

Financial Report

City of Pensacola

2nd Quarter Financial Statement

Six Months Ending March 30, 2018



FY 2018 Issues

- Growth in the Economy Continues
- Half-Cent Sales Tax & Local Option Sales Tax (PFP)
 - Growth from FYE 2016 to FYE 2017
 - Half-Cent Sales Tax increased by **2.76%**
 - Local Option Sales Tax increased by **2.86%**
- Ad Valorem Taxable Valuations
 - Positive Growth
- Expenditures in total, in line with Budgeted Projections
- Interest Rates
- Legal Services and Fees



General Fund

- In Total, Revenues Exceeded Budget
 - Attributed to Property Tax, Local Business Tax Revenues & Transfer from Pensacola Energy
 - Franchise Fees & Public Service Tax – **+\$234,000** or **6.58%** Up
 - Half-Cent Sales Tax – **+\$163,000** or **9.54%** Up
 - Communication Services Tax – **+\$51,300** or **4.21%** Up
 - Municipal Revenue Sharing – **+\$23,000** or **2.04%** Up



General Fund

- In Total, Revenues Projected to Meet or Exceed budget
- General Fund Transfer to Stormwater Capital Projects Exceed Budget
- Second Quarter Expenditures, In Total, Within Budget



Tree Planting Trust Fund

- Revenue and Expenditures Recorded in General Fund
 - Total Contributions Plus Interest Income - \$1,601
 - Expenditures/Encumbrances - \$0
 - City Council Voted to move \$300,000 to a reserved account
 - Review of Tree Planting Trust Fund expenditures
- End of Second Quarter Unencumbered Balance - \$387,242



Housing Initiatives Fund/Inner City Housing Initiatives Fund

- Revenue and Expenditures Recorded in General Fund
 - Establishment of Fund January 12, 2017
 - Pensacola Inner City Community Redevelopment Area
 - City Council Allocated funds August 10, 2017 - \$440,000
 - Second Quarter Total Contributions - \$124,800
 - Expenditures/Encumbrances - \$0
 - End of Second Quarter Housing Incentive Fund Balance - \$109,785



Special Revenue Funds

- Local Option Gasoline Tax Fund
 - Revenue equaled Budget for 2nd Quarter
 - FY 17 City Appeal Concerning Calculation for Distribution of funds
 - Funds Held in Escrow until Settlement
 - Settlement Agreement Reached April 6, 2017
 - Funds Released and Received on May 1, 2017
 - For comparison purposes revenue for prior fiscal year provided to reflect two-month period.
 - Expenditures will not Exceed Budget for the fiscal year



Special Revenue Funds

- Stormwater Utility Fund
 - Revenue of \$2,095,697 Represents 75.66% of Budget
 - Expenditures are Consistent with Budget for 2nd Quarter



Special Revenue Funds

- Municipal Golf Course Fund
 - Expenditures Exceeded Revenue by **\$154,100** Before General Fund Subsidy (\$110,000)
 - **\$23,900** below FY 2017 1st Quarter Revenues
 - Decrease in Revenue Due to Unseasonably Cold Weather



Special Revenue Funds

- **Municipal Golf Course Fund**
 - 10,686 Rounds played in 2nd Quarter of FY 2018 - a decrease of **929** Rounds from FY 2017
 - 2,310 of Driving Range usage in 2nd Quarter of FY 2018 - an increase of **650** Driving Range usage from FY 2017
 - Concession payments are current through the 2nd quarter of FY 2018
 - Expenditures Consistent with Budget
- **Inspection Services Fund**
 - In total, Expenditures Exceeded Revenues By **\$45,800**
 - Revenues **\$108,100** below Prior Year
 - Expenditures Were Consistent With Budget



Special Revenue Funds

■ Roger Scott Tennis Center

- Revenues consistent with Budget
- Expenditures Not Anticipated to Exceed Budget
- Awarded Contract for Operation & Management of Roger Scott Tennis Center to Gulf Coast Tennis Group, LLC on November 9, 2017
 - Began Operation in January 2018
 - City receives minimum annual guaranteed revenue of \$125,000
 - Estimated to fund City's cost of Operations



Special Revenue Funds

- Community Maritime Park Management Services Fund
 - Community Maritime Park
 - New Market Tax Credit (NMTC) Completed
 - Assets & Liabilities of Community Maritime Park Associates, Inc. (CMPA) transferred to City
 - CMPA dissolved June 2017
 - FY 2018 First Full Year Of Operations By The City
 - Expenditures Exceeded revenues by **\$310,700**
 - Majority of Revenue – 4th Quarter
 - Expenses Consistent with Budget



Capital Projects Funds

- Local Option Sales Tax Fund
 - Revenues Exceeded Budget by **\$273,800** or **8.80%** Up
 - Expenditures in Total, Consistent with Budget
 - Extension of Local Option Sales Tax (Fourth Series)
- Local Option Gasoline Tax Series 2016 Project Fund
 - Three Phase program to Accelerate Street Rehabilitation
 - Phase I – Complete
 - Funding From LOGT Bond Proceeds
 - Phase III – In Progress
 - Funding from LOGT Bond Proceeds
 - Phase II – approved by City Council December 2017
 - Funding from Local Option Sales Tax Fund



Capital Projects Funds

- Stormwater Capital Projects Fund
 - General Fund Transfer Equaled Collection - \$2,098,100
 - Expenditures Within Budget



Enterprise Funds

■ Gas Utility Fund

- Fund Balance and Revenue Exceed Expenses and Encumbrances by **\$5,729,900**
 - Capital Outlay, Debt Service & Transfer Expenditures
- Second Quarter FY18 Revenues exceed FY17 Revenues
 - Due to colder start of winter
- FY17 Reserve Shortfall - \$3.94 million
 - Additional \$0.10 per Ccf - \$1,112,900
- Infrastructure Cost Recovery Fee - \$2,343,252
- In total, Expenses Consistent with Budget



Enterprise Funds

■ Sanitation Fund

- Fund Balance and Operating Revenue were Above Operating Expenses and Encumbrances by

\$78,100

- Fund Revenues were **\$255,300** above FY 17 Revenues

- Expenses Consistent with Budget



Enterprise Funds

■ Port of Pensacola

- Fund Balance and Revenues Below Expenses and Encumbrances by **\$194,500**
- Revenues Below FY 17 Revenues By **\$115,100**
 - Decrease in Dockage
 - Result of fewer vessel dockage days
 - Attributable to the depressed state of offshore oil and gas industry



Enterprise Funds

■ Port of Pensacola

- Expenses, In Total, were at or below Budget
 - Expenses **\$193,900** less than FY 2017 for same time period
 - Due to two large infrastructure repair projects in FY 2017:
 - Projects to repair damaged rail track and inoperable fire suppression systems
- All Port Lease Payments are Current
- Offshore Inland – Balance of **\$488,000**
 - \$12,738.55 – Current
 - \$0 – More than 30 days past due
 - \$488,000 – More than 120 days past due



Enterprise Funds

- Port of Pensacola
 - Update Offshore Inland
 - Over 120 Days
 - March 30, 2018 - \$488,000.00
 - An Establishment of payment plan incorporated into an amendment to tenants lease approved by City Council
 - \$10,000 until full repayment of debt - \$145,000
 - Includes \$363,000 in invoices being held in abeyance pending construction of an overhead crane Facility in Port Warehouse #1



Enterprise Funds

- Port of Pensacola

- Financial Update

- FYE 2017

- Port Expenditures Exceeded Port Revenues - **\$721,400**

- Port Reserve Balance **\$370,773**

- If FYE 2018 Is Same As FYE 2017

- Port Reserves Would Be Depleted

- Port would be down by **\$330,000**

- Plan of Action

- Optimal Return on Port's Assets

- Is In Process



Enterprise Funds

■ Airport Fund

- Fund Balance and Revenue Exceeded Expenses and Encumbrances by **\$3.7 million**
- Passenger Traffic Increased by 14.21% Compared to First Quarter of FY 2017
- Airport Revenues were **\$599,900** above FY 2017
 - Airline Revenues **\$29,300** above prior fiscal year
 - Non-Airline Revenues Exceeded prior fiscal year by **\$570,600**
 - Due to three new revenue sources: Cargo Landing Fees, Cargo Apron Area Rental, and Baggage Handling System
 - Parking Lot Revenue was **\$164,900** over prior year
- FAA Lease Agreement for FASCO tower in negotiations
- Expenses Consistent with Budget



Internal Service Funds

- Insurance Retention Fund/Central Services Fund
 - Provide Services To the City's 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
 - Interest Rates



Legal Costs Schedule

- Schedule of legal costs paid to attorneys and/or firms who have provided services to the City



Legal Costs Schedule

CITY OF PENSACOLA
 SCHEDULE OF LEGAL COSTS
 March 31, 2018
 (Unaudited)

| <u>ATTORNEY NAME OR FIRM</u> | <u>AMOUNT PAID</u> | <u>NATURE OF SERVICES PROVIDED</u> |
|-----------------------------------|---------------------|--|
| ALLEN NORTON & BLUE P A | \$53,722.46 | Administrative, Collective Bargaining and Employee Matters |
| BEGGS & LANE | 102,337.68 | Contract and Real Estate Law |
| BRYANT MILLER OLIVE PA | 57,920.68 | Bond Counsel |
| CARLTON FIELDS JORDEN BURT | 6,583.93 | Environmental and Real Estate |
| GRAY ROBINSON PA | 37,022.27 | Fee, Tax and Pension Plan Compliance |
| HAND ARENDALL HARRISON SALE | 9,623.00 | Contract and Real Estate Law |
| HARRISON SALE MCCLOY & JACKSON | 18,210.76 | Contract and Real Estate Law |
| JOLLY & PETERSON PA | 50,744.66 | Police Liability Claims |
| MCCARTER & ENGLISH LLP | 25,547.21 | Natural Gas Industry |
| PHILIP A BATES PA | 150.00 | Sanitation Matters |
| PLAUCHE MASELLI PARKERSON LLP | 6,180.50 | Utility Litigation |
| QUINTAIROS PRIETO WOOD & BOYER PA | 30,716.45 | Workers Compensation and Liability Claims |
| RAY, JR LOUIS F | 17,226.00 | Code Enforcement Special Magistrate |
| RODERIC G. MAGIE, PA | 18,207.23 | Workers Compensation Claims |
| STEINMEYER FIVEASH LLP | 13,576.00 | Environmental and Property Matters |
| THE HAMMONS LAW FIRM PA | 304.50 | Code Enforcement Lien Foreclosures |
| WILSON HARRELL & FARRINGTON PA | 151,728.85 | Claims and Litigation |
| WOODEN LAW FIRM PC | 42,620.00 | Land Development Matters |
| REPORT TOTAL | <u>\$642,422.18</u> | |



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