

# Financial Report

City of Pensacola

2nd Quarter Financial Statement

Three Months Ending March 31, 2017



# FY 2017 Issues

- Growth in the Economy Continues
- Half-Cent Sales Tax & Local Option Sales Tax (PFP)
  - Growth from FYE 2015 to FYE 2016
    - Half-Cent Sales Tax increased
    - Local Option Sales Tax increased
- Ad Valorem Taxable Valuations
  - Positive Growth
- Expenditures in total, in line with Budgeted Projections
- Interest Rates
- Legal Services and Fees



# General Fund

- In Total, Revenues Exceeded Budget
  - Attributed to Property Tax, Local Business Tax Revenues & Transfer from Pensacola Energy
  - Franchise Fees & Public Service Tax – **-\$4,100** or **0.06%** Down
  - Half-Cent Sales Tax – **-\$2,000** or **0.12%** Down
  - Communication Services Tax – **-\$50,000** or **4.02%** Down
  - Municipal Revenue Sharing – **-\$35,100** or **2.98%** Down



# General Fund

- In Total, Revenues Projected to Meet budget
- General Fund Transfer to Stormwater Capital Projects Exceed Budget
- Second Quarter Expenditures, In Total, Within Budget



# Tree Planting Trust Fund

- Revenue and Expenditures Recorded in General Fund
  - Total Contributions Plus Interest Income - \$12,776
  - Expenditures/Encumbrances - \$106,845
  - End of First Quarter Unencumbered Balance - \$357,401



# Special Revenue Funds

- Local Option Gasoline Tax Fund
  - Settlement Agreement reached 4/6/17
    - No Receipts yet, Estimated revenues- \$663,100
  - Expenditures will not Exceed Budget for the fiscal year
- Stormwater Utility Fund
  - Revenue of \$2,184,002 Represents 82.28% of Budget
  - Expenditures are Consistent with Budget for 2<sup>nd</sup> Quarter



# Special Revenue Funds

- Municipal Golf Course Fund
  - Expenditures Exceeded Revenue by **\$162,400**  
Before General Fund Subsidy (\$110,000)
    - **\$22,300** above FY 2016 2<sup>nd</sup> Quarter Revenues
      - Increase in Revenue due to tournaments  
and advertising



# Special Revenue Funds

- Municipal Golf Course Fund
  - 10,686 Rounds played in 2<sup>nd</sup> Quarter of FY 2017 - an increase of **420** Rounds from FY 2016
  - Driving Range usage in 2<sup>nd</sup> Quarter of FY 2017 - an increase of **69** Driving Range usage from FY 2016
  - Concession payments are current through the 2<sup>nd</sup> quarter of FY 2017
  - Expenditures Consistent with Budget





# Special Revenue Funds

## ■ Inspection Services Fund

- In total, Expenditures Exceeded Revenues By **\$78,700**
- Revenues **\$234,400** above Prior Year
- Expenditures Were Consistent With Budget

## ■ Roger Scott Tennis Center

- Revenues were consistent with Budget
- Revenues **\$12,100** below Prior Year
  - Court Resurfacing
- Expenditures Not Anticipated to Exceed Budget
- PJ's Courtside Café began operations on August 16, 2016
  - Concession payments are not current through the 2<sup>nd</sup> quarter of FY 2017
  - PJ's Courtside Café wishes to terminate contract effective, March 10, 2017



# Special Revenue Funds

- Community Maritime Park Management Services Fund
  - Community Maritime Park Insurance – 100% Reimbursed
    - Expenditures - \$53,400
  - Park Maintenance and Landscaping
    - Expenditures - \$80,800
  - Event Management
    - Revenues Below Expenditures by **\$15,000**
  - Employee Leasing
    - Expenditures Exceeded Revenues by **\$17,500** in the 2<sup>nd</sup> Quarter
  - By Fiscal Year End, Revenues will Equal Expenditures
  - New Market Tax Credit (NMTC)
    - CMPA Forgive Loans and Acquire Assets and Liabilities



# Capital Projects Funds

- Local Option Sales Tax Fund
  - Revenues Below Budget by **\$7,800** or **.025%** Down
  - Expenditures in Total, Consistent with Budget
  - Cash Shortfalls
    - Fund Balance Negative through FY 2017
- Local Option Gas Tax (LOGT) Series 2016 Project Fund
  - Approved by City Council on July 14,2016
  - Expenditures Through 2<sup>nd</sup> Quarter represent First Phase
- Stormwater Capital Projects Fund
  - General Fund Transfer Equaled Collection - \$2,184,193
  - Expenditures Within Budget



# Enterprise Funds

## ■ Gas Utility Fund

- Expenses and Encumbrances Exceed Fund Balance and Revenue by **\$2,219,500**
  - Capital Outlay, Debt Service & Transfer Expenditures
- 2<sup>nd</sup> Quarter FY17 Revenues below FY16 Revenues by **\$1,321,300**
  - Due to Mild Winter Season
- FY16 Reserve Shortfall - \$3.3 million
  - Additional \$0.10 per Ccf - \$850,700
- Infrastructure Cost Recovery Fee - \$1,127,152
- In total, Expenses Consistent with Budget



# Enterprise Funds

## ■ Sanitation Fund

- Fund Balance and Operating Revenue were Below Operating Expenses and Encumbrances by

**\$194,900**

- Fund Revenues were \$11,500 above FY 2016
- Replacement of 3 Damaged Garbage Trucks
  - Due to January 19, 2017 fire incident
- Expenses Consistent with Budget



# Enterprise Funds

## ■ Airport Fund

- Fund Balance and Revenue Exceeded Expenses and Encumbrances by **\$1.7 Million**
- Passenger Traffic Increased by 1.65% Compared to 2<sup>nd</sup> Quarter of FY 2016
  - Due to improved air service and general economic conditions
- Airport Revenues were **\$165,200** below FY 2016
  - Airline Revenues **\$347,900** below prior fiscal year
    - Due to Reduction in the Air Carrier Landing Fees
  - Non-Arline Revenues Exceeded prior fiscal year by **\$182,700**
    - Due to Renal car customer facility charges and parking revenue
  - Rental Care Leases Revenue Exceeded prior year fiscal year by **\$41,500**
    - Parking Lot Revenue was **\$100,700** over prior year
- FAA Lease Agreement for FASCO tower in negotiations
- Expenses Consistent with Budget



# Enterprise Funds

## ■ Port of Pensacola

- Fund Balance and Revenue Exceeded Expenses and Encumbrances by **\$318,400**
- Revenues Below FY 16 Revenues By **\$349,700**
  - Decrease in Dockage Revenue
    - Result of fewer vessel dockage days
      - Attributable to the depressed state of offshore oil and gas industry
- Expenses, In Total, AT or Below Budget
  - Expenses **\$46,700** less than FY 2016 for same time period
  - Staff Continues to Operate at Minimal Cost



# Enterprise Funds

## ■ Port of Pensacola

- All Port Lease Payments are Current with the Exception of:
  - Pensacola Stevedoring & Offshore Inland Marine
    - Balances Less than 60 Days Past Due and Total \$20,011.52
- Dockage and Other Vessel Fees – Slower to Pay
  - Offshore Inland – Balance of **\$640,073.56**
    - \$1,867 – Current
    - \$2,553.98 – More than 30 days past due
    - \$645,505.60 – More than 120 days past due
  - Being addressed via establishment of payment plan City Council approved May , 2017





# Enterprise Funds

- Port of Pensacola

- Update Offshore Inland

- Establishment of payment plan City Council approved May 11, 2017
    - Anticipate Amount Over \$363,000 Paid In Full By September 30, 2017 (\$279,305.60)
    - Anticipate \$363,000 Paid In Conjunction with Improvements to Warehouse #1
    - Anticipate Termination of Warehouse #9 Lease On Or Before May 31, 2017
    - Over 120 Days
      - May 31,2017 - \$



# Internal Service Funds

- Insurance Retention Fund/Central Services Fund
  - Provide Services To the City's Other Operating Funds
  - Revenues and Expenses Consistent With Budgeted Levels



# Investment and Debt Service Schedules

- Provided For Information
  - Listing of City Investments
  - Listing of City's Debt Issues
  - Interest Rates



# Legal Costs Schedule

- Schedule of legal costs paid to attorneys and/or firms who have provided services to the City



# Legal Costs Schedule

CITY OF PENSACOLA  
SCHEDULE OF LEGAL COSTS  
March 31, 2017  
(Unaudited)

ATTORNEY NAME OR FIRM	AMOUNT PAID	NATURE OF SERVICES PROVIDED
ALLEN NORTON & BLUE P A	\$46,377.39	Administrative, Collective Bargaining and Employee Matters
BEGGS & LANE	157,919.30	Contract and Real Estate Law
BRYANT MILLER OLIVE PA	37,800.00	Bond Counsel
COLLEEN CLEARY ORTIZ PA	1,635.00	Police Forfeiture Claim
GALLOWAY, JOHNSON, TOMPKINS, BURR AND SMITH	5,495.00	Contract Law
GRAY ROBINSON PA	36,140.67	Fee, Tax and Pension Plan Compliance
GUNSTER YOAKLEY & STEWART PA	3,687.75	Natural Gas Matters
JOLLY & PETERSON PA	8,416.63	Police Liability Claims
KLEIN HORNIG LLP	2,560.00	New Market Tax Credits
MCCARTER & ENGLISH LLP	15,538.98	Natural Gas Industry
PHILIP A BATES PA	260.40	Sanitation Matters
PLAUCHE MASELLI PARKERSON LLP	22,503.99	Utility Litigation
QUINTAIROS PRIETO WOOD & BOYER PA	28,904.74	Workers Compensation and Liability Claims
RAY, JR LOUIS F	11,165.00	Code Enforcement Special Magistrate
RODERIC G. MAGIE, PA	16,558.55	Workers Compensation Claims
SCHNADER HARRISON SEGAL & LEWIS LLP	105.00	Aviation Industry
SPERO, DONALD J	2,687.50	Arbitration
STEINMEYER FIVEASH LLP	33,360.99	Environmental and Property Matters
THE HAMMONS LAW FIRM PA	2,471.00	Code Enforcement Lien Foreclosures
WILSON HARRELL & FARRINGTON PA	218,041.35	Claims and Litigation
REPORT TOTAL	<u>\$651,629.24</u>	



# FY 2015 Comparison Pre and Post 2010 Charter

## ATTORNEY COSTS BY ACTIVITY

	Pre Charter FY 2006-2010 Average per Year	Post Charter FY 2011-2015 Average per Year	Average Pre/Post \$ Increase	Average Pre/Post % Increase
Governmental Activities	\$ 944,094.25	\$ 1,088,918.88	\$ 144,824.63	15.34%
Business-type Activities	<b>239,315.76</b>	<b>560,505.56</b>	<b>321,189.80</b>	<b>134.21%</b>
Total	\$ 1,183,410.00	\$ 1,649,424.44	466,014.43	

Note: Governmental Activities includes the City Attorney Cost Center



# FY 2016 Comparison Pre and Post 2010 Charter

## ATTORNEY COSTS BY ACTIVITY

	Pre Charter FY 2006-2010 Average per Year	Post Charter FY 2011-2016 Average per Year	Average Pre/Post \$ Increase	Average Pre/Post % Increase
Governmental Activities	\$ 944,094.25	\$ 1,093,519.39	\$ 149,425.14	15.83%
Business-type Activities	<u>239,315.76</u>	<u>585,478.62</u>	<u>346,162.86</u>	<u>144.65%</u>
Total	<u>\$ 1,183,410.00</u>	<u>\$ 1,678,998.01</u>	<u>\$ 495,588.00</u>	

Note: Governmental Activities includes the City Attorney Cost Center



# Controls and Procedures for Outside Legal Counsel

- In Fiscal Year 2014 Controls and Procedures established.
  - Contract/Engagement Letters required
    - Nature and scope of services
    - Rates to be specifically delineated
  - City Attorney reviews and approves outside legal services.
  - City Attorney's Office and Financial Services Department reviews and approves each invoice prior to payment.
  - A Schedule of Legal Costs included in the CFO's Quarterly Financial Report.
  - CFO's Quarterly Financial Report publicly available on the City's website.





# Controls and Procedures for Outside Legal Counsel

- The established procedures of the procurement and payment of outside legal counsel services provide:
  - Accountability
  - Control
  - Transparency



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