

MONTHLY FUND BALANCE/NET ASSET POSITION & MONTHLY CASH POSITION REPORT DESCRIPTIONS

(Unaudited)

In keeping with Mayor Hayward's *20 Solutions for 2011*, the City of Pensacola's Financial Services Department provides the following reports: Fund Balance/Net Assets Position and Cash Position. Fund structure definitions are provided for your education.

FUND STRUCTURE

General Government Funds:

001 General Fund - The General Fund is used to account for all financial resources except those specifically required to be accounted for in separate funds. All general property taxes, fines, various permits, property rentals and certain intergovernmental revenues are recorded in this fund. Typical expenditures are for administration, community development, parks and recreation, public service, and public safety. Excess assets over liabilities in this fund are referred to as fund balance.

100s Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Trust and Agency Funds which account for assets held by the City in a trustee capacity for individuals, other governmental units and for other funds are also recognized as Special Revenue Funds. Due to external or internal restrictions, uses of these funds are restricted to the fund itself. Excess assets over liabilities in these funds are referred to as fund balance.

200s Debt Service Funds - Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs. Due to external or internal restrictions, uses of these funds are restricted to the fund itself. Excess assets over liabilities in these funds are referred to as fund balance.

300s Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities or improvements (other than those financed by proprietary funds). Due to external or internal restrictions, uses of these funds are restricted to the fund itself. Excess assets over liabilities in these funds are referred to as fund balance.

Proprietary Funds:

400s Enterprise Funds - Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Excess assets over liabilities in these funds are referred to as net assets.

500s Internal Service Funds - Internal Service Funds account for the financing of goods or services provided by one department to other departments of the City. Excess assets over liabilities in these funds are referred to as net assets.

MONTHLY FUND BALANCE/NET ASSET POSITION REPORT DESCRIPTION (Unaudited)

FUND BALANCE/NET ASSET POSITION

The goal of this report is to provide a current summary of fund balance/net assets by Fund after taking into consideration any appropriations/drawdown of funds approved by City Council.

The first column represents fund balance/net assets as reported in the City's most recent Comprehensive Annual Financial Report. These numbers are used as a starting point of the budget process since they have been audited by an independent third party.

The second column shows the draw of beginning fund balance/net assets that was approved by Council.

The third column summarizes changes to fund balance/net assets approved by Council via budget resolutions made throughout the year. These drawdowns are done to accomplish a one time goal, meet unanticipated costs or provide funds for existing contracts.

The fourth column is a function of the other three columns and represents the current restricted and unrestricted fund balance/net asset position. Amounts in brackets are expected to be offset with future revenues.

The "Adjusted Fund Balance/Net Asset" is a comprehensive balance that includes unrestricted and restricted funds which cannot be drawn down in its entirety. External restrictions apply in the form of statutory, bond covenants, grant mandates and other legal provisions that prohibit the funds to be used for something other than a specified purpose. The Cash Position report provides a quick summary of restricted and unrestricted cash positions that correlate to the *adjusted fund balance/net asset* position.

MONTHLY CASH POSITION REPORT DESCRIPTION (Unaudited)

CASH POSITION

The goal of this report is to provide a current cash position by Fund. One can think of this report as your *checkbook* balance.

The first column is the audited cash balance as reported on September 30th of the most recent fiscal year and includes both restricted and unrestricted amounts.

The second column is cash balance as of the current monthly reporting period and includes both restricted and unrestricted amounts.

The third column is the amount of **restricted** cash for the current monthly reporting period. Restrictions include funds set aside by City Council for a specific purpose, third-party obligations and legal mandates. Note that all 100, 200 and 300 Funds have internal and/or external restrictions which limit these dollars to projects within the Fund.

The fourth column is the amount of **unrestricted** cash for the current monthly reporting period. This cash is used to pay expenses appropriated in the current year's budget. Cash balances will rise and fall as revenues are received and expenditures are made. The amounts in brackets denote negative cash that will be offset with future cash inflows. The City uses a "pooled cash" concept which allows Funds to have a periodic negative equity share of cash.