

FISCAL YEAR 2025

Annual Comprehensive Financial Report

For the Year Ending September 30, 2025

PENSACOLA

FLORIDA'S FIRST & FUTURE

City of Pensacola, Florida
D.C. Reeves, Mayor



THE CITY OF PENSACOLA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025



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**CITY OF PENSACOLA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2024
TABLE OF CONTENTS**

I. INTRODUCTORY SECTION

Letter of Transmittal	1-18
Government Finance Officer’s Association Certificate of Achievement	19
Organizational Chart	20-21
List of Elected and Appointed Officials	22-23

II. FINANCIAL SECTION

Independent Auditors’ Report	24-27
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A. MANAGEMENT’S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)	28-48
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B. BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position	49-50
Statement of Activities	51-52

Fund Financial Statements

Governmental Funds Financial Statements

Balance Sheet	53-54
Statement of Revenues, Expenditures, and Changes in Fund Balances	55
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	56

Proprietary Funds Financial Statements

Statement of Net Position	57-58
Statement of Revenues, Expenses, and Changes in Fund Net Position	59
Statement of Cash Flows	60-61

Fiduciary Funds Financial Statements

Statement of Net Position	62
Statement of Changes in Net Position	63

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

Notes to Financial Statements

Note I – Summary of Significant Accounting Policies	64-78
Note II – Detail Notes on All Funds	79-113
Note III – Other Information	114-140

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

Pension Funds – Schedule of Changes in Net Pension Liability and Related Ratios, Proportionate Share of the Net Pension Liability, Employer Contributions and Investment Returns	141-153
OPEB – Schedule of Changes in Total OPEB Liability and Related Ratios	154
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	155
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Housing Assistance Payments Fund	156
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Community Maritime Park (CMP) Management Fund	157
Notes to Required Supplementary Information	158

D. COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Balance Sheet	159-164
Statement of Revenues, Expenditures, and Changes in Fund Balances	165-170
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	171-178
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Debt Service Funds	179

Internal Service Funds

Statement of Net Position	180
Statement of Revenues, Expenses, and Changes in Fund Net Position	181
Statement of Cash Flows	182-183

Fiduciary Funds

Statement of Net Position	184
Statement of Changes in Net Position	185

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

III. STATISTICAL SECTION

Financial Trends

Changes in Net Position	186-187
Net Position by Component	188
Program Revenues by Function/Program	189
Fund Balances, Governmental Funds	190
Changes in Fund Balances, Governmental Funds	191-192

Revenue Capacity

Assessed Value and Estimated Value of Taxable Property	193
Direct and Overlapping Property Tax Rates	194
Principal Property Tax Payers	195
Property Tax Levies and Collections	196
Taxable Sales by Category	197
Direct and Overlapping Sales Tax Rates	198
Sales Tax Revenue Payers by Industry	199
Gas Sold in Mcfs by Type of Customer	200
Gas Rates	201

Debt Capacity

Ratios of Outstanding Debt by Type	202
Direct and Overlapping Governmental Activities Debt	203
Pledged-Revenue Coverage	204-206

Demographic and Economic Information

Demographic and Economic Statistics	207
Principal Employers	208

Operating Information

Operating Indicators by Function/Program	209-210
Capital Asset Statistics by Function/Program	211-212
Full-time-Equivalent City Government Employees by Function/Program	213

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

IV. OTHER AUDIT REPORTS SECTION

Schedule of Expenditures of Federal Awards, Passenger Facility Charges and State Financial Assistance	214-216
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	217-218
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Federal Program, State Project and Passenger Facility Charge Program and on Internal Control Over Compliance Required by Uniform Guidance	219-221
Schedule of Findings and Questioned Costs-Federal Programs and State Projects	222-224
Summary Schedule of Prior Year Audit Findings	225
Corrective Action Plan	226
Independent Accountants’ Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General.	227
Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill	228
Management Letter	229-231
Financial Data Schedule	232-233

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

CITY OF PENSACOLA ORGANIZATIONAL CHART

LIST OF ELECTED AND APPOINTED OFFICIALS



THE CITY OF
PENSACOLA
WHERE FLORIDA BEGINS

D.C. Reeves
Mayor

March 9, 2026

The Honorable Members of the City Council
And the Citizens of City of Pensacola, FL

Pursuant to applicable Florida Statutes and sound financial management practices, the Annual Comprehensive Financial Report (Annual Financial Report) of the City of Pensacola, Florida, for the fiscal year ended September 30, 2025, has been prepared and is submitted herewith.

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

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

Mayor's Initiatives

As the Chief Executive of the City of Pensacola, the Mayor and his staff serve to administer and enforce city ordinances, direct city employees providing services to citizens, and prepare and submit the city budget. In addition to these specific duties outlined in the City Charter, the Mayor also performs economic development, community outreach, and public awareness functions. Mayor D.C. Reeves was elected and sworn in as mayor in November 2022. He is the third Mayor under the City's strong mayor form of government.

Since taking office in 2022, Mayor Reeves has worked diligently with City Staff to engage the community and develop the fire city-wide strategic plan, *Strive to Thrive: Pensacola 2035*. This comprehensive plan outlines a roadmap for the City of Pensacola over the next decade, with a focus on eight key goals:

- Attainable housing for all income levels
- Enhanced support for youth experiences
- Development of more walkable, mixed-use districts
- Fostering a thriving innovation sector and robust local businesses
- Ensuring safe streets for all modes of mobility
- Building resilient waterfronts and neighborhoods
- Creating public spaces that foster community connection
- Celebrating culture and honoring legacy within neighborhoods

Through *Strive to Thrive: Pensacola 2035*, the Mayor is committed to guiding the city toward a vibrant, inclusive, and sustainable future for the City of Pensacola.

The Reporting Entity

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

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

Form of Government

The City operates under a Mayor-Council structure commonly referred to as a “Strong Mayor” form of government. With the Mayor-Council structure, the Council is the governing body of the City with all legislative powers of the City vested therein, which consisted of seven (7) Council Members, one (1) elected from each of the seven (7) election districts of the City. The Mayor is not a member of Council and does not have voting power. The Mayor’s term allows for a maximum of three consecutive four-year terms of office. Beginning in January 2022 and every ten years thereafter, a Charter Review Commission will be established to review the City’s charter. With the Mayor-Council structure, the Mayor replaces the City Manager as the executive head of the City and shall appoint a City Administrator to assist in managing daily operations.

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

Accounting and Internal Controls

The 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 each fiscal year, new initiatives for services, regulations, funding sources, better methods of providing existing services, and citizen comments are brought forward for discussion and study and implementation. Although the budget document is developed at a fixed point in time and identifies a work plan for a specific period, the budget process is fluid.

A quarterly report is provided to City Council on pertinent funds which shows a comparison of revenues and expenditures to budgeted numbers providing an update on the budget's status throughout the fiscal year. These quarterly reports are also made available to the public for a more frequent overview of financial status relative to the budget. In accordance with Chapter 166.241, Florida Statutes, budget amendments within a fund (transfers of amounts from one line item to another) are approved by the Finance Director as the Mayor's designee and Supplemental Budget Resolutions adopted by Council are the only means to amend an adopted budget. Two public hearings are held before the adoption of the final budget and final millage rates.

Debt Administration

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

Pledged revenues for business-type debt are typically the sole pledge of net revenues from operations, however, from time to time there are pledges of specific revenue streams. In fiscal year 2025 business-type activities paid a total of \$4.9 million and \$1.1 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 \$3.5 million and \$2.1 million, respectively for principal and interest, for governmental activities debt during fiscal year 2025. The City has no general obligation debt.

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

Pensacola Energy

Pensacola Energy, a department of the City, became a City-owned utility on April 27, 1948, upon its purchase from the Gulf Power Company. Pensacola Energy supplies natural gas to an average of 46,700 service connections and is one of the largest municipal gas distribution systems in Florida as it relates to customer base. The revenue classification for billed gas service is 42.3% residential, 24.7% commercial, 32.5% industrial and 0.5% municipal.

Pensacola Energy reported an operating income before depreciation of \$2.2 million, a decrease of \$12.9 million from the prior year. Operating revenues increased 13% (\$7.46 million), while operating expenses rose 52% (\$20.40 million), primarily due to a \$12.6 million franchise fee lawsuit settlement. Additional cost drivers included higher gas costs (\$4.83 million) and increased contractual services (\$3.55 million) related to expanded projects.

Pensacola Energy budgets for normal winters; however, actual revenues fluctuate with the cost of natural gas and weather patterns. Pensacola Energy is allowed to adjust rates annually with the Consumer Price Index (CPI) if approved by City Council. There was a 15% CPI included in fiscal year 2025 budget to recoup the deferred CPI increases from- the prior years.

Fiscal year 2026 operating revenues are budgeted at \$64.4 million, consistent with prior year. The CPI increase for fiscal year 2026 is 5%, which will allow Pensacola Energy to continue to fund replacements of residential meters, AMR remote transmitters and odorizer systems with zero-emissions as well as investments in its capital equipment such as new transmit van equipped with a camera system to inspect pipes. Fiscal year 2026 appropriations remained relatively stable at \$66.1 million, while the transfer to the General Fund increased to \$12.8 million.

Sanitation Services

The City has operated a solid waste collection system for over fifty years. Sanitation service is mandatory within the city limits, and the City provides residential garbage, recycling, and trash collection once per week to approximately 22,000 customers. In fiscal year 2025, sanitation implemented a two-tier rating system. Residential sanitation fees without recycling are set at \$24.99 per month while residential sanitation services including recycling are set at \$32.99 per month to support the self-sustaining Sanitation Services operation. In addition, there is a fuel and lubricant pass-through surcharge of \$2.00 per month and equipment surcharge of \$5.12 per month for the fiscal year 2025. Funds generated by the equipment surcharge are used for replacement of sanitation equipment.

Sanitation reported operating income before depreciation of \$946,207 an increase of \$329,071 compared to the prior fiscal year. Operating expenses decreased by \$295,322, primarily due to reduced repair costs resulting from the acquisition of new equipment requiring less maintenance.

Fiscal year 2026 revenues are budgeted at \$9.8 million, representing an increase of \$1,229,500 (14%) over the prior year's budget. This growth is primarily attributable to the implementation of the recycling program during FY2025 and the approval of new rates for garbage and recycling services, which are expected to drive higher revenues in FY2026. Appropriations for FY2026 increased by \$1.6 million to support the expanded services.

Port of Pensacola

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

The Port reported an operating income before depreciation of \$900,263, an increase of \$1.1 million from the prior year. Operating revenues increased by \$1.1 million primarily driven by increase in vessel activity at the Port.

For decades, the Port of Pensacola has relied on Florida Seaport Transportation and Economic Development (FSTED) grants to fund critical infrastructure improvements. Currently, the Port is continuing construction of a new boat launch and marina facility on the eastern side, financed through an FSTED grant. In addition, the Port actively manages and utilizes multiple Florida Department of Transportation (FDOT) grants to support projects such as railroad modernization, upland cargo improvements, and drainage repairs. Recently, the City formally welcomed American Magic to the Port of Pensacola, establishing a significant new partnership that enhances the Port's strategic profile and supports continued growth in maritime activity.

Fiscal year 2026 operating revenues are budgeted at \$3.2 million, an increase of \$355,800 (12%) over the prior year's budget. This projection is based on historical vessel activity trends and current and prospective lease agreements. Appropriations for FY2026 increased by the same amount, reflecting higher anticipated activity levels.

Pensacola International Airport

The City of Pensacola owns 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 2025, 3.12 million passengers utilized the scheduled service. According to the Bureau of Transportation Statistics data, Pensacola was ranked 85th among 762 U.S. airports in terms of the total number of scheduled enplanements as of September 2024.

The Airport had operating income before depreciation of \$14,041,064, a \$3.2 million increase over the last fiscal year. The Airport Fund's operating revenues increased by \$2.6 million (7%) in fiscal year 2025 and expenses decreased by \$578,542 (2%). The primary reason for the increase in revenues is increased passenger traffic.

Fiscal year 2026 operating revenues are budgeted at \$36.7 million, an increase of \$5.2 million (16%) compared to the prior fiscal year's budget. Non-airline revenues—including restaurant and lounge operations, hangar and ground leases, parking facilities, and rental car customer facility charges—are projected to total \$4.2 million. Airline-related charges, such as loading bridge fees, landing fees, apron rentals, and airline space rentals, are expected to increase modestly by \$465,300 based on current agreements. The fiscal year 2026 revenue budget reflects

activity levels consistent with fiscal year 2025 trends. Operating appropriations for fiscal year 2026 are projected to rise by \$5.6 million (16%) over fiscal year 2025 budgeted totals, primarily due to increased personnel and operating service costs associated with growing airport activity.

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

Current Year Budget, Events and Future Year Plans

City Council approved a fiscal year 2025 budget of \$311.3 million, an increase of \$2.4 million compared to the fiscal year 2024 budget. Overall appropriated fund balance decreased by \$8.6 million, while total revenue estimates declined by \$4.9 million. The General Fund anticipated a \$5.8 million (8%) increase in revenues, primarily driven by a \$2.4 million rise in property tax collections resulting from an 8.73% increase in taxable property valuations and an additional \$2 million in investment income. Reflecting current market conditions, the City has earned an average return of 4.5% on investments over the past year; therefore, the fiscal year 2025 budget incorporated prior-year interest income trends.

The Special Revenue Funds anticipated an increase in revenues of \$8.2 million (16%) mainly due to increased stormwater utility fees and increased intergovernmental revenues. In Fiscal year 2025 the budgeted revenues increased by \$2.1 million due to an approved increase in the assessment fee from \$76.12 per ESU to \$120.49 per ESU. In addition, the intergovernmental revenues increased by \$3.9 million due to the anticipated increase in revenues for the Housing Assistance payments for the year.

The Enterprise Funds anticipated a decrease in revenues of \$19.4 (14%). Natural gas sales were projected at \$62.8 million, a decrease of \$10.9 million or 14.76% from the fiscal year 2024 budget is primarily due to lower gas cost, despite the CPI increase of 15% in fiscal year 2025. Sanitation revenues were projected at \$7.29 million, a decrease of \$50,000 or .68% from the fiscal year 2024 budget. Port revenues were projected at \$2.9 million, a decrease of \$62,300 or 2% from the fiscal year 2024 budget based historical trend information on vessel activity. Pensacola International Airport revenues and passenger facility charges were projected at \$30 million, an increase of \$1.7 million (6.01%) from the fiscal year 2024 budget. The non-airline revenues increased by \$2.6 million primarily due to parking lot revenues. The increases in operating revenues are in line with the constituent anticipated growth in airport activity.

Departmental events and plans

The Pensacola Police Department (PPD) provides a wide range of services and programs designed to protect the lives and property of the citizens and visitors to the City of Pensacola. PPD is dedicated to enhancing community policing strategies aimed at improving communication and building strong relationships between officers and the public. The department's efforts have contributed significantly to the City of Pensacola earning and remaining in the top 10 of America's safest cities in 2024 and 2025. This recognition reflects the

department's commitment to creating a safer and more connected community through collaborative partnerships and open lines of communication.

At the heart of the department's success is the Special Services Division, which plays a pivotal role in working with neighborhood associations, businesses, civic organizations, and even tourists to ensure ongoing dialogue. This proactive approach fosters trust and helps maintain a strong sense of security within the city. As part of these outreach efforts, the department regularly hosts a variety of community events, such as Coffee with a Cop, the Citizen's Police Academy, Summer Camp HERO, Protecting Places of Worship programs, a Children's Christmas event, and the Rally Foundation Christmas Party. These events are designed to encourage face-to-face interaction between officers and the public, further strengthening the relationship between law enforcement and the community.

In addition to direct community engagement, the PPD has worked closely with law enforcement partners at the local, state, and federal levels to enhance their operations. Through these collaborations, the department has been able to improve equipment and technology, enabling them to provide innovative, effective, and efficient policing services. Over the past fiscal year, PPD was awarded numerous grants that facilitated the purchase of critical items for crime prevention and officer safety. These investments have allowed the department to improve both its operational capabilities and its ability to address emerging challenges.

Looking ahead to fiscal year 2027, the department remains focused on crime reduction. Key initiatives include increased patrols in areas with higher rates of violent crime, burglaries, and drug-related activity. Additionally, the department will continue to deploy advanced technology in known problem areas to enhance crime prevention and improve response times. PPD will also maintain its strong collaboration with neighborhood associations to ensure residents are actively involved in the ongoing effort to make the city even safer. Through these initiatives, the Pensacola Police Department continues to evolve and improve, providing a model for community-based policing while ensuring the safety and well-being of everyone in the city.

Code Enforcement focuses on ensuring compliance with laws, ordinances, and regulations designed to maintain public safety, health, and the quality of life with the City limits. Code Enforcement activity moved from the management of Sanitation to the Police Department in the beginning of fiscal year 2025. The Code Enforcement Division initiated 5,375 new cases in fiscal year 2025 ending with a 95 percent compliance rate for the new cases. Along with illegal dumping cases and Sanitation "no service" cases, the code enforcement officers made 9,709 site visits consisting of initial investigations, follow-ups, and property postings.

The Pensacola Fire Department (PFD) continues to deliver a comprehensive range of services designed to protect the lives and property of residents and visitors. PFD proudly maintains an Insurance Services Office (ISO) Class 1 rating – the highest possible designation. This distinction reflects excellence in fire station distribution, staffing, training, apparatus and equipment, water supply, emergency communications and dispatch, radio systems, and response times. Maintaining this rating demonstrates the City's sustained commitment to operational effectiveness and risk mitigation.

During fiscal year 2025, PFD implemented several operational and capital improvements. The Logistics Division replaced aging staff vehicles with newer, low-mileage units from the City's surplus fleet to enhance reliability and cost efficiency.

The Training Division completed critical upgrades to the maritime live Fire training simulator and resurfaced the Drill Tower training grounds to strengthen safety and operational readiness. The Health and Safety Division secured a state-funded grant to acquire cancer decontamination equipment and purchased battery-operated ventilation fans to improve firefighter safety. Exterior security enhancements, including lighting and camera installations at fire stations, were also completed. Emergency management continues enhancing interagency coordination and pre-planning for public events, festivals, and seasonal activities. The citywide emergency management plans were updated through vendor support and ARPA funding. The Department strengthened its data management capabilities by transitioning from the National Fire Incident Reporting System (NFIRS) to the National Emergency Response Information System (NERIS), improving reporting accuracy and performance evaluation. The Training Division standardized all-hazards exercises to enhance preparedness, and the Fire Prevention Bureau expanded its smoke alarm awareness initiative, installing nearly 198 smoke alarms to reduce fire risk within the community.

Looking ahead to Fiscal Year 2026, the Department is actively procuring a new fire apparatus as part of its ongoing capital replacement strategy. Collaboration continues with a vendor to modernize and manage Standard Operating Procedures (SOPs) and Standard Operating Guidelines (SOGs). The city continues providing best-practice leadership training for supervisors to support succession planning and long-term organizational stability. Facility upgrades will continue under the oversight of the City's Facilities and Fleet Division to ensure proper stewardship of infrastructure assets. PFD's Fire Boat is currently undergoing significant upgrades to enhance marine fire suppression capabilities and expand fire protection coverage across local waterways.

The Parks and Recreation Department continues to promote community wellness and pride through people, parks, and programs. The City of Pensacola maintains 94 parks and open spaces and 10 community resource centers, supported by Parks, Recreation, and Building Maintenance divisions and used by residents and civic organizations.

In FY 2025, the department advanced Mayor D.C. Reeves' \$21.8 million Direction '25 Initiative to renovate and revitalize parks citywide. Improvements include 2,400 linear feet of accessible sidewalks; 21 new water fountains; repairs or replacements of 264 benches and 139 picnic tables; and 11 completed park and facility revitalizations, including Henry Wyer Park, Roger Scott Athletic Complex and Tennis Center, McNealy Park, Magee Field, Bill Gregory Park, Miralla Park, Alen Park, and Pintado Park. The final phase of Bruce Beach Park opened in November 2024, and community-driven planning is underway for Holice T. Williams Park and Bay Bluffs Park.

The City also advanced plans to redevelop the Fricker Resource Center, leveraging \$4.5 million in CDBG funds and \$5 million from Florida Commerce's MPCF grant to replace the aging facility and expand programming space. Planned upgrades include a senior health and wellness

hub, workforce development center, classrooms, library and social hall, gymnasium and restroom improvements, upgraded outdoor amenities, and stormwater enhancements.

In FY 2026, the department is implementing new technology, including work order and asset management software and a fully deployed recreation management system, to improve reservations, streamline operations, and support data-driven financial sustainability.

Partnerships with corporate, nonprofit, and community organizations expand access to high-quality programs. Sponsorships support youth initiatives such as after-school care and summer camps, providing scholarships and safe, enriching spaces, while senior-focused partnerships promote healthy aging and social connection. Program provider agreements clarify responsibilities and align resources, and on-site activations enhance events while delivering value to sponsors.

Through sponsorships and fundraising, the department strengthens initiatives such as Movies in the Park, summer camp scholarships, and after-school programming. Moving forward, the focus remains on creating welcoming spaces where children thrive, families connect, and seniors stay active—enhancing quality of life across Pensacola.

The Public Works and Engineering (PW&E) Department continues to meet its mission to design, build, and maintain resilient infrastructure that enhances safety, mobility, and quality of life for all.

PW Operations maintains 332 miles of roadway, 85 stormwater ponds, 118 various underground stormwater treatment units, 18 ditches, 5,260 drainage inlets, and 46 stormwater outfalls, 16 of which are major outfalls. The department also assists in ensuring public safety at cultural and community events through preparation and breakdown of 12 Gallery Nights and 5 parades and by responding to extreme weather-related emergencies. During fiscal year 2025, the department mobilized emergency crews to respond to the historic 11-inch snowfall. Crews kept 17 vital roadways open throughout the event.

During fiscal year 2025, the Operations Street and Traffic Division completed 102 sidewalk repairs totaling 2,060 linear feet, repaired over 320 potholes, conducted 4 traffic studies, and addressed 808 traffic signal and 612 street light issues. Additionally, the division replaced 486 street markers and street signs, installed 3 new signs, cleaned and/or reset 1,443 street signs, replaced 445 linear feet of curbs, resurfaced 6.0 lane miles of roadway, and placed over 3,500 linear feet of thermoplastic pavement markings on roadways. Staff also supported culture, arts, and community events by installing 43 banners at the Palafox and Garden St. intersection and reviewed 411 Maintenance of Traffic (MOT) plans for various permits and special events. The Arborist program within the division met metrics by overseeing the planting of 168 trees through the use of Tree Trust Fund dollars, reviewing 221 tree pruning permits, and conducting 16 reviews for site work permits and 284 reviews for utility boring permits.

The Operations Stormwater Division conducted 15,706 inlet cleanings, repaired or replaced 129 inlet tops, cleaned and cleared 4,281 linear feet of ditches, oversaw the installation or replacement of 7 new fountains, mowed stormwater pond facilities 441 times, and replaced just

over 773 linear feet of curb. Additionally, 6,586 miles of roadway were swept and 4,356.5 tons of road debris were removed.

Public Works and Engineering had several significant capital improvement projects completed in fiscal year 2025. These included an earth stabilization project behind Gull Point Community Center, the installation of a new stormwater outfall to Pensacola Bay which mitigates flooding (9th Avenue & Bayfront Parkway), the installation of stormwater improvements at the intersection of 12th Ave and Fairfield Dr., installation of bioretention cells on Barrancas Avenue, and the design of the Hollice T. Williams Stormwater Park. In terms of transportation and walkability, over \$200,000 was expended in bringing existing sidewalks into ADA compliance, and new sidewalks were installed on Q Street from Jackson to Cervantes, E. Anderson St. from MLK to 6th Ave, E. Scott St. from 9th Ave to 12th Ave, and Avery St. from Davis Hwy to 9th Ave. Lastly, we completed construction of the large “Welcome to Pensacola” sign.

In fiscal year 2026, Public Works and Engineering will continue to improve City infrastructure with the completion of the following capital improvement projects: the installation of new stormwater piping on a portion of Barrancas Avenue, the completion of the South Palafox Pedestrian Improvements Project, the addition of water and power amenities to Community Maritime Park’s Day Docks, construction of new stormwater outfalls to Pensacola Bay which will mitigate flooding (Main Street & B Street), design and installation of five new stormwater treatment solutions which currently discharge into Bayou Texar, the installation of an advanced warning system on 17th Ave to mitigate vehicular impacts to the Graffiti Bridge, design of a new stormwater piping system down Langley Avenue, and construction of the Hollice T. Williams Stormwater Park. In terms of transportation and walkability, about \$200,000 will be expended in bringing existing sidewalks into ADA compliance, and new sidewalks will be designed for Jackson Street from A Street to G Street, 17th Avenue from Brainerd to Lloyd, 17th Avenue from Lee to Blount, and Wright Street from A Street to G Street.

The Facilities and Fleet Management Department continues to serve as the centralized operational backbone for the City’s physical infrastructure and fleet assets. The Department is responsible for providing preventative maintenance, repair services, regulatory compliance, and management of renovation and capital construction projects for City-owned buildings, vehicles and equipment. Services encompass architectural, mechanical, electrical, structural, plumbing, and fire protection systems, ensuring full compliance with all applicable local, state, and federal codes and standards.

In Fiscal Year 2025, the Facilities Management Division reinforced its commitment to occupant health, safety, and operational reliability while expanding its oversight to include all Fire Stations and the Pensacola Police Department—bringing total responsibility to 19 municipal buildings. Despite increased service demands, the Division maintained uninterrupted operations, strengthened preventative maintenance programs, and ensured life-safety and regulatory compliance to support critical City and Public Safety functions. Additionally, the Division managed major capital improvements and renovation projects, including the Fricker Resource Center Renovation, Dr. E.S. Cobb Center Renovation, Portland Loo Installation, City Hall façade and drainage repairs, multiple workspace reconfigurations on City Hall’s 3rd and 6th floors, City Hall elevator replacements, lobby modernization, and extensive renovations and repairs at the Pensacola Police Department.

During Fiscal Year 2025, the Fleet Management Division achieved significant performance improvements, highlighted by the successful implementation of the Asset Management Tyler program. This system integrates seamlessly with finance reporting tools, reducing duplicate administrative processes while enhancing cost tracking and asset lifecycle monitoring. The transition has streamlined workflows, improved data transparency between administrative staff and field technicians, and positioned the Department for stronger financial accountability, real-time reporting, and more effective long-term capital planning. The Fleet department completed 1,797 light vehicle repairs and 2,043 heavy duty repairs during the fiscal year.

The Development Services Department is comprised of three divisions: Development Services Administration, Planning & Zoning, and Building Inspections. The Department is responsible for the City's long-range planning, land development and revitalization programs, as well as plan review and permitting, and the collection of Business Tax Receipts. Development Service coordinates the City's weekly "One Stop" Development Review meeting, which provides those who are interested in submitting projects for permitting the opportunity to obtain input from City staff from Planning and Zoning, Building Inspection, Fire Marshall, Public Works and Engineering among others.

Planning and Zoning continues to maintain the City's Comprehensive Plan, Planning Services also maintains the current Land Development Code (LDC) and continues to work towards encouraging urban density, mixed-use development, and implementing form-based, sustainable development guidelines to create a more walkable-built environment. Planning and Zoning is currently managing the ongoing assessment and revision of the City's Land Development Code.

Building Inspections is responsible for reviewing building plans and conducting inspections of building construction for compliance with Florida Building Codes, local building ordinances and approved plans within the city limits. During fiscal year 2025, the department issued 7,244 permits and conducted 20,739 building inspections.

The Community Redevelopment Agency (CRA) was established in 1980 to guide revitalization of a 1,237-block blighted area known as the Pensacola Inner City Community Redevelopment Area, generally bounded by 17th Avenue to the east, Pensacola Bay to the south, Bayou Chico and the city limits to the west, and the city limits to the north. Within this area are three tax increment financing (TIF) districts: the Urban Core Community Redevelopment Area, the Eastside Community Redevelopment Area (Urban Infill and Redevelopment Area), and the Westside Community Redevelopment Area. Each district uses TIF revenues to support redevelopment activities, infrastructure improvements, housing initiatives, and blight reduction consistent with adopted redevelopment plans.

The CRA works collaboratively with private-sector partners to support revitalization efforts that remove blight, maintain housing affordability, strengthen the property tax base, and promote future revenue growth.

The Urban Core Community Redevelopment Area, established in 1984, has facilitated a wide range of public and private redevelopment initiatives, including streetscape improvements, park

development, commercial property rehabilitation, and relocation of the Emerald Coast Utilities Authority wastewater treatment plant. In 2010, redevelopment of a 27-acre waterfront site was completed, resulting in Vince Whibbs, Sr. Community Maritime Park, a public waterfront destination that includes a multi-use stadium, amphitheater, public promenade, and parcels available for private development. These improvements were supported in part through the issuance of the Urban Core Redevelopment Revenue Bond, Series 2009.

During fiscal year 2025, the City adopted an update to the Urban Core Redevelopment Plan to guide future investment and redevelopment activity. Public improvements associated with Phase II of Bruce Beach were completed, progress was made toward redevelopment of property located at 925 East Jackson Street, and a Community Land Trust infill home was completed to support long-term affordable housing. Planned fiscal year 2026 activities include continuation of residential and commercial improvement programs, completion of South Palafox Street improvements, design of the Cedar Street segment of the Hashtag multi-use path, and development of a small-scale affordable rental housing incentive program.

The **Eastside Community Redevelopment Area**, established in 2005, continues to focus on neighborhood revitalization, historic preservation, and housing affordability. In 2018, the CRA completed reconstruction of the birthplace of Daniel "Chappie" James Jr. to support a commemorative museum and youth flight academy, funded through the Eastside Redevelopment Revenue Bonds, Series 2017. The CRA continues to administer residential improvement and affordable housing initiatives, including acquisition of infill housing sites along Dr. Martin Luther King Jr. Boulevard.

In fiscal year 2025, the City adopted an updated Eastside Redevelopment Plan and completed an Equitable Development Framework Plan to guide redevelopment associated with the Hollice T. Williams Urban Greenway. Planned fiscal year 2026 activities include continuation of residential improvement programs, initiation of a TIF district expansion effort, planning for affordable infill housing development, establishment of a small-scale affordable rental housing incentive program, and planning for the Ice House Market project, a newly defined special demonstration project highlighted in the updated plans.

The **Westside Community Redevelopment Area**, established in 2007, began generating tax increment revenues in 2015 following adoption of a revised base year of 2013 after the economic downturn associated with the 2008 recession. In 2017, the City issued Westside Redevelopment Revenue Bonds to support redevelopment initiatives focused on blight removal and neighborhood livability.

During fiscal year 2025, the City adopted an updated Westside Redevelopment Plan. The CRA re-solicited redevelopment proposals for the former Pensacola Motor Lodge site to support affordable multifamily housing, completed two Community Land Trust infill homes, and continued design towards streetscape improvements along West Main Street, L Street, Gregory Street and Wright Street. Rehabilitation of the historic Alice Williams Library site was initiated, and the former Baptist Hospital campus was donated to the City to support future redevelopment. Planned fiscal year 2026 activities include demolition of the former hospital buildings, continuation of residential and commercial improvement programs, establishment of a small-

scale affordable rental housing incentive program, and advancement of TIF district expansion efforts.

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

During fiscal year 2025 in support of the Mayor's commitment to build stronger neighborhoods, 18 low and moderate families had their homes rehabilitated through the city's various owner-occupied rehabilitation programs, leveraging funds from federal and state sources. Funds received through the State Housing Initiatives Partnership (SHIP) program, HOME Investment Partnerships Program, and other homebuyer programs assisted 2 families in the community reach homeownership.

Through the city's Community Development Block Grant (CDBG) program public service activities supported the delivery of 28,906 nutritional meals to 137 elderly, disabled, and special needs families. Group classes provided educational opportunities regarding home buying and foreclosure prevention for 51 households.

In response to the pandemic, the city received an award of CDBG-Coronavirus funds. As the CDBG-Coronavirus funds expire, the city provided 1 family with emergency payments for rent and utility expenses to ensure they were stably housed and reduced risk of homelessness.

The City of Pensacola Housing Office serves as the Public Housing Authority for all of Escambia County and manages the traditional Housing Choice Voucher (HCV), the HUD-Veterans Affairs Supportive Housing (HUD-VASH) for veterans, and the Emergency Housing Voucher (EHV) to serve people experiencing homelessness, victims of domestic violence, and other groups.

The HCV Program provided rental assistance for approximately 1,760 extremely and very low-income families each month during fiscal year 2025. This reflects approximately \$1.6 million in monthly rental housing assistance in our community, paid out to an estimated 508 local landlords.

The VASH program provided rental assistance for 187 veterans. The City of Pensacola Housing office partners with the VA to ensure the assisted veterans' continued success.

During 2025, the city continued to administer a special allocation of 24 EHV in partnership with the Continuum of Care lead agency, Opening Doors Northwest Florida, Inc., targeting the housing needs of people experiencing homelessness, victims of domestic violence, and families at risk of homelessness.

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

At the start of FY 26 (December 2025), The City of Pensacola Housing Department supported the new affordable development, Kupfrian Manor, with \$700,000 in CDBG funds. Kupfrian Manor will provide 94 units of affordable apartments for seniors. Construction is underway and is estimated to be completed mid-2027.

Parking Department is responsible for the enforcement of state and local parking laws and ordinances for all City owned on-street and off-street parking assets within the city limits. The Parking Department also provides payment enforcement for the city's 1,486 pay-to-park spaces, maintenance of 68 payment kiosks, one city owned parking garage, four boat ramps, and five parking lots. The Parking Department also oversees the Constituent Service Division. In 2025 the Parking Department reinvested over \$500,000 of parking revenue back into the city and parking program to include free trolley services, landscaping, parking GIS mapping, restriping, website and marketing updates, free parking signage, new permit application and permit types, holiday lights, public education, garage maintenance, and security enhancements. The City Parking Department experienced a year-over-year 21% increase in single parking sessions, 12% increase in parking permits, and a 28% decrease in the number of parking citations.

The Constituent Services Division responds to 311 (non-emergency) citizen concerns for all seven districts, fifty-five thousand city residents, and sixteen city departments. In 2025 Constituent Services routed, tracked, and responded to 4,827 identified issues within the city limits, answered 11,083 calls, closed 4,659 citizen concern tickets, and maintained an average time to resolve citizen concerns at less than 7 days. The 311 ticket subjects range from potholes to streetlights and from code violations to garbage pick-up. The 311 Department ensures that citizens' concerns regarding the safety and maintenance of city infrastructures are properly addressed, questions about city processes and programs are answered, thereby ensuring the overall quality of life for city constituents.

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

In fiscal year 2025, the department upgraded aging infrastructure at Regulator Station 2 and replaced the first of the system's odorizer stations with a true zero emissions odorant injection system. In-house construction crews installed nine miles of natural gas main, including the replacement of two miles of bare steel main and the installation of seven miles to support new growth.

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 is responsible for providing dependable and efficient sanitation services to the City residents and business establishments through residential garbage, recycling, and yard waste collection.

In fiscal year 2025, the Department collected 19,205 tons of solid waste, 11,994 tons of green waste, and 189 tons of recyclable materials. In support of the Mayor's initiative to reinvest in City neighborhoods, Sanitation Services conducted the Mayor's Neighborhood Cleanup program in each City neighborhood, completing ten cleanups during the fiscal year. These efforts resulted in the removal of 415 tons of bulk waste, 641 discarded tires, and 3,132 gallons of old paint. Additionally, curbside recycling was successfully launched in July 2025 and delivered strong early results. Within its first three months of operation, the program collected 189 tons of recyclable materials and achieved a 93 percent uncontaminated rate, demonstrating residents' commitment to proper sorting and responsible recycling practices. Residents also continued to actively utilize the City's Recycling Center at 2750 Summit Boulevard for single-stream recycling, cardboard, and glass drop-off, where 136 tons of contaminated materials were collected over the course of the year.

The Port of Pensacola is a vital economic engine for northwest Florida and a cornerstone of the City's maritime activity since 1754. As one of Florida's sixteen deep-water ports, the Port plays an important role in supporting the City of Pensacola's thriving innovation and businesses by facilitating maritime commerce and water-dependent industries that drive economic growth.

In Fiscal Year 2025, the Port handled 433,513 tons of cargo, representing a 15.7% increase over Fiscal Year 2024. This growth reflects sustained demand across the Port's core business lines. Key cargo activity includes the movement of GE Vernova wind energy components and bulk construction materials that support regional infrastructure development. To enhance cargo efficiency and reliability, the Port is beginning an \$11.4 million infrastructure refurbishment program focused on critical upgrades to internal roadways, rail infrastructure, and water distribution systems, directly supporting cargo operations and long-term asset performance.

These cargo operations deliver benefits well beyond the Port itself, supporting the broader community and generating substantial economic impact throughout the region. The Port plays a critical role in enabling GE Vernova's Pensacola manufacturing operations, which support more than 2,100 direct, indirect, and induced jobs in the Pensacola metro area and contribute approximately \$176 million in regional GDP. This activity reinforces the Port's role as a key facilitator of industrial growth, workforce stability, and long-term economic resilience in northwest Florida.

The Port has completed the American Magic Warehouse 10 project, now operating as a \$20.8 million, 56,000-square-foot High-Performance Maritime Center and permanent headquarters for American Magic. The facility supports high-performance sailing, vessel construction and repair, advanced manufacturing, training, and ocean science research with direct access to Pensacola Bay, and will generate approximately 170 high-wage jobs. American Magic has also announced a partnership with SailGP, which has selected Pensacola as its home base for the next five years. To further support these operations, the Port is planning development of a Maritime High Performance Dock Complex that will serve regattas, sailing operations, and additional port users, reinforcing Pensacola's role as a growing center for maritime excellence and innovation.

In parallel, the Port is advancing the Birdon America Inc. shipbuilding project, which has received initial approval through Triumph Gulf Coast. This project is expected to establish Birdon's Southeastern headquarters and a major advanced shipbuilding presence at the Port, generating approximately 2,000 jobs and further positioning Pensacola as a center for maritime manufacturing, innovation, and workforce development.

Together, these investments reinforce the Port of Pensacola's role as a strategic maritime, economic, and workforce asset for the City and the northwest Florida region.

The Pensacola International Airport's purpose is to meet the needs of the traveling public, both commercial and private passengers, while ensuring their safety and security. To ensure those needs are met and to strategically position the Airport to meet future demands, the Airport updated their Master Plan in 2019. An airport master plan is a comprehensive study of an airport that describes the short-, medium-, and long-term development plans to meet future aviation demand, typically with a 20-year outlook. The Master Plan update addresses the recommended plan for the Airport through 2035 and drives all future capital projects. With the unprecedented growth in Escambia County, Pensacola International Airport has already exceeded the Master Plan's forecasted 2030 annual enplaned passenger numbers. In fiscal year 2025 the Airport had 3.12 million passengers utilized the scheduled service of eight airlines to twenty plus non-stop destinations, surpassing 2024 passenger numbers of 3.03 million by 3%.

With the continued growth in passenger traffic, the Airport has been diligently working on moving forward with many of the projects depicted in the 2019 Master Plan Update. In 2025, the Airport kicked off several projects including the reconfiguration of taxiway A7 and taxiway A/B intersection and the design for a terminal building renewal and expansion project. Completed projects include the paving of a remote parking lot, the construction of a corporate apron, and design of the runway 8/26 rehabilitation. In 2026, the Airport plans to continue with the first phase of a terminal building renewal and expansion project which will ultimately include an expanded TSA checkpoint and a new concourse, begin the rehabilitation of runway 8/26, and complete the reconfiguration of taxiway A7 and taxiway A/B intersection. Construction will also continue the expansion of the Airport's Maintenance Repair Overhaul (MRO) Facility. MRO Hangar two construction was completed in 2023, Hangar three construction began in 2024, and Hangar four construction is anticipated to begin in 2026.

Citywide topics

In fiscal year 2025, the City lost four (4) key staff employees: the City Administrator, Housing Director, Parks & Recreation Director, and Police Chief. These positions were filled with interim employees for the duration of fiscal year 2025. The City experienced a 13.00% turnover rate in fiscal year 2025, a decrease over the reported fiscal year 2024 rate of 16.45%. The 2025 turnover rate does not include retirements. Based on exit interviews, employees cited increased compensation/benefits from other job opportunities and relocation as the main reason for their separations.

The City has four unions which have agreements that are renegotiated on a recurring basis. The City and International Association of Firefighters' (IAFF) entered into an agreement February

22, 2024, for fiscal years October 1, 2024 through October 1, 2026. The agreement allows for the following minimum straight time pay rates as follows: Professional Firefighters minimum \$43,000.00, Lieutenants minimum \$53,750.00 and Captains minimum \$64,500.00. The agreement provides for the members to receive a 12% pay increase effective October 1, 2023, a 7% pay increase effective October 1, 2024, and a 2% pay increase effective October 1, 2025. The City and Fraternal Order Of Police – Officers union entered into a three-year agreement on December 12, 2024 for fiscal years October 1, 2024 through September 30, 2027. The Police Officers’ contract provides for the members to receive a year one slotting of their pay based on total years of service with the City in line with the new pay range of minimum \$52,520.00 and maximum of \$80,017.60 over twenty years effective October 1, 2024, and 2% pay increase effective October 1, 2025, and October 1, 2026, not to exceed the maximum of \$80,017.60. The City and Fraternal Order of Police Sergeants and Fraternal Order of Police Lieutenants are currently in negotiations for a new contract.

The City of Pensacola is moving forward with major improvements to Hollice T. Williams Park, aimed at creating a safer, more accessible, and engaging public space for residents and visitors. The project includes enhanced landscaping, upgraded recreational amenities, improved pedestrian and bike pathways, and stormwater management features to reduce flooding. These upgrades are part of a broader vision to revitalize the area under the I-110 corridor, turning it into a dynamic urban park that promotes community connection, outdoor activity, and environmental sustainability.

ST Engineering Aerospace is investing in a new state-of-the-art aircraft maintenance hangar at Pensacola International Airport, reinforcing the city’s position as a growing hub for aviation services. The new facility will increase maintenance, repair, and overhaul (MRO) capacity, create additional high-paying jobs, and attract more aviation business to the region. This expansion reflects ST Engineering’s long-term commitment to Pensacola and supports economic development through workforce growth and enhanced airport operations.

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 2025 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2025. 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 43rd time.

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.

The Government Finance Officers Association (GFOA) awarded the City of Pensacola, Florida GFOA's Distinguished Budget Presentation Award for its Fiscal Year 2025 budget. The City has been awarded this recognition for 35 years. This award represents the highest form of recognition in governmental budgeting, recognizing the City's budget as a proficient policy document, financial plan, operations guide, and communication device.

Acknowledgements

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

Respectfully submitted,



D.C. Reeves
Mayor



Amy L. Lovoy
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

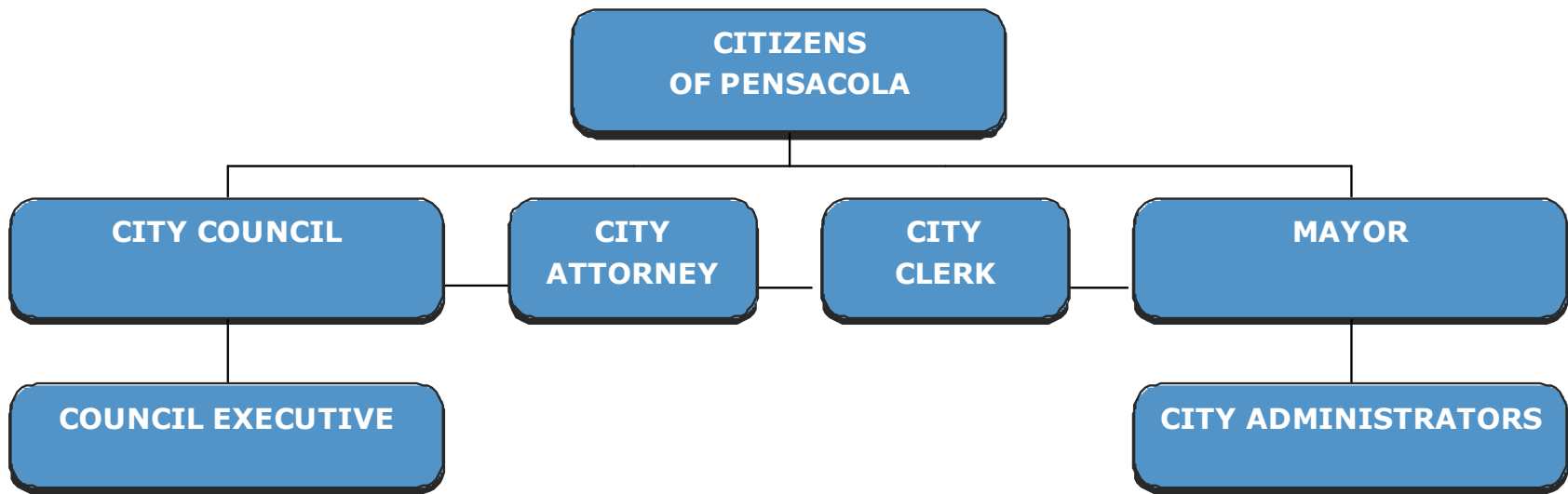
**City of Pensacola
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Executive Director/CEO

CITY OF PENSACOLA ORGANIZATIONAL CHART



CITY OF PENSACOLA DEPARTMENTAL ORGANIZATIONAL CHART



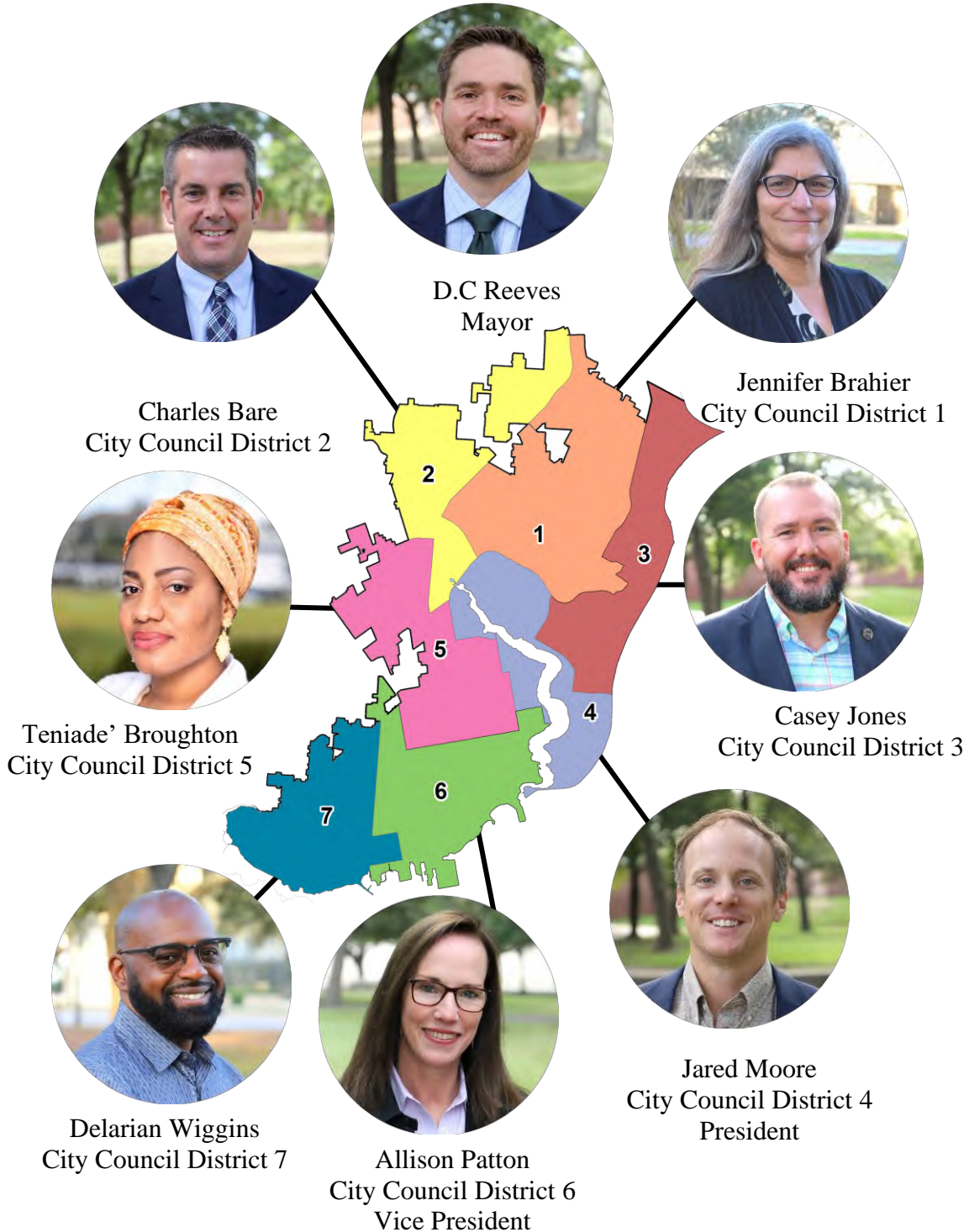
PENSACOLA

FLORIDA'S FIRST & FUTURE

Revised Oct. 9, 2024

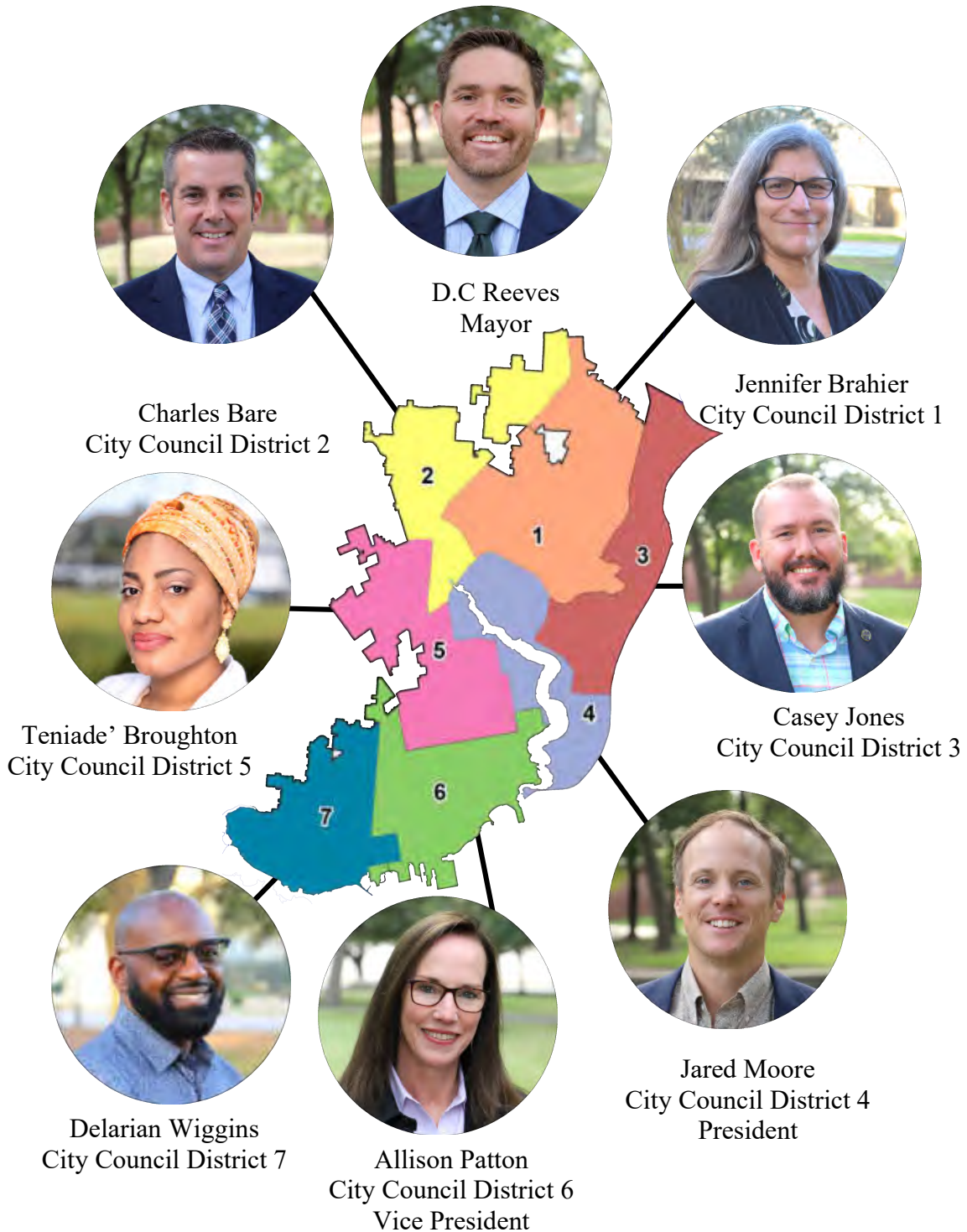
CITY OF PENSACOLA, FLORIDA
LISTING OF ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS
FY 2025 MAYOR & CITY COUNCIL



CITY OF PENSACOLA, FLORIDA
LISTING OF ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS
FY 2026 MAYOR & CITY COUNCIL



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

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, Housing Assistance Payments Fund, and Community Maritime Park Fund, schedules related to pension and the other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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.

The accompanying schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill is presented for the purpose of additional analysis as required by Florida Statute 288.8018 and the *Rules of the Auditor General* Chapter 10.557 (3)(f) and is not a required part of the basic financial statements of the City.

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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
March 9, 2026

Management's Discussion and Analysis

This section will provide a comparative analysis between fiscal year 2025 and 2024. The comparison amounts are shown at a summary level with additional detail provided for explanation. The format is designed to provide the reader with a narrative overview of the City's financial activity for the fiscal year ended September 30, 2025. 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, 2025, by \$721,024,514. Of this amount, the net investment in capital assets totaled \$556,124,499, which is unavailable, and restricted net position totaled \$116,433,263 resulting in an unrestricted net position of \$48,466,752. Governmental activities and business activities resulted in an increase in a net position of \$17,708,915 and \$82,035,774, respectively. For a more detailed explanation of the fluxes refer to the Government-Wide Financial Analysis section of Management's Discussion and Analysis.
- As of September 30, 2025, the City's governmental funds reported combined fund balances of \$100,135,452 an increase of \$8,966,000 (9%) over the prior fiscal year. 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 governmental funds totals \$(4,762,067). The negative unassigned balance is primarily due to the pending grant reimbursements in the special grant fund. 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 for the fiscal year totaled \$142,480,915, an increase of \$17,796,031, or 14 percent, compared to the prior year. This increase was primarily driven by growth in tax revenues, intergovernmental revenues, and charges for services.

General Fund revenues increased by \$2,408,840, largely due to an 8.8 percent increase in taxable property valuation, which resulted in higher ad valorem tax revenues. Intergovernmental revenues increased by \$7,260,651 from the prior fiscal year, reflecting the continued progression of grant-funded projects. As a result, revenues in the Special Grants Fund increased by \$5,016,950. Additionally, the completion of certain American Rescue Plan Act (ARPA) projects during the year led to the recognition of related revenues, contributing to a \$1,356,823 increase in ARPA revenues compared to the prior year.

Charges for services increased by \$4,196,733 over the prior year. This increase was primarily attributable to stormwater rate adjustments implemented in fiscal year 2025, which generated \$1,722,379 in additional revenue. Parking revenues increased by \$1,044,304 following rate increases approved in May 2024 and the extension of parking hours. Public Works maintenance and repair of state-owned traffic signals resulted in

additional service charges of \$574,231. Furthermore, the installation of traffic cameras during fiscal year 2025 generated \$774,292 in new revenues.

During the year, the City also received a one-time donation of \$3,046,132 related to the Palafox Redesign Project.

- Governmental fund expenditures for the fiscal year totaled \$142,477,791, representing an increase of \$11,969,079, or 9 percent, compared to the prior year. The increase was primarily attributable to higher personnel costs, increased professional and contractual services, and higher capital expenditures which are attributed to salary pay study increases and the ongoing major projects within the City.

General Fund salaries and benefits increased by approximately \$4.6 million. Salaries increased by \$2,859,551 as a result of year three of the salary study adjustments and a 3 percent cost-of-living adjustment (COLA). Group insurance expenses increased by \$624,160 due to rate increases, and pension costs in the General Fund increased by \$752,226.

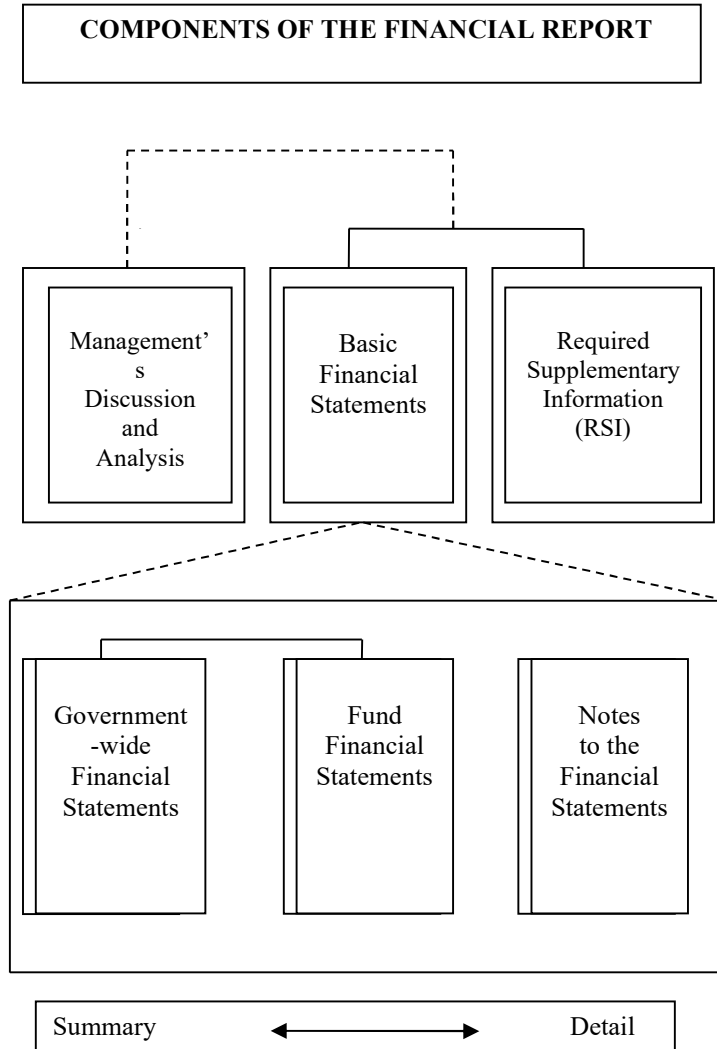
Salaries and benefits in all other governmental funds increased by approximately \$1.6 million. Salaries increased by \$663,578 due to year three of the salary study adjustments and the 3 percent COLA. Due to personnel shortages in certain departments, overtime, additional regular pay, and extra personnel services increased by \$113,697, \$104,636, and \$350,057, respectively. Pension costs in the other governmental funds increased by \$185,848.

Expenditures for professional services increased by \$1,692,531, rentals increased by \$925,542, and other contractual services increased by \$626,885, primarily as a result of major projects commencing during the fiscal year. In addition, capital outlay expenditures increased by \$2,248,308 compared to the prior year.

- The City's General Fund fund balance, excluding restricted fund balance, decreased by \$3,754,217 from \$29,903,891 to \$26,149,674 in fiscal year 2025. The fund balance overall decreased by \$3,906,371. Included in the committed fund balance is Council Reserves of \$16,139,820. The Council Reserve balance represents 20% of fiscal year 2026 beginning budgeted General Fund appropriations which meets 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 \$962,154 related to a decrease in contractual obligations.
- The City's enterprise funds reported combined ending net position of \$494,591,445, an increase of \$82,035,774 (19.8%) in comparison to the prior fiscal year. Of the total net position amount, \$356,227,050 represents net investment in capital assets which increased \$65,927,487 (22%). Operating revenues increased by \$11,235,904 (11%) from last fiscal year and operating expenses before depreciation increased by \$19,486,394 (26%). For a detailed explanation of these fluxes refer to the Government-Wide Financial Analysis section of Management's Discussion and Analysis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. Following is a chart that illustrates the components of the Annual Comprehensive Financial Report (ACFR).



Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

Governmental fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Housing Assistance Payments Fund, CMP Management Services, and Local Option Sales Tax Fund, all of which are considered to be major funds. All other governmental type funds are considered "nonmajor" and are reported in a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of Combining Statements and Individual Fund Statements and Schedules section of this report.

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

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

The City of Pensacola maintains two types of proprietary funds: enterprise funds and internal service funds. The City uses enterprise funds to account for the assets, operation and maintenance of the City-owned natural gas service, garbage and trash service, port facility, and airport. Internal service funds are used to account for activities that provide goods and services to other City departments such as computers, telecommunications, fleet maintenance, insurance, 311 services, 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, the City's Net Pension Liability (NPL) and contributions for the City's three sponsored pension plans as well as the City's proportionate share in the Florida Retirement System pension plan and health insurance subsidy program, and budget to actual reports for major funds. 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, 2025 and 2024 is presented.

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

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

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

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

**Summary Statements of Net Position
September 30,**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 98,162,327	\$ 83,964,667	\$ 167,252,422	\$ 160,344,810	\$ 265,414,749	\$ 244,309,477
Internal balances	598,076	245,145	(598,076)	(245,145)	0	0
Noncurrent assets	57,818,777	57,171,224	57,368,133	52,910,901	115,186,910	110,082,125
Capital assets	268,115,248	269,869,675	399,205,235	328,128,915	667,320,483	597,998,590
Total assets	<u>424,694,428</u>	<u>411,250,711</u>	<u>623,227,714</u>	<u>541,139,481</u>	<u>1,047,922,142</u>	<u>952,390,192</u>
Total deferred outflows of resources	<u>20,958,778</u>	<u>50,744,346</u>	<u>6,542,484</u>	<u>13,537,803</u>	<u>27,501,262</u>	<u>64,282,149</u>
Current and other liabilities	31,743,270	27,062,392	53,663,818	47,227,231	85,407,088	74,289,623
Noncurrent liabilities	148,559,703	195,219,811	50,125,287	65,054,904	198,684,990	260,274,715
Total liabilities	<u>180,302,973</u>	<u>222,282,203</u>	<u>103,789,105</u>	<u>112,282,135</u>	<u>284,092,078</u>	<u>334,564,338</u>
Total deferred inflows of resources	<u>38,917,164</u>	<u>30,988,700</u>	<u>31,389,651</u>	<u>29,839,478</u>	<u>70,306,815</u>	<u>60,828,178</u>
Net position:						
Net investment in capital assets,	199,897,449	197,344,530	356,227,050	290,299,563	556,124,499	487,644,093
Restricted	46,366,266	33,499,680	70,066,997	59,583,359	116,433,263	93,083,039
Unrestricted	(19,830,646)	(22,120,056)	68,297,398	62,672,749	48,466,752	40,552,693
Total net position	<u>\$ 226,433,069</u>	<u>\$ 208,724,154</u>	<u>\$ 494,591,445</u>	<u>\$ 412,555,671</u>	<u>\$ 721,024,514</u>	<u>\$ 621,279,825</u>

The total City's net investment in capital assets, such as land, roads, parks, buildings, intangible right to use assets, and machinery and equipment is presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The City uses these capital assets to provide services to the citizens and consequently these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position are resources subject to external restriction on how they may be used while unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position represents 13% of total net position for business-type activities. Unrestricted net position for governmental activities is negative primarily due to the net pension liability of \$66,283,751 and total OPEB liability of \$5,892,589. These unfunded liabilities will continue to negatively impact unrestricted net position for future periods until all obligations have been fully funded. In addition, the unrestricted net position for governmental activities is negatively impacted due to the recognition of the City's long-term contribution to the Emerald Coast Utilities Authority (ECUA) totaling \$2,600,000 as of September 30, 2025. Since the commitment is a long-term liability and future revenue sources have been pledged for the annual payment of \$1.3 million it is expected that this commitment will continue to negatively impact unrestricted net position through fiscal year 2027.

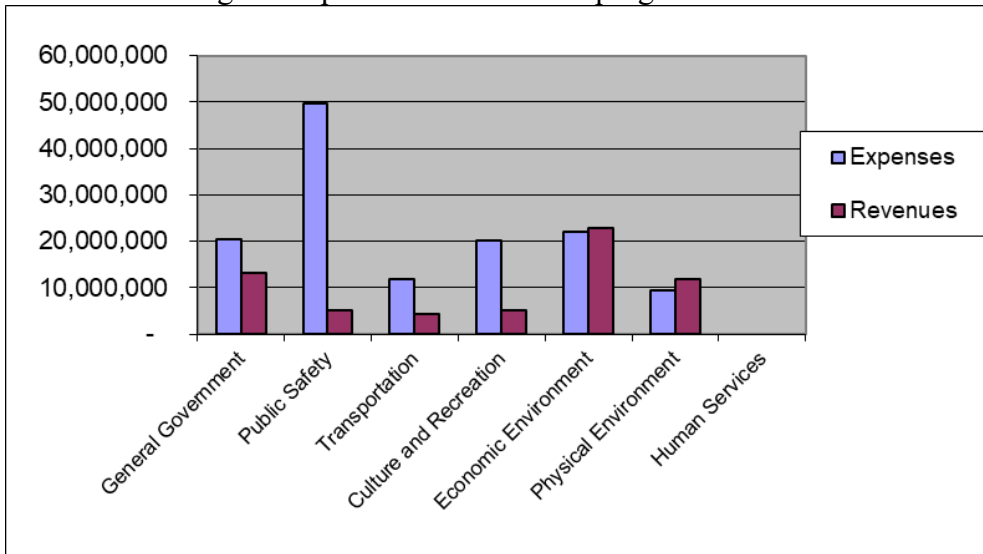
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Changes in Net Position Years Ended September 30,

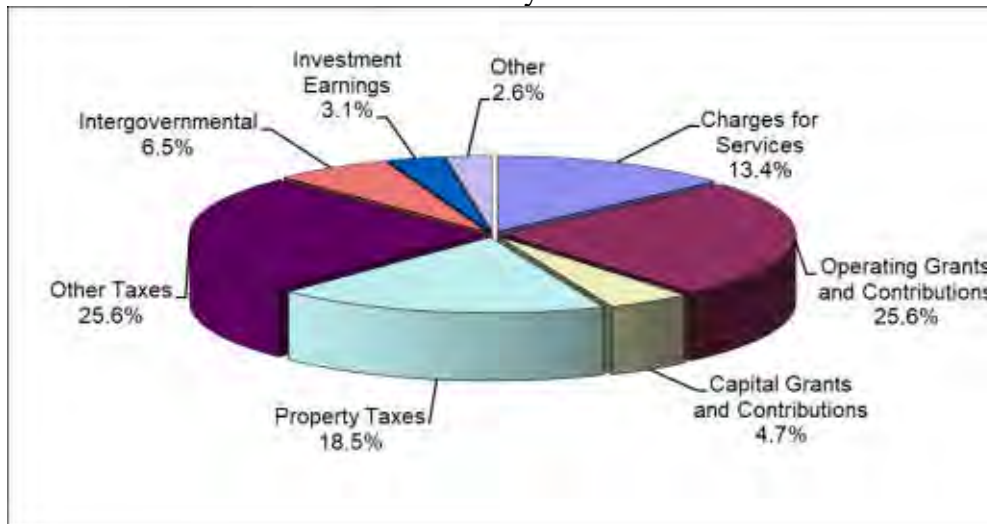
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 19,204,185	\$ 13,766,420	\$ 111,180,697	\$ 99,388,486	\$ 130,384,882	\$ 113,154,906
Operating grants and contributions	36,702,272	32,352,377			36,702,272	32,352,377
Capital grants and contributions	6,699,924	3,067,474	88,167,809	18,967,656	94,867,733	22,035,130
General revenues:						
Property taxes	26,552,579	24,464,687			26,552,579	24,464,687
Other taxes	36,693,273	37,124,646			36,693,273	37,124,646
Intergovernmental	9,357,201	9,414,585			9,357,201	9,414,585
Interest earnings	4,492,953	4,396,700	6,328,198	6,351,988	10,821,151	10,748,688
Gain on sale of capital asset	84,383	225,719		33,073	84,383	258,792
Other	3,590,714	373,197	55,634	556,307	3,646,348	929,504
Total revenues	<u>143,377,484</u>	<u>125,185,805</u>	<u>205,732,338</u>	<u>125,297,510</u>	<u>349,109,822</u>	<u>250,483,315</u>
Expenses						
General government	20,291,171	19,344,410			20,291,171	19,344,410
Public safety	49,805,464	52,945,798			49,805,464	52,945,798
Transportation	11,898,571	9,986,044			11,898,571	9,986,044
Culture and recreation	20,169,647	18,058,922			20,169,647	18,058,922
Economic environment	22,072,225	21,209,080			22,072,225	21,209,080
Physical environment	9,526,728	7,526,155			9,526,728	7,526,155
Human services					-	-
Unallocated depreciation	1,657,170	1,623,010			1,657,170	1,623,010
Interest on long-term debt	2,305,726	2,449,522			2,305,726	2,449,522
Utility			61,144,467	40,695,251	61,144,467	40,695,251
Sanitation			7,727,525	8,065,647	7,727,525	8,065,647
Port			3,819,236	3,701,417	3,819,236	3,701,417
Airport			38,947,203	39,275,667	38,947,203	39,275,667
Total expenses	<u>137,726,702</u>	<u>133,142,941</u>	<u>111,638,431</u>	<u>91,737,982</u>	<u>249,365,133</u>	<u>224,880,923</u>
Increase (decrease) in net position before transfers and other items	5,650,782	(7,957,136)	94,093,907	33,559,528	99,744,689	25,602,392
Transfers in (out)	12,058,133	13,923,127	(12,058,133)	(13,923,127)	-	-
Increase (decrease) in net position	<u>17,708,915</u>	<u>5,965,991</u>	<u>82,035,774</u>	<u>19,636,401</u>	<u>99,744,689</u>	<u>25,602,392</u>
Net position at beginning of year	208,724,154	201,029,382	412,555,671	394,648,051	621,279,825	595,677,433
Special Item - Code Enforcement Transfer		1,728,781		(1,728,781)	-	-
Net position as restated	208,724,154	202,758,163	412,555,671	392,919,270	621,279,825	595,677,433
Net position at end of year	<u>\$ 226,433,069</u>	<u>\$ 208,724,154</u>	<u>\$ 494,591,445</u>	<u>\$ 412,555,671</u>	<u>\$ 721,024,514</u>	<u>\$ 621,279,825</u>

Governmental Activities Fiscal Year 2025

Program expenses matched with program revenues



Revenues by source

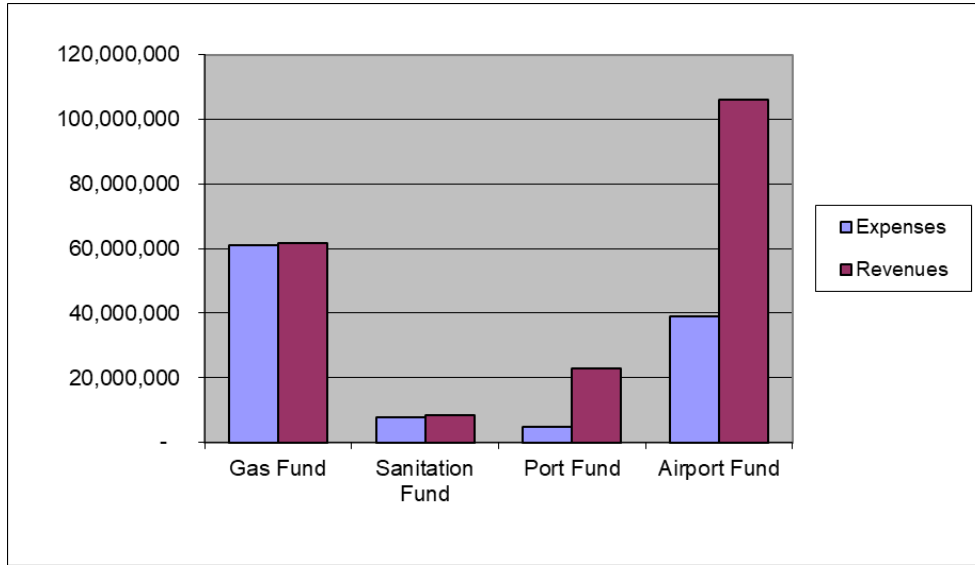


GASB Statement No. 34 reporting requires that functional expenses are matched with revenues that directly support the function. The increase in the current year's net position for Governmental Activities on the Statement of Activities equaled \$17,708,915. This change in net position was driven by multiple factors. As noted earlier, property tax revenues rose by \$11.2 million due to an 8.8% increase in taxable property values. Operating grants and contributions increased by \$4.3 million due to continued grant activity and completion of American Rescue Plan Act (ARPA). Charges for services increased by \$5.4 million, largely from stormwater rate adjustments, parking rate increases, and new traffic-related services. Additionally, the City received a one-time \$3.0 million donation for the Palafox Redesign Project. Governmental fund expenditures totaled \$137.7 million, up \$4.5 million (3%), reflecting higher personnel costs from salary adjustments, cost-of-living increases, and benefit rate changes, as well as increased spending on professional and contractual services for major projects. The bar chart above gives a clear indication of which functions are dependent on general revenues to support their operations. Public Safety has the largest differences as this function is traditionally supported by taxes. Taxes, investment earnings and other revenues are classified as general revenues of the government.

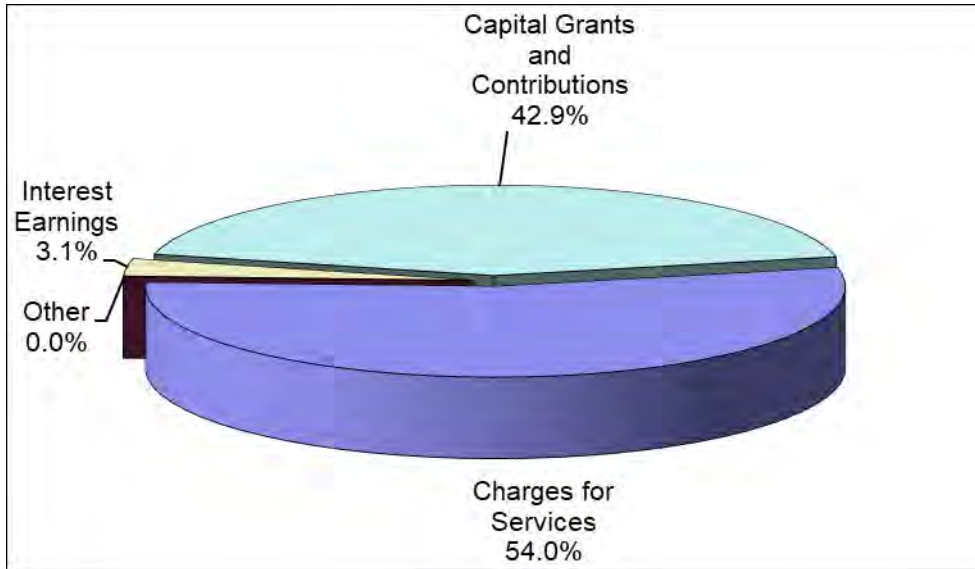
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Business-type Activities Fiscal Year 2025

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 \$82,035,774. The Utility Fund decreased \$9,806,775, the Sanitation Fund increased \$222,419, the Port Fund increased \$19,054,249 and Airport Fund increased \$72,565,881. All proprietary funds operating fees are sufficient to cover operations when excluding depreciation. An explanation of these fluxes can be seen in the Financial Analysis of the Government's Funds section below.

Financial Analysis of the Government's Funds

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

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

As of September 30, 2025, the City's governmental funds reported combined fund balances of \$100,135,452, an increase of \$8,966,000 (9%) over the prior fiscal year.

Non-spendable and restricted governmental funds balance of \$61,421,424 are available to meet current commitments in the next fiscal year. Non-spendable fund balance of \$571,287 is for prepaid expenditures and inventory. Restricted fund balance is broken down as; \$875,654 is for Saenger capital reserves; \$8,100,803 is for debt service requirements; \$21,868,458 is for community development projects and \$31,005,22 is for other purposes related to contractual obligations and capital projects. This leaves a remaining unrestricted fund balance of \$37,714,028.

Below is a comparative chart for the City's "major" funds; General Fund, Housing Assistance Payments Fund, CMP Management Service Fund and the Local Option Sales Tax Fund.

Major Fund Information

	<u>General Fund</u>	<u>Housing Assistance Payments Fund</u>	<u>CMP Management Service Fund</u>	<u>Local Option Sales Tax Fund</u>
Fiscal Year 2025				
Revenues and other sources	\$ 75,086,093	\$ 21,433,877	\$ 1,483,656	12,931,296
Expenditures and other outlays	<u>(78,992,464)</u>	<u>(21,518,081)</u>	<u>(1,321,437)</u>	<u>(9,031,675)</u>
Increase (decrease) in fund balance	<u>\$ (3,906,371)</u>	<u>\$ (84,204)</u>	<u>\$ 162,219</u>	<u>\$ 3,899,621</u>
Fiscal Year 2024				
Revenues and other sources	\$ 73,303,637	\$ 20,462,627	\$ 920,820	13,865,932
Expenditures and other outlays	<u>(72,387,974)</u>	<u>(20,539,153)</u>	<u>(1,319,316)</u>	<u>(6,909,693)</u>
Increase (decrease) in fund balance	<u>\$ 915,663</u>	<u>\$ (76,526)</u>	<u>\$ (398,496)</u>	<u>\$ 6,956,239</u>

The General Fund is the main operating fund of the City. As of September 30, 2025, total fund balance in the General Fund was \$28,245,363, a decrease of \$3,906,371 (12%) from beginning fund balance. The unrestricted portion of fund balance was \$25,742,752, however \$16,139,820 is committed for the Council Reserve, \$71,444 is committed for park purchases, \$638,289 is committed for the tree planting trust fund. The \$8,817,357 assigned balance is composed of \$5,100,000 for future fund balance draw downs, \$580,122 for assessments, \$476,911 for housing initiatives, \$241,025 for Wayside Park repairs, \$303,084 library improvements, \$1,888,164 actuarial unfunded pension liability, 28,269 for lien amnesty, and \$199,782 for anticipated match requirements needed for Hurricane Sally leaving an unassigned fund balance of \$75,842.

Since the City budgets for expenditures in the General Fund based on anticipated revenues, changes to fund balance are a result of the difference in budget verses actual revenues and expenditures. Fiscal year 2025 actual revenues were below the original budget by \$1,063,241. The intergovernmental revenues were quite a bit less than anticipated as result of state share receipts decreasing due to economic conditions. In addition, the 2025 actual expenditures came in over the original budget (less the anticipated fund balance drawdown of \$1.8 million) by \$1,060,264.

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 40% and 36%, 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 36% of unrestricted fund balance, this provides close to four months of coverage.

The Housing Assistance Payments Fund had a total fund balance at year-end of \$2,108,521, a decrease of \$84,204 (4%). Fund balance of \$7,831 is non-spendable and \$2,010,690 is restricted for housing assistance payments as required by the Department of Housing and Urban Development (HUD). Changes to fund balance are a function of federal funding by the HUD and the operating efficiency employed by the City's Housing staff. Fluctuations can be large or small depending on the goals of the federal government programs. The decrease in fiscal year 2025 fund balance is due to an increase in spending to combat the affordable housing.

The CMP Management Services Fund had a total fund balance at year-end of \$2,119,417, an increase of \$162,219 (8%). Fund balance of \$97,985 is non-spendable and \$954,694 is restricted and \$1,066,738 is assigned for community maritime park improvements. Change in the fund balance was additional new leases executed in fiscal year 2025.

The Local Option Sales Tax (LOST) Fund had a total fund balance of \$12,908,296 at year-end, an increase of \$3,899,621 (43%). Restricted fund balance of \$12,908,296 is comprised of \$2,480,468 in debt service restrictions and \$649,832 in third party contract restrictions leaving \$9,777,996 restricted for capital projects. The increase in fiscal year 2025 fund balance is due to the decrease in completion of capital projects.

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

Enterprise Funds.

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

The Utility Fund had a total net position of \$72,464,247 at fiscal year-end, a decrease of \$9,806,775 (14%) over the prior fiscal year. Pensacola Energy operated at a profit of \$2,200,124 before depreciation expense of \$3,347,170; a decrease from last fiscal year by \$1,084,404. Operating revenue increased by \$7,455,673 (14%) during fiscal year 2025 and operating expenses increased by \$20,403,402 (53%). The primary reason for the increase in operating revenue and operating expenses is the result of a increase in the cost of natural gas; the cost of natural gas is passed on to the customer directly affecting charges for services revenue. In fiscal year 2025, the cost of natural gas increased by \$4,831,348. In addition, rates increased in fiscal year 2025 to include a 15% CPI increase to recover prior years. As far as the expenses, there was a settlement of \$12.6 million and \$3.3 million in attorney fees paid during the year for the franchise fee lawsuit.

The Sanitation Fund had a total net position of \$2,086,333 at fiscal year-end, an increase of \$222,419 (12%) over the prior fiscal year. Sanitation Services operated at a profit of \$946,207 before depreciation expense of \$692,921; an increase from last fiscal year by \$329,071. Operating revenue increased by \$33,749 during fiscal year 2025 and expenses decreased by \$295,322 (3%). During the fiscal year, recycling programs were restarted, and new rates were approved for recycling and non-recycling services. In addition, repairs and maintenance expenses decreased due to better maintained equipment.

The Port Fund had a total net position of \$38,522,140 at the end of the fiscal year-end, an increase of \$19,054,249 (97%) from the prior fiscal year. The Port operated at a profit of \$900,263 before depreciation expense of \$1,137,121; an increase of from last fiscal year by 1,148,082. Operating revenues increased by \$1,104,938 primarily due to increase in vessel activity during the year. As a result of the major projects ongoing at the Port, the federal and state grants received increased by \$4.8 million, and contributions increased by \$10.8 million towards capital improvement projects at the Port.

The Airport Fund had a total net position of \$381,518,725 at fiscal year-end, an increase of \$72,565,881 (23%) over the prior fiscal year. The Airport operated at a profit of \$14,041,064 before depreciation expense of \$15,044,071; an increase from last fiscal year of \$3,220,086. The Airport Fund's operating revenues increased by \$2,641,544 (7%) in fiscal year 2025 and expenses decreased by \$578,542 (2%). The primary reason for the increase in revenues is increased passenger traffic. The airline revenues increased by \$1 million.

In addition, a 3% increase in passenger traffic resulted in a \$1.6 million increase in non-airline revenues, with over half of the increase is attributed to increase in parking \$851,170.

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

	Operating Income (Loss)	
	2025	2024
Utility Fund	\$ (1,147,046)	\$ 11,863,325
Sanitation Fund	253,286	(85,107)
Port Fund	(236,858)	(1,390,877)
Airport Fund	(1,003,007)	(3,861,260)
Total	<u>\$ (2,133,625)</u>	<u>\$ 6,526,081</u>

Internal Service Funds

The internal service funds are designed to recover the internal costs of general services provided to other city departments. In fiscal year 2025, the total net position for all internal service funds increased by \$401,872. The City's Insurance Retention Fund grew by \$678,466 while the Central Services Fund declined by \$276,594.

Despite rising policy premiums, the Insurance Retention Fund benefited from savings in estimated future claims. Overall claims related to general liability, worker's compensation and auto liability decreased by \$929,667 from the prior year.

The Central Services Fund saw an increase of \$719,827 in contractual services primarily driven by the increase in cost for contractual service with the implementation of new software services.

General Fund Budgetary Highlights

In accordance with Chapter 166.241, Florida Statutes, the Mayor or his designee may authorize budget amendments if the total appropriations of the fund are not changed. The Mayor has established budgetary control within each fund at the line item. Amounts may be transferred between departmental line items or between departments within a fund provided no transfer shall be made contrary to Florida Statute. Amounts to be transferred require the approval of the Mayor or his designee; however, amounts appropriated for capital outlay can only be transferred from the capital outlay category with City Council approval. The budgetary changes described below were a necessary part of the 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 \$770,497 during fiscal year 2025. The majority of the increase was made up of \$644,609 in charges for services related to the reimbursable agreements with FDOT.

The final appropriations in the General Fund as compared with the original budget increased by \$5,642,901 in fiscal year 2025. The primary reason for the increase relates to:

- An increase in appropriations for public safety in the amount of \$1,077,740 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 \$1,386,182 is primarily related to the carryforward from the prior fiscal year budget to cover open encumbrances and projects.
- An increase in appropriations for capital expenditures increased by \$1,159,616 is primarily related to carryforward from the prior fiscal year budget to cover open encumbrance and projects. Some of the larger capital projects that were budgeted were the public works infrastructure improvements, tactical police vehicle and improvements to City facilities and buildings.

Capital Asset and Debt Administration

Capital Assets. As of year-end, the City had \$556,124,499 net investment in capital assets. Governmental activities accounted for \$199,897,449 and business-type activities accounted for \$356,227,050. 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:

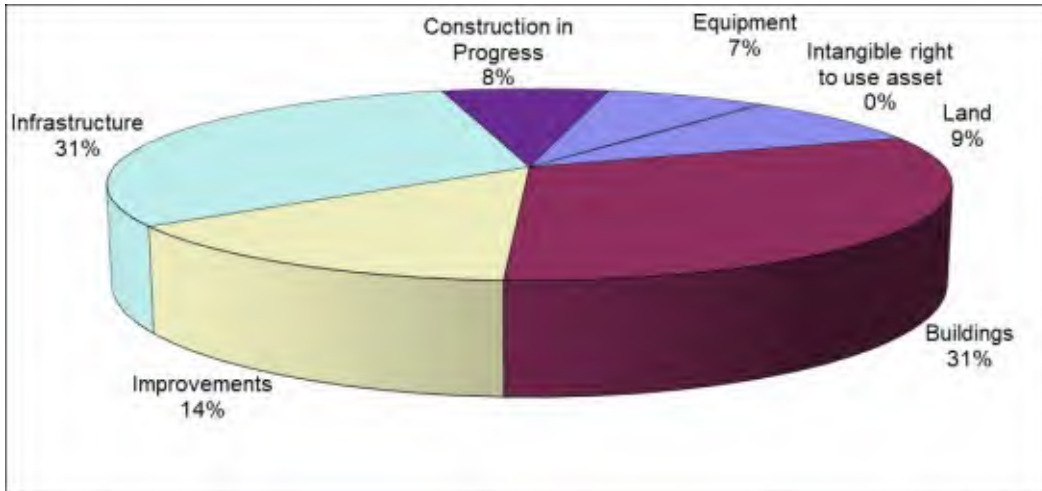
Governmental Activities

- Stormwater, street and sidewalk capital projects \$2,144,505
- Facility improvements \$1,604,060
- Public Works infrastructure improvements \$1,164,271
- Public works vehicles and equipment \$1,296,459
- Police vehicles and equipment \$ 1,230,236
- Parks and Recreation vehicles and equipment \$806,450

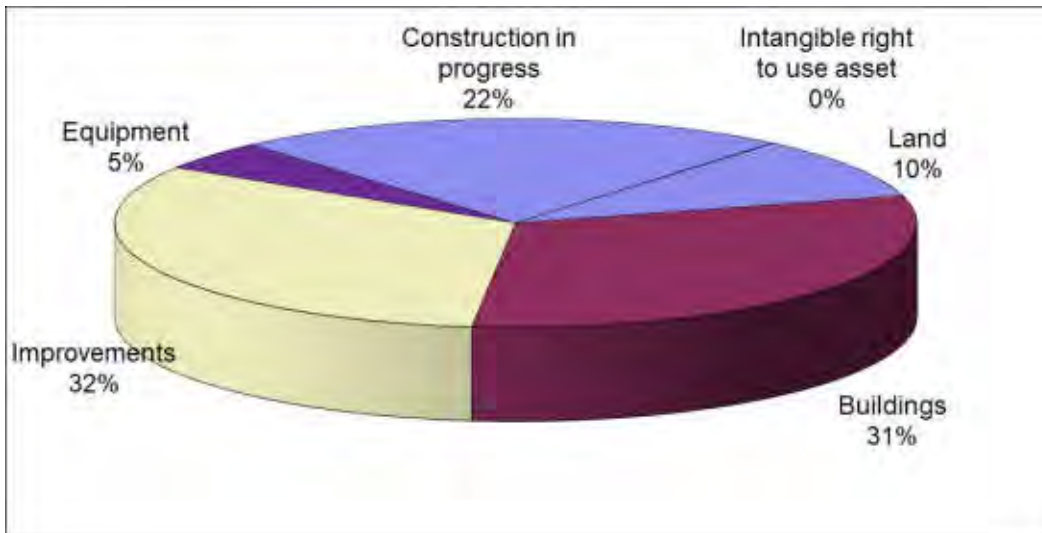
Business-type Activities

- Pensacola Energy vehicles and equipment \$1,026,637
- Sanitation vehicles \$1,515,940
- Port berth improvements \$2,027,860
- Airport vehicles and equipment \$806,888
- Airport apron area improvements \$8,357,139

**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 up to \$2,735,000. The second is referred to as the 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 2025, the City had total non-self-supporting bonded debt of \$73,568,587 and self-supporting bonded debt of \$32,374,000. Governmental activities have notes payable in the amount of \$73,568,587 and Business-type activities have notes payable in the amount of \$32,374,000. 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 55,194) as of September 30, 2025 is as follows:

Local Option Sales Tax Debt	\$ 9,811,000	Per capita \$	178
Local Option Gas Tax Debt	3,016,000	Per capita	55
Eastside Redevelopment Area Debt	873,000	Per capita	16
Westside Redevelopment Area Debt	2,727,000	Per capita	49
Urban Core Redevelopment Area Debt	57,141,587	Per capita	1,035
Total	<u><u>\$ 73,568,587</u></u>		<u><u>\$ 1,333</u></u>

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

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

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

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

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

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

As of September 30, 2025, the only bonded debt the City had outstanding were bank issued. Therefore, the ratings below will not be updated unless the City specifically request a review by one of the rating agencies.

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

As of October 2025, the City’s Airport received an A+ bond rating with a stable outlook form Fitch Ratings, S&P Global Ratings, and Kroll Bond Rating Agency for its upcoming 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 2026 budget totals \$333.2 million. Of this, \$80.8 million is for the General Fund, \$135.2 million is for enterprise funds, and the remaining \$117.2 million is for various special revenue, debt service, capital projects, and internal services funds. The General Fund consists of governmental services such as general administration, public safety, parks and recreation, and public works. Enterprise Funds consist of a Utility Fund, Sanitation Fund, Port Fund and Airport Fund. These enterprise Funds are expected to be self-supporting, on a cash-flow basis, from user fees for services.

The General Fund is expected to see \$2.8 million in revenue growth. The estimated 7.22 percent growth in property valuations will amount to an additional \$1,635,900 in gross Property Tax revenue. The General Fund consists of governmental services such as general administration, public safety, parks and recreation, and public works.

As the economy experiences slower growth, the City has adopted a budget that reflects moderate revenue growth projections, ensuring a balanced approach to funding essential services while maintaining fiscal stability.

The fiscal year 2026 budget for Pensacola Energy budget includes a 2.4% increase to address the remaining deferred CPI along with an additional 2.6% increase based on the March 2025 CPI reported by the Bureau of Labor Statistics.

On June 09, 2010, the City Council approved Resolution No. 31-10 which established the Fund Balance Policy of Governmental Funds as well as committed the Council Reserves Fund Balance in the General Fund. On October 9, 2014, the City Council approved the same Council Reserve Policy by Ordinance, amending chapter 3-1 of the Code of the City of Pensacola, Florida; creating section 3-1-13. The Fund Balance Policy states that a minimum reserve of 20 percent of beginning adopted appropriations should be maintained in the General Fund as a Council Reserve. The minimum reserve was initially adopted as part of the Financial Planning and Administration Policy on July 23, 1998. The existing General Fund reserve balance (shown on the face of the financial statements as “Council Reserve”) totaled \$16,139,820 which represents 20% of fiscal year 2026 budgeted General Fund appropriations.

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

Request for Information

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

BASIC FINANCIAL STATEMENTS

**CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Improvement Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 41,205,834	\$ 18,667,740	\$ 59,873,574	\$ 156,960
Other cash	213,071		213,071	
Investments	25,841,703	17,747,210	43,588,913	
Accrued interest	1,246,910	164,340	1,411,250	
Receivables (net of allowances)				
Accounts	3,331,112	23,208,601	26,539,713	19,940
Internal balances	598,076	(598,076)	-	
Due from other governments	11,210,606	8,730,437	19,941,043	
Inventory	1,235,996		1,235,996	
Lease receivable	213,224	1,408,878	1,622,102	
Prepays and deposits	1,006,378	951,580	1,957,958	4,338
Restricted assets				
Restricted cash and cash equivalents	6,488,730	49,404,925	55,893,655	
Investments	6,168,763	46,968,711	53,137,474	
Total current assets	98,760,403	166,654,346	265,414,749	181,238
Noncurrent assets				
Cash and cash equivalents	14,171,291		14,171,291	
Investments	14,018,748		14,018,748	
Intangible asset - Goodwill		64,986	64,986	
Note receivable	584,058		584,058	
Lease receivable	19,643,334	27,196,035	46,839,369	
Restricted assets				
Cash and cash equivalents	4,819,500	15,434,093	20,253,593	
Investments	4,581,846	14,673,019	19,254,865	
Capital assets				
Non-depreciable	43,342,931	128,471,393	171,814,324	
Depreciable (net)	224,156,199	270,502,738	494,658,937	89,826
Intangible right-to-use asset (net)	616,118	231,107	847,225	
Total noncurrent assets	325,934,025	456,573,371	782,507,396	89,826
Total assets	424,694,428	623,227,717	1,047,922,145	271,064
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on early retirement debt	76,251	334,073	410,324	
Deferred pension	19,406,796	5,640,374	25,047,170	
Deferred OPEB	1,475,731	568,037	2,043,768	
Total deferred outflows of resources	20,958,778	6,542,484	27,501,262	0

(continued)

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

**CITY OF PENSACOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Improvement Board
LIABILITIES				
Current liabilities				
Accounts payable	\$ 2,777,954	\$ 4,576,113	\$ 7,354,067	\$ 45,467
Contracts payable	2,236,551	7,507,736	9,744,287	
Contracts payable - retainage	188,709	3,228,559	3,417,268	
Accrued interest payable	9,850	462	10,312	
Due to other governments	61,511	208,745	270,256	15,000
Wages and benefits payable	4,548,966		4,548,966	
Compensated absences payable	129,273	36,900	166,173	
Deposits	173,593	760,092	933,685	
Claims and judgments payable	2,265,943		2,265,943	
Unearned revenue	10,204,710		10,204,710	5,000
Lease payable	28,373	12,955	41,328	
SBITA payable	433,904		433,904	
OPEB Liability	286,542	107,295	393,837	
Payable from restricted assets				
Due to other governments	1,300,000		1,300,000	
Bonds/Notes payable	5,989,901	5,051,000	11,040,901	
Unearned revenue		31,616,070	31,616,070	
Accrued interest payable	1,107,490	557,891	1,665,381	
Total current liabilities	31,743,270	53,663,818	85,407,088	65,467
Noncurrent liabilities				
Due to other governments	1,300,000		1,300,000	
Compensated absences payable	6,256,074	2,546,017	8,802,091	5,938
Claims and judgments payable	1,535,143		1,535,143	
Bonds/Notes payable	67,578,686	27,323,000	94,901,686	
Lease payable		253,996	253,996	
SBITA payable			0	
Net pension liability	66,283,751	17,831,560	84,115,311	
OPEB liability	5,606,047	2,170,714	7,776,761	
Total noncurrent liabilities	148,559,701	50,125,287	198,684,988	5,938
Total liabilities	180,302,971	103,789,105	284,092,076	71,405
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on early retirement	256,324		256,324	
Deferred pension	11,600,618	1,929,664	13,530,282	
Deferred OPEB	8,315,254	3,282,213	11,597,467	
Leases	18,744,970	26,177,774	44,922,744	
Total deferred outflows of resources	38,917,166	31,389,651	70,306,817	0
NET POSITION				
Net investment in capital assets	199,897,449	356,227,050	556,124,499	89,826
Restricted for				
Capital projects	12,365,916		12,365,916	
Debt service	6,993,313	3,369,612	10,362,925	
Community redevelopment	13,212,381		13,212,381	
Federal housing program	2,018,521		2,018,521	
Other purposes	11,776,135		11,776,135	
Renewal and replacement		19,622,000	19,622,000	
Operations and maintenance		7,115,500	7,115,500	
Customer facility charge		10,622,031	10,622,031	
Passenger facility charge		29,337,854	29,337,854	
Unrestricted	(19,830,646)	68,297,398	48,466,752	109,833
Total net position	\$ 226,433,069	\$ 494,591,445	\$ 721,024,514	\$ 199,659

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

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

<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	\$ 20,291,171	\$ 337,942	\$ 12,600,129	\$ 256,817
Public safety	49,805,464	4,874,228	232,486	103,920
Transportation	11,898,571	4,311,925	125,635	7,422
Culture and recreation	20,169,647	3,286,188	1,008,198	750,242
Economic environment	22,072,225		22,650,479	126,510
Physical environment	9,526,728	6,393,902	85,345	5,455,013
Human services				
Unallocated depreciation	1,657,170			
Interest on long-term debt	2,305,726			
Total governmental activities	<u>137,726,702</u>	<u>19,204,185</u>	<u>36,702,272</u>	<u>6,699,924</u>
Business-type activities:				
Utility	61,144,467	61,229,443		578,081
Sanitation	7,727,525	8,545,526		
Port	3,819,236	3,629,678		19,268,900
Airport	38,947,203	37,776,050		68,320,828
Total business-type activities	<u>111,638,431</u>	<u>111,180,697</u>	<u>0</u>	<u>88,167,809</u>
Total primary government	<u>\$ 249,365,133</u>	<u>\$ 130,384,882</u>	<u>\$ 36,702,272</u>	<u>\$ 94,867,733</u>
Component unit:				
Downtown Improvement Board	\$ 1,923,247	\$ 308,580	\$ 628,759	\$ -
Total component units	<u>\$ 1,923,247</u>	<u>\$ 308,580</u>	<u>\$ 628,759</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, 2025**

<u>Function/Programs</u>	Net (Expenses) Revenue and Changes in Net Position			Component Unit
	Primary Government		Total	Downtown Improvement Board
	Governmental Activities	Business-type Activities		
Primary government				
Governmental activities:				
General government	\$ (7,096,283)		\$ (7,096,283)	
Public safety	(44,594,830)		(44,594,830)	
Transportation	(7,453,589)		(7,453,589)	
Culture and recreation	(15,125,019)		(15,125,019)	
Economic environment	704,764		704,764	
Physical environment	2,407,532		2,407,532	
Human services	-		-	
Unallocated depreciation	(1,657,170)		(1,657,170)	
Interest on long-term debt	(2,305,726)		(2,305,726)	
Total governmental activities	(75,120,321)		(75,120,321)	
Business-type activities:				
Utility		\$ 663,057	663,057	
Sanitation		818,001	818,001	
Port		19,079,342	19,079,342	
Airport		67,149,675	67,149,675	
Total business-type activities		87,710,075	87,710,075	
Total primary government	(75,120,321)	87,710,075	12,589,754	
Component unit:				
Downtown Improvement Board				\$ (985,908)
Total component units				
General revenues:				
Property taxes	26,552,579		26,552,579	814,525
Public service taxes	9,883,266		9,883,266	
Franchise fees	8,636,686		8,636,686	
Communication service tax	3,396,260		3,396,260	
Local business tax	914,626		914,626	
Local option gasoline tax	1,427,119		1,427,119	
Local option sales tax	12,435,316		12,435,316	
Unrestricted intergovernmental revenues	9,357,201		9,357,201	
Unrestricted investment earnings	4,492,953	6,328,198	10,821,151	
Insurance recoveries			-	
Gain on sale of capital asset	84,383		84,383	
Miscellaneous	3,590,714	55,634	3,646,348	9,122
Transfers	8,880,933	(8,880,933)	0	
Overhead transfers	3,177,200	(3,177,200)	0	
Total general revenues, transfers, and other items	92,829,236	(5,674,301)	87,154,935	823,647
Change in net position	17,708,915	82,035,774	99,744,689	(162,261)
Net position at beginning of year	208,724,154	412,555,671	621,279,825	361,920
Net position September 30, 2025	\$ 226,433,069	\$ 494,591,445	\$ 721,024,514	\$ 199,659

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

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

	<u>General Fund</u>	<u>Housing Assistance Payments</u>	<u>CMP Management Services Fund</u>	<u>Local Option Sales Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 19,820,413	\$ 944,281	\$	\$ 5,243,548	\$ 25,945,454	\$ 51,953,696
Other cash		213,071			-	213,071
Investments	6,057,091	897,715		4,984,982	24,666,049	36,605,837
Accrued interest	930,442		316,089		379	1,246,910
Accounts receivable	1,536,917	795,658	422,338		181,039	2,935,952
Due from other funds	1,580,747				187,231	1,767,978
Due from other governments	1,591,187			778,732	8,840,687	11,210,606
Prepays and deposits	406,922	7,831	97,985		51,890	564,628
Inventories					6,659	6,659
Notes receivable					584,058	584,058
Lease Receivable	5,220,892		13,726,843		908,823	19,856,558
Restricted assets						
Cash and cash equivalents	1,220,903	5,244	570,297	1,312,565	4,002,547	7,111,556
Investments	1,160,699	4,986	542,175	1,247,840	3,805,177	6,760,877
Total assets	<u>\$ 39,526,213</u>	<u>\$ 2,868,786</u>	<u>\$ 15,675,727</u>	<u>\$ 13,567,667</u>	<u>\$ 69,179,993</u>	<u>\$ 140,818,386</u>
LIABILITIES						
Accounts payable	\$ 1,017,095	\$ 8,364	\$ 186,285	\$ 9,540	\$ 1,272,405	\$ 2,493,689
Contracts payable	3,832			626,720	1,589,987	2,220,539
Contracts payable - retainage	-			23,111	165,598	188,709
Due to other funds		44,617	4,366		499,479	548,462
Due to other governments	1,410	1,260			58,841	61,511
Compensated absences payable	105,812				18,500	124,312
Wages and benefits payable	4,548,966					4,548,966
Unearned revenue	893,803	366	100,542		9,209,999	10,204,710
Deposits	100,489		3,300		41,764	145,553
Total liabilities	<u>6,671,407</u>	<u>54,607</u>	<u>294,493</u>	<u>659,371</u>	<u>12,856,573</u>	<u>20,536,451</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	7,947	795,658			597,908	1,401,513
Related to leases	4,601,496		13,261,817		881,657	18,744,970
Total deferred inflows of resources	<u>4,609,443</u>	<u>795,658</u>	<u>13,261,817</u>	<u>-</u>	<u>1,479,565</u>	<u>20,146,483</u>

(continued)

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

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

	General Fund	Housing Assistance Payments	CMP Management Services Fund	Local Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCE (DEFICITS)						
Non-spendable	406,922	7,831	97,985		58,549	571,287
Restricted						
Saenger capital	875,654					875,654
Community development projects					21,868,458	21,868,458
Debt service payments				2,480,468	5,620,335	8,100,803
Other restricted	1,220,035	2,010,690	954,694	10,427,828	16,391,975	31,005,222
Committed						
Park purchases	71,444					71,444
Tree landscape	638,289					638,289
Council reserve	16,139,820					16,139,820
Stormwater projectss					5,931,444	5,931,444
Assigned	7,516,938		1,066,738		11,111,422	19,695,098
Unassigned	1,376,261				(6,138,328)	(4,762,067)
Total fund balances	28,245,363	2,018,521	2,119,417	12,908,296	54,843,855	100,135,452
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 39,526,213	\$ 2,868,786	\$ 15,675,727	\$ 13,567,667	\$ 69,179,993	
Capital assets used in governmental activities are not financial resources to the governmental funds. The cost of the assets is \$485,915,897 and the accumulated depreciation is \$220,705,269						265,210,628
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.						1,401,513
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.						9,963,294
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.						(11,706,659)
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.						(55,355,668)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.						
					(73,568,587)	
					(256,324)	
					76,251	
					(2,600,000)	
					(5,730,915)	
					(28,426)	
					(1,107,490)	(83,215,491)
Net position of governmental activities					\$ 226,433,069	

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, 2025

	General Fund	Housing Assistance Payments	CMP Management Services Fund	Local Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 40,746,731	\$	\$	\$ 12,435,316	\$ 1,427,119	\$ 54,609,166
Licenses and permits	222,030				2,641,370	2,863,400
Franchise fees	8,636,685					8,636,685
Intergovernmental	9,386,390	21,273,570			20,027,858	50,687,818
Charges for services	2,562,280		837,601		11,402,939	14,802,820
Fines and forfeits	879,802				413,332	1,293,134
Assessments	3,765					3,765
Interest income	1,779,644	54,152	459,471	415,980	1,488,143	4,197,390
Donations	218,653		186,363		3,748,941	4,153,957
Other	993,979	106,155	221	80,000	52,425	1,232,780
Total revenues	<u>65,429,959</u>	<u>21,433,877</u>	<u>1,483,656</u>	<u>12,931,296</u>	<u>41,202,127</u>	<u>142,480,915</u>
Expenditures:						
Current -						
General government	10,189,046				8,180,417	18,369,463
Public safety	44,759,039			113,501	2,820,373	47,692,913
Transportation	3,959,164			7,971	2,185,233	6,152,368
Culture and recreation	10,199,955		1,321,437	111,528	3,041,678	14,674,598
Economic environment	440,233	21,518,081			221,581	22,179,895
Physical environment	7,395				6,957,455	6,964,850
Capital outlay	987,613			5,529,778	11,707,320	18,224,711
Debt service -						
Principal retirement				2,325,000	3,529,981	5,854,981
Interest				235,930	2,128,082	2,364,012
Total expenditures	<u>70,542,445</u>	<u>21,518,081</u>	<u>1,321,437</u>	<u>8,323,708</u>	<u>40,772,120</u>	<u>142,477,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,112,486)</u>	<u>(84,204)</u>	<u>162,219</u>	<u>4,607,588</u>	<u>430,007</u>	<u>3,124</u>
Other financing sources (uses):						
Transfers in	9,588,900				13,838,883	23,427,783
Transfers (out)	(8,450,019)			(707,967)	(5,388,864)	(14,546,850)
Sale of capital assets	67,234				14,709	81,943
Total other financing sources (uses)	<u>1,206,115</u>	<u>-</u>	<u>-</u>	<u>(707,967)</u>	<u>8,464,728</u>	<u>8,962,876</u>
Net Change in fund balances	<u>(3,906,371)</u>	<u>(84,204)</u>	<u>162,219</u>	<u>3,899,621</u>	<u>8,894,735</u>	<u>8,966,000</u>
Fund balances at beginning of year	<u>32,151,734</u>	<u>2,102,725</u>	<u>1,957,198</u>	<u>9,008,675</u>	<u>45,949,120</u>	<u>91,169,452</u>
Fund balances at end of year	<u>\$ 28,245,363</u>	<u>\$ 2,018,521</u>	<u>\$ 2,119,417</u>	<u>\$ 12,908,296</u>	<u>\$ 54,843,855</u>	<u>\$ 100,135,452</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, 2025

	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	\$ 1,186,892		\$ 471,171	\$ 17,009,677	\$ 18,667,740	\$ 3,423,429
Investments	1,128,364		447,937	16,170,909	17,747,210	3,254,614
Interest receivable			116,467	47,873	164,340	
Accounts receivable (net)	4,316,846	450,814	6,878,065	11,562,876	23,208,601	395,160
Due from other funds	370,000				370,000	
Due from other governments			836,057	7,894,380	8,730,437	
Prepaid expenses	101,628	9,550	198,861	641,541	951,580	441,750
Inventory					-	1,229,337
Lease receivable			511,176	897,702	1,408,878	
Restricted assets						
Cash and cash equivalents	1,036,265	753,735		47,614,925	49,404,925	
Investments	985,165	716,569		45,266,977	46,968,711	
Total current assets	<u>9,125,160</u>	<u>1,930,668</u>	<u>9,459,734</u>	<u>147,106,860</u>	<u>167,622,422</u>	<u>8,744,290</u>
Noncurrent assets						
Intangible asset - Goodwill	64,986				64,986	
Lease receivable			6,224,428	20,971,607	27,196,035	
Restricted assets						
Cash and cash equivalents				15,434,093	15,434,093	4,196,674
Investments				14,673,019	14,673,019	3,989,732
Capital assets						
Non-depreciable	1,942,573	41,093	19,924,892	106,562,835	128,471,393	
Depreciable (net)	78,568,914	5,053,419	12,476,612	174,403,793	270,502,738	2,316,931
Intangible right-to-use asset (net)	231,107				231,107	587,689
Total noncurrent assets	<u>80,807,580</u>	<u>5,094,512</u>	<u>38,625,932</u>	<u>332,045,347</u>	<u>456,573,371</u>	<u>11,091,026</u>
Total assets	<u>89,932,740</u>	<u>7,025,180</u>	<u>48,085,666</u>	<u>479,152,207</u>	<u>624,195,793</u>	<u>19,835,316</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on early retirement				334,073	334,073	
Deferred pension	2,609,494	2,003,600	223,709	803,571	5,640,374	1,246,058
Deferred OPEB	311,458	107,580	24,417	124,582	568,037	110,082
Total deferred outflows of resources	<u>2,920,952</u>	<u>2,111,180</u>	<u>248,126</u>	<u>1,262,226</u>	<u>6,542,484</u>	<u>1,356,140</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, 2025**

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund		
LIABILITIES						
Current liabilities						
Accounts payable	2,871,089	168,890	61,559	1,474,575	4,576,113	284,265
Contracts payable	51,271		1,754,964	5,701,501	7,507,736	16,012
Contracts payable - retainage			702,453	2,526,106	3,228,559	
Accrued interest payable	462				462	9,797
Due to other funds	403,962	133,399	36,011	394,704	968,076	621,440
Due to other governments			208,745		208,745	
Compensated absences payable		36,900			36,900	4,961
Claims and judgments payable					-	2,265,943
Lease payable	12,955				12,955	
SBITA payable					-	433,904
Deposits			26,000	734,092	760,092	28,040
OPEB Liability	57,881	20,859	4,948	23,607	107,295	21,097
Payable from restricted assets						
Notes payable	1,982,000			3,069,000	5,051,000	
Unearned revenue				31,616,070	31,616,070	
Accrued interest payable	39,430			518,461	557,891	
Total current liabilities	<u>5,419,050</u>	<u>360,048</u>	<u>2,794,680</u>	<u>46,058,116</u>	<u>54,631,894</u>	<u>3,685,459</u>
Noncurrent liabilities						
Compensated absences payable	1,205,543	245,568	96,487	998,419	2,546,017	525,159
Claims and judgments payable					-	1,535,143
Notes payable	2,021,000			25,302,000	27,323,000	
Lease payable	253,996				253,996	
Net pension liability	8,017,810	4,994,704	725,023	4,094,023	17,831,560	3,874,912
OPEB liability	1,171,011	421,998	100,110	477,595	2,170,714	426,833
Total noncurrent liabilities	<u>12,669,360</u>	<u>5,662,270</u>	<u>921,620</u>	<u>30,872,037</u>	<u>50,125,287</u>	<u>6,362,047</u>
Total liabilities	<u>18,088,410</u>	<u>6,022,318</u>	<u>3,716,300</u>	<u>76,930,153</u>	<u>104,757,181</u>	<u>10,047,506</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred pension	608,475	370,725	93,969	856,495	1,929,664	493,051
Deferred OPEB	1,692,560	656,984	122,254	810,415	3,282,213	687,605
Leases			5,879,129	20,298,645	26,177,774	
Total deferred outflows of resources	<u>2,301,035</u>	<u>1,027,709</u>	<u>6,095,352</u>	<u>21,965,555</u>	<u>31,389,651</u>	<u>1,180,656</u>
NET POSITION						
Net investment in capital assets	76,486,358	5,094,512	29,944,087	244,702,093	356,227,050	2,454,704
Restricted						
Debt service				3,369,612	3,369,612	
Renewal and replacement				19,622,000	19,622,000	
Operations and maintenance				7,115,500	7,115,500	
Customer facility charge				10,622,031	10,622,031	
Passenger facility charge				29,337,854	29,337,854	
Unrestricted	<u>(4,022,111)</u>	<u>(3,008,179)</u>	<u>8,578,053</u>	<u>66,749,635</u>	<u>68,297,398</u>	<u>7,508,590</u>
Total net (deficit) position	<u>\$ 72,464,247</u>	<u>\$ 2,086,333</u>	<u>\$ 38,522,140</u>	<u>\$ 381,518,725</u>	<u>\$ 494,591,445</u>	<u>\$ 9,963,294</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, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Utility Fund	Sanitation Fund	Port Fund	Airport Fund	Total	
Operating revenues:						
Charges for services	\$ 60,702,436	\$ 8,435,790	\$ 3,629,678	\$ 37,742,377	\$ 110,510,281	\$ 8,639,575
Insurance					-	23,381,914
Other	527,007	109,736		33,673	670,416	79,450
Total operating revenues	<u>61,229,443</u>	<u>8,545,526</u>	<u>3,629,678</u>	<u>37,776,050</u>	<u>111,180,697</u>	<u>32,100,939</u>
Operating expenses:						
Gas purchases	27,254,349				27,254,349	
Salaries and employee benefits	6,649,446	3,178,342	972,721	7,941,649	18,742,158	5,568,059
Materials and supplies	661,579	594,956	26,604	323,162	1,606,301	256,652
Repairs and maintenance	726,571	995,658	147,790	2,299,673	4,169,692	225,139
Contractual services	7,923,305	286,547	268,336	8,401,773	16,879,961	2,228,313
Office and utilities	1,883,469	683,769	1,038,864	3,839,329	7,445,431	1,454,770
Land fill fees		1,217,947			1,217,947	
Overhead allocation	1,330,600	642,100	275,100	929,400	3,177,200	
Lawsuit settlement	12,600,000				12,600,000	
Premiums and claims expense					-	21,205,406
Total operating expenses before depreciation and amortization	<u>59,029,319</u>	<u>7,599,319</u>	<u>2,729,415</u>	<u>23,734,986</u>	<u>93,093,039</u>	<u>30,938,339</u>
Operating income (loss) before depreciation and amortization	2,200,124	946,207	900,263	14,041,064	18,087,658	1,162,600
Depreciation and amortization	<u>3,347,170</u>	<u>692,921</u>	<u>1,137,121</u>	<u>15,044,071</u>	<u>20,221,283</u>	<u>903,755</u>
Operating income (loss)	<u>(1,147,046)</u>	<u>253,286</u>	<u>(236,858)</u>	<u>(1,003,007)</u>	<u>(2,133,625)</u>	<u>258,845</u>
Nonoperating revenues (expenses):						
Gain (loss) on disposal of capital assets					-	2,313
Investment interest	404,782	46,518	203,377	5,673,521	6,328,198	296,843
Interest expense	(87,062)			(1,097,546)	(1,184,608)	(17,879)
Amortization of goodwill	(11,516)				(11,516)	
Gain (loss) on disposal of capital assets	44,886	(77,385)	(227,800)	10,748	(249,551)	
Total nonoperating revenues (expenses)	<u>351,090</u>	<u>(30,867)</u>	<u>(24,423)</u>	<u>4,586,723</u>	<u>4,882,523</u>	<u>281,277</u>
Income (loss) before contributions and transfers	<u>(795,956)</u>	<u>222,419</u>	<u>(261,281)</u>	<u>3,583,716</u>	<u>2,748,898</u>	<u>540,122</u>
Contributions and transfers:						
Contributions						
Federal and state grants	490,560		6,439,866	36,750,507	43,680,933	
Passenger facility charge				6,005,680	6,005,680	
Passenger facility charge - Interest				831,380	831,380	
Contributed capital (to) from other funds	87,521		2,027,860		2,115,381	14,425
Donations			10,801,174	24,733,261	35,534,435	
Transfers in (out)	(9,588,900)		46,630	661,337	(8,880,933)	(152,675)
Total contributions and transfers	<u>(9,010,819)</u>	<u>-</u>	<u>19,315,530</u>	<u>68,982,165</u>	<u>79,286,876</u>	<u>(138,250)</u>
Change in net position	<u>(9,806,775)</u>	<u>222,419</u>	<u>19,054,249</u>	<u>72,565,881</u>	<u>82,035,774</u>	<u>401,872</u>
Net position at beginning of year	<u>82,271,022</u>	<u>1,863,914</u>	<u>19,467,891</u>	<u>308,952,844</u>	<u>412,555,671</u>	<u>9,561,422</u>
Net position at end of year	<u>\$ 72,464,247</u>	<u>\$ 2,086,333</u>	<u>\$ 38,522,140</u>	<u>\$ 381,518,725</u>	<u>\$ 494,591,445</u>	<u>\$ 9,963,294</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, 2025

	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	\$ 60,315,030	\$ 8,529,154	\$ 3,358,526	\$ 37,390,029	\$ 109,592,739	\$ 27,264,475
Cash received from other funds					-	1,261,186
Cash payments to suppliers for goods and services	(51,444,213)	(4,448,709)	(1,904,922)	(14,863,863)	(72,661,707)	(27,123,494)
Cash payments to employees for services	(7,468,249)	(3,504,007)	(1,068,687)	(8,950,416)	(20,991,359)	(861,747)
Net cash provided by (used for) operating activities	<u>1,402,568</u>	<u>576,438</u>	<u>384,917</u>	<u>13,575,750</u>	<u>15,939,673</u>	<u>540,420</u>
Cash flows from noncapital financing activities:						
Advance from (to) other funds					-	
Due (from) to other funds					-	
Net transfers	(9,588,900)				(9,588,900)	
Net cash provided by (used for) noncapital financing activities	<u>(9,588,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,588,900)</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(5,870,869)	(1,515,941)	(2,380,105)	(4,794,344)	(14,561,259)	(341,585)
Acquisition of capital assets with grant monies			(12,150,643)	(55,712,557)	(67,863,200.00)	
Proceeds from sale of assets	51,860	32,472		10,748	95,080	2,439
Contributions from other governments	490,560		7,281,445	26,441,100	34,213,105	
Contributions from customers			4,496,132	29,808,952	34,305,084	
Principal paid on capital debt	(1,943,000)			(2,962,000)	(4,905,000)	
Interest paid on capital debt	(97,997)			(1,082,848)	(1,180,845)	
Interest payments on lease/SBITA	(8,213)				(8,213)	(27,558)
Payments from leasing activities			211,680	1,094,166	1,305,846	
Proceeds from note receivable					-	
Net cash provided by (used for) capital and related financing activities	<u>(7,377,659)</u>	<u>(1,483,469)</u>	<u>(2,541,491)</u>	<u>(7,196,783)</u>	<u>(18,599,402)</u>	<u>(366,704)</u>
Cash flows from investing activities:						
Sale of investments	8,769,527	584,546	1,265,311	4,954,111	15,573,495	790,654
Interest on investments	404,782	46,518		4,570,855	5,022,155	296,843
Net cash provided by (used for) investing activities	<u>9,174,309</u>	<u>631,064</u>	<u>1,265,311</u>	<u>9,524,966</u>	<u>20,595,650</u>	<u>1,087,497</u>
Net increase (decrease) in cash and cash equivalents	<u>(6,389,682)</u>	<u>(275,967)</u>	<u>(891,263)</u>	<u>15,903,933</u>	<u>8,347,021</u>	<u>1,261,213</u>
Cash and cash equivalents at beginning of year	<u>8,612,839</u>	<u>1,029,702</u>	<u>1,362,434</u>	<u>64,154,762</u>	<u>75,159,737</u>	<u>6,358,890</u>
Cash and cash equivalents at end of year	<u>\$ 2,223,157</u>	<u>\$ 753,735</u>	<u>\$ 471,171</u>	<u>\$ 80,058,695</u>	<u>\$ 83,506,758</u>	<u>\$ 7,620,103</u>

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

CITY OF PENSACOLA, FLORIDA
RECONCILIATION OF OPERATING INCOME (LOSS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Business-type Activities - Enterprise Funds</u>					<u>Governmental Activities- Internal Service Funds</u>
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Port Fund</u>	<u>Airport Fund</u>	<u>Total</u>	
Operating income (loss)	\$ (1,147,046)	\$ 253,286	\$ (236,858)	\$ (1,003,007)	\$ (2,133,625)	\$ 258,845
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,347,170	692,921	1,137,121	15,044,071	20,221,283	903,755
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(888,739)	(16,372)	(208,428)	887,909	(225,630)	(139,818)
(Increase) decrease in inventory					-	144,447
(Increase) decrease in due from other funds	140,000				140,000	
(Increase) decrease in prepaid expense	7,471	553	13,335	43,670	65,029	6,984
(Increase) decrease in lease receivable			(61,472)	(1,602,625)	(1,664,097)	
Increase (decrease) in accounts payable	940,272	13,693	25,400	887,571	1,866,936	150,512
Increase (decrease) in contracts payable	(129,749)	(41,978)	(385,874)	(824,240)	(1,381,841)	(33,601)
Increase (decrease) in due to other funds	66,687	13,647	11,515	121,084	212,933	(88,836)
Increase (decrease) in due to other governments			198,911		198,911	
Increase (decrease) in deposits			(1,252)	328,695	327,443	10,624
Increase (decrease) in claims and judgments					-	182,090
Increase (decrease) in lease payable	(12,083)				(12,083)	
Increase (decrease) in SBITA					-	(469,707)
Increase (decrease) in compensated absences	142,823	(15,393)	(17,233)	146,566	256,763	75,746
Increase (decrease) in lease deferred inflow					0	
Increase (decrease) in net OPEB obligation	(290,483)	(88,506)	(22,695)	(145,241)	(546,925)	(124,817)
Increase (decrease) in net pension liability	(773,755)	(235,413)	(67,553)	(308,703)	(1,385,424)	(335,804)
Net cash provided by (used for) operating activities:	<u>\$ 1,402,568</u>	<u>\$ 576,438</u>	<u>\$ 384,917</u>	<u>\$ 13,575,750</u>	<u>\$ 15,939,673</u>	<u>\$ 540,420</u>
Noncash investing, capital, and financing activities:						
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Port Fund</u>	<u>Airport Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Amortization of bond expense	\$	\$	\$	\$ 60,625	\$ 60,625	\$
Amortization of goodwill	(11,516)					
Transfer of capital assets from other funds	87,521		2,027,860			14,425
Transfer of capital assets to other funds					-	(152,675)
Disposal of capital assets	(6,974)	(109,857)	(227,800)		(344,631)	

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

**CITY OF PENSACOLA, FLORIDA
 COMBINED STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2025**

	Total Pension Trust Funds
ASSETS	
Other cash	\$ 1,056,416
Receivables:	
Employer	845
Employee	65,186
Private trust funds	114,986
Due from other governments	184,112
Total receivables	365,129
Investments:	
Short term investments	5,846,326
Debt Securities & Bond Mutual Funds	107,855,398
Convertible Corporate Bonds	21,390,360
Stock Mutual Funds	36,592,523
Mortgage Backed Securities	30,523,922
Commingled Trust Fund	39,045,937
Domestic Stocks	151,600,391
Preferred Stocks	2,152,890
Foreign Stocks	38,339,397
Total investments	433,347,144
Total assets	\$ 434,768,689
LIABILITIES	
Accounts payable	\$ 342,965
Total liabilities	342,965
NET POSITION	
Restricted for pension benefits	\$ 434,425,724

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, 2025

		Total Pension Trust Funds
Additions:		
Contributions - city	\$	10,803,123
Contributions - employee		1,284,693
Commission recapture		186
Insurance proceeds - State of Florida		1,922,097
Total contributions		14,010,099
Investment income		
Net appreciation		
in fair value of investments		21,227,276
Interest and dividends		13,238,341
		34,465,617
Less investment expense		1,824,474
Net investment income		32,641,143
Total additions		46,651,242
Deductions:		
Pensions paid - employees		26,523,521
Pensions paid - widows		4,296,108
Refunds to employees		87,443
Deferred retirement option plan		272,339
Health insurance assistance		82,852
Administrative expenses		427,696
Total deductions		31,689,959
Change in net position		14,961,283
Net position held in trust for pension benefits:		
Beginning of year		419,464,441
End of year	\$	434,425,724

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

**NOTES TO
FINANCIAL STATEMENTS**

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

TOPICAL INDEX

NOTE I- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity.....	64
Blended Component Unit.....	64
Discretely Presented Component Unit.....	65
Joint Ventures Excluded from Reporting Entity.....	65
Government Wide and Fund Financial Statements.....	67
Basis of Accounting, Measurement Focus and Financial Presentation.....	67
Assets, Liabilities, and Net Position or Equity.....	70
Cash and Cash Equivalents.....	70
Investments.....	70
Interfund Receivables/Payables.....	71
Inventories.....	71
Prepaid Insurance.....	71
Restricted Assets.....	71
Capital Assets.....	71
Leases.....	72
Subscription-Based Information Technology Arrangements.....	73
Deferred Outflows/Inflows of Resources.....	74
Pensions.....	75
Compensated Absences.....	75
Bond Discounts, Issuance Cost, and Refunding Gains and Losses.....	76
Fund Balance.....	76
Net Position.....	76
New Accounting Pronouncement.....	77

NOTE II-DETAIL NOTES ON ALL FUNDS

Deposits and Investments.....	77
Pension Funds.....	77
Investments.....	83
Accounts Receivable.....	84
Unbilled Utility Service.....	84
Property Tax Calendar and Revenue Recognition.....	84
Accounts Receivable.....	84
Lease Receivable.....	85
Unavailable Revenue/Unearned Revenue.....	87
Capital Assets.....	89
Interfund Receivables, Payables, and Transfers.....	92
Long Term Debt.....	94
Individual Bond Issues and Notes Payable.....	94
Changes in Long Term Debt.....	97
Summary of Debt Service Requirements to Maturity.....	98

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Debt Restriction	99
Reserves for Pledged Revenue Coverage	99
Direct Borrowings, Direct Placements and Lines of Credit	101
Lease Payable.....	101
Subscription-Based Information Technology Arrangements Payable.....	102
Florida Ports Finance Commission Agreement.....	103
Fund Balance Disclosure	105

NOTE III-OTHER INFORMATION

Risk Management	114
Pension Plans	116
Pension Plan Financial Statements.....	116
Pension Plan Descriptions.....	118
Pension Plan Investments.....	122
Pension Plan Receivables.....	122
Pension Plan Allocated Insurance Contract.....	122
Pension Plan Reserves	123
Pension Plan Deferred Retirement Option Program	123
Net Pension Liability	123
Pension Expense and Deferred/Inflows Outflows of Resources related to Pension.....	124
Payable to Pension Plan.....	129
Postemployment Benefits Other than Pensions (OPEB)	130
OPEB General Information about the Plan.....	130
Total OPEB Liability	131
Changes to Total OPEB Liability	132
OPEB Expense and Deferred/Inflows Outflows of Resources related to OPEB.....	134
Deferred Compensation/Replacement Benefit Program	134
Termination Benefits	135
Litigation	135
Grant Contingencies	135
Contractual, Construction, and Equipment Commitments	136
Tax Abatements.....	136
Other Significant Commitments	137
Special Items.....	140
Subsequent Events	140

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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 consists of seven (7) Council Members, one (1) elected from each of the seven (7) election districts of the City. The Mayor is not a member of Council and does not have voting power. The Mayor is elected at large, has a 4-year term in office, will exercise the executive powers of the City, and shall not be a member of Council. The Mayor’s term allows for a maximum of three consecutive four-year terms of office. With the Mayor-Council structure, the Mayor replaces the City Manager as the executive head of the City and shall appoint a City Administrator to assist in managing daily operations.

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to impose a specific financial benefit or burden to the City. Additionally, the primary government is required to consider other organizations for which exclusion of the nature and significance of their relationship with the City would cause the reporting entity’s financial statements to be misleading or incomplete.

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

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.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

The CRA is considered a blended component unit since the CRA and City have the same governing body and management of the primary government has operational responsibility for the CRA. The CRA is reported as a special revenue fund of the City.

Florida Statute Section 163.387(8) requires an independent audit of the CRA each fiscal year. Audited financial statements of the CRA can be obtained by contacting the City's financial services department: City of Pensacola, 222 West Main Street, Pensacola, FL 32502.

Discretely Presented Component Unit

The component unit column in the combined financial statements includes 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 are the same as those detailed for the City. The City's only discretely presented component unit is the Downtown Improvement Board.

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

Joint Ventures Excluded from the Reporting Entity

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

Escambia - Pensacola Human Relations Commission (HRC) - Created by an interlocal agreement between the Escambia County Board of County Commissioners and the Pensacola City Council in 1974, pursuant to Florida Statutes, for the purpose of promoting fair treatment and equal opportunity to all citizens of the community. On March 7, 2019, the Escambia Board of County Commissioners passed an Ordinance to cease operations and reestablish the Human Relations Commission with a new board. The new Commission is composed of nine members: five selected by the Escambia County Board of County Commissioners and four selected by the City Council. The City does not control the financial operations of the Commission. The HRC ended services in December 2026 and is no longer operating. No financial statements were available for fiscal year 2025.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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 tourism and industry in Escambia County and in the City of Pensacola. The nine-member board consists of representatives from the Escambia County Board of County Commissioners, the City of Pensacola City Council, the Town of Century, and the Greater Pensacola Chamber. Escambia County and the City of Pensacola each contribute to the operation and maintenance of the PEDC, but neither has control over the financial operations of the PEDC nor can it impose its will.

Complete financial statements of PEDC can be obtained from their administrative office: Pensacola - Escambia County Promotion and Development Commission, 3 West Garden Street, Ste 618, Pensacola, Florida, 32502.

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

PEDC	
Statement of Net Position	
September 30, 2025	
(Audited)	
Assets	\$ <u>17,254,951</u>
Liabilities	<u>10,243,086</u>
Deferred inflows of resources	<u>1,737,171</u>
Net Position:	
Restricted	61,198
Unrestricted	<u>5,213,496</u>
Total Net Position	<u>5,274,694</u>
Total Liabilities and Net Position	\$ <u>17,254,951</u>

PEDC
Statement of Revenues, Expenses
and Changes in Net Position
for the Fiscal Year Ended September 30, 2025
(Audited)

Revenue	\$ 1,764,236
Expenses	<u>1,535,014</u>
Excess of revenue over (under) expenses	<u>229,222</u>
Net position Beginning of Year	<u>5,045,472</u>
Net position at End of Year	\$ <u>5,274,694</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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 and expenditures/expenses are recognized in the accounts and reported in the financial statements. The 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, 2025**

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 Maritime Park Management - a special revenue fund to account for revenues and expenditures related to leases and special event rentals at the Community Maritime Park.

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

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents/Investments

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

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

2. Investments

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

The City is part of the Florida Cooperative Liquid Assets Securities System (FLCLASS), which is an independent local government investment pool authorized by Florida Statutes Section 218.415 and was created by an interlocal agreement by and among state public agencies (the Interlocal) as described in Florida Statutes Section 163.01, as amended. The investment pool is governed by a Board of Trustees and operates similarly to a registered money market fund with the objective of maintaining a net asset value (NAV) of \$1.00 per share. The City's portion of the investment pool was \$60,000,000 at the end of September 30, 2025.

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".

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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 the 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.

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

The Utility Fund reports intangible assets on the face of the financial statements of \$23,861 and \$41,125. The intangible asset is recorded as the excess of the purchase price over the fair market value of assets acquired and is amortized on a straight-line basis over an estimated useful life of forty years and ten years respectively.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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. Leases

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

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

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

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

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

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

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

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

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

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

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

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

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

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

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

9. Subscription-Based Information Technology Arrangements (SBITAs)

The City of Pensacola has several agreements which convey control of the right to use another party's IT software. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary fund financial statements.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

At the commencement of the agreement, the City initially measures the subscription liability at the present value of the payments expected to be made during the agreement term. Subsequently, the subscription liability is reduced by the principal portion of the payments made.

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the SBITA commencement date. Subsequently, the subscription asset is amortized on a straight-line basis over the term of the agreement.

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

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

Payments due under the SBITA contracts include fixed payments. Assets and liabilities arising from a SBITA are initially measured on a present-value basis.

10. 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category.

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

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

The governmental funds report unavailable revenues from sources such as special assessments, lease receivables, and note receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

11. 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.

12. Compensated Absences

It is the policy of the City to permit general employees to accumulate up to 500 hours of earned but unused leave benefits (Paid Time Off - PTO). Senior Executive Services (SES) employees may accumulate up to 600 hours of PTO plus 250 hours of retention leave. Fire employees may accumulate up to 720 hours of PTO.

Police sergeants, lieutenants, and captains may accumulate up to 500 hours PTO and police officers may accumulate up to 900 hours PTO. Employees who separate service in good standing can be paid the balance of their accrued PTO.

Unpaid compensated absences are recorded as a liability when the benefits are earned in both the government-wide financial statements and proprietary fund financial statements. Governmental funds within the fund financial statements are not required to record a liability of accumulated amounts of unused leave benefits unless the payments are current liabilities and will be made in the following year.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

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

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

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

14. 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.

15. 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.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

16. New Accounting Pronouncement

GASB Statement No. 101

The GASB issued Statement No. 101, “Compensated Absences,” which requires governments to recognize liabilities for compensated absences in two situations: (1) when leave has been earned but not yet used, and (2) when leave has been used but not yet paid. A liability must be recorded for unused leave if it is attributable to services already rendered, if the leave can be carried forward (accumulates), and if it is more likely than not that the leave will be used or otherwise paid. Because the City already recognizes compensated absences in both of these circumstances, the implementation of Statement No. 101 did not result in any financial impact.

NOTE II. - DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

1. Pension Funds

The City’s pension funds contain investments in certain bonds that are actually mortgage-backed and asset-backed securities which could be classified as “derivative” investments under GASB Technical Bulletin No. 94-1. These securities are based on cash flows from interest and principal payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result in a decline of interest rates.

The City invests in interest and principal securities (a form of mortgage-backed and asset-backed securities) in part to maximize yields and in part to hedge against a rise in interest rates. These investments are within the investment policy guidelines for the pension funds.

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

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

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City’s retirement plans will not be able to recover the value of their investments that are in the possession of an outside party.

The Retirement Plans’ Board of Trustees has contracts with each of their money managers which include a requirement that coverage be provided to protect the City’s retirement plans from any losses incurred arising out of the money manager’s negligence. Therefore, the City does not have a custodial credit risk.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

General Pension Investment	Weighted Average Maturity	Amount	Rating
Short term investments	Current	\$ 2,385,241	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	17.33 years	32,766,471	A1 - A3
Corporate Bonds	17.11 years	7,683,529	Aa1 - Aa3
Corporate Bonds	5.92 years	7,959,013	Baa1 - Baa3
Corporate Bonds	Unavailable	6,340,900	Rating Unavailable
Convertible Corporate Bonds			
Corporate Bonds	4.03 years	206,822	A1 - A3
Corporate Bonds	28.67 years	57,384	Ba1 - Ba3
Corporate Bonds	2.30 years	711,650	Baa1 - Baa3
Corporate Bonds	4.00 years	9,295,061	Rating Unavailable
Stock Mutual Funds	Current	9,563,621	N/A
Mortgage Backed Securities			
Mortgage Backed Securities	10.56 years	1,146,115	Rating Unavailable
Real Estate Investment Trust	Current	3,970,874	N/A
Domestic Stocks	Current	43,183,570	N/A
Commingled Trust Fund	Current	7,220,254	N/A
Preferred Stocks	Current	1,021,312	N/A
Foreign Stocks	Current	19,363,909	N/A
Total General Pension Investments		<u>\$ 152,875,726</u>	

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE II. - 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	\$ 1,783,915	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	5.22 years	4,007,388	A1 - A3
Corporate Bonds	3.09 years	227,566	Aaa
Corporate Bonds	4.43 years	14,605,056	Aa1 - Aa3
Corporate Bonds	4.42 years	5,796,312	Baa1 - Baa3
Corporate Bonds	4.92 years	6,421,967	Rating Unavailable
Convertible Corporate Bonds			
Corporate Bonds	4.03 years	222,317	A1 - A3
Corporate Bonds	28.67 years	61,297	Ba1-Ba3
Corporate Bonds	2.30 years	777,922	Baa1 - Baa3
Corporate Bonds	3.99 years	10,057,907	Rating Unavailable
Stock Mutual Funds	Current	27,028,902	N/A
Mortgage Backed Securities			
Mortgage Backed Securities	17.08 years	9,704,224	Rating Unavailable
Real Estate Investment Trust	Current	4,036,901	N/A
Commingled Trust Fund	Current	8,589,142	N/A
Domestic Stocks	Current	39,131,794	N/A
Preferred Stocks	Current	1,131,578	N/A
Foreign Stocks	Current	2,635,329	N/A
Total Fire Pension Investments		<u>\$ 136,219,517</u>	

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

Police Pension	Weighted Average Maturity	Amount	Rating
Short term investments	Current	\$ 1,677,170	N/A
Debt Securities & Bond Mutual Funds			
Corporate Bonds	5.18 years	4,260,561	A1 - A3
Corporate Bonds	4.83 years	7,556,091	Aa1 - Aa3
Corporate Bonds	4.45 years	7,475,031	Baa1-Baa3
Corporate Bonds	6.25 years	2,755,513	Rating Unavailable
Mortgage Backed Securities			
Mortgage Backed Securities	13.93 years	11,665,808	Rating Unavailable
Domestic Stocks	Current	69,285,027	N/A
Commingled Trust Fund	Current	23,236,541	N/A
Foreign Stocks	Current	16,340,159	N/A
Total Police Pension Investments		<u>\$ 144,251,901</u>	

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**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE II. - 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, 2025:

<u>General Pension Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>9/30/2025</u>
Investments by Fair Value Level				
Short Term Investments	\$ 2,385,241	\$	\$	\$ 2,385,241
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		54,749,913		54,749,913
Total Debt Securities & Bond Mutual Funds	<u>2,385,241</u>	<u>54,749,913</u>	<u>-</u>	<u>54,749,913</u>
Convertible Corporate Bonds		10,270,917		10,270,917
Stock Mutual Funds	9,563,621			9,563,621
Mortgage Backed Securities:				
Mortgage Backed Securities		1,146,115		1,146,115
Real Estate Investment Trust			3,970,874	3,970,874
Total Mortgage Baked Securities	<u>-</u>	<u>1,146,115</u>	<u>3,970,874</u>	<u>5,116,989</u>
Domestic Stocks	43,183,570			43,183,570
Commingled Trust Fund	7,220,254			7,220,254
Preferred Stocks	1,021,312			1,021,312
Foreign Stocks	19,363,909			19,363,909
Total Investments measured at fair value	<u>\$ 85,123,148</u>	<u>\$ 66,166,945</u>	<u>\$ 3,970,874</u>	<u>\$ 152,875,726</u>

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

Mortgage-backed securities 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, 2025**

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

<u>Fire Pension Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>9/30/2025</u>
Investments by Fair Value Level				
Short Term Investments	\$ 1,783,915	\$	\$	\$ 1,783,915
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		31,049,391		31,049,391
Bond Mutual Funds	8,898			8,898
Total Debt Securities & Bond Mutual Funds	<u>8,898</u>	<u>31,049,391</u>	<u>-</u>	<u>31,058,289</u>
Convertible Corporate Bonds		11,119,443		11,119,443
Stock Mutual Funds		15,073,146	11,955,756	27,028,902
Mortgage Backed Securities:				
Mortgage Backed Securities	36,156	9,668,068		9,704,224
Real Estate Investment Trust			4,036,901	4,036,901
Total Mortgage Baked Securities	<u>36,156</u>	<u>9,668,068</u>	<u>4,036,901</u>	<u>13,741,125</u>
Domestic Stocks	39,131,794			39,131,794
Commingled Trust Fund	8,589,142			8,589,142
Preferred Stocks	1,131,578			1,131,578
Foreign Stocks	2,635,329			2,635,329
Total Investments measured at fair value	<u>\$ 53,316,812</u>	<u>\$ 66,910,048</u>	<u>\$ 4,036,901</u>	<u>\$ 136,219,517</u>

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

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

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

<u>Police Pension Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>9/30/2025</u>
Investments by Fair Value Level				
Short Term Investments	\$ 1,677,170	\$	\$	\$ 1,677,170
Debt Securities & Bond Mutual Funds:				
Corporate Bonds		22,047,196		22,047,196
Total Debt Securities & Bond Mutual Funds	-	22,047,196	-	22,047,196
Mortgage Backed Securities:				
Mortgage Backed Securities		11,665,808		11,665,808
Total Mortgage Baked Securities	-	11,665,808	-	11,665,808
Domestic Stocks	69,285,027			69,285,027
Commingled Trust Fund	23,236,541			23,236,541
Foreign Stocks	16,340,159			16,340,159
Total Investments by Fair Value	\$ 110,538,897	\$ 33,713,004	\$ -	\$ 144,251,901

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

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

2. Investments

Investments are reported at fair value. The City's investments of \$70,000,000 are in certificates of deposits with maturities that range from February 2026 to July 2026 and have a weighted average maturity of one year. In addition to certificates of deposits, the City has \$60,000,000 invested in the FLCLASS investment pool. These investments are not subject to level disclosure in the fair value hierarchy.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE II. - 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 property taxes. Stormwater revenues are recognized during the fiscal year in which it is billed.

3. Accounts Receivable

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

	Accounts		
	Receivable	Allowance	Net
Governmental activities:			
General Fund	\$ 1,536,917	\$	\$ 1,536,917
Housing Assistance Payments Fund	2,425,160	1,629,502	795,658
Community Maritime Park Management Fund	422,338		422,338
Nonmajor Governmental Funds	181,039		181,039
Internal Service Fund	395,160		395,160
Total governmental activities	<u>\$ 4,960,614</u>	<u>\$ 1,629,502</u>	<u>\$ 3,331,112</u>
Business-type activities:			
Utility Fund	\$ 4,551,987	\$ 235,141	\$ 4,316,846
Sanitation Fund	520,153	69,339	450,814
Port Fund	6,887,924	9,859	6,878,065
Airport Fund	11,562,876		11,562,876
Total business-type activities	<u>\$ 23,522,940</u>	<u>\$ 314,339</u>	<u>\$ 23,208,601</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

The Airport Fund receivables include \$9,198,450 due from Triumph related to the expenses incurred for the VT Aerospace project. The Port Fund receivables include \$6,305,042 due from Triumph related to the expenses incurred for the American Magic project.

4. Lease Receivables

The City leases land and building space to third parties. As of September 30, 2025, the City's leases receivables were valued at \$48,461,471 and the deferred inflow of resources associated with the leases that will be recognized as revenue over the term of the leases were \$44,922,744. The lease receivables for Governmental and Business-type Activities at September 30, 2025 were as follows:

Governmental Activities

Land leases – annual lease payments totaling \$232,531 plus interest at a rate of 3%, due dates ranging from March 2032 to December 2134.	\$18,290,045
Building and office space leases – annual lease payments totaling \$206,839 plus interest at a rate of 3%, due dates ranging from January 2026 to July 2069.	<u>1,566,513</u>
Total Governmental Activities Lease Receivables	<u>\$19,856,558</u>

Business-type Activities

Land leases – annual lease payments totaling \$916,091 plus interest at a rate of 3%, due dates ranging from December 2025 to August 2118.	\$22,634,091
Building and office space leases – annual lease payments totaling \$965,798 plus interest at a rate of 3%, due dates ranging from December 2025 to July 2038.	<u>5,970,822</u>
Total Business-type Activities Lease Receivables	<u>\$ 28,604,913</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 213,224	\$ 603,722	\$ 1,408,878	\$ 838,821
2027	220,411	599,904	1,437,133	797,049
2028	162,745	597,930	1,483,928	755,953
2029	100,560	595,584	1,458,233	709,723
2030	113,311	595,206	1,171,709	672,113
2031-2035	588,142	2,964,439	5,013,009	2,862,214
2036-2040	400,226	2,956,191	3,896,294	2,277,115
2041-2045	408,644	2,958,050	4,974,304	1,639,394
2046-2050	476,829	2,946,413	3,512,815	897,216
2051-2055	559,974	2,916,444	740,084	670,313
2056-2060	712,232	2,860,112	859,768	539,712
2061-2065	892,190	2,763,179	480,774	406,772
2066-2070	793,810	2,628,995	-	373,945
2071-2075	29,286	2,572,131	-	356,789
2076-2080	34,393	2,535,865	-	337,042
2081-2085	37,048	2,467,843	161,604	313,700
2086-2090	38,135	2,367,143	192,822	286,800
2091-2095	195,869	2,224,837	223,997	255,550
2096-2100	1,092,916	2,032,605	260,214	219,246
2101-2105	1,894,590	1,780,627	302,324	177,037
2106-2110	2,405,867	1,458,195	351,209	128,035
2111-2115	2,790,560	1,056,589	407,999	71,109
2116-2120	2,780,777	649,873	267,815	11,594
2121-2125	2,703,410	196,526	-	-
2126-2130	126,549	21,578	-	-
2131-2135	84,860	3,603	-	-
	<u>\$ 19,856,558</u>	<u>\$ 45,353,586</u>	<u>\$ 28,604,913</u>	<u>\$ 15,597,242</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

The City has leasing agreements with several air carriers that are regulated by the Federal Aviation Administration, and as such qualify to be treated as a regulated lease in accordance with GASB 87. The leases with the air carriers have specific requirements that are subject to external laws and regulations mandated by Federal Aviation Administration. The City leases land and building space to third parties under these agreements. The building leases expired on September 30, 2022. The expired leases continue under a hold over provision until such time that a new lease is negotiated. The hold over provision allows the City to terminate the lease at any time. Revenues collected under the building leases for fiscal year 2025 totaled \$8,343,067. Due to the current hold over provision, expected future minimum lease payments are not included in the schedule below. The land lease range is 30 years with annual lease payments totaling \$9,692. As of September 30, 2025, the remaining nominal amount of the revenue that will be recognized as revenue over the lease term associated with these leases amount to \$94,497 which is expected to be received for each of the subsequent five years and in five-year increments thereafter as stated below:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>
2026	\$ 9,692
2027	9,692
2028	9,692
2029	9,692
2030	9,692
2031-3035	46,037
Total	\$ 94,497

5. Unavailable/Unearned Revenue

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

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Land/ROW receivables	\$ 7,947	\$
Prepaid lease payments		178,917
Occupational license fees and fines received for subsequent year		714,886
Special Revenue Funds		
HUD - Fraud Recovery	795,658	366
Community Redevelopment Agency receivables	10,250	
CDBG - Housing Rehab Project notes receivable	183,143	
Golf Course receivables	1,500	
Parks Recreation receivables	2,100	
CMP - Use Fee		43,750
CMP receivables		56,792
American Rescue Act Funding		3,263,340
Home Reconstruction Loans	400,915	
Grant request and draws prior to meeting all requirements		5,946,659
	<u>\$ 1,401,513</u>	<u>\$ 10,204,710</u>

The American Rescue Plan grant does not require the City to hold unspent funds in a separate bank account. The unspent monies are not earned so it is not a component of net position at the fund or government-wide level. Since the terms of the grant require the funds to be expended within a set number of years and unspent funds are not considered restricted assets of the government unit, the City does not consider presentation of the unspent monies as restricted assets necessary as of September 30, 2025.

The Airport Fund includes \$31,616,070 in unearned revenue related to an advance on project funding as required by the "Project Development Agreement" which includes \$23,334,065 from VTMAE and \$8,282,005 from Escambia County. This agreement stipulates the timing and use of the funding for the development of a commercial aircraft maintenance, repair, and overhaul ("MRO") campus at Pensacola International Airport. VTMAE will provide a total of \$35,000,000 towards the estimated \$210,125,000 project. The unspent funds are not considered earned until funds are expended and therefore are not a component of the Airport's net position.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

C. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended September 30, 2025 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Non-depreciable Assets:				
Land	\$ 22,689,323	\$ 258,800	\$ -	\$ 22,948,123
Construction in Progress	13,395,785	14,827,177	(7,828,154)	20,394,808
Total Non-depreciable assets	<u>36,085,108</u>	<u>15,085,977</u>	<u>(7,828,154)</u>	<u>43,342,931</u>
Depreciable Assets:				
Buildings	136,714,377	26,008	-	136,740,385
Improvements	74,486,667	2,348,908	-	76,835,575
Infrastructure	165,721,247	2,848,572	-	168,569,819
Equipment	67,162,538	4,160,873	(1,547,865)	69,775,546
Right-to-use lease equipment	305,697	-	-	305,697
Right-to-use SBITA	1,448,110	-	-	1,448,110
Total Depreciable assets	<u>445,838,636</u>	<u>9,384,361</u>	<u>(1,547,865)</u>	<u>453,675,132</u>
Less accumulated depreciation for:				
Buildings	50,104,183	3,151,963	-	53,256,146
Improvements	35,229,650	2,858,093	-	38,087,743
Infrastructure	79,138,515	7,013,095	-	86,151,610
Equipment	46,992,422	4,618,296	(1,341,091)	50,269,627
Right-to-use lease equipment	211,581	65,688	-	277,269
Right-to-use SBITA	377,717	482,703	-	860,420
Total accumulated depreciation	<u>212,054,068</u>	<u>18,189,838</u>	<u>(1,341,091)</u>	<u>228,902,815</u>
Total depreciable assets net of depreciation	<u>233,784,568</u>	<u>(8,805,477)</u>	<u>(206,774)</u>	<u>224,772,317</u>
Governmental activities net capital assets	\$ <u>269,869,676</u>	\$ <u>6,280,500</u>	\$ <u>(8,034,928)</u>	\$ <u>268,115,248</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 2025, the net book value of assets held by Internal Service Funds is \$2,904,620. Total depreciation and amortization expense for governmental activities for fiscal year 2025 is \$17,641,447 and \$548,391, respectively.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

Capital asset activity for business-type activities for the fiscal year ended September 30, 2025 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Non-Depreciable Assets:				
Land	\$ 38,591,984	\$	\$	\$ 38,591,984
Construction in Progress	<u>16,450,905</u>	<u>75,123,561</u>	<u>(1,695,057)</u>	<u>89,879,409</u>
Total Non-depreciable assets	<u>55,042,889</u>	<u>75,123,561</u>	<u>(1,695,057)</u>	<u>128,471,393</u>
Depreciable Assets:				
Buildings	250,230,300	73,717	(86,862)	250,217,155
Improvements	257,595,613	14,613,920	(326,183)	271,883,350
Equipment	53,023,823	3,377,300	(1,600,954)	54,800,169
Right to-use lease land	306,707			306,707
Right to-use SBITA	<u>300,855</u>			<u>300,855</u>
Total Depreciable assets	<u>561,457,298</u>	<u>18,064,937</u>	<u>(2,013,999)</u>	<u>577,508,236</u>
Less accumulated depreciation for:				
Building	118,528,249	8,160,743	(86,862)	126,602,130
Improvements	135,556,119	8,031,818	(247,178)	143,340,759
Equipment	33,926,411	4,012,759	(1,484,123)	36,455,047
Right to-use lease land	59,637	15,963		75,600
Right to-use SBITA	<u>300,855</u>			<u>300,855</u>
Total accumulated depreciation	<u>288,371,271</u>	<u>20,221,283</u>	<u>(1,818,163)</u>	<u>306,774,391</u>
Total depreciable assets net of depreciation	<u>273,086,027</u>	<u>(2,156,346)</u>	<u>(195,836)</u>	<u>270,733,845</u>
Business-type activities net capital assets	<u>\$ 328,128,916</u>	<u>\$ 72,967,215</u>	<u>\$ (1,890,893)</u>	<u>\$ 399,205,238</u>

Total depreciation and amortization expense for business-type activities for fiscal year 2025 is \$20,221,283.

There are two intangible assets reported in the Utility Fund representing the excess of the purchase price paid over the fair market value of assets acquired. In September 1989, the City purchased the Escambia County Utilities Authority's Timberland Natural Gas Distribution and recorded goodwill of \$131,646. The intangible asset is amortized on a straight-line basis over an estimated useful life of forty years. In October 2021, the City purchased a portion of Okaloosa Gas District service area and recorded goodwill of \$82,250. The intangible asset is amortized on a straight-line basis over an estimated useful life of ten years. The current balance is \$64,986 as of September 30, 2025.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

Governmental activities:	
General Government	\$ 782,426
Public Safety	2,726,010
Physical Environment	1,992,747
Transportation	3,882,422
Economic Environment	60,820
Culture and Recreation	6,184,488
Unallocated Infrastructure	1,657,170
Capital assets held by governmental type internal service funds are charged to the various functions based on their usage	903,755
Total depreciation expense-governmental activities	\$ <u>18,189,838</u>

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

Business-type activities:	
Gas	\$ 3,347,170
Sanitation	692,921
Port	1,137,121
Airport	<u>15,044,071</u>
Total depreciation expense- business-type activities	\$ <u>20,221,283</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

D. Interfund Receivables, Payables, and Transfers

Interfund receivables/payables balances as of September 30, 2025, are as follows:

	<u>Due To</u>	<u>Due From</u>	<u>Advance To</u>	<u>Advance From</u>
Governmental activities:				
General Fund	\$	\$ 1,580,748	\$	\$
Housing Assistance Fund	44,617			
CMP Management Services Fund	4,366			
Local Option Sales Tax Fund				
Nonmajor Governmental Funds	499,481	187,232		
Internal Service Funds	<u>621,440</u>			
Total Governmental activities	<u>1,169,904</u>	<u>1,767,980</u>	<u>-</u>	<u>-</u>
Business-type activities:				
Utility Fund	403,963	370,000		
Sanitation Fund	133,399			
Port Fund	36,011			
Airport Fund	<u>394,703</u>	<u>-</u>		
Total Business-type activities	<u>968,076</u>	<u>370,000</u>	<u>0</u>	<u>-</u>
Total governmental and business-type activities	<u>\$ 2,137,980</u>	<u>\$ 2,137,980</u>	<u>\$ -</u>	<u>\$ -</u>

Internal balances-current reported in the government-wide statement of net position in the amount of \$598,076 represents the amounts receivable/payable between government and business-type activities for end of year payroll liabilities, risk management claims and inter-fund transfers.

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**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

For the year ended September 30, 2025, interfund transfers are as follows:

Governmental activities:			
<i>Major Governmental Funds</i>	Transfer In	Transfer Out	Purpose
General Fund	\$ 9,588,900	\$ 8,450,019	Transfer from Utility Fund Transfer to CRA, Golf, Eastside TIF, Westside TIF and Stormwater Capital
Local Option Sales Tax Fund (LOST)		707,967	Transfer to Port and Airport
<i>Nonmajor Governmental Funds</i>			
Local Option Gasoline Tax (LOGT)		1,461,852	Transfer to Local Option Gasoline Tax Debt Service
Community Redevelopment Agency (CRA)	4,365,802	3,573,718	Transfer from General Fund Transfer to CRA Debt Service
Golf Course Fund	200,000		Transfer from General Fund
Eastside Tax Increment Financing District	220,194	85,310	City's required contribution Transfer to CRA Debt Service
Westside Tax Increment Financing District	929,023	267,984	City's required contribution Transfer to CRA Debt Service
CRA Debt Service	3,927,012		Transfer from CRA, Eastside TIF and Westside TIF
Local Option Gas Tax Debt Service Fund	1,461,852		Transfer from LOGT
Stormwater Capital Fund	2,735,000		Transfer from General Fund
Business-type activities:			
Utility Fund		9,588,900	Transfer to General Fund
Port Fund	46,630		Transfer from LOST
Airport Fund	661,337		Transfer from LOST
Total	\$ 24,135,750	\$ 24,135,750	

Transfers reported in the government-wide statement of activities in the amount of \$8,880,933 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.

The difference between the total of transfers out displayed in the fund financial statements, \$24,288,425, and the \$24,135,750 shown in the table above is \$152,675. This is in relation to fixed assets transferred out of Internal Service Funds.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

E. Long-term Debt

Individual Bond Issues and Notes Payable

Below are the City's individual long-term debt issues which were outstanding on September 30, 2025:

Governmental activities:

Nonmajor Funds

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

\$ 3,016,000

\$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.

873,000

\$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.

2,727,000

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE II. - 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.

6,845,000

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

9,811,000

\$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.

50,296,587

Total Governmental Activities

\$ 73,568,587

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

Business-type Activities:

Utility Enterprise

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

\$ 4,003,000

Total Utility Enterprise

\$ 4,003,000

Airport Enterprise

\$12,465,000 Airport Refunding Revenue Note, Series 2015 refunded the outstanding principal of the Airport Refunding Revenue Bonds (Non-AMT), Series 2005A. Note has a fixed interest rate of 2.55% commencing April 1, 2016, to and including October 1, 2027, payable each April 1 and October 1 of each year. Principal payments commenced on October 1, 2016, payable October 1 of each year. Debt service payments are secured with Net Revenues of the Airport. Final maturity of principal occurs on October 1, 2027.

\$ 3,475,000

\$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.

2,120,000

\$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.

22,776,000

Total Airport Enterprise

28,371,000

Total Business-type Activities

\$ 32,374,000

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE II. - 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, 2025:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Due to other governments	\$ 3,900,000	\$	\$ (1,300,000)	\$ 2,600,000	\$ 1,300,000
Claims and judgements	3,618,996	2,107,689	(1,925,599)	3,801,086	2,265,943
Compensated absences	6,217,637	167,710		6,385,347	129,273
Bonds/Notes payable	79,423,568		(5,854,981)	73,568,587	5,989,901
Lease payable	95,044		(66,671)	28,373	28,373
SBITA payable	903,611		(469,707)	433,904	433,904
Total OPEB liability	8,300,202	886,145	(3,293,758)	5,892,589	286,542
Net Pension liability	103,704,108	44,859,534	(82,279,889)	66,283,753	
Governmental activity long term liabilities	<u>\$ 206,163,166</u>	<u>\$ 48,021,078</u>	<u>\$ (95,190,605)</u>	<u>\$ 158,993,639</u>	<u>\$ 10,433,936</u>
Business-type activities					
Compensated absences	\$ 2,326,155	\$ 256,762	\$	\$ 2,582,917	\$ 36,900
Bonds/Notes payable	37,279,000		(4,905,000)	32,374,000	5,051,000
Lease payable	279,034		(12,083)	266,951	12,955
Total OPEB liability	3,178,994	344,612	(1,245,597)	2,278,009	107,295
Net Pension liability	27,050,687	11,924,686	(21,143,813)	17,831,560	
Business-type activity long term liabilities	<u>\$ 70,113,870</u>	<u>\$ 12,526,060</u>	<u>\$ (27,306,493)</u>	<u>\$ 55,333,437</u>	<u>\$ 5,208,150</u>

Note- Change in compensated absences liability is presented as net change

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 were 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, 2025**

NOTE II. - 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 shown on the next page; includes both fixed and variable interest rate bonds/notes:

Governmental Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
2026	\$ 5,989,901	\$ 2,203,375	\$ 8,193,276
2027	6,135,210	2,054,121	8,189,331
2028	5,143,969	1,915,182	7,059,151
2029	5,280,991	1,776,159	7,057,150
2030	2,833,514	1,661,085	4,494,599
2031-2035	15,584,606	6,887,570	22,472,176
2036-2040	17,090,732	4,269,302	21,360,034
2041-2044	15,509,664	1,307,192	16,816,856
Total	<u>73,568,587</u>	<u>22,073,986</u>	<u>95,642,573</u>
Less: Current	<u>(5,989,901)</u>	<u>-</u>	<u>(5,989,901)</u>
Total government debt	<u><u>\$ 67,578,686</u></u>	<u><u>\$ 22,073,986</u></u>	<u><u>\$ 89,652,672</u></u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

Business-Type Activities Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
2026	\$ 5,051,000	\$ 1,048,612	\$ 6,099,612
2027	5,190,000	912,276	6,102,276
2028	3,267,000	792,271	4,059,271
2029	1,403,000	713,865	2,116,865
2030	1,456,000	657,686	2,113,686
2031-2035	8,202,000	2,364,170	10,566,170
2036-2039	7,805,000	627,955	8,432,955
Total	<u>32,374,000</u>	<u>7,116,835</u>	<u>39,490,835</u>
Less: Current	<u>(5,051,000)</u>	<u>-</u>	<u>(5,051,000)</u>
Total business-type debt	<u>\$ 27,323,000</u>	<u>\$ 7,116,835</u>	<u>\$ 34,439,835</u>

Debt Restriction

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

Revenues Pledged for Debt Repayment

The City has pledged future Tax Increment Revenues derived from the Urban Core Redevelopment Area to repay \$6,715,000 in Bonds issued in 2009, \$8,000,000 in Bonds issued in 2017 and a \$58,140,000 Bond issued in 2019. Proceeds of the 2009 bonds provided financing for the construction of a Community Maritime Park. Proceeds from the 2019 bond provided financing to refund \$38,925,000 in outstanding 2009 bonds. Proceeds of the 2017 bond and remaining proceeds from the 2019 bond provided financing for certain community redevelopment capital improvements in the Urban Core Community Redevelopment Area included in the Urban Core Community Redevelopment Area Plan. The bonds are secured by Tax Increment Revenues derived from the Urban Core Redevelopment Area, and with respect to the Series 2009B Bonds Federal Direct Payments, and in the event that these revenues are insufficient a Covenant to Budget and Appropriate and are payable through 2043. Principal and interest paid for the current year on the 2017 bond was \$304,800 and the 2019 bonds was \$3,433,742 and Tax Increment Revenues for the current year were \$11,728,756.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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 \$89,002 and Tax Increment Revenues for the current year were \$559,841.

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 \$279,903 and Tax Increment Revenues for the current year were \$2,362,030.

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 \$2,560,930 and Infrastructure Sales Tax revenues for the current year were \$12,435,316.

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 \$1,535,617 and LOGT revenues for the current year were \$1,427,119. 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 \$2,040,998 and net revenues for the current year were \$2,200,124.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

The City has pledged future Net Revenues of the Airport to repay \$48,443,000 in Bonds and Notes issued between 2015 through 2018. Proceeds of the bonds were used to finance the acquisition, construction and rehabilitation improvements to the Airport Facilities as well as refinance its Airport Revenue Refunding Bond, Series 2005A, Airport Improvement Revenue Bonds, Series 2008 and Airport Revenue Bonds, Series 2012. Debt service payments are secured with the Net Revenues of the Airport through 2038. Principal and interest paid (cash basis) for the current year were \$2,327,677 and net revenues for the current year were \$11,484,206. Net Revenues excludes CFC revenues of \$3,709,308 pledged towards the Airport Taxable Customer Facility Charge Revenue Note, Series 2008 and operating expenses of \$1,152,450.

The City has pledged future Passenger Facility Charge (PFC) revenue (to the extent they are deposited into the Bond Fund) of the Airport to refinance its Airport Revenue Bonds, Series 2008. Proceeds of the bonds were used to finance acquisition, construction, and rehabilitation improvements to the Airport Facilities. Debt service payments are secured with the Passenger Facility Charge (PFC) revenue to the extent they are deposited into the Bond Fund through 2038. Principal and interest paid (cash basis) for the current year were \$1,717,171 and net revenues for the current year were \$6,005,680.

Direct Borrowings, Direct Placements and Lines of Credit

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

Leases Payable

The City is a lessee for noncancellable leases of land and equipment. At September 30, 2025, the City's lease payable of \$295,324 was composed of the following:

Governmental Activities

Equipment leases – annual lease payments total \$68,609; due date March 2026. This amount includes interest at a rate of 3%.	\$28,373
Total Governmental Activities Lease Payable	\$28,373

Business-type Activities

Land leases – annual lease payments total \$20,297; due dates ranging from September 2032 to April 2074. This amount includes interest at a rate of 3%.	\$266,951
Total Business-type Activities Lease Payable	\$266,951

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

The future principal and interest lease payments as of September 30, 2025 were as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 28,373	\$ 160	\$ 12,955	\$ 7,828
2027	-	-	13,866	7,426
2028	-	-	14,799	7,016
2029	-	-	15,812	6,537
2030	-	-	16,851	6,048
2031-2035	-	-	60,759	23,533
2036-2040	-	-	52,014	16,075
2041-2045	-	-	67,910	7,089
2046-2050	-	-	7,074	838
2051-2055	-	-	800	689
2056-2060	-	-	929	558
2061-2065	-	-	1,080	405
2066-2070	-	-	1,254	228
2071-2074	-	-	848	40
	<u>\$ 28,373</u>	<u>\$ 160</u>	<u>\$ 266,951</u>	<u>\$ 84,311</u>

SBITA Payable

The City has subscription-based information technology arrangements. At September 30, 2025, The City's SBITA payable of \$433,904 was composed of the following:

Governmental Activities

Annual subscription payments total \$497,264; due dates ranging from September 2026 to December 2026. This amount includes interest at a rate of 3%.	<u>\$433,904</u>
Total Governmental Activities SBITA Payable	<u>\$433,904</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

The future principal and interest SBITA payments as of September 30, 2025 were as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	433,904	3,400
	\$ <u>433,904</u>	\$ <u>3,400</u>

Florida Ports Finance Commission Agreement

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

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

The Loan Agreement entered into by the City provides that the City will repay its Loan solely from monies due from the State Transportation Trust Funds. Pursuant to Section 320.20(4), Florida Statutes, \$15,000,000 of the revenues received by the State of Florida from motor vehicle registration fees is to be deposited annually in the State Transportation Trust Fund for funding Projects (the “State Monies”). Basic Payments under the Loan Agreement are payable solely from monies 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 Monies 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 monies allocated to the City from State Monies to the Trustee on behalf of the Commission, to pay its portion of debt service on the Bonds.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

In addition to the Basic Payments, the City agreed to pay on demand of the Commission or the Trustee additional payments constituting (a) its proportionate share of certain ongoing fees, costs and expenses related to the financing program, (b) all reasonable fees and expenses of the Commission and the administrator of the financing program, (c) its proportionate share of rebate obligations relating to the Bonds pursuant to Section 149 of the Internal Revenue Code of 1986, and (d) any unallowable costs required to be repaid by the Borrower under the Loan Agreement (the “Additional Payments”). The City has agreed to pay from legally available non-ad valorem revenues of its Port facilities (the “Port Revenues”) sufficient monies 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 Monies 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 monies in the State Transportation Trust Fund. The program was structured with Loan Agreements in order to satisfy certain legal requirements. Bondholders have no recourse to the Borrowers, including the City, for payment of the principal and interest on the Bonds.

The City has not recorded a liability for the loan since it does not have any obligation except for monies due it from the State Transportation Trust Fund. As discussed above, all of such monies 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 monies of the Authority have been pledged or are obligated for payment of the debt. As expenditures were incurred for the approved projects, the City recorded a receivable from the Commission for 50% of qualified amounts and recorded the amount to be reimbursed as contributed capital. Monies not expended on approved projects by individual ports (excess project funds) are returned to the funding pool and reallocated. The amount expended by the City in excess of the allocated \$2.7 million was made possible through the excess funding reallocation program. The bond proceeds have since been fully expended by the ports to which they were allocated. The City has incurred in total \$3,904,251 of eligible expenditures.

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

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

F. Fund Balance Disclosure

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

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

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

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

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

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.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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.

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**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

	Major Funds			
	General Fund	Housing Assistance Payments	CMP Management Services Fund	Local Option Sales Tax Fund
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays and Deposits	406,922	7,831	97,985	
Subtotal non-spendable fund balance	<u>406,922</u>	<u>7,831</u>	<u>97,985</u>	<u>-</u>
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Local Option Gas Tax debt payments				
Stormwater projects				
Section 8 program administrative		2,010,690		
Natural disaster projects				
General government	434,247			
Transportation	268,420			
Economic Environment				
Physical Environment				
Saenger capital	875,654			
Public safety	464,840			
Community development projects				
Culture and recreation	26,236		954,694	
Tree landscape	26,292			
Building inspections				
Local Option Sales Tax debt payment				2,480,468
Local Options Sales Tax projects				10,427,828
Subtotal restricted fund balance	<u>2,095,689</u>	<u>2,010,690</u>	<u>954,694</u>	<u>12,908,296</u>
Committed				
Council Reserve	16,139,820			
Tree landscape	638,289			
Park purchases	71,444			
Stormwater projects				
Subtotal committed fund balance	<u>16,849,553</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned				
General government	5,685,595			
Demolition	580,122			
Lien amnesty	28,269			
Housing Initiatives Fund	476,912			
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects	746,040			
Culture and recreation			1,066,738	
Physical Environment				
Subtotal assigned fund balance	<u>7,516,938</u>	<u>-</u>	<u>1,066,738</u>	<u>-</u>
Unassigned				
	1,376,261			
<i>Total Fund Balance</i>	<u>\$ 28,245,363</u>	<u>\$ 2,018,521</u>	<u>\$ 2,119,417</u>	<u>\$ 12,908,296</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

	Nonmajor Funds			
	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Community Redevelopment Agency
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays and Deposits				5,214
Subtotal non-spendable fund balance	-	-	-	5,214
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Local Option Gas Tax debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation		3,966,034		
Economic Environment	513,771			
Physical Environment	4,868,279			
Saenger capital				
Public safety				
Community development projects				9,129,121
Culture and recreation	946,686			
Tree landscape				
Building inspections				
Local Option Sales Tax debt payment				
Local Options Sales Tax projects				
Subtotal restricted fund balance	6,328,736	3,966,034	-	9,129,121
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects				
Subtotal committed fund balance	-	-	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking				
Community development projects				4,298,136
Natural disaster projects				
Culture and recreation				
Physical Environment				
Subtotal assigned fund balance	-	-	-	4,298,136
Unassigned	(6,116,925)		(21,403)	
Total Fund Balance	\$ 211,811	\$ 3,966,034	\$ (21,403)	\$ 13,432,471

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

	<u>Nonmajor Funds</u>			
	<u>Special Revenue Funds</u>			
<i>Fund Balance</i>	<u>Stormwater Utility Fund</u>	<u>Parking Fund</u>	<u>Code Enforcement</u>	<u>Law Enforcement Trust</u>
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays and Deposits	9,885	1,867	2,670	
Subtotal non-spendable fund balance	<u>9,885</u>	<u>1,867</u>	<u>2,670</u>	<u>-</u>
Restricted				
Parking		103,665		
Redevelopment Rev Bond(s) debt payments				
Local Option Gas Tax debt payments				
Stormwater projects	147,994			
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Economic Environment				
Physical Environment				
Saenger capital				
Public safety				504,505
Community development projects				
Culture and recreation				
Tree landscape				
Building inspections				
Local Option Sales Tax debt payment				
Local Options Sales Tax projects				
Subtotal restricted fund balance	<u>147,994</u>	<u>103,665</u>	<u>-</u>	<u>504,505</u>
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects	1,181,121			
Subtotal committed fund balance	<u>1,181,121</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking		1,737,586		
Community development projects				
Natural disaster projects				
Culture and recreation				
Physical Environment			1,812,262	
Subtotal assigned fund balance	<u>-</u>	<u>1,737,586</u>	<u>1,812,262</u>	<u>-</u>
Unassigned				
<i>Total Fund Balance</i>	<u>\$ 1,339,000</u>	<u>\$ 1,843,118</u>	<u>\$ 1,814,932</u>	<u>\$ 504,505</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

	Nonmajor Funds			
	Special Revenue Funds			
	Natural Disaster Fund	Golf Course Fund	Eastside Tax Increment	
			Financing District	Inspections Fund
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$ 6,659	\$	\$
Prepays and Deposits		21,031		
Subtotal non-spendable fund balance	-	27,690	-	-
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Local Option Gas Tax debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects	1,114,967			
General government				
Transportation				
Economic Environment				
Physical Environment				
Saenger capital				
Public safety				
Community development projects			825,512	
Culture and recreation		4,586		
Tree landscape				
Building inspections				2,075,358
Local Option Sales Tax debt payment				
Local Options Sales Tax projects				
Subtotal restricted fund balance	1,114,967	4,586	825,512	2,075,358
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects				
Subtotal committed fund balance	-	-	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects	1,770,066			
Culture and recreation		399,702		
Physical Environment				
Subtotal assigned fund balance	1,770,066	399,702	-	-
Unassigned				
<i>Total Fund Balance</i>	<u>\$ 2,885,033</u>	<u>\$ 431,978</u>	<u>\$ 825,512</u>	<u>\$ 2,075,358</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

	Nonmajor Funds			
	Special Revenue Funds			American Rescue Plan Act
	Westside Tax Increment Financing District	Recreation Fund	Tennis Fund	
Fund Balance				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays and Deposits		1,868	9,355	
Subtotal non-spendable fund balance	<u>-</u>	<u>1,868</u>	<u>9,355</u>	<u>-</u>
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments				
Local Option Gas Tax debt payments				
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Economic Environment				
Physical Environment				
Saenger capital				
Public safety				
Community development projects	3,703,469			
Culture and recreation				
Tree landscape				
Building inspections				
Local Option Sales Tax debt payment				
Local Options Sales Tax projects				
Subtotal restricted fund balance	<u>3,703,469</u>	<u>-</u>	<u>-</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				
Parking				
Community development projects				
Natural disaster projects				
Culture and recreation		917,631	176,039	
Physical Environment				
Subtotal assigned fund balance	<u>-</u>	<u>917,631</u>	<u>176,039</u>	<u>-</u>
Unassigned				
Total Fund Balance	<u>\$ 3,703,469</u>	<u>\$ 919,499</u>	<u>\$ 185,394</u>	<u>\$ -</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

	Nonmajor Funds			
	Debt Service Fund		Capital Projects Funds	
	CRA Debt Service	Local Option Gasoline Tax Debt Service	CRA 2017 Project Fund	CRA 2019 Project Fund
<i>Fund Balance</i>				
Non-spendable				
Inventories	\$	\$	\$	\$
Prepays and Deposits				
Subtotal non-spendable fund balance	-	-	-	-
Restricted				
Parking				
Redevelopment Rev Bond(s) debt payments	4,097,348			
Local Option Gas Tax debt payments		1,522,987		
Stormwater projects				
Section 8 program administrative				
Natural disaster projects				
General government				
Transportation				
Economic Environment				
Physical Environment				
Saenger capital				
Public safety				
Community development projects			3,555,461	4,654,895
Culture and recreation				
Tree landscape				
Building inspections				
Local Option Sales Tax debt payment				
Local Options Sales Tax projects				
Subtotal restricted fund balance	4,097,348	1,522,987	3,555,461	4,654,895
Committed				
Council Reserve				
Tree landscape				
Park purchases				
Stormwater projects				
Subtotal committed fund balance	-	-	-	-
Assigned				
General government				
Demolition				
Lien amnesty				
Housing Initiatives Fund				
Inner City Housing Initiatives				
Parking				
Community development projects				
Natural disaster projects				
Culture and recreation				
Physical Environment				
Subtotal assigned fund balance	-	-	-	-
Unassigned				
<i>Total Fund Balance</i>	\$ 4,097,348	\$ 1,522,987	\$ 3,555,461	\$ 4,654,895

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

	<u>Nonmajor Funds</u>	
	<u>Capital Projects Funds</u>	
<i>Fund Balance</i>	<u>Stormwater Capital</u>	<u>Total All Funds</u>
Non-spendable		
Inventories	\$	6,659
Prepays and Deposits		564,628
Subtotal non-spendable fund balance	<u>-</u>	<u>571,287</u>
Restricted		
Parking		103,665
Redevelopment Rev Bond(s) debt payments		4,097,348
Local Option Gas Tax debt payments		1,522,987
Stormwater projects	2,146,130	2,294,124
Section 8 program administrative		2,010,690
Natural disaster projects		1,114,967
General government		434,247
Transportation		4,234,454
Economic Environment		513,771
Physical Environment		4,868,279
Saenger capital		875,654
Public safety		969,345
Community development projects		21,868,458
Culture and recreation		1,932,202
Tree landscape		26,292
Building inspections		2,075,358
Local Option Sales Tax debt payment		2,480,468
Local Options Sales Tax projects		10,427,828
Subtotal restricted fund balance	<u>2,146,130</u>	<u>61,850,137</u>
Committed		
Council Reserve		16,139,820
Tree landscape		638,289
Park purchases		71,444
Stormwater projects	4,750,323	5,931,444
Subtotal committed fund balance	<u>4,750,323</u>	<u>22,780,997</u>
Assigned		
General government		5,685,595
Demolition		580,122
Lien amnesty		28,269
Housing Initiatives Fund		476,912
Inner City Housing Initiatives		-
Parking		1,737,586
Community development projects		4,298,136
Natural disaster projects		2,516,106
Culture and recreation		2,560,110
Physical Environment		1,812,262
Subtotal assigned fund balance	<u>-</u>	<u>19,695,098</u>
Unassigned		(4,762,067)
<i>Total Fund Balance</i>	<u>\$ 6,896,453</u>	<u>\$ 100,135,452</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – 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 remained the same. The deductible for law enforcement coverage decreased for FY 2025. The coverage limits and deductibles are as follows:

Primary Coverage	Coverage (in millions)	Deductible
Port operations	16	10,000
Airport operations	250	0
Law Enforcement	2	100,000
Public officials	2	75,000
Excess Liability Coverage	Coverage (in millions)	Self Insured Retentions
Workers' compensation (W/C)	Per Florida Statutory Limits	1,000,000 Per Occurrence
Gas Operation	35	500,000 Per Occurrence
Gas Operation - Pollution	35	500,000 Per Occurrence

The City has established reserves of \$4,583,939 in the Insurance Retention Fund representing a contract between the City and its employees regarding health, life, dental, and survivor disability insurance; a majority of which is survivor disability insurance. This amount is not available for city-wide catastrophic losses.

All departments of the City participate in the self-insurance program and make payments to the Insurance Retention Fund. Claims liability of \$3,801,086 on September 30, 2025 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, 2025**

NOTE III. – OTHER INFORMATION (Continued)

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

On September 30, 2025, the claims liability for automobile, general, and workers' compensation liability were \$451,251, \$834,982, and \$2,514,853 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 and, therefore unavailable for disclosure.

Changes in the Fund's claims liability amount in fiscal year 2024 and 2025 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2024	\$4,020,860	2,111,078	(2,512,942)	\$3,618,996
2025	\$3,618,996	2,107,689	(1,925,599)	\$3,801,086

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**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

B. Pension Plans

Pension Plan Financial Statements

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

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	<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	\$ 100,983	\$ 295,026	\$ 660,407	\$ 1,056,416
Receivables:				
Employer	193	358	294	845
Employee	10,594	39,300	15,292	65,186
Private trust funds			114,986	114,986
Due from other governments		184,112		184,112
Total receivables	<u>10,787</u>	<u>223,770</u>	<u>130,572</u>	<u>365,129</u>
Investments :				
Short term investments	2,385,241	1,783,915	1,677,170	5,846,326
Debt Securities & Bond Mutual Funds	54,749,913	31,058,289	22,047,196	107,855,398
Convertible Corporate Bonds	10,270,917	11,119,443		21,390,360
Stock Mutual Funds	9,563,621	27,028,902		36,592,523
Mortgage Backed Securities	5,116,989	13,741,125	11,665,808	30,523,922
Commingled Trust Fund	7,220,254	8,589,142	23,236,541	39,045,937
Domestic Stocks	43,183,570	39,131,794	69,285,027	151,600,391
Preferred Stocks	1,021,312	1,131,578		2,152,890
Foreign Stocks	19,363,909	2,635,329	16,340,159	38,339,397
Total investments	<u>152,875,726</u>	<u>136,219,517</u>	<u>144,251,901</u>	<u>433,347,144</u>
Total assets	<u>\$ 152,987,496</u>	<u>\$ 136,738,313</u>	<u>\$ 145,042,880</u>	<u>\$ 434,768,689</u>
LIABILITIES				
Accounts payable	\$ 130,216	\$ 135,102	\$ 77,647	\$ 342,965
Total liabilities	<u>130,216</u>	<u>135,102</u>	<u>77,647</u>	<u>342,965</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 152,857,280</u>	<u>\$ 136,603,211</u>	<u>\$ 144,965,233</u>	<u>\$ 434,425,724</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

**STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	General Pension and Retirement Fund	Firefighter's Relief and Pension Fund	Police Officers' Retirement Fund	Total Pension Trust Funds
Additions:				
Contributions - city	\$ 6,156,005	\$ 1,729,579	\$ 2,917,539	\$ 10,803,123
Contributions - employee	231,277	848,642	204,774	1,284,693
Commission recapture	133	53		186
Insurance proceeds - State of Florida		1,011,081	911,016	1,922,097
Total contributions	6,387,415	3,589,355	4,033,329	14,010,099
Investment income				
Net appreciation/(loss)				
in fair value of investments	4,668,541	5,830,572	10,728,163	21,227,276
Interest and dividends	6,218,996	3,535,413	3,483,932	13,238,341
	10,887,537	9,365,985	14,212,095	34,465,617
Less investment expense	713,576	671,576	439,322	1,824,474
Net investment income	10,173,961	8,694,409	13,772,773	32,641,143
Total additions	16,561,376	12,283,764	17,806,102	46,651,242
Deductions:				
Pensions paid - employees	10,848,957	8,192,691	7,481,873	26,523,521
Pensions paid - widows	2,227,617	1,174,041	894,450	4,296,108
Refunds to employees		87,443		87,443
Deferred retirement option plan	260,457		11,882	272,339
Health insurance assistance	82,852			82,852
Administrative expenses	150,579	138,586	138,531	427,696
Total deductions	13,570,462	9,592,761	8,526,736	31,689,959
Change in net position	2,990,914	2,691,003	9,279,366	14,961,283
Net position restricted for pension benefits:				
Beginning of year	149,866,366	133,912,208	135,685,867	419,464,441
End of year	\$ 152,857,280	\$ 136,603,211	\$ 144,965,233	\$ 434,425,724

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, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Plan Description

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

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

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

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

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

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – 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, Firefighters’ Relief and Pension Plan and the Police Officers’ Retirement plan as the measurement date of September 30, 2024 consisted of the following:

	General Pension and Retirement	Firefighters’ Relief and Pension	Police Officers’ Retirement
Retirees and beneficiaries receiving benefits	541	178	176
Terminated plan members entitled to but not yet receiving benefits	37	5	18
DROP plan members	15	5	6
Active plan members	60	113	44
Total	<u>653</u>	<u>301</u>	<u>244</u>
Number of participating Employers	1	1	1

Membership of the FRS broken down by class, per City payroll records, as of September 30, 2025 consisted of the following:

DROP	4
Elected Officials	6
Senior Management Retired	1
Regular Class	453
Regular Class Retired	1
Senior Management	12
Special Risk	129
Special Risk Retired	1
Total	<u>607</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Benefits Provided. For the HIS Plan, fiscal year ended June 30, 2025, 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 (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 up to 1.25%	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, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Contributions. For the three contributory, defined benefit, single employer pension plans, the Boards of Trustees establish 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 \$4,672,991 for the State’s fiscal year ended June 30, 2025.

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 \$712,135 for the State’s fiscal year ended June 30, 2025.

For the year ended September 30, 2025, 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	2.00%	146.39%	22.41%	74.08%
Regular Class	14.03%	N/A	N/A	N/A	N/A
Senior Mgmt.	33.24%	N/A	N/A	N/A	N/A
Elect Officials	54.57%	N/A	N/A	N/A	N/A
DROP	22.02%	N/A	N/A	N/A	N/A
Special Risk	35.19%	N/A	N/A	N/A	N/A
Retired	6.87%	N/A	N/A	N/A	N/A
Sr. Mgmt Ret.	24.45%	N/A	N/A	N/A	N/A
Sr. Risk Ret.	15.03%	N/A	N/A	N/A	N/A
State	N/A	N/A	N/A	13.10%	23.13%

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, 2025**

NOTE III. – 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, 2025 and the State Board of Administrations policy as of June 30, 2025.

	Florida Retirement System (FRS)	General Pension and Retirement	Firefighters' Relief and Pension	Police Officers' Retirement
Asset Class:				
Global Equity	45.0%			
Domestic Equity		33%	40%	40%
International Eq		10%	12%	15%
Master Limited Partnerships		5%	5%	
Real Estate	12.0%	5%	4%	10%
Convertible Sec		8%	9%	
Fixed Income	29.0%	35%	26%	20%
Private Equity	11.0%			5%
Strategic Investments	2.0%			
Cash Equivalents/ Short Term TIPS	1.0%			
Alternatives		4%	4%	10%
Total	100%	100%	100%	100%

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

Rate of Return. For the year ended September 30, 2024, the annual money-weighted rate of return on pension plan investments for the General Pension and Retirement Plan was 17.54 percent. For the year ended September 30, 2024, the Firefighters’ Relief and Pension Plan was 17.73 percent and the Police Officers’ Retirement Fund was 20.92 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, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Reserves. The Police Officers' Retirement Fund has a small portion of funds deposited in a Contribution Surplus Account (\$1,413,003) as of September 30, 2024. 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. Those in the Firefighters' Relief and Pension Plan may receive a Cost-of-Living Adjustment (COLA) while in DROP. However, 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, 2025 for the General Pension and Retirement Plan, Firefighters' Relief and Pension Plan and Police Officers' Retirement Fund were \$2,040,047, \$814,134, and \$1,176,709, 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, 2024, the Firefighters' Relief and Pension Plan as of September 30, 2024, the Police Officers' Retirement Fund as of September 30, 2024, and the Florida Retirement System and HIS Plan as of June 30, 2025 are provided in the table on the following page.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – 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	\$ 170,535,007	\$ 144,813,409	\$ 152,513,935	\$ 190,670,798	\$ 10,906,133	\$ 669,439,282
Plan Fiduciary Net Position	(149,866,366)	(133,912,209)	(135,685,866)	(166,380,993)	(693,407)	(586,538,841)
Less Reserve Accounts			1,214,870			
City Net Pension Liability	<u>20,668,641</u>	<u>10,901,200</u>	<u>18,042,939</u>	<u>24,289,805</u>	<u>10,212,726</u>	<u>84,115,311</u>
Current year pension expense	3,202,064	2,615,245	5,812,890	3,805,419	809,229	16,244,847
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.88%	92.47%	88.97%	87.26%	6.36%	

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 2024 and 2025 relative to the contributions of all participants.

On June 30, 2025, the City’s FRS Plan proportionate share of net pension liability was .0783%, which was an increase of .0045% from its proportionate share of .0738% measured as June 30, 2024. The City’s HIS proportionate share of net pension liability was .0797% which was an increase of .0049% from its proportionate share .0748% measured as of June 30, 2024

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, 2025**

NOTE III. – OTHER INFORMATION (Continued)

The actuarial recognized pension expense, calculated in accordance with GASB 68, for the year ended September 30, 2025, is as follows: General Pension and Retirement Plan \$3,202,064; Firefighters’ Relief and Pension Plan \$2,615,245; and Police Officers’ Retirement Fund \$5,812,890. For the year ended September 30, 2025, the City recognized pension expense of \$3,805,419 for its proportionate share of the FRS Plan and \$809,229 for its proportionate share of the HIS plan. The total pension total pension expense for all plans was \$16,244,847.

City’s total contributions \$14,077,946 made after the measurement date for the year ended September 30, 2025 are as follows: General Pension and Retirement Plan \$6,155,812; Firefighters’ Relief and Pension Plan \$2,740,303; Police Officers’ Retirement Fund \$3,828,261; City’s proportionate share of the FRS Plan \$1,182,952 and City’s proportionate share of the HIS plan \$170,618. 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 and will be recognized as a reduction of the net pension liability in the subsequent fiscal period. On September 30, 2025, the City reported deferred outflows of resources, excluding contributions made after the measurement date, and deferred inflows of resources related to pension from the following sources:

	General Pension		Fire Pension		Police Pension		FRS		HIS		Total	Total
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$		\$ 1,003,297	934,816	\$		\$ 2,594,407		\$ 60,963	16,200	\$ 3,658,667	\$ 951,016
Changes of assumptions				-		-	2,820,677		90,394	2,470,196	2,911,071	2,470,196
Net difference between projected and actual investment earnings	638,170			76,027		5,424,288		4,055,427		8,500	638,170	9,564,242
Differences in Proportionate Share of Contributions							2,250,396	544,828	1,510,922	-	3,761,318	544,828
Total	\$ 638,170	- \$	1,003,297	1,010,843	\$ -	5,424,288	7,665,480	4,600,255	\$ 1,662,279	2,494,896	\$ 10,969,226	\$ 13,530,282

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	Fire Pension	Police Pension	FRS	HIS	Total
September 30:						
2026	1,102,594	434,701	(995,907)	8,874,012	(183,676)	9,231,724
2027	5,147,671	4,512,975	2,405,543	(1,576,675)	(219,906)	10,269,608
2028	(2,998,695)	(2,662,736)	(3,634,949)	(2,359,553)	(185,145)	(11,841,078)
2029	(2,613,400)	(2,292,486)	(3,198,975)	(1,872,559)	(148,374)	(10,125,794)
2030					(95,516)	(95,516)
Thereafter					-	-
Total	\$ 638,170	\$ (7,546)	\$ (5,424,288)	\$ 3,065,225	\$ (832,617)	\$ (2,561,056)

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Actuarial assumptions. The General Pension and Retirement Plan as of September 30, 2024, the Firefighters’ Relief and Pension Plan as of September 30, 2024, and the Police Officers’ Retirement Fund as of September 30, 2024 total pension liability was determined by an actuarial valuation and the Florida Retirement System was determined by actuarial assumptions as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement.

	General Pension and Retirement	Firefighters’ Relief and Pension	Police Officers’ Retirement	FRS Plan	HIS Plan
Actuarial Assumptions:					
Inflation	2.40%	2.50%	2.50%	2.40%	2.40%
Salary increases	4.50% - 9.50%	Service Based	4.00%	3.50%	3.50%
Investment rate of return	7.00%	7.75%	7.13%	6.70%	
Municipal bond rate					5.20%
Mortality	PUB-2010 Mortality table for males & females as appropriate	PUBS.H-2010	PUBS.H-2010	Generational PUB- 2010 with Projection Scale MP-2018	Generational PUB- 2010 with Projection Scale MP-2018

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

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

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

Asset Class:	General Pension and Retirement	Firefighters’ Relief and Pension	Police Officers’ Retirement	Florida Retirement System
Domestic Equity	8.20%	8.20%	7.50%	N/A
International Equity	10.00%	3.30%	8.50%	N/A
Global Equity	N/A	N/A	N/A	6.90%
Private Equity	2.40%	N/A	N/A	8.80%
Master Limited Partnerships	6.47%	6.50%	2.50%	N/A
Real Estate	5.51%	5.50%	4.50%	7.10%
Convertible Sec	6.45%	6.50%	N/A	N/A
Strategic Investments	N/A	N/A	N/A	6.10%
Fixed Income	2.18%	2.20%	2.50%	540.00%
TIPS	N/A	N/A	N/A	N/A
Global Bonds	N/A	N/A	N/A	N/A
Broad Market Fixed Income	N/A	N/A	2.50%	N/A
Cash	N/A	N/A	N/A	3.20%

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Discount rate. The projection of cash flows used to determine the General Pension and Retirement Plan’s 7.0% discount rate, the Firefighters’ Relief and Pension Plan’s 7.75% discount rate, the Police Officers’ Retirement Fund’s 7.125% discount rate and FRS Plan’s 6.70% discount rate assumed that contributions would continue at the current rates. For all plans excluding the HIS Plan, the fiduciary net position was projected to cover all future benefit payments of current plan members. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return. The discount rate used for calculating the total HIS pension liability is equal to the single rate that results in the same actuarial present value as would be calculated by using two different discount rates for the discount at the long-term expected rate of return for benefit payments prior to the projected depletion of the fiduciary net pension (trust assets) and the discount at a municipal bond rate for benefit payments after the projected depletion date. The HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 09/30/24	\$172,138,950	\$135,252,670	\$ 36,886,280
Changes for the year:			
Service Cost	562,847		562,847
Interest	11,581,881		11,581,881
Differences between expected and Actual Experience	(1,458,966)		(1,458,966)
Changes of Assumptions	1,077,294		1,077,294
Contributions - employer		5,604,123	(5,604,123)
Contributions - employee		265,284	(265,284)
New investment income		22,266,831	(22,266,831)
Benefit payments, including refunds of employee contributions	(13,366,999)	(13,366,999)	
Administrative expense		(155,543)	155,543
Net changes	(1,603,943)	14,613,696	(16,217,639)
Balances at 09/30/25	\$170,535,007	\$149,866,366	\$ 20,668,641

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Fire Pension

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 09/30/24	\$ 142,246,228	\$120,405,193	\$ 21,841,035
Changes for the year:			
Service Cost	1,747,374		1,747,374
Interest	10,761,368		10,761,368
Differences between expected and Actual Experience	332,914		332,914
Changes of assumptions	-		-
Changes in benefit terms	-		-
Contributions - employer		2,181,732	(2,181,732)
Contributions - employee		847,882	(847,882)
New investment income		20,842,498	(20,842,498)
Benefit payments, including refunds of employee contributions	(10,274,475)	(10,274,475)	
Administrative expense		(90,621)	90,621
Net changes	<u>2,567,181</u>	<u>13,507,016</u>	<u>(10,939,835)</u>
Balances at 09/30/25	<u>\$ 144,813,409</u>	<u>\$133,912,209</u>	<u>\$ 10,901,200</u>

Police Pension

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) -
Balances at 09/30/24	\$146,675,304	\$115,484,891	\$ 31,190,413
Changes for the year:			
Service Cost	716,203		716,203
Interest	10,207,655		10,207,655
Differences between expected and Actual Experience	3,167,125		3,167,125
Changes in Assumptions	-		-
Contributions - employer		4,259,293	(4,259,293)
Contributions - employee		194,544	(194,544)
Contributions - buy back	-	-	-
New investment income		24,084,811	(24,084,811)
Benefit payments, including refunds of employee contributions	(8,252,352)	(8,252,352)	
Administrative expense		(85,321)	85,321
Other changes			-
Net changes	<u>5,838,631</u>	<u>20,200,975</u>	<u>(14,362,344)</u>
Less Reserve Accounts		<u>(1,214,870)</u>	<u>(1,214,870)</u>
Balances at 09/30/25	<u>\$152,513,935</u>	<u>\$134,470,996</u>	<u>\$ 18,042,939</u>

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City’s net pension liability	\$ 36,689,679	\$ 20,668,641	\$ 6,948,084

<u>Fire Pension</u>	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
City’s net pension asset	\$ 27,577,859	\$ 10,901,200	\$ (2,939,466)

<u>Police Pension</u>	1% Decrease 6.13%	Current Discount Rate 7.13%	1% Increase 8.13%
City’s net pension liability	\$ 35,521,096	\$ 18,042,939	\$ 1,368,098

<u>FRS</u>	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City’s net pension liability	\$ 47,668,366	\$ 24,289,805	\$ 4,689,556

<u>HIS</u>	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
City’s net pension liability	\$ 11,516,492	\$ 10,212,726	\$ 9,119,280

Payable to the Pension Plan

As of September 30, 2025, the City reported a payable of \$10,787 to the General Pension and Retirement Plan, \$39,657 to the Firefighters’ Relief and Pension Plan, \$15,587 to the Police Officers’ Retirement Fund, \$62,722 to the FRS Plan, and \$5,833 to HIS Plan for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2025

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

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

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

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

General Information about the Plan

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

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

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

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

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Employees covered by benefit terms. On December 31, 2024, the valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving a benefit	213
Inactive employees entitled to but not yet receiving a benefit	0
Active employees	769
Total	<u>982</u>

Total OPEB Liability

The total OPEB liability of \$8,170,598 was measured as of December 31, 2024 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, 2025 were as follows:

	FISCAL YEAR 2025
Valuation Date	12/31/2024
Inflation	2.50%
Municipal Bond Index Rate:	
Prior measurement date	3.26%
Measurement date	4.08%
Health Care Cost Trends:	
Pre-Medicare	6.50%
ultimate trend rate	4.40%
year of ultimate trend rate	2034
Post-Medicare	4.75%
ultimate trend rate	4.40%
year of ultimate trend rate	2027

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

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

Mortality rates were based on the assumptions 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, 2024 valuation were based on the results of an actuarial experience study for the period of January 1, 2024 through December 31, 2024.

Changes to Total OPEB Liability

	Total OPEB Liability (a)
Balances at 12/31/23	\$ 11,479,196
Changes for the year:	
Service cost *	167,539
Interest	367,999
Changes in benefit terms	0
Differences between expected and actual experience**	(4,154,517)
Changes in assumptions or other inputs***	695,219
Benefit payments	(384,838)
Net changes	(3,308,598)
Balances at 12/31/24	\$ 8,170,598

* The service cost includes interest for the year.

**The large difference between expected and actual experience gain can be explained by the following two situations. 1. Since the prior valuation, retirees dropped medical coverage. This accounts for about \$(1.0M) of the experience gain. 2. There were retirees where Medicare eligibility information was missing in prior years. This missing information was included in the current valuation. Since the information was missing in the prior valuation, 30% were assumed to remain on the City’s non-Medicare plans for life. The experience gains in this situation were partially offset by pre-Medicare costs increasing more than anticipated. So, the missing Medicare information accounts for about \$(3.9M) of the difference in the experience gain.

***The net \$0.7M assumption loss is due to health care cost increases and due to the change in the discount rate because of the change in Municipal Bond Rate.

The total OPEB liability is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2024. An expected total OPEB liability is determined as of December 31, 2024, the Measurement Date, using standard roll forward techniques.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

The roll forward calculation begins with the total OPEB liability, as of the Measurement Date, December 31, 2024, 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 Discount Rate has changed from 3.26% to 4.08% due to a change in the Municipal Bond Rate, since the Prior Measurement Date. Assumptions regarding retirement, termination, disability, mortality, and salary increase were updated to reflect the results of the recent actuarial experience study for the period July 1, 2018 through June 30, 2023, adopted by FRS. Additionally, assumptions regarding future healthcare trend rates were updated.

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

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

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

Discount Rate Sensitivity			
	1% Decrease	Current Discount Rate	1% Increase
	<u>3.08%</u>	<u>4.08%</u>	<u>5.08%</u>
City’s total OPEB liability \$	8,970,731	\$ 8,170,598	\$ 7,476,659

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The blended rate is comprised of the pre-Medicare health care cost trend rate is 6.50%, decreasing to 4.40% by 2034, and the post-Medicare health care cost trend rate is 4.75%, decreasing to 4.40% by 2027. 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	Current	1% Increase
	<u>Blended Rate</u>	<u>Blended Rate</u>	<u>Blended Rate</u>
City’s total OPEB liability \$	7,455,065	\$ 8,170,598	\$ 9,001,889

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

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

For the year ended September 30, 2025, the City recognized an OPEB Income of \$1,612,371. Contributions made after the measurement date for the year ended September 30, 2025, were \$262,994. Contributions made after the measurement date are included as a deferred outflow of resources in the table below. On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB, including contributions made after the measurement date, from the following sources shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 9,922,049
Changes of assumptions or other inputs	2,043,768	1,675,418
Total	\$ 2,043,768	\$ 11,597,467

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:	
2025	\$ (1,748,345)
2026	(1,768,550)
2027	(1,768,550)
2028	(1,297,474)
2029	(1,203,973)
Thereafter	(1,766,807)
Total	\$ (9,553,699)

D. Deferred Compensation/Replacement Benefit Program

The City of Pensacola also has four retirement plans which are defined contribution pension plans. These plans provide benefits at retirement to general and public safety employees of the City. On September 30, 2025 there were 336 active plan members. The plan provisions and contribution requirements are established and may be amended by the City of Pensacola City Council. The following, on the next page, is a schedule of employee and employer contributions.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

	General & Police Social Security Replacement Plan	Pension Replacement Plan	Non-Social Security Plan	Elected Officers & Part-time Employees Plan
Employee Contribution	4.7%, 5.7% or 6.7%	5.5%	\$10 minimum	7.5%
City Contributions	Matches employee's contribution up to 6.7%	0-5 yrs. of service 1.5% 5-10 yrs. of service 2.5% 10 or more years 6.5%	None	None
Employee Contribution for 9/30/24	\$988,172	\$25,247	\$864,700	\$-0-
City Contribution for 9/30/24	\$596,991	\$27,768	N/A	N/A

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

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

E. Termination Benefits

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

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.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

H. Contractual, Construction, and Equipment Commitments

The City has outstanding commitments for contractual services and for the construction and acquisition of property, plant, and equipment at year-end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding commitments by fund on September 30, 2025 were:

General Fund	\$	932,860
Housing Assitances Payments		3,884
Community Maritime Park Management Services		39,718
Local Option Sales Tax		2,754,289
Utility Fund		1,062,017
Sanitation Fund		3,515
Port Fund		5,659,430
Airport Fund		68,389,455
Nonmajor Government		15,724,989
Internal Service Funds		600,622
Total	\$	95,170,779

The Airport’s outstanding commitment of \$68,389,455 is mainly due to project Titan. Project Titan is the continuation of the development of a commercial aircraft maintenance, repair, and overhaul (“MRO”) campus at Pensacola International Airport that began with the occupancy of MRO Hangar 1 by VT MAE in the summer of 2018. Project Titan consists of the construction of up to three additional MRO Hangars, including warehouses/support services centers and an administrative office space, all of which will be leased to VT MAE under the Master Lease Agreement. Total cost of Project Titan is estimated not to exceed the amount of committed funds, currently totaling \$210,125,000. The first phase of which consisted of the construction of MRO Hangar 2 was completed in fiscal year 2023. The second phase of the project includes Hanger 3, Hanger 4, connector taxiway, apron and parking lots. Hanger 3 construction should be completed, and Hanger 4 construction should begin in FY 2026. The Airport’s construction commitments will continue to be large until the project is completed.

I. 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.

CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE III. – OTHER INFORMATION (Continued)

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, 2025, the City abated real and tangible property taxes totaling \$277,349 under the EDATE program, including the following tax abatement agreements that exceed 10 percent of the total amount abated:

- A 100% real property tax abatement to real estate company for opening an apartment complex in the enterprise zone. The abatement amounted to \$274,956.

J. Other Significant Commitments

1. *Pensacola Energy Contract – Natural Gas Purchases.* Pensacola Energy has the option under its contract with its natural gas supplier, BP Corporation North America, to exercise several hedging options for the purchase of natural gas. This hedging strategy allows Pensacola Energy to purchase a percentage of its natural gas at specified prices for future delivery. Pensacola Energy, in concurrence with its commodities consultant, decided 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 a hedging contract, BP Corporation North America is not required to store a set amount of natural gas for Pensacola Energy. As a result, there is no associated value recorded on the financial statements.
2. *Multi-Use Facility Agreement.* On July 20, 2011, CMPA and Northwest Florida Professional Baseball (NFPB), the owner of the Blue Wahoos “AA” minor league baseball franchise, entered into an agreement for NFPB’s use of the baseball stadium at the Park. The term of the agreement is for 10 years, with two optional 5-year renewal periods, and requires NFPB to pay an annual use fee of \$175,000 plus attendance and variable ticket surcharges. In addition, the agreement requires that revenues collected from the variable ticket surcharge be set aside to fund capital maintenance and repairs at the Vince Whibbs Sr. Community Maritime Park. In April 2015, NFPB exercised the option to purchase the naming rights to the multi-use facility. CMPA was entitled to receive 50% of the net revenues generated from the naming rights agreement. After the dissolution of the CMPA on June 1, 2017, the Multi-Use Facility Agreement was assigned to the City. On September 22, 2021, NFPB provided notice to the City to extend the agreement and exercise their option through March 31, 2032, utilizing both of the two (2) five (5) year renewal terms available under the agreement.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

Community Redevelopment Agency (CRA)

1. *CRA Interlocal Agreement – Downtown Improvement Board.* On September 11, 2022, the Agency and the Pensacola Downtown Improvement Board (DIB) entered into an Interlocal Agreement whereby the Agency agreed to contribute to the DIB an annual amount equal to the funds paid into the Urban Core Redevelopment Trust Fund by the DIB through September 30, 2025. The primary purpose of the contribution was for the development and implementation of a downtown housing and parking strategy or any other proper functions of the DIB, provided such functions are reasonably consistent and compatible with the long-term goals and objectives outlined in the Urban Core Redevelopment Plan. The annual installments to the DIB are paid from Tax Increment Revenues derived from the Urban Core Redevelopment Area. Payments for the year ended September 30, 2025 totaled \$628,759.

2. *CRA Interlocal Agreement - Main Street Wastewater Treatment Plant.* On June 26, 2009, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed to pay the Emerald Coast Utilities Authority \$19.5 million towards the relocation of the Main Street Wastewater Treatment Plant. The obligation was recorded in fiscal year 2012 upon project completion. Annual installments to the Authority of \$1.3 million began in fiscal year 2013 and will extend through fiscal year 2027. The annual installments to the Authority will be paid from Tax Increment Revenues derived from the Urban Core Redevelopment Area and any shortfall paid by the City will be reimbursed by the Agency when funds are available. Payments for the year ended September 30, 2025 totaled \$1,300,000.

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

4. *CRA Interlocal Agreement – Administrative Services.* On September 22, 2017, as amended on August 13, 2019, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide administrative services to the Agency through December 31, 2045. Administrative services include personnel, financial, legal, engineering, planning, purchasing, construction, insurance, title, and construction services. All personnel assigned by the City are employees of the City and are not officers, employees, or agents of the Agency. As such, the Agency has no pension obligation, other post-employment obligations, or other liabilities related to personnel. In consideration of the services, the Agency reimburses the City based on the actual cost of services. Payments for the year ended September 30, 2025 totaled \$1,182,434.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

5. *CRA Interlocal Agreement – Urban Core Landscape Maintenance Services.* On September 22, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape maintenance services and park and public space enhancements and accessibility improvements on the Agency’s behalf through December 31, 2043. These services include the cost to maintain any improvements to various public facilities within the Urban Core Community Redevelopment Area which, pursuant to the Urban Core Community Redevelopment Plan, the Agency has made. In consideration of the services, the Agency reimburses the City based on the actual cost of services. Payments for the year ended September 30, 2025 totaled \$793,950.

6. *CRA Interlocal Agreement – Eastside Landscape Maintenance Services.* On November 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape, park, property management, leasing, accessibility improvement, public space enhancement, and facilities maintenance services on the Agency’s behalf through December 31, 2045. These services include the cost to maintain any improvements to various public facilities within the Eastside Community Redevelopment Area which, pursuant to the Eastside Community Redevelopment Plan, the Agency has made. In consideration of the services, the Agency reimburses the City based on the actual cost of services. Payments for the year ended September 30, 2025 totaled \$17,845.

7. *CRA Interlocal Agreement – Community Policing Innovations.* On October 22, 2024, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide additional policing services within the Urban Core Community Redevelopment Area through September 30, 2025. These services aim to reduce crime by reducing opportunities for, and increasing perceived risk of engaging in, criminal activity through visible presence of police. In consideration of the services, the Agency reimburses the City based on the actual cost of services. Payments for the year ended September 30, 2025 totaled \$364,767.

8. *CRA Interlocal Agreement – Community Maritime Park Stadium Improvements.* On July 23, 2021, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed to contribute up to \$2,000,000 to fund certain improvements at the Vince Whibbs Sr. Community Maritime Park Blue Wahoos Stadium. Such improvements include, but are not limited to, the conversion of the Blue Wahoos Stadium baseball field from natural grass to synthetic turf and any irrigation changes needed to accommodate the conversion, the conversion of the Blue Wahoos Stadium lights to LED, the removal of existing bullpens and construction of new bullpens, the construction of new batting cages, the purchase of additional training tables, dishwashers and surveillance equipment, internet and phone upgrades, replacement of HWC chairs, painting, repairs to seats, flooring, electrical outlets and elevators all in furtherance of maximizing the use and impact of the Vince Whibbs Sr. Community Maritime Park improvements paid for with tax increment revenues derived from the Urban Core Community Redevelopment Area. As of September 30, 2025, \$1,713,600 has been paid towards improvements for the project, life-to-date.

**CITY OF PENSACOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE III. – OTHER INFORMATION (Continued)

K. Special Item

Franchise Fee Lawsuit

In July 2024, a court ruling determined that the City of Pensacola had unlawfully collected franchise fees from Pensacola Energy customers since 1970. As a result, the court ordered the City to refund the improperly collected fees, including accrued interest, to affected customers. Additionally, the court mandated that the City cease charging franchise fees to all customers within city limits. The City has ended billing franchise fees to Pensacola Energy customers due to this judgement ruling.

As of September 30, 2025, the damages were determined to be \$12,600,000. The City has paid out these funds, as shown in the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position.

L. Subsequent Events

On October 21, 2025, the City issued its \$110,000,000 Airport Revenue Bonds, Series 2025 (AMT) (the “2025 Airport Bonds”) to finance a portion of the construction cost related to capital improvements at the Airport, including, among other things, the construction, modernization, and expansion of the terminal building at the Airport. In particular, the project includes the expansion of the current Airport, renewal of the existing Airport, and other projects included in the Airport's capital improvement program on file with the City, including but not limited to, expansions to Airport Facilities such as increasing the number of gates, the baggage handling system ("BHS") controls, central utility plant, concourse, additional concession, additional seating, self-serving kiosks, enhanced digital infrastructure, expanded security checkpoint, passenger boarding bridges, pedestrian walkway, restrooms and ticketing area, and renewals to existing Airport Facilities such as the baggage claim carousels, restrooms, flooring, terminal building HVAC, passenger boarding bridges, roofing and vertical circulation. The newly issued 2025 Airport Bonds is a term bond with a fixed interest rate ranging between 5.0% and 5.5%, the first payment commencing on April 1, 2026, and final maturity on October 1, 2055. The 2025 Airport Bonds are secured by the Net Revenues of the Airport (as more fully described and defined in the authorizing resolution, the “Pledged Funds”) and such lien upon the pledged revenues is on a parity with the lien securing the City’s other outstanding Airport Notes.

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 POSTEMPLOYEMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

BUDGET TO ACTUAL FINANCIAL REPORTS

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

**CITY OF PENSACOLA GENERAL PENSION AND RETIREMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
Fiscal Year ***

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service Cost (BOY)	\$ 562,847	\$ 595,038	\$ 598,194	\$ 653,860	\$ 706,288	\$ 692,814	\$ 806,853	\$ 806,853	\$ 960,937	\$ 875,872
Interest	11,581,881	11,756,747	12,115,554	12,200,468	12,830,343	12,870,665	13,096,503	13,087,373	13,265,393	13,080,194
Difference between Expected & Actual Experience	(1,458,966)	(1,536,980)	(2,466,070)	-	(3,644,260)		(2,139,264)		(6,829,727)	
Changes in Assumptions	1,077,294	-	3,052,973	-	(62,137)		3,260,021		8,088,948	
Changes of benefit terms										1,929,586
Differences between expected and actual experience										
Changes of assumptions										
Benefit payments, including refunds of member contributions	(13,366,999)	(13,258,768)	(13,978,631)	(14,078,231)	(13,412,714)	(13,364,040)	(13,213,824)	(14,334,373)	(13,902,080)	(13,007,151)
Refunds of contributions	-	-	-	(10,529)	(23,117)	(31,267)			(82,082)	(31,304)
Net change in total pension liability	(1,603,943)	(2,443,963)	(677,980)	(1,234,432)	(3,605,597)	168,172	1,810,289	(440,147)	1,501,389	2,847,197
Total pension liability - beginning	172,138,950	174,582,913	175,260,893	176,495,325	180,100,922	179,932,750	178,122,461	178,562,608	177,061,219	174,214,022
Total pension liability - ending (a)	\$ 170,535,007	\$ 172,138,950	\$ 174,582,913	\$ 175,260,893	\$ 176,495,325	\$ 180,100,922	\$ 179,932,750	\$ 178,122,461	\$ 178,562,608	\$ 177,061,219
Plan fiduciary net position										
Contributions - employer	\$ 5,604,123	\$ 5,599,918	\$ 5,599,854	\$ 5,946,411	\$ 5,946,490	\$ 6,200,753	\$ 6,200,956	\$ 6,788,208	\$ 6,788,559	\$ 6,586,144
Contributions - member	265,284	258,091	266,873	279,948	285,355	294,284	305,534	341,314	360,693	375,026
Net investment income	22,266,831	10,895,651	(28,860,605)	30,484,953	11,992,518	1,761,461	11,373,720	14,963,864	11,356,088	(2,230,201)
Benefit payments, including refunds of member contributions	(13,366,999)	(13,258,768)	(13,978,631)	(14,078,231)	(13,412,714)	(13,364,040)	(13,199,103)	(14,334,373)	(13,902,080)	(13,007,151)
Health insurance assistance										
Refunds of Contributions	-	-	-	(10,529)	(23,117)	(31,267)	(14,721)		(82,082)	(31,304)
Administrative expense	(155,543)	(147,508)	(112,771)	(114,316)	(97,740)	(113,078)	(112,430)	(134,684)	(102,605)	(126,054)
Contributions - Lawsuit										
Member buybacks										
Other										2,149,812
Net change in plan fiduciary net position	14,613,696	3,347,384	(37,085,280)	22,508,236	4,690,792	(5,251,887)	4,553,956	7,624,329	4,418,573	(6,283,728)
Plan fiduciary net position - beginning	135,252,670	131,905,286	168,990,567	146,482,331	141,791,539	147,043,426	142,489,470	134,865,141	130,446,568	136,730,296
Plan fiduciary net position - ending	149,866,366	135,252,670	131,905,287	168,990,567	146,482,331	141,791,539	147,043,426	142,489,470	134,865,141	130,446,568
Less health care reserves										
Total plan fiduciary net position (b)	\$ 149,866,366	\$ 135,252,670	\$ 131,905,287	\$ 168,990,567	\$ 146,482,331	\$ 141,791,539	\$ 147,043,426	\$ 142,489,470	\$ 134,865,141	\$ 130,446,568
City's net pension liability - ending (a)-(b)	\$ 20,668,641	\$ 36,886,280	\$ 42,677,626	\$ 6,270,326	\$ 30,012,994	\$ 38,309,383	\$ 32,889,324	\$ 35,632,991	\$ 43,697,467	\$ 46,614,651
Plan fiduciary net position as a percentage of the total pension liability	87.88%	78.57%	75.55%	96.42%	83.00%	78.73%	81.72%	80.00%	75.53%	73.67%
Covered payroll	4,919,803	4,852,230	5,076,072	5,067,293	5,258,416	5,555,159	6,174,853	6,347,558	6,901,570	6,757,461
City's pension liability as a percentage of covered payroll	420.11%	760.19%	840.76%	123.74%	570.76%	689.62%	532.63%	561.37%	633.15%	689.82%
Annual money-weighted rate of return	17.54%	-22.20%	-17.40%	23.46%	8.46%	1.20%	8.02%	11.10%	11.20%	8.80%

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

NOTE: The General Pension and Retirement Plan is a closed plan therefore the percentage of covered employee payroll will continue to increase as participants retire.

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

Notes to Schedule:

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
Last 10 Fiscal Years *										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 5,604,123	\$ 5,599,918	\$ 5,599,854	\$ 5,599,853	\$ 5,946,411	\$ 5,946,490	\$ 6,200,753	\$ 6,200,956	\$ 6,788,208	\$ 6,788,560
Actual employer contribution	<u>5,604,123</u>	<u>5,599,918</u>	<u>5,599,854</u>	<u>5,599,854</u>	<u>5,946,411</u>	<u>5,946,490</u>	<u>6,200,753</u>	<u>6,200,956</u>	<u>6,788,208</u>	<u>6,788,560</u>
Annual contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 4,782,891	\$ 4,919,803	\$ 4,852,230	\$ 5,076,072	\$ 5,089,969	\$ 5,067,293	\$ 5,258,416	\$ 5,555,159	\$ 6,174,853	\$ 6,347,558
Actual contributions as a % of covered payroll	117.17%	113.82%	115.41%	110.32%	116.83%	117.35%	117.92%	111.63%	109.93%	106.95%
2014 actuarially determined employer contribution includes \$553,997 in prepaid reserves and excludes \$71,761 in health care contributions.										
Current year covered payroll is not actuarially determined therefore subject to change in future years.										
* Based on contributions made during the fiscal year noted.										

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

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Valuation Date	9/30/2024	9/30/2023	9/30/2022	9/30/2020	9/30/2020	9/30/2018	9/30/2018	9/30/2016	9/30/2016	9/30/2015
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	5 years	7 years	7 years	7 years	7 years	8 years	9 years	10 years	11 years	12 years
Asset Valuation Method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial Assumptions:										
Inflation	2.40%	2.40%	2.40%	2.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary increase	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	4.50% - 9.50%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation	7.2%, net of pension plan investment expense, including inflation	7.2%, net of pension plan investment expense, including inflation	7.2%, net of pension plan investment expense, including inflation	7.2%, net of pension plan investment expense, including inflation	7.4%, net of pension plan investment expense, including inflation	7.4%, net of pension plan investment expense, including inflation	7.6%, net of pension plan investment expense, including inflation	7.6%, net of pension plan investment expense, including inflation	7.8%, net of pension plan investment expense, including inflation
Cost of living adjustments	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%	1.0-1.5%
Mortality Rates	PUB-2010 Headcount Weighted	PUB-2010 Headcount Weighted	PUB-2010 Headcount Weighted	PUB-2010 Headcount Weighted	PUB-2010 Headcount Weighted	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP 2000 Combined Healthy set forward 5 years for males and RP 2000 combined Healthy for females

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost (BOY)	\$ 1,747,374	\$ 1,670,725	\$ 1,569,316	\$ 1,497,129	\$ 1,258,728	\$ 1,290,959	\$ 1,263,734	\$ 1,317,501	\$ 1,340,661	\$ 1,189,882
Interest	10,761,368	10,515,121	10,453,664	10,322,867	9,985,729	9,887,893	9,735,179	9,731,641	9,595,671	9,016,289
Difference between Expected and Actual Experience	332,914	1,228,275	(1,624,615)	(1,424,849)	(511,791)	(87,339)	260,034	(3,442,328)	(482,293)	30,585
Changes in Assumptions	-	-	-	-	1,918,859			967,856		7,780,467
Changes in Benefit Terms	-	-	-	411,685		(1,793)			802,334	(4,080,439)
Contributions - Buy Back									44,064	
Benefit payments, including refunds of member contributions	(10,274,475)	(10,352,295)	(9,061,274)	(8,497,992)	(9,404,872)	(10,188,894)	(8,438,858)	(8,511,653)	(8,929,344)	(6,788,324)
Net change in total pension liability	2,567,181	3,061,826	1,337,091	2,308,840	3,246,653	900,826	2,820,089	63,017	2,371,093	7,148,460
Total pension liability - beginning	142,246,228	139,184,402	137,847,311	135,538,471	132,291,818	131,390,992	128,570,903	128,507,886	126,136,793	118,988,333
Total pension liability - ending (a)	\$ 144,813,409	\$ 142,246,228	\$ 139,184,402	\$ 137,847,311	\$ 135,538,471	\$ 132,291,818	\$ 131,390,992	\$ 128,570,903	\$ 128,507,886	\$ 126,136,793
Plan fiduciary net position										
Contributions - employer	\$ 2,181,732	\$ 1,676,492	\$ 1,995,497	\$ 1,898,060	\$ 1,720,961	\$ 1,658,203	\$ 2,009,062	\$ 2,336,545	3,826,740	\$ 4,334,264
Contributions - member	847,882	719,300	732,734	619,231	543,443	505,660	480,066	449,131	421,774	474,193
Contributions - Buy Back									44,064	
Net investment income	20,842,498	11,807,357	(26,186,134)	28,553,234	13,110,520	3,440,824	10,905,810	12,473,832	9,928,990	(1,770,463)
Benefit payments, including refunds of member contributions	(10,274,475)	(10,352,295)	(9,061,274)	(8,497,992)	(9,404,872)	(10,188,894)	(8,438,858)	(8,511,653)	(8,929,344)	(6,788,324)
Administrative expense	(90,621)	(82,260)	(73,987)	(65,256)	(75,205)	(73,186)	(93,728)	(90,536)	(105,921)	(92,822)
Other								81,471		
Net change in plan fiduciary net position	13,507,016	3,768,594	(32,593,164)	22,507,277	5,894,847	(4,657,393)	4,862,352	6,738,790	5,186,303	(3,843,152)
Plan fiduciary net position - beginning	120,405,193	116,636,599	149,229,764	126,722,487	120,827,640	125,485,033	120,622,681	113,883,891	108,697,588	112,540,740
Plan fiduciary net position - ending	133,912,209	120,405,193	116,636,600	149,229,764	126,722,487	120,827,640	125,485,033	120,622,681	113,883,891	108,697,588
Less reserve account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total plan fiduciary net position (b)	\$ 133,912,209	\$ 120,405,193	\$ 116,636,600	\$ 149,229,764	\$ 126,722,487	\$ 120,827,640	\$ 125,485,033	\$ 120,622,681	\$ 113,883,891	\$ 108,697,588
City's net pension liability - ending (a)-(b)	\$ 10,901,200	\$ 21,841,035	\$ 22,547,802	\$ (11,382,453)	\$ 8,815,984	\$ 11,464,178	\$ 5,905,959	\$ 7,948,222	\$ 14,623,995	\$ 17,439,205
Plan fiduciary net position as a percentage of the total pension liability	92.47%	84.65%	83.80%	108.26%	93.50%	91.33%	95.51%	93.82%	88.62%	86.17%
Covered payroll	6,539,077	6,329,377	6,661,211	5,629,353	4,940,394	4,596,890	4,364,222	4,082,999	3,834,292	7,494,388
City's pension liability as a percentage of covered payroll	166.71%	345.07%	338.49%	-202.20%	178.45%	249.39%	135.33%	194.67%	381.40%	232.70%
Annual money-weighted rate of return	17.73%	10.45%	-17.88%	22.94%	11.12%	2.83%	9.20%	11.14%	9.18%	-1.56%

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

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

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

Notes to Schedule:

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

FIREFIGHTERS' RELIEF & PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last 10 Fiscal Years *										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined employer contribution	\$ 1,846,994	\$ 1,342,706	\$ 1,342,706	\$ 1,979,502	\$ 1,837,352	\$ 1,711,806	\$ 1,644,078	\$ 1,993,643	\$ 2,321,285	\$ 3,822,480
Actual employer contribution	<u>2,181,732</u>	<u>1,676,492</u>	<u>1,342,706</u>	<u>1,995,497</u>	<u>1,898,060</u>	<u>1,720,961</u>	<u>1,658,203</u>	<u>2,009,062</u>	<u>2,336,545</u>	<u>3,826,740</u>
Annual contribution deficiency (excess)	<u>\$ (334,738)</u>	<u>\$ (333,786)</u>	<u>\$ 0</u>	<u>\$ (15,995)</u>	<u>\$ (60,708)</u>	<u>\$ (9,155)</u>	<u>\$ (14,125)</u>	<u>\$ (15,419)</u>	<u>\$ (15,260)</u>	<u>\$ (4,260)</u>
Covered payroll	\$ 7,708,011	\$ 6,539,077	\$ 6,329,377	\$ 6,611,211	\$ 5,629,353	\$ 4,939,900	\$ 4,596,890	\$ 4,364,222	\$ 4,082,999	\$ 3,834,292
Actual contributions as a % of covered payroll	28.30%	25.64%	21.21%	30.18%	33.72%	34.84%	36.07%	46.03%	57.23%	99.80%
2014 actuarially determined employer contribution excludes \$551,981 in current year prepaid reserves.										
Current year covered payroll is not actuarially determined therefore subject to change in future years.										
* Based on contributions made during the fiscal year noted.										

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

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

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Valuation Date	10/1/2024	10/1/2023	10/1/2022	10/1/2021	10/1/2020	10/1/2019	10/1/2018	10/1/2017	10/1/2016	10/1/2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	New UAAL amortization bases are amortized over 15 years	New UAAL amortization bases are amortized over 15 years	New UAAL amortization bases are amortized over 15 years	New UAAL amortization bases are amortized over 15 years	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	12	12	12	12	30 years	30 years	30 years	30 years	30 years	30 years
Asset Valuation Method	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period	5 year phased in period
Actuarial Assumptions:										
Inflation	2.50%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	3.00%
Salary increase	Service Based	Service Based	Service Based	Service Based	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%	5.5%-12.68%
Investment rate of return	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Cost of living adjustments	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%	2.875%
Mortality:	PUBS.H-2010	PUBS.H-2010	PUBS.H-2010	PUBS.H-2010	PUBS.H-2010	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP-2000 Generational Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB	RP 2000 Combined Healthy Projected to 2011 Sex Distinct

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 ***

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost (BOY)	\$ 716,203	\$ 799,340	\$ 794,084	\$ 785,361	\$ 825,932	\$ 786,760	\$ 816,071	\$ 761,793	\$ 912,596	\$ 818,742
Interest	10,207,655	9,880,425	9,893,600	9,624,254	9,511,040	9,193,908	8,949,790	8,977,910	8,876,315	8,390,513
Differences between expected and actual experience	3,167,125	2,178,577	(2,541,190)	1,350,334	699,810	1,361,896		(2,653,681)		312,274
Changes of assumptions	-	-	-	-	(1,978,840)					6,217,609
Contributions - buy back	-	-	-	-	51,726		47,123	41,367		
Benefit payments, including refunds of member contributions	(8,252,352)	(8,112,655)	(8,560,682)	(7,416,057)	(7,544,199)	(6,317,326)	(6,397,599)	(8,755,072)	(7,539,629)	(6,446,003)
Net change in total pension liability	5,838,631	4,745,687	(414,188)	4,343,892	1,565,469	5,025,238	3,415,385	(1,627,683)	2,249,282	9,293,135
Total pension liability - beginning	146,675,304	141,929,617	142,343,805	137,999,913	136,434,444	131,409,206	127,993,821	129,621,504	127,372,222	118,079,087
Total pension liability - ending (a)	\$ 152,513,935	\$ 146,675,304	\$ 141,929,617	\$ 142,343,805	\$ 137,999,913	\$ 136,434,444	\$ 131,409,206	\$ 127,993,821	\$ 129,621,504	\$ 127,372,222
Plan fiduciary net position										
Contributions - employer	\$ 3,411,441	\$ 3,248,120	\$ 3,972,023	\$ 4,157,135	\$ 4,254,519	\$ 4,445,468	\$ 4,528,544	\$ 4,331,190	3,830,736	\$ 3,830,839
Contributions - member	194,544	203,586	214,372	215,050	219,429	211,533	209,565	218,457	227,357	240,097
Net investment income	24,084,811	9,848,267	(20,777,957)	24,880,274	9,020,508	4,289,802	9,429,700	11,614,044	8,651,676	(2,362,487)
Benefit payments, including refunds of member contributions	(8,252,352)	(8,112,655)	(8,560,682)	(7,416,057)	(7,544,199)	(6,317,326)	(6,397,599)	(8,755,072)	(7,539,629)	(6,446,003)
Administrative expense	(85,321)	(75,018)	(66,997)	(48,522)	(38,631)	(48,723)	(52,447)	(115,371)	(93,853)	(82,441)
State Insurance	847,852	755,911	683,116	640,286	623,811	601,682	572,693	542,277	533,483	512,808
Member buybacks	-	-	-	-	51,726		47,123	41,367	-	-
Net change in plan fiduciary net position	20,200,975	5,868,211	(24,536,125)	22,428,166	6,587,163	3,182,436	8,337,579	7,876,892	5,609,770	(4,307,187)
Plan fiduciary net position - beginning	115,484,891	109,616,680	134,152,805	111,724,639	105,137,476	101,955,040	93,617,461	85,740,569	80,130,799	84,437,986
Plan fiduciary net position - ending	135,685,866	115,484,891	109,616,680	134,152,805	111,724,639	105,137,476	101,955,040	93,617,461	85,740,569	80,130,799
LESS RESERVE ACCOUNTS	1,214,870	1,063,956	966,951	878,884	769,559	668,865	371,687	775,007	1,168,510	1,203,293
Total Plan fiduciary net position (b)	\$ 134,470,996	\$ 114,420,935	\$ 108,649,729	\$ 133,273,921	\$ 110,955,080	\$ 104,468,611	\$ 101,583,353	\$ 92,842,454	\$ 84,572,059	\$ 78,927,506
City's net pension liability - ending (a)-(b)	\$ 18,042,939	\$ 32,254,369	\$ 33,279,888	\$ 9,069,884	\$ 27,044,833	\$ 31,965,833	\$ 29,825,853	\$ 35,151,367	\$ 45,049,445	\$ 48,444,716
Plan fiduciary net position as a percentage of the total pension liability	89.0%	78.7%	77.2%	94.3%	81.0%	77.1%	77.3%	72.5%	65.2%	62.0%
Covered payroll	\$ 3,915,130	\$ 4,037,524	\$ 4,122,527	\$ 4,135,565	\$ 4,219,813	\$ 4,067,890	\$ 4,030,069	\$ 4,201,063	\$ 4,372,250	\$ 4,423,864
City's pension liability as a percentage of covered payroll	460.9%	798.9%	807.3%	219.3%	640.9%	785.8%	740.1%	836.7%	1030.3%	1095.1%
Annual money-weighted rate of return	20.92%	9.02%	-15.52%	22.47%	8.50%	4.15%	9.92%	13.48%	11.11%	-2.34%

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

NOTE: The Police Officers' Retirement Fund is a closed plan therefore the percentage of covered employee payroll will continue to increase as participants retire.

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

Notes to Schedule:

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
Last 10 Fiscal Years *										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 4,090,669	\$ 3,884,353	\$ 3,884,353	\$ 4,591,571	\$ 4,797,421	\$ 4,878,329	\$ 5,047,150	\$ 5,101,237	\$ 4,873,467	\$ 4,364,219
Actual employer contribution	<u>4,090,669</u>	<u>3,884,353</u>	<u>3,884,353</u>	<u>4,655,139</u>	<u>4,797,421</u>	<u>4,878,329</u>	<u>5,047,150</u>	<u>5,101,237</u>	<u>4,873,467</u>	<u>4,364,219</u>
Annual contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (63,568)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 3,741,240	\$ 3,915,130	\$ 4,037,524	\$ 4,122,527	\$ 4,135,576	\$ 4,219,795	\$ 4,067,890	\$ 4,030,089	\$ 4,201,063	\$ 4,372,250
Actual contributions as a % of covered payroll	109.34%	99.21%	96.21%	112.92%	116.00%	115.61%	124.07%	126.58%	116.01%	99.82%
Current year covered payroll is not actuarially determined therefore subject to change in future years.										
Contributions do not include amounts drawn down from reserves.										
* Based on contributions made during the fiscal year noted.										

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

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Valuation Date	10/1/2024	10/1/2023	10/1/2022	10/1/2021	10/1/2020	10/1/2019	10/1/2018	10/1/2017	10/1/2016	10/1/2015
Actuarial cost method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age
Amortization method	New UAAL	New UAAL	New UAAL	New UAAL	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount
Remaining Amortization Period	15	15	10	10	11	12	13 years	14 years	15 years	16 years
Asset Valuation Method	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index	5 year weighted index
Actuarial Assumptions:										
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Investment rate of return	7.125%	7.125%	7.125%	7.125%	7.125%	7.125%	7.125%	7.125%	7.125%	7.125%
Cost of living adjustments	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Mortality Rates	PUBS.H-2010	PUBS.H-2010	PUBS.H-2010	PUBS.H-2010	PUBS.H-2010	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB	RP-2000 Healthy Annuitant for Males or Females with adjustments for mortality improvements based on Scale BB

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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY										
Fiscal Year										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the FRS net pension liability (asset)	0.078265512%	0.073804322%	0.076552186%	0.073462936%	0.067580322%	0.059663066%	0.055026148%	0.049432047%	0.045283952%	0.041335299%
City's proportion of the FRS net pension liability (asset)	\$ 24,289,804	\$ 28,550,983	\$ 30,503,623	\$ 27,334,115	\$ 5,104,925	\$ 25,858,852	\$ 18,949,722	\$ 14,889,189	\$ 13,394,689	\$ 10,437,195
Covered payroll	\$ 36,333,192	\$ 33,311,629	\$ 28,688,445	\$ 25,635,863	\$ 22,838,497	\$ 21,417,967	\$ 19,573,461	\$ 17,140,563	\$ 15,295,017	\$ 12,840,904
City's pension liability as a percentage of covered payroll	66.9%	85.7%	106.3%	106.6%	22.4%	120.7%	96.8%	86.9%	87.6%	81.3%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

NOTE: The amounts presented were determined as of June 30, the end of the State of Florida's fiscal year.

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
Last 10 Fiscal Years										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 4,672,991	\$ 4,179,268	\$ 3,682,652	\$ 3,134,797	\$ 2,574,518	\$ 1,982,339	\$ 1,706,208	\$ 1,453,249	\$ 1,210,082	\$ 1,099,355
Actual employer contribution	4,672,991	4,179,268	3,682,652	3,134,797	2,574,518	1,982,339	1,706,208	1,453,249	1,210,082	1,099,355
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 36,760,528	\$ 32,932,227	\$ 32,119,766	\$ 28,415,317	\$ 25,403,511	\$ 22,014,597	\$ 20,065,477	\$ 17,140,563	\$ 15,295,017	\$ 12,840,904
Actual contributions as a % of covered payroll	12.71%	12.69%	11.47%	11.03%	10.13%	9.00%	8.50%	8.48%	7.91%	8.56%

NOTE: The amounts presented were determined as of September 30, the end of the City of Pensacola's fiscal year.

**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 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Valuation Date	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Ultimate Entry Age Normal	Individual Entry Age
Asset Valuation Method	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Percentage Closed, Layered	Level Dollar Amount Closed
Asset Valuation Method	20 years	20 years	20 years	20 years	20 years	25 years	30 years	30 years	30 years	30 years
Actuarial Assumptions:										
Inflation	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.60%	2.60%	2.60%	2.60%
Salary increase	Varies	Varies	Varies	Varies	Varies	Varies	Varies	3.25%	3.25%	3.25%
Investment rate of return	6.70%	6.70%	6.70%	6.70%	7.00%	7.00%	6.90%	7.00%	7.10%	7.60%
Cost of living adjustments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mortality Rates	Generational PUB-2010 with Scale MP-2018	Generational PUB-2010 with Scale MP-2018	Generational PUB-2010 with Scale MP-2018	Generational PUB-2010 with Scale MP-2018	Generational PUB-2010 with Scale MP-2018	Generational PUB-2010 with Scale MP-2018	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables

NOTE: The amounts presented were determined as of June 30, the end of the State of Florida's fiscal year.

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										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the HIS net pension liability (asset)	0.079678333%	0.074809327%	0.074430476%	0.070189581%	0.064240703%	0.055541371%	0.051069262%	0.047519167%	0.043820246%	0.041586882%
City's proportion of the HIS net pension liability (asset)	\$ 10,212,726	\$ 11,222,130	\$ 11,820,551	\$ 7,434,198	\$ 7,880,088	\$ 6,781,511	\$ 5,714,139	\$ 5,029,482	\$ 4,685,463	\$ 4,846,779
Covered payroll	\$ 35,606,750	\$ 31,667,900	\$ 29,495,000	\$ 25,584,699	\$ 22,747,410	\$ 19,281,404	\$ 18,165,949	\$ 15,524,948	\$ 13,972,362	\$ 12,840,904
City's pension liability as a percentage of covered payroll	28.7%	35.4%	40.1%	29.1%	34.6%	35.2%	31.5%	32.4%	33.5%	37.7%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

NOTE: The amounts presented were determined as of June 30, the end of the State of Florida's fiscal year.

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
Last 10 Fiscal Years										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 712,135	\$ 633,358	\$ 489,617	\$ 424,706	\$ 377,607	\$ 320,059	\$ 283,583	\$ 262,412	\$ 241,173	\$ 221,345
Actual employer contribution	712,135	633,358	489,617	424,706	377,607	320,059	283,583	262,412	241,173	221,345
Annual contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 37,424,116	\$ 33,380,670	\$ 31,229,539	\$ 27,149,190	\$ 24,148,144	\$ 20,493,766	\$ 18,244,421	\$ 15,596,591	\$ 14,039,291	\$ 12,840,904
Actual contributions as a % of covered payroll	1.90%	1.90%	1.57%	1.56%	1.56%	1.56%	1.55%	1.68%	1.72%	1.72%

NOTE: The amounts presented were determined as of September 30, the end of the City of Pensacola's fiscal year.

**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 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Valuation Date	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age
Asset Valuation Method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Actuarial Assumptions:										
Inflation	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.60%	2.60%	2.60%	2.60%
Salary increase	3.50%	3.50%	3.25%	3.25%	Varies	Varies	Varies	3.25%	3.25%	3.25%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%	2.85%
Cost of living adjustments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mortality Rates	Generational PUB-2010 with Projection Scale MP-2018	Generational PUB-2010 with Projection Scale MP-2018	Generational PUB-2010 with Projection Scale MP-2018	Generational PUB-2010 with Projection Scale MP-2018	Generational PUB-2010 with Projection Scale MP-2018	Generational PUB-2010 with Projection Scale MP-2018	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables

NOTE: The amounts presented were determined as of June 30, the end of the State of Florida's fiscal year.

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

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

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service Cost*	\$ 167,539	167,004	\$ 232,568	\$ 223,125	\$ 133,896	\$ 91,439	\$ 101,187	\$ 87,688
Interest	367,999	399,282	373,467	380,268	593,862	977,708	895,230	798,393
Difference between Expected & Actual Experience	(4,154,517)	(108,278)	(5,052,820)	(130,766)	(5,711,095)	(5,486,957)	(392,192)	(368,076)
Changes in Assumptions or Other Inputs	695,219	479,088	(2,546,519)	160,291	1,074,050	2,968,014	(2,748,991)	5,416,699
Changes of benefit terms	-	-	-	-	642,604	-	-	-
Benefit payments	(384,838)	(379,089)	(427,813)	(453,204)	(485,747)	(610,816)	(351,400)	(329,792)
Net change in total OPEB liability	(3,308,598)	558,007	(7,421,117)	179,714	(3,752,430)	(2,060,612)	(2,496,166)	5,604,912
Total OPEB liability - beginning	11,479,196	10,921,189	18,342,306	18,162,592	21,915,023	23,975,635	26,471,801	20,866,889
Total OPEB liability - ending	\$ 8,170,598	11,479,196	\$ 10,921,189	\$ 18,342,306	\$ 18,162,593	\$ 21,915,023	\$ 23,975,635	\$ 26,471,801
Covered-employee payroll**	47,940,326	40,714,189	40,714,189	34,492,658	34,492,658	27,368,943	26,571,789	23,130,270
City's total OPEB liability as a percentage of covered-employee payroll	17.04%	28.19%	26.82%	188.05%	189.91%	124.89%	110.83%	87.38%

*The service cost includes interest for the year.

**Covered payroll has been set to equal the covered payroll from the most recent valuation, for years following the valuation date, when no new valuation is performed.

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:

2018	3.43%	2022	2.06%
2019	4.13%	2023	3.72%
2020	2.74%	2024	3.26%
2021	2.12%	2025	4.08%

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

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

BUDGET TO ACTUAL SCHEDULES
MAJOR GOVERNMENTAL FUNDS

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 40,318,300	\$ 40,318,300	\$ 40,746,731	\$ 428,431
Licenses and permits	150,200	176,088	222,030	45,942
Franchise fees	10,284,300	10,284,300	8,636,685	(1,647,615)
Intergovernmental	10,288,100	10,288,100	9,386,390	(901,710)
Charges for services	1,980,000	2,624,609	2,562,280	(62,329)
Fines and forfeits	441,100	441,100	879,802	438,702
Assessments		100,000	3,765	(96,235)
Interest income	2,285,200	2,285,200	1,779,644	(505,556)
Donations	189,000	189,000	218,653	29,653
Other	557,000	557,000	993,979	436,979
Total revenues	<u>66,493,200</u>	<u>67,263,697</u>	<u>65,429,959</u>	<u>(1,833,738)</u>
Expenditures:				
Current -				
General government	10,827,000	11,904,740	10,189,046	1,715,694
Public safety	43,917,600	45,303,782	44,759,039	544,743
Transportation	4,136,500	4,806,458	3,959,164	847,294
Culture and recreation	10,100,800	10,841,327	10,199,955	641,372
Economic environment	490,300	999,176	440,233	558,943
Physical environment		100,000	7,395	92,605
Human services	10,000	10,000		10,000
Capital outlay		1,159,618	987,613	172,005
Total expenditures	<u>69,482,200</u>	<u>75,125,101</u>	<u>70,542,445</u>	<u>4,582,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,989,000)</u>	<u>(7,861,404)</u>	<u>(5,112,486)</u>	<u>2,748,918</u>
Other financing sources (uses):				
Transfers in	9,588,900	9,588,900	9,588,900	-
Transfers (out)	(8,450,200)	(8,450,200)	(8,450,019)	181
Sale of capital assets	50,000	50,000	67,234	17,234
Total other financing sources (uses)	<u>1,188,700</u>	<u>1,188,700</u>	<u>1,206,115</u>	<u>17,415</u>
Net change in fund balances	<u>\$ (1,800,300)</u>	<u>\$ (6,672,704)</u>	<u>(3,906,371)</u>	<u>\$ 2,766,333</u>
Fund balances at beginning of year			<u>32,151,734</u>	
Fund balances at end of year			<u>\$ 28,245,363</u>	

CITY OF PENSACOLA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING ASSISTANCE PAYMENTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues :				
Intergovernmental	\$ 26,437,500	\$ 28,539,141	\$ 21,273,570	\$ (7,265,571)
Interest income			54,152	54,152
Other	6,000	6,000	106,155	100,155
Total revenues	<u>26,443,500</u>	<u>28,545,141</u>	<u>21,433,877</u>	<u>(7,111,264)</u>
Expenditures :				
Current -				
Economic environment	26,829,500	28,948,063	21,518,081	7,429,982
Capital outlay	16,000	16,000		16,000
Total expenditures	<u>26,845,500</u>	<u>28,964,063</u>	<u>21,518,081</u>	<u>7,445,982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(402,000)</u>	<u>(418,922)</u>	<u>(84,204)</u>	<u>334,718</u>
Net change in fund balances	<u>\$ (402,000)</u>	<u>\$ (418,922)</u>	<u>(84,204)</u>	<u>\$ 334,718</u>
Fund balances at beginning of year			<u>2,102,725</u>	
Fund balances at end of year			<u>\$ 2,018,521</u>	

CITY OF PENSACOLA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY MARITIME PARK (CMP) MANAGEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 910,900	\$ 1,045,200	\$ 837,601	\$ (207,599)
Interest Income	100,000	100,000	459,471	359,471
Donations	111,000	111,000	186,363	75,363
Other	500	500	221	(279)
Total revenues	<u>1,122,400</u>	<u>1,256,700</u>	<u>1,483,656</u>	<u>226,956</u>
Expenditures:				
Current -				
Culture and recreation	1,177,900	1,361,190	1,321,437	39,753
Capital outlay				0
Total expenditures	<u>1,177,900</u>	<u>1,361,190</u>	<u>1,321,437</u>	<u>39,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,500)</u>	<u>(104,490)</u>	<u>162,219</u>	<u>266,709</u>
Net change in fund balances	<u>\$ (55,500)</u>	<u>\$ (104,490)</u>	<u>162,219</u>	<u>\$ 266,709</u>
Fund balances at beginning of year			<u>1,957,198</u>	
Fund balances at end of year			<u>\$ 2,119,417</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

General Budget Policies

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

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

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

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.

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

FIDUCIARY FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

Parking Fund – To account for the public parking services receipts and the expenditures thereof.

Code Enforcement Fund - To account for the receipts and expenditures from the code enforcement program and franchise fees. Typical expenditures are related to code enforcement and operations of the code enforcement division.

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.

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

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

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

Recreation Fund – to account for the revenues and expenditures of recreation centers and athletic activities.

Tennis Fund – to account for the revenues and expenditures of the Roger Scott Tennis Center.

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

Debt Service Fund

Debt service funds are used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

CRA Debt Service Fund - to provide monies for payment of the Redevelopment Revenue Bond(s) financed with tax increment financing revenues derived from the Urban Core, Eastside and Westside Tax Increment Financing Districts.

Local Option Gas Tax Debt Service Fund – to provide monies for the payment of the 2016 Local Option Gas Tax Bond. Financing is provided from future Local Option Gasoline Tax proceeds.

Capital Projects Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

CRA 2017 Project Fund – a capital project fund that accounts for various community development projects within the Pensacola Inner City Community Redevelopment Area. Financing is provided by amounts received from the Eastside Redevelopment Revenue Bond, Series 2017, the Westside Redevelopment Revenue Bond, Series 2017 and the Urban Core Redevelopment Revenue Bond, Series 2017.

CRA 2019 Project Fund – a capital project fund that accounts for various community development projects within the Urban Core Redevelopment Area. Financing is provided by amounts received from the Urban Core Redevelopment Revenue Bond, Series 2019.

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, 2025**

	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Community Redevelopment Agency
ASSETS				
Cash and cash equivalents	\$ 63,127	\$ 1,965,194	\$	\$ 6,447,504
Other cash				
Investments	60,014	1,868,289		6,129,569
Accrued Interest				
Accounts receivable				10,269
Due from other funds				
Due from other governments	6,787,276	132,551	187,231	
Prepays and deposits				5,214
Inventory				
Notes receivable	400,915		183,143	
Lease Receivable				
Restricted assets				
Cash and cash equivalents				530,578
Investments				504,414
Total assets	\$ 7,311,332	\$ 3,966,034	\$ 370,374	\$ 13,627,548
LIABILITIES				
Accounts payable	\$ 96,517	\$	\$ 14,602	\$ 94,522
Contracts payable	575,544			34,849
Contracts payable - retainage	11,642			
Due to other funds	9,403		194,032	54,456
Due to other governments	58,841			
Compensated absences payable				
Unearned revenue	5,946,659			
Deposits				1,000
Total liabilities	6,698,606	-	208,634	184,827
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	400,915		183,143	10,250
Related to leases				
Total deferred inflows of resources	400,915	-	183,143	10,250
FUND BALANCE (DEFICITS)				
Non-spendable				5,214
Restricted	6,328,736	3,966,034		9,129,121
Committed				
Assigned				4,298,136
Unassigned	(6,116,925)		(21,403)	
Total fund balances	211,811	3,966,034	(21,403)	13,432,471
Total liabilities, deferred inflows of resources and fund balances	\$ 7,311,332	\$ 3,966,034	\$ 370,374	\$ 13,627,548
Fund balances at end of year	\$ 211,811	\$ 3,966,034	\$ (21,403)	\$ 13,432,471

(continued)

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

	Special Revenue Funds			
	Stormwater Utility Fund	Parking Fund	Code Enforcement Fund	Law Enforcement Trust
ASSETS				
Cash and cash equivalents	\$ 1,056,542	\$ 990,260	\$ 866,169	\$ 258,629
Other cash				
Investments	1,004,443	941,429	823,457	245,876
Accrued Interest				
Accounts receivable			167,170	
Due from other funds				
Due from other governments	993			
Prepays and deposits	9,885	1,867	2,670	
Inventory				
Notes receivable				
Lease Receivable				
Restricted assets				
Cash and cash equivalents				
Investments				
Total assets	\$ 2,071,863	\$ 1,933,556	\$ 1,859,466	\$ 504,505
LIABILITIES				
Accounts payable	\$ 652,059	\$ 50,561	\$ 1,598	\$
Contracts payable				
Contracts payable - retainage				
Due to other funds	71,302	30,879	42,936	
Due to other governments				
Compensated absences payable	9,502	8,998		
Unearned revenue				
Deposits				
Total liabilities	<u>732,863</u>	<u>90,438</u>	<u>44,534</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Related to leases				
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICITS)				
Non-spendable	9,885	1,867	2,670	
Restricted	147,994	103,665		504,505
Committed	1,181,121			
Assigned		1,737,586	1,812,262	
Unassigned				
Total fund balances	<u>1,339,000</u>	<u>1,843,118</u>	<u>1,814,932</u>	<u>504,505</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 2,071,863	\$ 1,933,556	\$ 1,859,466	\$ 504,505
Fund balances at end of year	\$ 1,339,000	\$ 1,843,118	\$ 1,814,932	\$ 504,505

(continued)

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

	Special Revenue Funds			
	Natural Disaster Fund	Golf Course Fund	Eastside Tax Increment Financing District	Inspections Fund
ASSETS				
Cash and cash equivalents	\$	\$ 241,152	\$ 431,029	\$ 1,123,136
Other cash				
Investments		229,260	409,774	1,067,752
Accrued Interest				
Accounts receivable		1,500		
Due from other funds				
Due from other governments	1,732,636			
Prepays and deposits		21,031		
Inventory		6,659		
Notes receivable				
Lease Receivable				
Restricted assets				
Cash and cash equivalents	590,764			
Investments	561,633			
Total assets	\$ 2,885,033	\$ 499,602	\$ 840,803	\$ 2,190,888
LIABILITIES				
Accounts payable	\$	\$ 45,499	\$ 13,110	\$ 8,554
Contracts payable				
Contracts payable - retainage				
Due to other funds		13,702	2,181	73,135
Due to other governments				
Compensated absences payable				
Unearned revenue				
Deposits		6,923		33,841
Total liabilities	0	66,124	15,291	115,530
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		1,500		
Related to leases				
Total deferred inflows of resources	-	1,500.00	-	-
FUND BALANCE (DEFICITS)				
Non-spendable		27,690		
Restricted	1,114,967	4,586	825,512	2,075,358
Committed				
Assigned	1,770,066	399,702		
Unassigned				
Total fund balances	2,885,033	431,978	825,512	2,075,358
Total liabilities, deferred inflows of resources and fund balances	\$ 2,885,033	\$ 499,602	\$ 840,803	\$ 2,190,888
Fund balances at end of year	\$ 2,885,033	\$ 431,978	\$ 825,512	\$ 2,075,358

(continued)

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

	Special Revenue Funds			
	Westside Tax Increment Financing District	Recreation Fund	Tennis Fund	American Rescue Plan Act Fund
ASSETS				
Cash and cash equivalents	\$ 1,996,628	\$ 370,709	\$ 100,428	\$ 1,928,209
Other cash				
Investments	1,898,171	352,429	95,476	1,833,126
Accrued Interest		192	187	
Accounts receivable		2,100		
Due from other funds		187,231		
Due from other governments				
Prepays and deposits		1,868	9,355	
Inventory				
Notes receivable				
Lease Receivable		584,056	324,767	
Restricted assets				
Cash and cash equivalents				
Investments				
Total assets	\$ 3,894,799	\$ 1,498,585	\$ 530,213	\$ 3,761,335
LIABILITIES				
Accounts payable	\$ 187,156	\$ 20,889	\$ 15,980	\$
Contracts payable				432,676
Contracts payable - retainage				65,319
Due to other funds	4,174	3,279		
Due to other governments				
Compensated absences payable				
Unearned revenue				3,263,340
Deposits				
Total liabilities	<u>191,330</u>	<u>24,168</u>	<u>15,980</u>	<u>3,761,335</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		2,100		
Related to leases		552,818	328,839	
Total deferred inflows of resources	<u>-</u>	<u>554,918</u>	<u>328,839</u>	<u>-</u>
FUND BALANCE (DEFICITS)				
Non-spendable		1,868	9,355	
Restricted	3,703,469			
Committed				
Assigned		917,631	176,039	
Unassigned				
Total fund balances	<u>3,703,469</u>	<u>919,499</u>	<u>185,394</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 3,894,799	\$ 1,498,585	\$ 530,213	\$ 3,761,335
Fund balances at end of year	\$ 3,703,469	\$ 919,499	\$ 185,394	\$ -

(continued)

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

	Debt Service Funds		Capital Projects Funds	
	CRA Debt Service	Local Option Gas Tax Debt Service	CRA 2017 Project Fund	CRA 2019 Project Fund
ASSETS				
Cash and cash equivalents	\$	\$	\$ 1,929,320	\$ 2,386,283
Other cash				
Investments			1,834,183	2,268,612
Accrued Interest				
Accounts receivable				
Due from other funds				
Due from other governments				
Prepays and deposits				
Inventory				
Notes receivable				
Lease Receivable				
Restricted assets				
Cash and cash equivalents	2,100,462	780,743		
Investments	1,996,886	742,244		
Total assets	\$ 4,097,348	\$ 1,522,987	\$ 3,763,503	\$ 4,654,895
LIABILITIES				
Accounts payable	\$	\$	\$ 52,301	\$
Contracts payable			155,741	
Contracts payable - retainage				
Due to other funds				
Due to other governments				
Compensated absences payable				
Unearned revenue				
Deposits				
Total liabilities	-	-	208,042.00	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Related to leases				
Total deferred inflows of resources	-	-	-	-
FUND BALANCE (DEFICITS)				
Non-spendable				
Restricted	4,097,348	1,522,987	3,555,461	4,654,895
Committed				
Assigned				
Unassigned				
Total fund balances	4,097,348	1,522,987	3,555,461	4,654,895
Total liabilities, deferred inflows of resources and fund balances	\$ 4,097,348	\$ 1,522,987	\$ 3,763,503	\$ 4,654,895
Fund balances at end of year	\$ 4,097,348	\$ 1,522,987	\$ 3,555,461	\$ 4,654,895

(continued)

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

	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Stormwater Capital</u>		
ASSETS			
Cash and cash equivalents	\$ 3,791,135	\$	25,945,454
Other cash			0
Investments	3,604,189		24,666,049
Accrued Interest			379
Accounts receivable			181,039
Due from other funds			187,231
Due from other governments			8,840,687
Prepays and deposits			51,890
Inventory			6,659
Notes receivable			584,058
Lease Receivable			908,823
Restricted assets			
Cash and cash equivalents			4,002,547
Investments			3,805,177
Total assets	<u>\$ 7,395,324</u>	<u>\$</u>	<u>69,179,993</u>
LIABILITIES			
Accounts payable	\$ 19,057	\$	1,272,405
Contracts payable	391,177		1,589,987
Contracts payable - retainage	88,637		165,598
Due to other funds			499,479
Due to other governments			58,841
Compensated absences payable			18,500
Unearned revenue			9,209,999
Deposits			41,764
Total liabilities	<u>498,871</u>		<u>12,856,573</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			597,908
Related to leases			881,657
Total deferred inflows of resources	<u>-</u>		<u>1,479,565</u>
FUND BALANCE (DEFICITS)			
Non-spendable			58,549
Restricted	2,146,130		43,880,768
Committed	4,750,323		5,931,444
Assigned			11,111,422
Unassigned			(6,138,328)
Total fund balances	<u>6,896,453</u>		<u>54,843,855</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,395,324</u>	<u>\$</u>	<u>69,179,993</u>
Fund balances at end of year	<u>\$ 6,896,453</u>	<u>\$</u>	<u>54,843,855</u>

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

	Special Revenue Funds			
	Special Grants	Local Option Gasoline Tax	Community Development Block Grant	Community Redevelopment Agency
Revenues:				
Taxes	\$	\$ 1,427,119	\$	\$
Licenses and permits				
Intergovernmental	6,824,770		602,958	7,362,954
Charges for services				60,173
Fines and forfeits				
Interest income		42,756	1,279	582,380
Donations	702,804	3,046,132		
Other			20,581	16,850
Total revenues	<u>7,527,574</u>	<u>4,516,007</u>	<u>624,818</u>	<u>8,022,357</u>
Expenditures:				
Current -				
General government	250,038		646,221	4,545,393
Public safety	94,982			
Transportation	125,635	4,300		
Culture and recreation	698,640			
Economic environment	221,581			
Physical environment	262,492			
Capital outlay	5,817,947			267,196
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>7,471,315</u>	<u>4,300</u>	<u>646,221</u>	<u>4,812,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,259</u>	<u>4,511,707</u>	<u>(21,403)</u>	<u>3,209,768</u>
Other financing sources (uses):				
Transfers in				4,365,802
Transfers (out)		(1,461,852)		(3,573,718)
Sale of capital assets				
Total other financing sources (uses)	<u>-</u>	<u>(1,461,852)</u>	<u>-</u>	<u>792,084</u>
Net Change in fund balances	<u>56,259</u>	<u>3,049,855</u>	<u>(21,403)</u>	<u>4,001,852</u>
Fund balances at beginning of year, as previously presented	<u>155,552</u>	<u>916,179</u>	<u>-</u>	<u>9,430,619</u>
Fund balances at end of year	<u>\$ 211,811</u>	<u>\$ 3,966,034</u>	<u>\$ (21,403)</u>	<u>\$ 13,432,471</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, 2025

	Special Revenue Funds			
	Stormwater Utility Fund	Parking Fund	Code Enforcement Fund	Law Enforcement Trust
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits		965		
Intergovernmental				
Charges for services	4,914,812	2,835,382	1,280,409	
Fines and forfeits	1,732		265,155	136,059
Interest income	540	63,786	562	17,651
Donations				
Other	5,490	725	8,624	
Total revenues	<u>4,922,574</u>	<u>2,900,858</u>	<u>1,554,750</u>	<u>153,710</u>
Expenditures:				
Current -				
General government				
Public safety				3,276
Transportation		1,975,860		
Culture and recreation				
Economic environment				
Physical environment	3,783,540		1,513,706	
Capital outlay	742,522	30,106	106,467	
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>4,526,062</u>	<u>2,005,966</u>	<u>1,620,173</u>	<u>3,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>396,512</u>	<u>894,892</u>	<u>(65,423)</u>	<u>150,434</u>
Other financing sources (uses):				
Transfers in				
Transfers (out)				
Sale of capital assets			9,533	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,533</u>	<u>-</u>
Net Change in fund balances	<u>396,512</u>	<u>894,892</u>	<u>(55,890)</u>	<u>150,434</u>
Fund balances at beginning of year, as previously presented	<u>942,488</u>	<u>948,226</u>	<u>1,870,822</u>	<u>354,071</u>
Fund balances at end of year	<u>\$ 1,339,000</u>	<u>\$ 1,843,118</u>	<u>\$ 1,814,932</u>	<u>\$ 504,505</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, 2025

	Special Revenue Funds			
	Natural Disaster Fund	Golf Course Fund	Eastside Tax Increment Financing District	Inspections Fund
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits				2,640,405
Intergovernmental			339,647	
Charges for services		990,818		31,500
Fines and forfeits				10,386
Interest income	44	555	36,084	71,342
Donations				
Other				
Total revenues	<u>44</u>	<u>991,373</u>	<u>375,731</u>	<u>2,753,633</u>
Expenditures:				
Current -				
General government	7,359		423,419	
Public safety	127,633			2,594,482
Transportation	79,438			
Culture and recreation	65	1,178,256		
Economic environment				
Physical environment				
Capital outlay			19,911	
Debt service -				
Principal retirement				
Interest			15,000	
Total expenditures	<u>214,495</u>	<u>1,178,256</u>	<u>458,330</u>	<u>2,594,482</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(214,451)</u>	<u>(186,883)</u>	<u>(82,599)</u>	<u>159,151</u>
Other financing sources (uses):				
Transfers in		200,000	220,194	
Transfers (out)			(85,310)	
Sale of capital assets				5,176
Total other financing sources (uses)	<u>-</u>	<u>200,000</u>	<u>134,884</u>	<u>5,176</u>
Net Change in fund balances	<u>(214,451)</u>	<u>13,117</u>	<u>52,285</u>	<u>164,327</u>
Fund balances at beginning of year, as previously presented	<u>3,099,484</u>	<u>418,861</u>	<u>773,227</u>	<u>1,911,031</u>
Fund balances at end of year	<u>\$ 2,885,033</u>	<u>\$ 431,978</u>	<u>\$ 825,512</u>	<u>\$ 2,075,358</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, 2025

Special Revenue Funds

	<u>Westside Tax Increment Financing District</u>	<u>Recreation Fund</u>	<u>Tennis Fund</u>	<u>American Rescue Plan Act Fund</u>
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits				
Intergovernmental	1,433,007			3,464,522
Charges for services		1,116,943	172,902	
Fines and forfeits				
Interest income	155,511	46,512	13,002	
Donations		5		
Other		155		
Total revenues	<u>1,588,518</u>	<u>1,163,615</u>	<u>185,904</u>	<u>3,464,522</u>
Expenditures:				
Current -				
General government	837,880			1,299,488
Public safety				
Transportation				
Culture and recreation		980,174	184,543	
Economic environment				
Physical environment				
Capital outlay	266,970		29,240	2,165,034
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>1,104,850</u>	<u>980,174</u>	<u>213,783</u>	<u>3,464,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>483,668</u>	<u>183,441</u>	<u>(27,879)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	929,023			
Transfers (out)	(267,984)			
Sale of capital assets				
Total other financing sources (uses)	<u>661,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balances	<u>1,144,707</u>	<u>183,441</u>	<u>(27,879)</u>	<u>-</u>
Fund balances at beginning of year, as previously presented	<u>2,558,762</u>	<u>736,058</u>	<u>213,273</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,703,469</u>	<u>\$ 919,499</u>	<u>\$ 185,394</u>	<u>\$ -</u>

(continued)

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

	Debt Service Funds		Capital Project Funds	
	CRA Debt Service	Local Option Gas Tax Debt Service	CRA 2017 Project Fund	CRA 2019 Project Fund
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and permits				
Intergovernmental				
Charges for services				
Fines and forfeits				
Interest income	109,248	38,297	139,576	169,018
Donations				
Other				
Total revenues	<u>109,248</u>	<u>38,297</u>	<u>139,576</u>	<u>169,018</u>
Expenditures:				
Current -				
General government			170,619	
Public safety				
Transportation				
Culture and recreation				
Economic environment				
Physical environment				
Capital outlay			574,695	45,375
Debt service -				
Principal retirement	2,062,981	1,467,000		
Interest	2,044,466	68,616		
Total expenditures	<u>4,107,447</u>	<u>1,535,616</u>	<u>745,314</u>	<u>45,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,998,199)</u>	<u>(1,497,319)</u>	<u>(605,738)</u>	<u>123,643</u>
Other financing sources (uses):				
Transfers in	3,927,012	1,461,852		
Transfers (out)				
Sale of capital assets				
Total other financing sources (uses)	<u>3,927,012</u>	<u>1,461,852</u>	<u>-</u>	<u>-</u>
Net Change in fund balances	<u>(71,187)</u>	<u>(35,467)</u>	<u>(605,738)</u>	<u>123,643</u>
Fund balances at beginning of year, as previously presented	<u>4,168,535</u>	<u>1,558,454</u>	<u>4,161,199</u>	<u>4,531,252</u>
Fund balances at end of year	<u><u>4,097,348</u></u> \$	<u><u>1,522,987</u></u> \$	<u><u>3,555,461</u></u> \$	<u><u>4,654,895</u></u>

(continued)

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

	Capital Project Funds	Total
	Stormwater	Governmental
	Capital	Funds
Revenues:		
Taxes	\$	\$ 1,427,119
Licenses and permits		2,641,370
Intergovernmental		20,027,858
Charges for services		11,402,939
Fines and forfeits		413,332
Interest income		1,488,143
Donations		3,748,941
Other		52,425
Total revenues	-	41,202,127
Expenditures:		
Current -		
General government		8,180,417
Public safety		2,820,373
Transportation		2,185,233
Culture and recreation		3,041,678
Economic environment		221,581
Physical environment	1,397,717	6,957,455
Capital outlay	1,641,857	11,707,320
Debt service -		
Principal retirement		3,529,981
Interest		2,128,082
Total expenditures	3,039,574	40,772,120
Excess (deficiency) of revenues over (under) expenditures	(3,039,574)	430,007
Other financing sources (uses):		
Transfers in	2,735,000	13,838,883
Transfers (out)		(5,388,864)
Sale of capital assets		14,709
Total other financing sources (uses)	2,735,000	8,464,728
Net Change in fund balances	(304,574)	8,894,735
Fund balances at beginning of year, as previously presented	7,201,027	45,949,120
Fund balances at end of year	\$ 6,896,453	\$ 54,843,855

**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, 2025**

	Special Grants			Local Option Gasoline Tax		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$ 1,370,000	1,427,119	\$ 57,119
Licenses and permits						
Intergovernmental	76,385,290	6,824,770	(69,560,520)			
Charges for services						
Fines and forfeits						
Interest income					42,756	42,756
Donations	2,914,366	702,804	(2,211,562)		3,046,132	3,046,132
Other						
Total revenues	79,299,656	7,527,574	(71,772,082)	1,370,000	4,516,007	3,146,007
Expenditures:						
Current -						
General government	7,296,214	250,038	7,046,176			
Public safety	1,375,406	94,982	1,280,424			
Transportation	416,436	125,635	290,801	4,300	4,300	-
Culture and recreation	1,405,598	698,640	706,958			
Economic environment	7,748,875	221,581	7,527,294			
Physical environment	2,134,119	262,492	1,871,627			
Human services						
Capital outlay	58,923,008	5,817,947	53,105,061			
Debt service -						
Principal retirement						
Interest						
Total expenditures	79,299,656	7,471,315	71,828,341	4,300	4,300	-
Excess (deficiency) of revenues over (under) expenditures	-	56,259	56,259	1,365,700	4,511,707	3,146,007
Other financing sources (uses):						
Transfers in						
Transfers (out)				(1,535,700)	(1,461,852)	73,848
Sale of capital assets						
Total other financing sources (uses)	-	-	-	(1,535,700)	(1,461,852)	73,848
Net Change in fund balances	\$ -	56,259	\$ 56,259	\$ (170,000)	3,049,855	\$ 3,219,855
Fund balances at beginning of year		155,552			916,179	
Fund balances at end of year		\$ 211,811			\$ 3,966,034	

(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, 2025**

	<u>Community Development Block Grant</u>			<u>Community Redevelopment Fund</u>		
	<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	2,796,385	602,958	(2,193,427)	7,363,000	7,362,954	(46)
Charges for services				16,000	60,173	44,173
Fines and forfeits						
Interest income		1,279	1,279		582,380	582,380
Donations						
Other		20,581	20,581		16,850	16,850
Total revenues	<u>2,796,385</u>	<u>624,818</u>	<u>(2,171,567)</u>	<u>7,379,000</u>	<u>8,022,357</u>	<u>643,357</u>
Expenditures:						
Current -						
General government	2,796,385	646,221	2,150,164	13,180,544	4,545,393	8,635,151
Public safety						
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay				3,407,077	267,196	3,139,881
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>2,796,385</u>	<u>646,221</u>	<u>2,150,164</u>	<u>16,587,621</u>	<u>4,812,589</u>	<u>11,775,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(21,403)</u>	<u>(21,403)</u>	<u>(9,208,621)</u>	<u>3,209,768</u>	<u>12,418,389</u>
Other financing sources (uses):						
Transfers in				4,365,900	4,365,802	98
Transfers (out)				(4,587,900)	(3,573,718)	1,014,182
Sale of capital assets						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222,000)</u>	<u>792,084</u>	<u>1,014,280</u>
Net Change in fund balances	<u>\$ -</u>	<u>(21,403)</u>	<u>\$ (21,403)</u>	<u>\$ (9,430,621)</u>	<u>4,001,852</u>	<u>\$ 13,432,669</u>
Fund balances at beginning of year		<u>-</u>			<u>9,430,619</u>	
Fund balances at end of year		<u>\$ (21,403)</u>			<u>\$ 13,432,471</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, 2025

	Stormwater Utility Fund			Parking Fund		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits					965	965
Intergovernmental						
Charges for services	5,265,400	4,914,812	(350,588)	1,648,600	2,835,382	1,186,782
Fines and forfeits	5,000	1,732	(3,268)			
Interest income		540	540		63,786	63,786
Donations						
Other		5,490	5,490	100	725	625
Total revenues	5,270,400	4,922,574	(347,826)	1,648,700	2,900,858	1,252,158
Expenditures:						
Current -						
General government						
Public safety						
Transportation				2,066,827	1,975,860	90,967
Culture and recreation						
Economic environment						
Physical environment	4,489,205	3,783,540	705,665			
Human services						
Capital outlay	818,695	742,522	76,173	59,701	30,106	29,595
Debt service -						
Principal retirement						
Interest						
Total expenditures	5,307,900	4,526,062	781,838	2,126,528	2,005,966	120,562
Excess (deficiency) of revenues over (under) expenditures	(37,500)	396,512	434,012	(477,828)	894,892	1,372,720
Other financing sources (uses):						
Transfers in						
Transfers (out)						
Sale of capital assets						
Total other financing sources (uses)	-	-	-	-	-	-
Net Change in fund balances	\$ (37,500)	396,512	\$ 434,012	\$ (477,828)	894,892	\$ 1,372,720
Fund balances at beginning of year		942,488			948,226	
Fund balances at end of year		\$ 1,339,000			\$ 1,843,118	

(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, 2025

	<u>Code Enforcement Fund</u>			<u>Law Enforcement Trust</u>		
	<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	1,399,200	1,280,409	(118,791)			
Fines and forfeits	205,000	265,155	60,155	6,715	136,059	129,344
Interest income		562	562		17,651	17,651
Donations						
Other		8,624	8,624			
Total revenues	<u>1,604,200</u>	<u>1,554,750</u>	<u>(49,450)</u>	<u>6,715</u>	<u>153,710</u>	<u>146,995</u>
Expenditures:						
Current -						
General government						
Public safety				109,314	3,276	106,038
Transportation						
Culture and recreation						
Economic environment						
Physical environment	1,874,183	1,513,706	360,477			
Human services						
Capital outlay	110,000	106,467	3,533	284,309		284,309
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>1,984,183</u>	<u>1,620,173</u>	<u>364,010</u>	<u>393,623</u>	<u>3,276</u>	<u>390,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(379,983)</u>	<u>(65,423)</u>	<u>314,560</u>	<u>(386,908)</u>	<u>150,434</u>	<u>537,342</u>
Other financing sources (uses):						
Transfers in						
Transfers (out)						
Sale of capital assets		9,533	9,533			
Total other financing sources (uses)	<u>-</u>	<u>9,533</u>	<u>9,533</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balances	\$ <u>(379,983)</u>	\$ <u>(55,890)</u>	\$ <u>324,093</u>	\$ <u>(386,908)</u>	\$ <u>150,434</u>	\$ <u>537,342</u>
Fund balances at beginning of year		<u>1,870,822</u>			<u>354,071</u>	
Fund balances at end of year		<u>\$ <u>1,814,932</u></u>			<u>\$ <u>504,505</u></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, 2025

	<u>Natural Disaster Fund</u>			<u>Golf Course Fund</u>		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental	3,946,895		(3,946,895)			
Charges for services				936,400	990,818	54,418
Fines and forfeits						
Interest income		44	44		555	555
Donations						
Other						
Total revenues	<u>3,946,895</u>	<u>44</u>	<u>(3,946,851)</u>	<u>936,400</u>	<u>991,373</u>	<u>54,973</u>
Expenditures:						
Current -						
General government	3,086,504	7,359	3,079,145			
Public safety	127,638	127,633	5			
Transportation	541,815	79,438	462,377			
Culture and recreation	42,039	65	41,974	1,201,030	1,178,256	22,774
Economic environment	148,899		148,899			
Physical environment						
Human services						
Capital outlay						
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>3,946,895</u>	<u>214,495</u>	<u>3,732,400</u>	<u>1,201,030</u>	<u>1,178,256</u>	<u>22,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(214,451)</u>	<u>(214,451)</u>	<u>(264,630)</u>	<u>(186,883)</u>	<u>77,747</u>
Other financing sources (uses):						
Transfers in				200,000	200,000	-
Transfers (out)						
Sale of capital assets						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in fund balances	<u>\$ -</u>	<u>(214,451)</u>	<u>\$ (214,451)</u>	<u>\$ (64,630)</u>	<u>13,117</u>	<u>\$ 77,747</u>
Fund balances at beginning of year		<u>3,099,484</u>			<u>418,861</u>	
Fund balances at end of year		<u>\$ 2,885,033</u>			<u>\$ 431,978</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, 2025**

	Eastside Tax Increment Financing District			Inspections Fund		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits				2,683,900	2,640,405	(43,495)
Intergovernmental	339,700	339,647	(53)			
Charges for services				25,000	31,500	6,500
Fines and forfeits					10,386	10,386
Interest income		36,084	36,084		71,342	71,342
Donations						
Other						
Total revenues	339,700	375,731	36,031	2,708,900	2,753,633	44,733
Expenditures:						
Current -						
General government	1,207,833	423,419	784,414			
Public safety				2,708,900	2,594,482	114,418
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay	20,393	19,911	482			
Debt service -						
Principal retirement						
Interest	15,000	15,000	-			
Total expenditures	1,243,226	458,330	784,896	2,708,900	2,594,482	114,418
Excess (deficiency) of revenues over (under) expenditures	(903,526)	(82,599)	820,927	-	159,151	159,151
Other financing sources (uses):						
Transfers in	220,200	220,194	(6)			
Transfers (out)	(89,900)	(85,310)	4,590			
Sale of capital assets					5,176	5,176
Total other financing sources (uses)	130,300	134,884	4,584	-	5,176	5,176
Net Change in fund balances	\$ (773,226)	52,285	\$ 825,511	\$ -	164,327	\$ 164,327
Fund balances at beginning of year		773,227			1,911,031	
Fund balances at end of year		\$ 825,512			\$ 2,075,358	

(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, 2025**

	Westside Tax Increment Financing District			Recreation Fund		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental	1,433,100	1,433,007	(93)	973,100	1,116,943	143,843
Charges for services						
Fines and forfeits						
Interest income		155,511	155,511		46,512	46,512
Donations					5	5
Other					155	155
Total revenues	1,433,100	1,588,518	155,418	973,100	1,163,615	190,515
Expenditures:						
Current -						
General government	4,352,996	837,880	3,515,116			
Public safety						
Transportation						
Culture and recreation				1,003,832	980,174	23,658
Economic environment						
Physical environment						
Human services						
Capital outlay	291,165	266,970	24,195			
Debt service -						
Principal retirement						
Interest						
Total expenditures	4,644,161	1,104,850	3,539,311	1,003,832	980,174	23,658
Excess (deficiency) of revenues over (under) expenditures	(3,211,061)	483,668	3,694,729	(30,732)	183,441	214,173
Other financing sources (uses):						
Transfers in	929,100	929,023	(77)			
Transfers (out)	(279,800)	(267,984)	11,816			
Sale of capital assets						
Total other financing sources (uses)	649,300	661,039	11,739	-	-	-
Net Change in fund balances	\$ (2,561,761)	1,144,707	\$ 3,706,468	\$ (30,732)	183,441	\$ 214,173
Fund balances at beginning of year		2,558,762			736,058	
Fund balances at end of year		\$ 3,703,469			\$ 919,499	

(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, 2025**

	Tennis Fund			American Rescue Plan Act Fund		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental				6,875,341	3,464,522	(3,410,819)
Charges for services	135,000	172,902	37,902			
Fines and forfeits						
Interest income		13,002	13,002			
Donations						
Other						
Total revenues	<u>135,000</u>	<u>185,904</u>	<u>50,904</u>	<u>6,875,341</u>	<u>3,464,522</u>	<u>(3,410,819)</u>
Expenditures:						
Current -						
General government				2,702,221	1,299,488	1,402,733
Public safety						
Transportation						
Culture and recreation	186,773	184,543	2,230			
Economic environment						
Physical environment						
Human services						
Capital outlay	73,456	29,240	44,216	4,173,120	2,165,034	2,008,086
Debt service -						
Principal retirement						
Interest						
Total expenditures	<u>260,229</u>	<u>213,783</u>	<u>46,446</u>	<u>6,875,341</u>	<u>3,464,522</u>	<u>3,410,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(125,229)</u>	<u>(27,879)</u>	<u>97,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Transfers in						
Transfers (out)						
Sale of capital assets						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balances	<u>\$ (125,229)</u>	<u>(27,879)</u>	<u>\$ 97,350</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances at beginning of year		<u>213,273</u>			<u>-</u>	
Fund balances at end of year		<u>\$ 185,394</u>			<u>\$ -</u>	

(continued)

**CITY OF PENSACOLA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL (GAAP BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>CRA Debt Service Fund</u>			<u>Local Option Gas Tax Debt Service</u>		
	Budget	Actual	Variance Positive/ (Negative)	Budget	Actual	Variance Positive/ (Negative)
Revenues:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses and permits						
Intergovernmental						
Charges for services						
Fines and forfeits						
Interest income		109,248	109,248		38,297	38,297
Donations						
Other						
Total revenues	<u>-</u>	<u>109,248</u>	<u>109,248</u>	<u>-</u>	<u>38,297</u>	<u>38,297</u>
Expenditures:						
Current -						
General government						
Public safety						
Transportation						
Culture and recreation						
Economic environment						
Physical environment						
Human services						
Capital outlay						
Debt service -						
Principal retirement	2,913,100	2,062,981	850,119	1,467,000	1,467,000	-
Interest	2,044,500	2,044,466	34	68,700	68,616	84
Total expenditures	<u>4,957,600</u>	<u>4,107,447</u>	<u>850,153</u>	<u>1,535,700</u>	<u>1,535,616</u>	<u>84</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,957,600)</u>	<u>(3,998,199)</u>	<u>959,401</u>	<u>(1,535,700)</u>	<u>(1,497,319)</u>	<u>38,381</u>
Other financing sources (uses):						
Transfers in	4,957,600	3,927,012	(1,030,588)	1,535,700	1,461,852	(73,848)
Transfers (out)						
Sale of capital assets						
Total other financing sources (uses)	<u>4,957,600</u>	<u>3,927,012</u>	<u>(1,030,588)</u>	<u>1,535,700</u>	<u>1,461,852</u>	<u>(73,848)</u>
Net Change in fund balances	\$ <u>-</u>	\$ <u>(71,187)</u>	\$ <u>(71,187)</u>	\$ <u>-</u>	\$ <u>(35,467)</u>	\$ <u>(35,467)</u>
Fund balances at beginning of year		<u>4,168,535</u>			<u>1,558,454</u>	
Fund balances at end of year		\$ <u>4,097,348</u>		\$ <u>1,522,987</u>		

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government on a cost-reimbursement basis.

General Stock Account - to account for the cost of operating a central warehouse facility used by other City departments. Material purchases are recovered from the users.

Insurance Retention Fund - to account for the City's self-insurance program.

Central Services Fund - to account for the operation of the City Mail Room, Management Information Services, Engineering, and City Garage Facilities.

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2025

	<u>General Stock Account</u>	<u>Insurance Retention Fund</u>	<u>Central Services Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,068	\$ 1,933,378	\$ 1,487,983	\$ 3,423,429
Investments	1,965	1,838,040	1,414,609	3,254,614
Accounts receivable (net)		395,160		395,160
Prepaid expenses		394,208	47,542	441,750
Inventory	<u>1,229,337</u>			<u>1,229,337</u>
Total current assets	<u>1,233,370</u>	<u>4,560,786</u>	<u>2,950,134</u>	<u>8,744,290</u>
Noncurrent assets:				
Prepaid expense				
Restricted assets				
Cash and cash equivalents		4,196,674		4,196,674
Investments		3,989,732		3,989,732
Capital assets				
Depreciable (net)			2,316,931	2,316,931
Intangible right-to-use asset (net)			<u>587,689</u>	<u>587,689</u>
Total noncurrent assets	<u>-</u>	<u>8,186,406</u>	<u>2,904,620</u>	<u>11,091,026</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension		181,854	1,064,204	1,246,058
Deferred OPEB		<u>10,458</u>	<u>99,624</u>	<u>110,082</u>
Total deferred outflows of resources	<u>-</u>	<u>192,312</u>	<u>1,163,828</u>	<u>1,356,140</u>
Total assets and deferred outflows	<u>\$ 1,233,370</u>	<u>\$ 12,939,504</u>	<u>\$ 7,018,582</u>	<u>\$ 21,191,456</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$	\$ 171,953	\$ 112,312	\$ 284,265
Contracts payable			16,012	16,012
Contracts payable - retainage				-
Accrued interest payable			9,797	9,797
Due to other funds	370,000	35,977	215,463	621,440
Compensated absences payable			4,961	4,961
Claims and judgments payable		2,265,943		2,265,943
SBITA payable			433,904	433,904
Unearned revenue				-
Deposits		28,040		28,040
OPEB Liability		<u>1,655</u>	<u>19,442</u>	<u>21,097</u>
Total current liabilities	<u>370,000</u>	<u>2,503,568</u>	<u>811,891</u>	<u>3,685,459</u>
Noncurrent liabilities:				
Compensated absences payable		70,771	454,388	525,159
Claims and judgments payable		1,535,143		1,535,143
SBITA payable				0
Net pension liability		520,368	3,354,544	3,874,912
OPEB liability		<u>33,481</u>	<u>393,352</u>	<u>426,833</u>
Total noncurrent liabilities	<u>-</u>	<u>2,159,763</u>	<u>4,202,284</u>	<u>6,362,047</u>
Total liabilities	<u>370,000</u>	<u>4,663,331</u>	<u>5,014,175</u>	<u>10,047,506</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension		63,143	429,908	493,051
Deferred OPEB		<u>79,402</u>	<u>608,203</u>	<u>687,605</u>
Total deferred inflows of resources	<u>-</u>	<u>142,545</u>	<u>1,038,111</u>	<u>1,180,656</u>
NET POSITION				
Net investment in capital assets			2,454,704	2,454,704
Unrestricted	<u>863,370</u>	<u>8,133,628</u>	<u>(1,488,408)</u>	<u>7,508,590</u>
Total net position	<u>863,370</u>	<u>8,133,628</u>	<u>966,296</u>	<u>9,963,294</u>
Total liabilities and net position	<u>\$ 1,233,370</u>	<u>\$ 12,939,504</u>	<u>\$ 7,018,582</u>	<u>\$ 21,191,456</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, 2025

	General Stock Account	Insurance Retention Fund	Central Services Fund	Total
Operating revenues:				
Charges for services	\$	\$	\$ 8,639,575	\$ 8,639,575
Health		14,347,626		14,347,626
Dental		372,451		372,451
Vision		68,553		68,553
Life		321,989		321,989
Survivor disability		199,737		199,737
Liability		8,071,558		8,071,558
Other		11,408	68,042	79,450
Total operating revenues	<u>-</u>	<u>23,393,322</u>	<u>8,707,617</u>	<u>32,100,939</u>
Operating expenses:				
Salaries and employee benefits		802,144	4,765,915	5,568,059
Materials and supplies		6,988	249,664	256,652
Repairs and maintenance		240	224,899	225,139
Contractual services		118,153	2,110,160	2,228,313
Office and utilities		864,905	589,865	1,454,770
Premiums and claims expense -				
General liability		4,933,955		4,933,955
Workmen's compensation		968,868		968,868
Auto		410,212		410,212
Health		13,958,557		13,958,557
Dental		381,707		381,707
Vision		69,181		69,181
Life		336,942		336,942
Survivor disability		145,984		145,984
Total operating expenses before depreciation and amortization	<u>-</u>	<u>22,997,836</u>	<u>7,940,503</u>	<u>30,938,339</u>
Operating income (loss) before depreciation and amortization	<u>-</u>	<u>395,486</u>	<u>767,114</u>	<u>1,162,600</u>
Depreciation and amortization			903,755	903,755
Operating income (loss)	<u>-</u>	<u>395,486</u>	<u>(136,641)</u>	<u>258,845</u>
Nonoperating revenues (expenses):				
Gain (loss) on disposal of fixed assets			2,313	2,313
Interest expense			(17,879)	(17,879)
Investment interest		296,843		296,843
Total nonoperating revenues (expenses)	<u>-</u>	<u>296,843</u>	<u>(15,566)</u>	<u>281,277</u>
Income (loss) before transfers:	<u>-</u>	<u>692,329</u>	<u>(152,207)</u>	<u>540,122</u>
Transfers:				
Contributed capital from other funds			14,425	14,425
Transfers in				0
Transfers (out)		(13,863)	(138,812)	(152,675)
Total transfers	<u>-</u>	<u>(13,863.00)</u>	<u>(124,387)</u>	<u>(138,250)</u>
Change in net position	<u>-</u>	<u>678,466</u>	<u>(276,594)</u>	<u>401,872</u>
Net position at beginning of year	<u>863,370</u>	<u>7,455,162</u>	<u>1,242,890</u>	<u>9,561,422</u>
Net position at end of year	<u>\$ 863,370</u>	<u>\$ 8,133,628</u>	<u>\$ 966,296</u>	<u>\$ 9,963,294</u>

**CITY OF PENSACOLA, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Stock Account</u>	<u>Insurance Retention Fund</u>	<u>Central Services Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$	\$ 18,556,858	\$ 8,707,617	\$ 27,264,475
Cash received from other funds	144,447	4,707,270	(3,590,531)	1,261,186
Cash payments to suppliers for goods and services	(144,147)	(21,928,723)	(5,050,624)	(27,123,494)
Cash payments to employees for services		(861,747)		(861,747)
Net cash provided by (used for) operating activities	<u>300</u>	<u>473,658</u>	<u>66,462</u>	<u>540,420</u>
Cash flows from noncapital financing activities:				
Net transfers				-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets		(13,863)	(327,722)	(341,585)
Proceeds from sale of assets			2,439	2,439
Interest paid on lease/SBITA			(27,558)	(27,558)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(13,863)</u>	<u>(352,841)</u>	<u>(366,704)</u>
Cash flows from investing activities:				
Sale (purchase) of investments	119	424,987	365,548	790,654
Interest on investments		296,843		296,843
Net cash provided by (used for) investing activities	<u>119</u>	<u>721,830</u>	<u>365,548</u>	<u>1,087,497</u>
Net increase (decrease) in cash and cash equivalents	<u>419</u>	<u>1,181,625</u>	<u>79,169</u>	<u>1,261,213</u>
Cash and cash equivalents at beginning of year	<u>1,649</u>	<u>4,948,427</u>	<u>1,408,814</u>	<u>6,358,890</u>
Cash and cash equivalents of end of year	<u>\$ 2,068</u>	<u>\$ 6,130,052</u>	<u>\$ 1,487,983</u>	<u>\$ 7,620,103</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, 2025**

	General Stock Account	Insurance Retention Fund	Central Services Fund	Total
Operating income (loss)	\$	\$ 395,486	\$ (136,641)	\$ 258,845
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation			903,755	903,755
Change in assets and liabilities:				
(Increase) decrease in accounts receivable		(139,818)		(139,818)
(Increase) decrease in inventory	144,447			144,447
(Increase) decrease in due from other funds				0
(Increase) decrease in prepaid expenses		18,279	(11,295)	6,984
Increase (decrease) in accounts payable	(4,147)	89,600	65,059	150,512
Increase (decrease) in contracts payable		(23,000)	(10,601)	(33,601)
Increase (decrease) in due to other funds	(140,000)	4,562	46,602	(88,836)
Increase (decrease) in deposits		10,624		10,624
Increase (decrease) in claims and judgments		182,090		182,090
Increase (decrease) in deferred revenue				0
Increase (decrease) in SBITA			(469,707)	(469,707)
Increase (decrease) in compensated absences		(784)	76,530	75,746
Increase (decrease) in net OPEB obligation		(15,886)	(108,931)	(124,817)
Increase (decrease) in net pension liability		(47,495)	(288,309)	(335,804)
Net cash provided by (used for) operating activities	\$ 300	\$ 473,658	\$ 66,462	\$ 540,420

Noncash investing, capital, and financing activities:

	General Stock Account	Insurance Retention Fund	Central Services Fund	Total
Transfer capital asset from other funds	\$	\$	\$ 14,425	\$ 14,425
Transfer capital asset to other funds	\$	\$ (13,862)	\$ (138,813)	\$ (152,675)

FIDUCIARY FUNDS

Fiduciary funds are trust funds used to account for assets held by the City in a trustee capacity for individuals, other governmental units and/or other funds.

PENSION TRUST FUNDS

Pension Trust Funds account for financial operations of the City's three pension plans.

General Pension and Retirement Fund – to account for the accumulation of resources to be used for pension and retirement payments for substantially all City employees except for those in the Fire and Police Pension Funds. Resources are contributed by employees and the City at actuarially determined rates. On June 18, 2007 the City's General Pension and Retirement Plan was closed to all new employees. Existing participants were given the option to participate in the Florida Retirement System or remain in the City's General Pension and Retirement Plan.

Firefighter's Relief and Pension Fund – to account for the accumulation of resources to be used for pension and retirement payments for all firefighters. Resources are contributed by employees and the City at actuarially determined rates.

Police Officer's Retirement Fund – to account for the accumulation of resources to be used for pension and retirement payments for all police officers. Resources are contributed by employees and the City at actuarially determined rates. On January 1, 2013 the City's Police Officers' Retirement Fund was closed to all new employees. Existing participants were given the option to participate in the Florida Retirement System or remain in the City's Police Officers' Retirement Fund.

CITY OF PENSACOLA, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	<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	\$ 100,983	\$ 295,026	\$ 660,407	\$ 1,056,416
Receivables:				
Employer	193	358	294	845
Employee	10,594	39,300	15,292	65,186
Private trust funds			114,986	114,986
Due from other governments		184,112		184,112
Total receivables	<u>10,787</u>	<u>223,770</u>	<u>130,572</u>	<u>365,129</u>
Investments :				
Short term investments	2,385,241	1,783,915	1,677,170	5,846,326
Debt Securities & Bond Mutual Funds	54,749,913	31,058,289	22,047,196	107,855,398
Convertible Corporate Bonds	10,270,917	11,119,443		21,390,360
Stock Mutual Funds	9,563,621	27,028,902		36,592,523
Mortgage Backed Securities	5,116,989	13,741,125	11,665,808	30,523,922
Commingled Trust Fund	7,220,254	8,589,142	23,236,541	39,045,937
Domestic Stocks	43,183,570	39,131,794	69,285,027	151,600,391
Preferred Stocks	1,021,312	1,131,578		2,152,890
Foreign Stocks	19,363,909	2,635,329	16,340,159	38,339,397
Total investments	<u>152,875,726</u>	<u>136,219,517</u>	<u>144,251,901</u>	<u>433,347,144</u>
Total assets	<u>\$ 152,987,496</u>	<u>\$ 136,738,313</u>	<u>\$ 145,042,880</u>	<u>\$ 434,768,689</u>
LIABILITIES				
Accounts payable	\$ 130,216	\$ 135,102	\$ 77,647	\$ 342,965
Total liabilities	<u>130,216</u>	<u>135,102</u>	<u>77,647</u>	<u>342,965</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 152,857,280</u>	<u>\$ 136,603,211</u>	<u>\$ 144,965,233</u>	<u>\$ 434,425,724</u>

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

	General Pension and Retirement Fund	Firefighter's Relief and Pension Fund	Police Officers' Retirement Fund	Total Pension Trust Funds
Additions:				
Contributions - city	\$ 6,156,005	\$ 1,729,579	\$ 2,917,539	\$ 10,803,123
Contributions - employee	231,277	848,642	204,774	1,284,693
Commission recapture	133	53		186
Insurance proceeds - State of Florida		1,011,081	911,016	1,922,097
Total contributions	<u>6,387,415</u>	<u>3,589,355</u>	<u>4,033,329</u>	<u>14,010,099</u>
Investment income				
Net appreciation/(loss) in fair value of investments	4,668,541	5,830,572	10,728,163	21,227,276
Interest and dividends	6,218,996	3,535,413	3,483,932	13,238,341
	<u>10,887,537</u>	<u>9,365,985</u>	<u>14,212,095</u>	<u>34,465,617</u>
Less investment expense	713,576	671,576	439,322	1,824,474
Net investment income	<u>10,173,961</u>	<u>8,694,409</u>	<u>13,772,773</u>	<u>32,641,143</u>
Total additions	<u>16,561,376</u>	<u>12,283,764</u>	<u>17,806,102</u>	<u>46,651,242</u>
Deductions:				
Pensions paid - employees	10,848,957	8,192,691	7,481,873	26,523,521
Pensions paid - widows	2,227,617	1,174,041	894,450	4,296,108
Pensions paid - children				-
Refunds to employees		87,443		87,443
Deferred retirement option plan	260,457		11,882	272,339
Health insurance assistance	82,852			82,852
Administrative expenses	150,579	138,586	138,531	427,696
Total deductions	<u>13,570,462</u>	<u>9,592,761</u>	<u>8,526,736</u>	<u>31,689,959</u>
Change in net position	<u>2,990,914</u>	<u>2,691,003</u>	<u>9,279,366</u>	<u>14,961,283</u>
Net position restricted for pension benefits:				
Beginning of year	<u>149,866,366</u>	<u>133,912,208</u>	<u>135,685,867</u>	<u>419,464,441</u>
End of year	<u>\$ 152,857,280</u>	<u>\$ 136,603,211</u>	<u>\$ 144,965,233</u>	<u>\$ 434,425,724</u>

STATISTICAL SECTION

This part of the City of Pensacola's Annual Comprehensive 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.

FINANCIAL TRENDS

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General Government	\$ 10,675,142	\$ 13,421,994	\$ 12,382,833	\$ 12,101,937	\$ 14,024,575	\$ 12,380,195	\$ 18,281,895	\$ 18,703,847	\$ 19,344,410	\$ 20,291,171
Public safety	32,478,560	41,001,683	37,978,435	36,484,101	40,407,906	33,074,865	30,403,609	47,513,896	52,945,798	49,805,464
Transportation	4,051,784	2,896,355	4,057,926	5,333,798	6,768,664	7,746,788	8,616,365	9,579,297	9,986,044	11,898,571
Culture and recreation	13,467,494	13,651,877	13,787,334	14,315,481	14,374,666	16,196,710	18,695,537	17,947,317	18,058,922	20,169,647
Economic environment	16,502,619	17,947,509	18,318,018	16,877,887	17,914,891	18,373,202	18,189,837	19,906,544	21,209,080	22,072,225
Physical environment	3,146,051	4,218,895	4,033,681	5,524,973	7,903,072	13,195,272	5,331,122	8,444,383	7,526,155	9,526,728
Human services	30,000	30,000	30,000	14,492,331 (b)	9,453,927	30,000	21,666			
Unallocated depreciation	3,898,568	4,139,867	2,025,235	1,917,285	1,797,534	1,716,378	1,682,419	1,638,021	1,623,010	1,657,170
Interest on long-term debt	5,139,876	4,514,339	4,324,860	5,953,180	3,144,298	2,909,320	2,726,705	2,589,840	2,449,522	2,305,726
Total governmental activities expenses	<u>89,390,094</u>	<u>101,822,519</u>	<u>96,938,322</u>	<u>113,000,973</u>	<u>115,789,533</u>	<u>105,622,730</u>	<u>103,949,155</u>	<u>126,323,145</u>	<u>133,142,941</u>	<u>137,726,702</u>
Business-type activities:										
Utility	31,136,870	33,575,070	34,940,330	34,105,382	31,835,300	32,896,169	55,485,713	50,567,655	40,695,251	61,144,467
Sanitation	6,883,649	7,385,517	6,901,117	7,488,155	7,805,854	7,884,591	8,030,569	8,778,303	8,065,647	7,727,525
Port	2,601,580	2,869,779	2,615,462	2,713,331	3,521,004	3,070,577	3,785,115	3,598,499	3,701,417	3,819,236
Airport	25,085,705	25,102,535	26,533,722	28,606,833	28,398,131	26,204,842	28,985,668	33,370,793	39,275,667	38,947,203
Total business-type activities expenses	<u>65,707,804</u>	<u>68,932,901</u>	<u>70,990,631</u>	<u>72,913,701</u>	<u>71,560,289</u>	<u>70,056,179</u>	<u>96,287,065</u>	<u>96,315,250</u>	<u>91,737,982</u>	<u>111,638,431</u>
Total primary government expenses	<u>\$ 155,097,898</u>	<u>\$ 170,755,420</u>	<u>\$ 167,928,953</u>	<u>\$ 185,914,674</u>	<u>\$ 187,349,822</u>	<u>\$ 175,678,909</u>	<u>\$ 200,236,220</u>	<u>\$ 222,638,395</u>	<u>\$ 224,880,923</u>	<u>\$ 249,365,133</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General Government	\$ 540,401	\$ 492,954	\$ 296,437	\$ 286,817	\$ 1,220,454	\$ 261,078	\$ 153,200	\$ 316,530	\$ 378,339	\$ 337,942
Public safety	2,165,304	2,434,239	2,191,063	2,553,611	2,584,504	3,856,136	3,846,061	3,877,867	3,289,626	4,874,228
Transportation	722,452	808,801	695,121	738,270	967,281	1,817,144	2,128,911	2,080,499	2,710,873	4,311,925
Culture and recreation	3,064,679	2,996,558	2,826,837	2,777,016	1,749,952	2,605,833	2,647,772	2,941,634	2,655,130	3,286,188
Physical environment	2,785,085	2,713,930	2,779,337	2,845,664	2,845,965	2,902,846	2,994,884	3,142,705	4,732,452	6,393,902
Operating grants and contributions	20,937,879	20,751,603	21,219,767	36,160,940	32,131,025	31,148,673	48,204,504	36,252,808	32,352,377	36,702,272
Capital grants and contributions	5,240,998	5,952,566	3,239,646	2,533,119	1,675,802	938,171	1,303,263	1,241,271	3,067,474	6,699,924
Total governmental activities program revenues	<u>35,456,798</u>	<u>36,150,651</u>	<u>33,248,208</u>	<u>47,895,437</u>	<u>43,174,983</u>	<u>43,529,881</u>	<u>61,278,595</u>	<u>49,853,314</u>	<u>49,186,271</u>	<u>62,606,381</u>
Business-type activities:										
Charges for Services										
Utility	43,278,297	44,741,994	49,914,141	50,231,748	46,608,310	50,804,613	69,715,079	59,780,737	53,371,891	61,229,443
Sanitation	7,084,148	7,190,675	7,744,185	8,255,120	8,439,456	8,867,686	9,355,523	9,946,996	8,374,096	8,545,526
Port	1,609,280	1,058,964	1,259,626	2,400,834	2,740,267	2,809,593	2,881,597	2,870,396	2,522,255	3,629,678
Airport	21,887,992	21,638,635	23,190,940	25,921,379	20,718,662	22,276,241	28,883,526	31,329,994	35,120,244	37,776,050
Operating grants and contributions						5,866,730				
Capital grants and contributions	12,843,595	28,704,147	24,610,034	10,172,410	16,912,674	17,894,768	59,978,639	33,543,067	18,967,656	88,167,809
Total business-type activities program revenues	<u>86,703,312</u>	<u>103,334,415</u>	<u>106,718,926</u>	<u>96,981,491</u>	<u>95,419,369</u>	<u>108,519,631</u>	<u>170,814,364</u>	<u>137,471,190</u>	<u>118,356,142</u>	<u>199,348,506</u>
Total primary government program revenues	<u>\$ 122,160,110</u>	<u>\$ 139,485,066</u>	<u>\$ 139,967,134</u>	<u>\$ 144,876,928</u>	<u>\$ 138,594,352</u>	<u>\$ 152,049,512</u>	<u>232,092,959</u>	<u>187,324,504</u>	<u>167,542,413</u>	<u>261,954,887</u>

(continued)

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense)/Revenue										
Governmental activities	\$ (53,933,296)	\$ (65,671,868)	\$ (63,690,114)	\$ (65,105,536)	\$ (72,614,550)	\$ (62,092,849)	(42,670,560)	(76,469,831)	(83,956,670)	(75,120,321)
Business-type activities	20,995,508	34,401,514	35,728,295	24,067,790	23,859,080	38,463,452	74,527,299	41,155,940	26,618,160	87,710,075
Total primary government net expenses	\$ (32,937,788)	\$ (31,270,354)	\$ (27,961,819)	\$ (41,037,746)	\$ (48,755,470)	\$ (23,629,397)	\$ 31,856,739	\$ (35,313,891)	\$ (57,338,510)	\$ 12,589,754
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 13,312,773	\$ 13,781,024	\$ 14,638,449	\$ 15,718,156	\$ 16,953,100	\$ 18,137,244	\$ 19,640,104	\$ 21,873,778	\$ 24,464,687	\$ 26,552,579
Public service taxes and franchise fees	16,000,690	16,092,524	17,222,374	17,135,120	17,097,763	17,473,081	19,100,875	19,955,379	19,284,664	18,519,952
Communication services tax	3,127,266	2,853,565	3,095,646	3,069,511	3,185,927	3,159,425	2,906,976	2,934,967	3,258,330	3,396,260
Local business tax	914,773	902,333	915,792	939,973	944,046	918,590	929,411	938,060	945,409	914,626
Local option gasoline tax	1,585,310	1,353,590	1,365,613	1,364,246	1,301,270	1,431,737	1,428,853	1,477,395	1,423,954	1,427,119
Local option sales tax	7,662,504	7,881,842	8,524,108	8,901,413	8,698,808	10,718,928	12,234,245	12,194,355	12,212,289	12,435,316
Intergovernmental revenues	6,846,265	6,999,518	7,330,410	7,630,878	7,485,820	8,225,603	9,831,242	9,754,477	9,414,585	9,357,201
Unrestricted investment earnings	2,026,216	1,780,315	946,252	1,683,080	1,358,607	326,148	590,532	2,265,910	4,396,700	4,492,953
Insurance recoveries							272,997			
Miscellaneous	14,316	139,669	35,573	29,113	38,755	58,984	199,714	226,811	373,197	3,590,714
Net gain (loss) on sale of asset		1,496,281	2,529,358	708,896	94,056	84,366	65,623	97,367	225,719	84,383
Special Item		14,266,276 (a)				689,131				
Transfers	8,000,000	8,000,000	8,000,000	7,282,376	5,752,854	6,966,490	7,226,404	7,229,019	10,914,627	8,880,933
Overhead transfers	2,355,500	2,458,900	2,480,300	2,662,700	2,708,800	2,839,300	3,066,900	2,822,500	3,008,500	3,177,200
Total governmental activities	61,845,613	78,005,837	67,083,875	67,125,462	65,619,806	71,029,027	77,493,876	81,770,018	89,922,661	92,829,236
Business-type activities:										
Unrestricted investment earnings	215,216	467,169	837,949	1,353,089	1,281,334	377,237	931,927	4,181,440	6,351,988	6,328,198
Insurance recoveries						1,650,924				
Miscellaneous	424,772	919,630	753,915	605,249	515,442	635,705	703,755	915,681	556,307	55,634
Net gain (loss) on sale of asset		64,870	29,531	112,180	75,921	93,536	60,760	9,200	33,073	
Transfers	(8,000,000)	(8,000,000)	(8,000,000)	(7,282,376)	(5,752,854)	(6,966,490)	(7,226,404)	(7,229,019)	(10,914,627)	(8,880,933)
Overhead transfers	(2,355,500)	(2,458,900)	(2,480,300)	(2,662,700)	(2,708,800)	(2,839,300)	(3,066,900)	(2,822,500)	(3,008,500)	(3,177,200)
Total business-type activities	(9,715,512)	(9,007,231)	(8,858,905)	(7,874,558)	(6,588,957)	(7,048,388)	(8,596,862)	(4,945,198)	(6,981,759)	(5,674,301)
Total primary government	\$ 52,130,101	\$ 68,998,606	\$ 58,224,970	\$ 59,250,904	\$ 59,030,849	\$ 63,980,639	\$ 68,897,014	\$ 76,824,820	\$ 82,940,902	\$ 87,154,935
Change in Net Position										
Governmental activities	\$ 7,912,317	\$ 12,333,969	\$ 3,393,761	\$ 2,019,926	\$ (6,994,744)	\$ 8,936,178	\$ 34,823,316	\$ 5,300,187	\$ 5,965,991	\$ 17,708,915
Business-type activities	11,279,996	25,394,283	26,869,390	16,193,232	17,270,123	31,415,064	65,930,437	36,210,742	19,636,401	82,035,774
Total primary government	\$ 19,192,313	\$ 37,728,252	\$ 30,263,151	\$ 18,213,158	\$ 10,275,379	\$ 40,351,242	\$ 100,753,753	\$ 41,510,929	\$ 25,602,392	\$ 99,744,689

Notes:

- (a) 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.
(b) 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 163,348,312	\$ 190,491,657	\$ 191,203,167	\$ 186,615,457	\$ 186,703,675	\$ 190,220,754	\$ 192,144,576	\$ 197,105,128	\$ 197,344,530	\$ 199,897,449
Restricted	35,352,306	29,751,412	23,754,264	24,688,258	29,203,635	24,748,663	27,110,940	25,290,316	33,499,680	46,366,266
Unrestricted	(53,277,620)	(62,486,102)	(58,653,937)	(52,980,295)	(64,578,634)	(54,704,563)	(23,526,321)	(21,366,062)	(22,120,056)	(19,830,646)
Total governmental activities net position	<u>\$ 145,422,998</u>	<u>\$ 157,756,967</u>	<u>\$ 156,303,494</u>	<u>\$ 158,323,420</u>	<u>\$ 151,328,676</u>	<u>\$ 160,264,854</u>	<u>\$ 195,729,195</u>	<u>\$ 201,029,382</u>	<u>\$ 208,724,154</u>	<u>\$ 226,433,069</u>
Business-type activities										
Net investment in capital assets	\$ 142,842,026	\$ 168,168,989	\$ 186,225,485	\$ 194,787,731	\$ 198,846,540	\$ 212,977,675	\$ 268,611,152	\$ 282,278,975	\$ 290,299,563	\$ 356,227,050
Restricted	9,956,165	10,497,398	12,176,912	13,227,612	13,905,112	20,333,112	22,407,112	24,857,112	59,583,359	70,066,997
Unrestricted	24,305,371	23,831,458	29,067,346	35,647,632	48,181,446	59,037,375	67,423,400	87,511,964	62,672,749	68,297,398
Total business-type activities net position	<u>\$ 177,103,562</u>	<u>\$ 202,497,845</u>	<u>\$ 227,469,743</u>	<u>\$ 243,662,975</u>	<u>\$ 260,933,098</u>	<u>\$ 292,348,162</u>	<u>\$ 358,441,664</u>	<u>\$ 394,648,051</u>	<u>\$ 412,555,671</u>	<u>\$ 494,591,445</u>
Primary government										
Net investment in capital assets	\$ 306,190,338	\$ 358,660,646	\$ 377,428,652	\$ 381,403,188	\$ 385,550,215	\$ 403,198,429	\$ 460,755,728	\$ 479,384,103	\$ 487,644,093	\$ 556,124,499
Restricted	45,308,471	40,248,810	35,931,176	37,915,870	43,108,747	45,081,775	49,518,052	50,147,428	93,083,039	116,433,263
Unrestricted	(28,972,249)	(38,654,644)	(29,586,591)	(17,332,663)	(16,397,188)	4,332,812	43,897,079	66,145,902	40,552,693	48,466,752
Total primary government net position	<u>\$ 322,526,560</u>	<u>\$ 360,254,812</u>	<u>\$ 383,773,237</u>	<u>\$ 401,986,395</u>	<u>\$ 412,261,774</u>	<u>\$ 452,613,016</u>	<u>\$ 554,170,859</u>	<u>\$ 595,677,433</u>	<u>\$ 621,279,825</u>	<u>\$ 721,024,514</u>

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

Function/Programs	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities:										
General government	\$ 3,427,107	\$ 3,700,398	\$ 3,901,755	\$ 4,479,037	\$ 6,187,932	\$ 6,211,248	\$ 12,180,037	\$ 10,592,312	\$ 10,866,757	\$ 13,194,888
Public safety	2,349,489	2,666,971	2,280,040	2,818,481	2,677,146	4,743,763	4,208,681	4,053,510	3,767,244	5,210,634
Transportation	1,911,016	808,801	695,121	747,358	967,281	2,252,364	10,864,110	3,614,261	3,081,632	4,444,982
Culture and recreation	5,076,963	4,168,728	3,916,783	4,118,589	1,819,592	5,802,050	12,715,325	5,191,135	5,388,005	5,044,628
Economic environment	17,147,764	17,850,657	17,484,499	16,858,471	17,662,062	18,985,778	17,984,432	19,175,383	20,633,872	22,776,989
Physical environment	5,544,459	6,955,096	4,970,010	4,411,169	4,437,043	5,534,678	3,326,010	7,226,713	5,448,761	11,934,260
Human services				14,462,332 (a)	9,423,927					
Total governmental activities	<u>35,456,798</u>	<u>36,150,651</u>	<u>33,248,208</u>	<u>47,895,437</u>	<u>43,174,983</u>	<u>43,529,881</u>	<u>61,278,595</u>	<u>49,853,314</u>	<u>49,186,271</u>	<u>62,606,381</u>
Business-type activities:										
Utility	43,761,940	45,297,295	50,548,308	50,231,748	46,608,310	50,804,613	69,715,079	60,319,429	53,896,398	61,807,524
Sanitation	7,084,148	7,192,089	7,744,185	8,255,120	9,620,538	8,867,686	10,395,004	9,946,996	8,374,096	8,545,526
Port	2,457,376	2,753,554	4,971,116	5,186,090	3,156,635	3,842,119	3,321,881	3,435,479	4,152,589	22,898,578
Airport	33,399,848	48,091,477	43,455,317	33,308,533	36,033,886	45,005,213	87,382,400	63,769,286	51,933,059	106,096,878
Total business-type activities	<u>86,703,312</u>	<u>103,334,415</u>	<u>106,718,926</u>	<u>96,981,491</u>	<u>95,419,369</u>	<u>108,519,631</u>	<u>170,814,364</u>	<u>137,471,190</u>	<u>118,356,142</u>	<u>199,348,506</u>
Total primary government	<u>\$ 122,160,110</u>	<u>\$ 139,485,066</u>	<u>\$ 139,967,134</u>	<u>\$ 144,876,928</u>	<u>\$ 138,594,352</u>	<u>\$ 152,049,512</u>	<u>\$ 232,092,959</u>	<u>\$ 187,324,504</u>	<u>\$ 167,542,413</u>	<u>\$ 261,954,887</u>

Notes: (a) 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
FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Non-spendable	\$ 28,729	\$ 23,339	\$ 23,422	\$ 26,635	\$ 50,814	\$ 43,890	\$ 48,499	\$ 58,739	\$ 439,144	\$ 406,922
Restricted	665,283	891,857	1,038,512	880,968	1,064,330	1,154,652	1,191,930	2,425,112	3,057,843	2,095,689
Committed	10,143,175	11,694,280	14,017,235	14,397,663	14,628,212	14,620,074	14,677,876	14,928,663	16,204,090	16,849,553
Assigned	2,640,289	2,692,973	4,591,459	7,170,387	9,236,622	9,879,232	9,881,458	11,415,117	11,722,500	7,516,938
Unassigned	1,128,736	1,721,705	208,800	1,516,294	537,926	98,402	3,222,097	2,408,440	728,157	1,376,261
Total General Fund	\$ <u>14,606,212</u>	\$ <u>17,024,154</u>	\$ <u>19,879,428</u>	\$ <u>23,991,947</u>	\$ <u>25,517,904</u>	\$ <u>25,796,250</u>	\$ <u>29,021,860</u>	\$ <u>31,236,071</u>	\$ <u>32,151,734</u>	\$ <u>28,245,363</u>
All Other Governmental Funds										
Non-spendable	\$ 3,437,808	\$ 3,519,866	\$ 17,153	\$ 19,944	\$ 20,867	\$ 18,040	\$ 24,383	\$ 27,376	\$ 169,493	\$ 164,365
Restricted	75,306,214 (a)	38,838,782	53,562,885	62,274,000	56,111,278	49,200,597	47,574,085	37,780,305	40,792,937	59,754,448
Committed	6,525,521	5,888,016	5,181,575	5,571,152	4,191,794	3,121,347	4,494,441	6,767,470	7,244,871	5,931,444
Assigned	1,712,813	867,343	716,721	872,612	4,844,743	6,913,127	7,710,896	11,593,691	11,498,243	13,478,579
Unassigned	(6,642,268)	(8,547,881)	(260,165)	(415,247)	(8,620,052)	(15,550,037)	(3,962,014)	(3,281,408)	(687,826)	(7,438,747)
Total all other governmental funds	\$ <u>80,340,088</u>	\$ <u>40,566,126</u>	\$ <u>59,218,169</u>	\$ <u>68,322,461</u>	\$ <u>56,548,630</u>	\$ <u>43,703,074</u>	\$ <u>55,841,791</u>	\$ <u>52,887,434</u>	\$ <u>59,017,718</u>	\$ <u>71,890,089</u>

Notes:

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

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 34,076,354	\$ 34,883,249	\$ 37,034,176	\$ 38,493,239	\$ 39,663,462	\$ 43,132,137	\$ 46,421,093	\$ 49,184,082	\$ 51,974,134	\$ 54,609,166
Licenses and permits	1,415,580	1,771,849	1,593,488	1,751,816	1,797,767	3,124,299	2,858,523	2,688,873	2,290,835	2,863,400
Franchise fees	8,289,710	8,218,881	8,727,806	8,635,180	8,517,452	8,706,868	9,819,371	10,189,852	9,615,200	8,636,685
Intergovernmental	31,227,672	31,348,598	30,882,832	31,258,032	32,281,626	39,864,893	58,976,026	45,786,490	43,427,167	50,687,818
Charges for services	6,995,182	7,008,094	6,621,643	6,763,745	6,058,848	7,894,124	8,402,116	8,863,288	10,606,087	14,802,820
Fines and forfeits	286,782	153,648	166,780	271,104	239,869	147,436	280,272	144,226	539,604	1,293,134
Assessments	27,187	78,741	52,326	14,519,578	9,462,697	52,383	14,748	15,239	27,969	3,765
Interest income	2,045,038	1,812,692	994,564	1,714,509	1,401,730	341,669	579,606	2,589,126	3,806,245	4,197,390
Donations	1,017,668	2,011,038	1,125,245	71,160	20,498	87,071	246,302	801,989	1,283,060	4,153,957
Other	1,320,438	775,965	840,582	647,406	713,365	681,761	948,697	754,366	1,114,583	1,232,780
Total revenues	86,701,611	88,062,755	88,039,442	104,125,769	100,157,314	104,032,641	128,546,754	121,017,531	124,684,884	142,480,915
Expenditures										
Current -										
General government	8,731,145	8,756,239	9,394,210	9,315,718	10,686,826	11,221,735	16,371,718	14,664,641	16,679,478	18,369,463
Public safety	32,344,989	31,692,091	32,948,093	33,820,334	35,378,579	37,090,021	38,774,148	40,953,265	44,644,026	47,692,913
Transportation	3,703,713	2,601,106	2,484,138	3,030,089	3,966,855	5,044,289	5,411,710	5,249,321	6,069,209	6,152,368
Culture and recreation	8,961,041	8,901,116	9,207,741	9,255,731	9,168,428	12,575,652	14,054,641	12,237,409	12,348,841	14,674,598
Economic environment	16,512,073	17,840,723	17,613,088	16,821,741	17,765,989	18,572,942	18,375,011	19,626,665	21,144,390	22,179,895
Physical environment	3,345,057	4,089,950	3,233,928	4,190,835	5,791,302	11,828,268	3,879,288	6,141,812	5,415,530	6,964,850
Human services	30,000	30,000	30,000	14,492,331	9,453,927	30,000	21,666			
Capital outlay	12,963,404	18,210,965	23,324,603	14,190,938	14,818,379	17,316,526	15,963,344	21,935,926	15,976,403	18,224,711
Debt service -										
Principal retirement	3,695,000	4,561,000	7,740,418	6,332,419	6,593,729	7,048,568	5,483,571	5,591,068	5,724,612	5,854,981
Interest	5,600,516	5,182,598	3,934,010	4,240,349	2,625,797	2,961,332	2,780,201	2,644,897	2,506,223	2,364,012
Total expenditures	95,886,938	101,865,788	109,910,229	115,690,485	116,249,811	123,689,333	121,115,298	129,045,004	130,508,712	142,477,791
Excess (deficiency) of revenues over (under) expenditures	(9,185,327)	(13,803,033)	(21,870,787)	(11,564,716)	(16,092,497)	(19,656,692)	7,431,456	(8,027,473)	(5,823,828)	3,124

(continued)

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other financing sources (uses)										
Transfers in	21,700,560	22,697,499	18,645,522	23,813,700	22,556,620	25,216,696	24,561,143	21,029,094	24,523,331	23,427,783
Transfers (out)	(13,525,081)	(13,388,403)	(10,645,522)	(16,531,324)	(16,803,766)	(18,250,206)	(17,334,739)	(13,805,631)	(13,606,697)	(14,546,850)
Capital Lease Note Issuance										
Loan proceeds		100,000		58,140,000						
Sale of capital assets		1,487,365	2,526,004	701,970	91,769	84,366	65,190	63,864	224,360	81,943
Insurance recoveries		20,000								
Payment to refund debt				(41,182,811)						
Bonds Issued	14,314,000	5,389,000	33,000,000							
Issuance Cost	(92,109)	(44,822)	(147,900)	(160,008)						
Total other financing sources (uses)	<u>22,397,370</u>	<u>16,260,639</u>	<u>43,378,104</u>	<u>24,781,527</u>	<u>5,844,623</u>	<u>7,050,856</u>	<u>7,291,594</u>	<u>7,287,327</u>	<u>11,140,994</u>	<u>8,962,876</u>
Net change in fund balances before prior period adjustments/special items	<u>13,212,043</u>	<u>2,457,606</u>	<u>21,507,317</u>	<u>13,216,811</u>	<u>(10,247,874)</u>	<u>(12,605,836)</u>	<u>14,723,050</u>	<u>(740,146)</u>	<u>5,317,166</u>	<u>8,966,000</u>
Special Item-NMTC Unwind		(39,813,626) (d)								
Special item - BP Settlement										
Special item - Parking Transfer						38,626				
PPA/Change in accounting principle							641,277			
Special item - Code Enforcement Transfer								1,728,781		
Net change in fund balances	<u>\$ 13,212,043</u>	<u>\$ (37,356,020)</u>	<u>\$ 21,507,317</u>	<u>\$ 13,216,811</u>	<u>\$ (10,247,874)</u>	<u>\$ (12,567,210)</u>	<u>\$ 15,364,327</u>	<u>\$ (740,146)</u>	<u>\$ 7,045,947</u>	<u>\$ 8,966,000</u>
Debt service as a percentage of noncapital expenditures	11.21%	11.65%	13.48%	10.42%	9.09%	9.41%	7.86%	7.69%	7.19%	6.61%

Notes:

- (a) In FY 14, Maritime Community Construction Fund was closed and residual equity transfers were made to the CRA and Debt Service Fund.
- (b) In FY 15, BP claim was settled for the BP Deep Horizon Oil Spill in 2010 and the City was awarded \$5,351,922.
- (c) In FY 15, Motorola released \$6,460,954 to finance the acquisition of technology related equipment.
- (d) In FY 17, the City forgave the loan made with CTA Investment Fund, LLC of \$39,813,626.
- (e) In FY 24, Code Enforcement was transferred from the Sanitation Fund (a proprietary fund) to its own governmental fund.

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
2016	\$ 561,229	\$ 4,729,674	\$ 5,627	\$ 2,109,546	\$ 3,186,984	4.2895
2017	507,305	5,034,056	5,850	2,222,806	3,324,405	4.2895
2018	520,566	5,306,319	5,809	2,307,122	3,525,572	4.2895
2019	557,576	5,717,586	6,173	2,500,346	3,780,989	4.2895
2020	668,682	6,182,529	5,985	2,769,526	4,087,670	4.2895
2021	605,422	6,504,333	6,640	2,745,635	4,370,760	4.2895
2022	685,264	7,081,565	7,071	3,048,367	4,725,533	4.2895
2023	712,250	8,232,474	7,507	3,690,072	5,262,159	4.2895
2024	770,453	9,209,497	7,897	4,091,225	5,896,622	4.2895
2025	805,769	9,883,102	7,639	4,306,772	6,389,738	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
2016	4.2895	2.0000	7.1130	6.6165	0.3590	0.0378
2017	4.2895	2.0000	6.8760	6.6165	0.3590	0.0366
2018	4.2895	2.0000	6.6310	6.6165	0.3590	0.0353
2019	4.2895	2.0000	6.3250	6.6165	0.3590	0.0338
2020	4.2895	2.0000	6.0430	6.6165	0.3590	0.0327
2021	4.2895	2.0000	5.9280	6.6165	0.3590	0.0311
2022	4.2895	2.0000	5.6570	6.6165	0.3590	0.0294
2023	4.2895	2.0000	5.2740	6.6165	0.3590	0.0261
2024	4.2895	2.0000	5.1440	6.6165	0.3590	0.0234
2025	4.2895	2.0000	4.8470	6.6165	0.3590	0.0218

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**

<u>Taxpayer</u>	<u>2025</u>			<u>2016</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sacred Heart Hospital	\$ 327,850,806	1	0.72%	\$ 172,263,176	1	0.84%
Florida Power & Light / Gulf Power	248,299,388	2	0.55%	117,428,375	2	0.57%
Baptist Hospital	235,752,908	3	0.52%	54,477,383	3	0.27%
Pensacola Southtowne Owner LLC	68,426,857	4	0.15%	---	---	---
Chapins Landing	61,710,647	5	0.14%	---	---	---
Simon Debartolo/Simon Properties	57,153,128	6	0.13%	39,713,356	4	0.19%
Palmilla Residences LLC	43,707,653	7	0.10%	---	---	---
Armstrong World Industries	40,254,971	8	0.09%	30,232,977	5	0.15%
Hallmark Sterling Hill LLC	33,729,695	9	0.07%	---	---	---
Walmart	25,735,817	10	0.06%	14,339,307	6	0.07%
Bellsouth/Southern Bell	---	---	---	13,325,076	8	0.07%
Reichhold Inc/Arizona Chemical	---	---	---	13,977,787	7	0.07%
Holi Corp	---	---	---	12,704,455	9	0.06%
Cordova Regency	---	---	---	12,595,192	10	0.06%
Total	\$ 1,142,621,870		2.52%	\$ 481,057,084		2.35%

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
2016	\$ 13,670,568	13,232,668	96.8%	\$ 80,105	\$ 13,312,773	97.4%
2017	14,260,035	13,768,035	96.6%	12,989	13,781,024	96.6%
2018	15,122,942	14,589,079	96.5%	49,369	14,638,448	96.8%
2019	16,218,558	15,655,210	96.5%	62,946	15,718,156	96.9%
2020	17,534,064	16,896,732	96.4%	56,368	16,953,100	96.7%
2021	18,748,372	18,093,919	96.5%	43,324	18,137,243	96.7%
2022	20,270,174	19,551,223	96.5%	88,881	19,640,104	96.9%
2023	22,572,035	21,831,672	96.7%	42,106	21,873,778	96.9%
2024	25,292,015	24,419,968	96.6%	44,719	24,464,687	96.7%
2025	27,408,780	26,492,644	96.7%	59,935	26,552,579	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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 (a)
General merchandise stores	\$ 796,846	\$ 764,661	\$ 772,478	\$ 804,314	\$ 837,736	\$ 922,191	\$ 915,586	\$ 941,767	\$ 920,256	\$ 695,412
Grocery stores	259,820	275,592	291,707	305,567	341,687	380,464	412,962	430,691	429,061	330,925
Hotels and apartments	278,032	292,298	325,431	350,089	294,496	451,104	489,960	487,906	491,553	398,857
Lumber and building materials	306,993	343,579	368,248	415,590	541,361	774,009	691,271	596,136	545,660	394,891
Manufacturing and mining	79,555	101,702	130,644	120,665	99,706	129,589	154,433	142,217	157,833	107,131
Motor vehicle dealers	902,727	948,633	995,785	1,067,119	1,071,133	1,307,066	1,290,219	1,293,052	1,514,597	1,191,273
Office space and commercial rentals	226,118	232,768	272,278	307,300	299,737	344,822	367,708	382,333	403,117	310,604
Restaurants and lunchrooms	645,724	674,666	698,068	728,320	656,232	843,664	921,954	983,332	997,291	766,792
Total	\$ 3,495,815	\$ 3,633,899	\$ 3,854,639	\$ 4,098,964	\$ 4,142,088	\$ 5,152,909	\$ 5,244,093	\$ 5,257,434	\$ 5,459,368	\$ 4,195,885

City direct sales tax rate (b)

Source: Florida Department of Revenue

Notes: Data presented reflects Escambia County.

(a) 2025 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
2016	1.00%	0.50%
2017	1.00%	0.50%
2018	1.00%	0.50%
2019	1.00%	0.50%
2020	1.00%	0.50%
2021	1.00%	0.50%
2022	1.00%	0.50%
2023	1.00%	0.50%
2024	1.00%	0.50%
2025	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)

	2025			2016	
	Tax Liability (a)	Percentage of Total		Tax Liability	Percentage of Total
Retail trade	\$ 241,087	51.24%	\$	168,968	54.52%
Services	99,145	21.07%		63,796	20.58%
Manufacturing and mining	9,880	2.10%		4,393	1.42%
Wholesale trade	18,220	3.87%		7,631	2.46%
Construction	34,771	7.39%		19,248	6.21%
Finance, insurance, and real estate	42,205	8.97%		29,915	9.65%
Transportation and utilities	18,541	3.94%		11,830	3.82%
Agricultural	2,648	0.56%		1,302	0.42%
Other	4,013	0.85%		2,862	0.90%
Total	\$ 470,510	100.00%	\$	309,945	100.00%

Source: Florida Department of Revenue Office of Research

Notes: Data presented reflects Escambia County. Data is presented on the State Fiscal Year of July 1 - June 30.

(a) Tax liability represents the state percentage of the tax liability paid by businesses in Escambia County. Total tax liability was not available by industry for Escambia County.

CITY OF PENSACOLA, FLORIDA
PENSACOLA ENERGY
GAS SOLD IN MCFS BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS
(in thousands of Mcfs)

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Type of Customer										
Residential -Inside City Limits	243	201	270	257	239	273	247	229	254	249
Residential -Outside City Limits	578	501	640	611	590	657	611	561	629	622
Commercial -Inside City Limits	301	298	324	326	292	306	302	294	316	309
Commercial -Outside City Limits	390	351	401	408	389	410	431	426	443	448
Municipal	24	22	25	23	24	25	25	22	23	23
Interruptible	944	639	647	707	690	674	674	608	631	712
Transportation	1,478	1,887	1,978	1,799	2,015	1,984	2,952	4,444	4,472	4,418
Total	<u>3,958</u>	<u>3,899</u>	<u>4,285</u>	<u>4,131</u>	<u>4,239</u>	<u>4,329</u>	<u>5,242</u>	<u>6,584</u>	<u>6,768</u>	<u>6,781</u>
Total direct rate per Mcf (a)	\$ 22.25	\$ 24.99	\$ 23.02	\$ 23.59	\$ 23.62	\$ 23.57	26.55	\$ 23.12	\$ 20.97	\$ 24.18

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
PENSACOLA ENERGY
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)
2016(c)	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 (d)	9.52	7.99	8.51	10.63	9.88	8.49	16.85	7.99	7.40
2019 (e)	9.75	8.18	8.63	10.88	10.12	8.46	17.25	8.18	7.88
2020 (f)	9.94	8.34	8.27	11.09	10.31	8.25	17.58	8.34	7.29
2021	9.94	8.34	8.43	11.09	10.31	8.5	17.58	8.34	7.89
2022	9.94	8.34	14.15	11.09	10.31	14.14	17.58	8.34	12.80
2023	9.94	8.34	7.78	11.09	10.31	7.81	17.58	8.34	6.94
2024	9.94	8.34	6.35	11.09	10.31	6.31	17.58	8.34	6.18
2025 (g)	11.43	9.59	8.26	12.75	11.86	8.26	20.22	9.59	7.87

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)
2016(c)	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 (d)	19.14	9.88	7.75	21.26	3.11	7.20	200.00	N/A	N/A
2019 (e)	19.60	10.12	7.79	21.77	3.18	7.26	200.00	N/A	N/A
2020 (f)	19.97	10.31	7.37	22.18	3.24	6.68	200.00	N/A	N/A
2021	19.97	10.31	7.92	22.18	3.24	7.23	200.00	N/A	N/A
2022	19.97	10.31	14.14	22.18	3.24	12.21	200.00	N/A	N/A
2023	19.97	10.31	7.24	22.18	3.24	6.93	200.00	N/A	N/A
2024	19.97	10.31	6.15	22.18	3.24	6.00	200.00	N/A	N/A
2025 (g)	22.97	11.86	7.94	25.51	3.73	7.76	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 decrease to rates took effect in the beginning of the monthly October 2015 billing cycle
- (d) The increase to rates took effect in the beginning of the monthly October 2017 billing cycle
- (e) The increase to rates took effect in the beginning of the monthly October 2018 billing cycle
- (f) The increase to rates took effect in the beginning of the monthly October 2019 billing cycle
- (g) The increase to rates took effect in the beginning of the monthly October 2025 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	Tax and Franchise Fee Bonds	Local Option Sales Tax Bond(s) (b)	Local Option Gas Tax Note	Governmental Activities					Business-type Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)	
				Community Redevelopment Notes	Maritime Community Park Construction Bonds	Maritime Community Park Loans Payable	Capital Leases	Lease	SBITA	Gas Revenue Bonds/Notes	Airport Revenue Bonds/Notes	Lease	SBITA				
2016	\$ -	6,660	\$ 14,314	-	43,190	-	6,501	-	-	-	6,510	63,069	-	-	\$ 140,244	1.85%	446
2017	-	3,415	14,043	5,389	42,152	100	6,461	-	-	-	19,355	60,254	-	-	151,169	1.88%	479
2018	-	25,000	12,750	13,008	41,074	80	4,915	-	-	-	16,830	59,988	-	-	173,645	2.16%	542
2019	-	23,048	11,434	70,825	1,175	60	3,323	-	-	-	15,105	50,594	-	-	175,564	2.16%	552
2020	-	20,957	10,094	70,495	-	40	1,685	-	-	-	13,346	48,075	-	-	164,692	1.86%	518
2021	-	18,821	8,729	68,653	-	20	-	-	-	-	11,551	45,470	-	-	153,244	1.69%	472
2022	-	16,640	7,339	66,760	-	-	-	4	-	-	9,719	36,981	293	-	137,736	1.37%	427
2023	-	14,412	5,924	64,812	-	-	-	160	96	-	7,851	34,205	282	101	127,843	1.17%	394
2024	-	12,136	4,483	62,805	-	-	-	95	904	-	5,946	31,333	279	-	117,981	1.05%	360
2025	-	9,811	3,016	60,742	-	-	-	28	434	-	4,003	28,371	267	-	106,672	0.58%	320

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, 2024
(dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Other Debt			
Escambia County			
Sales Tax Revenue Bonds/Notes	\$ 102,451	10.00%	\$ 10,245
Tourism Development Revenue Bonds	25,081	10.00%	2,508
Capital Improvement Bonds/Notes	23,031	10.00%	2,303
SBITA Payable	5,807	10.00%	581
Lease payable	63	10.00%	6
Escambia County School District			
State Board of Education Bonds	431	10.00%	43
Sales Tax Revenue Bonds	18,190	10.00%	1,819
Certificates of Participation	59,331	10.00%	5,933
Subtotal, overlapping debt			23,439
City Direct Debt			
City direct debt bond(s)/notes			73,569
City lease payable			434
City SBITA payable			28
Subtotal, direct debt			74,031
Total direct and overlapping debt			\$ 97,470

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 \$7,887,686 of unamortized premiums.

Escambia County Sales Tax Revenue Bonds, Series 2017 and Capital Improvement Refunding Revenue Bonds, Series 2018 includes \$10,166,875 of unamortized premiums.

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

Fiscal Year	Tax and Franchise Fee Bonds						Local Option Sales Tax Bonds			
	Public Service Tax	Half Cent Sales Tax	Electric Franchise Fee	Debt Service		Coverage	Local Option Sales Tax	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2015	\$ 7,773	\$ 4,192	\$ 6,110	\$ -	\$ -	-	\$ 7,337	\$ 2,940	\$ 575	2.09
2016	7,711	4,359	5,880	-	-	-	7,662	3,090	596	2.08
2017	7,874	4,479	5,688	-	-	-	7,882	3,245	242	2.26
2018	8,495	4,810	5,920	-	-	-	8,524	3,415	331	2.28
2019	8,500	5,062	5,761	-	-	-	8,901	1,952	517	3.61
2020	8,580	4,918	5,743	-	-	-	8,699	2,091	473	3.39
2021	8,766	6,001	5,848	-	-	-	10,719	2,136	428	4.18
2022	9,282	6,531	6,704	-	-	-	12,234	2,181	381	4.78
2023	9,766	6,436	7,109	-	-	-	12,194	2,228	334	4.76
2024	9,669	6,255	6,601	-	-	-	12,212	2,276	285	4.77
2025	9,883	6,071	6,474	-	-	-	12,435	2,325	236	4.86

Fiscal Year	Community Redevelopment Bond(s)				Eastside Community Redevelopment Bond(s)			
	Urban Core Tax Increment Revenues	Debt Service (g)		Coverage	Eastside Tax Increment Revenues	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2016	\$ 4,428	\$ 605	\$ 2,087	1.64	\$ -	\$ -	\$ -	-
2017	4,794	1,045	2,064	1.54	104	-	-	-
2018	5,260	1,210	2,130	1.57	120	62	27	1.35
2019	5,898	1,255	2,899	1.42	159	48	41	1.79
2020	6,837	1,300	1,680	2.29	208	50	40	2.31
2021	7,509	1,631	2,140	1.99	238	51	38	2.67
2022	8,084	1,675	2,086	2.15	295	53	36	3.31
2023	9,101	1,722	2,032	2.42	377	55	35	4.19
2024	10,272	1,774	1,974	2.74	468	57	33	5.20
2025	11,729	1,822	1,917	3.14	560	58	31	6.29

(continued)

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

<u>Westside Community Redevelopment Bond(s)</u>					<u>Local Option Gas Tax Revenue Bonds</u>				
Fiscal Year	Westside Tax Increment Revenues	Debt Service		Coverage	Local Option Gasoline Tax	Debt Service		Coverage	
		Principal	Interest			Principal	Interest		
2016	\$ -	\$ -	\$ -	-	\$ 1,462	\$ -	\$ -	-	
2017	195	-	-	-	1,477	271	242	2.88	
2018	307	194	85	1.10	1,366	1,293	245	0.89 (h)	
2019	432	150	129	1.55	1,364	1,316	221	0.89 (h)	
2020	637	155	124	2.28	1,301	1,340	197	0.85 (h)	
2021	814	160	119	2.92	1,432	1,365	172	0.93 (h)	
2022	1,203	165	114	4.31	1,429	1,390	147	0.93 (h)	
2023	1,603	171	108	5.75	1,477	1,415	121	0.96 (h)	
2024	2,204	177	103	7.87	1,424	1,441	95	0.93	
2025	2,362	183	97	8.44	1,427	1,467	69	0.93	

<u>Gas Revenue Bonds</u>						
Fiscal Year	Utility Charges for Services	Less: Operating Expense (a)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2016	\$ 43,642	\$ 30,450	\$ 13,192	\$ 2,075	\$ 240	5.70
2017	45,094	32,549	12,545	2,026	246	5.52
2018	50,240	33,788	16,452	2,525	386	5.65
2019	50,630	32,761	17,869	1,725	317	8.75
2020	46,951	30,186	16,765	1,759	282	8.21
2021	51,150	31,185	19,965	1,795	246	9.78
2022	70,088	53,631	16,457	1,832	214	8.04
2023	60,210	48,476	11,734	1,868	173	5.75
2024	53,774	38,626	15,148	1,905	136	7.42
2025	61,229	59,029	2,200	1,943	98	1.08

(continued)

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

Airport Revenue Bonds

Fiscal Year	Airport Revenues	Expenses			Net Revenue	Debt Service		Coverage before Other Requirements	Other Requirements (b)	Coverage after Prepaid
		Total	Less Grant	Operating/ (a) Maintenance		Principal	Interest			
2016	\$ 19,479	\$ 12,759	\$ -	\$ 12,759	\$ 6,720	\$ 2,180	\$ 1,082	2.06	2,407	2.80
2017	19,111	12,847	101	12,746	6,365	2,275	986	1.95	3,479	3.02
2018	20,525	13,311	43	13,268	7,257	2,315	777	2.35	4,749	3.88
2019	22,984	15,078	62	15,016	7,968	2,831	723	2.24	4,749	3.58
2020	18,747	14,739	5,404 (i)	9,335	9,412	1,715	589	4.09	3,954	5.80
2021	19,548	13,287	4,183 (i)	9,104	10,444	1,768	542	4.52	3,684	6.12
2022	26,106	16,359	5,404 (i)	10,955	15,151	1,822	493	6.54	4,346	8.42
2023	27,500	19,165	9,580 (i)	9,585	17,915	1,874	443	7.73	9,694	11.92
2024	31,835	23,285	-	23,285	8,550	1,936	393	3.67	9,736	7.85
2025	34,067	22,583	-	22,583	11,484	1,988	339	4.94	12,811	10.44

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	
2016	\$ 2,415	\$ 640	\$ 1,775	\$ -	\$ 94	18.88	3,127	\$ 535	\$ 1,600	1.46
2017	2,540	679	1,861	-	141	13.20	3,299	560	1,573	1.55
2018	2,730	711	2,019	-	228	8.86	3,876	590	1,543	1.82
2019	2,972	1,037	1,935	-	176	10.99	4,323	263	658	4.69
2020	2,003	1,767	236	-	114	2.07	2,859	804	917	1.66
2021	2,759	588	2,171	-	51	42.57	4,318	836	885	2.51
2022	2,828	167	2,661	-	12	221.75	4,865	868	852	2.83
2023	3,110	857	2,253	-	-	-	5,718	902	817	3.33
2024	3,300	1,029	2,271	-	-	-	6,794	936	781	3.96
2025	3,709	1,152	2,557	-	-	-	6,837	974	743	3.98

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.
- (i) Fiscal year 2020, 2021, 2022, and 2023 includes \$5 million, \$4 million and \$5 million, and \$9 million, respectively, in CARES Act grant funding which paid for Airport operations.
- (j) Fiscal year 2025 operating expenses include the lawsuit settlement expenses of \$15.9 million.

**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
2016	53,690	314,788	7,572,855	24,057	37	40,125	4.9%
2017	54,185	315,607	8,044,507	25,489	37	40,234	4.9%
2018	54,583	320,502	8,030,819	25,057	37	39,807	4.0%
2019	54,422	318,174	8,139,527	25,582	37	39,499	3.3%
2020	54,382	318,081	8,831,201	27,764	37	39,828	4.5%
2021	54,312	321,905	9,091,962	28,022	38	38,181	3.8%
2022	54,790	322,390	10,021,493	31,085	37	38,955	3.1%
2023	55,382	324,878	10,934,094	33,656	39	39,066	3.0%
2024	55,030	327,846	11,229,381	34,252	39	39,067	3.5%
2025	55,194	333,728	18,493,870	55,416	39	40,955	4.4%

Source: Population, personal income, median age and unemployment rate data provide by the Florida Legislature Office of Economic and Demographic Research. School enrollment data provided by Escambia County school system, public relations office. Data presented in this report is based on information available at the time of publication and is subject to change as new information becomes available.

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

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

<u>Employer</u>	<u>2025</u>			<u>2016</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total MSA Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total MSA Employment</u>
Local Government	15,100	1	6.34%	15,700	1	7.26%
Navy Federal Credit Union	9,188	2	3.86%	5,325	5	2.46%
State Government	7,600	3	3.19%	6,400	3	2.96%
Federal Government	7,500	4	3.15%	6,800	2	3.15%
Baptist Health Care	5,434	5	2.28%	5,571	4	2.58%
Sacred Heart Health System	4,820	6	2.02%	4,820	6	2.23%
University of West Florida	2,769	7	1.16%	---	---	---
Pensacola Christian College	1,584	8	0.66%	---	---	---
Ascend Performace Materials	1,288	9	0.54%	830	9	0.38%
West Florida Healthcare	1,200	10	0.50%	1,200	8	0.56%
West Telemarketing	---	---	---	800	10	0.37%
Gulf Power Company	---	---	---	1,774	7	0.82%
Total	56,483		23.70%	49,220		22.77%

Source: Florida West and Florida Department of Economic Opportunity. Data presented in this report is based on information available at the time of publication and is subject to change as new information becomes available.

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.

OPERATING INFORMATION

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
General Government										
Permits issued	7,162	8,034	8,606	9,105	9,180	11,602	9,521	7,949	8,151	7,244
Building inspections conducted	13,661	15,067	18,642	18,666	17,147	18,913	23,585	24,328	19,915	20,739
Police										
Residential burglary responses	360	321	272	183	125	244	107	107	114	177
Commercial burglary responses	84	62	60	49	40	74	46	59	36	71
Emergency responses	84,804	94,293	93,800	87,706	79,621	86,296	77,825	82,721	88,733	87,352
Physical arrests	2,438	2,972	3,697	3,959	2,781	2,781	2,575	2,883	3,207	3,152
Traffic violations	6,795	7,996	7,315	8,391	8,523	5,713	6,996	6,287	7,688	5,180
Fire										
Emergency responses	6,323	7,166 (e)	7,571 (e)	7,874	5,743	5,435	7,359	7,608	7,839	7,865
Fires extinguished	197	255 (e)	210 (e)	252	276	238	255	268	229	213
Inspections	1,041	2,034 (e)	2,824 (e)	2,574	1,778	3,640	3,495	4,269	3,815	4,125
Transportation (a)										
Traffic signals maintained	449	328	354	291	178	176	315	288	771	760
Traffic warning signals maintained	32	34	31	25	34	36	30	18	20	48
Street lights maintained	209	294	207	233	183	175	215	175	490	612
Street name markers replaced	257	194	213	297	231	220	180	170	237	161
Traffic control signs replaced	978	1,037	996	1,007	971	1,230	250	280	191	325
Culture and recreation										
Parks and recreation										
Number of programs offered	425	452	459	477	375 (f)	252 (f)	238	311	374	308
City resident program participants	310,437 (d)	277,241	338,461	307,117	136,578 (f)	130,611 (f)	155,290	222,537	191,489	188,117
County resident program participants	113,682	99,795	76,913	61,456	58,511 (f)	39,438 (f)	53,024	63,565	67,357	101,739
Golf Course										
Rounds played	25,874	27,394	26,243	25,487	28,411	23,087	22,949	24,876	24,823	26,889
Tournaments held	74	78	79	79	62	42	65	75	80	88
Tournament participants	4,810	4,914	4,983	4,972	2,841	1,722	2,739	2,208	2,551	2,900
Economic environment										
Homes repaired/rehabilitated	28	12	27	11	8	6	21	12	25	8
New homes constructed	3	2	2	-	-	-	-	-	-	-
First-time homebuyers assisted/Foreclosure Prevention	115	122	130	76	84	55	44	50	82	53
Families assisted (monthly)	2,376	2,417	2,285	2,165	2,167	2,078	1,950	1,857	1,850	1,791
Housing inspections conducted	4,108	3,912	3,532	3,618	3,027	3,301	3,323	3,642	2,626	2,120
Nutritional Meal Programs (monthly)	1,997	1,721	1,382	1,382	1,703	323	1,771	2,279	2,132	2,408
Physical environment (a)										
Miles of paved streets swept	22,907	21,619	23,743	22,381	23,329	23,329	23,329	24,339	24,339	24,869

(continued)

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

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Business-type Activities:										
Utility										
Average daily consumption in mmbtu's (b)	9,748	9,564	10,527	10,167	10,760	11,146	10,410	10,380	10,824	10,210
Maximum daily consumption in mmbtu's	28,093	28,803	39,593	27,795	28,206	28,363	30,049	30,757	33,364	33,139
In City customer connections	15,853	14,461	13,664	13,853	14,021	14,309	14,526	14,959	15,023	15,112
Outside City customer connections	40,788	37,329	35,350	35,821	36,237	36,954	39,687	37,467	37,729	37,881
Sanitation										
Customers	19,535	19,747	19,895	20,402	20,386	20,934	21,029	21,293	21,131	23,516
Refuse collected (tons)										
Garbage	15,395	15,455	15,685	16,510	17,218	18,979	19,691	23,759	38,070	19,205
Green Waste	14,769	13,211	13,281	12,523	13,282	10,706	10,643	12,807	14,121	11,994
Recycling (new in FY 2009)	4,745	4,605	4,141	4,282	3,874	2,936	2,614	598	1,236 (h)	189
Construction/Demolition (C&D)	2,202	2,213	1,568	1,739	2,185	2,190	1,914	1,205	1,691	734
Port										
Tonnage exported	30,506	54,641	36,269	10,517	597 (g)	4,566	3,199	2,777	1,755	2,485
Tonnage imported	170,503	177,294	78,445	81,893	104,420	173,876	397,902	421,757	338,710	303,447
Number of vessels in port	51	20	31	29	26	28	46	50	43	40
Airport										
Mainland carriers	2	3	5	5	5	7	7	7	8	8
Regional commuter services	9	10	10	10	9	10	9	9	7	8
Passengers enplaned	802,260	834,504	951,751	1,100,121	692,616 (f)	1,041,318	1,223,137	1,328,498	1,521,641	1,558,815
Passengers deplaned	802,482	834,393	950,920	1,100,445	689,515 (f)	1,036,102	1,217,526	1,322,805	1,508,770	1,557,503
Air freight enplaned in pounds	4,196,031	4,839,066	5,815,192	4,763,078	4,937,432 (f)	5,657,427	5,561,110	4,651,014	4,769,650	8,975,879
Mail enplaned in pounds	2 (c)	1,202	-	-	-	598	-	-	-	-
Total flights (private and commercial)	97,858	114,026	115,268	125,213	107,441 (f)	102,294	120,061	135,684	158,625	150,391

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

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

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

(f) In FY 20-21 the City's operations were reduced to due COVID-19 pandemic.

(g) In FY 2020 one of Port's large tenants had a decrease in sales overseas.

(h) In FY 2024 Recycling collection by trucks was stopped but recycling locations for citizen drop off began.

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

	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental Activities:										
General Government										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	140	146	148	149	144	143	145	151	152	154
Fire										
Stations	6	6	6	6	6	6	7	7	7	7
Apparatus	31	31	31	31	32	32	31	31	32	33
Transportation (a)										
Miles of street	332	325	325	325	326	326	326	326	326	326
Traffic warning signals	64	66	66	65	64	66	67	67	67	73
Traffic control signals	92	92	92	92	86	96	101	101	101	101
Traffic control signs	10,519	10,536	10,557	10,621	10,959	10,959	10,985	11,005	11,052	11,055
Culture and recreation										
Parks and recreation										
Parks	93	93	93	93	93	93	93	93	94	94
Acreage	592	592	593	600	600	600	600	600	610	610
Golf course										
Par	70	70	70	70	70	70	70	70	70	70
Acreage	123	123	123	123	123	123	123	123	123	123
Yardage	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400
Economic environment (a)										
Street lights	7,891	7,887	7,906	8,124	9,103	9,508	9,695	9,695	9,715	9,720
Street name markers	5,703	5,709	5,711	5,734	5,749	5,749	5,749	5,749	5,749	5,749
Berths	3	3	3	3	3	3	3	3	3	3
Physical environment										
Street Sweepers	7	7	7	7	7	7	8	7	7	7

(continued)

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Utility										
Miles of gas mains	1,621	1,639	1,654	1,719	1,745	1,761	1,789	1,799	1,807	1,812
Sanitation										
Collection trucks - residential										
Garbage	11	11	10	10	9	8	8	15	15	15
Collection trucks - trash collection										
Container	2	2	2	2	2	2	6	6	5	9
Grapplers	9	9	9	10	11	13	10	13	11	11
Shuttle	2	2	2	2	2	2	2	2	2	2
Tractor	1	1	1	1	1	1	1	1	1	1
Shuttle trailers	8	8	8	8	8	2	2	2	2	2
Roll Off	-	-	-	-	-	-	1	1	1	1
Rear Loader	-	-	-	-	-	-	1	1	1	1
Collection trucks - residential										
Recycling	7	7	5	7	7	5	5	4	0 (b)	4
Transfer Station										
Tractors	-	-	-	-	-	-	7	8	7	7
Trailors	-	-	-	-	-	-	7	7	7	7
Port										
Warehouses	7	7	7	7	7	7	7	7	7	8
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 City stopped recycling collection beginning October 1, 2023 (FY 24).

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

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
General Government										
Mayor	8	8	8	8	11	11	11	12	13	14
City Clerk	3	3	2	2	3	3	3	3	4	4
City Council	4	5	5	5	5	5	5	5	5	5
Development Services (e)	0	0	0	0	0	0	0	2	4	4
Legal	3	3	4	4	6	6	7	7	7	7
Human Resources	7	10	10	10	11	13	13	14	14	14
Financial Services	27	25	25	25	24	24	24	28	25	25
Planning Services	7	8	7	8	8	8	7	5	5	4
Facilities and Fleet Management	17	17	17	17	17	18	18	17	17	34 (h)
Technology Resources	15	14	14	14	14	17	20	20	20	20
CRA	0	2	2	2	2	3	4	5	5	6
Parking Management (d)	0	0	0	0	0	0	7 (d)	7	11	(g) 12
Public Safety										
Police	204	204	204	204	205	206	206	210	211	207
Fire	115	116	123 (c)	123	123	125	125	126	126	123
Inspection Services	12	12	12	12	12	12	12	15	19	18
Transportation										
Public Works	23	23	23	23	23	23	23	26	26	11
Culture and Recreation										
Neighborhood Services (a)	47	48	48	48	50	57	62	63	63	57
Golf Course	3	3	3	3	3	3	3	3	3	3
Economic Environment										
Housing	20	20	20	20	19	23	24	24	23	24
Physical Environment										
Stormwater utility	27	27	27	27	27	27	30	32	30	30
Engineering	8	8	8	8	8	9	10	8	11	13
Code Enforcement (f)	0	0	0	0	0	0	0	0	11	(f) 11
Business-type activities:										
Utility	117	117	115	114	114	122	124	128	129	115
Sanitation	43	43	43	43	43	49	51	50	39	36
Port	9	9	8	8	8	9	9	10	8	8
Airport	51	51	53	53	56	57	58	64	66	67
	<u>770</u>	<u>776</u>	<u>781</u>	<u>781</u>	<u>792</u>	<u>830</u>	<u>856</u>	<u>884</u>	<u>895</u>	<u>872</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) Six fire cadets were added with the revitalization of the Fire Cadet Program.
(d) Parking Management Division moved from the Mayor's Office to become Parking Management Department.
(e) Development Services Department created in FY 2023.
(f) Code Enforcement was included with Sanitation in years past and then separated into their own department in FY 2024
(g) Constituent Services/311 Public Call center moved from the myaor's office to Parking Management
(h) Facilities and Fleet Management Department was created from facilities activity of Public Works and the Central Service Garage

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Federal/State Agency, Pass-Through Entity, Federal Program/State Project	Assistance Listing Number	Contract Grant Number	Pass-Through Entity Identifying Number	Passed Through to Sub recipients	Total Expenditures	Passenger Facility Charge Revenue
FEDERAL AWARDS						
EXECUTIVE OFFICE OF THE PRESIDENT						
High Intensity Drug Trafficking Areas Program	95.001	G24GC0007A			21,720	
Total Executive Office of the President				-	21,720	
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY						
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	02D28822			44,404	
Total U.S. Department of Environmental Agency					44,404	
U.S. DEPARTMENT OF HOMELAND SECURITY						
<i>Passed through Florida Division of Emergency Management</i> Hazard Mitigation Grant Program	97.039	H0871			85,345	
<i>Passed through State of Florida, Florida Division of Emergency Management:</i> Disaster Grants - Public Assistance	97.036	Z2566			1,599,174	
Port Security Grant Program	97.056	EMW-2023-PU-00455-S01			219,213	
<i>Passed through Florida Division of Emergency Management</i> Emergency Management Performance Grant	97.042	N/A			7,500	
Total U.S. Department of Homeland Security				-	1,911,232	
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
<i>CDBG-Entitlement Grants Cluster:</i>						
COVID-19 Community Development Block Grant (CARES)	14.218	B-20-MW-12-0016			7,597	
Community Development Block Grant	14.218	B-21-24-MC-12-0016			227,924	
Housing Rehabilitation	14.218	B-18-19/24-MC-12-0016			193,920	
Aid to Private Agencies	14.218	B-19-24-MC-12-0016		70,000	224,377	
Total CDBG-Entitlement Grants Cluster				70,000	653,818	
<i>Passed through Escambia County Florida:</i> HOME Investment Partnerships Program	14.239	M23/24-DC-12-0225			146,702	
<i>Passed through Florida Department of Commerce</i> Community Development Block Grants	14.228	HS001			4,064,720	
Community Development Block Grants	14.228	HS002			479,145	
Community Development Block Grants	14.228	HS003			71,400	
Community Development Block Grants	14.228	HS010			23,459	
Community Development Block Grants	14.228	HS017			11,551	
Community Development Block Grants	14.228	HS016			9,320	
					4,659,595	
<i>Housing Voucher Cluster:</i> Section 8 Housing Choice Vouchers Program	14.871	FL092VO0306-0313			21,518,081	
Total Housing Voucher Cluster				-	21,518,081	
Total U. S. Department of Housing and Urban Development				70,000	26,978,196	
U.S. DEPARTMENT OF INTERIOR						
Historic Preservation Fund Grants In Aid	15.904	P23AP01114-00			37,280	
Total U.S. Department of Interior					37,280	
U. S. DEPARTMENT OF JUSTICE						
<i>Passed through State of Florida Department of Law Enforcement (FDLE)</i> Edward Byrne Memorial Justice Assistance Program	16.738	15PBJA-21-GG-04918-JAGX			28,922	
Edward Byrne Memorial Justice Assistance Program	16.738	6N176EX			32,835	
Edward Byrne Memorial Justice Assistance Program	16.738	15PBJA-23-GG-03266-JAGX			4,055	
					65,812	
Total U. S. Department of Justice				-	65,812	
U. S. DEPARTMENT OF DEFENSE						
Community Investment	12.600	HQ00052310066			4,880,241	
Total U.S. Department of Defense					4,880,241	
GULF COAST ECOSYSTEM RESTORATION COUNCIL						
<i>Passed through Florida Division of Environmental Protection</i> Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program	87.051	RES12			126,644	
Total Gulf Coast Ecosystem Restoration Council					126,644	
U. S. DEPARTMENT OF TRANSPORTATION						
Airport Improvement Program	20.106	N/A			6,525,145	
<i>Passed through Florida Department of Transportation</i> Highway Planning and Construction	20.205	G2A64			125,635	
Highway Planning and Construction	20.205	G2E66			7,422	
					133,057	
<i>Highway Safety Cluster:</i> <i>Passed through Florida Department of Transportation</i> State and Community Highway Traffic Safety Program	20.600	G3415			44,729	
Total Highway Safety Cluster					44,729	
Total U. S. Department of Transportation				-	6,702,931	

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

U.S. DEPARTMENT OF TREASURY

COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	NA	3,464,522
Passed through State of Florida Department of Environmental Protection COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	SLRFP0125	587,489
Passed through State of Florida Department of Commerce COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	G0109	3,376,670
Passed through State of Florida, Department of State COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	UMRAF87HQF5	169,412
COVID-19 American Rescue Plan: Coronavirus State and	21.027	WPZ5ZJLN33A9	506
			7,598,599
Passed through State of Florida Department of Commerce Coronavirus Capital Projects Funds	21.029	BB207	93,800
Total U.S. Department of Treasury			7,692,399

\$ 70,000 \$ 48,460,859

TOTAL EXPENDITURES OF FEDERAL AWARDS

PASSENGER FACILITY CHARGE

\$ 1,698,036 \$ 6,837,059

STATE FINANCIAL ASSISTANCE

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Statewide Surface Water Restoration and Wastewater Projects	37.039	NS087	500,000
Total Florida Department of Environmental Protection			500,000

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Fire Decontamination Equipment Grant Program	43.013	N/A	\$ 15,480
Total Florida Department of Financial Services			15,480

FLORIDA DEPARTMENT OF COMMERCE

Housing and Community Development	40.038	HL251	71,521
Total Florida Department of Economic Opportunity			71,521

FLORIDA DEPARTMENT OF LAW ENFORCEMENT

Florida Drone Replacement Program	71.092	3X122	74,998
Total Florida Department of Law Enforcement			74,998

FLORIDA DEPARTMENT OF TRANSPORTATION

Aviation Grant Programs	55.004	G0Z27	22,558,130
Aviation Grant Programs	55.004	G2E51	407,743
Aviation Grant Programs	55.004	G2M52	940,743
Aviation Grant Programs	55.004	G3134	984,132
			24,890,748
Local Transportation Projects	55.039	G3A62	100,000
Seaport Grant Programs	55.005	44554819402	653,131
Seaport Grant Programs	55.005	42235439405	20,664
Seaport Grant Programs	55.005	44554819403	158,592
Seaport Grant Programs	55.005	44554819404	320,553
			1,152,940
Intermodal Access Development Program	55.014	44554819402	1,439,842
Total Florida Department of Transportation			27,583,530

FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION

Deepwater Horizon Oil Spill	77.048	FWC21129	47,836
Deepwater Horizon Oil Spill	77.048	FWC21130	24,293
Total Florida Fish and Wildlife Conservation Commission			72,129

FLORIDA HOUSING FINANCE CORPORATION

Passed through Escambia County Florida: SHIP Program	40.901	SHIP 2024-2025	32,271
Total Florida Housing Finance Corporation			32,271

\$ - \$ 28,349,929

TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE

The schedule of expenditures of federal awards, passenger facility charge, and state financial assistance is presented on the accrual basis of accounting in accordance with generally accepted accounting

The accompanying Schedule summarizes the federal, state, and passenger facility charge expenditures of the City under programs of the federal government, state government, and Passenger Facility Charge Audit Guide for Public Agencies, for the year ended September 30, 2025. The information in this schedule is presented in accordance with the requirements of Titles 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 as specified in the passenger Facility Charge Audit Guide for Public Agencies, issued by the FAA. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The City has elected to use the 15-percent de minimis indirect cost rate as covered in 2 CFR 200.414 of the Uniform Guidance for Federal Awards.

Total Federal Assistance Listing No. 97.036 expenditures of \$1,599,174 were incurred in a prior fiscal year and obligated by FEMA in the current fiscal year.

The grant revenue accounts are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such audit, any claim for reimbursement to the grant agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulation.

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. There were no new loans disbursed in the fiscal year 2025. The amount of principal and interest received in loan repayments for the year was \$58,841.34 and \$46,806.04 respectively. The balance of the loans outstanding as of fiscal year end consist of:

Community Development Block Grants Assistance Listing number 14.218 \$777,141.70
HOME Investment Partnerships Program Grants Assistance Listing number 14.239 \$504,540.44

- 1 Includes debt service of \$1,698,036
- 2 Includes interest earnings of \$831,380

**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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 9, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Warren Averett, LLC

Pensacola, Florida
March 9, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM, STATE PROJECT AND PASSENGER FACILITY
CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE, CHAPTER 10.550, RULES OF THE AUDITOR GENERAL AND
THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

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

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

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

We have audited the City of Pensacola, Florida's (the "City") compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, the requirements described in the Florida 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 charge program for the year ended September 30, 2025. The City's major federal programs, major state financial assistance projects, and passenger facility charge program are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2025.

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.550, *Rules of the Auditor General*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program, state project, and passenger facility charge program as a whole.

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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, and passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, state project, and passenger facility charge 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, and passenger facility charge 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Warren Averett, LLC

Pensacola, Florida
March 9, 2026

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	___ Yes <input checked="" type="checkbox"/> No
Significant deficiency (ies) identified?	___ Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	___ Yes <input checked="" type="checkbox"/> No

FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE,
AND PASSENGER FACILITY CHARGE PROGRAM

Internal control over major federal programs: Material weakness(es) identified?	___ Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes ___ None reported
Internal control over major state projects: Material weakness(es) identified?	___ Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	___ Yes <input checked="" type="checkbox"/> None reported
Internal control over passenger facility charge program: Material weakness(es) identified?	___ Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	___ Yes <input checked="" type="checkbox"/> None reported
Type of auditors’ report issued on compliance for major federal programs, state projects and passenger facility charge program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a) or Chapter 10.550, <i>Rules of the Auditor General</i> ?	___ Yes <input checked="" type="checkbox"/> No

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

IDENTIFICATION OF MAJOR FEDERAL PROGRAMS

Federal Programs:

Federal Assistance Listing No. 12.600 – Community Investment
Federal Assistance Listing No. 14.228 – Community Development Block Grants
Federal Assistance Listing No. 14.871 – Housing Voucher Cluster
Federal Assistance Listing No. 97.036 – Disaster Grants – Public Assistance

Dollar threshold used to distinguish
between type A and type B federal programs: \$ 1,453,826

Auditee qualified as low-risk auditee? Yes No

IDENTIFICATION OF MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

State Projects:

CSFA No. 55.004 Aviation Grant Programs
CSFA No. 55.005 Seaport Grant Programs
CSFA No. 55.014 Intermodal Access Development Program

Dollar threshold used to distinguish
between type A and type B state programs: \$ 850,498

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no findings which were required to be reported in accordance with *Government Auditing Standards*.

SECTION III – MAJOR FEDERAL PROGRAM FINDINGS AND QUESTIONED COSTS

FINDING 2025-001 - INTERNAL CONTROL OVER ELIGIBILITY

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Section 8 Housing Choice Vouchers
Assistance Listing Number: 14.871
Compliance Requirement: Eligibility
Audit Finding: Significant Deficiency

Criteria: 24 CFR section 982.516 and Pensacola Housing's Administrative Plan state a tenant file must document why third-party income verification was not available.

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Condition and Context: During the review of 40 tenant files, there were three instances where third-party income verification was not obtained. In these instances, other methods of verifying income were utilized. The use of the alternative verification methods did not result in noncompliance with program eligibility; however, the tenant files did not document why third-party income verification was not utilized.

Cause: Failure to execute internal controls over the federal Eligibility compliance requirement.

Effect: Non-compliance with the federal Eligibility requirement. Failure in internal controls could result in improper housing assistance payments.

Questioned Cost: None

Repeat Finding: No

Recommendation: We recommend the City implement and execute strengthened internal controls over the federal Eligibility compliance requirement to include documentation maintenance. The City should ensure eligibility verification complies with grant requirements by using third-party income verification when required and maintaining adequate documentation when alternative methods are used.

View of Responsible Officials: See accompanying corrective action plan.

SECTION IV – MAJOR STATE PROJECT FINDINGS AND QUESTIONED COSTS

There are no audit findings required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.

**CITY OF PENSACOLA, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

There were no findings reported in the prior year.



Warren Averett
350 W Cedar Street, Suite 400
Pensacola, FL 32502

CORRECTIVE ACTION PLAN

The finding from the September 30, 2025 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

The City of Pensacola Housing Department’s direct action in response to the finding is to meet with the Housing Placement Specialists to discuss the finding, review Pensacola Housing’s Administrative Plan and 24 CFR 982.516, clarify the proper procedures for accepting self-declared income, and monitoring for ongoing compliance.

Program Manager Nicole Louie will randomly select files from each Housing Placement Specialist’s caseload to complete a quality control review over the next 60 days to ensure proper income-verification procedures are followed. In addition, SEMAP (Section 8 Management Assessment Program) quality control is conducted quarterly by the Housing Office Coordinator as part of the self-scoring assessment submitted to HUD. Any non-compliance identified during the SEMAP quarterly review will be brought to the attention of the Section 8 Program Manager and the Housing Placement Specialist.

Name of Contact Person for Completing Corrective Action Plan:
Nicole Louie, Program Manager
850-858-0316
nlouie@cityofpensacola.com

Expected date of completion is April 30, 2026

FINDING 2025-001

During the review of 40 tenant files, there were three instances a tenant file did not document why third-party income verification was not utilized.

After review, the Housing Placement Specialists calculated the income correctly, and there was no resulting over subsidy. However, their notation regarding the acceptance of self-declared income was not captured electronically in the Housing Pro software. Prior to transitioning to electronic files, such notations were documented in the physical file. Moving forward, Housing Eligibility Specialists will be required to record all notes regarding self-declared income directly in the Housing Pro software.

City of Pensacola Housing
Department

PO Box 12910
Pensacola, FL 32521



PHONE

850-858-0350



WEBSITE

cityofpensacola.com/housing



**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 requirements for the year ended September 30, 2025:

- (1) Florida Statute 218.415 in regard to investments.
- (2) Florida Statute 288.8018 in regard to the Deepwater Horizon Oil Spill receipts and expenditures.

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

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

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

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

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

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.



Pensacola, Florida
March 9, 2026

**CITY OF PENSACOLA, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
RELATED TO THE DEEPWATER HORIZON OIL SPILL
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<u>Source</u>	<u>Amount Received in the 2025 Fiscal Year</u>	<u>Amount Expended in the 2025 Fiscal Year</u>
Florida Fish and Wildlife Conservation Commission		
Deepwater Horizon Oil Spill - Agreement FWC21129	-	47,836
Deepwater Horizon Oil Spill - Agreement FWC21130	-	24,293
Triumph Gulf Coast, Inc.		
Triumph Gulf Coast-Agreement No. 315	-	6,942,602
Triumph Gulf Coast- Agreement No. 120	17,566,323	22,496,288
	<u>\$ 17,566,323</u>	<u>\$ 29,511,019</u>

Note: This includes funds related to the Deepwater Horizon Oil Spill that are considered state financial assistance not audited as a major project. These expenditures are reported on the Schedule of Expenditures of Federal Awards and State Financial Assistance under Assistance Listing #77.048.

This schedule is prepared on the cash basis of accounting.

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, 2025, and have issued our report thereon dated March 9, 2026.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditor General*; and *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent 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; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March, 9, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did operate within the City's boundaries during the fiscal year under audit.

As required by Section 10.554(1)(i)6.b. and Section 10.554(1)(i)6.c, Rules of the Auditor General, a list of all program administrators and third-party administrators that administered the program along with the full names and contact information of each such program administrator and third-party administrator is provided below.

Florida Resiliency and Energy District "FRED"
William "Bill" F. Spivey Jr. - Executive Director
Chris Bryan – Program Analyst
Phone – 407-624-5797
Email – cbryan@fdcbonds.com
Florida Development Finance Corp.
156 Tuskawilla Road, Suite 2340
Winter Springs, FL 32708
Administrator for the Florida Resiliency and Energy District

Florida Green Finance Authority
James Candela – Special District Services
Phone – 561-630-4922 ext: 240
Fax – 561-630-4923
2501 A Burns Road
Palm Beach Gardens, FL 33410

Florida PACE Funding Agency (FPFA)
Michael Moran – Executive Director
Wendy Leach – Director of Operations
Will Saba – SR. Vice President
Phone – 800-969-4382
18201 Von Karman Avenue, Suite 220
Irvine, CA 92612
dta – www.financedta.com

Green Corridor
Beatrice Medina – Assistant Director, PACE Group Willdan Financial Services
Phone – 951-587-3500
Fax – 951-587-3510
27368 Via Industria, Suite 200
Temecula, CA 92590

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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *Rules of the Auditor General*, the Downtown Improvement Board (the Board), a dependent special district of the City, reported:

- a. The total number of Board employees compensated in the last pay period of the district's fiscal year as two.
- b. There were no independent contractors to whom nonemployee compensation was paid in the last month of the Board's fiscal year.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$164,000.
- d. There were compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.
- e. Each construction project with a total cost of at least \$65,000 approved by the Board that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as – No planned projects.
- f. The Board did not amend its final adopted budget under Section 189.016(6), Florida Statutes.

The specific information reported in the previous paragraph has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Additional Matters

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

Purpose of This Letter

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

Warren Averett, LLC

Pensacola, Florida
March 9, 2026

**CITY OF PENSACOLA, FLORIDA
FINANCIAL DATA SCHEDULE
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM
ASSISTANCE LISTINGS NUMBER 14.871
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Line Item #	Account Description	HCV Program 14.871	HCV CARES Act Funding 14.HCC	EHV Program 14.EHV	Total
Assets:					
Current Assets:					
Cash:					
111	Unrestricted	\$ 1,994,323		6,868	2,001,191
113	Other restricted			9,865	9,865
115	Restricted for payment of current liabilities	9,476		149	9,625
100	Total cash	<u>2,003,799</u>	<u>0</u>	<u>16,882</u>	<u>2,020,681</u>
Receivables:					
128	Fraud recovery	2,425,160			2,425,160
128.1	Allowance for doubtful accounts - Fraud	(1,629,502)			(1,629,502)
120	Total receivables	<u>795,658</u>	<u>0</u>	<u>0</u>	<u>795,658</u>
142	Prepaid expenses and other assets	7,831			7,831
150	Total current assets	<u>2,807,288</u>	<u>0</u>	<u>16,882</u>	<u>2,824,170</u>
290	Total assets	<u>\$ 2,807,288</u>	<u>0</u>	<u>16,882</u>	<u>2,824,170</u>
Liabilities:					
Current liabilities:					
312	Accounts payable <= 90 days	\$ 8,365			8,365
322	Accrued compensated absences - current portion				0
331	Accounts payable - HUD PHA Programs	1,111		149	1,260
333	Accounts payable - other government				0
342	Deferred revenue	795,658		366	796,024
310	Total current liabilities	<u>805,134</u>	<u>0</u>	<u>515</u>	<u>805,649</u>
300	Total liabilities	<u>805,134</u>	<u>0</u>	<u>515</u>	<u>805,649</u>
Equity:					
508.3	Nonspendable Fund Balance	7,831	0	0	7,831
509.3	Restricted Fund Balance	0	0	9,865	9,865
512.3	Unassigned fund balance	1,994,323	0	6,502	2,000,825
513	Total equity/net assets	<u>2,002,154</u>	<u>0</u>	<u>16,367</u>	<u>2,018,521</u>
600	Total liabilities and equity/net assets	<u>\$ 2,807,288</u>	<u>0</u>	<u>16,882</u>	<u>2,824,170</u>

**CITY OF PENSACOLA, FLORIDA
FINANCIAL DATA SCHEDULE
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM
ASSISTANCE LISTINGS NUMBER 14.871
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Line Item #	Account Description	HCV Program 14.871	HCV CARES Act Funding 14.HCC	EHV Program 14.EHV	Total
Revenues					
Other revenue:					
70600	HUD PHA Operating Grants	\$ 20,883,049		346,568	21,229,617
71100	Investment Income - unrestricted	53,702		439	54,141
71400	Fraud Recovery	43,963			43,963
71500	Other revenue	106,156			106,156
71600	Gain or loss on sale of capital assets		0		0
72000	Investment Income - restricted		0		0
70000	Total revenues	<u>21,086,870</u>	<u>0</u>	<u>347,007</u>	<u>21,433,877</u>
Expenses					
91100	Administrative salaries	692,282		19,890	712,172
91200	Auditing fees	35,000			35,000
91500	Employee benefit contributions - administrative	491,890		8,080	499,970
91810	Allocated Overhead	85,000			85,000
91900	Other operating - administrative	3,821			3,821
92400	Tenant services - other				0
93100	Water	164			164
93200	Electricity	3,783			3,783
93300	Gas	170			170
93600	Sewer	307			307
93800	Other utilities expense	273			273
94200	Maintenance and operations - materials and other	271,757			271,757
94300	Maintenance and operations - contracts	119,741			119,741
96110	Property insurance	17,073			17,073
96200	Other general expenses	730			730
96210	Compensated absences				0
96900	Total operating expenses	<u>1,721,991</u>	<u>0</u>	<u>27,970</u>	<u>1,749,961</u>
97000	Excess operating revenue over operating expenses	<u>19,364,879</u>	<u>0</u>	<u>319,037</u>	<u>19,683,916</u>
Other expenses:					
97300	Housing Assistance Payments	19,441,592		326,528	19,768,120
97600	Capital outlays - governmental funds				0
90000	Total expenses	<u>21,163,583</u>	<u>0</u>	<u>354,498</u>	<u>21,518,081</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	<u>\$ (76,713)</u>	<u>0</u>	<u>(7,491)</u>	<u>(84,204)</u>
11030	Beginning Equity	\$ 2,078,867	0	23,858	2,102,725
11170	Administrative Fee Equity	\$ 2,002,154	0	6,502	2,008,656
11180	Housing Assistance Payments Equity	\$ 0	0	9,865	9,865
11190	Unit Months Available	27,612	0	420	27,612
11210	Number of Unit Months Leased	21,228	0	311	21,228