



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 2019-63

City Council

11/14/2019

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

SUPPLEMENTAL BUDGET RESOLUTION NO. 2019-63 - FINAL AMENDMENT TO THE FISCAL YEAR 2019 BUDGET

RECOMMENDATION:

That City Council adopt Supplemental Budget Resolution No. 2019-63.

A RESOLUTION AUTHORIZING AND MAKING REVISIONS AND APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019; PROVIDING FOR AN EFFECTIVE DATE.

HEARING REQUIRED: No Hearing Required

SUMMARY:

In order to maintain a balanced budget, supplemental budget resolutions need to be approved by City Council during the course of a fiscal year. In September 2019 City Council adopted Supplemental Budget Resolution No. 2019-48 amending the Fiscal Year 2019 Budget. However, at that time the final revenues and expenditures were unknown. According to Florida Statute 166.241 the governing body of a municipality may, within up to 60 days following the end of the fiscal year, amend a budget for that year. The attached resolution includes final budget adjustments for Fiscal Year 2019 that require Council action.

General Fund related budget adjustments include increases and decreases in estimated revenue from various sources which results in a net increase in estimated revenue of \$807,490.

Beginning in Fiscal Year 2008 the Inspection Services Fund was established as a Special Revenue Fund and Inspections accounting was no longer reported in the General Fund. However, soon after the Inspection Services Fund was established, the Great Recession occurred reducing the amount of building activity within the City, thus, reducing Inspection Services Revenues. In Fiscal Year 2019, Florida House Bill 447 was passed which requires that a local government may not carry forward an amount exceeding the average of its operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years and any excess funds would need to be used to rebate and reduce fees. In order to get an accurate accounting of the Inspection Services Fund's available carry forward amount and to make the General Fund whole, a transfer to recoup prior year subsidies, including

uncharged allocated overhead is being made during Fiscal Year 2019. During Fiscal Year 2009 through Fiscal Year 2011, transfers totaling \$450,000 from the General Fund to the Inspection Services Fund occurred allowing Inspection Services to continue operations during that time. In addition, during Fiscal Year 2008 through Fiscal Year 2015, allocated overhead in the amount of \$1,589,865 was never paid. In Supplemental Budget Resolution No. 2019-48, City Council approved the repayment of the \$450,000 in transfers (subsidy). Included in this Supplemental Budget Resolution is a transfer of \$1,589,865 from the Inspection Services Fund to the General Fund as payment of prior year allocated overhead. With this transfer, Inspection Services will have made the General Fund whole since moving to its own Special Revenue Fund in 2008 and will maintain compliance with Florida State Law.

The increase in Other Grants and Aids within the Saenger Theatre is due to the greater than estimated revenues from the Saenger Facility Fee and Incentive Fee. The transfer to the Stormwater Capital Projects Fund was increased as a result of increased revenues within the Stormwater Utility Fund. The transfer to the Inspection Services Fund is payment for the transfer of an Inspections vehicle to the General Fund. The book value at the time of the transfer was \$21,483.

The City's current Financial Planning and Administration Policy provides that each fiscal year the General Fund's maximum amount of appropriated Beginning Fund Balance should be no more than three percent of budgeted revenues. Based on the Fiscal Year 2020 Beginning Budget Document that amount is projected to be approximately \$1.7 Million for the next three fiscal years (FY 2020, 2021 and 2021) totaling \$5.1 million. This amount is being established as an Assigned Fund Balance in closing the books for Fiscal Year 2019, however, no expenditure of those funds will occur until appropriated by City Council. By assigning fund balance, the amount available for additional carryover will be more readily identifiable in the Unassigned Fund Balance designation.

As part of the Fiscal Year 2019 Beginning Budget, the Economic Development Incentive Fund was closed. In closing the books for fiscal year ending 2019, the assigned fund balance associated with the Economic Development Incentive Fund was released and included in the General Fund's unassigned fund balance.

Revenues within the Tree Planting Trust Fund, Park Purchases Fund, Housing Initiatives Fund and Inner-City Housing Initiatives Fund have been adjusted in accordance with actual revenues received and will be offset with Fund Balance. These "Funds" are all included in the General Fund. However, they are budgeted and reflected as separate funds from a budget standpoint to provide transparency for each of these accounts.

The transfer from the Local Option Gasoline Tax Fund to the LOGT Debt Service Fund has been increased and is offset by a combination of increased revenues and an increase in appropriated Fund Balance.

Adjustments have been made to various revenue accounts within the three CRA Funds based on the actual amounts received. A reduction of \$300,000 from the Transfer from the Urban Core Redevelopment Trust Fund to the Community Redevelopment Agency Fund is being made to provide increased funding to the CRA Debt Service Fund in order to fund debt reserves. This will not affect any currently budgeted projects in the CRA Fund.

Within the Stormwater Utility Fee Fund revenues have been adjusted based on actual revenues

received and will be placed into Fund Balance.

Revenues within the Hospital Special Assessment Fund have been reduced based on actual revenues received and are offset with a reduction in Grants and Aids.

Net revenue of \$1,694,285 have been reduced within the Section 8 Housing Assistance Fund based on a reduction in Federal Funding and are offset with a decrease in various line items.

Net revenue of \$27,692 has been appropriated within the Law Enforcement Trust Fund based on receipts and will be placed into Fund Balance.

Revenues within both the Golf Fund and Recreation Fund were lower than anticipated and will be offset with a decrease in various line item accounts.

The revenues within the Inspection Services Fund have been more than anticipated and will be offset with an increase in appropriated Fund Balance and the previously mentioned repayment of Allocated Overhead for Fiscal Year 2008 - Fiscal Year 2015. Additionally, appropriations are being reduced. Fund Balance will not be drawn down in excess of Fiscal Year 2018 ending Fund Balance.

Estimated revenues within both the Roger Scott Tennis Center Fund and the Community Maritime Services Fund have been increased based on Fiscal Year 2019 actual revenues and will be placed in Fund Balance.

Revenues from Interest Income and the Federal Direct Payment Subsidy were more than anticipated in the CRA Debt Service Fund. In July 2019, the Redevelopment Bonds Series 2009B was refunded and a partial payment was received from the IRS to assist with the payment. Also, as previously mentioned, the Transfer In From the Urban Core TIF Fund was increased by \$300,000. In total additional revenue in the amount of \$638,101 will be placed into Debt Service Reserves (Fund Balance).

Interest Income was more than anticipated in the LOGT Debt Service Fund. The increase will be placed into Debt Service Reserves (Fund Balance).

Local Option Sales Tax is projected to generate revenue less than the current estimated revenue by \$48,887 but is offset by \$177,028 in Interest Income for a net revenue increase of \$68,141, which will be placed into Fund Balance.

Interest Income in the CRA Series 2017 Project Fund has been recognized and has been offset with an increase in Capital Outlay.

Interest Income in the CRA Series 2019 Project Fund has been recognized and has been placed into Fund Balance. Additionally, Bond Proceeds have been reduced to reflect the actual amount.

Interest Income in the LOST Series 2017 Project Fund was less than anticipated and has been offset with an increase in Appropriated Fund Balance.

Estimated revenues within the Stormwater Capital Projects fund were increased for Interest Income and the Transfer In From the General Fund. Appropriations have been increased in Stormwater

Vaults City-Wide to offset the increased revenue.

Within the Gas Utility Fund revenues have been adjusted based on actual amounts received and will be offset with a decrease in various line item accounts .

In total, revenues in the Sanitation Fund were greater than anticipated and have been adjusted based on actual revenues received. Additional appropriations of \$184,300 are required to maintain sufficient funds within the Sanitation Fund. The net excess amount of \$328,097 will be placed into Fund Balance.

Revenues in the Port Fund have been adjusted based on actual amounts received and will be placed into Fund Balance.

Revenues within the Airport Fund were greater than anticipated and have been adjusted based on actual revenues received. The excess amount will be placed into Fund Balance.

Charges for Services for the Central Garage have been increased by \$350,000 and will be offset with a decrease in Appropriated Fund Balance.

Estimated revenues within the Special Assessments Fund have been decreased based on Fiscal Year 2019 actual revenues and are offset with a reduction in appropriations.

PRIOR ACTION:

September 19, 2018 - City Council formally adopted a beginning FY 2019 Budget on Budget Resolution No. 18-40.

November 8, 2018 - City Council approved Supplemental Budget Resolution No. 18-48 covering purchase orders payable.

November 8, 2018 - City Council approved Supplemental Budget Resolution No. 18-50 covering unencumbered carryovers.

December 13, 2018 - City Council approved Supplemental Budget Resolution No. 18-62 covering unencumbered carryovers.

September 14, 2019 - City Council approved Supplemental Budget Resolution No. 2019-48 amending the FY 2019 Budget.

FUNDING:

N/A

FINANCIAL IMPACT:

All appropriations of City funds in the supplemental budget resolution are covered by fund balances, shifts in expenses or changes in revenues. Approval of the supplemental budget resolution provides

for a balanced budget for Fiscal Year 2019.

CITY ATTORNEY REVIEW: Yes

10/31/2019

STAFF CONTACT:

Christopher L. Holley, City Administrator
Richard Barker, Jr., Chief Financial Officer

ATTACHMENTS:

- 1) Supplemental Budget Resolution No. 2019-63
- 2) Supplemental Budget Explanation No. 2019-63

PRESENTATION: No