

City of Pensacola, Florida

FISCAL YEAR 2007

Budget In Brief



For the year ending September 30, 2007

Budget in Brief

CITY OF PENSACOLA, FLORIDA APPROVED BUDGET – Fiscal Year 2007

The attached budget in brief provides for an adopted millage rate of 4.950. The millage rate has been reduced for the first time in thirteen years from 5.057 mills to 4.950 mills.

The dates for the public hearings were scheduled for Wednesday, September 6, 2006 and Monday, September 18, 2006 to tentatively and finally adopt the budget. Both hearings were held at 5:15 p.m. in City Council Chambers.

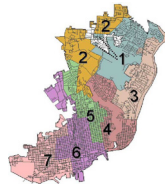
The budget as adopted is balanced for Fiscal Year 2007.

The assessed value received from the Property Appraiser indicated an increase of 23.73% over the Fiscal Year 2006 final assessed valuation.

THOMAS J. BONFIELD
CITY MANAGER



**John R. Fogg,
Mayor**



FY 2007 CITY COUNCIL



**Michael J. DeSorbo,
Deputy Mayor, District 3**



**Jewel Cannada-Wynn
District 6**



**Marty Donovan,
District 4**



**John Jerrals
District 5**



**John W. Nobles
At Large, District 8**



**J. D. Smith
District 2**



**Ronald P. Townsend
District 7**



**Michael C. Wiggins
At Large, District 9**



**P. C. Wu, Ph.D.
District 1**

Budget In Brief

City of Pensacola, Florida

BUDGET FACTS

The City's fiscal year begins October 1 and ends September 30. This is the time frame specified by state law for all local government budgets. Florida Statutes also require that budget appropriations be made each year and that each year's budget be balanced.

Each year the City Council approves a budget that funds operations and the capital improvement plan.

The City Manager presents a proposed budget to City Council each year. The Fiscal Year 2007 budget was presented to City Council on August 7, 2006. Workshops to review and discuss the budget as presented by the City Manager were held August 14, 2006 and August 15, 2006. Two official public hearings are required for adoption and were held at City Hall on:

September 6, 2006 at 5:15 p.m.

September 18, 2006 at 5:15 p.m.

In addition to state law and the City Charter, the Council has adopted a series of Financial Policies that provide guidance in developing the annual budget. These guidelines cover such areas as revenue forecasting, fund balances, investment of City funds and issuance of debt.

City monies are budgeted and accounted for in a number of different "funds." This allows monies which must be spent for certain purposes to be separated, and it helps to show the full cost of certain City operations. The main types of funds in the City's budget are:

➤ **THE GENERAL FUND**, which supports all the services of general government that are not required to be accounted for separately.

This includes police and fire services, regulatory services, such as zoning and construction permitting; leisure activities such as parks and recreation; and general administrative functions, such as the elected officials, city clerk and financial services.

➤ **SPECIAL REVENUE FUNDS**, which segregate monies received or set aside for specific purposes and activities which need to be accounted for separately. These include local option gasoline tax, housing, community redevelopment, library, stormwater, youth, athletic, hurricane, and golf.

➤ **DEBT SERVICE FUNDS**, from which general government payments of principal and interest are made for monies the City borrows.

➤ **ENTERPRISE FUNDS**, which account for the full cost of operations, maintenance, debt and capital improvements of City operated "businesses": Gas Utility, Sanitation, Port and Airport.

➤ **INTERNAL SERVICE FUNDS**, which include the costs of the City's internal support services, such as risk management, print shop, mail room, management information services, engineering services and fleet maintenance. The departments served pay these costs.

BUDGET FACTS

The following City operations are operated as self supporting enterprises for which fees charged to users are intended to pay the full cost of operations:

- ✓ Gas Utility
- ✓ Sanitation
- ✓ Port
- ✓ Airport

The following City operations are tracked separately in special funds:

- ✓ Stormwater
- ✓ Housing
- ✓ Transportation Projects
- ✓ Community Redevelopment
- ✓ Library
- ✓ Youth and Athletic
- ✓ Hurricane
- ✓ Golf Course

For the first time in thirteen years, the millage rate has been reduced from 5.057 mills to 4.950 mills. City Property Taxes are estimated to generate \$15,405,600 to provide partial funding for essential services such as police and fire which total \$29,440,700.

Other City general revenues pay for:

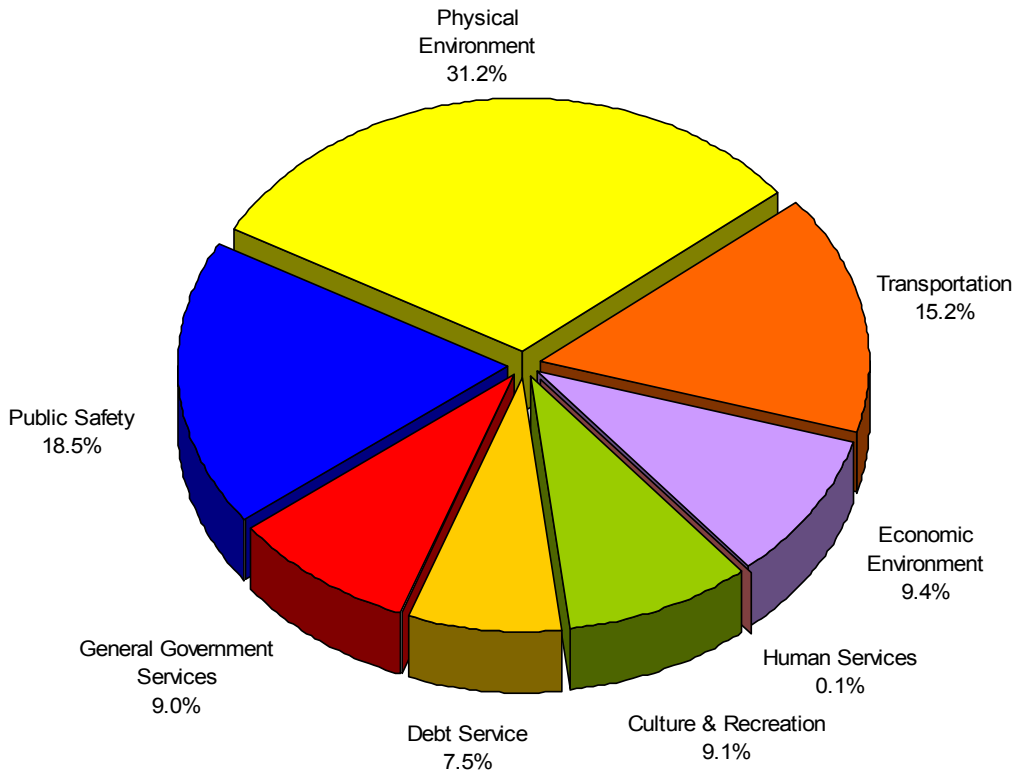
- ✓ Mowing and maintenance of parks and rights-of-way
- ✓ Operation and maintenance of senior center, athletic and recreational facilities
- ✓ Traffic signs and signal control; street lighting
- ✓ Maintenance of city's infrastructure such as streets, sidewalks and parking facilities.
- ✓ Zoning and construction permitting services
- ✓ Codes inspections and compliance
- ✓ Comprehensive and neighborhood planning
- ✓ Intergovernmental coordination
- ✓ Acquisition and management of City property
- ✓ Economic development and redevelopment coordination
- ✓ City administrative services such as legal, city clerk, employee services, and financial services.

Budget In Brief

City of Pensacola, Florida

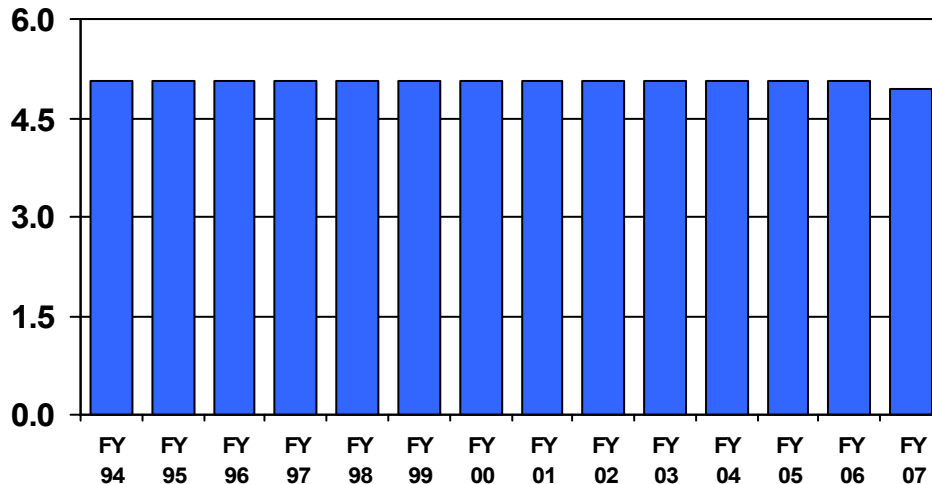
FISCAL YEAR 2007 APPROVED OPERATING BUDGET

\$236,099,700



Adopted Millage Rate: 4.950 mills

Millage rate has been reduced for the first time in thirteen years from 5.057 mills to 4.950 mills.



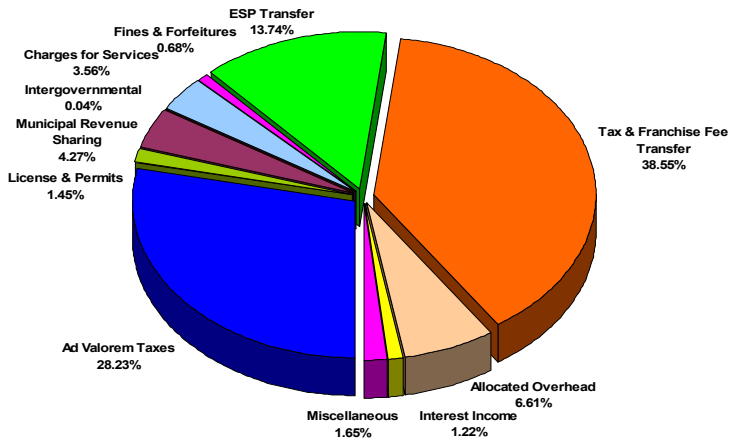
Budget In Brief

City of Pensacola, Florida

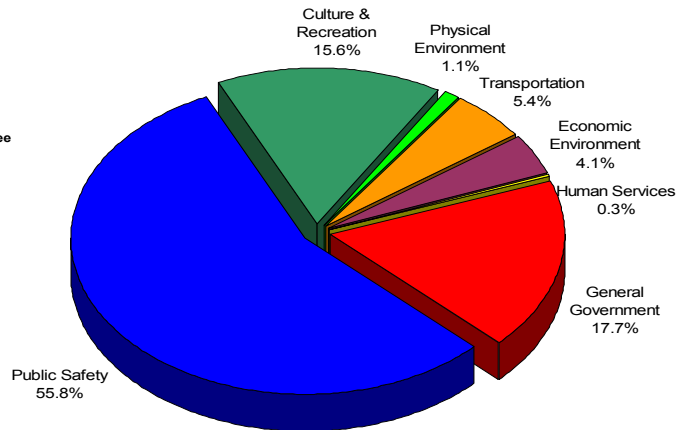
FISCAL YEAR 2007 APPROVED BUDGET GENERAL FUND

\$57,075,800

Revenues

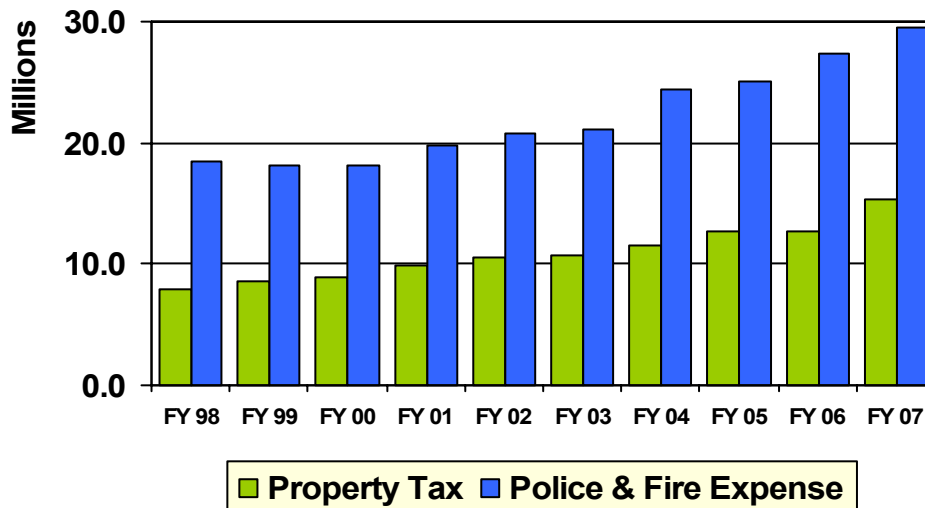


Expenditures



Property Tax vs. Police & Fire Requirements

Property taxes cover approximately 52% of the cost of the Police & Fire Departments in Fiscal Year 2007.



Budget In Brief

City of Pensacola, Florida

PROPOSALS FOR DEVELOPING THE FY 2007 BUDGET

Millage Rate

The approved budget provides for the first time in thirteen years a reduction in the millage rate from 5.057 mills to 4.950 mills. The reduction in the millage rate will provide \$333,000 in tax relief to the citizens of Pensacola while at the same time providing growth in the Pensacola tax base, i.e., new structures and valuation increases.

Employee Salaries and Benefits

A benchmark survey of various municipal governments similar to the City of Pensacola indicates that the minimums and maximums for ranges GE-01 to GE-13 are below the benchmark survey and have been adjusted accordingly. This should help put the entry level positions more in line with the local market and improve retention by being more competitive with other agencies. Approximately 440 of 631 classified service positions, not including those positions represented by a collective bargaining agreement will be affected. The starting salary for entry level City employees has increased from \$7.43 per hour to \$8.92 per hour.

Reserves

Beginning in FY 2007 interest earnings will be applied towards the reserve amount which will provide a revenue source in addition to that amount generated from sale of surplus City property.

Library

A new West Side branch location is being proposed in the FY 2007 Budget. Additionally, the budget provides funding to reopen all library facilities on Mondays and increase services in the computer lab at the

Downtown Library. These enhancements will result in the addition of six new positions at the Library.

Gas Piping Services

In recent years, the cost to consumers of construction trade services, including natural gas piping and installation has increased steadily. Compounding the problem has been the recent devastating hurricane seasons. A pilot program has been created to respond to the problem of providing gas piping and installation services. The response has been positive and in FY 2007 a new Gas Piping Services Division has been created.

General Fund Capital Equipment

The recently extended Local Option Sales Tax provides an avenue for funding general fund capital equipment which would not have been possible had the tax not been extended. The Penny for Progress plan will provide \$1,633,300 for police and fire capital equipment replacements, as well as \$1,415,500 for other departments in the General Fund.

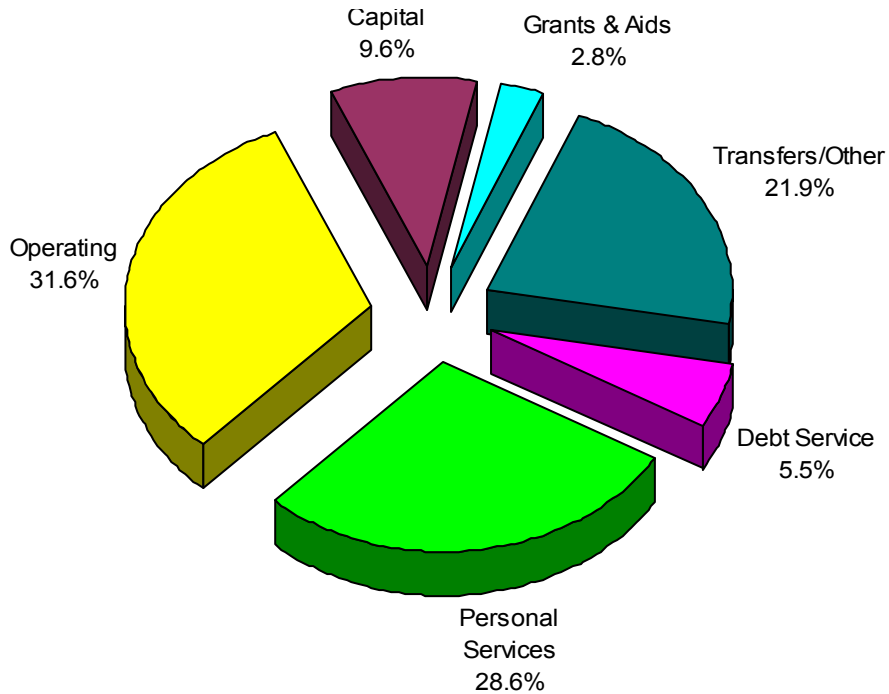
Golf Course

The Golf Course function has been moved from an enterprise fund to a special revenue fund as part of the FY 2007 Budget. It is Council's intent to legally restrict Golf Course Revenues to be used only for Golf Course expenditures, however it is not expected to recover all costs of providing services and capital costs. Various rate increases at the Golf Course have been put in place to offset the ever-increasing operating costs.

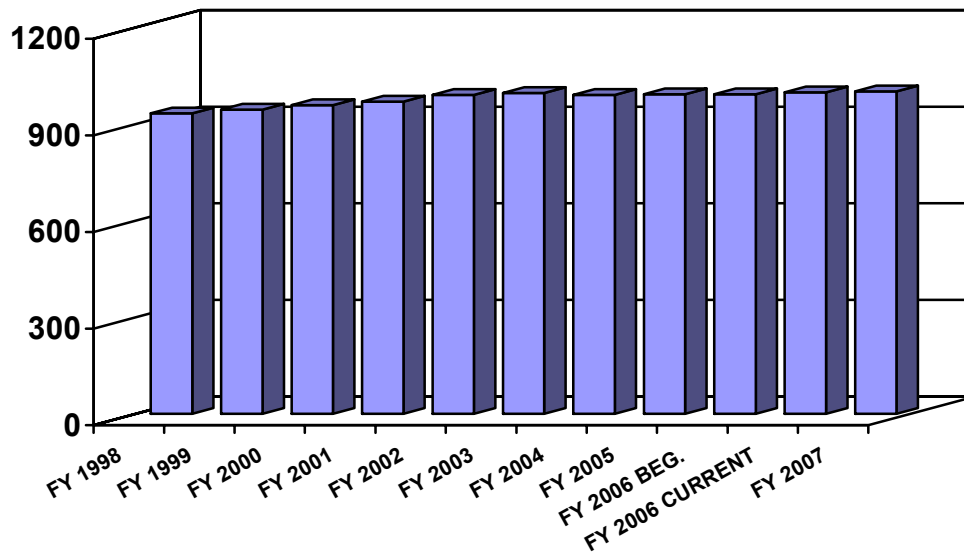
Budget In Brief

City of Pensacola, Florida

FY 2007 CITY-WIDE EXPENDITURES BY CATEGORY



FULL-TIME CITY-WIDE EMPLOYEES LAST TEN YEARS



Budget In Brief

City of Pensacola, Florida

FY 2007 CITY-WIDE APPROVED BUDGET

The **APPROVED** City budget looks like this:

GENERAL FUND

Public Safety 30,800,800
Police, Fire, Inspections

General Government 9,804,600
City Council, City Manager
City Clerk, Legal, Employee
Services, Civil Service, Financial
Services, Community Development,
Building Maintenance, Agency
Funding For Human Relations
Commission and The West Florida
Regional Planning Council

Culture & Recreation 8,640,800
Parks & Recreation, Agency
Funding for Saenger Theatre,
The Arts Council and the City's
Share For The Library System

Transportation 2,993,200
Public Works and Right
Of Way Maintenance

Economic Environment 2,240,900

Agency Funding for Pensacola
Escambia Development
Commission, Gulf Coast
African American Chamber
Of Commerce, Foundations
For the Future, Payments to
Tax Increment Districts

Other Financing Uses 1,835,000
Transfer to Stormwater
Utility Fund

Physical Environment 615,500
Agency Funding for Animal
Control Services, Bay Area
Resources Council, Engineering
Services

Human Services 145,000
Agency Funding for Human
Services Appropriations, Lakeview
Center and Pensacola Promise

TOTAL GENERAL FUND 57,075,800

Budget In Brief

City of Pensacola, Florida

FY 2007 CITY-WIDE APPROVED BUDGET

SPECIAL REVENUE FUNDS

Special Revenue	437,300
Local Option Gasoline Tax	1,759,600
Community Development Block Grant	1,197,700
Community Redevelopment Agency	5,100,500
Urban Core Redevelopment Trust	5,474,500
Library	5,161,200
Stormwater	2,232,700
Section 8	14,093,200
Youth Center	535,000
Athletic	160,900
Hurricane Damage	552,500
Golf Course	777,800
Eastside TIF	100,700

**TOTAL SPECIAL
REVENUE FUNDS 37,583,600**

DEBT SERVICE FUNDS

Tax & Franchise Fee Debt Service	24,730,300
CRA Debt Service	429,500

**TOTAL DEBT SERVICE
FUNDS 25,159,800**

CAPITAL PROJECTS FUNDS

Local Option Sales Tax	7,003,900
Stormwater Construction	1,900,000

**TOTAL CAPITAL
PROJECTS FUNDS 8,903,900**

ENTERPRISE FUNDS

Gas Utility	54,417,300
Sanitation	7,517,300
Port	2,980,000
Airport	24,244,300

**TOTAL ENTERPRISE
FUNDS 89,158,900**

INTERNAL SERVICE FUNDS

Insurance Retention	13,141,100
Central Services	5,076,600

**TOTAL INTERNAL
SERVICE FUNDS 18,217,700**

**TOTAL PROPOSED
BUDGET 236,099,700**

PROPERTY TAXES

MILLAGE RATE

The property tax rate is expressed in mills and is also called an “ad valorem” tax because it is based on value.

A MILL is \$1 for every \$1,000 of taxable property value (your assessed value minus any exemptions).

The operating millage cannot exceed 10 mills. The approved budget provides for the first time in thirteen years a reduction in the millage rate from 5.057 mills to 4.950 mills. The reduction in the millage rate will provide \$333,000 in tax relief to the citizens of Pensacola while at the same time providing growth in Pensacola’s tax base, i.e., new structures and valuation increases.

AD VALOREM TAXES

The preliminary certified value for all taxable property assessed on January 1, 2006 is \$3.241 billion, an increase of 23.73% over last year’s final value. The budget is prepared based on 96% of the taxable value.

For the FY 2007 budget, this taxable value will generate \$3 million for each mill levied by the City.

EXEMPTIONS

The Florida Constitution provides for a homestead exemption of \$25,000 from a property’s assessed value for Florida residents living in a dwelling and making it their permanent home on January 1 of each year.

Cities and counties also have been authorized by State Legislation to approve an additional Homestead Exemption under the “Save our Seniors” Amendment. In November, 2001, City Council approved an Ordinance authorizing an additional \$25,000 exemption. The County Appraiser is responsible for processing and verifying applications. To qualify, a household must have at least one member age 65 or older AND have a combined income of \$23,463 per year or less. This income cap amount is

established by the Legislature and is adjusted annually by the percentage change in the average cost-of-living index in the period January 1 through December 31 of the immediate prior year compared with the same period for the year prior to that.

Beginning with the 1995 tax roll, the Save Our Homes Amendment went into effect for residential homestead property. The increase cap for the 2007 roll was 3.0%. Your property value may be affected by this change, which the County Property Appraiser is responsible for implementing.

When property owners appeal their appraised value to the Value Adjustment Board, it can reduce the City’s total taxable value. The final taxable value for FY 2007 was received from the Property Appraiser’s office in October, 2006 and was valued at \$3.239 billion which is an increase of 23.64% over last year’s final value.

USES

Comparing the cost of essential police and fire services to all property taxes resulting from the City’s operating millage you will find that the tax will cover approximately 52% of the cost of police and fire services in FY 2007. Remaining general government services and the balance of police and fire costs will be paid from other general revenues of the City.

Your property tax bill contains more than just your City taxes. You also pay property taxes to the Escambia County Board of County Commissioners, the School Board, the Northwest Florida Water Management District and if your property is within the Downtown Improvement District, taxes may also be levied for that as well. Your CITY taxes will make up less than one-quarter of your total property tax bill. Even when the City’s tax rate is reduced, you may pay more taxes if your property value increases or other taxing authorities raise their rates.

MILLAGE RATE HISTORY FY 1998 – FY 2007

FISCAL YEAR	MILLAGE RATE
FY 1998	5.057
FY 1999	5.057
FY 2000	5.057
FY 2001	5.057
FY 2002	5.057
FY 2003	5.057
FY 2004	5.057
FY 2005	5.057
FY 2006	5.057
FY 2007	4.950

PROPERTY TAX AND POLICE/FIRE EXPENSE COMPARISON FY 1998 – FY 2007

FISCAL YEAR	PROPERTY TAX	POLICE/FIRE	% COVERED
FY 1998	7,954,601	18,409,150	43%
FY 1999	8,629,998	18,159,990	48%
FY 2000	8,964,217	18,073,798	50%
FY 2001	9,892,860	19,859,046	50%
FY 2002	10,621,227	20,755,428	51%
FY 2003	10,729,010	21,049,593	51%
FY 2004	11,535,736	24,419,686	47%
FY 2005	12,624,627	25,135,894	50%
FY 2006	12,670,100	27,332,600	46%
FY 2007	15,405,600	29,440,700	52%

PROPERTY TAX CHARTS

If you own a home in Pensacola, you can find how the FY 2007 city property tax rate of 4.950 mills will affect you by finding the figure nearest your home value on the chart below:

ASSESSED HOME VALUE	TAXABLE VALUE *	PROPOSED CITY PROPERTY TAX	PROPOSED OTHER GOVERNMENTAL ENTITIES PROPERTY TAX**	TOTAL PROPOSED PROPERTY TAX
\$25,000	\$ -	\$ -	\$ -	\$ -
50,000	25,000	123.75	417.50	541.25
75,000	50,000	247.50	835.00	1,082.50
100,000	75,000	371.25	1,252.50	1,623.75
125,000	100,000	495.00	1,670.00	2,165.00
150,000	125,000	618.75	2,087.50	2,706.25
175,000	150,000	742.50	2,505.00	3,247.50
200,000	175,000	866.25	2,922.50	3,788.75
225,000	200,000	990.00	3,340.00	4,330.00
250,000	225,000	1,113.75	3,757.50	4,871.25
275,000	250,000	1,237.50	4,175.00	5,412.50
300,000	275,000	1,361.25	4,592.50	5,953.75

* With \$25,000 Homestead Exemption

** Not including the Downtown Improvement District

WHERE A PENSACOLA TAXPAYER'S PROPERTY TAX DOLLAR GOES*

Twenty three cents of every dollar you pay in property taxes goes to the City. Most of your property taxes are paid to other taxing authorities, such as Escambia County or the School Board.

City		23 cents
County	40 cents	
School Board	36 cents	
Water Management District	1 cents	
		77 cents

* FY 2007 Proposed Millage Rates

GENERAL FUND SERVICES

General Fund Services will cost \$2.85 per resident per day in FY 2007.

**What \$2.85 per RESIDENT per
DAY buys:**

Police Services	88¢
Fire Services	59¢
Parks and Recreation	36¢
Fiscal Control.....	18¢
Streets and Traffic.....	13¢
Community Development.....	13¢
Legislative/Administrative	11¢
Tax Increment Financing District Pmt	10¢
Stormwater Capital Projects	9¢
Agency Funding.....	8¢
City Employment.....	7¢
Library Services Contribution	7¢
Facilities Maintenance	6¢

2007 BUDGET COMPARISONS

The charts below compare 2006 to 2007 in the following areas:

- General Fund Expenses and Revenues
- All Operating Fund Expenses and Revenues
- Total Operating Budget Expenses and Revenues

EXPENDITURES	FY 2006	FY 2007	\$ CHG	% CHG
General Fund	51,931,100	57,075,800	5,144,700	9.9%
Public Safety	28,598,900	30,800,800	2,201,900	7.7%
Culture/Recreation	7,470,300	8,640,800	1,170,500	15.7%
General Government Services	9,309,400	9,804,600	495,200	5.3%
Physical Environment	507,300	608,000	100,700	19.9%
Transportation	2,623,200	2,993,200	370,000	14.1%
Economic Environment	1,368,400	2,240,900	872,500	63.8%
Human Services	137,500	152,500	15,000	10.9%
Transfers to Other Funds	1,916,100	1,835,000	(81,100)	-4.2%
Total Other Funds	156,527,800	179,023,900	22,496,100	14.4%
Total All Funds	208,458,900	236,099,700	27,640,800	13.3%
REVENUES	FY 2006	FY 2007	\$ CHG	% CHG
General Fund	51,931,100	57,075,800	5,144,700	9.9%
Property Tax Revenue	12,670,100	15,405,600	2,735,500	21.6%
Licenses & Permits	635,100	787,900	152,800	24.1%
Intergovernmental Revenue	2,256,600	2,353,900	97,300	4.3%
Charges for Services	1,971,000	1,945,000	(26,000)	-1.3%
Fines & Forfeitures	480,700	370,300	(110,400)	-23.0%
Interest Income	325,000	665,900	340,900	104.9%
Miscellaneous	650,000	900,000	250,000	38.5%
Other General Fund Resources	32,942,600	34,647,200	1,704,600	5.2%
Total Other Funds	156,527,800	179,023,900	22,496,100	14.4%
Total All Funds	208,458,900	236,099,700	27,640,800	13.3%

FY 2006 BUDGET CALENDAR

Planning

- October through January – Staff review of previous budget process, comments from GFOA reviewers and development of broad objectives.

Preparation

- March – Budget Update “Kickoff” Meeting
- April – Budget Submissions Due

Review

- April through May – City Manager and Staff review proposed budget and departmental requests and meet with individual departments to review requests.
- June 1 – Preliminary tax roll information from the Property Appraiser’s Office available.

Public Adoption

- July 1 – Official preliminary taxable values provided by the Property Appraiser’s Office.
- July 27 – TRIM Rate is tentatively set by City Council.
- August 7 – Proposed Budget Document delivered to City Council.
- August 14 through 16 – City Council Workshops to Accept Public Input on the Proposed Budget.
- September 6 – City Council Workshop on the Proposed Budget.
- September 6 – First State-Required Public Hearing to Adopt Tentative Millage Rates and Tentative Budget.
- September 18 – Second State-Required Public Hearing to Adopt Final Millage Rates and the Fiscal Year 2007 Budget.



**Prepared by
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