

Monthly Financial Report Summary

June 2020

This monthly financial summary report is for the period ended June 30, 2020, as closed by the Finance department. This represents nine months into the fiscal year, an average of 75.00% of the total budget. This report will focus on the General Fund as well as the Enterprise Funds (Airport, Port, Sanitation and Utility Funds), the Local Option Sales Tax (LOST) Fund and the Stormwater Capital Projects Fund.

Re COVID 19: With the recent developments of the COVID-19 Pandemic, it is unlikely revenues will meet budget by fiscal year end. Particularly, within the Half-Cent Sales Tax, the Local Option Sales Tax, and the Local Option Gasoline Tax revenues due to less spending by consumers and less driving due to people working via telecommuting. Additionally, the Airport is seeing significant reductions in revenues and is currently working on a plan to address those reductions. In May, the Airport was awarded \$11 million in CARES act funding to help subsidize Airport's operations. The expenses for the Airport will include those funded by CARES and also show a reduction to net out the expenses that were funded by this grant.

General Fund Revenues:

The first data chart you will see, page 4, is for the General Fund (GF). Total revenues collected through June 30, 2020 are \$48,186,801. This is 80.83% of the total GF budget.

Revenues that are higher than the average of 75.00% for the first nine months include:

- ❖ **Ad Valorem:** Ad Valorem, collected at 100.33% becomes due on November 1st through March 30th, with a discount incentive to pay early. This discount is lowered each month until March 30th. For this reason, Ad Valorem revenues always come in higher than the average since it is not spread out evenly over the fiscal year. These become past due April 1st and are sold as tax certificates.
- ❖ **Local Business Tax:** This tax is due at the beginning of the fiscal year resulting is a collection rate of 101.72%.
- ❖ **Licenses and Permits:** This revenue was collected at 140.37% through June 30th. This is made up of Special Permits, Taxi Permits, & Fire Permits. However, Zoning and Review & Inspection Fees of \$20,550 were reassigned to Planning Services.
- ❖ **Transfers from Fund 401 & Appropriations from Fund Balance:** These are accounting entries and completed in full.

Revenues lower than the budgeted average:

- ❖ **Franchise Fees:** These revenues are typically one month in arrears and fluctuate with weather conditions. ECUA was late paying their franchise fee. It is possible that the COVID19 stay at home conditions may prevent full collection of these revenues by fiscal year end.
- ❖ **Utility Taxes:** These revenues are typically one month in arrears and fluctuate with weather conditions. It is possible that the COVID19 stay at home conditions may prevent full collection of these revenues by fiscal year end.
- ❖ **Communication Services Tax:** These revenues are typically one month in arrears, and changes to legislation can cause significant decreases. Changes to this year's legislation should not have a significant impact on this revenue.
- ❖ **State Shared Revenues:** Shared revenues are made up of various state sources and for the most part is on target. The Half Cent Sales Tax typically runs one month in arrears. Collected at 64.70% these revenues may fall short of the budgeted amount due to COVID19.
- ❖ **Charges for Services:** This revenue has been received at 33.28% significantly below 75.00%. DIB was late paying their community policing reimbursement. This is due to the traffic signal and streetlight maintenance contracts with the state not having been received yet. These are paid after the end of the quarter and are anticipated to be paid fully.

General Fund Expenditures:

The data on the right side of the chart is for the General Fund Expenditures. Total expenditures and encumbrances through June 30, 2020 are \$44,388,686. This is 74.46% of the total GF budget.

Expenditures that are higher than the average of 75.00% for the first nine months include:

- ❖ **Non-Departmental:** This department was expended at 85.57%. This department accounts for the transfer out of funds to various agencies. Most are funded at the beginning of the year.
- ❖ **Transfers Out:** This is expended at 97.69% and reflects inter-fund transfers made.
- ❖ Most of the Departments are below the 75.00% average for June. Although most were right at budget for personnel and operating expenses, allocated overhead, which reduces the overall department budget, was recorded at approximated 75.00%. This resulted in the lower than expected expenditures for the year to date.

Page 5 is a graphic representation of the city's revenue collection to budgeted revenues.

Tree Planting Trust Fund:

The Budget in Brief Summary highlights the Tree Planting Trust Fund, which is a component of the General Fund. At the November 14, 2019 City Council Meeting, a resolution was adopted by City Council to appropriate \$100,000 within the Tree Planting Trust Fund for the implementation of the Tree Planting and Management Plan. Revenues of \$33,523 are comprised of Fees of \$27,700 and interest earned of \$5,823. These revenues are detailed on page 6.

Enterprise Funds:

Enterprise Funds consist of Pensacola Energy, Sanitation Service, the Port, and the Airport. Revenues for Sanitation, the Port & the Airport, were greater than 75.00% of the total budget. Pensacola Energy was slightly below at 70.98%. Expenditures were below the targeted expenditure rate of 75.00%, at 64.19%. Each fund is represented in the graphic on page 7 of this report. The bar graph on page 8 represents the revenues and expenditures compared to the total budget for each enterprise fund.

- ❖ Capital Outlay was expended at 53.82%, less than the budget average of 75.00%. This is attributed to lower expenditures for capital in the Airport and Port Fund.
- ❖ \$3,434,039 in CARES funding was received on May 18, 2020 to help cover operating, maintenance and debt services for the Airport. This is the 1st installment received of a total of \$11,018,566 awarded.

Local Option Sales Tax Fund:

The Local Option Sales Tax (LOST) Fund is detailed out on page 9. City issued bonds were issued to fund the LOST capital projects. Per Finance “It will be necessary to draw upon the City’s pooled cash to cover cash shortfalls in the fund. This is projected to be necessary through the end of the life of the LOST IV Series.”

- ❖ **Local Option Sales Tax:** This revenue also runs one month in arrears and is collected at 60.67% year to date. It is unlikely it will be received in full due to the impact of COVID19 on spending.

The Finance department has also provided a detailed spreadsheet of all LOST projects, costs, funding and where the projects are in the completion cycle. This report begins on page 11.

Stormwater Capital Projects Fund:

This is another large capital project fund. The summary of this fund can be found on page 10. The finance department also provides a detailed report for this fund’s capital projects. That detail can be found on page 15.

Revenue in this fund is primarily from fund balance and transfers in from the General Fund. As these are made at the beginning of the year the total collections are at 99.49%. Operating expenditures are below budget at 48.04%. Capital Outlay is at 36.04%.