

Financial Report

City of Pensacola

3rd Quarter Financial Statement

Nine Months Ending June 30, 2014



Overview

- Downturn in Economy
- Half-Cent Sales Tax and Local Option Sales tax
- Expenditures, in total, are in line with Budgeted Projections
- Supplemental Budget Resolution - May 2014
 - Appropriated Additional Revenue and Expense within the Gas Utility Fund
- Supplemental Budget Resolution
 - August 2014 Variance in Revenues & Expenditure Issues



Overview

- Annual Pension Payment Contributions
 - Lump sum payment made on October 1st
- Allocated Overhead/(Cost Recovery)
- Interest Rates
 - Interest Income in most funds will be Below the Prior Year Amounts
- Legal Services and Fees



General Fund

- Revenues Exceeded Budget
 - Property Tax and Local Business Tax Revenues
 - State Traffic Signal and Street Light Maintenance
 - Franchise Fees and Public Service Tax – **Up \$1,000,000 or 11.86%**
 - Half-Cent Sales Tax – **Up \$61,800 or 2.47%**
 - Municipal Revenue Sharing – **Up \$11,600 or 0.70%**
 - Communication Services Tax – **Down \$269,500 or 11.45%**



General Fund

- Stormwater Utility Fee Transfer Exceeds Budgeted Levels
- Expenditures, in total, were within Budget
 - Liability Insurance Exceeds Original Budget Estimates
- Staff Continues to Monitor Expenditures
- Selective Hiring Process Continues
- General Fund Capital Equipment funded in Penny For Progress



Tree Planting Trust Fund

- Revenue and Expenditures Recorded In General Fund
 - Contributions Plus Interest Income - \$4,288
 - Exp/Enc - \$0
 - Unencumbered Balance - \$663,231



Park Purchases Fund

- Revenue and Expenditures Recorded In General Fund
 - Contributions Plus Interest Income - \$51
 - Exp/Enc - \$38,217
 - Unencumbered Balance – Projected to be Zero by Fiscal Year End



Economic Development Incentives Fund

- Revenue and Expenditures Recorded In General Fund
 - Contributions Plus Interest Income - \$88,635
 - Unencumbered Balance - \$1,117,733



Special Revenue Funds

- **Local Option Gasoline Tax**

- Revenue Below Budget By **\$6,200 or 0.62%**
- Expenditures Will Not Exceed Budget By Fiscal Year End

- **Stormwater Utility Fund**

- Revenue of \$2,593,410 Represents 102.44% of Budget
- Expenditures Consistent With Budget

- **Municipal Golf Course Fund**

- Expenditures Exceeded Revenues By **\$210,900** Before General Fund Subsidy (\$67,500)
- Compared to FY 2013, Revenue is **\$144,100 below** prior year revenues
 - Due to Cold & Wet Weather Conditions in November and December
 - April 2014 Flooding
- An additional \$250,000 Subsidy Will Be Necessary from the General Fund
- Transfer to the Local Option Sales Tax Fund Not Possible
- Supplemental Budget Resolution



Special Revenue Funds

- **Municipal Golf Course Fund (Continued)**

- Decreased usage compared to Last Fiscal Year

- Rounds played: FY14 – 11,346/FY13 – 16,763

- » Down **5,417**

- Driving Range Usage: FY14 – 3,078/FY13 – 5,438

- » Down **2,360**

- Golf Course Damaged by April 2014 Flood Event

- Partial Closure of Golf Course (9 holes)
- Significant Decrease in Rounds Played and Number of Golfers utilizing restaurant facility
- Golf Course anticipated to Resume full Operations in December 2014 or January 2015

- Expenditures are Consistent with Budget

- Staff Continues to Monitor expenditures and Stay within Budget

- Three Year Concession agreement between City and Fusion Grill, Inc.

- Storm Drainage Amended Payment Schedule
- First Payment due April, 2015



Special Revenue Funds

- **Inspection Services Fund**

- Revenues Exceeded Expenditures **By \$199,600**
- Compared to FY 2013, revenue is **\$162,200 above** prior year revenues.
- Larger Construction Projects are Underway
- Expenditures are anticipated to be within Budgeted levels by Fiscal Year End



Special Revenue Funds

■ Roger Scott Tennis Center

- Total Revenue Consistent With Budget
 - Memberships Renewals in Second Quarter
 - Revenues **\$20,500 Above** Prior Fiscal Year
- Expenditures Not Anticipated To Exceed Budget By Fiscal Year End
- Concession Agreement – February 6, 2014
 - Coastal Concessions, LLC
- Tennis Center Damaged by April 2014 Flood Event
 - Repairs are Underway on Sidewalks and Fencing
 - Bids for Clay Court Repairs to Close August 21, 2014



Special Revenue Funds

■ Community Maritime Park Management Services Fund

- Three Components to Park Management Service Agreement with the Community Maritime Park Associates (CMPA)

- Community Maritime Park Insurance

- Reimbursed at 100% by CMPA

- Actual Expenditures through 3rd Quarter - \$120,200

- Park Maintenance and Landscaping Services

- CMPA pays City actual costs incurred up to a maximum of \$248,945

- Actual Expenditures through 3rd Quarter - \$94,600

- Event scheduling and planning, management of outside kiosk sales, rentals, food service, parking management, and other vendor services.

- Maximum payable by the CMPA - \$256,054

- Revenues were Above Expenditures through 3rd Quarter by **\$25,900**

- Maritime Park Construction Fund Closed – October 1, 2013



Capital Projects Funds

- **Local Option Sales Tax Fund**

- Revenues Exceeded budget by **\$187,200 or 4.32%**
- Expenditures, in Total, Consistent with Budget
- Pooled Cash
 - Negative Fund Balance
- Local Option Sales Tax Issue - Expires December 31, 2017
 - Referendum Determined by Escambia County

- **Stormwater Capital Projects Fund**

- \$2,597,117 transfer from General Fund Equaled Revenue Fee Collections
- Expenditures Within Budget



Enterprise Funds

▪ Gas Utility Fund

- Expenses and Encumbrances Below Revenue and Fund Balance by **\$3,100,000**
 - Extremely Cold Weather
- Supplemental Budget Resolution
 - May 2014 - Addressed Additional Gas Costs
 - August 2014 - Addresses changes in revenue and increased Liability Insurance Costs
- PGA Calculation
 - Additional 10¢
 - Recoup Shortfall in Reserve Balance FYE 2013 - \$5,300,000
 - \$1,833,986 Recovered Thru June
- Infrastructure Recovery Fee - \$1,467,707



Enterprise Funds

■ Sanitation Fund

- Revenue and Fund Balance Exceeded Expenses and Encumbrances by **\$243,600**
- Revenues Consistent With Budget and Exceeded Prior Year Revenues
- Recycling
 - Last Day Recycling Materials sent to West Florida Recycling was April 14, 2014
 - Beginning May 28th, all recyclables have been transported to Infinitus Energy in Montgomery, AL
 - Supplemental Budget Resolution June 2014 - for Purchase of truck tractor and transfer trailers
 - July 7, 2014 - Tarpon Paper in Loxley, AL
- Expenses were Consistent with Budget



Enterprise Funds

■ Port of Pensacola

- Expenses and Encumbrances were below Operating Revenues and Fund Balance by **\$116,600**
- Revenues Below FY 13 **By \$187,700**
 - Decline in Rent Revenue with Closure of Port's liquid asphalt terminal
- Offshore Inland Marine Lease will restore \$173,000 in Rent Revenue
- Expenses, in total, were at or Below Budget
 - Expenses were **\$252,600** less than the Prior Fiscal Year
- Staff continues to operate at minimal costs



Enterprise Funds

■ Port of Pensacola

- Port Lease Payments have been paid and are Current with the Exception of:

- CEMEX - Outstanding Balance of \$18,447 in Dockage and Other Vessel Fees

- Less than 60 days past due

- Offshore Inland Marine – Outstanding Balance of \$230,276.65

- Lease payments current

- Dockage and Other Vessel Fees Recovered from Customers

- \$190,462.47 more than 60 days past due

- \$83,000 more than 120 days past due

- Notice Has been Sent



Enterprise Funds

▪ Airport Fund

- Revenue Below Expenses and Encumbrances by **\$717,700**
- Revenues Not Anticipated to meet Budget
- Compared to FY 2013, Passenger Traffic has decreased by **0.30%**.
- Number of passengers increased by **2.20%** during the 3rd Quarter
 - Increase due to increase in the number of airline seats available
- Operating Revenues were **\$560,400 below** the Prior Fiscal Year
 - Due to Airline Revenues as a result of Southwest's two-year Incentive Plan
- Expenses are Consistent with Budget



Internal Service Funds

- Insurance Retention Fund/Central Services Fund
 - Provide Services To 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



Legal Costs Schedule

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



CITY OF PENSACOLA
SCHEDULE OF LEGAL COSTS
June 30, 2014
(Unaudited)

ATTORNEY NAME OR FIRM	AMOUNT PAID	NATURE OF SERVICES PROVIDED
ALLEN NORTON & BLUE P A	109,379.91	Administrative, Collective Bargaining and Employee Matters
BEGGS & LANE	202,695.56	Contract and Real Estate Law
COASTAL ASSOCIATION LAW GROUP	3,917.36	Contract and Real Estate Law
COLLEEN CLEARY ORTIZ PA	1,942.50	Police Forfeiture Cases
DAVIDSON & HIERS P A	625.00	Mediation
EDWARDS WILDMAN PALMER LLP	8,791.42	Bond Disclosure Counsel and New Market Tax Credits
GRAY ROBINSON PA	28,520.74	Tax and Pension Plan Compliance
GUNSTER YOAKLEY & STEWART PA	23,243.41	Natural Gas Franchise Fee
HAMMONS, LONGORIA, WHITTAKER PA	3,202.48	Code Enforcement Lien Foreclosures
HARRISON SALE MCLOY & JACKSON	287.50	Review of Council Rules and Procedures
JOLLY & PETERSON PA	33,542.85	Police Liability Claims
LAW OFFICES OF WILLIAM I GAULT	2,500.00	Aviation Bankruptcy Claims
LEWIS LONGMAN & WALKER P A	105,271.16	Environmental Matters and Property Issues
LOCKLIN & SABA PA	3,000.00	Contract and Real Estate Law
MCCARTER & ENGLISH LLP	24,767.97	Natural Gas Industry
MCDONALD FLEMING MOORHEAD	10,445.25	Construction Contract Review and Litigation
MCGUIREWOODS LLP	9,501.00	Bond Counsel
MESSER LAW FIRM PA	130,675.30	City Attorney
MILLER BALIS & O'NEIL PC	12,630.43	Natural Gas Industry
NABORS GIBLIN & NICKERSON P A	861.38	Annual Stormwater Assessment Program
PHILIP A BATES PA	1,990.50	Sanitation Claims
PLAUCHE MASELLI PARKERSON LLP	41,112.57	Utility Litigation
RAY, JR LOUIS F	10,947.50	Code Enforcement Special Magistrate
RUMBERGER KIRK & CALDWELL PA	25,131.71	Police Liability Claims
SCHNADER HARRISON SEGAL &	3,240.58	Aviation Industry
WELLS, WILLIAM D, JR DBA	49,500.00	Administration and Code Enforcement
WILSON HARRELL & FARRINGTON PA	148.50	Claims and Litigation
REPORT TOTAL	<u>\$847,872.58</u>	



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