be implemented. Training exercises and increased aircraft rescue firefighting (ARFF) response drills will further develop response readiness. Leadership training provided by Human Resources will be completed by all PFD supervisors as succession and transition planning continues. Upgrades to the City Emergency Coordination Center including connectivity and communications with the Escambia County EOC will continue. Fire apparatus equipment upgrades will continue, including extrication airbags and high-flow water monitors, which will provide fire companies with more options during rescue and fire operations. The Pensacola Fire Department will continue to provide a wide range of services and programs designed to protect the lives and property of the citizens and visitors to the City of Pensacola from adverse effects of fires, sudden medical emergencies or exposure to dangerous conditions created by either man or nature.

The Parks and Recreation Department continued it's committed 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 93 parks and open spaces, along with 10 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 2019. Additional park park projects included: installation of new playgrounds at Hitzman Park, Armstrong Park and a complete renovation of Morris Court Park; countless volunteer cleanup days at Chimney Park and Bay Bluffs Natural Area; repaving of Bayou Texar boat launch parking lot and the awarding of a contract to rebuild Construction on the new Bayview Community Resource Center began as did the renovation of Gull Point Community Center and the Bayview Senior Center. The department will continue to develop the park master plan based on a parks needs assessment report from University of West Florida (UWF). Fricker Center and the Vickrey Center will receiving some much needed improvements during fiscal year 2020. Additional projects are taking place at Highland Terrace Park (new parking), Calloway Park (new basketball courts), Legion Field (new playground, press box, and tee ball field), Hitzman Park (new athletic fields), Roger Scott Tennis Center (renovations to the courts), McGee Field (new pressbox), Bill Gregory (restroom renovations), Scott Pool (restroom renovations), Miraflores Park (Boy Scout Building renovations), EPH Center (renovations), Bayview Dog Park (renovations), Osceola Golf Course (new cart paths), and new playgrounds at Springdale, Kiwanis, EPH Lions, Durant, and Tierre Verde Parks.

Events at the Community Maritime Park continued to increase participation in fiscal year 2019. UWF Football boasted a home game attendance of over 6,000. Seasonal events such as Blues on the Bay Concert series and the Hill-Kelly Movies at the Park series stayed consistent with participation numbers varying from 700 to 2,500 in attendance. This year the City partnered with

Breath Yoga Studio to provide free Yoga classes the first Sunday of each month. The first event had over 140 attendees with an average monthly attendance of 75 each following month. Community Maritime Park ended the year with 68 events and an approximate total attendance of 71,000 in attendance.

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

The Public Works and Facilities Department continued to meet its mission statement of providing courteous and quality service, while maintaining the City's current infrastructure and constructing new infrastructure. The department maintains 332 miles of roadway, 73 stormwater ponds, 118 various underground stormwater treatment units, 18 ditches, 2,193 drainage inlets and 15 major stormwater outfalls. Approximately 2,621 miles of roadway were swept and approximately 3,872 tons of road debris were removed during fiscal year 2019.

During fiscal year 2019, the department completed Groups IV, Groups V, and Group VI of the resurfacing project which resurfaced 620 city blocks of asphalt roadway, repaired/replaced approximately 7,145 feet of existing sidewalk, installed 193 handicap ramps, repaired over 260 potholes, addressed 176 traffic signal issues, and repaired over 100 City owned streetlights. The department replaced 43 City owned street lights on S Jefferson St with new antique replica style LED lights which provided energy savings over the older style light that were replaced. The department also replaced 210 City owned street lights with LED lights along Summit Blvd, Spanish Trail, Wright Street, and Palafox. In addition, the department installed 4 new video detection systems and 14 uninterrupted power supplies to traffic signals owned by the City. Several significant capital stormwater projects were also completed that provided enhanced treatment and flooding abatement in numerous areas of the City. Major capital stormwater projects included the installation of two stormwater treatment units at the Woodcliff Drive at Livingston Outfall, three stormwater treatment units at Raintree, Stow, and Menendez Outfalls, two large stormwater treatment units at East Cross Street, Yates, Escambia and Osceola Outfalls, and one large Stormwater treatment unit at the Texar Drive and 18th Avenue Bayou Texar Outfall.

In fiscal year 2020, the department will complete several large stormwater capital improvement projects including installation of the piping system to divert water from Langley Avenue to the new Gaberonne Swamp/Pensacola Bay Watershed Improvements - Spanish Trail Retention Pond, installation of a stormwater treatment unit at Davis Highway at Carpenter Creek Outfall, installation of 3 stormwater treatment units on the eastern side of Bayou Texar as well as installation of 3 stormwater treatment units on the western side of Bayou Texar. Finally, two large grant-funded stormwater projects including 12th Avenue and Cross Street HMPGP Stormwater Improvement Project and Lee Street Area-A HMGP Stormwater Improvement Project will be completed. In addition, the department will complete replacement on Spring Street, Baylen Street, Intendencia Street, and Rues Street lighting to match Jefferson Street which a new LED historical replica lighting for consistence in the downtown area.

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 2019, the City achieved adoption of urban design standards for key downtown neighborhoods, including historic Belmont DeVilliers and Tanyard, and 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 2020 include the continuation of the CRA's established residential and commercial improvement programs, as well as, considerable public realm enhancements such as streetscape improvements to A Street, DeVilliers Street, and Reus Street.

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. Construction of a 2nd phase of improvements, including an outdoor classroom, streetscape and site enhancements, is slated for implementation in the upcoming year. In addition to paying debt service, Eastside tax increment revenues will fund affordable housing programs and public realm improvements during fiscal year 2020.

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. Projects supported by the bond issuance include streetscape enhancements to “A” Street, development of the West Moreno District Stormwater Park, and property acquisition and redevelopment. In addition to debt repayment, Westside tax increment revenues will fund the continued implementation of the CRA’s established commercial façade improvement program and public realm improvements during fiscal year 2020.

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 Division focused on continuing to meet the community’s need for supportive services including providing decent, safe, and affordable housing to enhance the quality of life for all area residents.

In support of the Mayor’s commitment to building stronger neighborhoods, 12 families had their homes rehabilitated through the city’s Community Development Block Grant (CDBG) Housing Rehabilitation Program during fiscal year 2019. 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 fostering affordable workforce housing and neighborhood reinvestment, providing jobs, and reducing blight while spending program funds with local businesses. Funds received through the State Housing Initiatives Partnership (SHIP) program supported eight families, with special needs, complete repairs to their home.

Additionally, CDBG funds supported the delivery of 16,584 meals for elderly and/or disabled city residents through the Council on Aging of West Florida, Inc.’s nutritional service programs, and provided guidance, and educational information for 76 families through the Homebuyer and Foreclosure Prevention educational program. This service resulted in 29 families purchasing homes within the community.

SHIP funds assisted 92 families in the community reach the goal of homeownership. The HOME Homebuyer Program assisted two families in the community reach the goal of homeownership. In January 2017, City Council supported the establishment of the Housing Initiatives Fund and the City of Pensacola Housing Incentive Program to offer homebuyer assistance to families interested in purchasing homes within the city. During 2019, utilizing a combination of homebuyer programs, 20 families successfully purchased homes within the city.

The Section 8 Housing Choice Voucher (HCV) Program provided rental assistance for approximately 2,165 extremely and very low income families each month during fiscal year 2019. This reflects approximately \$1.1 million in monthly rental housing assistance in our community, paid out to an estimated 610 local landlords. Housing Division completed 3,618 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 177 homeless veterans received rental assistance each month through the Veterans Affairs Supportive Housing Program (HUD-VASH). Participants received 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 Division has increased the total voucher allocation for this program to 203 to address the housing needs of homeless veterans in the community.

Pensacola Energy celebrated the end of a 3-year, large scale underground pipeline replacement project in 2019 removing all cast iron main from the natural gas distribution system. The current year included the installation of 18.8 miles of main to replace cast iron and an additional 4.4 miles of main installation to replace steel main in existing neighborhoods and along Nine Mile and Corry Field Roads. Nine miles of natural gas main was installed in ten new subdivisions serving over 700 lots. Commercial growth activity remains strong primarily in the areas of downtown Pensacola and around Navy Federal Credit Union.

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 comprised of three separate activities, including Sanitation Services, Code Enforcement and Fleet Management. In fiscal year 2019, Sanitation Services collected 16,510 tons of solid waste and 4,282 tons of curbside recyclables. The City contracts with Escambia County Utility Authority (ECUA) to provide recyclable processing.

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 2019 resulted in the removal of 457 tons of bulk waste, 1,829 old tires and 5,430 cans of old paint. In March 2015, the City of Pensacola and Escambia County entered into an Interlocal Agreement that provides for exchange of services that benefit each entity. The agreement provides the City with no-cost yard trash disposal in exchange for providing ten county neighborhood cleanups.

The Port of Pensacola's fiscal year 2019 had increases in nearly every measurable – breakbulk cargo tonnage increased 78%, wind energy component shipments increased 126% and vessel dockage days were up 287%. As a result, revenue from port operations nearly doubled from \$1.3 million in fiscal year 2018 to \$2.4 million in fiscal year 2019. For fiscal year 2020, the Port anticipates continuation of its existing base book of business, including continuation of a major multi-year, multi-phase vessel conversion and upgrade project being completed by port tenant Offshore Inland Marine on behalf of space exploration company Blue Origin.

The Pensacola International Airport had 2.2 million passengers in fiscal year 2019 utilized the scheduled service of six airlines to eighteen non-stop destinations. In fiscal year 2019, the Pensacola International Airport continued with capital planning as a result of update of the Master Plan.

Construction for the Airport's first large scale Maintenance Repair Overhaul (MRO) facility, located in the northeast quadrant off of Runway 17/35, was completed in June 2018. This 173,000 square foot hangar facility is now in operation, providing approximately \$260,000 in annual rent to the airport, and providing hundreds of jobs for local residents. Pooled funding for the project was provided by Florida Department of Transportation, Escambia County, City of Pensacola, Department of Economic Opportunity, and the tenant. Additional expansion is projected over the next several years.

The Airport's most current Master Plan was completed in 1999. In fiscal year 2015, the Airport solicited qualifications from firms experienced in airport master planning services. Beginning in fiscal year 2016, the selected consultant reviewed the existing conditions of the Airport and analyzed the future passenger, aircraft, and facility development demands. The consultant developed alternatives to ensure the future demands can be met from both a financial and an operational standpoint. The project has been approved by City Council, with Federal Aviation Administration (FAA) acceptance expected in January 2020. The master planning services are funded through Passenger Facility Charges that have already been collected.

For fiscal year 2020, the Airport will continue with the expansion of the MRO campus, the design/construction of a Customs and Border Protection General Aviation Facility, the expansion of public parking facilities, and the implementation of projects outlined in the Master Plan to accommodate the forecast needs of the Airport for the next five years.

Citywide topics

In fiscal year 2019, the City lost two (2) key staff employees: the Chief Human Resources Officer and the Sanitation & Fleet Management Director. Rod Powell was appointed as the Interim Chief Human Resources Officer in March 2019. John Pittman was appointed as the Sanitation & Fleet Management Director on June 17, 2019. The City experienced an 13.74% turnover rate in fiscal year 2018, a slight increase over the fiscal year 2018 rate of 11.35%. Based on exit interviews, employees cited increased compensation from other job opportunities and retirement as the main reason for their separations.

The City has five unions and negotiated pension reform over the past few years. The American Federation of State County and Municipal Employees (AFSCME) union and the City entered into a three year agreement on September 19, 2018 for fiscal years October 1, 2018 through September 30, 2021. The contract provides for the AFSCME members to receive a 3% pay increase effective October 1, 2018, October 1, 2019 and October 1, 2020. The City and the three police unions entered into a three year agreement on September 13, 2018 for fiscal years October 1, 2018 through September 30, 2021. The Police Officers' contract provides for the members to receive a 10% pay increase effective October 1, 2018, and 4% pay increase effective October 1, 2019 and October 1, 2020. The Police Sergeants' contract provides for the members to receive a 3% pay increase effective October 1, 2018, and 4% pay increase effective October 1, 2019 and

October 1, 2020. The Police Lieutenants' contract provides for the members to receive a 3% pay increase effective October 1, 2018, October 1, 2019 and October 1, 2020. The City and International Firefighters' Association (IFFA) entered into an agreement July 25, 2017 for fiscal years October 1, 2017 through September 30, 2020. The IFFA contract provides for the members to receive a 3% pay increase effective October 1, 2017, October 1, 2018 and October 1, 2019. In fiscal year 2020, the City provided a 4% salary adjustment for non-union employees, effective October 1, 2019. Non-union employees also received a merit increase of 0%, 1% or 2% based on performance reviews, effective October 1, 2019.

For fiscal year 2020, each of the above unions executed a Memorandum of Understanding to amend their pay increases for October 1, 2019 referenced above in order to receive the same increases as the nonunion employees, which was a 4% salary adjustment, effective October 1, 2019 and a merit increase of 0%, 1% or 2% based on performance reviews.

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 2019 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, 2018. 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 thirty-eight of its last thirty-nine 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,



Grover C. Robinson, IV
Mayor



Richard Barker, Jr.
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Pensacola
Florida**

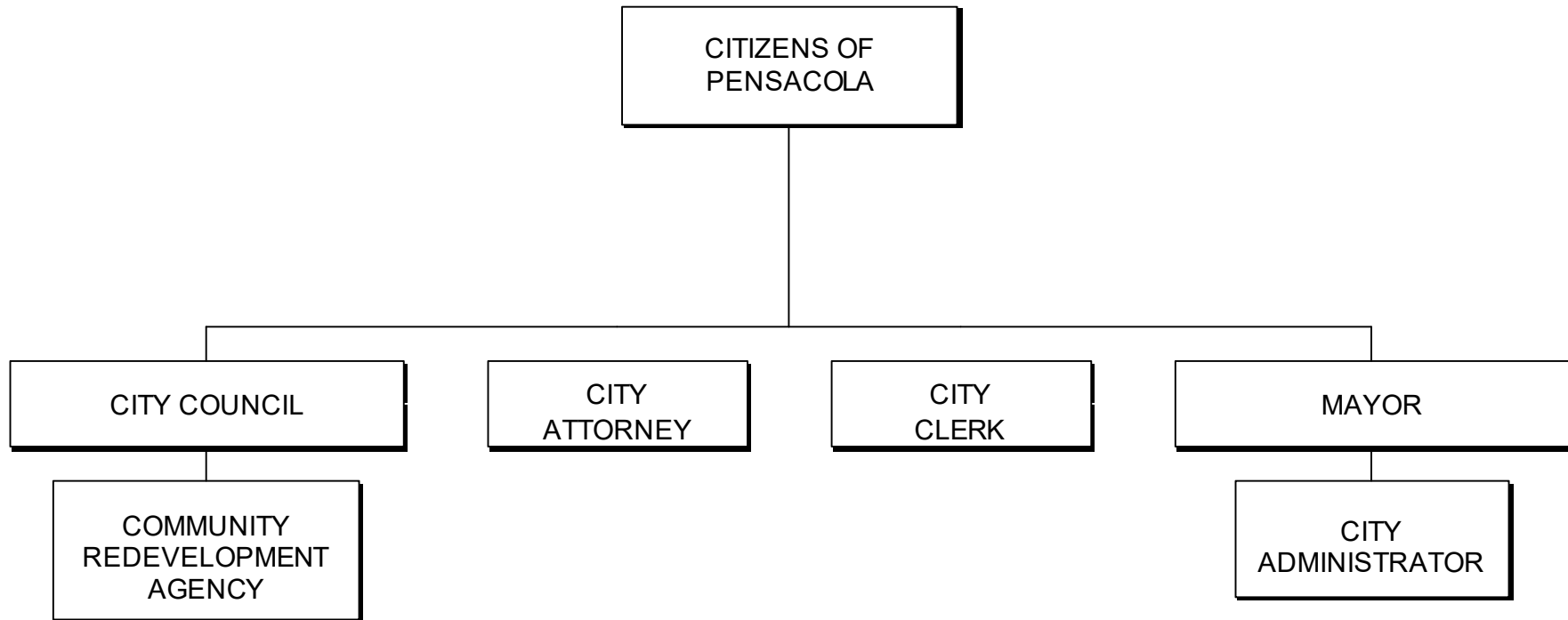
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

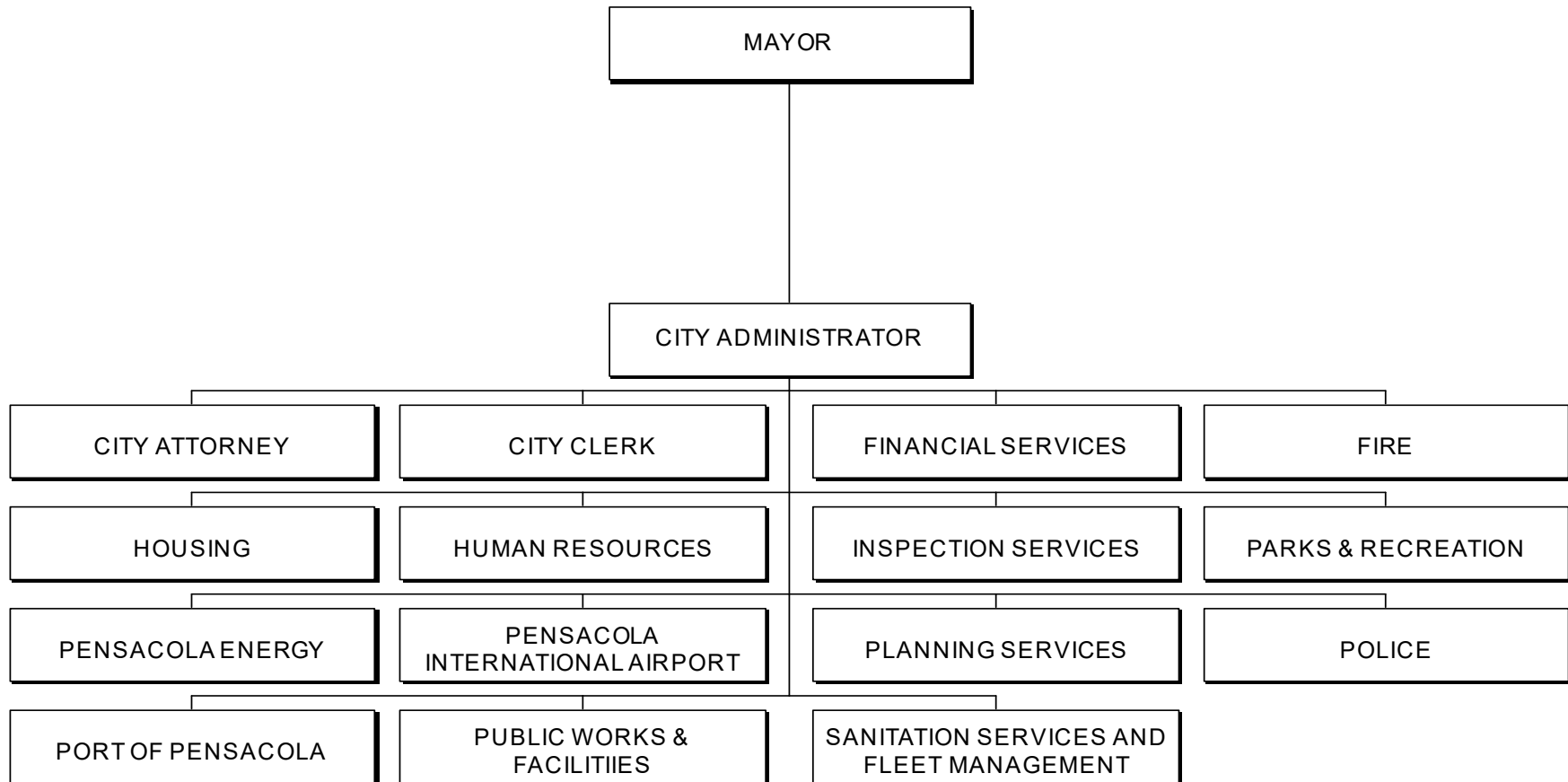
Christopher P. Morill

Executive Director/CEO

**CITY OF PENSACOLA
FISCAL YEAR 2019
ORGANIZATIONAL CHART**

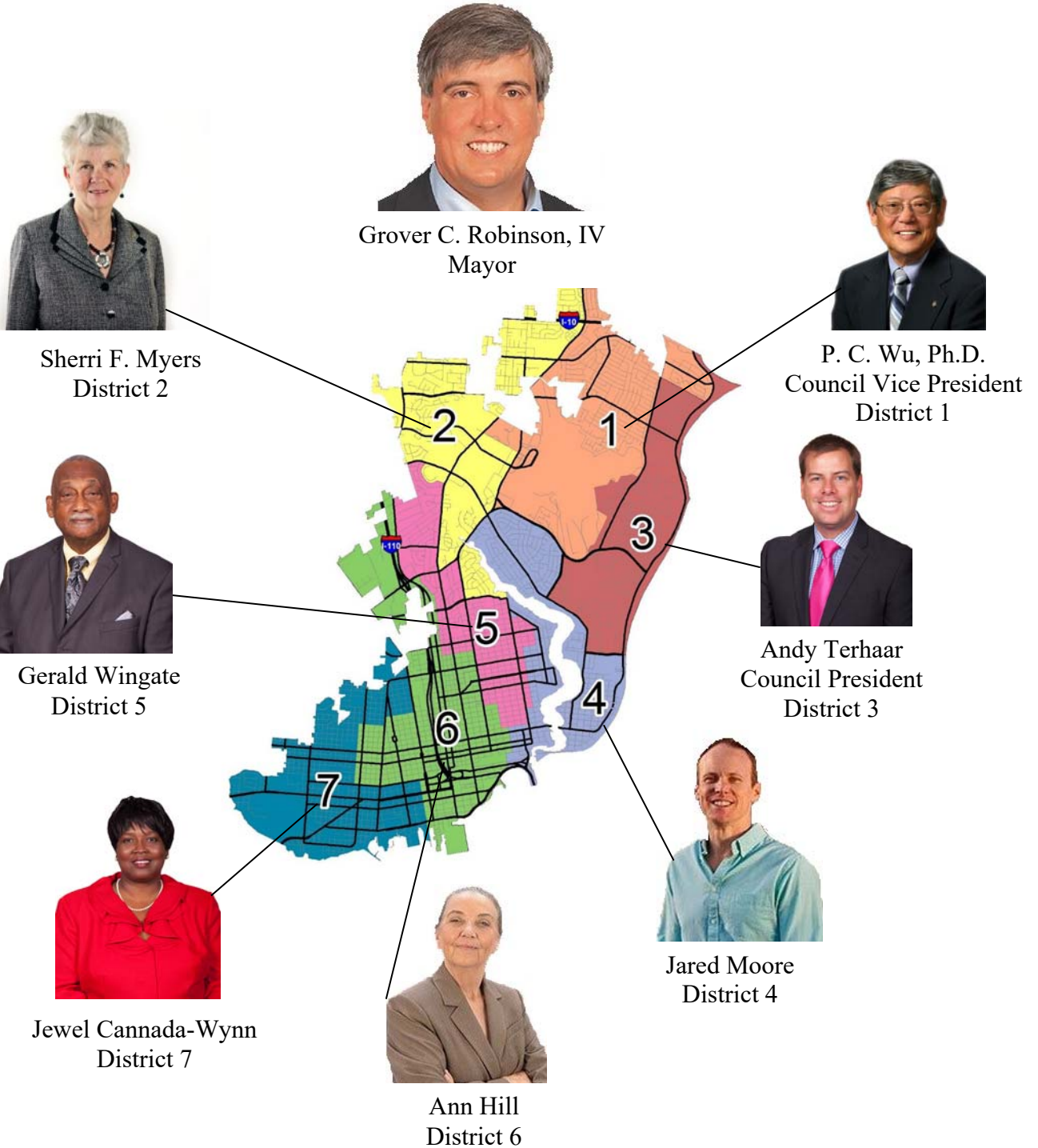


**CITY OF PENSACOLA
FISCAL YEAR 2019
CITY FUNCTIONAL CHART**



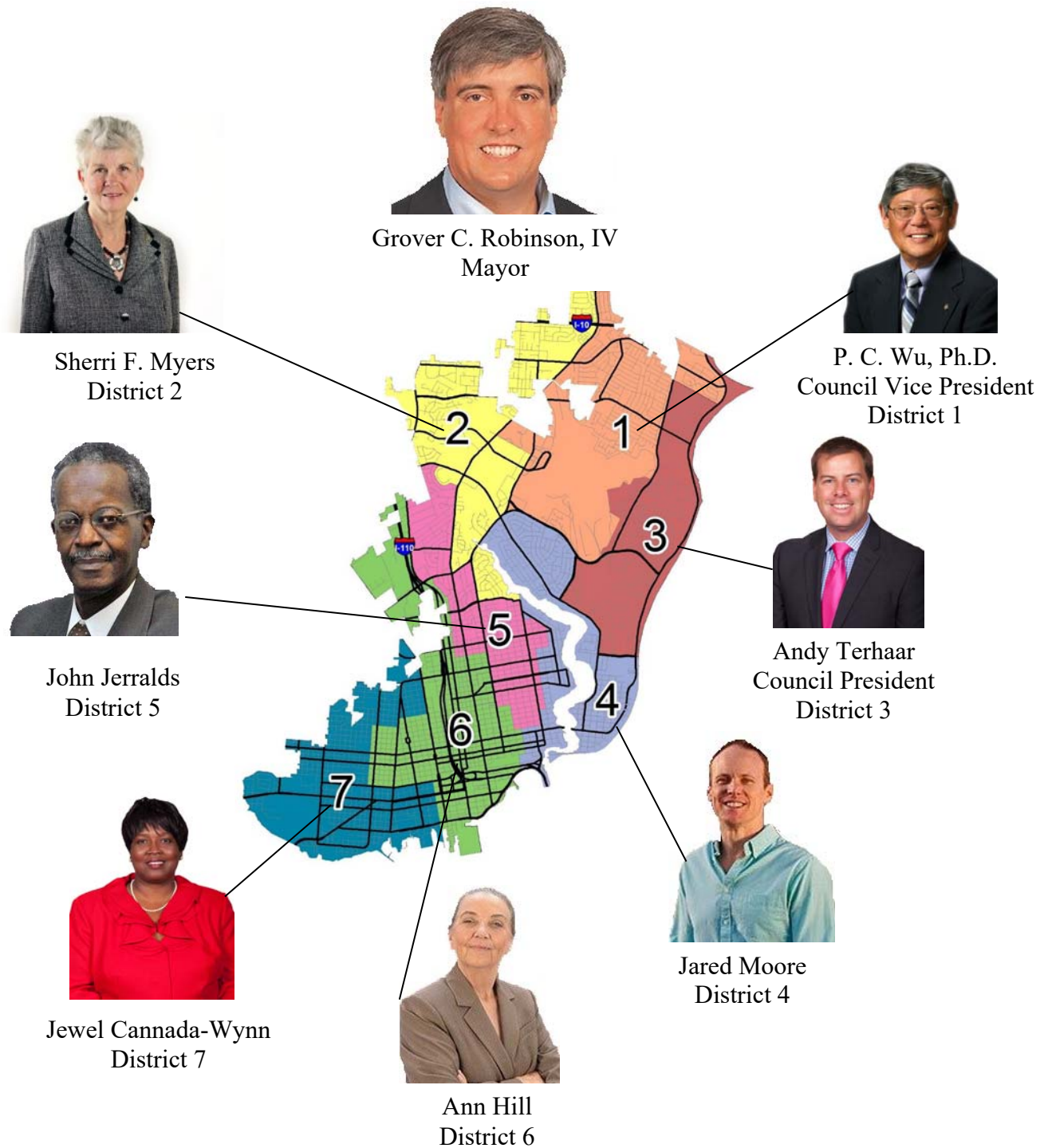
CITY OF PENSACOLA, FLORIDA
LISTING OF ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS
FY 2019 MAYOR & CITY COUNCIL



CITY OF PENSACOLA, FLORIDA
LISTING OF ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS
FY 2020 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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pensacola, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pensacola, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Community Redevelopment Agency Fund, the Urban Core Redevelopment Trust Fund, the Eastside Tax Increment Financing District Fund, the Westside Tax Increment Financing District Fund, Hospital Special Assessment Fund, and the Housing Assistance Payments Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
February 10, 2020



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Management's Discussion and Analysis

This section will provide a comparative analysis between fiscal year 2019 and 2018. 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, 2019. 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, 2019 by \$401,986,395. Of this amount, the net investment in capital assets totaled \$381,403,188, which is unavailable, and restricted net position totaled \$37,915,870 resulting in a negative unrestricted net position of \$17,332,663. Unrestricted net position is negative primarily due to GASB Statement No. 68, which reduced governmental activities unrestricted net position by \$64,999,227 and business-type activities by \$17,582,207 for a total reduction of \$82,581,434. 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 \$336,847,195 increased \$30,279,855 (9.9%) over the fiscal year 2018 net position of \$306,567,340. Governmental activities increased by \$13,216,811 (16.7%) and business-type activities increased by \$17,063,044 (7.5%). 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, 2019, the City's governmental funds reported combined fund balances of \$92,314,408, an increase of \$13,216,811 (16.7%) over the prior fiscal year. The increase can be attributed to the issuance of the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 which had a net effect of \$18,000,264 on total fund balance related to unspent bond proceeds. 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 \$1,516,294. 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 \$16,086,327 (18.3%) over the prior fiscal year total of \$88,039,442. The major increase in governmental funds' revenues stems from the addition of the Hospital Special Assessment Fund which had \$14,462,331 in revenues. The Hospital Special Assessment Fund was created to account for the non-ad valorem assessment imposed on real property owned by hospitals located within the City

of Pensacola. The purpose of the assessment is to support the provision of charity health care by the hospitals to indigent members of the Northwest Florida community. Significant increases in revenues of \$1,725,468 also occurred in General Fund, \$377,305 in Local Option Sales Tax revenues, \$504,742 in non-general fund interest income, \$500,472 in tax increment revenues and \$399,011 in reimbursements related to the Natural Disaster Fund. Offsetting the increases was \$834,958 in Section 8 Housing Choice Vouchers program funding, \$1,111,388 in intergovernmental revenues and donations recorded in the Special Grants Fund and a \$385,645 decrease in Community Development Block Grant funding.

Governmental funds' expenditures increased by \$3,792,364 (5.3%) over the prior fiscal year total of \$110,058,129. The major increase in governmental funds' expenditures stems from a \$14,462,331 increase for the Hospital Special Assessment Fund, which was offset by a \$9,133,665 decrease in capital expenditures and a \$1,101,660 decrease in debt service payments.

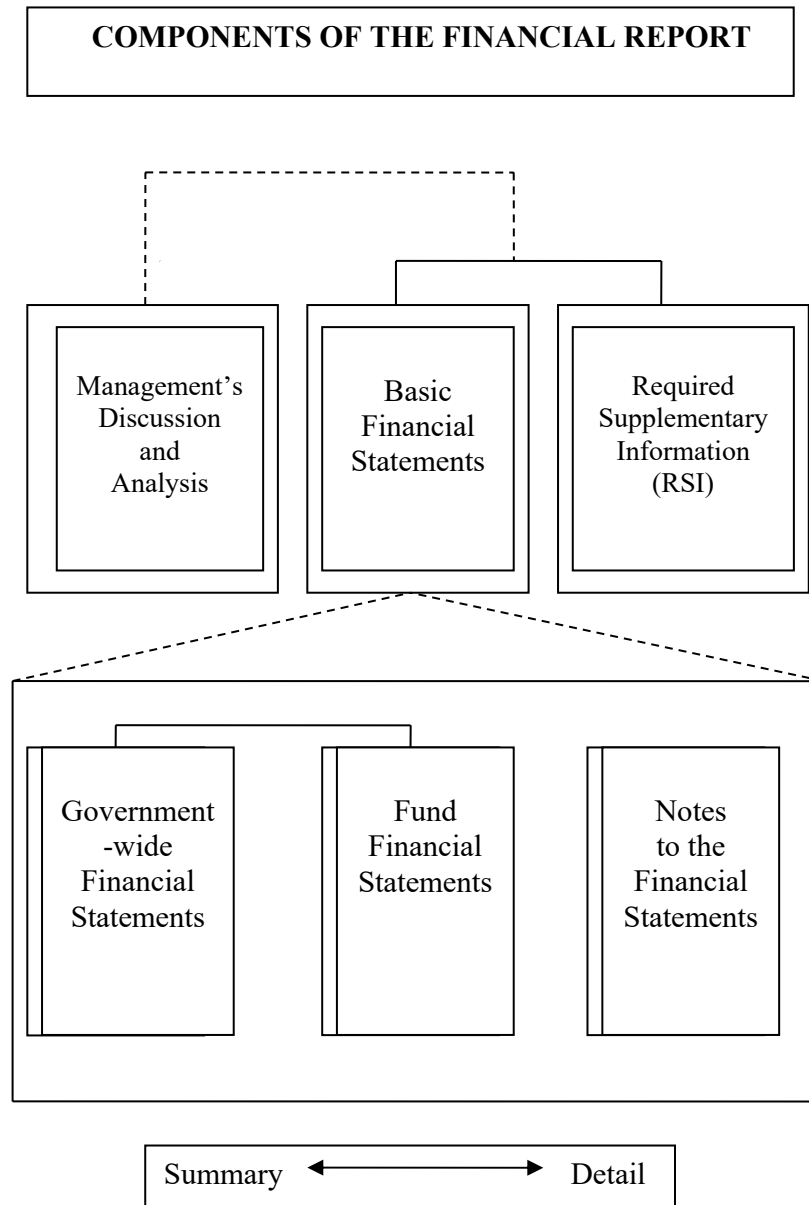
- The City's General Fund fund balance, excluding restricted fund balance, increased by \$4,266,850 from \$18,817,494 to \$23,084,344 in fiscal year 2019 related to increased revenues and a one-time transfer in from the City's Inspection Services Fund. Included in the committed fund balance is Council Reserves of \$13,793,017. The Council Reserve balance represents 23.89% of fiscal year 2020 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 a decrease in restricted fund balance of \$154,331 related to a decrease in contractual obligations. Total fund balance increased by \$4,112,519 (20.7%) from fiscal year 2018.

General Fund revenues increased over fiscal year 2018 by \$1,725,468 (3.8%) mainly related to a \$1,079,707 increase in ad valorem tax revenues, \$215,203 in interest income and \$300,469 in intergovernmental revenues. Expenditures increased by \$2,041,575 (4.5%) primarily as a result of increased personnel cost related to increases in employee pay and the addition of four budgeted positions which were filled during fiscal year 2019.

- The City's enterprise funds reported combined ending net position of \$243,662,975, an increase of \$16,193,232 (6.6%) in comparison to the prior fiscal year. Of the total net position amount, \$194,787,731 represents net investment in capital assets which increased \$8,562,246 (10.4.6%). Operating revenues increased by \$4,551,523 (5.5%) from last fiscal year and operating expenses before depreciation increased by \$1,861,035 (3.3%). 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 CAFR.



Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of the CAFR will find the Fund Financial Statements presentation more familiar. The focus is on "major" funds, rather than fund types, as reported in the traditional financial statement presentation. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Governmental fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Housing Assistance Payments Fund, Community Redevelopment Agency Fund, Urban Core Redevelopment Trust Fund, Eastside Tax Increment Financing District Fund, Westside Tax Increment Financing District Fund, CRA Debt Service Fund, Hospital Special Assessment Fund, CRA 2017 Project Fund and CRA 2019 Project 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 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, 2019 and 2018 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*, was implemented during fiscal year 2015. GASB Statement No. 68 requires governments that offers defined pension benefits to its employees to report on the face of its financial statements the unfunded pension obligation (the "Net Pension Liability"). In the past, the Net Pension Liability was shown in the notes to the financial statements only.

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. In the past, governments did not directly report information about their proportionate share of these pension obligations. Instead, governments only reported a liability to the extent that they failed to make their required contributions.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than pensions*, was implemented during fiscal year 2018. GASB Statement No. 75 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”). In the past, the Total OPEB Liability report on the face of the financial statements represented only the unfunded annual required contributions since implementation of GASB Statement No. 45 in fiscal year 2008.

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. The governmental fund-level statements are not affected by this pronouncement which use a modified-accrual basis of accounting.

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

Summary Statement of Net Position As of September 30, 2019

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 87,735,016	\$ 83,382,179	\$ 70,335,496	\$ 66,616,175	\$ 158,070,512	\$ 149,998,354
Internal balances	641,318	1,228,438	(641,318)	(1,228,438)	0	0
Noncurrent assets	26,413,509	16,786,541	14,119,994	13,483,259	40,533,503	30,269,800
Capital assets	259,051,922	258,648,045	259,745,302	257,865,074	518,797,224	516,513,119
Total assets	<u>373,841,765</u>	<u>360,045,203</u>	<u>343,559,474</u>	<u>336,736,070</u>	<u>717,401,239</u>	<u>696,781,273</u>
Total deferred outflows of resources	<u>21,329,155</u>	<u>25,646,532</u>	<u>6,451,916</u>	<u>7,052,328</u>	<u>27,781,071</u>	<u>32,698,860</u>
Current and other liabilities	15,003,074	16,570,829	10,285,205	10,605,738	25,288,279	27,176,567
Noncurrent liabilities	208,134,221	203,421,755	103,941,629	104,390,073	312,075,850	307,811,828
Total liabilities	<u>223,137,295</u>	<u>219,992,584</u>	<u>114,226,834</u>	<u>114,995,811</u>	<u>337,364,129</u>	<u>334,988,395</u>
Total deferred inflows of resources	<u>13,710,205</u>	<u>9,395,657</u>	<u>2,406,786</u>	<u>1,322,844</u>	<u>16,116,991</u>	<u>10,718,501</u>
Net position:						
Net investment in capital assets,	186,615,457	191,203,167	194,787,731	186,225,485	381,403,188	377,428,652
Restricted	24,658,258	23,754,264	13,227,612	12,176,912	37,885,870	35,931,176
Unrestricted	(52,980,295)	(58,653,937)	35,647,632	29,067,346	(17,332,663)	(29,586,591)
Total net position	<u>\$ 158,293,420</u>	<u>\$ 156,303,494</u>	<u>\$ 243,662,975</u>	<u>\$ 227,469,743</u>	<u>\$ 401,956,395</u>	<u>\$ 383,773,237</u>

The total City's net investment in capital assets, such as land, roads, parks, buildings, machinery and equipment, is greater than the total net position. The City's net investment in capital assets 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 14.6% of total net position for business-type activities. Unrestricted net position for governmental activities is negative primarily due to the unfunded pension obligations totaling \$64,999,227 and unfunded OPEB obligations of \$16,954,816. These unfunded obligations 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) of \$10,400,000. In March 2007, the CRA approved an amended plan and assisted in the funding of the relocation of the Main Street wastewater treatment plant. The \$19.5 million contribution resulted in a long-term liability which was recognized in fiscal year 2012 and as of the September 30, 2019 has \$10.4 million remaining. Of this commitment \$975,000 is reserved as restricted net position. Since the commitment is a long-term liability and future revenue sources have been pledged for the annual payment of \$1.3 million which began in fiscal year 2013 with the last payment in fiscal year 2027, it is expected that this commitment will continue to negatively impact unrestricted net position for future periods.

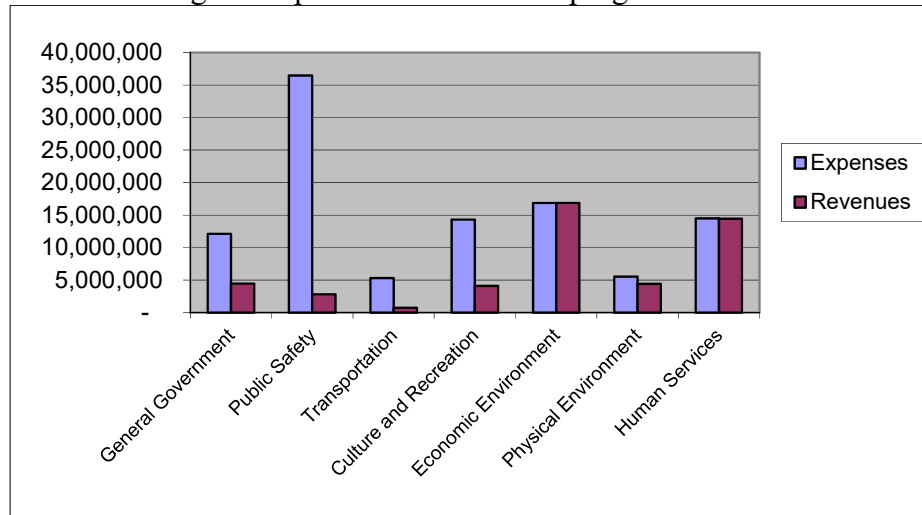
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Changes in Net Position Year Ended September 30, 2019

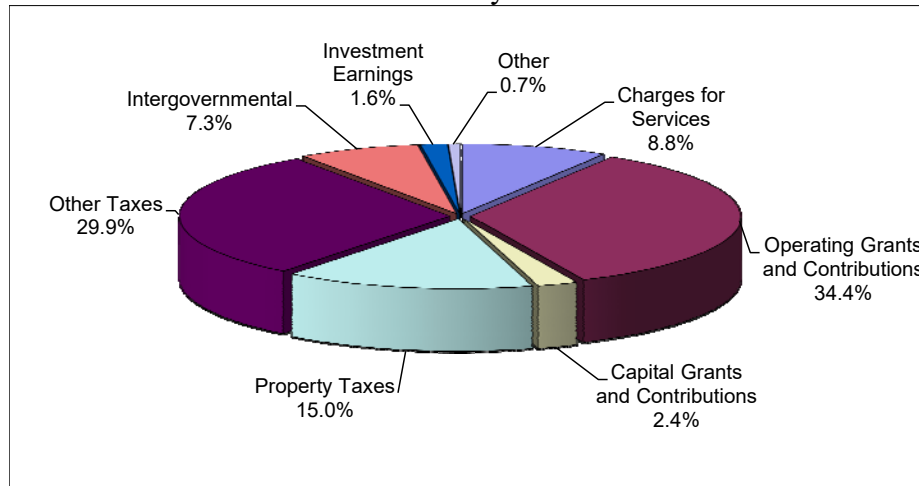
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 9,201,378	\$ 8,788,795	\$ 86,809,081	\$ 82,108,892	\$ 96,010,459	\$ 90,897,687
Operating grants and contributions	36,160,940	21,219,767			36,160,940	21,219,767
Capital grants and contributions	2,533,119	3,239,646	10,172,410	24,610,034	12,705,529	27,849,680
General revenues:						
Property taxes	15,718,156	14,638,449			15,718,156	14,638,449
Other taxes	31,410,263	31,123,533			31,410,263	31,123,533
Intergovernmental	7,630,878	7,330,410			7,630,878	7,330,410
Investment earnings	1,683,080	946,252	1,353,089	837,949	3,036,169	1,784,201
Gain on sale of capital asset	708,896	2,529,358	112,180	29,531	821,076	2,558,889
Other	29,113	35,573	605,249	753,915	634,362	789,488
Total revenues	105,075,823	89,851,783	99,052,009	108,340,321	204,127,832	198,192,104
Expenses						
General government	12,101,937	12,382,833			12,101,937	12,382,833
Public safety	36,484,101	37,978,435			36,484,101	37,978,435
Transportation	5,333,798	4,057,926			5,333,798	4,057,926
Culture and recreation	14,315,481	13,787,334			14,315,481	13,787,334
Economic environment	16,877,887	18,318,018			16,877,887	18,318,018
Physical environment	5,524,973	4,033,681			5,524,973	4,033,681
Human services	14,492,331	30,000			14,492,331	30,000
Unallocated deprecation	1,917,285	2,025,235			1,917,285	2,025,235
Interest on long-term debt	5,953,180	4,324,860			5,953,180	4,324,860
Utility			34,105,382	34,940,330	34,105,382	34,940,330
Sanitation			7,488,155	6,901,117	7,488,155	6,901,117
Port			2,713,331	2,615,462	2,713,331	2,615,462
Airport			28,606,833	26,533,722	28,606,833	26,533,722
Total expenses	113,000,973	96,938,322	72,913,701	70,990,631	185,914,674	167,928,953
Increase (decrease) in net position before transfers and other items	(7,925,150)	(7,086,539)	26,138,308	37,349,690	18,213,158	30,263,151
Transfers in (out)	9,945,076	10,480,300	(9,945,076)	(10,480,300)	0	0
Increase (decrease) in net position	2,019,926	3,393,761	16,193,232	26,869,390	18,213,158	30,263,151
Net position at beginning of year	156,303,494	157,756,967	227,469,743	202,497,845	383,773,237	360,254,812
Change in accounting principle - Implementation of GASB 75	0	(4,847,234)	0	(1,897,492)	0	(6,744,726)
Net position as restated	156,303,494	152,909,733	227,469,743	200,600,353	383,773,237	353,510,086
Net position at end of year	\$ 158,323,420	\$ 156,303,494	\$ 243,662,975	\$ 227,469,743	\$ 401,986,395	\$ 383,773,237

Governmental Activities Fiscal Year 2019

Program expenses matched with program revenues



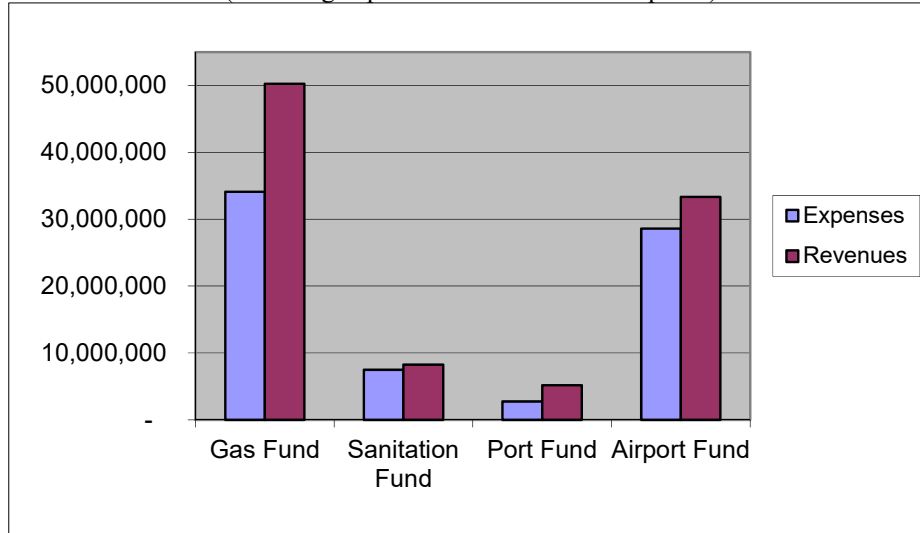
Revenues by source



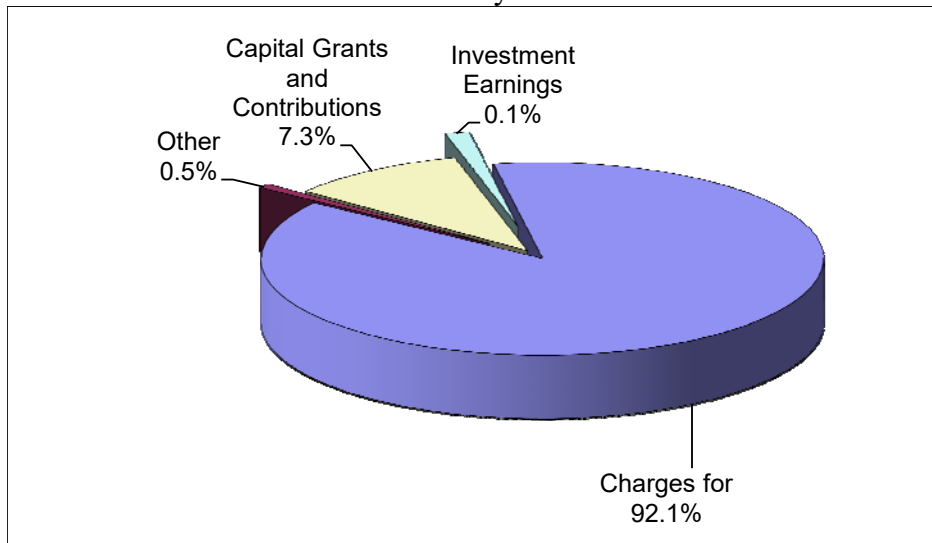
GASB Statement No. 34 reporting requires that functional expenses are matched with revenues that directly support the function. The increase in current year net position for Governmental Activities on the Statement of Activities equaled \$2,019,926. The majority of this increase can be attributed to the Pension Expense recognized in association with GASB Statement No. 68. Pension Expense is an actuarial determined number which can fluctuate greatly from year to year as it is calculated based on actual verses expected market experience, benefit changes and changes in actuarial assumptions. Pension expense recognized in fiscal year 2019 was significantly lower than fiscal year 2018 resulting in a decrease in overall functional expenses. The bar chart above gives a clear indication of which functions are dependant on general revenues to support their operations. Excluding General Government, 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. Taxes continue to be the largest revenue source for governmental activities.

Business-type Activities Fiscal Year 2019

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 \$16,193,232. The Utility Fund increased \$7,690,540, the Sanitation Fund increased \$493,865, the Port Fund increased \$3,000,522 and Airport Fund increased \$5,008,305. All funds charged fees sufficient to cover operations when excluding depreciation.

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, 2019, the City's governmental funds reported combined fund balances of \$92,314,408, an increase of \$13,216,811 (16.71%) over the prior fiscal year. The increase can be attributed to the issuance of the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 which had a net effect of \$18,000,264 on total fund balance related to unspent bond proceeds and an increase of \$4,112,519 in the City's General Fund related to increased revenues and a one-time transfer in from the City's Inspection Services Fund. Offsetting those increases was an \$8,350,531 decrease in fund balance in the City's Local Option Sales Tax (LOST) Project Fund related to capital purchases.

Non-spendable and restricted governmental funds balance of \$63,201,547 are available to meet current commitments in the next fiscal year; \$46,579 of non-spendable for prepaids and inventory; \$365,127 for Saenger capital reserve; \$4,455,146 for debt service requirements; \$34,432,790 for community development projects and \$23,901,905 for other purposes leaving a remaining unrestricted fund balance of \$29,112,861.

Below is a comparative chart for the City's "major" funds; General Fund, Housing Assistance Payments Fund, Community Redevelopment Agency Fund, Urban Core Redevelopment Trust Fund, Eastside Tax Increment Financing District Fund, Westside Tax Increment Financing District Fund, CRA Debt Service Fund, Housing Assistance Payments Fund, CRA 2017 Project Fund and CRA 2019 Project Fund.

Major Fund Information					
	<u>General Fund</u>	<u>Housing Assistance Payments Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Urban Core Redevelopment Trust Fund</u>	<u>Eastside Tax Increment Financing District Fund</u>
Fiscal Year 2019					
Revenues and other sources	\$ 57,826,726	\$ 16,136,936	\$ 2,738,728	\$ 5,898,476	\$ 171,413
Expenditures and other outlays	(53,714,207)	(16,222,504)	(2,963,553)	(5,898,476)	(205,700)
Increase (decrease) in fund balance	<u>\$ 4,112,519</u>	<u>\$ (85,568)</u>	<u>\$ (224,825)</u>	<u>\$ 0</u>	<u>\$ (34,287)</u>
Fiscal Year 2018					
Revenues and other sources	\$ 53,675,020	\$ 16,970,694	\$ 4,216,636	\$ 5,260,081	\$ 128,377
Expenditures and other outlays	(50,819,746)	(16,850,659)	(2,694,352)	(5,260,081)	(88,577)
Increase (decrease) in fund balance	<u>\$ 2,855,274</u>	<u>\$ 120,035</u>	<u>\$ 1,522,284</u>	<u>\$ 0</u>	<u>\$ 39,800</u>

Major Fund Information (continued)

	Westside Tax Increment Financing District Fund					Hospital Special Assessment		CRA Debt Service Fund		CRA 2017 Project Fund		CRA 2019 Project Fund	
Fiscal Year 2019													
Revenues and other sources	\$	435,174	\$	14,462,331	\$	5,001,701	\$	217,192	\$	58,409,746			
Expenditures and other outlays		(426,303)		(14,462,331)		(5,729,192)		(987,015)		(40,409,482)			
Increase (decrease) in fund balance	\$	8,871	\$	0	\$	(727,491)	\$	(769,823)	\$	18,000,264			
Fiscal Year 2018													
Revenues and other sources	\$	308,215	\$	0	\$	4,582,896	\$	8,144,473	\$	0			
Expenditures and other outlays		(350,703)		0		(4,620,963)		(951,131)		0			
Increase (decrease) in fund balance	\$	(42,488)	\$	0	\$	(38,067)	\$	7,193,342	\$	0			

The General Fund is the main operating fund of the City. At September 30, 2019, total fund balance in the General Fund was \$23,991,947, an increase of \$4,112,519 (20.69%) from beginning fund balance. The unrestricted portion of fund balance was \$23,084,344, however \$13,793,017 is committed for the Council Reserve, \$109,195 is committed for park purchases, \$495,451 is committed for the tree planting trust fund, \$1,543,396 is assigned for general government, \$5,100,000 is assigned for future fund balance draw downs, \$25,920 is assigned for assessments, \$51,762 is assigned for housing initiatives and \$449,309 is assigned for inner city housing initiatives leaving an unassigned fund balance of \$1,516,294.

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 50.24% and 48.34%, 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 48.34% of unrestricted fund balance, this provides more than five months of coverage.

The Housing Assistance Payments Fund had a total fund balance at year-end of \$3,220,515, a decrease of \$85,568 (2.59%). Fund balance of \$601 is non-spendable and \$3,219,914 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 Community Redevelopment Agency Fund was created to account for the development projects in the Urban Core Community Redevelopment Area as well as administrative cost associated with running the program. The Community Redevelopment Agency had a total fund balance at fiscal year-end of \$4,455,117, a decrease of \$224,825. All funds are restricted to be spent on CRA operations, community development projects in the Urban Core CRA district and repayment of debt.

The Urban Core Redevelopment Trust Fund was created to account for the tax increment receipts collected in the Urban Core Community Redevelopment Area. The receipts collected throughout the year are transferred to the Community Redevelopment Agency Fund and the

CRA Debt Service Fund in order to pay for CRA operations, debt service and community development projects in the Urban Core CRA district. The Urban Core Redevelopment Trust Fund had a total fund balance at year-end of \$0.

The Eastside Tax Increment Financing District Fund was created to account for the tax increment receipts and development projects in the Urban Infill and Redevelopment Area as well as administrative cost associated with running the program. The Eastside Tax Increment Financing District Fund had a total fund balance at fiscal year-end of \$620,206, a decrease of \$34,357. All funds are restricted to be spent on operations, community development projects and repayment of debt in the Eastside CRA district.

The Westside Tax Increment Financing District Fund was created to account for the tax increment receipts and development projects in the Urban Infill and Redevelopment Area as well as administrative cost associated with running the program. The Westside Tax Increment Financing District Fund had a total fund balance at fiscal year-end of \$89,775, an increase of \$8,871. All funds are restricted to be spent on operations, community development projects and repayment of debt in the Westside CRA district.

The Hospital Special Assessment Fund was created to account for the non-ad valorem assessment imposed on real property owned by hospitals located within the City of Pensacola. The purpose of the assessment is to support the provision of charity health care by the hospitals to indigent members of the Northwest Florida community. The assessment collected by the City is paid to the State of Florida, Agency for Health Care Administration. The State then uses those funds to draw down a federal match of grant dollars equal to approximately 150% of the assessment dollars collected which are then returned to the participating hospitals. The Hospital Special Assessment Fund had a total fund balance at fiscal year-end of \$0.

The CRA Debt Service Fund had a total fund balance at fiscal year-end of \$2,894,782 which is restricted for debt service payments on the Redevelopment Revenue Bonds, Series 2009A, Eastside Redevelopment Revenue Bond, Series 2017, Westside Redevelopment Revenue Bond, Series 2017, Urban Core Redevelopment Revenue Bond, Series 2017 and Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. The fund balance decrease of \$727,491 is related to a planned drawdown of fund balance to cover current year debt payments.

The CRA 2017 Project Fund had a total fund balance at fiscal year-end of \$11,267,554. The fund was created to account for the cost of certain community redevelopment capital improvements in the Eastside Neighborhood Redevelopment Area, the Westside Neighborhood Redevelopment Area and the Urban Core Redevelopment Area. Project funds came from the issuance of the Eastside Redevelopment Revenue Bond, Series 2017, the Westside Redevelopment Revenue Bond, Series 2017 (both issued on August 15, 2017) and the Urban Core Redevelopment Revenue Bond, Series 2017 issued on November 15, 2017. The fund balance will continue to decrease as project funds are spent.

The CRA 2019 Project Fund had a total fund balance at fiscal year-end of \$18,000,264. The fund was created to account for the cost of certain community redevelopment capital

improvements in the Urban Core Redevelopment Area. Project funds came from the issuance of the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 issued on July 25, 2019. The fund balance will continue to decrease as project funds are spent.

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 total net position of \$58,251,633 at fiscal year-end, an increase of \$7,690,540 (15.2%) over the prior fiscal year. Pensacola Energy operated at a profit of \$17,868,804 before depreciation expense of \$2,370,999 and an \$8,000,000 transfer to the General Fund; an increase from last fiscal year by \$1,416,747. Operating revenue increased by \$390,334 (0.8%) during fiscal year 2019 and operating expenses decreased by \$1,026,413 (3.0%). The primary reason for the increase in operating revenue is attributed to a 2.4% rate increase based on the CPI. The primary decrease in expense can be linked to decrease in salaries and employee benefits due to a reallocation of personnel between operating accounts and capital construction accounts. In fiscal year 2019, the cost of natural gas increased by \$253,761. Excluding the cost of gas, operating expenses decreased by \$1,280,174.

The Sanitation Fund had total negative net position of \$1,076,491 at fiscal year-end, a decrease of \$493,865 (31.5%) over the prior fiscal year. Sanitation Services operated at a profit of \$736,848 before depreciation expense of \$311,681; a decrease from last fiscal year by \$271,155. Operating revenue increased by \$319,280 (3.9%) during fiscal year 2019 and expenses increased by \$590,435 (8.3%). The primary reason for the increase in operating revenue over the prior fiscal year is attributed to a 2.4% rate increase based on the CPI and a \$1.00 per month increase in the Sanitation Equipment Surcharge. The primary decrease in expense can be linked to increased repairs and maintenance on vehicles.

The Port Fund had total net position of \$16,262,652 at fiscal year-end, an increase of \$3,000,522 (22.6%) from the prior fiscal year primarily due to federal and state grants. The Port operated at a profit of \$570,632 before depreciation expense of \$999,924; an increase from last fiscal year by \$937,170. Operating revenues increased \$1,141,213 (90.6%) and expenses increased by \$204,043 (12.5%). 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 an increase in utilities as a direct result of the vessel activity.

The Airport Fund had total net position of \$170,225,181 at fiscal year-end, an increase of \$5,008,305 (3.0%) over the prior fiscal year. The Airport operated at a profit of \$9,840,459 before depreciation expense of \$11,322,744; an increase from last fiscal year of \$607,726. The

Airport Fund's operating revenues increased by \$2,700,696 (11.6%) in fiscal year 2019. Airline revenues increased by \$73,366 and non-airline revenues increased by \$2,627,330. The primary reason for the increase in non-airline revenues is attributed to interest income, parking, rental car revenues and customer facilities charges related to rental cars. The Airport Fund's operating expenses increased by \$2,092,970 (14.9%). The majority of the increase in expense can be linked to an increase in repairs and maintenance. The Airport has an operating agreement with the airlines which provides for revenues sufficient to meet operating expenses, debt service payments and fund a capital reserve account. 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.

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

	<u>Operating Income (Loss)</u>	
	<u>2019</u>	<u>2018</u>
Utility Fund	\$ 15,497,805	\$ 14,368,590
Sanitation Fund	425,167	721,202
Port Fund	(429,292)	(1,490,944)
Airport Fund	(1,482,285)	(758,681)
Total	<u>\$ 14,011,395</u>	<u>\$ 12,840,167</u>

Internal Service Funds

The internal service funds are designed to recover the internal costs of general services provided to other city departments. The increase in total net position for all internal service funds was \$1,574,378. The City's Insurance Retention Fund increased by \$699,576 and the Central Services Fund increased by \$874,802. Both increases were related to an additional charge out to City departments in order to increase reserves. The increase in the Insurance Retention Fund was to build reserves for cost associated with the City of Pensacola's ransomware attack and the increase in the Central Services Fund was to build reserves for large planned capital purchases.

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 \$1,444,521 (3.16%) during fiscal year 2019. The majority of the increase was made up of \$603,504 in taxes, \$163,479 in intergovernmental revenues, \$137,786 in charges for services and \$307,441 in interest income.

The final appropriations in the General Fund as compared with the original budget increased by \$2,534,140 (5.25%) in fiscal year 2019. The primary reason for the increase relates to:

- An increase in appropriations for general government of \$404,180 is primarily related to carryforwards from the prior fiscal year budget to cover open encumbrances and projects. Offsetting the increase was additional overhead cost recovery received by the general fund.
- An increase in appropriations for public safety in the amount of \$122,844 is primarily related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects.
- An increase in appropriations for transportation in the amount of \$836,338 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 \$370,796 is related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects.
- An increase in appropriations for economic environment in the amount of \$726,627 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 \$73,355 is related to the carryforward from the prior fiscal year budget for demolition special assessments.

The final budget as compared with the original budget for the General Fund other financing sources (uses) increased by \$2,169,808 during fiscal year 2019. The increase is primarily related to an increase in transfers in as a result of a one-time transfer from the Inspections Fund to the General Fund totaling \$2,039,865. In fiscal year 2019, Florida legislators passed Florida House Bill 447 which limits local governments to carry forward no more than the average of its operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. Any excess funds would be used to rebate and reduce fees. In order to obtain an accurate depiction of the Inspections Fund's available carry forward amount, a transfer was made to the General Fund to recoup prior year subsidies and uncharged allocated overhead during fiscal year 2019.

Capital Asset and Debt Administration

Capital Assets. As of year-end, the City had \$381,403,188 net investment in capital assets. Governmental activities accounted for \$186,615,457 and business-type activities accounted for \$194,787,731. 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:

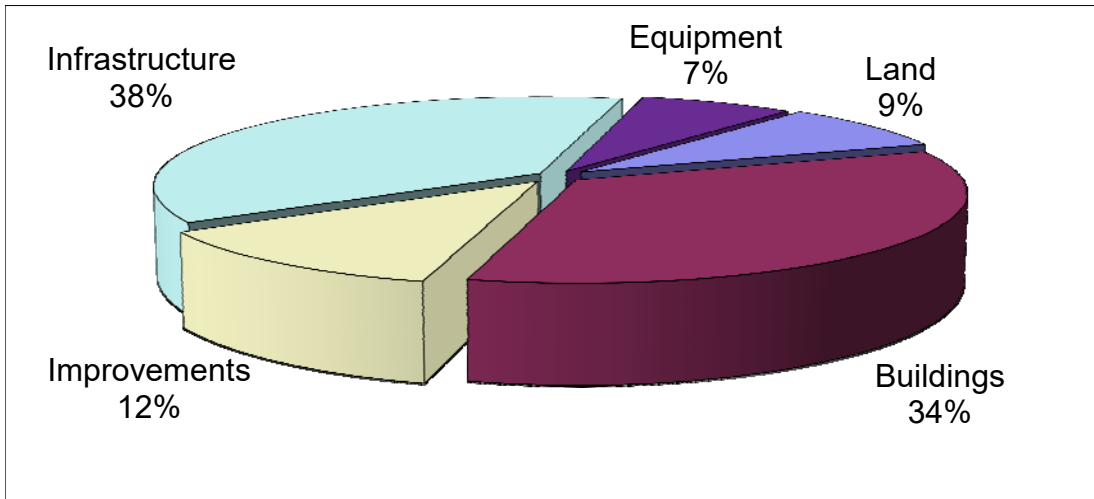
Governmental Activities

- Stormwater, street and sidewalk capital projects \$5,686,927
- Fire station #3 construction \$3,717,264
- Land purchases \$1,689,443
- Athletic facility, resource center and park improvements \$1,472,417
- Police vehicles \$464,913
- Park and recreation vehicles \$318,505
- Public work vehicles \$262,472

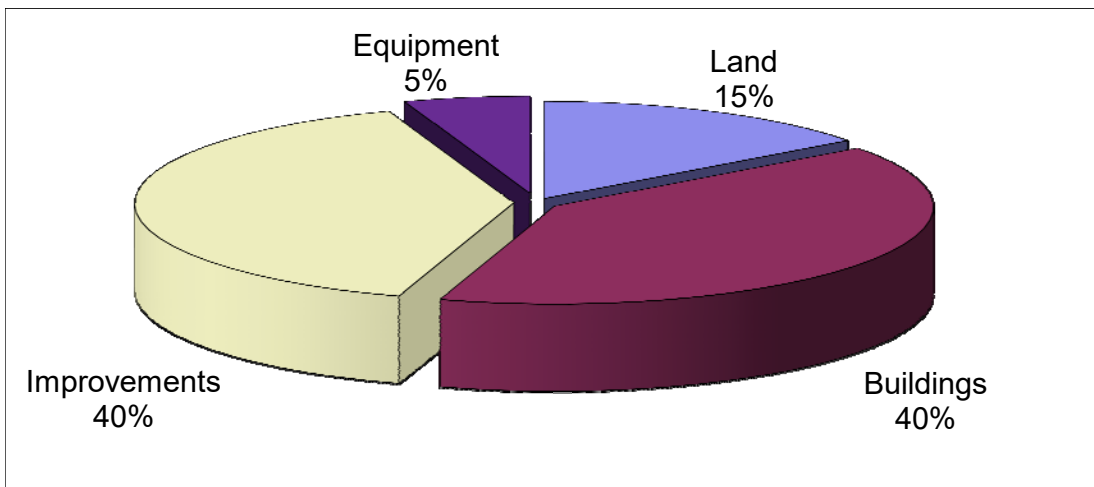
Business-type Activities

- Pensacola Energy natural gas utility improvements \$6,844,992
- Pensacola Energy vehicles \$614,390
- Sanitation vehicles \$23,284
- Sanitation garbage trucks \$617,501
- Port warehouse #1 improvements \$1,999,950
- Port ferry landing construction \$3,318,627
- Airport apron area improvements \$2,226,189
- Airport parking lot expansion \$1,106,650
- Airport fire truck \$644,570
- Airport land and building acquisitions for Airport expansion \$102,315
- Technology Resources network equipment \$219,006

**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 2019, the City had total non-self-supporting bonded debt of \$106,482,000. Governmental activities have notes payable in the amount of \$105,307,000 and bonds payable in the amount of \$1,175,000. The City also has self-supporting bonded debt of \$65,699,000. Business-type activities have notes payable in the amount of \$65,699,000. 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 54,422) as of September 30, 2019 is as follows:

Local Option Sales Tax Debt	\$ 23,048,000	Per capita \$ 424
Maritime Community Park Debt	1,175,000	Per capita 22
Local Option Gas Tax Debt	11,434,000	Per capita 210
Eastside Redevelopment Area Debt	1,197,000	Per capita 22
Westside Redevelopment Area Debt	3,738,000	Per capita 69
Urban Core Redevelopment Area Debt	65,890,000	Per capita 1,211
Total	\$ 106,482,000	\$ 1,957

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

The Maritime Community Park Debt is supported with 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 a covenant to budget and appropriate from non-ad valorem revenues of the City and is payable through 2020. On July 25, 2019, the City issued its \$58,140,000 Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 (the “2019 Urban Core Bond”). The 2019 Urban Core Bond was issued to provide for an advanced refunding of the outstanding principal balance of the Maritime Community Park Debt, Series B, as well as finance 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 2019 Urban Core Bond is reflected in the Urban Core Redevelopment Area Debt.

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.

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.

Also, on March 28, 2019 Fitch affirmed a long-term rating of “AA” on the City’s Redevelopment Revenue Bonds, Series 2009A and Series 2009B (the “Series 2009 Redevelopment Bonds”) and on February 23, 2018 Standard & Poor’s upgraded its rating on the Series 2009 Redevelopment Bonds to “AA” from “AA-”.

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 2020 budget totals \$245,090,800. Of this, \$58 million is for the General Fund, \$104 million is for enterprise funds, and the remaining \$83 million is for various special revenue, debt service, capital projects, and internal services funds. The fiscal year 2020 \$57,723,500 General Fund budget is \$4,030,100, or 7.51% greater than last year's beginning budget. The estimated 8.47% growth in property valuations will amount to an additional \$1,393,200 in gross Property Tax revenue. After the required transfers to the Tax Increment Financing Districts, the net additional Property Tax Revenue is \$976,600. The Half-Cent Sales Tax is anticipated to increase \$425,300 or 8.54%, which is based on amounts collected during fiscal year 2019. Franchise Fees and Public Service Tax Revenues are projected to increase 1.16% or \$194,600 in anticipation of a normal winter as well as the cost of energy. Municipal Revenue sharing is projected to increase \$27,100 or 1.17% from the fiscal year 2019 budgeted level based on the trends experienced during fiscal year 2019 as well as estimates provided by the State of Florida. Communication Services Tax are increasing \$115,600 or 3.79% based on amounts collected during fiscal year 2019. With the improved economy, interest income has begun to show growth and is estimated to increase \$115,000 over the fiscal year 2019 level. Both the Beverage License tax and Local Business Tax are increasing \$10,000 each based on amounts collected during fiscal year 2019. In an effort to provide enhanced Community Policing, the Downtown Improvement Board will provide funding of \$60,000 to be combined with the existing \$100,000 funding in the Community Redevelopment Agency and \$100,000 in the General Fund. This will help offset the costs of two new Police Officer Positions. Offsetting these increases is a decrease of \$27,800 from the revenue received from the Escambia County School Board for the School Resource Officer based on the most recent agreement. The State Street Light and Traffic Signal Maintenance revenue will decrease \$6,500 or 1.01% based on the most recent agreement. Other various revenues resulted in a net increase of \$15,600. The City of Pensacola's fiscal year 2020 budget in the General Fund does include a fund balance drawdown of \$1.7 million within the General Fund to fund General Fund expenditures. The fund balance drawdown of \$1.7 million complies with the Financial Planning and Administration Policy.

The General Fund consists of governmental services such as general administration, public safety, parks and recreation, and public works. Enterprise Funds are expected to be self-supporting, on a cash-flow basis, from user fees for services.

Personnel costs account for \$69,406,500 of the City's fiscal year 2020 budget (28.32%). The fiscal year 2020 budget includes various organizational improvements that includes the addition of eleven positions bringing the total number of budgeted executive branch positions to 785. Four positions were added to the executive branch positions. They include an Assistant City Administrator for Community Development within the Office of the Mayor, a Clerk Public Records Coordinator in the City Clerk's Office, a Transportation Planner – Complete Streets in the Planning Division and a Deputy Airport Director at the Pensacola International Airport. Within the Human Resources Department, a Human Resources Associate has been added to assist with the implementation of the previously mentioned revision to the pay plan. With the anticipated opening of the Bayview Resource Center, two full-time positions have been added to staff that center as well as funding for an Extra Personal Services maintenance employee. Two Police Officers have been added for enhanced community policing in the CRA and Downtown

Improvement District and will be funded by those two agencies. The Airport will have an additional Accountant position to assist with the various accounting requirements including the expansion of the maintenance repair & overhaul facility (Project Titan) and a Fire Battalion Chief has been added to the ARFF Facility to oversee the ARFF operations and serve as Incident Commander for airport emergencies.

Beginning with fiscal year 2007 funding for General Fund capital items was programmed for funding in the Local Option Sales Tax Series III (also known as Penny for Progress) which ended on December 31, 2018. The fiscal year 2020 budget provides Local Option Sales Tax Series IV funding of \$2,241,800 in capital equipment for General Fund departments, including Fire, Police, Public Works and Parks & Recreation. Fiscal year 2020 revenues project a 16.48% growth from the fiscal year 2019 beginning budget.

Property tax revenues are based upon historical trends, projected increase (decrease) in assessed values and any change in the adopted millage rate. The fiscal year 2020 approved budget maintained the same millage rate as fiscal year 2019 and estimating an 8.47% increase in property valuation based on the Property Appraiser's July 1st estimated valuation. The increase in growth will result in estimated property tax revenue of \$16.85 million, an additional \$1,393,200 in Property Tax Revenue for fiscal year 2020. The State of Florida mandated a formula to determine the maximum millage rate that a governmental entity can levy by a majority vote. Based on that calculation and the estimated property valuation, the maximum millage rate that the City could impose is 7.7256, which equates to an additional \$13.4 million in potential Property Tax Revenue. However, the maximum millage rate that the City of Pensacola can levy is 10 mills (including the Downtown Improvement District's 2.0 mills) which requires a unanimous vote of the City Council. The 2020 budget was prepared maintaining the same millage rate adopted seven years ago with the adoption of the fiscal year 2012 budget. The proposed millage rate of 4.2895 is below the calculated projected maximum millage rate allowed of 7.7256 mills.

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. 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 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") increased from \$13.5 million to \$13.8 million in fiscal year 2019. The \$13.8 million balance represents 23.89% of fiscal year 2020 budgeted General Fund appropriations. This marks the twelfth 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 Chief Financial Officer, 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, 2019

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Improvement
				Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 13,406,871	\$ 8,403,242	\$ 21,810,113	\$ 562,468
Other cash	22,265		22,265	
Investments	43,271,648	27,119,783	70,391,431	
Accrued interest	1,642,646		1,642,646	
Receivables (net of allowances)				
Accounts	2,946,750	7,701,591	10,648,341	34,804
Demolition assessments	18,394		18,394	
Internal balances	229,102	(229,102)	0	
Due from other governments	1,775,693	1,662,818	3,438,511	
Inventory	858,165	13,282	871,447	
Capital lease receivable		309,027	309,027	
Prepays and deposits	283,614	148,624	432,238	70,914
Restricted assets				
Restricted cash and cash equivalents	5,006,862	5,908,530	10,915,392	
Other cash	10,733		10,733	
Investments	16,158,636	19,068,599	35,227,235	
Due from other governments	2,332,739		2,332,739	
Total current assets	<u>87,964,118</u>	<u>70,106,394</u>	<u>158,070,512</u>	<u>668,186</u>
Noncurrent assets				
Internal balances	412,216	(412,216)	0	
Intangible asset		43,608	43,608	
Capital lease receivable		848,774	848,774	
Restricted assets				
Cash and cash equivalents	5,976,039	3,129,092	9,105,131	
Investments	19,282,814	10,098,520	29,381,334	
Notes receivable	1,154,656		1,154,656	
Capital assets				
Non-depreciable	29,728,843	41,720,660	71,449,503	
Depreciable (net)	229,323,079	218,024,642	447,347,721	465,005
Total noncurrent assets	<u>285,877,647</u>	<u>273,453,080</u>	<u>559,330,727</u>	<u>465,005</u>
Total assets	<u>373,841,765</u>	<u>343,559,474</u>	<u>717,401,239</u>	<u>1,133,191</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on early retirement debt	228,754	697,821	926,575	
Deferred pension	19,022,346	4,940,225	23,962,571	
Deferred OPEB	2,078,055	813,870	2,891,925	
Total deferred outflows of resources	<u>21,329,155</u>	<u>6,451,916</u>	<u>27,781,071</u>	<u>0</u>

(continued)

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

CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Improvement
				Board
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,092,283	\$ 2,369,002	\$ 3,461,285	\$ 57,477
Contracts payable	1,231,594	1,846,788	3,078,382	
Contracts payable - retainage	586,503	241,704	828,207	
Due to other governments	119,542		119,542	8,678
Wages and benefits payable	1,463,485		1,463,485	
Compensated absences payable	121,889	80,603	202,492	3,144
Deposits	436,166	406,273	842,439	
Notes payable			0	3,459
Unearned revenue	1,148,764	127,761	1,276,525	5,000
Capital lease payable	1,637,729		1,637,729	
Loans payable	20,000		20,000	
Payable from restricted assets				
Due to other governments	1,300,000		1,300,000	
Notes payable	3,761,000	4,278,000	8,039,000	
Revenue bonds payable	1,175,000		1,175,000	
Accrued interest payable	909,119	935,074	1,844,193	
Total current liabilities	<u>15,003,074</u>	<u>10,285,205</u>	<u>25,288,279</u>	<u>77,758</u>
Noncurrent liabilities				
Due to other governments	9,100,000	3,200,000	12,300,000	
Compensated absences payable	3,086,901	1,482,764	4,569,665	
Claims and judgments payable	2,967,444		2,967,444	
Notes payable	101,546,000	61,421,000	162,967,000	387
Capital lease payable	1,685,387		1,685,387	
Loans payable	40,000		40,000	
Net Pension liability	72,468,605	20,816,909	93,285,514	
Total OPEB liability	17,239,884	6,735,751	23,975,635	
Total noncurrent liabilities	<u>208,134,221</u>	<u>93,656,424</u>	<u>301,790,645</u>	<u>387</u>
Total liabilities	<u>223,137,295</u>	<u>103,941,629</u>	<u>327,078,924</u>	<u>78,145</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on early retirement	364,250		364,250	
Deferred pension	11,552,968	1,705,523	13,258,491	
Deferred OPEB	1,792,987	701,263	2,494,250	
Total deferred outflows of resources	<u>13,710,205</u>	<u>2,406,786</u>	<u>16,116,991</u>	<u>0</u>
NET POSITION				
Net investment in capital assets	186,615,457	194,787,731	381,403,188	461,159
Restricted for				
Capital projects	7,133,609		7,133,609	
Debt service	7,019,200	3,369,612	10,388,812	
Community redevelopment	874,977		874,977	
Federal housing program	3,220,515		3,220,515	
Other purposes	3,765,485		3,765,485	
Disaster recovery	2,674,472		2,674,472	
Renewal and replacement		6,756,000	6,756,000	
Operations and maintenance		3,102,000	3,102,000	
Unrestricted	<u>(52,980,295)</u>	<u>35,647,632</u>	<u>(17,332,663)</u>	<u>593,887</u>
Total net position	<u>\$ 158,323,420</u>	<u>\$ 243,662,975</u>	<u>\$ 401,986,395</u>	<u>\$ 1,055,046</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, 2019

<u>Function/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 12,101,937	\$ 286,817	\$ 4,192,220	\$
Public safety	36,484,101	2,553,611	149,631	115,239
Transportation	5,333,798	738,270	9,088	
Culture and recreation	14,315,481	2,777,016	135,372	1,206,201
Economic environment	16,877,887		16,854,708	3,763
Physical environment	5,524,973	2,845,664	357,589	1,207,916
Human services	14,492,331		14,462,332	
Unallocated depreciation	1,917,285			
Interest on long-term debt	5,953,180			
Total governmental activities	<u>113,000,973</u>	<u>9,201,378</u>	<u>36,160,940</u>	<u>2,533,119</u>
Business-type activities:				
Utility	34,105,382	50,231,748		
Sanitation	7,488,155	8,255,120		
Port	2,713,331	2,400,834		2,785,256
Airport	28,606,833	25,921,379		7,387,154
Total business-type activities	<u>72,913,701</u>	<u>86,809,081</u>	<u>0</u>	<u>10,172,410</u>
Total primary government	<u>\$ 185,914,674</u>	<u>\$ 96,010,459</u>	<u>\$ 36,160,940</u>	<u>\$ 12,705,529</u>
Component unit:				
Downtown Improvement Board	\$ 1,514,457	\$ 981,143	\$ 251,528	\$
Total component units	<u>\$ 1,514,457</u>	<u>\$ 981,143</u>	<u>\$ 251,528</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, 2019

	Net (Expenses) Revenue and Changes in Net Position			Component Unit
	Primary Government			Downtown Improvement Board
Function/Programs	Governmental Activities	Business-type Activities	Total	
Primary government				
Governmental activities:				
General government	\$ (7,622,900)		\$ (7,622,900)	
Public safety	(33,665,620)		(33,665,620)	
Transportation	(4,586,440)		(4,586,440)	
Culture and recreation	(10,196,892)		(10,196,892)	
Economic environment	(19,416)		(19,416)	
Physical environment	(1,113,804)		(1,113,804)	
Human services	(29,999)		(29,999)	
Unallocated depreciation	(1,917,285)		(1,917,285)	
Interest on long-term debt	(5,953,180)		(5,953,180)	
Total governmental activities	(65,105,536)		(65,105,536)	
Business-type activities:				
Utility		\$ 16,126,366	16,126,366	
Sanitation		766,965	766,965	
Port		2,472,759	2,472,759	
Airport		4,701,700	4,701,700	
Total business-type activities		24,067,790	24,067,790	
Total primary government	(65,105,536)	24,067,790	(41,037,746)	
Component unit:				
Downtown Improvement Board				\$ (281,786)
Total component units				
General revenues:				
Property taxes	15,718,156		15,718,156	414,289
Public service taxes	8,499,940		8,499,940	
Franchise fees	8,635,180		8,635,180	
Communication service tax	3,069,511		3,069,511	
Local business tax	939,973		939,973	
Local option gasoline tax	1,364,246		1,364,246	
Local option sales tax	8,901,413		8,901,413	
Unrestricted intergovernmental revenues	7,630,878		7,630,878	
Unrestricted investment earnings	1,683,080	1,353,089	3,036,169	
Gain on sale of capital asset	708,896	112,180	821,076	
Miscellaneous	29,113	605,249	634,362	7,982
Transfers	7,282,376	(7,282,376)	0	
Overhead transfers	2,662,700	(2,662,700)	0	
Total general revenues, transfers, and other items	67,125,462	(7,874,558)	59,250,904	422,271
Change in net position	2,019,926	16,193,232	18,213,158	140,485
Net position at beginning of year	156,303,494	227,469,743	383,773,237	914,561
Net position September 30, 2019	\$ 158,323,420	\$ 243,662,975	\$ 401,986,395	\$ 1,055,046

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

CITY OF PENSACOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Housing Assistance Payments	Community Redevelopment Agency	Urban Core Redevelopment Trust	Eastside Tax Increment Financing District	Westside Tax Increment Financing District
ASSETS						
Cash and cash equivalents	\$ 4,989,648	\$ 665,137	\$ 869,548	\$	\$	\$
Other cash		22,265				
Investments	16,103,088	2,146,597	2,806,292			
Accrued interest	1,642,646					
Accounts receivable (net of allowances)	1,446,172	391,167	1,384			
Demolition assessments receivable	18,394					
Due from other funds	512,666					
Due from other governments	1,077,635					
Prepays and deposits	26,635	601	126			
Inventories						
Restricted assets						
Cash and cash equivalents	354,071	99,401	236,371		147,273	21,409
Other cash						
Investments	1,142,693	320,795	762,839		475,296	69,089
Due from other funds						
Due from other governments						
Notes receivable						
Total assets	\$ 27,313,648	\$ 3,645,963	\$ 4,676,560	\$ 0	\$ 622,569	\$ 90,498
LIABILITIES						
Accounts payable	\$ 532,740	\$ 4,444	\$ 172,123	\$	\$ 1,640	\$
Contracts payable	201,701	414	44,612			
Contracts payable - retainage	4,624					
Due to other funds		19,043	3,708		723	723
Due to other governments		10,380				
Compensated absences payable	90,474					
Wages and benefits payable	1,463,485					
Unearned revenue	904,172					
Deposits	34,732		1,000			
Total liabilities	3,231,928	34,281	221,443	0	2,363	723
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	89,773	391,167				
Total deferred inflows of resources	89,773	391,167	0	0	0	0

(continued)

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

**CITY OF PENSACOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General Fund	Housing Assistance Payments	Community Redevelopment Agency	Urban Core Redevelopment Trust	Eastside Tax Increment Financing District	Westside Tax Increment Financing District
FUND BALANCE (DEFICITS)						
Non-spendable	26,635	601	126			
Restricted						
Saenger capital	365,127					
Community development projects			4,454,991		620,206	89,775
Debt service payments						
Other restricted	515,841	3,219,914				
Committed						
Park purchases	109,195					
Tree landscape	495,451					
Council reserve	13,793,017					
Other committed						
Assigned	7,170,387					
Unassigned	1,516,294					
Total fund balances	<u>23,991,947</u>	<u>3,220,515</u>	<u>4,455,117</u>	<u>0</u>	<u>620,206</u>	<u>89,775</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 27,313,648</u>	<u>\$ 3,645,963</u>	<u>\$ 4,676,560</u>	<u>\$ 0</u>	<u>\$ 622,569</u>	<u>\$ 90,498</u>

(continued)

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

CITY OF PENSACOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Hospital Special Assessment	CRA Debt Service	CRA 2017 Project Fund	CRA 2019 Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$	\$ 4,900,718	\$ 11,425,051
Other cash						22,265
Investments					15,816,086	36,872,063
Accrued interest						1,642,646
Accounts receivable (net of allowances)					442,582	2,281,305
Special assessments receivable						18,394
Due from other funds						512,666
Due from other governments					698,058	1,775,693
Prepays and deposits					15,646	43,008
Inventories					3,571	3,571
Restricted assets						
Cash and cash equivalents		684,783	2,755,588	4,258,099	1,375,834	9,932,829
Other cash					10,733	10,733
Investments		2,209,999	8,893,110	13,742,165	4,440,226	32,056,212
Due from other funds					851,872	851,872
Due from other governments					2,332,739	2,332,739
Notes receivable					1,154,656	1,154,656
Total assets	\$ 0	\$ 2,894,782	\$ 11,648,698	\$ 18,000,264	\$ 32,042,721	\$ 100,935,703
LIABILITIES						
Accounts payable	\$	\$	\$	\$	\$ 202,818	\$ 913,765
Contracts payable			279,446		663,037	1,189,210
Contracts payable - retainage			101,698		440,044	546,366
Due to other funds					1,147,423	1,171,620
Due to other governments					109,162	119,542
Compensated absences payable					19,548	110,022
Wages and benefits payable						1,463,485
Unearned revenue					144,592	1,048,764
Deposits					374,933	410,665
Total liabilities	0	0	381,144	0	3,101,557	6,973,439
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue					1,166,916	1,647,856
Total deferred inflows of resources	0	0	0	0	1,166,916	1,647,856

(continued)

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

CITY OF PENSACOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Hospital Special Assessment	CRA Debt Service	CRA 2017 Project Fund	CRA 2019 Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCE (DEFICITS)						
Non-spendable					19,217	46,579
Restricted						
Saenger capital						365,127
Community development projects			11,267,554	18,000,264		34,432,790
Debt service payments		2,894,782			1,560,364	4,455,146
Other restricted					20,166,150	23,901,905
Committed						
Park purchases						109,195
Tree landscape						495,451
Council reserve						13,793,017
Other committed					5,571,152	5,571,152
Assigned					872,612	8,042,999
Unassigned					(415,247)	1,101,047
Total fund balances	<u>0</u>	<u>2,894,782</u>	<u>11,267,554</u>	<u>18,000,264</u>	<u>27,774,248</u>	<u>92,314,408</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 0</u>	<u>\$ 2,894,782</u>	<u>\$ 11,648,698</u>	<u>\$ 18,000,264</u>	<u>\$ 32,042,721</u>	

Capital assets used in governmental activities are not financial resources to the governmental funds. The cost of the assets is \$397,872,278 and the accumulated depreciation is \$140,951,736. 256,920,542

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 1,647,856

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 8,590,984

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. (15,564,292)

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. (61,411,827)

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

Loans payable	(60,000)	
Notes payable	(105,307,000)	
Bonds payable	(1,175,000)	
Deferred gain on refunding	(364,250)	
Deferred loss on early retirement	228,754	
Due to other governments	(10,400,000)	
Compensated absences	(2,864,520)	
Capital lease	(3,323,116)	
Accrued interest payable	(909,119)	(124,174,251)

Net position of governmental activities \$ 158,323,420

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

CITY OF PENSACOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Housing Assistance Payments	Community Redevelopment Agency	Urban Core Redevelopment Trust	Eastside Tax Increment Financing District	Westside Tax Increment Financing District
Revenues:						
Taxes	\$ 28,227,580	\$	\$	\$	\$	\$
Licenses and permits	78,038					
Franchise fees	8,635,180					
Intergovernmental	7,630,879	16,021,660		3,677,443	96,606	262,197
Charges for services	1,266,486		21,449			
Fines and forfeits	144,660					
Assessments	57,247					
Interest income	452,441	74,824	108,103		12,177	2,994
Donations						
Other	604,880	39,252				
Total revenues	<u>47,097,391</u>	<u>16,135,736</u>	<u>129,552</u>	<u>3,677,443</u>	<u>108,783</u>	<u>265,191</u>
Expenditures:						
Current -						
General government	5,525,170		2,939,846		104,059	51,206
Public safety	31,979,188					
Transportation	2,989,101					
Culture and recreation	6,671,288					
Economic environment	559,427	16,222,504				
Physical environment	1,706					
Human services	30,000					
Capital outlay			23,707			
Debt service -						
Principal retirement						
Interest					15,000	
Issuance Cost						
Total expenditures	<u>47,755,880</u>	<u>16,222,504</u>	<u>2,963,553</u>	<u>0</u>	<u>119,059</u>	<u>51,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(658,489)</u>	<u>(86,768)</u>	<u>(2,834,001)</u>	<u>3,677,443</u>	<u>(10,276)</u>	<u>213,985</u>
Other financing sources (uses):						
Transfers in	10,039,865		2,609,176	2,221,033	62,630	169,983
Transfers (out)	(5,958,327)			(5,898,476)	(86,711)	(375,097)
Payment to refunded bonds escrow agent						
Issuance of refunded bonds						
Bond proceeds						
Sale of capital assets	689,470	1,200				
Total other financing sources (uses)	<u>4,771,008</u>	<u>1,200</u>	<u>2,609,176</u>	<u>(3,677,443)</u>	<u>(24,081)</u>	<u>(205,114)</u>
Net Change in fund balances	<u>4,112,519</u>	<u>(85,568)</u>	<u>(224,825)</u>	<u>0</u>	<u>(34,357)</u>	<u>8,871</u>
Fund balances at beginning of year	<u>19,879,428</u>	<u>3,306,083</u>	<u>4,679,942</u>	<u>0</u>	<u>654,563</u>	<u>80,904</u>
Fund balances at end of year	<u>\$ 23,991,947</u>	<u>\$ 3,220,515</u>	<u>\$ 4,455,117</u>	<u>\$ 0</u>	<u>\$ 620,206</u>	<u>\$ 89,775</u>

(continued)

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, 2019

	Hospital Special	CRA	CRA 2017	CRA 2019	Nonmajor	Total
	Assessment	Debt Services	Project Fund	Project Fund	Governmental	Governmental
					Funds	Funds
Revenues:						
Taxes	\$	\$	\$	\$	10,265,659	\$ 38,493,239
Licenses and permits					1,673,778	1,751,816
Franchise fees						8,635,180
Intergovernmental		1,206,201			2,363,046	31,258,032
Charges for services					5,475,810	6,763,745
Fines and forfeits					126,444	271,104
Assessments	14,462,331					14,519,578
Interest income		44,391	217,192	269,746	532,641	1,714,509
Donations					71,160	71,160
Other					3,274	647,406
Total revenues	<u>14,462,331</u>	<u>1,250,592</u>	<u>217,192</u>	<u>269,746</u>	<u>20,511,812</u>	<u>104,125,769</u>
Expenditures:						
Current -						
General government					695,437	9,315,718
Public safety					1,841,146	33,820,334
Transportation					40,988	3,030,089
Culture and recreation					2,584,443	9,255,731
Economic environment					39,810	16,821,741
Physical environment					4,189,129	4,190,835
Human services	14,462,331					14,492,331
Capital outlay			986,097		13,181,134	14,190,938
Debt service -						
Principal retirement		1,453,000			4,879,419	6,332,419
Interest		3,344,536			880,813	4,240,349
Issuance Cost			918	158,327	763	160,008
Total expenditures	<u>14,462,331</u>	<u>4,797,536</u>	<u>987,015</u>	<u>158,327</u>	<u>28,333,082</u>	<u>115,850,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(3,546,944)</u>	<u>(769,823)</u>	<u>111,419</u>	<u>(7,821,270)</u>	<u>(11,724,724)</u>
Other financing sources (uses):						
Transfers in		3,751,109			4,959,904	23,813,700
Transfers (out)					(4,212,713)	(16,531,324)
Payment to refunded bonds escrow agent		(931,656)		(40,251,155)		(41,182,811)
Issuance of refunded bonds				40,251,155		40,251,155
Bond proceeds				17,888,845		17,888,845
Sale of capital assets					11,300	701,970
Total other financing sources (uses)	<u>0</u>	<u>2,819,453</u>	<u>0</u>	<u>17,888,845</u>	<u>758,491</u>	<u>24,941,535</u>
Net Change in fund balances	<u>0</u>	<u>(727,491)</u>	<u>(769,823)</u>	<u>18,000,264</u>	<u>(7,062,779)</u>	<u>13,216,811</u>
Fund balances at beginning of year	<u>0</u>	<u>3,622,273</u>	<u>12,037,377</u>	<u>0</u>	<u>34,837,027</u>	<u>79,097,597</u>
Fund balances at end of year	<u>\$ 0</u>	<u>\$ 2,894,782</u>	<u>\$ 11,267,554</u>	<u>\$ 18,000,264</u>	<u>\$ 27,774,248</u>	<u>\$ 92,314,408</u>

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, 2019

Net change in fund balances - total governmental funds **\$ 13,216,811**

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	14,190,938	
Less current year depreciation	<u>(13,237,511)</u>	953,427

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the statement of net position. (58,140,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 43,666,000

Repayment of capital lease payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,591,419

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. (10,432)

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. (205,394)

Accrued interest expense, reported in the statement of activities, does not require the use of current financial resources in governmental funds. 544,980

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. (757,714)

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. (881,107)

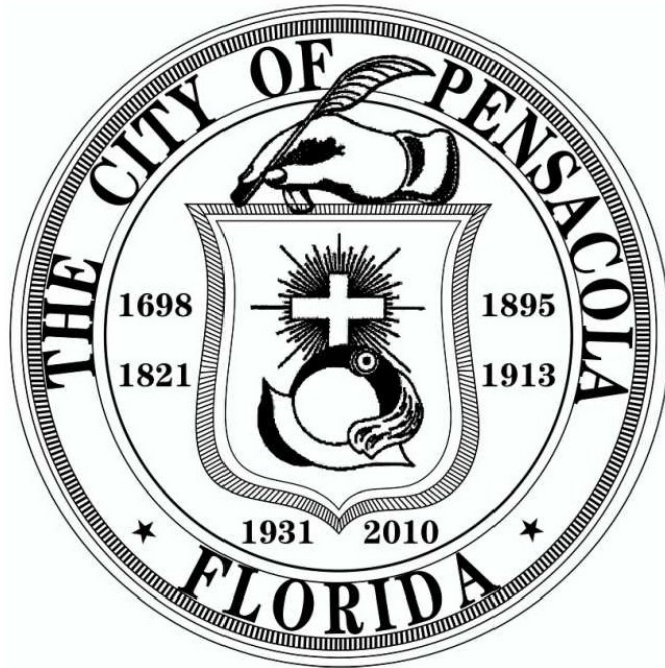
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 1,574,378

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.

Donations of capital assets	9,370	
Net book value of capital assets disposed	<u>(841,812)</u>	<u>(832,442)</u>

Change in net position of governmental activities **\$ 2,019,926**

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/(Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,622,500	\$ 28,226,004	\$ 28,227,580	\$ 1,576
Licenses and permits	77,000	78,038	78,038	0
Franchise fees	8,610,300	8,635,180	8,635,180	0
Intergovernmental	7,467,400	7,630,879	7,630,879	0
Charges for services	1,128,700	1,266,486	1,266,486	0
Fines and forfeits	117,500	146,211	144,660	(1,551)
Assessments	0	57,247	57,247	0
Interest income	145,000	452,441	452,441	0
Other	475,000	595,435	604,880	9,445
Total revenues	<u>45,643,400</u>	<u>47,087,921</u>	<u>47,097,391</u>	<u>9,470</u>
Expenditures:				
Current -				
General government	6,251,400	6,655,580	5,525,170	1,130,410
Public safety	32,163,800	32,286,644	31,979,188	307,456
Transportation	2,549,900	3,386,238	2,989,101	397,137
Culture and recreation	6,924,500	7,295,296	6,671,288	624,008
Economic environment	325,000	1,051,627	559,427	492,200
Physical environment	0	73,355	1,706	71,649
Human services	30,000	30,000	30,000	0
Capital outlay	0	0	0	0
Total expenditures	<u>48,244,600</u>	<u>50,778,740</u>	<u>47,755,880</u>	<u>3,022,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,601,200)</u>	<u>(3,690,819)</u>	<u>(658,489)</u>	<u>3,032,330</u>
Other financing sources (uses):				
Transfers in	8,000,000	10,039,865	10,039,865	0
Transfers (out)	(5,448,800)	(5,958,327)	(5,958,327)	0
Sale of capital assets	50,000	689,470	689,470	0
Total other financing sources (uses)	<u>2,601,200</u>	<u>4,771,008</u>	<u>4,771,008</u>	<u>0</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ 1,080,189</u>	<u>4,112,519</u>	<u>\$ 3,032,330</u>
Fund balances at beginning of year			<u>19,879,428</u>	
Fund balances at end of year			<u>\$ 23,991,947</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, 2019

	<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	\$ 17,788,600	\$ 16,021,660	\$ 16,021,660	\$ 0
Interest income	33,000	85,203	74,824	(10,379)
Other	20,000	39,252	39,252	0
Total revenues	<u>17,841,600</u>	<u>16,146,115</u>	<u>16,135,736</u>	<u>(10,379)</u>
Expenditures :				
Current -				
Economic environment	17,833,600	16,313,442	16,222,504	90,938
Capital outlay	8,000	0	0	0
Total expenditures	<u>17,841,600</u>	<u>16,313,442</u>	<u>16,222,504</u>	<u>90,938</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>0</u>	<u>(167,327)</u>	<u>(86,768)</u>	<u>80,559</u>
Other financing sources (uses):				
Sale of capital assets	0	1,200	1,200	0
Total other financing sources (uses):	<u>0</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ (166,127)</u>	<u>(85,568)</u>	<u>\$ 80,559</u>
Fund balances at beginning of year			<u>3,306,083</u>	
Fund balances at end of year			<u>\$ 3,220,515</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
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive/(Negative)
	Original	Final	Actual Amounts	
Revenues:				
Charges for services	\$ 12,800	\$ 21,448	\$ 21,449	\$ 1
Interest income	9,200	108,103	108,103	0
Total revenues	22,000	129,551	129,552	1
Expenditures:				
Current -				
General government	2,931,400	6,341,570	2,939,846	3,401,724
Public safety				
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Human services				
Capital outlay	0	84,208	23,707	60,501
Total expenditures	2,931,400	6,425,778	2,963,553	3,462,225
Excess (deficiency) of revenues over (under) expenditures	(2,909,400)	(6,296,227)	(2,834,001)	3,462,226
Other financing sources (uses):				
Transfers in	2,909,400	2,609,176	2,609,176	0
Total other financing sources (uses)	2,909,400	2,609,176	2,609,176	0
Net change in fund balances	\$ 0	\$ (3,687,051)	(224,825)	\$ 3,462,226
Fund balances at beginning of year			4,679,942	
Fund balances at end of year			\$ 4,455,117	

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
URBAN CORE REDEVELOPMENT TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 3,677,600	\$ 3,677,443	\$ 3,677,443	0
Total revenues	<u>3,677,600</u>	<u>3,677,443</u>	<u>3,677,443</u>	<u>0</u>
Expenditures:				
Current -				
General government				
Public safety				
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Human services				
Capital outlay				
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,677,600</u>	<u>3,677,443</u>	<u>3,677,443</u>	<u>0</u>
Other financing sources (uses):				
Transfers in	2,221,100	2,221,033	2,221,033	0
Transfers (out)	<u>(5,898,700)</u>	<u>(5,898,476)</u>	<u>(5,898,476)</u>	<u>0</u>
Total other financing sources (uses)	<u>(3,677,600)</u>	<u>(3,677,443)</u>	<u>(3,677,443)</u>	<u>0</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Fund balances at beginning of year			<u>0</u>	
Fund balances at end of year			<u>\$ 0</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
EASTSIDE TAX INCREMENT FINANCING DISTRICT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive/(Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	\$ 96,700	\$ 96,606	\$ 96,606	\$ 0
Interest income	0	12,177	12,177	0
Total revenues	96,700	108,783	108,783	0
Expenditures:				
Current -				
General government	85,500	679,265	104,059	575,206
Public safety				
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Human services				
Capital outlay				
Debt service -				
Principal retirement				
Interest	15,000	60,000	15,000	45,000
Total expenditures	100,500	739,265	119,059	620,206
Excess (deficiency) of revenues over (under) expenditures	(3,800)	(630,482)	(10,276)	620,206
Other financing sources (uses):				
Transfers in	62,700	62,630	62,630	0
Transfers (out)	(89,500)	(86,711)	(86,711)	0
Total other financing sources (uses)	(26,800)	(24,081)	(24,081)	0
Net change in fund balances	\$ (30,600)	\$ (654,563)	(34,357)	\$ 620,206
Fund balances at beginning of year			654,563	
Fund balances at end of year			\$ 620,206	

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
WESTSIDE TAX INCREMENT FINANCING DISTRICT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

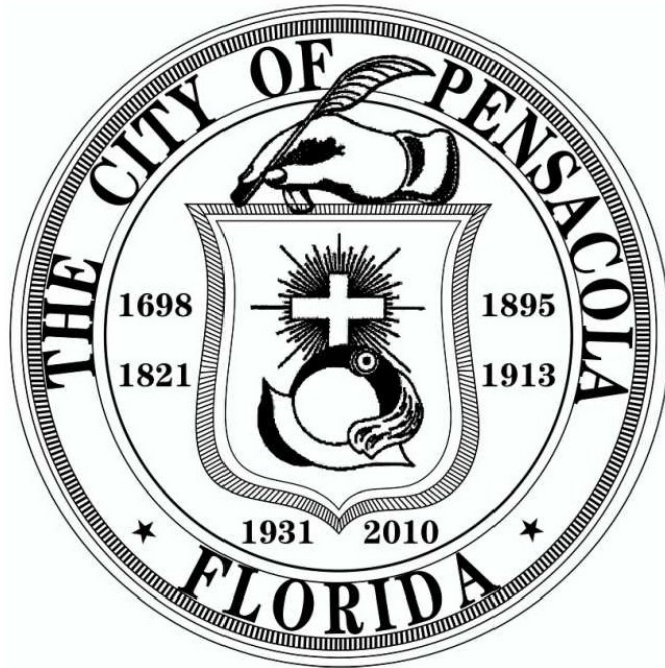
	Budgeted Amounts			Variance with Final Budget - Positive/(Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	\$ 262,200	\$ 262,197	\$ 262,197	\$ 0
Interest income	0	2,994	2,994	0
Total revenues	262,200	265,191	265,191	0
Expenditures:				
Current -				
General government	56,700	140,981	51,206	89,775
Public safety				
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Human services				
Capital outlay				
Total expenditures	56,700	140,981	51,206	89,775
Excess (deficiency) of revenues over (under) expenditures	205,500	124,210	213,985	89,775
Other financing sources (uses):				
Transfers in	170,000	169,983	169,983	0
Transfers (out)	(375,500)	(375,097)	(375,097)	0
Total other financing sources (uses)	(205,500)	(205,114)	(205,114)	0
Net change in fund balances	\$ 0	\$ (80,904)	8,871	\$ 89,775
Fund balances at beginning of year			80,904	
Fund balances at end of year			\$ 89,775	

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
HOSPITAL SPECIAL ASSESSMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive/(Negative)
	Original	Final	Actual Amounts	
Revenues:				
Assessments	\$ 0	\$ 14,462,331	\$ 14,462,331	\$ 0
Total revenues	0	14,462,331	14,462,331	0
Expenditures:				
Current -				
General government				
Public safety				
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Human services	0	14,462,331	14,462,331	0
Capital outlay				
Total expenditures	0	14,462,331	14,462,331	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Other financing sources (uses):				
Transfers in				
Transfers (out)				
Sale of capital assets				
Total other financing sources (uses)	0	0	0	0
Net change in fund balances	\$ 0	\$ 0	0	\$ 0
Fund balances at beginning of year			0	
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, 2019

	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	\$ 4,758,821	\$ 527,420	\$	\$ 3,117,001	\$ 8,403,242	\$ 1,981,820
Investments	15,358,140	1,702,143		10,059,500	27,119,783	6,399,585
Accounts receivable (net)	3,983,338	767,352	417,881	2,533,020	7,701,591	665,445
Due from other funds	137,020		161,797	75,846	374,663	132,176
Due from other governments			742,525	920,293	1,662,818	
Prepaid expenses	77,086	923	15,094	55,521	148,624	40,606
Inventory	13,282				13,282	854,594
Capital lease receivable	309,027				309,027	
Restricted assets						
Cash and cash equivalents	451,530	43,311	89,176	5,324,513	5,908,530	
Investments	1,457,223	139,779	287,797	17,183,800	19,068,599	
Total current assets	<u>26,545,467</u>	<u>3,180,928</u>	<u>1,714,270</u>	<u>39,269,494</u>	<u>70,710,159</u>	<u>10,074,226</u>
Noncurrent assets						
Intangible asset	43,608				43,608	
Prepaid expenses					0	200,000
Advances to other funds	282,620				282,620	412,216
Capital lease receivable	848,774				848,774	
Restricted assets						
Cash and cash equivalents				3,129,092	3,129,092	1,050,072
Investments				10,098,520	10,098,520	3,385,238
Capital assets						
Non-depreciable	557,765	41,093	4,855,984	36,265,818	41,720,660	424,494
Depreciable (net)	<u>60,091,622</u>	<u>2,341,781</u>	<u>11,790,370</u>	<u>143,800,869</u>	<u>218,024,642</u>	<u>1,706,886</u>
Total noncurrent assets	<u>61,824,389</u>	<u>2,382,874</u>	<u>16,646,354</u>	<u>193,294,299</u>	<u>274,147,916</u>	<u>7,178,906</u>
Total assets	<u>88,369,856</u>	<u>5,563,802</u>	<u>18,360,624</u>	<u>232,563,793</u>	<u>344,858,075</u>	<u>17,253,132</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on early retirement				697,821	697,821	
Deferred pension	2,415,280	1,224,004	228,236	1,072,705	4,940,225	1,204,117
Deferred OPEB	435,507	158,718	35,043	184,602	813,870	166,100
Total deferred outflows of resources	<u>2,850,787</u>	<u>1,382,722</u>	<u>263,279</u>	<u>1,955,128</u>	<u>6,451,916</u>	<u>1,370,217</u>

(continued)

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

CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	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	1,597,616	142,665	48,567	580,154	2,369,002	178,518
Contracts payable	246,335	12,000	409,354	1,179,099	1,846,788	42,384
Contracts payable - retainage			237,212	4,492	241,704	40,137
Due to other funds	234,072	238,461	26,001	105,231	603,765	95,992
Compensated absences payable	1,041	23,125		56,437	80,603	11,867
Unearned revenue	127,761				127,761	100,000
Deposits			375,972	30,301	406,273	25,501
Payable from restricted assets						
Notes payable	1,759,000			2,519,000	4,278,000	
Accrued interest payable	149,753			785,321	935,074	
Total current liabilities	<u>4,115,578</u>	<u>416,251</u>	<u>1,097,106</u>	<u>5,260,035</u>	<u>10,888,970</u>	<u>494,399</u>
Noncurrent liabilities						
Compensated absences payable	772,246	309,150	69,993	331,375	1,482,764	222,381
Advances from other funds	350,478	307,324		37,034	694,836	
Due to other governments				3,200,000	3,200,000	
Claims and judgments payable					0	2,967,444
Notes payable	13,346,000			48,075,000	61,421,000	
Net pension liability	9,951,087	5,093,577	840,634	4,931,611	20,816,909	4,539,685
Total OPEB liability	<u>3,522,717</u>	<u>1,305,995</u>	<u>279,459</u>	<u>1,627,580</u>	<u>6,735,751</u>	<u>1,412,600</u>
Total noncurrent liabilities	<u>27,942,528</u>	<u>7,016,046</u>	<u>1,190,086</u>	<u>58,202,600</u>	<u>94,351,260</u>	<u>9,142,110</u>
Total liabilities	<u>32,058,106</u>	<u>7,432,297</u>	<u>2,287,192</u>	<u>63,462,635</u>	<u>105,240,230</u>	<u>9,636,509</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred pension	542,149	453,095	48,107	662,172	1,705,523	251,832
Deferred OPEB	<u>368,755</u>	<u>137,623</u>	<u>25,952</u>	<u>168,933</u>	<u>701,263</u>	<u>144,024</u>
Total deferred outflows of resources	<u>910,904</u>	<u>590,718</u>	<u>74,059</u>	<u>831,105</u>	<u>2,406,786</u>	<u>395,856</u>
NET POSITION						
Net investment in capital assets	45,587,995	2,382,874	16,646,354	130,170,508	194,787,731	2,131,380
Restricted						
Debt service				3,369,612	3,369,612	
Renewal and replacement				6,756,000	6,756,000	
Operations and maintenance				3,102,000	3,102,000	
Unrestricted	<u>12,663,638</u>	<u>(3,459,365)</u>	<u>(383,702)</u>	<u>26,827,061</u>	<u>35,647,632</u>	<u>6,459,604</u>
Total net (deficit) position	<u>\$ 58,251,633</u>	<u>\$ (1,076,491)</u>	<u>\$ 16,262,652</u>	<u>\$ 170,225,181</u>	<u>\$ 243,662,975</u>	<u>\$ 8,590,984</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, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Operating revenues:						
Charges for services	\$ 50,231,748	\$ 8,255,120	\$ 2,400,834	\$ 25,921,379	\$ 86,809,081	\$ 5,689,453
Insurance					-	15,272,534
Fines and forfeits		125,024			125,024	
Other	398,447	47,305	5	34,468	480,225	209,650
Total operating revenues	<u>50,630,195</u>	<u>8,427,449</u>	<u>2,400,839</u>	<u>25,955,847</u>	<u>87,414,330</u>	<u>21,171,637</u>
Operating expenses:						
Gas purchases	17,794,122				17,794,122	
Salaries and employee benefits	5,671,391	3,471,253	822,179	4,638,059	14,602,882	3,524,319
Materials and supplies	1,601,640	465,680	14,945	279,879	2,362,144	93,440
Repairs and maintenance	415,143	1,488,862	52,222	2,912,722	4,868,949	205,195
Contractual services	4,387,012	299,553	164,413	5,353,064	10,204,042	872,926
Office and utilities	1,543,571	476,855	659,648	2,258,564	4,938,638	393,977
Land fill fees	12	964,098			964,110	
Overhead allocation	1,348,500	524,300	116,800	673,100	2,662,700	14,423,395
Premiums and claims expense						
Total operating expenses before depreciation	<u>32,761,391</u>	<u>7,690,601</u>	<u>1,830,207</u>	<u>16,115,388</u>	<u>58,397,587</u>	<u>19,513,252</u>
Operating income (loss) before depreciation	17,868,804	736,848	570,632	9,840,459	29,016,743	1,658,385
Depreciation	<u>2,370,999</u>	<u>311,681</u>	<u>999,924</u>	<u>11,322,744</u>	<u>15,005,348</u>	<u>333,153</u>
Operating income (loss)	<u>15,497,805</u>	<u>425,167</u>	<u>(429,292)</u>	<u>(1,482,285)</u>	<u>14,011,395</u>	<u>1,325,232</u>
Nonoperating revenues (expenses):						
Investment interest	445,987	47,561		859,541	1,353,089	242,220
Interest expense	(299,505)	(10,173)		(1,840,305)	(2,149,983)	
Amortization of bond expense	(3,291)				(3,291)	
Issuance Cost				(1,496)	(1,496)	
Gain (loss) on disposal of capital assets	49,544	31,310	2,780	9,850	93,484	6,926
Total nonoperating revenues (expenses)	<u>192,735</u>	<u>68,698</u>	<u>2,780</u>	<u>(972,410)</u>	<u>(708,197)</u>	<u>249,146</u>
Income (loss) before contributions and transfers	<u>15,690,540</u>	<u>493,865</u>	<u>(426,512)</u>	<u>(2,454,695)</u>	<u>13,303,198</u>	<u>1,574,378</u>
Contributions and transfers:						
Contributions						
Federal and state grants			2,186,531	2,988,717	5,175,248	
Passenger facility charge				4,309,645	4,309,645	
Passenger facility charge - Interest				12,946	12,946	
Contributed capital from other funds			598,725		598,725	
Donations				75,846	75,846	
Transfers in (out)	(8,000,000)		641,778	75,846	(7,282,376)	
Total contributions and transfers	<u>(8,000,000)</u>	<u>-</u>	<u>3,427,034</u>	<u>7,463,000</u>	<u>2,890,034</u>	<u>-</u>
Change in net position	<u>7,690,540</u>	<u>493,865</u>	<u>3,000,522</u>	<u>5,008,305</u>	<u>16,193,232</u>	<u>1,574,378</u>
Net position at beginning of year	<u>50,561,093</u>	<u>(1,570,356)</u>	<u>13,262,130</u>	<u>165,216,876</u>	<u>227,469,743</u>	<u>7,016,606</u>
Net position at end of year	<u>\$ 58,251,633</u>	<u>\$ (1,076,491)</u>	<u>\$ 16,262,652</u>	<u>\$ 170,225,181</u>	<u>\$ 243,662,975</u>	<u>\$ 8,590,984</u>

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, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Cash flows from operating activities:						
Cash received from customers	\$ 50,853,719	\$ 8,279,349	\$ 2,262,876	\$ 25,708,731	\$ 87,104,675	\$ 17,307,057
Cash received from other funds					0	3,991,441
Cash payments to suppliers for goods and services	(27,255,899)	(4,184,061)	(1,041,609)	(11,263,131)	(43,744,700)	(15,997,142)
Cash payments to employees for services	(5,149,347)	(3,312,802)	(1,177,540)	(4,247,942)	(13,887,631)	(3,399,167)
Net cash provided by (used for) operating activities	18,448,473	782,486	43,727	10,197,658	29,472,344	1,902,189
Cash flows from noncapital financing activities:						
Advance from (to) other funds	15,419	(174,641)		290	(158,932)	158,932
Net transfers	(8,000,000)				(8,000,000)	
Net cash provided by (used for) noncapital financing activities	(7,984,581)	(174,641)	0	290	(8,158,932)	158,932
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(7,983,630)	(648,364)	(490,244)	(1,608,322)	(10,730,560)	(585,910)
Acquisition of capital assets with grant monies			(2,039,852)	(2,832,657)	(4,872,509)	
Proceeds from sale of assets	68,240	31,310	2,780	9,850	112,180	6,926
Contributions from other governments			2,483,590	6,765,198	9,248,788	
Contributions from customers				4,322,591	4,322,591	
Acquisition of capital assets with contributions				(11,325)	(11,325)	
Principal paid on capital debt	(1,725,000)			(9,393,600)	(11,118,600)	
Interest paid on capital debt	(316,806)	(10,173)		(1,557,069)	(1,884,048)	
Proceeds from capital lease	302,641				302,641	
Other debt service				(1,496)	(1,496)	
Net cash provided by (used for) capital and related financing activities	(9,654,555)	(627,227)	(43,726)	(4,306,830)	(14,632,338)	(578,984)
Cash flows from investing activities:						
Sale (purchase) of investments	(2,019,220)	(143,301)	(24,512)	(7,396,456)	(9,583,489)	(1,882,991)
Interest on investments	445,987	47,561	7,380	985,112	1,486,040	242,220
Net cash provided by (used for) investing activities	(1,573,233)	(95,740)	(17,132)	(6,411,344)	(8,097,449)	(1,640,771)
Net increase (decrease) in cash and cash equivalents	(763,896)	(115,122)	(17,131)	(520,226)	(1,416,375)	(158,634)
Cash and cash equivalents at beginning of year	5,974,247	685,853	106,307	12,090,832	18,857,239	3,190,526
Cash and cash equivalents at end of year	\$ 5,210,351	\$ 570,731	\$ 89,176	\$ 11,570,606	\$ 17,440,864	\$ 3,031,892

(continued)

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, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Operating income (loss)	\$ 15,497,805	\$ 425,167	\$ (429,292)	\$ (1,482,285)	\$ 14,011,395	\$ 1,325,232
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	2,370,999	311,681	999,924	11,322,744	15,005,348	333,153
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	130,614	(72,673)	(134,757)	(239,703)	(316,519)	137,333
(Increase) decrease in inventory	2,468				2,468	139,886
(Increase) decrease in due from other funds	207,098				207,098	(124,250)
(Increase) decrease in due from other governments					0	11,345
(Increase) decrease in prepaid expense	(24,485)	(120)	(2,726)	25,093	(2,238)	196,040
Increase (decrease) in accounts payable	(141,414)	24,133	14,643	115,345	12,707	123,462
Increase (decrease) in contracts payable	90,645	11,274	(45,498)	288,875	345,296	(35,078)
Increase (decrease) in due to other funds	8,432	39,674	(377,875)	8,610	(321,159)	40,159
Increase (decrease) in deposits				343	343	9,941
Increase (decrease) in claims and judgments					0	(467,567)
Increase (decrease) in deferred revenue	127,761				127,761	100,000
Increase (decrease) in compensated absences	65,147	41,945	12,170	13,210	132,472	14,643
Increase (decrease) in net OPEB obligation	(1,485,607)	(274,313)	(39,365)	79,347	(1,719,938)	66,208
Increase (decrease) in net pension liability	1,599,010	275,718	46,503	66,079	1,987,310	31,682
Net cash provided by (used for) operating activities:	\$ 18,448,473	\$ 782,486	\$ 43,727	\$ 10,197,658	\$ 29,472,344	\$ 1,902,189
Noncash investing, capital, and financing activities:						
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	Internal Service Funds
Amortization of bond expense	\$ 3,291	\$	\$	\$ 161,602	\$ 164,893	\$
Contribution of capital assets from other funds			598,725		598,725	
Gain (loss) on disposal of capital assets	(18,696)				(18,696)	

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, 2019

	Total Pension Trust Funds
ASSETS	
Other cash	\$ 264,873
Receivables:	
Employer	332
Employee	23,701
Total receivables	24,033
Investments:	
Short term investments	7,711,928
Debt Securities & Bond Mutual Funds	72,828,615
Convertible Corporate Bonds	21,535,532
Stock Mutual Funds	35,240,181
Mortgage Backed Securities	48,409,249
Commingled Trust Fund	6,853,371
Domestic Stocks	146,591,193
Preferred Stocks	2,302,057
Foreign Stocks	26,274,777
Total investments	367,746,903
Total assets	368,035,809
LIABILITIES	
Accounts payable	279,155
Total liabilities	279,155
NET POSITION	
Restricted for pension benefits	\$ 367,756,654

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, 2019

	Total Pension Trust Funds
Additions:	
Contributions - city	\$ 11,786,321
Contributions - employee	1,011,476
Commission recapture	11,653
Insurance proceeds - State of Florida	1,119,785
Total contributions	<u>13,929,235</u>
Investment income	
Net appreciation	
in fair value of investments	3,149,312
Interest and dividends	8,057,444
	<u>11,206,756</u>
Less investment expense	1,636,439
Net investment income	<u>9,570,317</u>
Total additions	<u>23,499,552</u>
Deductions:	
Pensions paid - employees	23,623,425
Pensions paid - widows	3,580,031
Refunds to employees	163,500
Deferred retirement option plan	2,418,663
Health insurance assistance	110,936
Administrative expenses	329,842
Total deductions	<u>30,226,397</u>
Change in net position	<u>(6,726,845)</u>
Net position held in trust for pension benefits:	
Beginning of year	<u>374,483,499</u>
End of year	<u>\$ 367,756,654</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, 2019

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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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. The discretely presented component unit is 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, 2019

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 fund each fiscal year, and submission of a report of such audit. The City has presented the CRA as a major fund of the City to satisfy this requirement, simply due to the fact that the scope of an audit for a major fund is broader than that of a nonmajor fund.

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. Complete financial statements of the DIB can be obtained from their administrative office as follows: 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. The Commission is composed of nine members: four 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. 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. There are no financial statements available for the period ending September 30, 2019.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 as follows: 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, 2019	
	PEDC (Audited)
Assets	\$ <u>7,623,730</u>
Liabilities	<u>3,171,223</u>
Net Position:	
Restricted	61,198
Unrestricted	<u>4,391,309</u>
Total Net Position	<u>4,452,507</u>
Total Liabilities and Net Position	\$ <u>7,623,730</u>

Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Year Ended September 30, 2019	
	PEDC (Audited)
Revenue	\$ 2,617,430
Expenses	<u>2,632,780</u>
Excess of revenue over (under) expenses	<u>(15,350)</u>
Net position Beginning of Year	<u>4,467,857</u>
Net position at End of Year	\$ <u>4,452,507</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019

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.

Community Redevelopment Agency - to account for the tax increment development receipts and the expenditures thereof.

Urban Core Redevelopment Trust - to account for the tax increment development receipts and the expenditures thereof.

Eastside Tax Increment Financing District - to account for the tax increment revenues associated with programs and projects identified in Eastside Community Redevelopment Area.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Westside Tax Increment Financing District – to account for the tax increment revenues associated with programs and projects identified in Westside Community Redevelopment Area.

Hospital Special Assessment – to account for the receipts collected from local hospitals and subsequently submitted to the State for health care provisions.

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.

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.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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 an intangible asset on the face of the financial statements of \$46,899. 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.

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualify for reporting in this category.

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

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

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

9. Pensions

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

10. Compensated Absences

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

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

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

12. Fund Balance

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

13. Net Position

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

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

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

Unrestricted Net Position represents unrestricted assets.

14. Method Used to Value Investments

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

NOTE II. – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Budget Policies

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

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 Chief Financial Officer 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, 2019

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.

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	\$ 2,769,776	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	5.63 years	7,096,056	A1 - A3
Corporate Bonds	3.46 years	8,140,517	Aaa
Corporate Bonds	1.63 years	766,171	Aa1 - Aa3
Corporate Bonds	5.08 years	8,315,257	Baa1 - Baa3
Corporate Bonds	6.68 Years	3,185,804	Rating Unavailable
Limited Partnerships	Current	72,680	N/A
Convertible Corporate Bonds			
Corporate Bonds	14.42 years	83,483	A1 - A3
Corporate Bonds	1.96 years	37,663	B1 - B3
Corporate Bonds	6.88 years	238,574	Ba1 - Ba3
Corporate Bonds	2.38 years	508,589	Baa1 - Baa3
Corporate Bonds	5.79 years	8,716,080	Rating Unavailable
Stock Mutual Funds	Current	22,460,962	N/A
Mortgage Backed Securities			
Mortgage Backed Securities	12.51 years	4,803,146	Aaa
Real Estate Investment Trust	Current	17,367,068	N/A
Domestic Stocks	Current	51,129,558	N/A
Commingled Trust Fund	Current	236,766	N/A
Preferred Stocks	Current	1,045,597	N/A
Foreign Stocks	Current	4,882,812	N/A
Total General Pension Investments		\$ 141,856,559	

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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	\$ 2,821,564	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	4.36 years	7,367,018	A1 - A3
Corporate Bonds	4.13 years	7,325,531	Aaa
Corporate Bonds	2.16 years	665,777	Aa1 - Aa3
Corporate Bonds	5.14 years	5,736,444	Baa1 - Baa3
Corporate Bonds	1.89 years	2,382,235	Rating Unavailable
Convertible Corporate Bonds			
Corporate Bonds	14.42 years	100,193	A1 - A3
Corporate Bonds	1.96 years	44,190	B1-B2
Corporate Bonds	6.87 years	293,403	Ba1-Ba3
Corporate Bonds	2.37 years	638,369	Baa1 - Baa3
Corporate Bonds	5.78 years	10,571,933	Rating Unavailable
Stock Mutual Funds	Current	12,779,219	N/A
Mortgage Backed Securities			
Mortgage Backed Securities	13.39 years	3,481,536	Rating Unavailable
Real Estate Investment Trust	Current	7,870,907	N/A
Commingled Trust Fund	Current	6,616,605	N/A
Domestic Stocks	Current	48,275,516	N/A
Preferred Stocks	Current	1,256,460	N/A
Foreign Stocks	Current	2,632,829	N/A
Total Fire Pension Investments		\$ 120,859,729	

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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	\$ 2,120,588	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	5.31 years	2,128,462	A1 - A3
Corporate Bonds	9.83 years	7,547,422	Aaa
Corporate Bonds	1.77 years	396,415	Aa1 -Aa3
Corporate Bonds	4.75 years	6,417,961	Baa1-Baa3
Corporate Bonds	7.47 years	2,656,018	Rating Unavailable
Bond Mutual Funds		2,931,902	Rating Unavailable
Mortgage Backed Securities			
Mortgage Backed Securities	15 years	4,571,047	Rating Unavailable
Real Estate Investment Trust	Current	10,315,545	N/A
Domestic Stocks	Current	47,186,119	N/A
Foreign Stocks	Current	18,759,136	N/A
Total Police Pension Investments		\$ 105,030,615	

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	\$ 24,512,106	\$ 22,392,402	\$ 18,975,458	\$ 65,879,966
Unrealized Losses	(29,054,587)	(23,187,331)	(20,728,538)	(72,970,456)
Net Unrealized Gains	\$ (4,542,481)	\$ (794,929)	\$ (1,753,080)	\$ (7,090,490)

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, 2019

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, 2019.

<u>General Pension Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>9/30/2019</u>
Investments by Fair Value Level				
Short Term Investments	\$ 2,769,776	\$	\$	2,769,776
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		27,358,501	145,304	27,503,805
Limited Partnerships	72,680			72,680
Total Debt Securities & Bond Mutual Funds	<u>2,842,456</u>	<u>27,358,501</u>	<u>145,304</u>	<u>27,576,485</u>
Convertible Corporate Bonds	500,001	8,595,121	489,267	9,584,389
Stock Mutual Funds	20,397,519	2,063,443		22,460,962
Mortgage Backed Securities:				
Mortgage Backed Securities		4,354,302	448,844	4,803,146
Real Estate Investment Trust			17,367,068	17,367,068
Total Mortgage Baked Securities	<u>-</u>	<u>4,354,302</u>	<u>17,815,912</u>	<u>22,170,214</u>
Domestic Stocks	51,129,558			51,129,558
Commingled Trust Fund	236,766			236,766
Preferred Stocks	920,377	125,220		1,045,597
Foreign Stocks	4,869,557		13,255	4,882,812
Total Investments measured at fair value	<u>\$ 83,166,009</u>	<u>\$ 42,496,587</u>	<u>\$ 17,974,471</u>	<u>\$ 141,856,559</u>

Short term investments, debt and equity securities, convertible bonds, 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, stock mutual funds, mortgage backed securities and equity 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.

Debt and equity securities, convertible corporate bonds and mortgage backed securities and foreign stocks 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, 2019

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>9/30/2019</u>
Investments by Fair Value Level				
Short Term Investments	\$ 2,821,564	\$	\$	2,821,564
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		23,476,082		23,476,082
Total Debt Securities & Bond Mutual Funds	-	23,476,082	-	23,476,082
Convertible Corporate Bonds	350,129	11,298,882		11,649,011
Stock Mutual Funds	10,806,249	1,972,970		12,779,219
Mortgage Backed Securities:				
Mortgage Backed Securities		3,069,483	412,053	3,481,536
Real Estate Investment Trust			7,870,907	7,870,907
Total Mortgage Baked Securities	-	3,069,483	8,282,960	11,352,443
Domestic Stocks	48,275,516			48,275,516
Commingled Trust Fund	6,616,605			6,616,605
Preferred Stocks	1,109,686	146,774		1,256,460
Foreign Stocks	2,616,516		16,313	2,632,829
Total Investments measured at fair value	\$ 72,596,265	\$ 39,964,191	\$ 8,299,273	\$ 120,859,729

Short term investments, debt and equity 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 and equity securities, convertible corporate bonds, mortgage backed securities and equity 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 and equity 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Police Pension Investment	Level 1	Level 2	Level 3	9/30/2019
Investments by Fair Value Level				
Short Term Investments	\$ 2,120,588	\$	\$	2,120,588
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		19,146,278		19,146,278
Bond Mutual Funds			2,931,902	2,931,902
Total Debt Securities & Bond Mutual Funds	<u>-</u>	<u>19,146,278</u>	<u>2,931,902</u>	<u>22,078,180</u>
Mortgage Backed Securities:				
Mortgage Backed Securities		4,092,771	478,276	4,571,047
Real Estate Investment Trust			10,315,545	10,315,545
Total Mortgage Baked Securities	<u>-</u>	<u>4,092,771</u>	<u>10,793,821</u>	<u>14,886,592</u>
Domestic Stocks	46,982,915	203,204		47,186,119
Foreign Stocks	18,759,136			18,759,136
Total Investments by Fair Value	<u>\$ 67,862,639</u>	<u>\$ 23,442,253</u>	<u>\$ 13,725,723</u>	<u>\$ 105,030,615</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 and equity securities and mortgage backed securities and equity 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 \$135,000,000 are in a money market account and certificates of deposits with maturities that range from November 2019 to September 2020 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, 2019

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

Accounts receivable are shown net of allowances for doubtful accounts as follows:

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental activities:			
General Fund	\$ 1,446,172	\$	\$ 1,446,172
Housing Assistance Payments Fund	1,512,891	1,121,724	391,167
Community Redevelopment Agency	1,384		1,384
Nonmajor Governmental Funds	442,582		442,582
Internal Service Fund	665,455		665,455
Total governmental activities	<u>\$ 4,068,484</u>	<u>\$ 1,121,724</u>	<u>\$ 2,946,760</u>
Business-type activities:			
Utility Fund	\$ 4,643,235	\$ 659,897	\$ 3,983,338
Sanitation Fund	854,991	87,639	767,352
Port Fund	420,221	2,340	417,881
Airport Fund	2,540,776	7,756	2,533,020
Total business-type activities	<u>\$ 8,459,223</u>	<u>\$ 757,632</u>	<u>\$ 7,701,591</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

4. Unavailable/Unearned Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Special assessments	\$ 18,394	\$
Leases – Land/ROW receivables	71,379	
Prepaid lease payments		228,655
Occupational license fees and fines received for subsequent year		675,517
Special Revenue Funds		
HUD – Fraud Recovery	391,167	
CDBG Housing Rehab Project notes receivable	483,810	
Golf Course- Lease receivables	1,500	
Tennis Center- Lease receivables	10,760	
CMP - Use Fee		71,875
CMP - Leases		14,366
CMP - Unearned office rent		25,538
Grant request and draws prior to meeting all requirements	670,846	32,813
	<u>\$ 1,647,856</u>	<u>\$ 1,048,764</u>

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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

C. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended September 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Non-depreciable assets:				
Land	\$ 19,804,843	\$ 1,689,443	\$ (194,445)	\$ 21,299,841
Construction in progress	8,876,116	11,105,349	(11,552,463)	8,429,002
Total Non-depreciable assets	<u>28,680,959</u>	<u>12,794,792</u>	<u>(11,746,908)</u>	<u>29,728,843</u>
Depreciable assets:				
Buildings	118,428,188	4,641,182	(598,726)	122,470,644
Improvements	57,796,124	304,339	(80,662)	58,019,801
Infrastructure	136,736,295	5,748,533	(87,083)	142,397,745
Equipment	52,752,126	2,903,294	(1,747,326)	53,908,094
Total Depreciable assets	<u>365,712,733</u>	<u>13,597,348</u>	<u>(2,513,797)</u>	<u>376,796,284</u>
Less accumulated depreciation for:				
Buildings	33,667,329	2,584,284	0	36,251,613
Improvements	25,746,719	1,970,977	(80,662)	27,637,034
Infrastructure	42,710,887	5,464,616	(87,082)	48,088,421
Equipment	33,620,715	3,557,987	(1,682,565)	35,496,137
Total accumulated depreciation	<u>135,745,650</u>	<u>13,577,864</u>	<u>(1,850,309)</u>	<u>147,473,205</u>
Total depreciable assets net of depreciation	<u>229,967,086</u>	<u>19,484</u>	<u>(663,488)</u>	<u>229,323,079</u>
Governmental activities net capital assets	<u><u>\$ 258,648,045</u></u>	<u><u>\$ 12,814,276</u></u>	<u><u>\$ (12,410,396)</u></u>	<u><u>\$ 259,051,922</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 2019, the net book value of assets held by Internal Service Funds is \$2,131,380. Total depreciation expense for governmental activities for fiscal year 2019 is \$13,570,664. The difference between depreciation expense of \$13,570,664 and the \$13,577,864 increase in accumulated depreciation is \$7,200, which is result of capital assets transferred from business-type to governmental activities that are different from the assets transferred from governmental to business-type activities.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Capital asset activity for business-type activities for the fiscal year ended September 30, 2019 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities:</u>				
Non-Depreciable Assets:				
Land	\$ 37,704,927	\$ 115,165	\$ 0	\$ 37,820,092
Construction in Progress	<u>5,035,085</u>	<u>6,933,248</u>	<u>(8,067,765)</u>	<u>3,900,568</u>
Total Non-depreciable assets	<u>42,740,012</u>	<u>7,048,413</u>	<u>(8,067,765)</u>	<u>41,720,660</u>
Depreciable Assets:				
Buildings	185,952,234	3,958,568	0	189,910,802
Improvements	202,830,661	10,229,390	(2,532,777)	210,527,274
Equipment	<u>35,676,394</u>	<u>3,735,666</u>	<u>(1,384,332)</u>	<u>38,027,728</u>
Total Depreciable assets	<u>424,459,289</u>	<u>17,923,624</u>	<u>(3,917,109)</u>	<u>438,465,804</u>
Less accumulated depreciation for:				
Building	81,166,257	6,139,788	0	87,306,045
Improvements	104,640,860	6,690,997	(2,517,821)	108,814,036
Equipment	<u>23,527,110</u>	<u>2,167,363</u>	<u>(1,373,392)</u>	<u>24,321,081</u>
Total accumulated depreciation	<u>209,334,227</u>	<u>14,998,148</u>	<u>(3,891,213)</u>	<u>220,441,162</u>
Total depreciable assets net of depreciation	<u>215,125,062</u>	<u>2,925,476</u>	<u>(25,896)</u>	<u>218,024,642</u>
Business-type activities net capital assets	\$ <u>257,865,074</u>	\$ <u>9,973,889</u>	\$ <u>(8,093,661)</u>	\$ <u>259,745,302</u>

Total depreciation expense for business-type activities for fiscal year 2019 is \$15,005,348. The difference between depreciation expense and the increase in accumulated depreciation is \$7,200, which is a result of capital assets transferred from governmental to business-type activities that are different from the assets transferred from business-type to governmental activities.

An intangible asset is reported in the Utility Fund representing the excess of the purchase price paid over the fair market value of assets acquired. The intangible asset is amortized on a straight-line basis over an estimated useful life of forty years.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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	\$ 747,033
Public Safety	2,223,420
Physical Environment	1,562,651
Transportation	2,327,942
Economic Environment	38,091
Culture and Recreation	4,421,089
Unallocated Infrastructure	1,917,285
Capital assets held by governmental type internal service funds are charged to the various functions based on their usage	<u>333,153</u>

Total depreciation expense- governmental activities	<u>\$ 13,570,664</u>
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Infrastructure reported per requirement of GASB 34 is presented as a separate line item instead of a specific function/program.

Business-type activities:

Gas	\$ 2,370,999
Sanitation	311,681
Port	999,924
Airport	<u>11,322,744</u>

Total depreciation expense- business-type activities	<u>\$ 15,005,348</u>
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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 \$529,951 as reported in the governmental activities.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

D. Interfund Receivables, Payables, and Transfers

Interfund receivables/payables balances as of September 30, 2019, are as follows:

	<u>Due To</u>	<u>Due From</u>	<u>Advance To</u>	<u>Advance From</u>
Governmental activities:				
General Fund	\$	\$ 512,666	\$	\$
Housing Assistance Fund	19,043			
Community Redevelopment Agency	3,708			
Eastside TIF District	723			
Westside TIF District	723			
Nonmajor Governmental Funds	1,147,423	851,872		
Internal Service Funds	95,992	132,176	412,216	
Total Governmental activities	<u>1,267,612</u>	<u>1,496,714</u>	<u>412,216</u>	<u>-</u>
Business-type activities:				
Utility Fund	234,072	137,020	282,620	350,478
Sanitation Fund	238,461			307,324
Port Fund	26,001	161,797		
Airport Fund	105,231	75,846		37,034
Total Business-type activities	<u>603,765</u>	<u>374,663</u>	<u>282,620</u>	<u>694,836</u>
Total governmental and business-type activities	<u>\$ 1,871,377</u>	<u>\$ 1,871,377</u>	<u>\$ 694,836</u>	<u>\$ 694,836</u>

Internal balances-current reported in the government-wide statement of net position in the amount of \$229,102 represents the amounts receivable/payable between government and business-type activities for end of year payroll liabilities, risk management claims and inter-fund transfers.

Internal balances-noncurrent reported in the government-wide statement of net position in the amount of \$412,216 represents the long-term portion of future claims payable by the governmental-type funds to the business type funds. The Insurance Retention Fund and the Central Service Fund are reported in the government-wide statement as governmental activities. Due to/from and Advance to/from are reported in fund financial statements as shown in the schedule above.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

For the year ended September 30, 2019, interfund transfers are as follows:

Governmental activities:			
<u>Major Governmental Funds</u>	Transfer In	Transfer Out	Purpose
General Fund	\$ 8,000,000 2,039,865	\$ 5,958,327	Transfer from Utility Fund Transfer from Inspection Fund Transfer to UCRT, Golf, Eastside TIF, Westside TIF, Inspections, LOST and Stormwater Capital
Community Redevelopment Agency (CRA)	2,609,176		Transfer from UCRT
Urban Core Redevelopment Trust (UCRT)	2,221,033	5,898,476	City's required contribution Transfer to CRA and CRA Debt Service
Eastside Tax Increment Financing District	62,630	86,711	City's required contribution Transfer to CRA Debt Service
Westside Tax Increment Financing District	169,983	375,097	City's required contribution Transfer to CRA Debt
CRA Debt Service	3,751,109		Transfer from UCRT and Eastside TIF
<u>Nonmajor Governmental Funds</u>			
Local Option Gasoline Tax (LOGT)		1,455,224	Transfer to Local Option Gasoline Tax Debt Service
Golf Course Fund	250,000		Transfer from General Fund
Inspection Services Fund	21,482	2,039,865	Transfer from General Fund Transfer to General Fund
Local Option Gasoline Tax Debt Service Fund	1,455,224		Transfer from LOGT Fund
Local Option Sales Tax Fud (LOST)	520,000	717,624	Transfer from General Fund Transfer to Port and Airport
Stormwater Capital Fund	2,713,198		Transfer from General Fund
Business-type activities:			
Utility Fund		8,000,000	Transfer to General Fund
Port Fund	641,778		Transfer from LOST
Airport Fund	75,846		Transfer from LOST
Total	\$ <u>24,531,324</u>	\$ <u>24,531,324</u>	

Transfers reported in the government-wide statement of activities in the amount of \$7,282,376 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, 2019

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

E. Fund Balance/Net Position Deficit

The Sanitation Fund has a negative fund balance of \$1,076,491 for the year ended September 30, 2019. This amount is the result of the implementation of GASB No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." As an enterprise fund of the City, a combination of rate adjustments and transfers will be used to build up the fund balance in future years.

The Inspections Fund has a negative fund balance of \$184,538 for the year ended September 30, 2019. In fiscal year 2019, Florida legislators passed Florida House Bill 447 which limits local governments to carry forward no more than the average of its operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. Any excess funds would be used to rebate and reduce fees. In order to obtain an accurate depiction of the Inspections Fund's available carry forward amount, a transfer was made to the General Fund to recoup prior year subsidies and uncharged allocated overhead, during fiscal year 2019. The negative fund balance is a result of this one-time transfer from the Inspections Fund to the General Fund. Based on current projections, a positive fund balance will occur in future years.

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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

F. Long-term Debt

Individual Bond Issues and Notes Payable

Below are the City's individual long-term debt issues which were outstanding at September 30, 2019:

Governmental activities:

\$6,715,000 Redevelopment Revenue Bonds, Series 2009A, serial bonds have a fixed interest rate of 4% - 4.25% with annual principal installments beginning April 1, 2013. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Urban Core Community Redevelopment Area and in the event that these revenues are insufficient to pay debt service a covenant to budget and appropriate non-ad valorem revenues of the City. Final maturity of principal occurs on April 1, 2020.

\$ 1,175,000

\$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.

1,197,000

\$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.

3,738,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

7,750,000

\$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.

58,140,000

Total Major Fund Types

72,000,000

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.

11,434,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

\$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.

23,048,000

Total Nonmajor Fund Types

34,482,000

Total Governmental Activities

\$ 106,482,000

Business-type Activities:

Utility Enterprise

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

1,614,000

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

13,491,000

Total Utility Enterprise

15,105,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Airport Enterprise

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

5,800,000

\$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.

9,680,000

\$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.

5,760,000

\$29,678,000 Airport Refunding Revenue Note, Series 2018 refunded the outstanding principal of the Airport Revenue Bonds, Series 2008. Note has a fixed rate of 3.93% commencing October 1, 2018 percent to and including October 1, 2038, payable each April 1 and October 1 of each year. Principal payments commenced on October 1, 2018, payable October 1 of each year. Debt service payments are secured with Net Revenues of the Airport and is further secured by certain PFC revenues, to the extent that such PFC revenues are deposited into the bond fund. Final maturity of principal occurs on October 1, 2038.

29,354,000

Total Airport Enterprise

50,594,000

Total Business-type Activities

\$ 65,699,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Changes in Long-Term Liabilities

Following is a summary of changes in the long-term liabilities for the City as well as the material liabilities for the City's component unit year ended September 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Due to other governments	\$ 11,700,000	\$	\$ (1,300,000)	\$ 10,400,000	\$ 1,300,000
Bonds payable	41,074,416		(39,899,416)	1,175,000	1,175,000
Claims and judgments	3,435,011	1,034,286	(1,501,853)	2,967,444	
Compensated absences	3,146,405	2,499,013	(2,436,628)	3,208,790	121,889
Notes payable	50,758,000	58,140,000	(3,591,000)	105,307,000	3,761,000
Loans payable	80,000		(20,000)	60,000	20,000
Capital lease payable	4,914,536		(1,591,420)	3,323,116	1,637,729
OPEB	19,034,304	19,059,697	(20,854,117)	17,239,884	
Pension liability	77,179,731	11,290,183	(16,001,309)	72,468,605	
Governmental activity long-term liabilities	<u>\$ 211,322,403</u>	<u>\$ 92,023,179</u>	<u>\$ (87,195,743)</u>	<u>\$ 216,149,839</u>	<u>\$ 8,015,618</u>
Business-type activities					
Bonds payable	\$ 1,285,000	\$	\$ (1,285,000)	-	\$
Notes payable	75,532,600		(9,833,600)	65,699,000	4,278,000
Compensated absences	1,430,895	1,128,859	(996,387)	1,563,367	80,603
OPEB	7,437,497	7,412,104	(8,113,850)	6,735,751	
Pension liability	21,471,520	3,184,411	(3,839,022)	20,816,909	
Business-type activity long-term liabilities	<u>\$ 107,157,512</u>	<u>\$ 11,725,374</u>	<u>\$ (24,067,859)</u>	<u>\$ 94,815,027</u>	<u>\$ 4,358,603</u>

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

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

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

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

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

Summary of Debt Service Requirements to Maturity

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

Governmental Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
2020	\$ 4,936,000	\$ 2,514,094	\$ 7,450,094
2021	5,308,181	3,008,613	8,316,794
2022	5,433,571	2,875,450	8,309,021
2023	5,561,068	2,738,963	8,300,031
2024	5,694,612	2,599,107	8,293,719
2025-2029	28,279,052	10,815,008	39,094,060
2030-2034	15,098,842	7,767,258	22,866,100
2035-2039	17,106,645	5,011,257	22,117,902
2040-2044	19,064,029	1,956,704	21,020,733
Total	<u>106,482,000</u>	<u>39,286,454</u>	<u>145,768,454</u>
Less: Current	<u>(4,936,000)</u>	<u>-</u>	<u>(4,936,000)</u>
Total government debt	<u><u>\$ 101,546,000</u></u>	<u><u>\$ 39,286,454</u></u>	<u><u>\$ 140,832,454</u></u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Business-Type Activities Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
2020	\$ 4,278,000	\$ 2,110,216	\$ 6,388,216
2021	4,400,000	1,995,465	6,395,465
2022	10,321,000	1,662,477	11,983,477
2023	4,644,000	1,433,758	6,077,758
2024	4,777,000	1,309,150	6,086,150
2025-2029	19,816,000	4,647,870	24,463,870
2030-2034	7,889,000	2,680,359	10,569,359
2035-2039	9,574,000	969,453	10,543,453
Total	<u>65,699,000</u>	<u>16,808,748</u>	<u>82,507,748</u>
Less: Current	<u>(4,278,000)</u>	<u>-</u>	<u>(4,278,000)</u>
Total business-type debt	<u><u>\$ 61,421,000</u></u>	<u><u>\$ 16,808,748</u></u>	<u><u>\$ 78,229,748</u></u>

Business-type activities long-term debt includes the 2008 Airport Taxable Customer Facility Charges Revenue Note dated February 4, 2008 for \$19,000,000. The note is variable rate debt with interest calculated on 30-day LIBOR plus .75% per annum. Interest is due through December 2021 with a one-time principal payment due at that time. For purposes of the Debt Service Requirement Summary, interest is computed at 5.55%; however, actual interest rates for fiscal year 2019 ranged between 2.86% and 3.27% resulting in interest expense of \$184,103. As of September 30, 2019, the outstanding balance of the Note is \$5,800,000.

Debt Issuances and Refundings

Issuance of the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. On July 25, 2019, the City issued its \$58,140,000 Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 (the “2019 Urban Core Bond”) through a loan from BBVA Mortgage Corporation. The 2019 Urban Core Bond was issued to provide for an advanced refunding of the outstanding principal balance of the *Redevelopment Revenue Bonds, Series 2009B* (“2009B Redevelopment Bonds”), as well as finance 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Proceeds of \$40,251,155, together with \$931,656 in surplus monies held in the Debt Service Reserve Fund were deposited into an irrevocable trust fund with an escrow agent, totaling \$41,182,811, to provide for all future debt service payments on the refunded debt until such bonds meet the redemption date of April 1, 2020. As a result, the 2009B Redevelopment Bonds (which were Build America Bonds) are considered to be defeased and the liability for those bonds have been removed from the general long-term debt account group. The City entered into the advance refunding in order to reduce its total debt service over the life of the bonds. The economic gain resulting from the refunding transaction, calculated on a present value basis, totaled \$3,902,400 and the cash flow savings totaled \$5,503,415. The outstanding par amount of the 2009B Redevelopment Bonds was \$38,925,000 and had a fixed interest rate ranging from 6.83 percent to 7.26 percent.

Proceeds of \$17,888,845 can be used to finance capital improvements included in the SCAPE Waterfront Plan (such as the construction of certain street and streetscape projects and Bruce Beach improvements), the Community Maritime Park Day Marina, sidewalk repairs and improvements and certain other community redevelopment capital improvements to the Urban Core Community Redevelopment Area included in the Urban Core Community Redevelopment Area Plan as well as the costs of issuance on the borrowing.

The newly issued 2019 Urban Core Bond matures on December 31, 2043 and has a fixed interest rate of 3.40%. Pledged revenues for the repayment of the principal and interest will be Tax Increment Revenues derived from the Urban Core Community Redevelopment Area. In the event that these revenues are insufficient to pay debt service, the 2019 Urban Core Bond is further secured by certain non-ad valorem revenues budgeted and appropriated therefor pursuant to a Covenant to Budget and Appropriate.

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.

Disclosure Undertakings

On March 28, 2016, the City filed a Notice of Failure to File Annual Report, for Fiscal Year 2015, on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA). Such Annual Report, including the City's audited financial statements for Fiscal Year 2015, was required to be filed on EMMA by March 28, 2016, pursuant to the City's continuing disclosure undertakings with its bond underwriters with respect to the below-named bonds. The City's late filing was caused by a delay in receiving required audit information from the State of Florida for pension disclosure under GASB 68.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

The required audit information was received in mid-April 2016 from the State, and the complete Annual Report, including audited financial statements for Fiscal Year 2015, was filed on EMMA simultaneously with the release of the audited financial statements for Fiscal Year 2015, which filed along with the above mentioned Notice cured the violation.

The bonds affected included the Airport Refunding Revenue Bonds, Series 2005A, Airport Revenue Bonds, Series 2008 (AMT), Redevelopment Revenue Bonds, Series 2009A, Redevelopment Revenue Bonds, Series 2009B.

Revenues Pledged for Debt Repayment

The City has pledged future Tax Increment Revenues derived from the Urban Core Redevelopment Area to repay \$6,715,000 in Bonds issued in 2009, \$8,000,000 in Bond issued in 2017 and a \$56,140,000 Bond issued in 2019. Proceeds of the 2009 bonds provided financing for the construction of a Community Maritime Park. Proceeds from the 2019 bond provided financing to refund \$38,925,000 in outstanding 2009 bonds. Proceeds of the 2017 bond and remaining proceeds from the 2019 bond provided financing for certain community redevelopment capital improvements in the Urban Core Community Redevelopment Area included in the Urban Core Community Redevelopment Area Plan. The bonds are secured by Tax Increment Revenues derived from the Urban Core Redevelopment Area, and with respect to the Series 2009B Bonds Federal Direct Payments, and in the event that these revenues are insufficient a Covenant to Budget and Appropriate and are payable through 2043. Principal and interest paid for the current year on the 2009 bonds were \$4,951,763 and the 2017 bond was \$408,500 and the 2019 bonds was \$0.00 and Tax Increment Revenues and Federal Direct Payments for the current year were \$5,898,476 and \$1,206,201, respectively.

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 \$89,459 and Tax Increment Revenues for the current year were \$159,236.

The City has pledged future Tax Increment Revenues derived from the Westside Redevelopment Area to repay a \$4,082,000 Bond issued in 2017. Proceeds of the bond will provide financing for certain community redevelopment capital improvements in the Westside Neighborhood Redevelopment Area included in the Westside Neighborhood Plan. The bond is secured by Tax Increment Revenues derived from the Westside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax, and are payable through 2037. Principal and interest paid for the current year were \$279,470 and Tax Increment Revenues for the current year were \$432,180.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 \$2,467,516 and Infrastructure Sales Tax revenues for the current year were \$8,801,413.

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 \$1,537,284 and LOGT revenues for the current year were \$1,364,246. Local Option Gasoline Tax revenues along with funds available in the Local Option Gas Tax Debt Service Fund are sufficient to make annual debt service payments.

The City has pledged future Net Revenues of the Utility System to repay \$20,000,000 in Notes issued in 2011 and 2016. Proceeds of the notes were used to provide financing for the construction of and rehabilitation of capital improvements to the gas system. Debt service payments are secured with the Net Revenues of the Utility System through 2026. Principal and interest paid (cash basis) for the current year were \$2,041,806 and net revenues for the current year were \$17,868,804.

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 \$3,554,111 and net revenues for the current year were \$7,967,651. Net Revenues excludes CFC revenues of \$2,971,546 pledged towards the Airport Taxable Customer Facility Charge Revenue Note, Series 2008, operating expenses of \$1,036,638 and grant operating expenses of \$62,100.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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 \$176,371 and net revenues for the current year were \$1,934,908.

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 \$920,587 and net revenues for the current year were \$4,322,591.

Direct Borrowings, Direct Placements and Lines of Credit

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

Florida Ports Finance Commission Agreement

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

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

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, \$10,000,000 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, 2019

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.

Loans Payable

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

G. 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

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

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, 2019

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

	Major Funds			
	General Fund	Housing Assistance Payments	Community Redevelopment Agency	Urban Core Redevelopment Trust
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays	26,635	601	126	
Subtotal non-spendable fund balance	26,635	601	126	-
Restricted				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative		3,219,914		
Natural disaster projects				
General government	192,310			
Transportation	178,257			
Physical Environment				
Saenger capital	365,127			
Public safety	111,449			
Community development projects			4,454,991	
Culture and recreation	33,825			
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	880,968	3,219,914	4,454,991	-
Committed				
Council Reserve	13,793,017			
Tree landscape	495,451			
Park purchases	109,195			
Stormwater projects				
Subtotal committed fund balance	14,397,663	-	-	-
Assigned				
General government	6,202,808			
Demolition	440,588			
Lien amnesty	25,920			
Housing Initiatives Fund	51,762			
Inner City Housing Initiatives	449,309			
Culture and recreation				
Subtotal assigned fund balance	7,170,387	-	-	-
Unassigned	1,516,294			
<i>Total Fund Balance</i>	\$ 23,991,947	\$ 3,220,515	\$ 4,455,117	\$ -

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

	Major Funds			
	Eastside Tax Increment Financing District	Westside Tax Increment Financing District	Hospital Special Assessment	CRA Debt Service
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays				
Subtotal non-spendable fund balance	-	-	-	-
Restricted				
Redevelopment Rev Bond(s) debt payments				2,894,782
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Physical Environment				
Saenger capital				
Public safety				
Community development projects	620,206	89,775		
Culture and recreation				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	620,206	89,775	-	2,894,782
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				
Culture and recreation				
Subtotal assigned fund balance	-	-	-	-
Unassigned				
<i>Total Fund Balance</i>	\$ 620,206	\$ 89,775	\$ -	\$ 2,894,782

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

	Major Funds		Nonmajor Funds	
			Special Revenue Funds	
	CRA 2017 Project Fund	CRA 2019 Project Fund	Special Grants	Local Option Gasoline Tax
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays				
Subtotal non-spendable fund balance	-	-	-	-
Restricted				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation			182,155	1,364,378
Physical Environment			7,374	
Saenger capital				
Public safety			195,215	
Community development projects	11,267,554	18,000,264		
Culture and recreation				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	11,267,554	18,000,264	384,744	1,364,378
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				
Culture and recreation				
Subtotal assigned fund balance	-	-	-	-
Unassigned			(230,007)	
<i>Total Fund Balance</i>	\$ 11,267,554	\$ 18,000,264	\$ 154,737	\$ 1,364,378

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

	Nonmajor Funds			
	Special Revenue Funds			
	Community Development Block Grant	Stormwater Utility Fund	Law Enforcement Trust	Natural Disaster Fund
Fund Balance				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays		790		
Subtotal non-spendable fund balance	-	790	-	-
Restricted				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects		12,649		
Section 8 program administrative				
Natural disaster projects				2,674,472
General government				
Transportation				
Physical Environment				
Saenger capital				
Public safety			194,069	
Community development projects	702			
Culture and recreation				
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	702	12,649	194,069	2,674,472
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects		750,582		
Subtotal committed fund balance	-	750,582	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Culture and recreation				
Subtotal assigned fund balance	-	-	-	-
Unassigned	(702)			
Total Fund Balance	\$ -	\$ 764,021	\$ 194,069	\$ 2,674,472

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

	<u>Nonmajor Funds</u>			
	<u>Special Revenue Funds</u>			
	<u>Golf Course Fund</u>	<u>Inspections Fund</u>	<u>Recreation Fund</u>	<u>Tennis Fund</u>
<i>Fund Balance</i>				
Non-spendable				
Inventories	3,571	\$	\$	\$
Prepays	2,782		906	710
Subtotal non-spendable fund balance	<u>6,353</u>	<u>-</u>	<u>906</u>	<u>710</u>
Restricted				
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				
Culture and recreation			54,151	
Local Option Sales Tax debt payment				
Subtotal restricted fund balance	<u>-</u>	<u>-</u>	<u>54,151</u>	<u>-</u>
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects				
Subtotal committed fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Culture and recreation	19,507		497,427	119,912
Subtotal assigned fund balance	<u>19,507</u>	<u>-</u>	<u>497,427</u>	<u>119,912</u>
Unassigned		(184,538)		
<i>Total Fund Balance</i>	<u>\$ 25,860</u>	<u>\$ (184,538)</u>	<u>\$ 552,484</u>	<u>\$ 120,622</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

	Nonmajor Funds			
	Special Revenue	Debt Service	Capital Projects Funds	
	Funds	Fund		
	CMP Management Services Fund	Local Option Gasoline Tax Debt Service	Local Option Sales Tax	Local Option Gas Tax Project Fund
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays	10,458			
Subtotal non-spendable fund balance	10,458	-	-	-
Restricted				
Redevelopment Rev Bond(s) debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation		1,560,364	432,160	
Physical Environment				
Saenger capital				
Public safety			27,821	
Community development projects				
Culture and recreation	803,762		4,203,772	
Local Option Sales Tax debt payment			2,564,054	
Subtotal restricted fund balance	803,762	1,560,364	7,227,807	-
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				
Culture and recreation	235,766			
Subtotal assigned fund balance	235,766	-	-	-
Unassigned				
<i>Total Fund Balance</i>	\$ 1,049,986	\$ 1,560,364	\$ 7,227,807	\$ -

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

	Nonmajor Funds	
	Capital Projects Funds	
	Local Option Sales Tax Project Fund	Stormwater Capital
Fund Balance		Total All Funds
Non-spendable		
Inventories	\$	\$ 3,571
Prepays		43,008
Subtotal non-spendable fund balance	-	46,579
Restricted		
Redevelopment Rev Bond(s) debt payments		2,894,782
Stormwater projects		273,232 285,881
Section 8 program administrative		3,219,914
Natural disaster projects		2,674,472
General government		192,310
Transportation	229,940	3,947,254
Physical Environment		7,374
Saenger capital		365,127
Public safety	63,612	592,166
Community development projects		34,433,492
Culture and recreation	6,882,632	11,978,142
Local Option Sales Tax debt payment		2,564,054
Subtotal restricted fund balance	7,176,184	273,232 63,154,968
Committed		
Council Reserve		13,793,017
Tree landscape		495,451
Park purchases		109,195
Stormwater projects		4,820,570 5,571,152
Subtotal committed fund balance	-	4,820,570 19,968,815
Assigned		
General government		6,202,808
Demolition		440,588
Lien amnesty		25,920
Housing Initiatives Fund		51,762
Inner City Housing Initiatives		449,309
Culture and recreation		872,612
Subtotal assigned fund balance	-	- 8,042,999
Unassigned		1,101,047
Total Fund Balance	\$ 7,176,184	\$ 5,093,802 \$ 92,314,408

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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	200,000 Per Occurrence
Gas Operation - Pollution	35	500,000 Per Occurrence

The City has established reserves of \$2,012,257 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 \$2,967,444 at September 30, 2019 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, 2019

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.

At September 30, 2019, the claims liability for automobile, general and workers' compensation liability were \$151,076, \$713,048 and \$2,103,320 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 2018 and 2019 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2018	\$2,538,710	2,683,783	(1,787,482)	\$3,435,011
2019	\$3,435,011	1,034,286	(1,501,853)	\$2,967,444

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CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019**

	General Pension and Retirement Fund	Firefighter's Relief and Pension Fund	Police Officers' Retirement Fund	Total Pension Trust Funds
ASSETS				
Other cash	\$ 51,715	\$ 73,813	\$ 139,345	\$ 264,873
Receivables:				
Employer	127	106	99	332
Employee	6,965	11,618	5,118	23,701
Total receivables	<u>7,092</u>	<u>11,724</u>	<u>5,217</u>	<u>24,033</u>
Investments :				
Short term investments	2,769,776	2,821,564	2,120,588	7,711,928
Debt Securities & Bond Mutual Funds	27,435,124	23,315,311	22,078,180	72,828,615
Convertible Corporate Bonds	9,725,750	11,809,782		21,535,532
Stock Mutual Funds	22,460,962	12,779,219		35,240,181
Mortgage Backed Securities	22,170,214	11,352,443	14,886,592	48,409,249
Commingled Trust Fund	236,766	6,616,605		6,853,371
Domestic Stocks	51,129,558	48,275,516	47,186,119	146,591,193
Preferred Stocks	1,045,597	1,256,460		2,302,057
Foreign Stocks	4,882,812	2,632,829	18,759,136	26,274,777
Total investments	<u>141,856,559</u>	<u>120,859,729</u>	<u>105,030,615</u>	<u>367,746,903</u>
Total assets	<u>\$ 141,915,366</u>	<u>\$ 120,945,266</u>	<u>\$ 105,175,177</u>	<u>\$ 368,035,809</u>
LIABILITIES				
Accounts payable	\$ 123,827	\$ 117,626	\$ 37,702	\$ 279,155
Total liabilities	<u>123,827</u>	<u>117,626</u>	<u>37,702</u>	<u>279,155</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 141,791,539</u>	<u>\$ 120,827,640</u>	<u>\$ 105,137,475</u>	<u>\$ 367,756,654</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

**STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General Pension and Retirement Fund	Firefighter's Relief and Pension Fund	Police Officers' Retirement Fund	Total Pension Trust Funds
Additions:				
Contributions - city	\$ 6,200,753	\$ 1,140,100	\$ 4,445,468	\$ 11,786,321
Contributions - employee	294,284	505,660	211,532	1,011,476
Commission recapture	8,013	2,777	863	11,653
Insurance proceeds - State of Florida	518,103	601,682	1,119,785	1,119,785
Total contributions	<u>6,503,050</u>	<u>2,166,640</u>	<u>5,259,545</u>	<u>13,929,235</u>
Investment income				
Net appreciation				
in fair value of investments	(824,538)	1,311,958	2,661,892	3,149,312
Interest and dividends	3,242,815	2,761,318	2,053,311	8,057,444
	<u>2,418,277</u>	<u>4,073,276</u>	<u>4,715,203</u>	<u>11,206,756</u>
Less investment expense	664,829	585,256	386,354	1,636,439
Net investment income	<u>1,753,448</u>	<u>3,488,020</u>	<u>4,328,849</u>	<u>9,570,317</u>
Total additions	<u>8,256,498</u>	<u>5,654,660</u>	<u>9,588,394</u>	<u>23,499,552</u>
Deductions:				
Pensions paid - employees	10,898,376	7,021,206	5,703,843	23,623,425
Pensions paid - widows	2,007,643	958,905	613,483	3,580,031
Refunds to employees	31,267	132,233		163,500
Deferred retirement option plan	343,469	2,075,194		2,418,663
Health insurance assistance	110,936			110,936
Administrative expenses	116,694	124,515	88,633	329,842
Total deductions	<u>13,508,385</u>	<u>10,312,053</u>	<u>6,405,959</u>	<u>30,226,397</u>
Change in net position	<u>(5,251,887)</u>	<u>(4,657,393)</u>	<u>3,182,435</u>	<u>(6,726,845)</u>
Net position restricted for pension benefits:				
Beginning of year	<u>147,043,426</u>	<u>125,485,033</u>	<u>101,955,040</u>	<u>374,483,499</u>
End of year	<u>\$ 141,791,539</u>	<u>\$ 120,827,640</u>	<u>\$ 105,137,475</u>	<u>\$ 367,756,654</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, 2019

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 Chief Financial Officer. 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.

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 employer 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, 2019

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, at September 30, 2018 as well as the Firefighters' Relief and Pension Plan and the Police Officers' Retirement plan as of September 30, 2018 consisted of the following:

	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement
Retirees and beneficiaries receiving benefits	601	171	160
Terminated plan members entitled to but not yet receiving benefits	58	2	11
DROP plan members	28	19	14
Active plan members	108	102	68
Total	<u>795</u>	<u>294</u>	<u>253</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, 2019 consisted of the following:

DROP	6
Elected Officials	7
Senior Management Retired	1
Regular Class	298
Senior Management	7
Special Risk	86
Special Risk Retired	1
Total	<u>406</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

Benefits Provided. For the HIS Plan, fiscal year ended June 30, 2019, 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, 2019

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 \$1,706,208 for the State's fiscal year ended June 30, 2019.

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 \$283,583 for the State's fiscal year ended June 30, 2019.

For the year ended September 30, 2019, 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%	115.89%	24.80%	109.28%
Regular Class	8.47%	N/A	N/A	N/A	N/A
Senior Mgmt.	25.41%	N/A	N/A	N/A	N/A
Elect Officials	48.82%	N/A	N/A	N/A	N/A
DROP	14.60%	N/A	N/A	N/A	N/A
Special Risk	25.48%	N/A	N/A	N/A	N/A
Retired	5.22%	N/A	N/A	N/A	N/A
Sr. Mgmt Ret.	20.75%	N/A	N/A	N/A	N/A
Sr. Risk Ret.	12.81%	N/A	N/A	N/A	N/A
State	N/A	N/A	N/A	11.27%	14.79%

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, 2019

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, 2019 and the State Board of Administrations policy as of June 30, 2019.

	Florida Retirement System (FRS)	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement
Asset Class:				
Global Equity	54.0%			
Domestic Equity		40%	40%	45%
International Eq		15%	15%	15%
Master Limited Partnerships		5%	5%	
Real Estate	11.0%	8%	5%	10%
Convertible Sec		7%	10%	
Fixed Income	18.0%	25%	25%	25%
Private Equity	10.0%			
Strategic Investments				
Cash Equivalents/	6.0%			
Short Term	1.0%			
TIPS				5%
Alternatives				
Total	100%	100%	100%	100%

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

Rate of Return. For the year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments for the General Pension and Retirement Plan was 8.02 percent, the Firefighters' Relief and Pension Plan was 9.20 percent and the Police Officers' Retirement Fund was 9.92 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, 2019

NOTE IV. – OTHER INFORMATION (Continued)

Reserves. The Police Officers' Retirement Fund has a small portion of funds deposited in a Contribution Surplus Account (\$371,687) as of September 30, 2019. 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, 2019 for the General Pension and Retirement Plan, Firefighters' Relief and Pension Plan and Police Officers' Retirement Fund were \$2,511,417, \$1,982,081 and \$1,675,440, respectively.

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

Net Pension Liability

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

The funded status of the General Pension and Retirement Plan as of September 30, 2018, the Firefighters' Relief and Pension Plan as of October 1, 2018, the Police Officers' Retirement Fund as of October 1, 2018, and the Florida Retirement System and HIS Plan as of June 30, 2019 are provided in the table on the following page.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

	<u>General Pension</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Total Pension Liability	\$ 179,932,750	\$ 131,390,992	\$ 131,409,206	\$ 108,958,560	\$ 5,868,391	\$ 557,559,899
Plan Fiduciary Net Position	(147,043,426)	(125,485,033)	(101,955,040)	(90,008,321)	(154,252)	(464,646,072)
Less Reserve Accounts			371,687			
City Net Pension Liability	<u>32,889,324</u>	<u>5,905,959</u>	<u>29,825,853</u>	<u>18,950,239</u>	<u>5,714,139</u>	<u>93,285,514</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.72%	95.51%	77.59%	82.61%	2.63%	

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 2018 and 2019 relative to the contributions of all participants.

At June 30, 2019 the City's FRS Plan proportionate share of net pension liability was .0550%, which was an increase of .0056% from its proportionate share of .0494% measured as June 30, 2018. The City's HIS proportionate share of net pension liability was .0511% which was an increase of .0036% from its proportionate share .0475% measured as of June 30, 2018.

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, 2019

NOTE IV. – OTHER INFORMATION (Continued)

The actuarial recognized pension expense, calculated in accordance with GASB 68, for the year ended September 30, 2019 is as follows: General Pension and Retirement Plan \$4,333,924; Firefighters' Relief and Pension Plan \$2,919,970; and Police Officers' Retirement Fund \$2,400,366. For the year ended September 30, 2019, the City recognized pension expense of \$4,639,436 for its proportionate share of the FRS Plan and \$438,256 for its proportionate share of the HIS plan.

Contributions made after the measurement date for the year ended September 30, 2019 are as follows: General Pension and Retirement Plan \$6,200,626 (one year of contributions); Firefighters' Relief and Pension Plan \$1,658,097; Police Officers' Retirement Fund \$5,047,051; City's proportionate share of the FRS Plan \$492,016 and City's proportionate share of the HIS plan \$78,472. 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. At September 30, 2019, 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	\$		\$ 195,027	1,841,737	\$	884,560	\$ 1,123,993	11,760	\$ 69,405	6,997	\$ 1,388,425	\$ 2,745,054
Changes of assumptions			483,928				4,867,237		661,643	467,027	6,012,808	467,027
Net difference between projected and actual investment earnings		1,672,057		2,294,639		5,031,287		1,048,426	3,687		3,687	10,046,409
Differences in Proportionate Share of Contributions							2,152,576		928,813		3,081,389	-
Total	\$ -	1,672,057	\$ 678,955	4,136,376	\$ -	5,915,847	\$ 8,143,806	1,060,186	\$ 1,663,548	474,024	\$ 10,486,309	\$ 13,258,490

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 Pension		Police Pension		FRS	HIS
September 30:						
2020	\$ 1,097,715	\$ (6,751)	\$ (1,440,000)	\$ 2,568,942	\$ 506,929	
2021	(1,449,700)	(2,024,341)	(2,228,868)	774,971	405,711	
2022	(1,159,337)	(1,067,982)	(1,687,306)	1,872,402	222,085	
2023	(160,735)	(358,347)	(559,673)	1,412,471	(161,270)	
2024				364,270	29,294	
Thereafter				90,564	186,775	
Total	\$ (1,672,057)	\$ (3,457,421)	\$ (5,915,847)	\$ 7,083,620	\$ 1,189,524	

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

Actuarial assumptions. The General Pension and Retirement Plan as of September 30, 2018, the Firefighters' Relief and Pension Plan as of October 1, 2018, and the Police Officers' Retirement Fund as of October 1, 2018 total pension liability was determined by an actuarial valuation and the Florida Retirement System was determined by actuarial assumptions as of June 30, 2019, 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	3.00%	2.70%	2.50%	2.60%	2.60%
Salary increases	4.50% - 9.50%	Service Based	4.00%	3.25%	3.25%
Investment rate of return	7.40%	7.75%	7.13%	6.90%	
Municipal bond rate					3.50%
Mortality	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	Generational RP- 2000 with Projection Scale BB tables	Generational RP- 2000 with Projection Scale BB tables

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

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

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

Asset Class:	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement	Florida Retirement System
Domestic Equity	11.1%	8.1%	7.5%	N/A
International Equity	6.4%	3.4%	8.5%	N/A
Global Equity	N/A	N/A	N/A	6.8%
Private Equity	N/A	N/A	N/A	8.4%
Master Limited Partnerships	16.9%	9.4%	N/A	N/A
Real Estate	7.9%	4.9%	4.5%	6.1%
Convertible Sec	9.5%	6.7%	N/A	N/A
Strategic Investments	N/A	N/A	N/A	5.7%
Fixed Income	7.6%	3.6%	2.5%	4.1%
TIPS	N/A	N/A	2.5%	N/A
Global Bonds	N/A	N/A	3.5%	N/A
Cash	N/A	N/A	N/A	3.3%

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

Discount rate. The projection of cash flows used to determine the General Pension and Retirement Plan's 7.4% 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 6.90% discount rate assumed that contributions will 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) - (b)
Balances at 09/30/18	\$ 178,122,461	\$ 142,489,470	\$ 35,632,991
Changes for the year:			
Service Cost	806,853		806,853
Interest	13,096,503		13,096,503
Differences between expected and Actual Experience	(2,139,264)		(2,139,264)
Contributions - employer		6,200,956	(6,200,956)
Contributions - employee		305,534	(305,534)
New investment income		11,373,720	(11,373,720)
Benefit payments, including refunds of employee contributions	(13,213,824)	(13,213,824)	
Administrative expense		(112,430)	112,430
Assumption changes	3,260,021		3,260,021
Other changes			0
Net changes	<u>1,810,289</u>	<u>4,553,956</u>	<u>(2,743,667)</u>
Balances at 09/30/19	<u>\$ 179,932,750</u>	<u>\$ 147,043,426</u>	<u>\$ 32,889,324</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 Liability (a) - (b)
Balances at 09/30/18	\$ 128,570,903	\$ 120,622,681	\$ 7,948,222
Changes for the year:			
Service Cost	1,263,734		1,263,734
Interest	9,735,179		9,735,179
Differences between expected and Actual Experience	260,034		260,034
Changes of assumptions			-
Contributions - employer		2,009,062	(2,009,062)
Contributions - employee		480,066	(480,066)
New investment income		10,905,810	(10,905,810)
Benefit payments, including refunds of employee contributions	(8,438,858)	(8,438,858)	
Administrative expense		(93,728)	93,728
Other changes			-
Net changes	<u>2,820,089</u>	<u>4,862,352</u>	<u>(2,042,263)</u>
Balances at 09/30/19	<u>\$ 131,390,992</u>	<u>\$ 125,485,033</u>	<u>\$ 5,905,959</u>

Police Pension			
Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 09/30/18	\$ 127,993,821	\$ 92,842,454	\$ 35,151,367
Changes for the year:			
Service Cost	816,071		816,071
Interest	8,949,790		8,949,790
Differences between expected and Actual Experience			-
Differences between expected and actual experience			-
Contributions - employer		5,101,237	(5,101,237)
Contributions - employee		209,565	(209,565)
Contributions - buy back	47,123	47,123	-
New investment income		9,429,700	(9,429,700)
Benefit payments, including refunds of employee contributions	(6,397,599)	(6,397,599)	
Administrative expense		(52,447)	52,447
Other changes		403,320	(403,320)
Net changes	<u>3,415,385</u>	<u>8,740,899</u>	<u>(5,325,514)</u>
Balances at 09/30/19	<u>\$ 131,409,206</u>	<u>\$ 101,583,353</u>	<u>\$ 29,825,853</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
City's net pension liability	\$ 50,922,255	\$ 32,889,324	\$ 17,589,163

<u>Fire Pension</u>	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
City's net pension liability	\$ 21,001,503	\$ 5,905,959	\$ (6,564,699)

<u>Police Pension</u>	1% Decrease 6.13%	Current Discount Rate 7.13%	1% Increase 8.13%
City's net pension liability	\$ 47,642,419	\$ 29,825,853	\$ 15,326,353

<u>FRS</u>	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
City's net pension liability	\$ 32,758,653	\$ 18,950,239	\$ 7,417,878

<u>HIS</u>	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
City's net pension liability	\$ 6,522,983	\$ 5,714,139	\$ 5,040,464

Payable to the Pension Plan

As of September 30, 2019, the City reported a payable of \$7,092 to the General Pension and Retirement Plan, \$11,724 to the Firefighters' Relief and Pension Plan, \$5,217 to the Police Officers' Retirement Fund, \$282,103 to the FRS Plan, and \$22,288 to HIS Plan for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2019.

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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

General Information about the Plan

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

The City has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses plus any addition to the reserve for accrued costs incurred but not yet reported, as determined as part of the insurance contract. The contribution requirements of plan members are established by the City. For active employees, the City pays any remaining required amounts after contributions of plan members are taken into account. Retired members pay the full premium associated with the coverage elected; except for General Pension and Retirement Plan participants who receive a direct subsidy from the General Pension and Retirement Plan of \$56 per month. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

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

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

Employees covered by benefit terms. At December 31, 2017, the valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving a benefit	279
Inactive employees entitled to but not yet receiving a benefit	0
Active employees	586
Total	<u>865</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

Total OPEB Liability

The total OPEB liability of \$23,975,635 was measured as of December 31, 2018 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, 2018 were as follows:

	FISCAL YEAR 2019
Valuation Date	12/31/2017
Inflation	2.50%
Municipal Bond Index Rate:	
Prior measurement date	3.43%
Measurement date	4.13%
Health Care Cost Trends:	
Pre-Medicare	7.50%
ultimate trend rate	5.50%
year of ultimate trend rate	2024
Post-Medicare	5.50%
ultimate trend rate	5.00%
year of ultimate trend rate	2024

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly 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, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2017 through December 31, 2017.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

Changes to Total OPEB Liability

	Total OPEB Liability (a)
Balances at 12/31/17	\$ 26,471,801
Changes for the year:	
Service cost *	101,187
Interest	895,230
Differences between expected and actual experience	(392,192)
Changes in assumptions or other inputs	(2,748,991)
Benefit payments	(351,400)
Net changes	(2,496,166)
Balances at 12/31/18	\$ 23,975,635
* 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, 2017. An expected total OPEB liability is determined as of December 31, 2018, 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, 2017, adds the annual normal cost (also called the Service Cost), interest at the Discount Rate for the year, and then subtracts the Benefit Payments for the year.

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

Since the Prior Measurement Date, the Discount Rate has changed from 3.43% to 4.13% due to a change in the Municipal Bond Rate.

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

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

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

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

Discount Rate Sensitivity			
	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
City's total OPEB liability	\$ 28,047,478	\$ 23,975,635	\$ 20,730,551

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 7.5%, decreasing to 5% by 2024, and the post-Medicare health care cost trend rate is 5.5%, decreasing to 5% by 2024. Below represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percent-point lower or 1-percent-point higher than the current healthcare cost trend rates:

Health Care Cost Trend Rate Sensitivity			
	1% Decrease Blended Rate	Current Discount Rate Blended Rate	1% Increase Blended Rate
City's total OPEB liability	\$ 20,338,311	\$ 23,975,635	\$ 28,083,931

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

For the year ended September 30, 2019, the City recognized an OPEB Expense of \$1,495,747. Contributions made after the measurement date for the year ended September 30, 2019 were \$311,194. Contributions made after the measurement date are not included as a deferred outflow of resources in the table below. At September 30, 2019, 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	\$	\$ 464,890
Changes of assumptions or other inputs	2,580,731	2,029,360
Total	<u>\$ 2,580,731</u>	<u>\$ 2,494,250</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

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

Measurement Period Ended December 31:	
2019	\$ 499,330
2020	261,437
2021	(674,286)
2022	0
2023	0
Thereafter	0
Total	\$ 86,481

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. At September 30, 2019 there were 479 active plan members. The plan provisions and contribution requirements are established and may be amended by the City of Pensacola City Council. The following is a schedule of employee and employer contributions.

	Fire, General & Police Social Security Replacement Plan	Pension Replacement Plan	Non-Social Security Plan	Elected Officers & Part-time Employees Plan
Employee Contribution	1.0%, 4.7%, 5.7% or 6.7%	5.5%	\$10 minimum	7.5%
City Contributions	Matches employee's contribution up to 6.7%	0-5 yrs. of service 1.5% 5-10 yrs. of service 2.5% 10 or more years 6.5%	None	None
Employee Contribution for 9/30/19	\$1,143,544	\$54,375	\$457,203	\$7,250
City Contribution for 9/30/19	\$777,425	\$59,424	N/A	N/A

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

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

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

E. Termination Benefits

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

F. Litigation

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

G. Grant Contingencies

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

H. Contractual, Construction, and Equipment Commitments

The City has outstanding commitments for contractual services and for the construction and acquisition of property, plant and equipment at year end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding commitments by fund at September 30, 2019 were:

General Fund	\$	532,412
Housing Assitances Payments		3,198
Community Redevelopment Fund		73,451
Eastside TIF Fund		148
Westside TIF Fund		148
Community Redevelopment 2017 Project Fund		388,987
Utility Fund		1,877,685
Sanitation Fund		1,188,320
Port Fund		262,838
Airport Fund		3,465,412
Nonmajor Government		5,550,844
Internal Service Fund		34,004
Total	\$	<u>13,377,447</u>

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

I. Lease obligations

1. Compressed Natural Gas (CNG) station capital lease. In October 2012, the City, as lessor, entered into a ten-year non-cancelable contract to lease the CNG Station to ECUA. The CNG station is financed for a principal amount of \$1,898,743 at 2.09% for ten years. In August 2014, the City and ECUA amended the agreement to finance an additional principal amount of \$96,400 at 2.09% for the remaining original lease term. 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, 2019, the outstanding balance is \$665,864. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease payments as of September 30, 2019, were as follows:

Year ended September 30,	Governmental Activities
2020	\$ 223,188
2021	223,188
2022	241,752
Total minimum lease payments	688,128
Less amount representing interest	(22,264)
Present value of minimum lease payments	\$ 665,864

2. Compressed Natural Gas (CNG) station capital lease. In August 2014, the City, as lessor, entered into a ten-year non-cancelable contract to lease a second CNG Station to ECUA. The CNG station is financed for a principal amount of \$965,655 at 2.09% for ten years. The monthly payments of \$8,924 are paid to the City at the beginning of each month until the end of the term, at which time ECUA will receive ownership of the building. As of September 30, 2019, the outstanding balance is \$491,937. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease payments as of September 30, 2019, were as follows:

Year ended September 30,	Governmental Activities
2020	\$ 107,088
2021	107,088
2022	107,088
2023	107,088
2024	89,280
Total minimum lease payments	517,632
Less amount representing interest	(25,695)
Present value of minimum lease payments	\$ 491,937

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

3. *Motorola capital lease.* In June 2015, the City entered into a lease agreement as lessee for financing the acquisition of technology related equipment valued at \$6,460,954 at 2.91% over six years. The equipment has a ten-year estimated useful life. Depreciation expense for the fiscal year 2019 totaled \$636,551. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, were as follows:

Year ended September 30,	Governmental Activities
2020	\$ 1,734,432
2021	1,734,432
Total minimum lease payments	3,468,864
Less: amount representing interest	(145,748)
Present value of minimum lease payments	\$ 3,323,116

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, 2019, the City abated real and tangible property taxes totaling \$40,493 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 a real estate company for opening a medical office in the enterprise zone. The abatement amounted to \$31,221.
- A 75% real property tax abatement to a recycling company for opening a location in the enterprise zone. The abatement amounted to \$4,855.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

K. Other Significant Commitments

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

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

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

TENANT	TYPE OF PROPERTY	TERM	ANNUAL RENT
CEMEX Ready Mix Effective 10/25/03; Rent Effective 1/1/14	Warehouse	5 years with (3) 5 year renewals	\$222,394
Sine Qua Non Holdings Effective 11/07/2015	Parking Lots	3 years with (6) 3 year renewals	\$32,880
Offshore Inland Marine (WH1) Effective 5/1/10	Warehouse	2 years with (2) 5 year and (1) 2- year renewal	\$106,697
Siddiqi Investments, LLC Effective 11/7/15	Parking Lots	3 years with (6) 3-year renewals	\$32,880

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

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

TENANT	TYPE OF PROPERTY	TERM	ANNUAL RENT
Sandspur Development Effective 4/10/2013	Land Lease	50 years with (3) 10 year renewals	\$448,404
VT Mobile Aerospace Engineering, Inc. Effective 5/30/2018	Land Lease	30 years	\$259,269

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

6. Multi-Use Facility Agreement. On July 20, 2011, CMPA and Northwest Florida Professional Baseball (NFPB), the owner of the Blue Wahoos “AA” minor league baseball franchise, entered into an agreement for NFPB’s use of the baseball stadium at the Park. The term of the agreement is for 10 years, with two optional 5-year renewal periods, and requires NFPB to pay an annual use fee of \$175,000 plus attendance and variable ticket surcharges.

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

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE IV. – OTHER INFORMATION (Continued)

Community Redevelopment Agency (CRA)

1. *CRA Interlocal Agreement – Redevelopment Revenue Bonds, Series 2009A and 2009B.* On March 27, 2006, the CRA of the City of Pensacola entered into an Interlocal Agreement in order to induce, encourage and assist the redevelopment of what is now known as the Community Maritime Park. As such, the CRA agreed to pay the debt service on the Redevelopment Revenue Bonds, Series 2009A and 2009B, which were used to finance the public improvements of the park. Debt service payments will be paid from Tax Increment Revenues derived from the Urban Core Redevelopment Area. The Redevelopment Revenue Bonds, Series 2009B was refunded on July 25, 2019 with the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. As with the Redevelopment Revenue Bonds, Series 2009A and 2009B, on July 25, 2019, the CRA also entered into an Interlocal Agreement whereas the CRA agreed to pay the debt service on the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019.

2. *CRA Interlocal Agreement - Main Street Wastewater Treatment Plant.* On March 2007, the CRA approved assisting in the funding of the relocation of the Main Street Wastewater Treatment Plant. The City committed to the Emerald Coast Utilities Authority \$19.5 million for the project and agreed to budget and appropriate franchise fees received from the Authority and the beverage license tax revenues for the project. 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. Related to this transaction, the City entered in an agreement with the CRA wherein 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 CRA when funds are available.

3. *CRA Interlocal Agreement – Eastside Redevelopment Loan.* On August 2017, City Council approved Resolution 17-34 authorizing an amended and restated interlocal agreement which changed the provisions of a loan from the City's Insurance Retention Fund of \$500,000 (the Loan) to the Community Redevelopment Agency's (CRA's) Eastside TIF District from an eight (8) year term to a thirty (30) year term. In addition, the repayment schedule of the Loan was extended 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 Insurance Retention Fund was recorded.

NOTE V. - SUBSEQUENT EVENTS

The City of Pensacola experienced a ransomware attack during the early morning hours of December 7, 2019. The ransomware penetrated the City's network and illegally obtained access to the City's network. The City hired the firm, Deloitte and Touche, to assist the City with determining the extent of the breach and, provide the City with recommendations for additional security measures to put in place to prevent a future occurrence. While the City did not pay the ransom, the City's estimated cost related to the incident is \$400,000 as of January 31, 2020.



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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 *				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service Cost (BOY)	\$ 806,853	\$ 806,853	\$ 960,937	\$ 875,872	\$ 875,872
Interest	13,096,503	13,087,373	13,265,393	13,080,194	13,039,418
Difference between Expected & Actual Experience	(2,139,264)		(6,829,727)		
Changes in Assumptions	3,260,021		8,088,948		
Changes of benefit terms				1,929,586	
Benefit payments, including refunds of member contributions	(13,213,824)	(14,334,373)	(13,902,080)	(13,007,151)	(13,664,554)
Refunds of contributions			(82,082)	(31,304)	(82,048)
Net change in total pension liability	1,810,289	(440,147)	1,501,389	2,847,197	168,688
Total pension liability - beginning	178,122,461	178,562,608	177,061,219	174,214,022	174,045,334
Total pension liability - ending (a)	\$ 179,932,750	\$ 178,122,461	\$ 178,562,608	\$ 177,061,219	\$ 174,214,022
Plan fiduciary net position					
Contributions - employer	\$ 6,200,956	\$ 6,788,208	6,788,559	\$ 6,586,144	\$ 6,586,424
Contributions - member	305,534	341,314	360,693	375,026	388,789
Net investment income	11,373,720	14,963,864	11,356,088	(2,230,201)	14,895,032
Benefit payments, including refunds of member contributions	(13,199,103)	(14,334,373)	(13,902,080)	(13,007,151)	(13,664,554)
Health insurance assistance					
Refunds of Contributions	(14,721)		(82,082)	(31,304)	(82,048)
Administrative expense	(112,430)	(134,684)	(102,605)	(126,054)	(103,765)
Other				2,149,812	
Net change in plan fiduciary net position	4,553,956	7,624,329	4,418,573	(6,283,728)	8,019,878
Plan fiduciary net position - beginning	142,489,470	134,865,141	130,446,568	136,730,296	128,710,418
Plan fiduciary net position - ending	147,043,426	142,489,470	134,865,141	130,446,568	136,730,296
Total plan fiduciary net position (b)	\$ 147,043,426	\$ 142,489,470	\$ 134,865,141	\$ 130,446,568	\$ 136,730,296
City's net pension liability - ending (a)-(b)	\$ 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	81.72%	80.00%	75.53%	73.67%	78.48%
Covered payroll	5,555,159	6,174,853	6,347,558	6,901,570	6,757,461
City's pension liability as a percentage of covered payroll	592.05%	577.07%	688.41%	675.42%	554.70%
Annual money-weighted rate of return	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**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years ***

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined employer contribution	\$ 6,200,956	\$ 6,788,208	\$ 6,788,560	\$ 7,515,167	\$ 7,448,089	\$ 7,157,167	\$ 7,157,167	\$ 7,162,033	\$ 7,094,735	\$ 6,942,271
Actual employer contribution	6,200,956	6,788,208	6,788,560	7,515,167	7,448,089	7,157,167	7,157,167	7,162,033	7,094,735	6,942,271
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 5,555,159	\$ 6,174,853	\$ 6,347,558	\$ 6,901,570	\$ 6,757,461	\$ 6,961,827	\$ 7,834,617	\$ 11,280,207	\$ 12,090,613	\$ 13,546,116
Actual contributions as a % of covered payroll	111.63%	109.93%	106.95%	108.89%	110.22%	102.81%	91.35%	63.49%	58.68%	51.25%

2014 actuarially determined employer contribution includes \$553,997 in prepaid reserves and excludes \$71,761 in health care contributions.

2018 covered payroll is not actuarially determined therefore subject to change in future years.

* Based on contributions made during the fiscal year noted.

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:

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	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
Amortization Method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	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
Actuarial Assumptions:					
Inflation	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%
Investment rate of return	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%
Mortality Rates	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP 2000 Combined Healthy set forward 5 years for males and RP 2000 combined Healthy for females	RP 2000 Combined Healthy set forward 5 years for males and RP 2000 combined Healthy for females

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

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

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

	Fiscal year *				
	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost (BOY)	\$ 1,263,734	\$ 1,317,501	\$ 1,340,661	\$ 1,189,882	\$ 1,578,578
Interest	9,735,179	9,731,641	9,595,671	9,016,289	9,116,288
Difference between Expected and Actual Experience	260,034	(3,442,328)	(482,293)	30,585	
Changes in Assumptions		967,856		7,780,467	
Changes in Benefit Terms			802,334	(4,080,439)	
Contributions - Buy Back			44,064		
Benefit payments, including refunds of member contributions	(8,438,858)	(8,511,653)	(8,929,344)	(6,788,324)	(8,163,106)
Net change in total pension liability	2,820,089	63,017	2,371,093	7,148,460	2,531,760
Total pension liability - beginning	128,570,903	128,507,886	126,136,793	118,988,333	116,456,573
Total pension liability - ending (a)	\$ 131,390,992	\$ 128,570,903	\$ 128,507,886	\$ 126,136,793	\$ 118,988,333
Plan fiduciary net position					
Contributions - employer	\$ 2,009,062	\$ 2,336,545	3,826,740	\$ 4,334,264	\$ 3,649,568
Contributions - member	480,066	449,131	421,774	474,193	457,362
Contributions - Buy Back			44,064		
Net investment income	10,905,810	12,473,832	9,928,990	(1,770,463)	10,980,094
Benefit payments, including refunds of member contributions	(8,438,858)	(8,511,653)	(8,929,344)	(6,788,324)	(8,163,106)
Administrative expense	(93,728)	(90,536)	(105,921)	(92,822)	(131,563)
Other		81,471			
Net change in plan fiduciary net position	4,862,352	6,738,790	5,186,303	(3,843,152)	6,792,355
Plan fiduciary net position - beginning	120,622,681	113,883,891	108,697,588	112,540,740	106,396,777
Plan fiduciary net position - ending	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)	\$ 125,485,033	\$ 120,622,681	\$ 113,883,891	\$ 108,697,588	\$ 112,540,740
City's net pension liability - ending (a)-(b)	\$ 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	95.51%	93.82%	88.62%	86.17%	94.58%
Covered payroll	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	135.33%	194.67%	381.40%	232.70%	155.07%
Annual money-weighted rate of return	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**

**FIREFIGHTERS' RELIEF & PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years ***

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined employer contribution	\$ 2,009,062	\$ 2,009,062	\$ 2,321,285	\$ 3,822,480	\$ 4,334,264	\$ 3,097,587	\$ 3,234,358	\$ 3,494,389	\$ 3,286,284	\$ 3,441,454
Actual employer contribution	1,993,643	2,009,062	2,336,545	3,826,740	4,334,264	3,097,587	3,234,358	3,562,977	3,321,453	3,441,454
Annual contribution deficiency (excess)	\$ 15,419	\$ 0	\$ (15,260)	\$ (4,260)	\$ 0	\$ 0	\$ 0	\$ (68,588)	\$ (35,169)	\$ 0
Covered payroll	\$ 4,364,222	\$ 4,364,236	\$ 4,082,999	\$ 3,834,292	\$ 7,494,388	\$ 4,157,835	\$ 4,574,063	\$ 4,847,354	\$ 4,695,857	\$ 5,009,434
Actual contributions as a % of covered payroll	45.68%	46.03%	57.23%	99.80%	57.83%	74.50%	70.71%	73.50%	70.73%	68.70%

2014 actuarially determined employer contribution excludes \$551,981 in current year prepaid reserves.

2018 covered payroll is not actuarially determined therefore subject to change in future years.

* Based on contributions made during the fiscal year noted.

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:

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	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
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	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
Actuarial Assumptions:					
Inflation	2.70%	2.70%	2.70%	3.00%	3.00%
Salary increase	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-13.95%
Investment rate of return	7.75%	7.75%	7.75%	7.75%	8.00%
Cost of living adjustments	2.875%	2.875%	2.875%	2.875%	2.875%
Mortality:	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 *				
	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost (BOY)	\$ 816,071	\$ 761,793	\$ 912,596	\$ 818,742	\$ 860,340
Interest	8,949,790	8,977,910	8,876,315	8,390,513	8,151,071
Differences between expected and actual experience		(2,653,681)		312,274	866,959
Changes of assumptions				6,217,609	3,431,350
Contributions - buy back	47,123	41,367			
Benefit payments, including refunds of member contributions	(6,397,599)	(8,755,072)	(7,539,629)	(6,446,003)	(5,994,107)
Net change in total pension liability	3,415,385	(1,627,683)	2,249,282	9,293,135	7,315,613
Total pension liability - beginning	127,993,821	129,621,504	127,372,222	118,079,087	110,763,474
Total pension liability - ending (a)	\$ 131,409,206	\$ 127,993,821	\$ 129,621,504	\$ 127,372,222	\$ 118,079,087
Plan fiduciary net position					
Contributions - employer	\$ 4,528,544	\$ 4,331,190	3,830,736	\$ 3,830,839	\$ 3,825,656
Contributions - member	209,565	218,457	227,357	240,097	156,000
Net investment income	9,429,700	11,614,044	8,651,676	(2,362,487)	6,881,022
Benefit payments, including refunds of member contributions	(6,397,599)	(8,755,072)	(7,539,629)	(6,446,003)	(5,994,107)
Administrative expense	(52,447)	(115,371)	(93,853)	(82,441)	(69,051)
State Insurance	572,693	542,277	533,483	512,808	473,283
Member buybacks	47,123	41,367	-	-	12,024
Net change in plan fiduciary net position	8,337,579	7,876,892	5,609,770	(4,307,187)	5,284,827
Plan fiduciary net position - beginning	93,617,461	85,740,569	80,130,799	84,437,986	79,153,159
Plan fiduciary net position - ending	101,955,040	93,617,461	85,740,569	80,130,799	84,437,986
LESS RESERVE ACCOUNTS	371,687	775,007	1,168,510	1,203,293	1,097,405
Total Plan fiduciary net position (b)	\$ 101,583,353	\$ 92,842,454	\$ 84,572,059	\$ 78,927,506	\$ 83,340,581
City's net pension liability - ending (a)-(b)	\$ 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	77.3%	72.5%	65.2%	62.0%	70.6%
Covered payroll	\$ 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	740.1%	836.7%	1030.3%	1095.1%	777.7%
Annual money-weighted rate of return	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**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years *

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined employer contribution	\$ 5,236,129	\$ 5,101,237	\$ 4,873,467	\$ 4,364,219	\$ 4,343,647	\$ 4,298,939	\$ 2,832,155	\$ 3,356,717	\$ 4,017,967	\$ 3,133,416
Actual employer contribution	5,236,129	5,101,237	4,873,467	4,364,219	4,343,647	4,298,939	2,832,155	3,356,717	4,017,967	3,133,416
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 4,030,089	\$ 4,030,089	\$ 4,201,063	\$ 4,372,250	\$ 4,423,864	\$ 4,466,862	\$ 4,870,112	\$ 5,296,929	\$ 6,766,158	\$ 6,966,752
Actual contributions as a % of covered payroll	129.93%	126.58%	116.01%	99.82%	98.19%	96.24%	58.15%	63.37%	59.38%	44.98%

2018 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.

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:

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	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
Amortization method	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount
Remaining Amortization	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
Actuarial Assumptions:					
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increase	4.00%	4.00%	4.00%	4.00%	4.00%
Investment rate of return	7.125%	7.125%	7.125%	7.125%	7.25%
Cost of living adjustments	2.50%	2.50%	2.50%	2.50%	2.50%
Mortality Rates	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				
	2019	2018	2017	2016	2015
City's proportion of the FRS net pension liability (asset)	0.055026148%	0.049432047%	0.045283952%	0.041335299%	0.039418763%
City's proportion of the FRS net pension liability (asset) \$	18,950,239	\$ 14,889,189	13,394,689	\$ 10,437,195	\$ 5,091,462
City's covered payroll					
Covered payroll	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	96.8%	86.9%	87.6%	81.3%	41.4%
Plan fiduciary net position as a percentage of the total pension liability	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					
	2019	2018	2017	2016	2015
Actuarially determined employer contribution	\$ 1,706,208	\$ 1,453,249	1,210,082	\$ 1,099,355	\$ 978,143
Actual employer contribution	1,706,208	1,453,249	1,210,082	1,099,355	978,143
Annual contribution deficiency (excess)	\$ 0	\$ 0	0	\$ 0	0
Covered payroll	\$ 20,065,477	\$ 17,553,738	15,648,664	\$ 13,163,322	\$ 12,527,598
Actual contributions as a % of covered payroll	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 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarial Cost Method	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 Dollor Amount Closed	Level Dollor Amount Closed
Asset Valuation Method	30 years	30 years	30 years	30 years	30 years
Actuarial Assumptions:					
Inflation	2.60%	2.60%	2.60%	2.60%	2.60%
Salary increase	Varies	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.90%	7.00%	7.10%	7.60%	7.65%
Cost of living adjustments	0.00%	0.00%	0.00%	0.00%	0.00%
Mortality Rates	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					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the HIS net pension liability (asset)	0.051069262%	0.047519167%	0.043820246%	0.041586882%	0.040531215%
City's proportion of the HIS net pension liability (asset)	\$ 5,714,139	5,029,482	4,685,463	\$ 4,846,779	\$ 4,133,546
City's covered payroll					
Covered payroll	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	31.5%	32.4%	33.5%	37.7%	33.6%
Plan fiduciary net position as a percentage of the total pension liability	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 5 Fiscal Years					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined employer contribution	\$ 283,583	262,412	241,173	\$ 221,345	\$ 169,762
Actual employer contribution	<u>283,583</u>	<u>262,412</u>	<u>241,173</u>	<u>221,345</u>	<u>169,762</u>
Annual contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Covered payroll	\$ 18,244,421	15,596,591	14,039,291	\$ 12,898,569	\$ 12,345,987
 Actual contributions as a % of covered payroll	 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 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Valuation Date	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
Asset Valuation Method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Actuarial Assumptions:					
Inflation	2.60%	2.60%	2.60%	2.60%	2.60%
Salary increase	Varies	3.25%	3.25%	3.25%	3.25%
Discount rate	3.50%	3.87%	3.58%	2.85%	3.80%
Cost of living adjustments	0.00%	0.00%	0.00%	0.00%	0.00%
Mortality Rates	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>2019</u>	<u>2018</u>
Total OPEB liability		
Service Cost	\$ 101,187	87,688
Interest	895,230	798,393
Difference between Expected & Actual Experience	(392,192)	(368,076)
Changes in Assumptions or Other Inputs	(2,748,991)	5,416,699
Benefit payments	<u>(351,400)</u>	<u>(329,792)</u>
Net change in total OPEB liability	(2,496,166)	5,604,912
Total OPEB liability - beginning	<u>26,471,801</u>	<u>20,866,889</u>
Total OPEB liability - ending	<u>\$ 23,975,635</u>	<u>26,471,801</u>
 Covered-employee payroll	 26,571,789	 23,130,270
 City's total OPEB liability as a percentage of covered-employee payroll	 110.83%	 87.38%

Notes to Schedule:

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

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

2017	3.86%
2018	3.43%
2019	4.13%

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

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

FIDUCIARY FUNDS



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Special Grants Fund – to account for various private, state and federal grant receipts and the expenditures thereof.

Local Option Gasoline Tax Fund - to account for the receipt and expenditures of gasoline tax revenue.

Community Development Block Grant Fund - to account for the community development block grant and the housing rehabilitation program federal grant receipts and the expenditures thereof.

Stormwater Utility Fund – to account for the receipt and expenditures for the operating and maintenance activities related to stormwater.

Law Enforcement Trust Fund - to account for proceeds from the sale of confiscated property. Expenditure of such funds is restricted to law enforcement purposes.

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

Golf Course Fund - to account for the revenues and expenditures of the Osceola Golf Course and Pro Shop.

Inspections Fund – to account for the revenues and expenditures of collections as regulated under Florida Statute 553 referred to as the ‘Florida Building Code’.

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.

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.



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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.

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

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, 2019**

	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Stormwater Utility Fund
ASSETS				
Cash and cash equivalents	\$	\$ 292,705	\$	\$ 188,468
Investments		944,649		608,242
Accounts receivable				
Due from other governments				25,998
Prepays and deposits				790
Inventory				
Restricted assets				
Cash and cash equivalents				
Other cash			10,733	
Investments				
Due from other funds				
Due from other governments	1,081,309	127,024	98,036	
Notes receivable	670,846		483,810	
Total assets	\$ 1,752,155	\$ 1,364,378	\$ 592,579	\$ 823,498
LIABILITIES				
Accounts payable	\$	\$	\$ 3,210	\$ 23,108
Contracts payable	55,256		73	7,360
Contracts payable - retainage				
Due to other funds	729,341		85,938	29,009
Due to other governments	109,162			
Compensated absences payable			19,548	
Unearned revenue	32,813			
Deposits				
Total liabilities	<u>926,572</u>	<u>0</u>	<u>108,769</u>	<u>59,477</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	670,846		483,810	
Total deferred inflows of resources	<u>670,846</u>	<u>0</u>	<u>483,810</u>	<u>0</u>
FUND BALANCE (DEFICITS)				
Non-spendable				790
Restricted	384,744	1,364,378	702	12,649
Committed				750,582
Assigned				
Unassigned	(230,007)		(702)	
Total fund balances	<u>154,737</u>	<u>1,364,378</u>	<u>0</u>	<u>764,021</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 1,752,155	\$ 1,364,378	\$ 592,579	\$ 823,498

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds				
	Law Enforcement Trust	Natural Disaster Fund	Golf Course Fund	Inspections Fund	Recreation Fund
ASSETS					
Cash and cash equivalents	\$ 45,909	\$	\$ 11,679	\$	\$ 157,640
Investments	148,160		37,690		508,752
Accounts receivable			2,292		2,500
Due from other governments					
Prepays and deposits			2,782		906
Inventory			3,571		
Restricted assets					
Cash and cash equivalents		188,408			
Other cash					
Investments		608,047			
Due from other funds		851,872			
Due from other governments		1,026,370			
Notes receivable					
Total assets	\$ 194,069	\$ 2,674,697	\$ 58,014	\$ -	\$ 669,798
LIABILITIES					
Accounts payable	\$	\$	\$ 25,173	\$ 14,724	\$ 51,908
Contracts payable					
Contracts payable - retainage					
Due to other funds		225	3,179	61,751	337
Due to other governments					
Compensated absences payable					
Unearned revenue					
Deposits			2,302	108,063	65,069
Total liabilities	0	225	30,654	184,538	117,314
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue			1,500		
Total deferred inflows of resources	0	0	1,500	0	0
FUND BALANCE (DEFICITS)					
Non-spendable			6,353		906
Restricted	194,069	2,674,472			54,151
Committed					
Assigned			19,507		497,427
Unassigned				(184,538)	
Total fund balances	194,069	2,674,472	25,860	(184,538)	552,484
Total liabilities, deferred inflows of resources and fund balances	\$ 194,069	\$ 2,674,697	\$ 58,014	\$ 0	\$ 669,798

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
	<u>Tennis Fund</u>	<u>CMP Management Services Fund</u>	<u>Local Option Gas Tax Debt Service</u>	<u>Local Option Sales Tax</u>
ASSETS				
Cash and cash equivalents	\$ 29,029	\$ 25,364	\$	\$ 1,016,870
Investments	93,682	81,855		3,281,743
Accounts receivable	10,760	427,030		
Due from other governments				672,060
Prepays and deposits	710	10,458		
Inventory				
Restricted assets				
Cash and cash equivalents		211,763	369,116	606,547
Other cash				
Investments		683,424	1,191,248	1,957,507
Due from other funds				
Due from other governments				
Notes receivable				
Total assets	<u>\$ 134,181</u>	<u>\$ 1,439,894</u>	<u>\$ 1,560,364</u>	<u>\$ 7,534,727</u>
LIABILITIES				
Accounts payable	\$ 2,799	\$ 78,630	\$	\$ 1,639
Contracts payable				67,638
Contracts payable - retainage				
Due to other funds				237,643
Due to other governments				
Compensated absences payable				
Unearned revenue		111,779		
Deposits		199,499		
Total liabilities	<u>2,799</u>	<u>389,908</u>	<u>0</u>	<u>306,920</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	10,760			
Total deferred inflows of resources	<u>10,760</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE (DEFICITS)				
Non-spendable	710	10,458		
Restricted		803,762	1,560,364	7,227,807
Committed				
Assigned	119,912	235,766		
Unassigned				
Total fund balances	<u>120,622</u>	<u>1,049,986</u>	<u>1,560,364</u>	<u>7,227,807</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 134,181</u>	<u>\$ 1,439,894</u>	<u>\$ 1,560,364</u>	<u>\$ 7,534,727</u>

(continued)

**CITY OF PENSACOLA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Capital Projects Funds		Total Nonmajor Governmental Funds
	Local Option Sales Tax Project Fund	Stormwater Capital	
ASSETS			
Cash and cash equivalents	\$ 1,858,203	\$ 1,274,851	\$ 4,900,718
Investments	5,996,982	4,114,331	15,816,086
Accounts receivable			442,582
Due from other governments			698,058
Prepays and deposits			15,646
Inventory			3,571
Restricted assets			
Cash and cash equivalents			1,375,834
Other cash			10,733
Investments			4,440,226
Due from other funds			851,872
Due from other governments			2,332,739
Notes receivable			1,154,656
Total assets	\$ 7,855,185	\$ 5,389,182	\$ 32,042,721
LIABILITIES			
Accounts payable	\$	\$ 1,627	\$ 202,818
Contracts payable	311,501	221,209	663,037
Contracts payable - retainage	367,500	72,544	440,044
Due to other funds			1,147,423
Due to other governments			109,162
Compensated absences payable			19,548
Unearned revenue			144,592
Deposits			374,933
Total liabilities	679,001	295,380	3,101,557
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			1,166,916
Total deferred inflows of resources	0	0	1,166,916
FUND BALANCE (DEFICITS)			
Non-spendable			19,217
Restricted	7,176,184	273,232	21,726,514
Committed		4,820,570	5,571,152
Assigned			872,612
Unassigned			(415,247)
Total fund balances	7,176,184	5,093,802	27,774,248
Total liabilities, deferred inflows of resources and fund balances	\$ 7,855,185	\$ 5,389,182	\$ 32,042,721

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Stormwater Utility Fund
Revenues:				
Taxes	\$	\$ 1,364,246	\$	\$
Licenses and permits				
Intergovernmental	724,339		654,936	
Charges for services				2,807,229
Fines and forfeits				5,617
Interest income		24,122	6,539	18,251
Donations	51,015			
Other				22
Total revenues	<u>775,354</u>	<u>1,388,368</u>	<u>661,475</u>	<u>2,831,119</u>
Expenditures:				
Current -				
General government	32,700		661,475	
Public safety	149,631			
Transportation	9,088	31,900		
Culture and recreation	12,501			
Economic environment	39,810			
Physical environment	356,336			2,753,490
Capital outlay	164,921			313,304
Debt service -				
Principal retirement				
Interest				
Issuance Cost				
Total expenditures	<u>764,987</u>	<u>31,900</u>	<u>661,475</u>	<u>3,066,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,367</u>	<u>1,356,468</u>	<u>0</u>	<u>(235,675)</u>
Other financing sources (uses):				
Transfers in				
Transfers (out)		(1,455,224)		
Sale of capital assets				
Total other financing sources (uses)	<u>0</u>	<u>(1,455,224)</u>	<u>0</u>	<u>0</u>
Net Change in fund balances	<u>10,367</u>	<u>(98,756)</u>	<u>0</u>	<u>(235,675)</u>
Fund balances at beginning of year	<u>144,370</u>	<u>1,463,134</u>	<u>0</u>	<u>999,696</u>
Fund balances at end of year	<u>\$ 154,737</u>	<u>\$ 1,364,378</u>	<u>\$ 0</u>	<u>\$ 764,021</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, 2019

	Special Revenue Funds				
	Law Enforcement Trust	Natural Disaster Fund	Golf Course Fund	Inspections Fund	Recreation Fund
Revenues:					
Taxes	\$	\$	\$	\$	\$
Licenses and permits				1,673,778	
Intergovernmental		983,771			
Charges for services			467,534		1,002,956
Fines and forfeits	120,827				
Interest income	3,590	31,411	791	5,526	12,418
Donations					1,845
Other			44		1,335
Total revenues	<u>124,417</u>	<u>1,015,182</u>	<u>468,369</u>	<u>1,679,304</u>	<u>1,018,554</u>
Expenditures:					
Current -					
General government		1,262			
Public safety	77,135			1,339,034	
Transportation					
Culture and recreation			698,480		922,050
Economic environment					
Physical environment		7,758			
Capital outlay		976,013		26,367	
Debt service -					
Principal retirement					
Interest					
Issuance Cost					
Total expenditures	<u>77,135</u>	<u>985,033</u>	<u>698,480</u>	<u>1,365,401</u>	<u>922,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,282</u>	<u>30,149</u>	<u>(230,111)</u>	<u>313,903</u>	<u>96,504</u>
Other financing sources (uses):					
Transfers in			250,000	21,482	
Transfers (out)				(2,039,865)	
Sale of capital assets	8,400			2,900	
Total other financing sources (uses)	<u>8,400</u>	<u>0</u>	<u>250,000</u>	<u>(2,015,483)</u>	<u>0</u>
Net Change in fund balances	<u>55,682</u>	<u>30,149</u>	<u>19,889</u>	<u>(1,701,580)</u>	<u>96,504</u>
Fund balances at beginning of year	<u>138,387</u>	<u>2,644,323</u>	<u>5,971</u>	<u>1,517,042</u>	<u>455,980</u>
Fund balances at end of year	<u>\$ 194,069</u>	<u>\$ 2,674,472</u>	<u>\$ 25,860</u>	<u>\$ (184,538)</u>	<u>\$ 552,484</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, 2019

	Special Revenue Funds		Debt Service Fund	Capital Project Funds
	Tennis Fund	CMP Management Services Fund	Local Option Gas Tax Debt Service	Local Option Sales Tax
Revenues:				
Taxes	\$	\$	\$	\$ 8,901,413
Licenses and permits				
Intergovernmental				
Charges for services	129,117	1,068,975		
Fines and forfeits				
Interest income	2,192	18,161	25,880	117,028
Donations		18,300		
Other		619		
Total revenues	<u>131,309</u>	<u>1,106,055</u>	<u>25,880</u>	<u>9,018,441</u>
Expenditures:				
Current -				
General government				
Public safety				275,346
Transportation				
Culture and recreation	71,051	880,361		
Economic environment				
Physical environment				
Capital outlay		8,544		1,463,582
Debt service -				
Principal retirement		20,000	1,316,000	3,543,419
Interest			221,284	659,529
Issuance Cost				
Total expenditures	<u>71,051</u>	<u>908,905</u>	<u>1,537,284</u>	<u>5,941,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,258</u>	<u>197,150</u>	<u>(1,511,404)</u>	<u>3,076,565</u>
Other financing sources (uses):				
Transfers in			1,455,224	520,000
Transfers (out)				(717,624)
Sale of capital assets				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>1,455,224</u>	<u>(197,624)</u>
Net Change in fund balances	<u>60,258</u>	<u>197,150</u>	<u>(56,180)</u>	<u>2,878,941</u>
Fund balances at beginning of year	<u>60,364</u>	<u>852,836</u>	<u>1,616,544</u>	<u>4,348,866</u>
Fund balances at end of year	<u>\$ 120,622</u>	<u>\$ 1,049,986</u>	<u>\$ 1,560,364</u>	<u>7,227,807</u>

(continued)

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CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Capital Project Funds		Total
	Local Option Sales Tax Project Fund	Stormwater Capital	Nonmajor Governmental Funds
Revenues:			
Taxes	\$	\$	\$ 10,265,659
Licenses and permits			1,673,778
Intergovernmental			2,363,046
Charges for services			5,475,811
Fines and forfeits			126,444
Interest income	162,938	103,794	532,641
Donations			71,160
Other		1,253	3,273
Total revenues	<u>162,938</u>	<u>105,047</u>	<u>20,511,812</u>
Expenditures:			
Current -			
General government			695,437
Public safety			1,841,146
Transportation			40,988
Culture and recreation			2,584,443
Economic environment			39,810
Physical environment		1,071,545	4,189,129
Capital outlay	8,512,706	1,715,697	13,181,134
Debt service -			
Principal retirement			4,879,419
Interest			880,813
Issuance Cost	763		763
Total expenditures	<u>8,513,469</u>	<u>2,787,242</u>	<u>28,333,082</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,350,531)</u>	<u>(2,682,195)</u>	<u>(7,821,270)</u>
Other financing sources (uses):			
Transfers in		2,713,198	4,959,904
Transfers (out)			(4,212,713)
Sale of capital assets			11,300
Total other financing sources (uses)	<u>0</u>	<u>2,713,198</u>	<u>758,491</u>
Net Change in fund balances	<u>(8,350,531)</u>	<u>31,003</u>	<u>(7,062,779)</u>
Fund balances at beginning of year	<u>15,526,715</u>	<u>5,062,799</u>	<u>34,837,027</u>
Fund balances at end of year	<u>\$ 7,176,184</u>	<u>\$ 5,093,802</u>	<u>\$ 27,774,248</u>

CITY OF PENSACOLA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive/(Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	\$ 909,300	\$ 1,206,201	\$ 1,206,201	\$ 0
Interest income	0	44,391	44,391	0
Total revenues	909,300	1,250,592	1,250,592	0
Expenditures:				
Debt service -				
Principal retirement	1,549,000	1,549,000	1,453,000	96,000
Interest	3,344,700	4,276,400	4,276,192	208
Total expenditures	4,893,700	5,825,400	5,729,192	96,208
Excess (deficiency) of revenues over (under) expenditures	(3,984,400)	(4,574,808)	(4,478,600)	96,208
Other financing sources (uses):				
Transfers in	3,454,300	3,751,109	3,751,109	0
Total other financing sources (uses)	3,454,300	3,751,109	3,751,109	0
Net change in fund balances	\$ (530,100)	\$ (823,699)	(727,491)	\$ 96,208
Fund balances at beginning of year			3,622,273	
Fund balances at end of year			\$ 2,894,782	

CITY OF PENSACOLA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CRA 2017 PROJECT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest income	\$ 0	\$ 217,192	\$ 217,192	\$ 0
Total revenues	0	217,192	217,192	0
Expenditures:				
Economic environment	0	0	0	0
Capital outlay	0	12,253,741	986,097	11,267,644
Debt service -				
Issuance Cost	0	918	918	0
Total expenditures	0	12,254,659	987,015	11,267,644
Excess (deficiency) of revenues over (under) expenditures	0	(12,037,467)	(769,823)	11,267,644
Other financing sources (uses):				
Bonds Issued	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Net change in fund balances	\$ 0	\$ (12,037,467)	(769,823)	\$ 11,267,644
Fund balances at beginning of year			12,037,377	
Fund balances at end of year			\$ 11,267,554	

CITY OF PENSACOLA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CRA 2019 PROJECT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest income	\$ 0	\$ 269,746	\$ 269,746	\$ 0
Total revenues	0	269,746	269,746	0
Expenditures:				
Current -				
General government	0	1,636,672	0	1,636,672
Public safety				
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Human services				
Capital outlay	0	16,100,000	0	16,100,000
Debt service -				
Issuance Cost	0	158,327	158,327	0
Total expenditures	0	17,894,999	158,327	17,736,672
Excess (deficiency) of revenues over (under) expenditures	0	(17,625,253)	111,419	17,736,672
Other financing sources (uses):				
Bonds issued	0	17,888,845	17,888,845	0
Total other financing sources (uses)	0	17,888,845	17,888,845	0
Net change in fund balances	\$ 0	\$ 263,592	18,000,264	\$ 17,736,672
Fund balances at beginning of year			0	
Fund balances at end of year			\$ 18,000,264	



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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, 2019

	Special Grants		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental	2,272,053	724,339	(1,547,714)
Charges for services			
Fines and forfeits			
Interest income			
Donations	1,418,544	51,015	(1,367,529)
Other			
Total revenues	<u>3,690,597</u>	<u>775,354</u>	<u>(2,915,243)</u>
Expenditures:			
Current -			
General government	32,700	32,700	0
Public safety	319,390	149,631	169,759
Transportation	301,600	9,088	292,512
Culture and recreation	29,063	12,501	16,562
Economic environment	378,300	39,810	338,490
Physical environment	481,004	356,336	124,668
Capital outlay	2,148,540	164,921	1,983,619
Debt service -			
Principal retirement			
Interest			
Total expenditures	<u>3,690,597</u>	<u>764,987</u>	<u>2,925,610</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>10,367</u>	<u>10,367</u>
Other financing sources (uses):			
Transfers in			
Transfers (out)			
Loan Proceeds			
Sale of capital assets			
Insurance recoveries			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ 0</u>	<u>10,367</u>	<u>\$ 10,367</u>
Fund balances at beginning of year		<u>144,370</u>	
Fund balances at end of year		<u>\$ 154,737</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, 2019

	Local Option Gasoline Tax			Community Development Block Grant		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:						
Taxes	\$ 1,364,246	\$ 1,364,246	\$ 0	\$	\$	\$
Licenses and permits						
Intergovernmental				925,196	654,936	(270,260)
Charges for services						
Fines and forfeits						
Interest income			0	10,000	6,539	(3,461)
Donations	24,122	24,122				
Other						0
Total revenues	<u>1,388,368</u>	<u>1,388,368</u>	<u>0</u>	<u>935,196</u>	<u>661,475</u>	<u>(273,721)</u>
Expenditures:						
Current -						
General government				935,196	661,475	273,721
Public safety						
Transportation	31,900	31,900	0			
Culture and recreation						
Economic environment						
Physical environment						
Capital outlay						
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>31,900</u>	<u>31,900</u>	<u>0</u>	<u>935,196</u>	<u>661,475</u>	<u>273,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,356,468</u>	<u>1,356,468</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other financing sources (uses):						
Transfers in						
Transfers (out)	(1,455,224)	(1,455,224)	0			
Loan Proceeds						
Sale of capital assets						
Insurance recoveries						
Total other financing sources (uses)	<u>(1,455,224)</u>	<u>(1,455,224)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ (98,756)</u>	<u>(98,756)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>0</u>
Fund balances at beginning of year		<u>1,463,134</u>			<u>0</u>	
Fund balances at end of year		<u>\$ 1,364,378</u>			<u>\$ 0</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, 2019

	Stormwater Utility Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental			
Charges for services	2,807,229	2,807,229	0
Fines and forfeits	5,617	5,617	0
Interest income	18,251	18,251	0
Donations			
Other	22	22	0
Total revenues	<u>2,831,119</u>	<u>2,831,119</u>	<u>0</u>
Expenditures:			
Current -			
General government			
Public safety			
Transportation			
Culture and recreation			
Economic environment			
Physical environment	2,801,386	2,753,490	47,896
Capital outlay	313,567	313,304	263
Debt service -			
Principal retirement			
Interest			
Total expenditures	<u>3,114,953</u>	<u>3,066,794</u>	<u>48,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(283,834)</u>	<u>(235,675)</u>	<u>48,159</u>
Other financing sources (uses):			
Transfers in			
Transfers (out)			
Loan Proceeds			
Sale of capital assets			
Insurance recoveries			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ (283,834)</u>	<u>(235,675)</u>	<u>\$ 48,159</u>
Fund balances at beginning of year		<u>999,696</u>	
Fund balances at end of year		<u>\$ 764,021</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, 2019

	Law Enforcement Trust			Natural Disaster 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				1,944,886	983,771	(961,115)
Charges for services						
Fines and forfeits	120,827	120,827	0			
Interest income	3,590	3,590	0	0	31,411	31,411
Donations						
Other						
Total revenues	<u>124,417</u>	<u>124,417</u>	<u>0</u>	<u>1,944,886</u>	<u>1,015,182</u>	<u>(929,704)</u>
Expenditures:						
Current -						
General government				1,262	1,262	0
Public safety	129,932	77,135	52,797			
Transportation						
Culture and recreation						
Economic environment						
Physical environment				8,917	7,758	1,159
Capital outlay	9,229	0	9,229	2,008,835	976,013	1,032,822
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>139,161</u>	<u>77,135</u>	<u>62,026</u>	<u>2,019,014</u>	<u>985,033</u>	<u>1,033,981</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,744)</u>	<u>47,282</u>	<u>62,026</u>	<u>(74,128)</u>	<u>30,149</u>	<u>104,277</u>
Other financing sources (uses):						
Transfers in						
Transfers (out)						
Loan Proceeds						
Sale of capital assets	8,400	8,400	0			
Insurance recoveries						
Total other financing sources (uses)	<u>8,400</u>	<u>8,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ (6,344)</u>	<u>55,682</u>	<u>\$ 62,026</u>	<u>\$ (74,128)</u>	<u>30,149</u>	<u>\$ 104,277</u>
Fund balances at beginning of year		<u>138,387</u>			<u>2,644,323</u>	
Fund balances at end of year		<u>\$ 194,069</u>			<u>\$ 2,674,472</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, 2019

	Golf Course Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental			
Charges for services	467,534	467,534	0
Fines and forfeits			
Interest income	791	791	0
Donations			
Other	44	44	0
Total revenues	<u>468,369</u>	<u>468,369</u>	<u>0</u>
Expenditures:			
Current -			
General government			
Public safety			
Transportation			
Culture and recreation	718,369	698,480	19,889
Economic environment			
Physical environment			
Capital outlay			
Debt service -			
Principal retirement			
Interest			
Total expenditures	<u>718,369</u>	<u>698,480</u>	<u>19,889</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,000)</u>	<u>(230,111)</u>	<u>19,889</u>
Other financing sources (uses):			
Transfers in	250,000	250,000	0
Transfers (out)			
Loan Proceeds			
Sale of capital assets			
Insurance recoveries			
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Net change in fund balances	<u>\$ 0</u>	<u>19,889</u>	<u>\$ 19,889</u>
Fund balances at beginning of year		<u>5,971</u>	
Fund balances at end of year		<u>\$ 25,860</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, 2019

	Inspections Fund			Recreation 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	1,673,776	1,673,778	2			
Intergovernmental						
Charges for services				1,002,956	1,002,956	0
Fines and forfeits						
Interest income	5,526	5,526	0	12,418	12,418	0
Donations	224,139	0	(224,139)	1,845	1,845	0
Other				1,335	1,335	0
Total revenues	<u>1,903,441</u>	<u>1,679,304</u>	<u>(224,137)</u>	<u>1,018,554</u>	<u>1,018,554</u>	<u>0</u>
Expenditures:						
Current -						
General government						
Public safety	1,378,600	1,339,034	39,566			
Transportation						
Culture and recreation				1,057,183	922,050	135,133
Economic environment						
Physical environment						
Capital outlay	26,400	26,367	33	65,000	0	65,000
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>1,405,000</u>	<u>1,365,401</u>	<u>39,599</u>	<u>1,122,183</u>	<u>922,050</u>	<u>200,133</u>
Excess (deficiency) of revenues over (under) expenditures	<u>498,441</u>	<u>313,903</u>	<u>(184,538)</u>	<u>(103,629)</u>	<u>96,504</u>	<u>200,133</u>
Other financing sources (uses):						
Transfers in	21,482	21,482	0			
Transfers (out)	(2,039,865)	(2,039,865)	0			
Loan Proceeds						
Sale of capital assets	2,900	2,900	0			
Insurance recoveries						
Total other financing sources (uses)	<u>(2,015,483)</u>	<u>(2,015,483)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ (1,517,042)</u>	<u>(1,701,580)</u>	<u>\$ (184,538)</u>	<u>\$ (103,629)</u>	<u>96,504</u>	<u>\$ 200,133</u>
Fund balances at beginning of year		<u>1,517,042</u>			<u>455,980</u>	
Fund balances at end of year		<u>\$ (184,538)</u>			<u>\$ 552,484</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, 2019

	Tennis Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental			
Charges for services	129,117	129,117	0
Fines and forfeits			
Interest income	2,192	2,192	0
Donations			
Other			
Total revenues	<u>131,309</u>	<u>131,309</u>	<u>0</u>
Expenditures:			
Current -			
General government			
Public safety			
Transportation			
Culture and recreation	128,701	71,051	57,650
Economic environment			
Physical environment			
Capital outlay			
Debt service -			
Principal retirement			
Interest			
Total expenditures	<u>128,701</u>	<u>71,051</u>	<u>57,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,608</u>	<u>60,258</u>	<u>57,650</u>
Other financing sources (uses):			
Transfers in			
Transfers (out)			
Loan Proceeds			
Sale of capital assets			
Insurance recoveries			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ 2,608</u>	<u>60,258</u>	<u>\$ 57,650</u>
Fund balances at beginning of year		<u>60,364</u>	
Fund balances at end of year		<u>\$ 120,622</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, 2019

	CMP Management Services 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	1,136,155	1,068,975	(67,180)			
Fines and forfeits						
Interest income	18,161	18,161	0	25,880	25,880	0
Donations	18,300	18,300	0			
Other	619	619	0			
Total revenues	<u>1,173,235</u>	<u>1,106,055</u>	<u>(67,180)</u>	<u>25,880</u>	<u>25,880</u>	<u>0</u>
Expenditures:						
Current -						
General government						
Public safety						
Transportation						
Culture and recreation	1,094,100	880,361	213,739			
Economic environment						
Physical environment						
Capital outlay	8,900	8,544	356			
Debt service -						
Principal retirement	20,000	20,000	0	1,316,000	1,316,000	0
Interest				221,300	221,284	16
Total expenditures	<u>1,123,000</u>	<u>908,905</u>	<u>214,095</u>	<u>1,537,300</u>	<u>1,537,284</u>	<u>16</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,235</u>	<u>197,150</u>	<u>146,915</u>	<u>(1,511,420)</u>	<u>(1,511,404)</u>	<u>16</u>
Other financing sources (uses):						
Transfers in				1,455,224	1,455,224	0
Transfers (out)						
Loan Proceeds						
Sale of capital assets						
Insurance recoveries						
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,455,224</u>	<u>1,455,224</u>	<u>0</u>
Net change in fund balances	<u>\$ 50,235</u>	<u>197,150</u>	<u>\$ 146,915</u>	<u>\$ (56,196)</u>	<u>(56,180)</u>	<u>\$ 16</u>
Fund balances at beginning of year		<u>852,836</u>			<u>1,616,544</u>	
Fund balances at end of year		<u>\$ 1,049,986</u>			<u>\$ 1,560,364</u>	



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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, 2019

	General Stock Account	Insurance Retention Fund	Central Services Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,076	\$ 1,172,355	\$ 807,389	\$ 1,981,820
Investments	6,700	3,787,199	2,605,686	6,399,585
Accounts receivable (net)		665,445		665,445
Due from other funds		132,176		132,176
Prepaid expenses		18,684	21,922	40,606
Inventory	854,594			854,594
Total current assets	<u>863,370</u>	<u>5,775,859</u>	<u>3,434,997</u>	<u>10,074,226</u>
Noncurrent assets:				
Prepaid expense		200,000		200,000
Advances to other funds		412,216		412,216
Restricted assets				
Cash and cash equivalents		1,050,072		1,050,072
Investments		3,385,238		3,385,238
Capital assets				
Non-depreciable			424,494	424,494
Depreciable (net)			1,706,886	1,706,886
Total noncurrent assets	<u>0</u>	<u>5,047,526</u>	<u>2,131,380</u>	<u>7,178,906</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension		177,295	1,026,822	1,204,117
Deferred OPEB		18,455	147,645	166,100
Total deferred outflows of resources	<u>0</u>	<u>195,750</u>	<u>1,174,467</u>	<u>1,370,217</u>
Total assets and deferred outflows	<u>\$ 863,370</u>	<u>\$ 11,019,135</u>	<u>\$ 6,740,844</u>	<u>\$ 18,623,349</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$	\$ 149,126	\$ 29,392	\$ 178,518
Contracts payable		23,000	19,384	42,384
Contracts payable - retainage			40,137	40,137
Due to other funds		9,243	86,749	95,992
Compensated absences payable			11,867	11,867
Unearned revenue		100,000		100,000
Deposits		25,501		25,501
Total current liabilities	<u>0</u>	<u>306,870</u>	<u>187,529</u>	<u>494,399</u>
Noncurrent liabilities:				
Compensated absences payable		4,568	217,813	222,381
Claims and judgments payable		2,967,444		2,967,444
Net pension liability		634,779	3,904,906	4,539,685
Total OPEB liability		154,311	1,258,289	1,412,600
Total noncurrent liabilities	<u>0</u>	<u>3,761,102</u>	<u>5,381,008</u>	<u>9,142,110</u>
Total liabilities	<u>0</u>	<u>4,067,972</u>	<u>5,568,537</u>	<u>9,636,509</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension		35,815	216,017	251,832
Deferred OPEB		16,003	128,021	144,024
Total deferred inflows of resources	<u>0</u>	<u>51,818</u>	<u>344,038</u>	<u>395,856</u>
NET POSITION				
Net investment in capital assets			2,131,380	2,131,380
Unrestricted	863,370	6,899,345	(1,303,111)	6,459,604
Total net position	<u>863,370</u>	<u>6,899,345</u>	<u>828,269</u>	<u>8,590,984</u>
Total liabilities and net position	<u>\$ 863,370</u>	<u>\$ 11,019,135</u>	<u>\$ 6,740,844</u>	<u>\$ 18,623,349</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, 2019

	General Stock Account	Insurance Retention Fund	Central Services Fund	Total
Operating revenues:				
Charges for services	\$	\$	\$ 5,689,453	\$ 5,689,453
Health		9,822,191		9,822,191
Dental		284,480		284,480
Vision		49,971		49,971
Life		273,378		273,378
Survivor disability		167,121		167,121
Liability		4,675,393		4,675,393
Other		206,183	3,467	209,650
Total operating revenues	<u>0</u>	<u>15,478,717</u>	<u>5,692,920</u>	<u>21,171,637</u>
Operating expenses:				
Salaries and employee benefits		404,995	3,119,324	3,524,319
Materials and supplies		3,796	89,644	93,440
Repairs and maintenance		3,594	201,601	205,195
Contractual services		100,364	772,562	872,926
Office and utilities		29,049	364,928	393,977
Premiums and claims expense -				
General liability		2,680,067		2,680,067
Workmen's compensation		944,549		944,549
Auto		222,530		222,530
Health		9,707,630		9,707,630
Dental		282,741		282,741
Vision		50,280		50,280
Life		272,988		272,988
Survivor disability		262,610		262,610
Total operating expenses before depreciation	<u>0</u>	<u>14,965,193</u>	<u>4,548,059</u>	<u>19,513,252</u>
Operating income (loss) before depreciation	<u>0</u>	<u>513,524</u>	<u>1,144,861</u>	<u>1,658,385</u>
Depreciation			333,153	333,153
Operating income (loss)	<u>0</u>	<u>513,524</u>	<u>811,708</u>	<u>1,325,232</u>
Nonoperating revenues (expenses):				
Investment interest		186,052	56,168	242,220
Gain (loss) on disposal of capital assets			6,926	6,926
Total nonoperating revenues (expenses)	<u>0</u>	<u>186,052</u>	<u>63,094</u>	<u>249,146</u>
Change in net position	<u>0</u>	<u>699,576</u>	<u>874,802</u>	<u>1,574,378</u>
Net position at beginning of year	<u>863,370</u>	<u>6,199,769</u>	<u>(46,533)</u>	<u>7,016,606</u>
Net position at end of year	<u>\$ 863,370</u>	<u>\$ 6,899,345</u>	<u>\$ 828,269</u>	<u>\$ 8,590,984</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Stock Account	Insurance Retention Fund	Central Services Fund	Total
Cash flows from operating activities:				
Cash received from customers	\$	\$ 11,614,137	\$ 5,692,920	\$ 17,307,057
Cash received from other funds	(133,474)	4,124,915		3,991,441
Cash payments to suppliers for goods and services	136,049	(14,716,433)	(1,416,758)	(15,997,142)
Cash payments to employees for services		(386,635)	(3,012,532)	(3,399,167)
Net cash provided by (used for) operating activities	<u>2,575</u>	<u>635,984</u>	<u>1,263,630</u>	<u>1,902,189</u>
Cash flows from noncapital financing activities:				
Advance from (to) other funds		180,575	(21,643)	158,932
Net cash provided by (used for) noncapital financing activities	<u>0</u>	<u>180,575</u>	<u>(21,643)</u>	<u>158,932</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets			(585,910)	(585,910)
Proceeds from sale of assets			6,926	6,926
Net cash provided by (used for) capital and related financing activities	<u>0</u>	<u>0</u>	<u>(578,984)</u>	<u>(578,984)</u>
Cash flows from investing activities:				
Sale (purchase) of investments	(2,283)	(1,194,071)	(686,637)	(1,882,991)
Interest on investments		186,052	56,168	242,220
Net cash provided by (used for) investing activities	<u>(2,283)</u>	<u>(1,008,019)</u>	<u>(630,469)</u>	<u>(1,640,771)</u>
Net increase (decrease) in cash and cash equivalents	<u>292</u>	<u>(191,460)</u>	<u>32,534</u>	<u>(158,634)</u>
Cash and cash equivalents at beginning of year	<u>1,784</u>	<u>2,413,887</u>	<u>774,855</u>	<u>3,190,526</u>
Cash and cash equivalents of end of year	<u>\$ 2,076</u>	<u>\$ 2,222,427</u>	<u>\$ 807,389</u>	<u>\$ 3,031,892</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, 2019

	<u>General Stock Account</u>	<u>Insurance Retention Fund</u>	<u>Central Services Fund</u>	<u>Total</u>
Operating income (loss)	\$	\$ 513,524	\$ 811,708	\$ 1,325,232
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation			333,153	333,153
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(3,837)	141,170		137,333
(Increase) decrease in inventory	139,886			139,886
(Increase) decrease in due from other funds	(133,474)	9,224		(124,250)
(Increase) decrease in due from other governments		11,345		11,345
(Increase) decrease in prepaid expenses		192,387	3,653	196,040
Increase (decrease) in accounts payable		115,138	8,324	123,462
Increase (decrease) in contracts payable		3,807	(38,885)	(35,078)
Increase (decrease) in due to other funds		3,110	37,049	40,159
Increase (decrease) in deposits		9,941		9,941
Increase (decrease) in claims and judgments		(467,567)		(467,567)
Increase (decrease) in deferred revenue		100,000		100,000
Increase (decrease) in compensated absences		(2,556)	17,199	14,643
Increase (decrease) in net OPEB obligation		7,357	58,851	66,208
Increase (decrease) in net pension liability		(896)	32,578	31,682
Net cash provided by (used for) operating activities	<u>\$ 2,575</u>	<u>\$ 635,984</u>	<u>\$ 1,263,630</u>	<u>\$ 1,902,189</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.

Firemen'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, 2019

	<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	\$ 51,715	\$ 73,813	\$ 139,345	\$ 264,873
Receivables:				
Employer	127	106	99	332
Employee	6,965	11,618	5,118	23,701
Total receivables	<u>7,092</u>	<u>11,724</u>	<u>5,217</u>	<u>24,033</u>
Investments :				
Short term investments	2,769,776	2,821,564	2,120,588	7,711,928
Debt Securities & Bond Mutual Funds	27,435,124	23,315,311	22,078,180	72,828,615
Convertible Corporate Bonds	9,725,750	11,809,782		21,535,532
Stock Mutual Funds	22,460,962	12,779,219		35,240,181
Mortgage Backed Securities	22,170,214	11,352,443	14,886,592	48,409,249
Commingled Trust Fund	236,766	6,616,605		6,853,371
Domestic Stocks	51,129,558	48,275,516	47,186,119	146,591,193
Preferred Stocks	1,045,597	1,256,460		2,302,057
Foreign Stocks	4,882,812	2,632,829	18,759,136	26,274,777
Total investments	<u>141,856,559</u>	<u>120,859,729</u>	<u>105,030,615</u>	<u>367,746,903</u>
Total assets	<u>\$ 141,915,366</u>	<u>\$ 120,945,266</u>	<u>\$ 105,175,177</u>	<u>\$ 368,035,809</u>
LIABILITIES				
Accounts payable	\$ 123,827	\$ 117,626	\$ 37,702	\$ 279,155
Total liabilities	<u>123,827</u>	<u>117,626</u>	<u>37,702</u>	<u>279,155</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 141,791,539</u>	<u>\$ 120,827,640</u>	<u>\$ 105,137,475</u>	<u>\$ 367,756,654</u>

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Pension and Retirement Fund</u>	<u>Firefighter's Relief and Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	<u>Total Pension Trust Funds</u>
Additions:				
Contributions - city	\$ 6,200,753	\$ 1,140,100	\$ 4,445,468	\$ 11,786,321
Contributions - employee	294,284	505,660	211,532	1,011,476
Commission recapture	8,013	2,777	863	11,653
Insurance proceeds - State of Florida		518,103	601,682	1,119,785
Total contributions	<u>6,503,050</u>	<u>2,166,640</u>	<u>5,259,545</u>	<u>13,929,235</u>
Investment income				
Net appreciation				
in fair value of investments	(824,538)	1,311,958	2,661,892	3,149,312
Interest and dividends	3,242,815	2,761,318	2,053,311	8,057,444
	<u>2,418,277</u>	<u>4,073,276</u>	<u>4,715,203</u>	<u>11,206,756</u>
Less investment expense	664,829	585,256	386,354	1,636,439
Net investment income	<u>1,753,448</u>	<u>3,488,020</u>	<u>4,328,849</u>	<u>9,570,317</u>
Total additions	<u>8,256,498</u>	<u>5,654,660</u>	<u>9,588,394</u>	<u>23,499,552</u>
Deductions:				
Pensions paid - employees	10,898,376	7,021,206	5,703,843	23,623,425
Pensions paid - widows	2,007,643	958,905	613,483	3,580,031
Refunds to employees	31,267	132,233		163,500
Deferred retirement option plan	343,469	2,075,194		2,418,663
Health insurance assistance	110,936			110,936
Administrative expenses	116,694	124,515	88,633	329,842
Total deductions	<u>13,508,385</u>	<u>10,312,053</u>	<u>6,405,959</u>	<u>30,226,397</u>
Change in net position	<u>(5,251,887)</u>	<u>(4,657,393)</u>	<u>3,182,435</u>	<u>(6,726,845)</u>
Net position restricted for pension benefits:				
Beginning of year	<u>147,043,426</u>	<u>125,485,033</u>	<u>101,955,040</u>	<u>374,483,499</u>
End of year	\$ <u>141,791,539</u>	\$ <u>120,827,640</u>	\$ <u>105,137,475</u>	\$ <u>367,756,654</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General Government	\$ 10,056,862	\$ 12,035,379	\$ 30,598,069 (a)	\$ 11,030,982	\$ 10,140,686	\$ 11,459,325	\$ 10,675,142	\$ 13,421,994	\$ 12,382,833	\$ 12,101,937
Public safety	30,887,727	29,982,610	30,960,121	30,934,597	33,276,740	31,187,510	32,478,560	41,001,683	37,978,435	36,484,101
Transportation	2,751,634	2,665,702	2,992,464	2,679,732	2,942,516	3,205,374	4,051,784	2,896,355	4,057,926	5,333,798
Culture and recreation	15,355,160	15,084,355	18,824,265	18,544,968	12,968,344	14,030,560	13,467,494	13,651,877	13,787,334	14,315,481
Economic environment	14,792,350	14,902,876	13,780,462	14,808,193	13,876,714	16,362,079	16,502,619	17,947,509	18,318,018	16,877,887
Physical environment	2,965,146	2,589,177	2,893,391	2,855,920	4,922,313	5,470,198	3,146,051	4,218,895	4,033,681	5,524,973
Human services	51,900	37,100	30,000	30,000	30,000	30,000	30,000	30,000	30,000	14,492,331
Unallocated depreciation	2,541,975	2,806,602	3,028,787	3,316,233	3,418,471	3,592,828	3,898,568	4,139,867	2,025,235	1,917,285
Interest on long-term debt	2,923,782	3,971,769	3,712,342	5,397,074 (b)	5,272,532	5,091,611	5,139,876	4,514,339	4,324,860	5,953,180
Total governmental activities expenses	<u>82,326,536</u>	<u>84,075,570</u>	<u>106,819,901</u>	<u>89,597,699</u>	<u>86,848,316</u>	<u>90,429,485</u>	<u>89,390,094</u>	<u>101,822,519</u>	<u>96,938,322</u>	<u>113,000,973</u>
Business-type activities:										
Utility	35,002,074	31,570,293	25,338,365	28,928,155	33,899,904	30,526,216	31,136,870	33,575,070	34,940,330	34,105,382
Sanitation	6,097,312	5,975,566	6,179,795	6,096,488	6,636,126	6,115,820	6,883,649	7,385,517	6,901,117	7,488,155
Port	2,774,460	2,675,500	2,633,916	2,628,491	2,646,153	2,609,159	2,601,580	2,869,779	2,615,462	2,713,331
Airport	25,169,494	24,710,561	26,110,733	25,093,721	24,331,152	23,833,660	25,085,705	25,102,535	26,533,722	28,606,833
Total business-type activities expenses	<u>69,043,340</u>	<u>64,931,920</u>	<u>60,262,809</u>	<u>62,746,855</u>	<u>67,513,335</u>	<u>63,084,855</u>	<u>65,707,804</u>	<u>68,932,901</u>	<u>70,990,631</u>	<u>72,913,701</u>
Total primary government expenses	<u>\$ 151,369,876</u>	<u>\$ 149,007,490</u>	<u>\$ 167,082,710</u>	<u>\$ 152,344,554</u>	<u>\$ 154,361,651</u>	<u>\$ 153,514,340</u>	<u>\$ 155,097,898</u>	<u>\$ 170,755,420</u>	<u>\$ 167,928,953</u>	<u>\$ 185,914,674</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General Government	\$ 347,218	\$ 439,138	\$ 493,530	\$ 526,039	\$ 679,868	\$ 538,272	\$ 540,401	\$ 492,954	\$ 296,437	\$ 286,817
Public safety	1,941,582	1,601,919	1,901,310	1,903,583	2,308,840	2,304,786	2,165,304	2,434,239	2,191,063	2,553,611
Transportation	489,382	419,876	543,851	538,138	619,630	636,372	722,452	808,801	695,121	738,270
Culture and recreation	1,762,428	1,729,823	2,387,544	3,192,352	2,763,580	2,817,702	3,064,679	2,996,558	2,826,837	2,777,016
Physical environment	2,170,463	1,899,162	2,543,121	2,498,829	2,619,208	2,609,127	2,785,085	2,713,930	2,779,337	2,845,664
Operating grants and contributions	22,751,256	22,521,356	18,674,020	20,526,485	15,686,464	19,435,541	20,937,879	20,751,603	21,219,767	36,160,940
Capital grants and contributions	4,335,871	7,287,874	6,880,444	3,438,904	4,522,447	9,770,999	5,240,998	5,952,566	3,239,646	2,533,119
Total governmental activities program revenues	<u>33,798,200</u>	<u>35,899,148</u>	<u>33,423,820</u>	<u>32,624,330</u>	<u>29,200,037</u>	<u>38,112,799</u>	<u>35,456,798</u>	<u>36,150,651</u>	<u>33,248,208</u>	<u>47,895,437</u>
Business-type activities:										
Charges for Services										
Utility	45,493,419	39,154,943	36,900,749	42,891,258	49,170,177	45,466,269	43,278,297	44,741,994	49,914,141	50,231,748
Sanitation	6,165,903	6,221,178	6,838,663	6,948,353	6,989,558	7,060,514	7,084,148	7,190,675	7,744,185	8,255,120
Port	1,803,407	1,894,871	2,401,744	1,808,200	1,906,423	1,900,212	1,609,280	1,058,964	1,259,626	2,400,834
Airport	16,642,691	18,188,649	17,996,001	18,729,817	18,915,396	21,073,261	21,887,992	21,638,635	23,190,940	25,921,379
Operating grants and contributions										
Capital grants and contributions	13,791,291	5,392,337	7,834,262	13,462,418	6,076,663	8,685,517	12,843,595	28,704,147	24,610,034	10,172,410
Total business-type activities program revenues	<u>83,896,711</u>	<u>70,851,978</u>	<u>71,971,419</u>	<u>83,840,046</u>	<u>83,058,217</u>	<u>84,185,773</u>	<u>86,703,312</u>	<u>103,334,415</u>	<u>106,718,926</u>	<u>96,981,491</u>
Total primary government program revenues	<u>\$ 117,694,911</u>	<u>\$ 106,751,126</u>	<u>\$ 105,395,239</u>	<u>\$ 116,464,376</u>	<u>\$ 112,258,254</u>	<u>\$ 122,298,572</u>	<u>\$ 122,160,110</u>	<u>\$ 139,485,066</u>	<u>\$ 139,967,134</u>	<u>\$ 144,876,928</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (48,528,336)	\$ (48,176,422)	\$ (73,396,081)	\$ (56,973,369)	\$ (57,648,279)	\$ (52,316,686)	\$ (53,933,296)	\$ (65,671,868)	\$ (63,690,114)	\$ (65,105,536)
Business-type activities	14,853,371	5,920,058	11,708,610	21,093,191	15,544,882	21,100,918	20,995,508	34,401,514	35,728,295	24,067,790
Total primary government net expenses	\$ (33,674,965)	\$ (42,256,364)	\$ (61,687,471)	\$ (35,880,178)	\$ (42,103,397)	\$ (31,215,768)	\$ (32,937,788)	\$ (31,270,354)	\$ (27,961,819)	\$ (41,037,746)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 13,686,629	\$ 13,318,749	\$ 12,311,601	\$ 12,096,544	\$ 12,232,594	\$ 12,728,973	\$ 13,312,773	\$ 13,781,024	\$ 14,638,449	\$ 15,718,156
Public service taxes and franchise fees	14,996,638	15,093,190	14,252,846	14,160,542	15,720,253	16,339,157	16,000,690	16,092,524	17,222,374	17,135,120
Communication services tax	3,795,244	3,675,699	3,600,306	3,468,827	3,115,591	3,026,561	3,127,266	2,853,565	3,095,646	3,069,511
Local business tax (a)	923,457	904,327	885,161	902,106	917,179	909,057	914,773	902,333	915,792	939,973
Local option gasoline tax	1,610,128	1,569,013	1,557,013	1,524,736	1,553,809	1,541,616	1,585,310	1,353,590	1,365,613	1,364,246
Local option sales tax	5,866,075	6,323,106	6,401,758	6,665,836	7,015,227	7,337,154	7,662,504	7,881,842	8,524,108	8,901,413
Contribution from other governments										
Intergovernmental revenues	5,769,127	6,054,345	6,123,014	6,368,742	6,502,204	6,719,109	6,846,265	6,999,518	7,330,410	7,630,878
Unrestricted investment earnings	700,726	1,928,271	1,948,024	1,918,865	1,902,728	1,939,068	2,026,216	1,780,315	946,252	1,683,080
Insurance recoveries										
Donation of capital assets										
Miscellaneous	38,267	71,951	32,315	20,547	41,068	4,872	14,316	139,669	35,573	29,113
Net gain (loss) on sale of asset			105,387	87,400	71,972	56,851		1,496,281	2,529,358	708,896
Gain (loss) on impairment of asset - Hurricane Ivan										
Special Item					(1,306,106)	5,351,922 (c)		14,266,276 (d)		
Transfers	4,905,778	8,140,626	8,000,000	8,000,000	8,206,788	8,070,459	8,000,000	8,000,000	8,000,000	7,282,376
Overhead transfers	2,267,700	2,219,700	2,366,900	2,094,600	2,372,500	2,376,600	2,355,500	2,458,900	2,480,300	2,662,700
Total governmental activities	54,559,769	59,298,977	57,584,325	57,308,745	58,345,807	66,401,399	61,845,613	78,005,837	67,083,875	67,125,462
Business-type activities:										
Unrestricted investment earnings	267,732	31,993	42,597	106,780	121,682	170,836	215,216	467,169	837,949	1,353,089
Insurance recoveries										
Donation of capital assets										
Miscellaneous	327,094	350,963	392,351	371,655	373,481	511,037	424,772	919,630	753,915	605,249
Net gain (loss) on sale of asset			66,358	2,000	43,870	19,196		64,870	29,531	112,180
Gain (loss) on impairment of asset - Hurricane Ivan										
Special Item				470,000						
Transfers	(4,905,778)	(8,140,626)	(8,000,000)	(8,000,000)	(8,206,788)	(8,070,459)	(8,000,000)	(8,000,000)	(8,000,000)	(7,282,376)
Overhead transfers	(2,267,700)	(2,219,700)	(2,366,900)	(2,094,600)	(2,372,500)	(2,376,600)	(2,355,500)	(2,458,900)	(2,480,300)	(2,662,700)
Total business-type activities	(6,578,652)	(9,977,370)	(9,865,594)	(9,144,165)	(10,040,255)	(9,745,990)	(9,715,512)	(9,007,231)	(8,858,905)	(7,874,558)
Total primary government	\$ 47,981,117	\$ 49,321,607	\$ 47,718,731	\$ 48,164,580	\$ 48,305,552	\$ 56,655,409	\$ 52,130,101	\$ 68,998,606	\$ 58,224,970	\$ 59,250,904
Change in Net Position										
Governmental activities	\$ 6,031,433	\$ 11,122,555	\$ (15,811,756)	\$ 335,376	\$ 697,528	\$ 14,084,713	\$ 7,912,317	\$ 12,333,969	\$ 3,393,761	\$ 2,019,926
Business-type activities	8,274,719	(4,057,312)	1,843,016	11,949,026	5,504,627	11,354,928	11,279,996	25,394,283	26,869,390	16,193,232
Total primary government	\$ 14,306,152	\$ 7,065,243	\$ (13,968,740)	\$ 12,284,402	\$ 6,202,155	\$ 25,439,641	\$ 19,192,313	\$ 37,728,252	\$ 30,263,151	\$ 18,213,158

Notes: (a) In FY12, the City made a one time \$19.5 million contribution to ECUA for Main Street Waste Water Treatment Plant Relocation Project.

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

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

(d) In FY 17, the City cancelled the \$54,079,902 loan the CTA Investment Fund, LLC made to CMPA and the loan the City made to CTA Investment Fund, LLC which resulted in a net gain to the City of \$14,266,276.

(e) In FY 19, the City created the Hospital Special 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									
	2010	2011	2012	2013	2014	2015 (b)	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 145,873,745	\$ 160,201,917	\$ 170,014,519	174,961,171	\$ 175,446,759	\$ 173,000,255	\$ 163,348,312	\$ 190,491,657	\$ 191,203,167	\$ 186,615,457
Restricted	28,019,701	27,931,083	20,560,416	17,644,779	16,283,438	27,838,599	35,352,306	29,751,412	23,754,264	24,688,258
Unrestricted	14,505,027	11,388,028	(6,865,663) (a)	(8,838,200)	(7,264,919)	(63,328,173)	(53,277,620)	(62,486,102)	(58,653,937)	(52,980,295)
Total governmental activities net position	<u>\$ 188,398,473</u>	<u>\$ 199,521,028</u>	<u>\$ 183,709,272</u>	<u>183,767,750</u>	<u>\$ 184,465,278</u>	<u>\$ 137,510,681</u>	<u>\$ 145,422,998</u>	<u>\$ 157,756,967</u>	<u>\$ 156,303,494</u>	<u>\$ 158,323,420</u>
Business-type activities										
Net investment in capital assets	\$ 131,503,050	\$ 135,686,653	\$ 132,621,897	133,809,955	\$ 131,081,295	\$ 135,878,607	\$ 142,842,026	\$ 168,168,989	\$ 186,225,485	\$ 194,787,731
Restricted	8,734,350	8,791,433	8,800,733	8,833,733	8,703,100	9,904,200	9,956,165	10,497,398	12,176,912	13,227,612
Unrestricted	19,613,799	11,315,801	16,214,273	25,949,463	34,313,383	20,040,759	24,305,371	23,831,458	29,067,346	35,647,632
Total business-type activities net position	<u>\$ 159,851,199</u>	<u>\$ 155,793,887</u>	<u>\$ 157,636,903</u>	<u>168,593,151</u>	<u>\$ 174,097,778</u>	<u>\$ 165,823,566</u>	<u>\$ 177,103,562</u>	<u>\$ 202,497,845</u>	<u>\$ 227,469,743</u>	<u>\$ 243,662,975</u>
Primary government										
Net investment in capital assets	\$ 277,376,795	\$ 295,888,570	\$ 302,636,416	308,771,126	\$ 306,528,054	\$ 308,878,862	\$ 306,190,338	\$ 358,660,646	\$ 377,428,652	\$ 381,403,188
Restricted	36,754,051	36,722,516	29,361,149	26,478,512	24,986,538	37,742,799	45,308,471	40,248,810	35,931,176	37,915,870
Unrestricted	34,118,826	22,703,829	9,348,610	17,111,263	27,048,464	(43,287,414)	(28,972,249)	(38,654,644)	(29,586,591)	(17,332,663)
Total primary government net position	<u>\$ 348,249,672</u>	<u>\$ 355,314,915</u>	<u>\$ 341,346,175</u>	<u>352,360,901</u>	<u>\$ 358,563,056</u>	<u>\$ 303,334,247</u>	<u>\$ 322,526,560</u>	<u>\$ 360,254,812</u>	<u>\$ 383,773,237</u>	<u>\$ 401,986,395</u>

Notes: (a) In FY12, the City made a one time \$19.5 million contribution to ECUA for Main Steeet Waste Water Treatment Plant Relocation Project.

(b) The City implemented GASB Statement 68 in fiscal year 2015.

CITY OF PENSACOLA, FLORIDA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Function/Programs	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 3,153,786	\$ 3,042,474	\$ 7,713,091	\$ 3,003,380	\$ 3,153,436	\$ 3,283,833	\$ 3,427,107	\$ 3,700,398	\$ 3,901,755	\$ 4,479,037
Public safety	2,764,575	3,727,640	2,580,263	3,367,697	3,328,936	2,484,036	2,349,489	2,666,971	2,280,040	2,818,481
Transportation	1,011,626	801,324	793,491	538,138	859,734	2,807,030	1,911,016	808,801	695,121	747,358
Culture and recreation	7,558,660	9,447,660	7,145,440	8,091,572	4,990,080	6,822,539	5,076,963	4,168,728	3,916,783	4,118,589
Economic environment	16,784,456	16,263,534	12,418,071	14,930,338	13,503,294	16,793,245	17,147,764	17,850,657	17,484,499	16,858,471
Physical environment	2,525,097	2,616,516	2,773,464	2,693,205	3,364,557	5,922,116	5,544,459	6,955,096	4,970,010	4,411,169
Human services										14,462,332 (a)
Total governmental activities	<u>33,798,200</u>	<u>35,899,148</u>	<u>33,423,820</u>	<u>32,624,330</u>	<u>29,200,037</u>	<u>38,112,799</u>	<u>35,456,798</u>	<u>36,150,651</u>	<u>33,248,208</u>	<u>47,895,437</u>
Business-type activities:										
Utility	45,501,820	39,281,504	38,054,431	42,987,116	49,387,343	45,939,470	43,761,940	45,297,295	50,548,308	50,231,748
Sanitation	6,165,903	6,232,698	6,838,663	7,014,670	6,989,558	7,074,746	7,084,148	7,192,089	7,744,185	8,255,120
Port	1,828,028	2,068,779	2,586,212	2,532,976	2,026,744	2,108,450	2,457,376	2,753,554	4,971,116	5,186,090
Airport	30,400,960	23,268,997	24,492,113	31,305,284	24,654,572	29,063,107	33,399,848	48,091,477	43,455,317	33,308,533
Total business-type activities	<u>83,896,711</u>	<u>70,851,978</u>	<u>71,971,419</u>	<u>83,840,046</u>	<u>83,058,217</u>	<u>84,185,773</u>	<u>86,703,312</u>	<u>103,334,415</u>	<u>106,718,926</u>	<u>96,981,491</u>
Total primary government	<u>\$ 117,694,911</u>	<u>\$ 106,751,126</u>	<u>\$ 105,395,239</u>	<u>\$ 116,464,376</u>	<u>\$ 112,258,254</u>	<u>\$ 122,298,572</u>	<u>\$ 122,160,110</u>	<u>\$ 139,485,066</u>	<u>\$ 139,967,134</u>	<u>\$ 144,876,928</u>

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)

		Pre-GASB 54 Fiscal Year									
		2010									
General Fund											
Reserved	\$	1,277,400									
Unreserved		9,955,633									
Total General Fund	\$	<u>11,233,033</u>									
All Other Governmental Funds											
Reserved	\$	56,167,571 (a)									
Unreserved, reported in:											
Special revenue funds		8,460,053									
Capital projects funds		11,024,056									
Debt service funds		1,491,223									
Total all other governmental funds	\$	<u>77,142,903</u>									
		Post-GASB 54 Fiscal Year									
		2011 (d)	2012	2013	2014	2015	2016	2017	2018	2019	
General Fund											
Non-spendable	\$	12,617	\$ 24,780	\$ 33,976 (b)	\$ 37,491	\$ 31,016	\$ 28,729	\$ 23,339	\$ 23,422	\$ 26,635	
Restricted		544,198	428,618	381,561	447,395	632,697	665,283	891,857	1,038,512	880,968	
Committed		8,388,656	8,399,115	8,654,687	8,816,950	9,210,488	10,143,175	11,694,280	14,017,235	14,397,663	
Assigned		1,019,104	2,187,305	2,196,081	2,986,393	2,761,806	2,640,289	2,692,973	4,591,459	7,170,387	
Unassigned		1,309,029	1,100,516	1,167,855	1,110,671	1,102,141	1,128,736	1,721,705	208,800	1,516,294	
Total General Fund	\$	<u>11,273,604</u>	<u>\$ 12,140,334</u>	<u>\$ 12,434,160</u>	<u>\$ 13,398,900</u>	<u>\$ 13,738,148</u>	<u>\$ 14,606,212</u>	<u>\$ 17,024,154</u>	<u>\$ 19,879,428</u>	<u>\$ 23,991,947</u>	
All Other Governmental Funds											
Non-spendable	\$	459,554	\$ 3,163,567	\$ 7,661,628	\$ 3,770,589	\$ 7,510,198	\$ 3,437,808	\$ 3,519,866	17,153	19,944	
Restricted		71,421,175	66,544,108	58,187,514	57,319,028	58,928,951	75,306,214 (c)	38,838,782	53,562,885	62,274,000	
Committed		3,650,217	4,207,674	3,047,291	3,695,188	5,760,423	6,525,521	5,888,016	5,181,575	5,571,152	
Assigned		5,764	6,858	8,102	715,949	3,137,792	1,712,813	867,343	716,721	872,612	
Unassigned		(980,662)	(6,082,300)	(7,778,573)	(6,974,974)	(7,341,255)	(6,642,268)	(8,547,881)	(260,165)	(415,247)	
Total all other governmental funds	\$	<u>74,556,048</u>	<u>\$ 67,839,907</u>	<u>\$ 61,125,962</u>	<u>\$ 58,525,780</u>	<u>\$ 67,996,109</u>	<u>\$ 80,340,088</u>	<u>\$ 40,566,126</u>	<u>\$ 59,218,169</u>	<u>\$ 68,322,461</u>	

Notes: (a) Increase in fund balance reserves is related to the combination of the 2009 Redevelopment Revenue Bonds and subsequent loan to the Community Maritime Park Associate, Inc.

(b) Increase in non-spendable fund balance is related to the prepayment of bond principal in the Local Option Sales Tax fund

(c) Increase in restricted fund balance is related to the unspent bond proceeds in the Local Option Gas Tax Project Fund.

(d) The City implemented GASB Statement No. 54 for FY 2011.

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

	Fiscal Year									
Revenues	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Taxes	\$ 32,380,241	\$ 32,451,822	\$ 31,234,509	\$ 31,300,035	\$ 32,259,057	\$ 33,316,544	\$ 34,076,354	\$ 34,883,249	\$ 37,034,176	\$ 38,493,239
Licenses and permits	752,488	791,950	1,132,486	1,072,138	1,277,978	1,346,721	1,415,580	1,771,849	1,593,488	1,751,816
Franchise fees	8,497,930	8,432,262	7,774,176	7,518,556	8,295,596	8,565,974	8,289,710	8,218,881	8,727,806	8,635,180
Intergovernmental	30,498,606	32,971,501	28,045,478	29,348,015	25,037,986	34,883,053	31,227,672	31,348,598	30,882,832	31,258,032
Charges for services	4,825,173	4,617,672	5,842,665	6,584,768	6,472,779	6,634,483	6,995,182	7,008,094	6,621,643	6,763,745
Fines and forfeits	746,929	370,689	337,858	427,168	483,732	318,933	286,782	153,648	166,780	271,104
Assessments	89,911	28,246	51,729	10,663	35,191	14,347	27,187	78,741	52,326	14,519,578
Interest income	764,193	1,961,934	1,958,681	1,943,236	1,921,332	1,943,368	2,045,038	1,812,692	994,564	1,714,509
Donations	1,456,457	2,381,473	199,965	334,093	529,217	106,536	1,017,668	2,011,038	1,125,245	71,160
Other	748,346	672,779	706,264	809,905	1,576,588	915,518	1,320,438	775,965	840,582	647,406
Total revenues	80,760,274	84,680,328	77,283,811	79,348,577	77,889,456	88,045,477	86,701,611	88,062,755	88,039,442	104,125,769
Expenditures										
Current -										
General government	6,971,798	8,954,870	7,986,834	8,822,473	8,370,721	9,763,178	8,731,145	8,756,239	9,394,210	9,315,718
Public safety	29,826,611	29,097,514	29,892,275	29,678,412	31,613,523	33,344,112	32,344,989	31,692,091	32,948,093	33,820,334
Transportation	2,454,335	2,283,148	2,531,637	2,208,999	2,558,589	3,002,495	3,703,713	2,601,106	2,484,138	3,030,089
Culture and recreation	12,464,329	12,189,319	15,962,500	13,224,751	8,265,301	9,888,492	8,961,041	8,901,116	9,207,741	9,255,731
Economic environment	14,700,741	14,811,906	13,671,431	14,720,255	13,795,153	16,379,088	16,512,073	17,840,723	17,613,088	16,821,741
Physical environment	2,890,347	2,464,243	3,009,598	2,918,934	4,927,340	5,596,702	3,345,057	4,089,950	3,233,928	4,190,835
Human services	51,900	37,100	30,000	30,000	30,000	30,000	30,000	30,000	30,000	14,492,331
Capital outlay	16,154,212	18,616,603	14,483,196	11,278,564	9,115,258	10,770,532	12,963,404	18,210,965	23,324,603	14,190,938
Debt service -										
Principal retirement	3,231,188	3,354,959	3,504,241	6,884,053 (a)	3,365,000	3,520,000	3,695,000	4,561,000	7,740,418	6,332,419
Interest	1,477,422	3,989,355	4,162,404	5,988,052	5,758,346	5,602,755	5,600,516	5,182,598	3,934,010	4,240,349
Total expenditures	90,222,883	95,799,017	95,234,116	95,754,493	87,799,231	97,897,354	95,886,938	101,865,788	109,910,229	115,690,485
Excess (deficiency) of revenues over (under) expenditures	(9,462,609)	(11,118,689)	(17,950,305)	(16,405,916)	(9,909,775)	(9,851,877)	(9,185,327)	(13,803,033)	(21,870,787)	(11,564,716)

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

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Other financing sources (uses)										
Transfers in	23,899,753	20,688,877	28,398,726	20,869,255	65,692,097 (b)	22,172,579	21,700,560	22,697,499	18,645,522	23,813,700
Transfers (out)	(16,969,220)	(12,188,877)	(19,898,726)	(12,869,255)	(57,485,309) (b)	(14,379,367)	(13,525,081)	(13,388,403)	(10,645,522)	(16,531,324)
Capital Lease Note Issuance						6,460,954 (d)				
Loan proceeds								100,000		58,140,000
Sale of capital assets	725,270	72,405	105,387	87,400	67,545	55,366		1,487,365	2,526,004	701,970
Contributed capital from other funds	47,995									
Contributed capital from other governments	3,264,631									
Reimbursement of prior year expenditures	2,276,579									
Insurance recoveries	74,429							20,000		
Payment to refund debt	(20,000,000)									(41,182,811)
Bonds Issued	63,610,352						14,314,000	5,389,000	33,000,000	
Issuance Cost	(634,574)						(92,109)	(44,822)	(147,900)	(160,008)
Total other financing sources (uses)	<u>56,295,215</u>	<u>8,572,405</u>	<u>8,605,387</u>	<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>
Net change in fund balances										
before prior period adjustments/special items	<u>46,832,606</u>	<u>(2,546,284)</u>	<u>(9,344,918)</u>	<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>
Special Item-NMTC Unwind								(39,813,626) (e)		
Special item - sale of capital asset			3,495,507							
Special item - BP Settlement						5,351,922 (c)				
PPA/Change in accounting principle				1,898,397						
Net change in fund balances	<u>\$ 46,832,606</u>	<u>\$ (2,546,284)</u>	<u>\$ (5,849,411)</u>	<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>
Debt service as a percentage of noncapital expenditures	6.33%	9.49%	9.46%	15.19%	11.59%	10.47%	11.21%	11.65%	13.48%	10.42%

Notes: (a) In FY 13, principal payments on the Capital Funding Revenue Bonds, Series 2010 A began.

(b) In FY 14, Maritime Community Construction Fund was closed and residual equity transfers were made to the CRA and Debt Service Fund.

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

(d) In FY 15, Motorola released \$6,460,954 to finance the acquisition of technology related equipment.

(e) In FY 17, the City forgave the loan made with CTA Investment Fund, LLC of \$39,813,626.

REVENUE CAPACITY

CITY OF PENSACOLA, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Personal Property	Real Property	Central Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2010	\$ 569,930	\$ 4,557,110	\$ 6,093	\$ 2,037,452	\$ 3,095,681	4.5395
2011	555,898	4,435,062	4,731	1,977,899	3,017,792	4.5395
2012	534,538	4,300,878	5,391	1,873,379	2,967,428	4.2895
2013	517,534	4,147,698	5,277	1,763,287	2,907,222	4.2895
2014	552,382	4,223,888	5,581	1,840,040	2,941,811	4.2895
2015	539,820	4,491,889	5,682	1,964,598	3,072,793	4.2895
2016	561,229	4,729,674	5,627	2,109,546	3,186,984	4.2895
2017	507,305	5,034,056	5,850	2,222,806	3,324,405	4.2895
2018	520,566	5,306,319	5,809	2,307,122	3,525,572	4.2895
2019	557,576	5,717,586	6,173	2,500,346	3,780,989	4.2895

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
2010	4.5395	2.0000	7.8600	6.9755		0.0450
2011	4.5395	2.0000	7.8600	6.9755		0.0450
2012	4.2895	2.0000	7.8210	6.9755		0.0400
2013	4.2895	2.0000	7.7580	6.9755		0.0400
2014	4.2895	2.0000	7.5570	6.6165	0.3590	0.0400
2015	4.2895	2.0000	7.3220	6.6165	0.3590	0.0390
2016	4.2895	2.0000	7.1130	6.6165	0.3590	0.0378
2017	4.2895	2.0000	6.8760	6.6165	0.3590	0.0366
2018	4.2895	2.0000	6.6310	6.6165	0.3590	0.0353
2019	4.2895	2.0000	6.3250	6.6165	0.3590	0.0338

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	2019			2010		
	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	\$ 220,833,257	1	0.87%	\$ 181,611,994	1	0.87%
Gulf Power	126,045,417	3	0.50%	95,621,085	2	0.46%
Baptist Hospital	126,226,573	2	0.50%	----	----	----
Simon Debartolo Group	41,648,660	4	0.16%	36,919,157	3	0.18%
Armstrong World Industries	28,930,171	5	0.11%	33,180,261	4	0.16%
Wal-mart	22,406,410	6	0.09%	25,976,056	5	0.12%
Chapins Landing Trustee LLC	15,934,670	7	0.06%	----	----	----
Skanska USA	15,576,334	8	0.06%	----	----	----
Holi Corp	13,560,894	9	0.05%	----	----	----
SUSO 4 Cordova	13,689,000	10	0.05%	----	----	----
Bellsouth/Southern Bell	----	----	----	22,043,392	6	0.11%
Pensacola POB Inc.	----	----	----	16,597,685	7	0.08%
Reichhold Inc/Arizona Chemical	----	----	----	15,933,316	8	0.08%
Moulton Properties	----	----	----	14,975,691	9	0.07%
Lowes Home Centers	----	----	----	19,552,360	10	0.09%
Total	\$ <u>624,851,386</u>		<u>2.46%</u>	\$ <u>462,410,997</u>		<u>2.21%</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
2010	\$ 14,052,844	13,592,771	96.7%	\$ 93,858	\$ 13,686,629	97.4%
2011	13,699,265	13,246,835	96.7%	71,914	13,318,749	97.2%
2012	12,728,569	12,279,754	96.5%	31,847	12,311,601	96.7%
2013	12,470,529	12,055,999	96.7%	40,546	12,096,545	97.0%
2014	12,618,899	12,170,283	96.4%	62,311	12,232,594	96.9%
2015	13,156,494	12,701,481	96.5%	27,493	12,728,974	96.8%
2016	13,670,568	13,232,668	96.8%	80,105	13,312,773	97.4%
2017	14,260,035	13,768,035	96.6%	12,989	13,781,024	96.6%
2018	15,122,942	14,589,079	96.5%	49,369	14,638,448	96.8%
2019	16,218,558	15,655,210	96.5%	62,946	15,718,156	96.9%

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (a)</u>
General merchandise stores	\$ 685,603	\$ 698,467	\$ 700,221	\$ 719,356	\$ 741,251	\$ 747,540	\$ 796,846	\$ 764,661	\$ 772,478	\$ 466,588
Grocery stores	212,553	217,919	227,557	232,516	242,179	252,702	259,820	275,592	291,707	177,942
Hotels and apartments	146,774	181,714	196,948	212,653	239,013	260,427	278,032	292,298	325,431	190,789
Lumber and building materials	209,492	198,282	217,582	246,944	269,521	273,741	306,993	343,579	368,248	236,531
Manufacturing and mining	69,889	73,577	59,046	68,843	62,944	69,620	79,555	101,702	130,644	72,317
Motor vehicle dealers	563,280	625,711	705,531	743,242	823,294	861,382	902,727	948,633	995,785	620,489
Office space and commercial rentals	199,864	202,963	208,092	213,965	217,941	220,022	226,118	232,768	272,278	177,247
Restaurants and lunchrooms	466,225	494,623	524,039	549,825	576,942	614,241	645,724	674,666	698,068	422,790
Total	<u>\$ 2,553,680</u>	<u>\$ 2,693,256</u>	<u>\$ 2,839,016</u>	<u>\$ 2,987,344</u>	<u>\$ 3,173,085</u>	<u>\$ 3,299,675</u>	<u>\$ 3,495,815</u>	<u>\$ 3,633,899</u>	<u>\$ 3,854,639</u>	<u>\$ 2,364,693</u>

City direct sales tax rate (b)

Source: Florida Department of Revenue

Notes: Data presented reflects Escambia County.

(a) 2019 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
2010	1.00%	0.50%
2011	1.00%	0.50%
2012	1.00%	0.50%
2013	1.00%	0.50%
2014	1.00%	0.50%
2015	1.00%	0.50%
2016	1.00%	0.50%
2017	1.00%	0.50%
2018	1.00%	0.50%
2019	1.00%	0.50%

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)

	2019			2010	
	Tax Liability (a)	Percentage of Total		Liability (a)	Percentage of Total
Retail trade	\$ 186,586	51.61%	\$	126,798	53.60%
Services	71,473	19.77%		49,173	20.79%
Manufacturing and mining	7,812	2.16%		3,651	1.54%
Wholesale trade	11,787	3.26%		5,603	2.37%
Construction	25,818	7.14%		13,635	5.76%
Finance, insurance, and real estate	38,295	10.59%		21,202	8.96%
Transportation and utilities	14,683	4.06%		13,180	5.57%
Agricultural	2,057	0.57%		1,291	0.55%
Other	3,039	0.82%		2,026	0.86%
Total	\$ <u>361,550</u>	<u>100.00%</u>	\$	<u>236,559</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Type of Customer										
Residential -Inside City Limits	406	350	245	286	347	306	243	201	270	257
Residential -Outside City Limits	882	775	570	650	767	695	578	501	640	611
Commercial -Inside City Limits	331	322	304	307	322	310	301	298	324	326
Commercial -Outside City Limits	464	436	393	407	441	415	390	351	401	408
Municipal	18	68	27	23	26	25	24	22	25	23
Interruptible	648	630	633	1,063	1,089	1,046	944	639	647	707
Transportation	954	1,007	1,068	1,159	1,331	1,377	1478	1887	1978	1799
Total	<u>3,703</u>	<u>3,588</u>	<u>3,240</u>	<u>3,895</u>	<u>4,323</u>	<u>4,174</u>	<u>3,958</u>	<u>3,899</u>	<u>4,285</u>	<u>4,131</u>
Total direct rate per Mcf (a)	\$ 15.25	\$ 14.91	\$ 16.55	\$ 16.93	\$ 17.21	\$ 19.86	\$ 22.25	\$ 24.99	\$ 23.02	\$ 23.60

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)
2010	7.25	6.50	7.38	8.29	8.27	7.30	12.43	6.50	7.59
2011	7.25	6.50	7.15	8.29	8.27	7.15	12.43	6.50	6.84
2012(c)	8.95	7.52	8.27	10.00	9.29	8.31	15.85	7.52	7.37
2013	8.95	7.52	8.46	10.00	9.29	8.49	15.85	7.52	7.91
2014(d)	9.08	7.63	7.88	10.15	9.43	7.92	16.09	7.63	7.77
2015(e)	9.22	7.74	7.51	10.30	9.57	7.47	16.33	7.74	7.23
2016(f)	9.21	7.73	9.54	10.29	9.56	9.54	16.31	7.73	8.17
2017	9.21	7.73	11.75	10.29	9.56	11.67	16.31	7.73	9.72
2018 (g)	9.52	7.99	8.51	10.63	9.88	8.49	16.85	7.99	7.40
2019 (h)	9.75	8.18	8.47	10.88	10.12	8.46	17.25	8.18	7.88

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)
2010	14.50	8.27	7.57	16.57	2.38	7.53	150.00	N/A	N/A
2011	14.50	8.27	6.85	16.57	2.38	6.76	150.00	N/A	N/A
2012(c)	18.00	9.29	7.37	20.00	2.93	6.36	200.00	N/A	N/A
2013	18.00	9.29	7.97	20.00	2.93	7.55	200.00	N/A	N/A
2014(d)	18.27	9.43	7.74	20.30	2.97	7.64	200.00	N/A	N/A
2015(e)	18.54	9.57	7.26	20.60	3.01	7.15	200.00	N/A	N/A
2016(f)	18.52	9.56	8.28	20.58	3.01	7.72	200.00	N/A	N/A
2017	18.52	9.56	9.88	20.58	3.01	8.70	200.00	N/A	N/A
2018 (g)	19.14	9.88	7.75	21.26	3.11	7.20	200.00	N/A	N/A
2019 (h)	19.60	10.12	7.79	21.77	3.18	7.26	200.00	N/A	N/A

Source: Pensacola Energy

- Notes:** (a) The Purchase Gas Adjustment (PGA) is a monthly adjustment to the gas rate due to increases in the cost of gas purchased for resale. The Weather Normalization Adjustment (WNA) is an adjustment to the gas rate to account for fluctuations in consumption due to colder or warmer weather during the months of October through March of the previous or current fiscal year. PGA and WNA rates are based on a yearly average. Both the base rate and the PGA/WNA rates need to be taking into consideration when determining the yearly rate per Mcf.
- (b) Interruptible and transportation rates per Mcf are not reported as rates are negotiated on a customer by customer bases.
- (c) The increase to rates took effect in the beginning of the monthly October 2011 billing cycle
- (d) The increase to rates took effect in the beginning of the monthly October 2013 billing cycle
- (e) The increase to rates took effect in the beginning of the monthly October 2014 billing cycle
- (f) The decrease to rates took effect in the beginning of the monthly October 2015 billing cycle
- (g) The increase to rates took effect in the beginning of the monthly October 2017 billing cycle
- (h) The increase to rates took effect in the beginning of the monthly October 2018 billing cycle

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	Capital Leases	Gas Revenue Bonds/Notes	Airport Revenue Bonds/Notes			
2010	\$ 9,315	18,190	\$ -	\$ 1,198	\$ 45,640	\$ -	\$ 12,255	\$ 77,450	\$ 164,048	2.50%	\$ 551
2011	6,345	18,190	-	813	45,640	-	10,850	76,930	158,768	2.38%	532
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	6,461	19,355	60,254	151,069	1.88%	479
2018	-	25,000	12,750	13,008	41,074	4,915	16,830	59,988	173,565	2.16%	542
2019	-	23,048	11,434	70,825	1,175	3,323	15,105	50,594	175,504	2.16%	552

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, 2019
(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	\$ 121,762	16.71%	\$ 20,346
Capital Improvement Bonds/Notes	46,347	16.71%	7,745
Escambia County School District			
State Board of Education Bonds	1,505	16.71%	251
Sales Tax Revenue Bonds	48,791	16.71%	8,153
Certificates of Participation	14,549	16.71%	2,431
Subtotal, overlapping debt			<u>38,927</u>
City Direct Debt			
City direct debt bond(s)/notes			106,482
City direct debt capital leases			<u>3,323</u>
Subtotal, direct debt			<u>109,805</u>
Total direct and overlapping debt			<u>\$ 148,732</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 \$7,742,315 of unamortized premiums.

Escambia County Sales Tax Revenue Bonds, Series 2017 and Capital Improvement Refunding Revenue Bonds, Series 2018 includes \$14,854,399 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		
2010	\$ 6,487	\$ 3,397	6,240	\$ 2,860	\$ 434	4.89	\$ 5,866	\$ -	\$ 113	51.91	
2011	6,649	3,673	6,159	2,970	319	5.01	6,323	-	563	11.23	
2012	6,466	3,716	5,504	3,105	192	4.76	6,402	-	877	7.30	
2013	6,621	3,845	5,152	3,240	65	4.73	6,666	2,695	821	1.90	
2014	7,425	4,054	5,793	-	-	-	7,015	2,805	708	2.00	
2015	7,773	4,192	6,110	-	-	-	7,337	2,940	575	2.09	
2016	7,711	4,359	5,880	-	-	-	7,662	3,090	596	2.08	
2017	7,874	4,479	5,688	-	-	-	7,882	3,245	242	2.26	
2018	8,495	4,810	5,920	-	-	-	8,524	3,415	331	2.28	
2019	8,500	5,062	5,761	-	-	-	8,901	1,952	517	3.61	
Community Redevelopment Bond(s)						Eastside Community Redevelopment Bond(s)					
Fiscal Year	Urban Core Tax Increment Revenues	Debt Service (g)		Coverage	Eastside Tax Increment Revenues	Debt Service		Coverage			
		Principal	Interest			Principal	Interest				
2010	\$ 4,317	\$ 371	\$ 58	10.06	\$ -	\$ -	\$ -	-			
2011	4,068	385	44	9.48	-	-	-	-			
2012	3,959	399	2,115	1.57	-	-	-	-			
2013	3,791	949	2,101	1.24	-	-	-	-			
2014	3,790	560	2,142	1.40	-	-	-	-			
2015	4,075	580	2,112	1.51	-	-	-	-			
2016	4,428	605	2,087	1.64	-	-	-	-			
2017	4,794	1,045	2,064	1.54	104	-	-	-			
2018	5,260	1,210	2,130	1.57	120	62	27	1.35			
2019	5,898	1,255	2,899	1.42	159	48	41	1.79			

(continued)

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

Westside Community Redevelopment Bond(s)					Local Option Gas Tax Revenue Bonds				
Fiscal Year	Westside Tax Incremental Revenues	Debt Service		Coverage	Local Option Gasoline Tax	Debt Service		Coverage	
		Principal	Interest			Principal	Interest		
2010	\$ -	\$ -	\$ -	-	\$ 1,610	\$ -	\$ -	-	
2011	-	-	-	-	1,569	-	-	-	
2012	-	-	-	-	1,557	-	-	-	
2013	-	-	-	-	1,525	-	-	-	
2014	-	-	-	-	1,554	-	-	-	
2015	-	-	-	-	1,542	-	-	-	
2016	-	-	-	-	1,462	-	-	-	
2017	195	-	-	-	1,477	271	242	2.88	
2018	307	194	85	1.10	1,366	1,293	245	0.89	(h)
2019	432	150	129	1.55	1,364	1,316	221	0.89	(h)

Gas Revenue Bonds							
Fiscal Year	Utility Charges for Services	Less: Operating Expense	(a)	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2010	\$ 45,743	\$ 34,312		\$ 11,431	\$ 525	\$ 404	12.30
2011	39,439	30,961		8,478	1,405	251	5.12
2012	37,222	24,470		12,752	1,405	390	7.10
2013	43,212	27,939		15,273	1,895	416	6.61
2014	49,488	33,176		16,312	1,955	358	7.05
2015	45,783	29,947		15,836	2,010	306	6.84
2016	43,642	30,450		13,192	2,075	240	5.70
2017	45,094	32,549		12,545	2,026	246	5.52
2018	50,240	33,788		16,452	2,525	386	5.65
2019	50,630	32,761		17,869	1,725	317	8.75

(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			
2010	\$ 15,645	\$ 14,296	\$ 248	\$ 14,048	\$ 1,597	\$ 1,520 (d)	\$ 1,492 (c)	0.53	3,250	1.61
2011	16,162	14,369	21	14,348	1,814	100	1,162	1.44	876	2.13
2012	16,188	12,687	33	12,654	3,534	1,980	1,284	1.08	2,459	1.84
2013	16,788	12,037	12	12,025	4,763	2,040	1,310	1.42	678	1.62
2014	16,793	11,491	-	11,491	5,302	2,080	1,333	1.55	858	1.80
2015	18,796	11,090	221	10,869	7,927	2,145	1,277	2.32	1,246	2.68
2016	19,479	12,759	-	12,759	6,720	2,180	1,082	2.06	2,407	2.80
2017	19,111	12,847	101	12,746	6,365	2,275	986	1.95	3,479	3.02
2018	20,525	13,311	43	13,268	7,257	2,315	777	2.35	4,749	3.88
2019	22,984	15,078	62	15,016	7,968	2,831	723	2.24	6,437	4.05

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	
2010	\$ 998	\$ -	\$ 998	\$ -	\$ 195	5.12	\$ 2,978	\$ 185	\$ 1,735	1.55
2011	2,027	-	2,027	-	139	14.58	3,082	420	1,719	1.44
2012	1,809	886	923	-	145	6.37	3,003	440	1,698	1.40
2013	1,944	662	1,282	-	114	11.25	2,958	460	1,675	1.39
2014	2,128	741	1,387	-	109	12.72	3,025	485	1,652	1.42
2015	2,424	720	1,704	-	118	14.44	3,104	510	1,627	1.45
2016	2,415	640	1,775	-	94	18.88	3,127	535	1,600	1.46
2017	2,540	679	1,861	-	141	13.20	3,299	560	1,573	1.55
2018	2,730	711	2,019	-	228	8.86	3,876	590	1,543	1.82
2019	2,972	1,037	1,935	-	176	10.99	4,323	263	658	4.69

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.

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
2010	51,923	(a) 297,619	(a) \$ 6,566,070	\$ 22,062	37	40,049	11.1%
2011	51,839	298,259	6,679,510	22,395	38	39,658	10.4%
2012	52,508	300,701	6,777,801	22,540	38	39,870	8.3%
2013	51,820	303,567	7,102,254	23,396	37	40,077	6.5%
2014	52,028	306,630	7,187,713	23,441	38	40,127	5.8%
2015	52,191	309,539	7,433,269	24,014	39	40,206	4.7%
2016	53,690	314,788	7,572,855	24,057	37	40,125	4.9%
2017	54,185	315,607	8,044,507	25,489	37	40,234	4.9%
2018	54,583	320,502	8,030,819	25,057	37	39,807	4.0%
2019	54,422	318,174	8,139,527	25,582	37	39,499	3.3%

Source: Population, personal income, median age and unemployment rate data provide by the University of West Florida, HAAS center and U.S. Bureau of Labor Statistics. School enrollment data provided by Escambia county school system, public relations office.

Notes: All data is applicable to Escambia County except for Pensacola population.
(a) Decrease in population numbers are based on the United States Census in 2010.

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

	2019			2010		
	Employees	Rank	Percentage of Total MSA Employment	Employees	Rank	Percentage of Total MSA Employment
<u>Employer</u>						
Federal Government	29,800	1	15.90%	6,500	2	3.42%
Navy Federal Credit Union	8,441	2	4.50%	----	----	----
Local Government	7,400	3	3.95%	16,500	1	8.67%
Baptist Health Care	7,347	4	3.92%	4,013	5	2.11%
State Government	6,800	5	3.63%	6,200	3	3.26%
Sacred Heart Health System	4,820	6	2.57%	5,000	4	2.63%
Gulf Power Company	1,774	7	0.95%	1,400	8	0.74%
Ascend Performace Materials	1,288	8	0.69%	1,400	7	0.74%
West Florida Healthcare	1,200	9	0.64%	1,300	9	0.68%
Innisfree Hotel	750	10	0.40%	----	----	----
Lakeview Center	----	----	----	2,000	6	1.05%
University of West Florida	----	----	----	1,231	10	0.65%
Total	<u>69,620</u>		<u>37.14%</u>	<u>45,544</u>		<u>23.93%</u>

Source: Florida West and U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Program.

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities:										
General Government										
Permits issued	5,259	5,444	5,659	5,796	6,818	6,729	7,162	8,034	8,606	9,105
Building inspections conducted	11,305	11,056	11,482	10,998	13,682	14,021	13,661	15,067	18,642	18,666
Police										
Residential burglary responses	426	478	640	457	463	354	360	321	272	183
Commercial burglary responses	144	137	144	81	82	108	84	62	60	49
Emergency responses	92,991	86,845	94,911	96,808	83,375	82,201	84,804	94,293	93,800	87,706
Physical arrests	3,375	3,402	3,316	3,773	3,225	3,174	2,438	2,972	3,697	3,959
Traffic violations	5,795	6,040	6,018	8,179	8,199	6,826	6,795	7,996	7,315	8,391
Fire										
Emergency responses	6,117	5,855	6,050	5,896	5,846	6,446	6,323	7,166 (l)	7,571 (l)	7,874
Fires extinguished	227	212	222	197	187	221	197	255 (l)	210 (l)	252
Inspections	1,527	1,655	1,652	764 (f)	676	776	1,041	2,034 (l)	2,824 (l)	2,574
Transportation (a)										
Traffic signals maintained	271	254	293	388	363	333	449	328	354	291
Traffic warning signals maintained	35	347	38	27	41	29	32	34	31	25
Street lights maintained	151	180	197	273	199	221	209	294	207	233
Street name markers replaced	188	195	204	192	284	206	257	194	213	297
Traffic control signs replaced	484	489	659	749	748	740	978	1,037	996	1,007
Culture and recreation										
Parks and recreation										
Number of programs offered	269	206	258	309	324	298	425	452	459	477
City resident program participants	431,517	294,848 (e)	363,183	452,968	231,624 (h)	189,292	310,437 (k)	277,241	338,461	307,117
County resident program participants	40,955	58,571	52,763	57,243	65,248	45,272	113,682	99,795	76,913	61,456
Golf Course										
Rounds played	34,713	14,452	36,643	36,570	20,408 (g)	18,449	25,874	27,394	26,243	25,487
Tournaments held	65	21	56	59	56	62	74	78	79	79
Tournament participants	3,656	1,092	3,149	3,245	2,273	3,410	4,810	4,914	4,983	4,972
Libraries (c)										
Items circulated	820,091	744,487	746,146	702,345	-	-	-	-	-	-
Public computer use	174,053	162,112	149,746	153,443	-	-	-	-	-	-
Program Attendance	12,535	10,913	13,364	15,518	-	-	-	-	-	-
Information Transactions	97,616	80,132	88,407	114,002	-	-	-	-	-	-
City resident library card usage	36,736	36,459	31,401	29,079	-	-	-	-	-	-
County resident library card usage	95,194	95,158	83,438	81,983	-	-	-	-	-	-
Economic environment										
Homes repaired/rehabilitated	14	11	3	22	25	32	28	12	27	11
New homes constructed	7	4	2	3	4	4	3	2	2	-
First-time homebuyers assisted/Foreclosure Prevention	113	54	120	99	76	142 (i)	115	122	130	76
Families assisted (monthly)	2,163	2,260	2,179	2,321	2,247	2,375	2,376	2,417	2,285	2,165
Housing inspections conducted	4,077	3,776	5,034	4,762	4,553	4,793	4,108	3,912	3,532	3,618
Nutritional Meal Programs (monthly)	1,667	1,903	1,241	1,306	1,389	1,653	1,997	1,721	1,382	1,382
Physical environment (a)										
Miles of paved streets swept	25,989	16,266	29,232	24,467	22,754	22,825	22,907	21,619	23,743	22,381

(continued)

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

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Business-type Activities:										
Utility										
Average daily consumption in mmbtu's (b)	9,286	8,707	7,404	9,245	10,662	10,371	9,748	9,564	10,527	10,167
Maximum daily consumption in mmbtu's	36,096	32,611	23,363	26,612	38,569	32,629	28,093	28,803	39,593	25,955
In City customer connections	16,545	16,581	16,580	16,581	16,214	16,236	15,853	14,461	13,664	13,853
Outside City customer connections	41,344	41,091	40,990	41,193	41,686	41,741	40,788	37,329	35,350	35,821
Sanitation										
Customers	18,958	18,962	19,095	19,176	19,224	19,325	19,535	19,747	19,895	20,402
Refuse collected (tons)										
Garbage	15,720	14,724	14,805	15,308	15,113	14,512	15,395	15,455	15,685	16,510
Green Waste	11,170	12,201	12,583	11,999	12,691	13,001	14,769	13,211	13,281	12,523
Recycling (new in FY 2009)	3,974	4,444	4,539	3,847	3,782	4,805	4,745	4,605	4,141	4,282
Construction/Demolition (C&D)	1,659	1,442	1,676	1,582	1,429	1,579	2,202	2,213	1,568	1,739
Port										
Tonnage exported	45,857	55,502	67,003	66,927	98,468	56,696	30,506	54,641	36,269	10,517
Tonnage imported	223,558	207,089	157,156	148,514	86,814	161,073	170,503	177,294	78,445	81,893
Number of vessels in port	36	51	69	74	68	54	51	20	31	29
Airport										
Mainland carriers	4	2	2	2	3	2	2	3	5	5
Regional commuter services	6	11	9	8	7	7	9	10	10	10
Passengers enplaned	719,648	780,621	756,229	758,158	774,320	797,854	802,260	834,504	951,751	1,100,121
Passengers deplaned	720,098	780,919	758,769	758,376	768,662	796,204	802,482	834,393	950,920	1,100,445
Air freight enplaned in pounds	212,729	225,829	4,229,417	4,563,173	4,608,702	4,617,580	4,196,031	4,839,066	5,815,192	4,763,078
Mail enplaned in pounds	54	165	-	476	576	2,513	2 (j)	1,202	-	-
Total flights (private and commercial)	125,552	117,053	105,333	102,502	105,630	104,400	97,858	114,026	115,268	125,213

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 January 2009, Airborne Express stopped using the Airport's cargo ramp for its local operations.

(e) In 2010 and prior playground attendance was considered a separate program; starting in FY11 playground attendance is not considered a separate program.

(f) In 2013, the Fire Dept had a temporary decrease in staff which resulted in fewer inspections.

(g) In 2014, the Golf Course was damaged due to a flood in April

(h) 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.

(i) Beginning in FY 14, the City initiated a new program to prevent foreclosure.

(j) In 2016, commercial airlines have shifted from carrying mail to allow more space for passenger luggage which produces greater revenue.

(k) The increase in participants in the center programs was due to implementation of new programs.

(l) Fire operating Indicators were restated for years 2017 and 2018.

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

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities:										
General Government										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	134	140	140	140	140	140	140	146	148	149
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Apparatus	31	31	31	31	31	31	31	31	31	31
Transportation (a)										
Miles of street	332	332	332	332	332	332	332	325	325	325
Traffic warning signals	43	51	60	57	60	60	64	66	66	65
Traffic control signals	90	90	92	92	92	92	92	92	92	92
Traffic control signs	8,193	10,033	10,293	10,367	10,581	10,543	10,519	10,536	10,557	10,621
Culture and recreation										
Parks and recreation										
Parks	92	92	93	93	93	93	93	93	93	93
Acreage	478	478	517	517	517	592	592	592	593	600
Golf course										
Par	72	70	70	70	70	70	70	70	70	70
Acreage	123	123	123	123	123	108	123	123	123	123
Yardage	6,400	6,400	6,400	6400	6,400	6,450	6,400	6,400	6,400	6,400
Libraries (b)										
Number of libraries	3	3	3	3	-	-	-	-	-	-
Number of volumes	301,434	292,291	296,373	309,609	-	-	-	-	-	-
Economic environment (a)										
Street lights	7,694 (c)	7,757	7,780	7,804	7,794	7,798	7,891	7,887	7,906	8,124
Street name markers	5,287 (c)	5,676	5,676	5,676	5,685	5,691	5,703	5,709	5,711	5,734
Berths	3	3	3	3	3	3	3	3	3	3
Physical environment										
Street Sweepers	6	7	7	7	7	7	7	7	7	7

(continued)

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

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Business-type activities:										
Utility										
Miles of gas mains	1,627	1,630	1,632	1,638	1,680	1,610	1,621	1,639	1,654	1,719
Sanitation										
Collection trucks - residential										
Garbage	12	12	12	11	11	11	11	11	10	10
Collection trucks - trash collection										
Container	2	2	2	2	2	2	2	2	2	2
Grapplers	9	9	9	9	9	9	9	9	9	10
Shuttle	2	2	2	2	2	2	2	2	2	2
Dump	1	1	1	1	1	1	-	-	-	-
Tractor	1	1	1	1	1	1	1	1	1	1
Shuttle trailers	8	8	8	8	8	8	8	8	8	8
Collection trucks - residential										
Recycling	4	4	4	6	6	6	7	7	5	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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities:										
General Government										
Mayor	0	6	11	11	10	9	8	8	8	8
City Manager	5	0	0	0	0	0	0	0	0	0
City Clerk	3	3	3	3	3	4	3	3	2	2
City Council	0	0	1	1	2	2	4	5	5	5
Legal	3	3	4	4	4	4	3	3	4	4
Human Resources	7	7	9	8	7	7	7	10	10	10
Civil Service	2	2	0	0	0	0	0	0	0	0
Financial Services	32	31	29	29	27	27	27	25	25	25
Planning Services	10	12	8	7	6	6	7	8	7	8
Garage	18	17	17	17	17	17	17	17	17	17
Technology Resources	16	16	17	17	14	14	15	14	14	14
CRA	2	2	2	2	0	0	0	2	2	2
Public Safety										
Police	209	204	205	204	203	203	204	204	204	204
Fire	114	111	111	114	114	114	115	116	123 (e)	123
Inspection Services	11	9	10	10	10	11	12	12	12	12
Transportation										
Public Works	12	12	54 (b)	46	24 (d)	24	23	23	23	23
Culture and Recreation										
Neighborhood Services (a)	80	73	28 (b)	29	48 (d)	48	47	48	48	48
Golf Course	5	5	5	4	4	4	3	3	3	3
Library (c)	40	40	36	36	0	0	0	0	0	0
Economic Environment										
Housing	23	23	22	22	22	20	20	20	20	20
Physical Environment										
Stormwater utility	29	29	29	26	26	26	27	27	27	27
Engineering	12	13	12	9	8	8	8	8	8	8
Business-type activities:										
Utility	122	121	117	117	117	117	117	117	115	114
Sanitation	47	43	41	43	43	43	43	43	43	43
Port	10	10	10	10	9	9	9	9	8	8
Airport	63	68	61	61	53	53	51	51	53	53
	<u>875</u>	<u>860</u>	<u>842</u>	<u>830</u>	<u>771</u>	<u>770</u>	<u>770</u>	<u>776</u>	<u>781</u>	<u>781</u>

Source: City Budget Office

Notes: (a) Number of employees represent full time budgeted positions. Parks and recreation has part-time temporary employees to help facilitate programs during the summer.
(b) As part of reorganization, public works employees moved to park works.
(c) Beginning October 2014, the City was no longer responsible for the library system. The library system was transferred to the County at the end of the previous fiscal year.
(d) As part of reorganization, public works employees moved to park works.
(e) Six fire cadets were added with the revitalization of the Fire Cadet Program.

OTHER AUDIT REPORTS SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pensacola, Florida ("the City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 10, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Warren Averett, LLC

Pensacola, Florida
February 10, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM, STATE PROJECT AND PASSENGER FACILITY
CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility Charge Program

We have audited the City of Pensacola, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that could have a direct and material effect on each of the City's major federal programs, state projects and its passenger facility charges for the year ended September 30, 2019. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs, state projects, and passenger facility charges.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs, state projects, and passenger facility charges based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards, the Uniform Guidance, Chapter 10.550, and Passenger Facility Charge Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, state project, and passenger facility charges program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program, state project, and passenger facility charges program. However, our audit does not provide a legal determination of the City's compliance.

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

In our opinion, City of Pensacola, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects, and passenger facility charges program for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, state project, and passenger facility charges program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program, state project, and passenger facility charges program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Warren Averett, LLC

Pensacola, Florida
February 10, 2020

**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, 2019:

(1) Florida Statute 218.415 in regards to investments.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City has complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
February 10, 2020

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified Opinion
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <input checked="" type="checkbox"/> No
Significant deficiency (ies) identified that are not considered to be material weakness(es)?	_____ Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	_____ Yes <input checked="" type="checkbox"/> No

FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

Internal control over major federal or state programs:	
Material weakness(es) identified?	_____ Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes <input checked="" type="checkbox"/> 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, Rules of the Auditor General?	_____ Yes <input checked="" type="checkbox"/> No

IDENTIFICATION OF MAJOR PROGRAMS

Federal Programs:

CFDA No. 14.871 – U.S. Department of Housing and Urban Development – Section 8 Housing
Choice Vouchers Program
CFDA No. 20.106 – U.S. Department of Transportation – Airport Improvement Program
CFDA No. 97.039 – U.S. Department of Homeland Security – Hazard Mitigation Grant Program

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes _____ No

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS – (CONTINUED)

IDENTIFICATION OF MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

State Projects:

CSFA No. 55.005 – Department of Transportation – Seaport Grant Program

Dollar threshold used to distinguish
between type A and type B programs: \$ 685,943

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, 2019**

There were no prior year audit findings.



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**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Federal/State Agency, Pass-Through Entity, Federal Program/State Project	Federal CFDA Number/ State CSFA 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 ENVIRONMENTAL PROTECTION AGENCY</u>						
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	00D59017			106,336	
<i>Passed through West Florida Regional Planning Council</i>						
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	95406508			250,000	
Total U.S. Department of Environmental Agency					356,336	
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
<i>CDBG-Entitlement Grants Cluster:</i>						
Community Development Block Grant	14.218	B-14/18-MC-12-0016	N/A		119,728	
Housing Rehabilitation	14.218	B-14/18-MC-12-0016			442,209	
Aid to Private Agencies	14.218	B-14/18-MC-12-0016		70,000	100,148	
Total CDBG-Entitlement Grants Cluster				70,000	662,085	
<i>Passed through Escambia County Florida:</i>						
HOME Investment Partnerships Program	14.239	B-18-UC-120012			17,700	
					17,700	
<i>Housing Voucher Cluster:</i>						
Section 8 Housing Choice Vouchers Program	14.871	FL092			16,222,504	
Total Housing Voucher Cluster					16,222,504	
Total U. S. Department of Housing and Urban Development					16,902,289	
<u>U. S. DEPARTMENT OF JUSTICE</u>						
Bulletproof Vest Partnership Program	16.607	2017-BUBX-1708-6626			12,778	
Bulletproof Vest Partnership Program	16.607	2018-BUBX-1809-5056			7,603	
<i>Passed through the State of Florida, Department of Law Enforcement:</i>						
Edward Byrne Memorial Justice Assistance Program	16.738	2019-JAGC-ESCA-4-N2-122			68,961	
Edward Byrne Memorial Justice Assistance Program	16.738	2017-DJ-BX-0931			24,233	
Edward Byrne Memorial Justice Assistance Program	16.738	2018-DJ-BX-0472			4,059	
Edward Byrne Memorial Justice Assistance Program	16.738	2019-JAGC-ESCA-3-F9-234			30,563	
Law Enforcement Trust Fund	N/A	N/A			16,068	
Total U. S. Department of Justice					164,265	
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>						
Airport Improvement Program	20.106	N/A			2,975,867	
<i>Passed through State of Florida, Florida Department of Transportation:</i>						
National Priority Safety Program	20.616	G1219			31,554	
<i>Highway Planning and Construction Cluster:</i>						
<i>Passed through State of Florida, Florida Department of Transportation:</i>						
Highway Planning and Construction	20.205	436511-1-68-01			6,081	
Total Highway Planning and Construction Cluster					6,081	
Total U. S. Department of Transportation					3,013,502	
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
Port Security Grant Program	97.056	DJS-17-GPD-056-00-01			45,451	
Emergency Management Performance Grant	97.042	N/A			5,000	
<i>Passed through Florida Division of Emergency Management</i>						
Hazard Mitigation Grant	97.039	17HM-H4-01-27-02-382			317,656	
Hazard Mitigation Grant	97.039	H0155			666,115	
					983,771	
Total U.S. Department of Homeland Security					1,034,222	
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>						
<i>Passed through Santa Rosa County Sheriff's Office:</i>						
High Intensity Drug Trafficking Areas Program	95.001	G17GC0007A			15,072.00	
High Intensity Drug Trafficking Areas Program	95.001	G18GC007A			4,420.00	
Total Executive Office of the President					19,492	
				\$ 70,000	21,490,106	
TOTAL EXPENDITURES OF FEDERAL AWARDS					1,297,083	4,314,587
PASSENGER FACILITY CHARGE						

See independent auditor's report.

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Federal/State Agency, Pass-Through Entity, Federal Program/State Project	Federal CFDA Number/ State CSFA Number	Contract Grant Number	Pass-Through Entity Identifying Number	Passed Through to Sub recipients	Total Expenditures	Passenger Facility Charge Revenue
STATE FINANCIAL ASSISTANCE						
FLORIDA HOUSING FINANCE CORPORATION						
SHIP Program	40.901	SHIP 2018		\$	22,111	
Total Florida Housing Finance Corporation					22,111	
FLORIDA DEPARTMENT OF TRANSPORTATION						
Gaberonne Swamp Stormwater - Pensacola Bay Watershed	37.039	G0387			71,064	
FLORIDA DEPARTMENT OF TRANSPORTATION						
Aviation Grant Programs	55.004	G0Q86			12,850	
Total Aviation Development Grants					12,850	
Seaport Grant Programs	55.005	GOK29			239,552	
Seaport Grant Programs	55.005	AR223			1,826,550	
Seaport Grant Programs	55.005	44102729401			17,521	
Seaport Grant Programs	55.005	44554819401			35,562	
Seaport Grant Programs	55.005	44554919401			376	
Seaport Grant Programs	55.005	42235439401			18,750	
					2,138,311	
Economic Development Transportation Projects - Road Fund	55.032	AQP76			42,140	
Total Florida Department of Transportation					2,193,301	
				\$ -	2,286,476	

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 and passenger facility charge 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 \$225,551 and \$28,950, respectively, and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was \$84,724.63 and \$109,161.89, respectively. The balance of the loans outstanding as of fiscal year end consist of:

Community Development Block Grants CFDA number 14.218 \$1,077,807.92
HOME Investment Partnerships Program Grants CFDA number 114.239 \$804,891.16

- 1 Includes debt service of \$1,195,889
- 2 Includes interest earnings of \$4,942.06

See independent auditor's report.

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, 2019, and have issued our report thereon dated February 10, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.550 *Rules of the Florida Auditor General*; and *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

Other Reports Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program, State Project, Passenger Facility Charge Program and on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 10, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c, *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of the City provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the City in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Warren Averett, LLC

Pensacola, Florida
February 10, 2020

CITY OF PENSACOLA, FLORIDA
FINANCIAL DATA SCHEDULE
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM
CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER 14.871
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Line Item #	Account Description	Amount
	Assets:	
	Current Assets:	
	Cash:	
111	Unrestricted	\$ 2,833,999
113	Other restricted	420,196
100	Total cash	<u>3,254,195</u>
	Receivables:	
128	Fraud recovery	1,512,891
128.1	Allowance for doubtful accounts - Fraud	(1,121,724)
120	Total receivables	<u>391,167</u>
142	Prepaid expenses and other assets	601
150	Total current assets	<u>3,645,963</u>
290	Total assets	<u><u>\$ 3,645,963</u></u>
	Liabilities:	
	Current liabilities:	
312	Accounts payable <= 90 days	\$ 4,444
331	Accounts payable - HUD PHA Programs	10,380
333	Accounts Payable - Other Government	19,043
342	Deferred revenue	391,167
345	Other current liabilities	414
310	Total current liabilities	<u>425,448</u>
300	Total liabilities	<u>425,448</u>
	Equity:	
508.3	Nonspendable Fund Balance	601
509.3	Restricted Fund Balance	420,196
512.3	Unassigned fund balance	<u>2,799,718</u>
513	Total equity/net assets	<u>3,220,515</u>
600	Total liabilities and equity/net assets	<u><u>\$ 3,645,963</u></u>

See independent auditor's report.

**CITY OF PENSACOLA, FLORIDA
FINANCIAL DATA SCHEDULE
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM
CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER 14.871
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Line Item #	Account Description	Amount
	Revenues	
	Other revenue:	
70600	HUD PHA Operating Grants	\$ 15,994,061
71100	Investment Income - unrestricted	74,324
71400	Fraud Recovery	27,599
71500	Other revenue	39,252
71600	Gain or loss on sale of capital assets	1,200
72000	Investment Income - restricted	500
700	Total revenues	<u>16,136,936</u>
	Expenses	
91100	Administrative salaries	661,084
91200	Auditing fees	35,000
91500	Employee benefit contributions - administrative	423,822
91810	Allocated Overhead	85,000
91900	Other operating - administrative	3,079
93100	Water	502
93200	Electricity	8,002
93300	Gas	388
93600	Sewer	718
93800	Other utilities expense	572
94200	Maintenance and operations - materials and other	178,281
94300	Maintenance and operations - contracts	66,096
96110	Property insurance	5,080
96200	Other general expenses	438
96900	Total operating expenses	<u>1,468,062</u>
97000	Excess operating revenue over operating expenses	<u>14,668,874</u>
	Other expenses:	
97300	Housing Assistance Payments	14,717,779
97350	HAP Portability-In	36,663
90000	Total expenses	<u>16,222,504</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	<u>\$ (85,568)</u>
11030	Beginning Equity	\$ 3,306,083
11170	Administrative Fee Equity	\$ 2,800,319
11180	Housing Assistance Payments Equity	\$ 420,196
11190	Unit Months Available	29,892
11210	Number of Unit Months Leased	25,983

See independent auditor's report.



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