

Financial Report

City of Pensacola

4th Quarter Financial Statement

Twelve Months Ending

September 30, 2020

(Unaudited)



Overview

(Unaudited)

- Revenue Growth
 - Slower Growth in the Economy due to COVID-19 Pandemic
 - Decreases in Half-Cent & Local Option Sales Tax
 - Increases in Ad Valorem Taxable Valuations
- Expenditures in total, In Line with Budgeted Projections/Some Below Budgeted Projections
- Interest Rates
- Legal Services and Fees
- Contracts & Expenditures over \$25,000 Approved by Mayor



General Fund

(Unaudited)

- Expenditures and Encumbrances Were Within Total Revenues
 - Revenues - \$56,551,100
 - Exp./Enc. - \$55,953,200
- **Revenues Decreased by \$1,035,800 or 1.80% from FY 2019**
- **Revenues \$527,600 Above Beginning Budget**



General Fund

(Unaudited)

•FY 2020 to FY 2019 Revenue Comparison

- **Property Tax Revenue – up by \$1,234,900 or 7.86%**
- **Local Business Tax Revenue – up by \$4,000 or 0.43%**
- **State Traffic Signal and Street Light Maintenance – up by \$234,900 or 33.34%**
- **Half Cent Sales Tax – down by \$143,800 or 2.84%**
- **Municipal Revenue Sharing - down by \$8,800 or 0.37%**

•Department Expenditures Including Encumbrances Within Approved Appropriations

- **Expenditures and Encumbrances \$4,038,000 or 6.73% 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 2020 Fund Balance Compared with FYE 2019

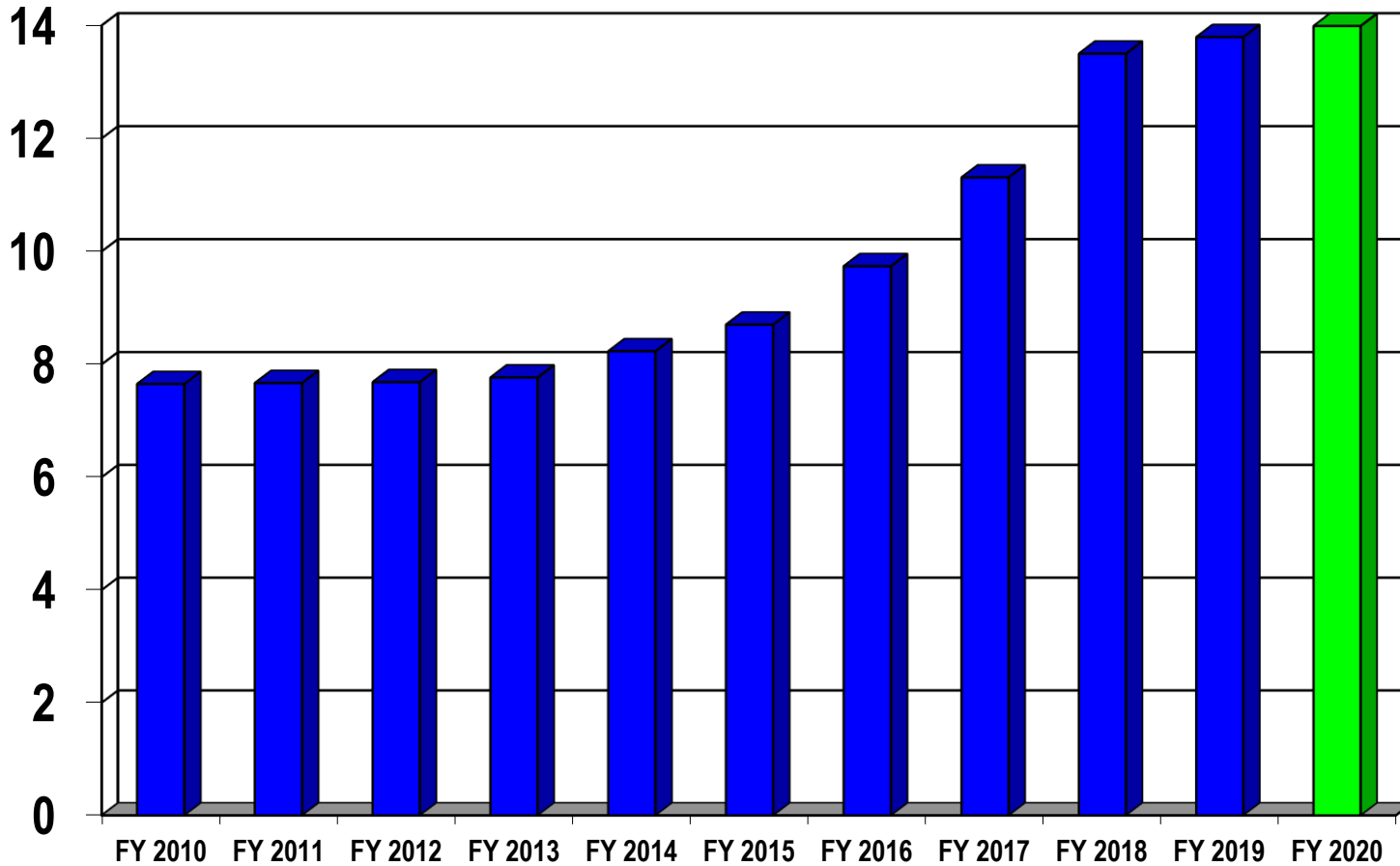
Difference	Amount		Description
	2019	2020	
			<u>Non-Spendable</u>
\$ 24,200	\$ 26,600	\$ 50,800	- Prepaid Expenses
24,200	26,600	50,800	Sub-Total Non-Spendable
			<u>Restricted</u>
(24,000)	365,100	341,100	- Saenger Theatre Capital
222,000	532,400	754,400	- Encumbrance Carryforward Appropriation
198,000	897,500	1,095,500	Sub-Total Restricted
			<u>Committed</u>
196,500	13,793,000	13,989,500	- Council Reserve (23.47%)
32,500	495,500	528,000	- Tree Planting Trust Fund
1,500	109,200	110,700	- Park Purchases Fund
230,500	14,397,700	14,628,200	Sub-Total Committed
			<u>Assigned</u>
0	5,100,000	5,100,000	- Designation for Fund Balance (FY 2021-2023)
(449,300)	449,300	-	- Designation for Inner-City Housing Initiatives
464,100	51,800	515,900	- Designation for Housing Initiatives
1,800,000	-	1,800,000	- Designated for Natural Disaster 12.5% Match
(65,500)	1,102,800	1,037,300	- Unencumbered Carryforward Appropriation
271,300	-	271,300	- FY21 Fund Balance Draw - Fire Union
45,300	440,600	485,900	- Special Assessments
400	25,900	26,300	- Designation for Lien Amnesty
2,066,300	7,170,400	9,236,700	Sub-Total Assigned
			<u>Unassigned</u>
(993,000)	1,499,700	506,700	- Available Balance for Future Year Appropriations
(993,000)	1,499,700	506,700	Sub-Total Unassigned
\$ 1,526,000	\$ 23,991,900	\$ 25,517,900	Total Fund Balance



General Fund

(Unaudited)

Million



Reserve For Contingency Increased By \$196,400 which Represents 23.47% of FY 2021 Beginning General Fund Appropriations (Expenditures)



Tree Planting Trust Fund

(Unaudited)

- Revenue and Expenditures Recorded In General Fund
- Total Contributions Plus Interest Income - \$35,556
- Expenditures/Encumbrances - \$3,000
- End of Year Unencumbered Balance - \$528,007



Park Purchases Trust Fund

(Unaudited)

- Revenue and Expenditures Recorded In General Fund
- Total Contributions Plus Interest Income - \$1,555
- No Expenditures/Encumbrances
- End of Year Unencumbered Balance - \$110,700



Housing Initiatives Fund

(Unaudited)

- Revenue and Expenditures Recorded In General Fund
 - Total Contributions Plus Interest Income - \$15,406
 - Total Expenditures - \$597
 - End of Year Unencumbered Balance - \$515,879
- Balance for the Housing Initiatives Fund
 - Proceeds from Sale of City-Owned Surplus Properties – Housing Initiatives Fund
 - On September 10, 2020, City Council Adopted Supplemental Budget Resolution No. 2020-36
 - Shifted the Balance of the City’s General Fund Inner City Housing Initiatives Fund to Housing Initiatives Fund.



**CITY OF PENSACOLA
FUND BALANCE (FB) – NET ASSETS (NA)
BUDGET POSITION
(UNAUDITED)**

GENERAL GOVERNMENT

001 General Fund	25,517,900
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SPECIAL REVENUE FUNDS

102 Special Grants Fund	144,900
103 Local Option Gas Tax Fund	1,181,800
105 Community Redevelopment	5,303,100
109 Stormwater Utility Fund	407,900
115 Section 8 Housing Assistance	4,510,800

**CITY OF PENSACOLA
 FUND BALANCE (FB) – NET ASSETS (NA)
 BUDGET POSITION
 (UNAUDITED)**

Fund	Current Net-Assets 9/30/2020
GENERAL GOVERNMENT (Continued)	
<u>SPECIAL REVENUE FUNDS (Continued)</u>	
118 Law Enforcement Trust Fund	289,700
119 Natural Disaster Fund	282,000
120 Golf Course Fund	140,500
121 Eastside TIF	674,500
122 Inspections Fund	9,000
123 Westside TIF	422,600
124 Recreation Fund	303,900
125 Tennis Fund	154,300
126 CMP Management Services	38,600

**CITY OF PENSACOLA
 FUND BALANCE (FB) – NET ASSETS (NA)
 BUDGET POSITION
 (UNAUDITED)**

Fund	Current Net-Assets 9/30/2020
GENERAL GOVERNMENT (Continued)	
<u>DEBT SERVICE FUNDS</u>	
210 CRA Debt Service Fund	3,126,600
213 LOGT Debt Service Fund	1,537,200
<u>CAPITAL PROJECTS FUNDS</u>	
307 Local Option Sales Tax Fund	4,996,500
314 CRA Series 2017 Project Fund	10,366,900
315 CRA Series 2019 Project Fund	18,071,600
316 LOST Series 2017 Project Fund	1,030,900
329 Stormwater Capital Fund	4,533,600

**CITY OF PENSACOLA
 FUND BALANCE (FB) – NET ASSETS (NA)
 BUDGET POSITION
 (UNAUDITED)**

Fund	Current Net-Assets 9/30/2020
PROPRIETARY FUNDS	
<u>ENTERPRISE FUNDS</u>	
401 Gas Utility Fund	22,276,200
402 Sanitation Fund	1,156,800
403 Port Fund	1,403,200
404 Airport Fund	17,881,600
<u>INTERNAL SERVICE FUNDS</u>	
502 General Stock Fund	863,400
503 Insurance Retention Fund	4,396,200
504 Central Services Fund	3,168,500

Special Revenue Funds

(Unaudited)

- **Local Option Gasoline Tax**
 - **Revenue Below FY 2019 by \$63,000**
 - **Revenue Below Beginning Budget By \$56,400**
 - **Revenue & Fund Balance of \$1,511,200 equals the Total Expenditures**
 - Ending Restricted Fund Balance - \$1,181,800
 - Future Debt Service Payments



Special Revenue Funds

(Unaudited)

- **Stormwater Utility Fund**
 - Revenue - **\$2,837,000 (Equal to Budget)**
 - Exp./Enc. - **\$3,192,200 (Below Budget)**
- Committed Fund Balance of \$407,900
 - Supplemental Budget Resolution No. 2020-59
 - Fund Balance Drawdown- \$97,200
 - \$87,000 Sweeper Refurbishment
 - \$10,200 FDOT ROW Revenue



Special Revenue Funds

(Unaudited)

- **Natural Disaster Fund**

- Accounts for disaster-related activity (Hurricane Sally)
- CARES Act Funding (Non-Airport related)
- Receives Revenues from Federal & State Agencies on a Reimbursement Basis
- Disaster Cost Split:
 - Federal – 75%
 - State – 12.5%
 - City of Pensacola –12.5% Balance of expenditures
- **Expenditures/Encumbrances Greater than Revenues by \$11,171,400**
 - Revenue - \$1,806,300
 - Expenditures/Encumbrances - \$12,977,700
 - Restricted Fund Balance of \$282,000



Special Revenue Funds

(Unaudited)

- **Municipal Golf Course**

- Revenues At Budget

- Revenues - \$779,900

- **FY 2020 Revenues Exceeded FY 2019 Revenues by \$331,500**

- **Exp./Enc. Under Budget by \$90,700**

- Exp./Enc. - \$689,200

- **Revenues Exceeded Expenditures and Encumbrances by \$135,400**

- Increase in Revenues

- Mainly due to Good Weather
- Essential Services provided during COVID-19 Pandemic
- Not Required to Shut down during COVID-19 Pandemic
- Increase play resulted with the ability to Social Distance

- General Fund Subsidy - \$250,000



Special Revenue Funds

(Unaudited)

- **Municipal Golf Course (Continued)**
 - Rounds Played in FY20 – 21,828/FY19 – 19,951
 - **Up 1,877**
 - Driving Range Usage in FY20 – 6,638/FY19 – 5,536
 - **Up 1,102**
 - Concession payments are current through the fourth quarter of FY 2020



Special Revenue Funds

(Unaudited)

• **Inspection Services Fund**

- **Revenues Exceeded Beginning Budget by \$101,700**
- **Expenditures Under Budget by \$104,700**
- **Revenues Exceeded Expenditures by \$206,300**
- **Restricted Fund Balance - \$9,000**



Special Revenue Funds

(Unaudited)

■ Roger Scott Tennis Center

- Three Year Contract for Operation & Management of Roger Scott Tennis Center
 - Gulf Coast Tennis Group, LLC
 - January 1, 2018 – December 31, 2020
 - City Receives Minimum Annual Revenue - \$125,000
 - Deferral Program Due to COVID-19 Pandemic through June 30, 2020
 - Balance of \$18,229 to be Received in FY 2021
- **Revenues Equal to Final Budget**
 - Revenues - \$131,300
- **Expenditures Below Budget by \$50,100**
 - Expenditures - \$79,300
- **Total Revenues Exceed Expenditures By \$33,600**
- Assigned Fund Balance - \$153,300



Special Revenue Funds

(Unaudited)

• **Community Maritime Park Management Services Fund**

- Impacted by COVID-19 Pandemic
 - Blue Wahoos Baseball & University of West Florida Football Games Cancelled
 - Limited activities with COVID-19 Requirements in Place
- **Expenditures Exceeded Revenues by \$12,100**
- **Renewal & Replacement Revenues Exceed Expenditures and Encumbrances by \$46,100**
- Restricted Fund Balance – excluding encumbrances, Parking and Renewal & Replacement - \$38,600



Capital Projects Funds

(Unaudited)

- **Local Option Sales Tax Fund**
 - **Revenues Equal to Budget**
 - Revenues - \$8,785,300
 - **Exp./Enc. Within Budget**
 - Exp./Enc. - \$14,715,900
 - **Tax Collections Decreased by 2.28% from FY 2019**
 - Due to COVID-19 Pandemic
 - Anticipated to Recover when COVID-19 Pandemic Subsidies
 - **Restricted Fund Balance(Excluding Encumbrances and Bond Reserves) Decreased from \$3,926,400 to a Negative \$1,266,500 in FY 2020**
 - Citizens voted to extend LOST through December 31, 2028



Capital Projects Funds

(Unaudited)

- **Local Option Sales Tax Fund (Continued)**
 - City issued Infrastructure Sales Surtax Revenue Bond, Series 2017 to Fund Projects in LOST IV Plan
 - Necessary to Draw Upon City’s Pooled Cash to Cover Cash Shortfalls
 - Projected to be Necessary through the End of the Life of LOST IV Series.
 - Fund Balance is Also Projected to be Negative Based on Project Completion Dates.



Capital Projects Funds

(Unaudited)

- **Stormwater Capital Projects Fund**
 - Transfers from General Fund
 - Revenue Fee Collection - \$2,732,200
 - Exp./Enc. - \$4,142,000
 - Fund Balance of \$3,766,300
 - Carried Forward - \$3,730,500



Enterprise Funds

(Unaudited)

▪ Gas Utility Fund

– **Revenues Exceeded Expenses by \$1,680,500**

• Revenue - \$47,590,900

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

• Pensacola Energy Reserve

– FY 2020 \$1,563,500 Collected

– Infrastructure Cost Recovery Revenue - \$3,118,100

– Net Current Assets

• **Increased by \$1.8 Million from Beginning FY 2020 to End of Year - \$22.3 Million**

– Total Equity Less Bond Reserves

• **Increased by \$3.4 Million from Beginning FY 2020 to End of Year - \$61.7 Million**



Enterprise Funds

(Unaudited)

■ Sanitation Fund

- **Revenues Exceeded Expenses by \$122,000** (Excluding Code Enforcement)
 - Revenues - \$8,405,500
 - Expenses - \$8,283,500
- **Code Enforcement Expenses Exceeded Revenues by \$113,400**
 - Code Enforcement Revenues - \$1,445,400
- Net Current Assets - \$1,156,800
 - **Increased by \$54,100 from Beginning FY 2020 to End of Year - (Excluding Code Enforcement & Lot Cleaning)**
- Total Fund Equity Less Bond Reserves
 - **Increased by \$2,043,200 from Beginning FY 2020 to End of Year with a Balance of \$966,700**
- CNG Rebates Received - \$1,181,000



Enterprise Funds

(Unaudited)

▪ Port of Pensacola

- **Revenues plus transfers in from Local Option Sales Tax were Above Operating Expenses by \$787,800**
 - Revenues – FY20 - \$2,755,000
FY19 - \$2,406,800
An Increase of \$348,200
 - Transfers in from Local Option Sales Tax - \$118,500
 - Expenses - \$2,085,700
 - Increases Due to Port Tariff Rate Revisions & Security Fees and Increased Imports of Wind Generator Component Feedstocks for Local GE Plant
- Net Current Assets
 - **Increased by \$945,000 from Beginning FY 2020 to End of Year - \$1,403,200**
- Total Equity Less Bond Reserves
 - **Increased by \$734,800 from FY 2020 Beginning to End of Year \$16.9 Million**



Enterprise Funds

(Unaudited)

▪ Airport Fund

- **Revenues were Below Budget by \$841,300**
- **Revenues decreased by \$5.2 million from FY 2019**
- **Expenses (Excluding CARES Act Funding & Debt Service) were \$1.7 Million Below FY 2019**
- Transportation Industry is Experiencing the Effects of COVID-19 Pandemic
 - Passenger Traffic Dropping
 - CARES Act Funding Received- \$5 Million
 - To Help with Operations & Maintenance recovery from COVID-19 Pandemic.



Enterprise Funds

(Unaudited)

▪ Airport Fund

- Net Current Assets
 - Increased by \$7.6 Million from Beginning FY 2020 to End of Year - \$17.9 Million (Majority of Which Related to Receiving CARES Act Funding)
- Total Fund Equity Less Required Bond Reserves
 - Increased by \$11.3 Million from Beginning FY 2020 to End of Year - \$168.3 Million



Internal Service Funds

(Unaudited)

- **Insurance Retention Fund/Central Services Fund**

- Provide Services To Other Operating Funds
- Revenues and Expenses are Consistent with Budgeted Levels



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
 - FY 2020 Cost Less than FY 2019
 - Fiscal Year 2020 Legal Costs (Inside and Outside) Was Lower By \$14,000 Than Fiscal Year 2019



Legal Costs Schedule

CITY OF PENSACOLA
 SCHEDULE OF LEGAL COSTS
 September 30, 2020
 (Unaudited)

<u>ATTORNEY NAME OR FIRM</u>	<u>AMOUNT PAID</u>	<u>NATURE OF SERVICES PROVIDED</u>
RISK MANAGEMENT:		
QUINTAIROS PRIETO WOOD & BOYER PA	8,735.00	Workers Compensation and Liability Claims
RODERIC G. MAGIE, PA	69,515.39	Workers Compensation Claims
SNIFFEN & SPELLMAN PA	75,916.15	Police Liability Claims
WILSON HARRELL & FARRINGTON PA	64,980.29	Claims and Litigation
	219,146.83	TOTAL:
ST AEROSPACE:		
BEGGS & LANE	274,074.27	Airport VT Mobile Aerospace Engineering Project
	274,074.27	TOTAL:
ALL OTHER LEGAL COSTS:		
ALLEN NORTON & BLUE P A	\$54,952.03	Administrative, Collective Bargaining and Employee Matters
BEGGS & LANE	12,567.00	Contract and Real Estate Law
BRYANT MILLER OLIVE PA	21,914.53	Bond Counsel and CRA Matters
CARLTON FIELDS JORDEN BURT	54,731.94	Environmental and Real Estate
GRAY ROBINSON PA	35,456.20	Fee, Tax and Pension Plan Compliance
GUNSTER YOAKLEY & STEWART PA	6,395.10	Natural Gas Matters
LOCKE LORD LLP	2,500.00	Bond Disclosure Counsel
MCCARTER & ENGLISH LLP	15,738.97	Natural Gas Industry
NABORS GIBLIN & NICKERSON P A	5,088.50	Annual Stormwater Assessment Program
PLAUCHE MASELLI PARKERSON LLP	380.00	Utility Litigation
RAY, JR LOUIS F	31,581.00	Code Enforcement Special Magistrate
STEINMEYER FIVEASH LLP	1,595.00	Environmental and Property Matters
	242,900.27	TOTAL:
REPORT TOTAL	\$736,121.37	



Police/Fire/General Pension Plans

(Unaudited)

- Interest Investment Rate Reported to City Pension Boards

- FY 2020 Investment Gain

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FYE 20</u> <u>Actuarial</u>
	11.2%	8.0%	1.4%	8.7%	* —
	11.3%	9.2%	3.0%	11.4%	7.75%
	13.89%	10.26%	4.66%	9.35%	7.125%

19 Actuarial Assumed Earnings Rate

- **Plans Achieved Higher Rate of Return Than Assumed Earnings Rate in FY 2020**

- General Pension and Police Pension Plans Closed



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