

# Financial Report

City of Pensacola

4th Quarter Financial Statement

Twelve Months Ending

September 30, 2017

(Unaudited)



# Overview

(Unaudited)

- Economy
  - Growth Continues
- Revenue Growth
  - Half-Cent Sales and Ad Valorem Tax
- Supplemental Budget Resolutions
  - Increased Estimated Revenues
- Expenditures in total, In Line with Budgeted Projections/Some Below Budgeted Projections



# General Fund

(Unaudited)

- Expenditures and Encumbrances Were Within Total Revenues
  - Revenues - \$50,822,300
  - Exp./Enc. - ~~\$49,670,800~~ \$49,701,900
- Revenues Increased by \$829,500 or 1.66% from FY 2016
- Revenues \$78,900 Below Beginning Budget



# General Fund

(Unaudited)

- **Communication Services Tax – down by \$45,300 or 1.5% from FY 2016**

- Communication Services Tax (CST) 15-month reduction
  - Impact for FY 2016 - \$57,100
  - Impact for FY 2017 - \$114,200

- **Franchise Fees & Public Service Tax – up by \$91,800 or 0.57% from FY 2016**

- **Half Cent Sales Tax – up by \$120,300 or 2.76% from FY ~~2017~~ 2016**

- Department Expenditures Including Encumbrances Within Approved Appropriations

- **Expenditures and Encumbrances \$2,632,300 or 5.03% lower than Appropriations**



# General Fund

(Unaudited)



## ■ Categories of Fund Balance

- Non-Spendable
  - Not in a spendable form (pre-paid insurance)
- Restricted
  - Can be spent only for the specific purpose stipulated by external resource providers, external contractual obligations (such as encumbrances) or enabling legislation.



# General Fund

(Unaudited)



## ■ Categories of Fund Balance

- Committed
  - Can be used only for the specific purposes determined by a formal action (ordinance/resolution)
- Assigned
  - Amounts the City intends to use for a specific purpose
- Unassigned
  - The portion of fund balance which is not obligated or specifically designated and is available for any purpose.



# General Fund

(Unaudited)

## Components of FYE 2017 Fund Balance Compared with FYE 2016

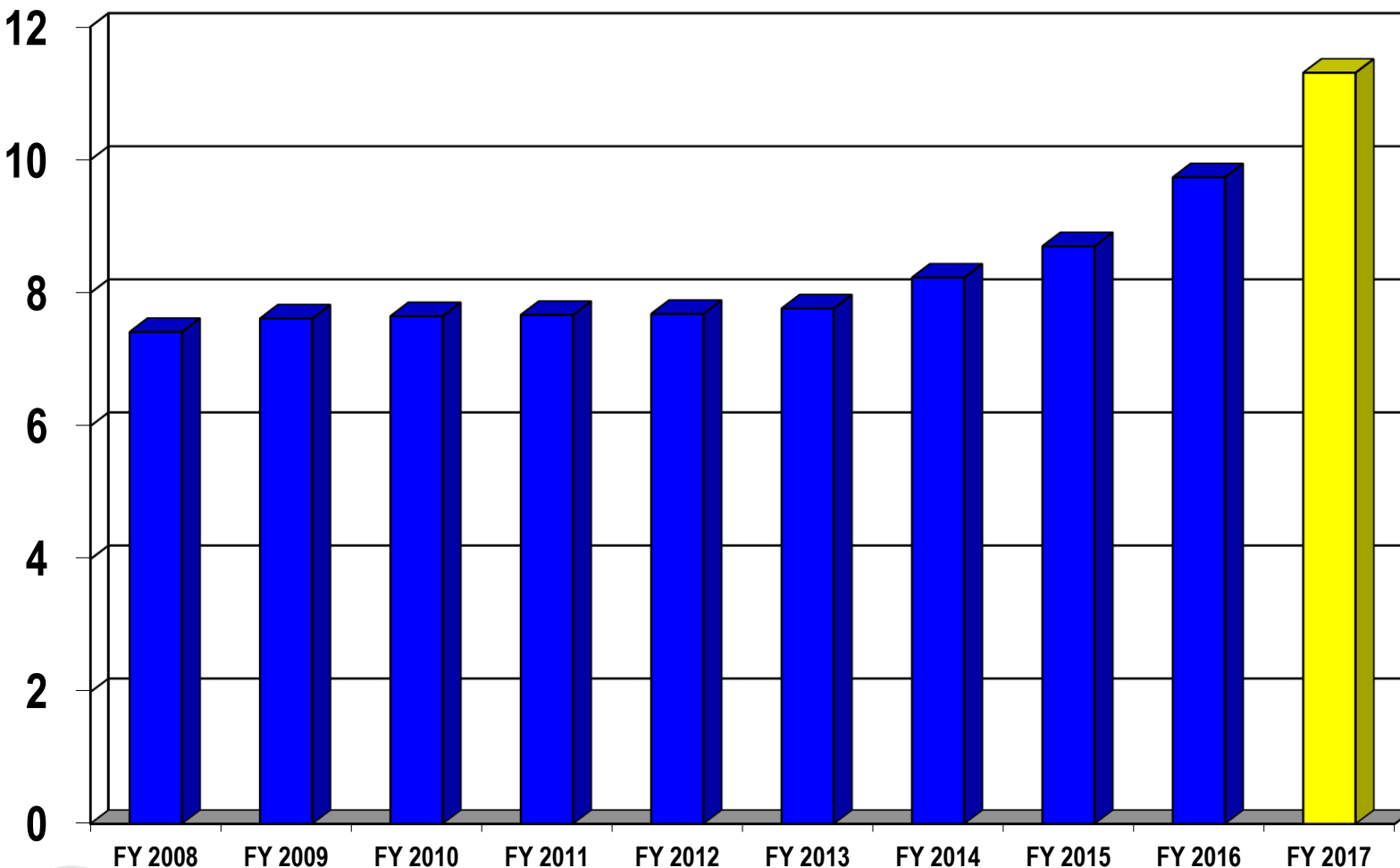
Amount		Description
2016	2017	
		<b><u>Non-Spendable</u></b>
\$ 28,700	\$ 23,300	- Prepaid Expenses
<u>28,700</u>	<u>23,300</u>	Sub-Total Non-Spendable
		<b><u>Restricted</u></b>
299,400	329,600	- Saenger Theatre Capital
365,900	562,300	- Encumbrances
<u>665,300</u>	<u>891,900</u>	Sub-Total Restricted
		<b><u>Committed</u></b>
9,737,400	11,308,600	- Council Reserve
405,800	385,600	- Tree Planting Trust Fund
<u>10,143,200</u>	<u>11,694,200</u>	Sub-Total Committed
		<b><u>Assigned</u></b>
-	-	- Appropriated Fund Balance
853,600	930,700	- Designation for Economic Incentives
-	440,000	- Designation for Inner-City Housing Initiatives
1,525,100	987,500	- Unencumbered Carryforward Appropriation
1,200	-	- Pensacola Fire Academy
235,200	309,400	- Special Assessments
25,200	25,400	- Designation for Lien Amnesty
<u>2,640,300</u>	<u>2,693,000</u>	Sub-Total Assigned
		<b><u>Unassigned</u></b>
1,100,000	1,700,000	- Projected Beginning Fund Balance (Future Year)
28,700	21,700	- Available Balance
<u>1,128,700</u>	<u>1,721,700</u>	Sub-Total Unassigned
<b><u>\$ 14,606,200</u></b>	<b><u>\$ 17,024,100</u></b>	<b>Total Fund Balance</b>



# General Fund

(Unaudited)

Millions



Reserve For Contingency Increased By \$1,571,200 which Represents 21.8% of FY 18 Beginning General Fund Appropriations (Expenditures)





# Tree Planting Trust Fund

(Unaudited)

- Revenue and Expenditures Recorded In General Fund
- Total Contributions Plus Interest Income - \$49,400
- Expenditures/Encumbrances - \$116,700
- End of Year Unencumbered Balance - \$385,600



# Inner City Housing Initiatives Fund

(Unaudited)

- January 12, 2017 Established Assigned Fund Balance
- Proceeds from Sale of City-Owned Surplus Properties
- Total Contributions - \$440,000
- No Expenditures/Encumbrances
- End of Year Unencumbered Balance - \$440,000



# Special Revenue Funds

(Unaudited)

- **Local Option Gasoline Tax**

- **Revenue Exceeded Beginning Budget By \$140,700**

- September 2016 payment - \$119,342 (13 Payments Instead of 12)

- Settlement Concerning Calculation for Distribution of funds

- Funds Released From Escrow & Remitted

- Miscellaneous Revenue - \$113,600

- ECUA Reimbursement

- **Revenue & Fund Balance ~~Was Below~~ Exceeded Total Expenditures by \$28,300**

- Revenue - \$1,591,400

- Expenditures - \$1,563,100

- Ending Restricted Fund Balance - \$125,900



# Special Revenue Funds

(Unaudited)

- **Stormwater Utility Fund**
  - Revenue - \$2,856,100
  - Exp./Enc. - \$2,801,800 (within Budget)
- Committed Fund Balance of \$874,200



# Special Revenue Funds

(Unaudited)

- **Natural Disaster Fund**

- Accounts for disaster-related activity (April 2014 Flooding)
- Receives revenues from Federal & State agencies on a reimbursement basis
- April 2014 Flooding
  - Federal – 75%
  - State – 12.5%
  - City of Pensacola – Balance of expenditures
- **Expenditures/Encumbrances Greater than Revenues by ~~\$1,889,000~~ \$377,800**
  - Revenue - \$146,700
  - Expenditures/Encumbrances - ~~\$2,035,700~~ \$524,500
  - Restricted Fund Balance of \$2,749,700



# Special Revenue Funds

(Unaudited)

- **Municipal Golf Course**

- Revenues At Budget
  - Revenues - \$518,700
- **FY 2017 Revenues Above FY 2016 Revenues by \$41,900**
- **Exp./Enc. Under Budget by \$53,900**
  - Exp./Enc. - \$717,900
- **Revenues \$199,200 below Expenditures and Encumbrances**
- General Fund Subsidy - \$220,000
  - Additional \$120,000 From Beginning Budget
- Committed Fund Balance (After Subsidy) - \$50,600



# Special Revenue Funds

(Unaudited)

- **Municipal Golf Course (Continued)**
  - Rounds Played in FY17 – 21,751/FY16 – 21,037
    - **Up 714**
  - Driving Range Usage in FY17 – 5,643/FY16 – 4,838
    - **Up 805**
  - Concession payments are current through the fourth quarter of FY 2017



# Special Revenue Funds

(Unaudited)

## • Inspection Services Fund

- Revenues Exceeded Budget by \$503,400
- Expenditures Under Budget by \$145,400
  - Expenditures - \$1,279,200
- Revenues Exceeded Expenditures by \$415,000
  - Revenues - \$1.7 million
- Restricted Fund Balance - \$1,378,400





# Special Revenue Funds

(Unaudited)

## ■ Roger Scott Tennis Center

- **Revenues Over Budget by \$6,100**
  - Revenues - \$229,400
- **Expenditures Below Budget Estimates by \$21,100**
  - Expenditures - \$282,900
- **Total Revenues Exceeded Expenditures By \$27,200**
- Committed Fund Balance - \$81,800
- Pro Shop Concessions Agreement
  - Ben & Lu, Inc. d/b/a Get A Grip
  - Annual Payment \$3,840 Paid Monthly
  - One Year Term Renewable Up To Two One-Year Renewal Terms
- Request For Proposal – Operation & Management of Roger Scott Tennis Center
  - Gulf Coast Tennis Group, LLC
  - Anticipate Beginning January 1, 2018



# Special Revenue Funds

(Unaudited)

- **Community Maritime Park Management Services Fund**
  - CMPA Board approved an amendment and extension of contract to March 27, 2018
    - Approved by City Council on February 12, 2015
  - Three components to agreement:
    - Community Maritime Park Insurance
      - Reimbursed at 100% by CMPA
      - Expenditures - \$137,700
    - Park Maintenance and Landscaping Services
      - CMPA pays City actual costs incurred up to a maximum of \$200,000
      - Expenditures - \$193,600
    - Event Scheduling and Planning, Management of Outside Kiosk Sales, Rentals, Food/Vendor Services, and Parking Management
      - Amount charged is reduced by revenues earned
      - Maximum payable by the CMPA is \$100,000
      - **Revenues Exceeded Expenditures by \$82,500**



# Special Revenue Funds

(Unaudited)

## •Community Maritime Park Management Services Fund (Continued)

- Employee Leasing function accounted for in Community Maritime Park Management Services Fund
  - Revenues exceeded Expenditures By \$600
  - Expenditures - \$72,500
- May 31, 2017 Unwind NMTC Financing Structure
  - \$54 Million Loan Forgiven
  - CMPA Assets & Liabilities Transferred To City
  - CMPA Dissolved in June 2017
- CMPA Liabilities - \$621,082 Outstanding CRA Loans
  - Transfer From City's Insurance Retention Fund



# Special Revenue Funds

(Unaudited)

## •Community Maritime Park Management Services Fund (Continued)

- Management Services Agreement and Employee Leasing Agreement Terminated
- Operation & Maintenance of Community Maritime Park Assumed By The City
- Accumulated Profit of \$122,831 Transferred from the Recreation Fund



# Capital Projects Funds

(Unaudited)

- **Local Option Sales Tax Fund**

- **Revenues Above Budget By \$8,300**

- Revenues - \$8,071,000

- **Exp./Enc. Well Within Budget**

- Exp./Enc. - \$10,425,200

- **Tax Collections Increased by 2.86% from FY 2016**

- **Restricted Fund Balance Decreased from (\$4,273,900) to (\$6,247,700) in FY 2017**

- Pooled Cash

- ~~\$6,247,700~~ \$2,185,400 Needed At End of FY 2017

- Current LOST expires on December 31, 2017

- Citizens voted to extend LOST through December 31, 2028

- LOST Series 2017 Project Fund



# Capital Projects Funds

(Unaudited)

- Local Option Gas Tax (LOGT) Series 2016 Project Fund
  - Three Phase Program – Accelerate Street Rehabilitation
  - Approved By City Council On July 14, 2016
  - Expenditures Through Second Quarter Represent First Phase
  - Phase III Funds Appropriated July 13, 2017
  - **Revenues & Appropriated Fund Balance Exceeded Expenditures & Encumbrances**
    - Revenues/Fund Balance - \$13,912,400
    - Exp./Enc. - \$13,363,000
  - Fund Balance of \$549,400 Available For Appropriation In Future Years



# Capital Projects Funds

(Unaudited)

- Stormwater Capital Projects Fund
  - Transfers from General Fund
    - Revenue Fee Collection - \$2,748,900
  - **Revenues & Appropriated Fund Balance Exceeded Expenditures & Encumbrances**
    - Revenues/Fund Balance - \$9,206,000
    - Exp./Enc. - \$4,996,500
  - Fund Balance of \$5,350,200 Carried Forward



# Enterprise Funds

(Unaudited)

## ▪ Gas Utility Fund

- **Revenues Exceeded Expenses by \$159,000**

- Revenue - \$46,125,700

- Purchase Gas Adjustment (PGA) – Additional \$0.10 per Ccf

- Pensacola Energy Reserve

- **Down by \$3.94 Million at End of FY 2017**

- Infrastructure Cost Recovery Revenue - \$1,848,500

- Bond Eligible Gas Construction & Infrastructure Expenses

- Net Current Assets

- **Decreased by \$316,100 from Beginning FY 2017 to End of Year - \$12.9 Million**

- Total Equity Less Bond Reserves

- **Increased by \$3.1 Million from Beginning FY 2017 to End of Year - \$44.2 Million**





# Enterprise Funds

(Unaudited)

## ■ Sanitation Fund

- **Revenues Exceeded Expenses by \$361,100** (Excluding Code Enforcement)
  - Revenues - \$6,432,100
  - Expenses - \$6,070,300
- Replacement of 3 Damaged Garbage Trucks
  - Insurance Proceeds \$321,100
- Monthly Sanitation Rate Increase Effective June 1, 2017
  - \$1.26 Per Month
- Sanitation Equipment Surcharge Effective June 1, 2017
  - \$1.00 Per Month



# Enterprise Funds

(Unaudited)

## ▪ Sanitation Fund (Continued)

- **Code Enforcement Revenues Exceeded Expenses by \$131,600**

- Code Enforcement Revenues - \$1,422,000

- **Net Current Assets**

- Increased by \$231,800 from Beginning FY 2017 to End of Year - \$1,629,500 (Excluding Code Enforcement & Lot Cleaning)

- **Total Fund Equity Less Bond Reserves**

- Increased by \$55,600 from Beginning FY 2017 to End of Year – (\$1.8) Million



# Enterprise Funds

(Unaudited)

## ▪ Port of Pensacola

- **Revenues Below Expenses by \$721,400**

- Revenues - \$1,241,900
- Expenses - \$1,963,300

- Port Reserve/Net Current Assets

- **Decreased by \$917,000 from FY 2017 Beginning to End of Year - \$403,800**

- Total Equity Less Bond Reserves

- **Decreased by \$1.5 Million from FY 2017 Beginning to End of Year - \$11.4 Million**



# Enterprise Funds

(Unaudited)

## ▪ **Port of Pensacola (Continued)**

- All Port Lease Payments Current
- Dockage and other vessel fees – slower to pay
  - Offshore Inland – Balance of \$528,962.68
    - \$962.68 Current
    - \$528,000 More than 120 days past due
      - Being addressed via establishment of payment plan City Council approved.
    - Allowance for Doubtful Accounts
      - FYE 2016 - \$214,191
      - FYE 2017 - \$148,809



# Enterprise Funds

(Unaudited)

## ■ Airport Fund

- **Revenues Higher than Original Budget by \$1.9 million, and Slightly Higher Than Revised Budget Estimates By \$14,100**

- Revenues - \$22.0 Million

- **Revenues Increased by \$16,900 from FY 2016**

- **Airport Expenses Below Budget by \$6.5 Million**

- Expenses - \$16.4 Million

- **Total Fund Expenses Below Revenues by \$5.6 Million**

- Airport Agreement w/Airlines

- Net Current Assets

- **Decreased by \$1.1 Million from Beginning FY 2017 to End of Year - \$16.0 Million**

- VT-MAE Project

- Total Fund Equity Less Required Bond Reserves

- **Increased by \$22.4 Million from Beginning FY 2017 to End of Year - \$138.9 Million**



# Internal Service Funds

(Unaudited)

- **Insurance Retention Fund/Central Services Fund**
  - **Provide Services To Other Operating Funds**
  - **Revenues and Expenses Below Budgeted Levels**
  - **Transfer To Community Maritime Park Management Services Fund - \$621,082**
    - **Repay Outstanding Loan Balance Due To CRA**
  - **\$500,000 Loan To CRA Eastside TIF District**
  - **\$200,000 Transfer To City's General Stock Fund**



# Investment and Debt Service Schedules

(Unaudited)

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



# Legal Costs Schedule

(Unaudited)

- Schedule of Legal Costs paid to Attorneys and/or firms who have provided services to the City





# Legal Costs Schedule

(Unaudited)

ATTORNEY NAME OR FIRM	AMOUNT PAID	NATURE OF SERVICES PROVIDED
ALLEN NORTON & BLUE P A	\$94,172.89	Administrative, Collective Bargaining and Employee Matters
BEGGS & LANE	423,782.60	Contract and Real Estate Law
BONDURANT MIXON & ELMORE LLP	27,960.77	Civil Rights Litigation
BRYANT MILLER OLIVE PA	95,731.11	Bond Counsel
CARLTON FIELDS JORDEN BURT	9,065.72	Environmental and Real Estate
COLLEEN CLEARY ORTIZ PA	1,635.00	Police Forfeiture Claim
GALLOWAY, JOHNSON, TOMPKINS, BURR AND SMITH	5,495.00	Contract Law
GRAY ROBINSON PA	107,326.02	Fee, Tax and Pension Plan Compliance
GUNSTER YOAKLEY & STEWART PA	8,634.45	Natural Gas Matters
JOLLY & PETERSON PA	27,641.21	Police Liability Claims
KLEIN HORNIG LLP	12,005.50	New Market Tax Credits
LOCKE LORD LLP	2,562.50	Bond Disclosure Counsel and New Market Tax Credits
MCCARTER & ENGLISH LLP	36,148.55	Natural Gas Industry
MICHAEL D TIDWELL PA	2,200.00	Real Estate Law
NABORS GIBLIN & NICKERSON P A	7,022.50	Annual Stormwater Assessment Program
PHILIP A BATES PA	674.20	Sanitation Matters
PLAUCHE MASELLI PARKERSON LLP	54,022.99	Utility Litigation
QUINTAIROS PRIETO WOOD & BOYER PA	38,961.20	Workers Compensation and Liability Claims
RAY, JR LOUIS F	22,330.00	Code Enforcement Special Magistrate
RODERIC G. MAGIE, PA	36,433.43	Workers Compensation Claims
SCHNADER HARRISON SEGAL & LEWIS LLP	245.00	Aviation Industry
SPERO, DONALD J	2,687.50	Arbitration
STEINMEYER FIVEASH LLP	47,707.79	Environmental and Property Matters
THE HAMMONS LAW FIRM PA	2,514.50	Code Enforcement Lien Foreclosures
WILSON HARRELL & FARRINGTON PA	320,090.13	Claims and Litigation
WOODEN LAW FIRM PC	113,687.00	Land Development Matters
<b>REPORT TOTAL</b>	<b><u>\$1,500,737.56</u></b>	



# Police/Fire/General Pension Plans

(Unaudited)

- Interest Investment Rate Reported to City Pension Boards
- FY 2017 Investment Gain

	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>
<b>General</b>	<b>+14.9%</b>	<b>+11.3%</b>	<b>-1.9%</b>	<b>8.8%</b>	<b>11.2%</b>
<b>Fire</b>	<b>+14.0%</b>	<b>+10.2%</b>	<b>-1.8%</b>	<b>9.3%</b>	<b>11.3%</b>
<b>Police</b>	<b>+14.6%</b>	<b>+9.0%</b>	<b>-2.55%</b>	<b>11.27%</b>	<b>13.89%</b>

- Plans Achieved Greater Rate of Return Than Assumed Earnings Rate in FY 2017
- General Pension and Police Pension Plans Closed



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