

Financial Report

City of Pensacola

2nd Quarter Financial Statement

Six Months Ending March 31, 2020

FY 2020 Issues

- Growth in the Economy Continues
- Half-Cent Sales Tax & Local Option Sales Tax
 - Growth from FYE 2018 to FYE 2019
 - Half-Cent Sales Tax increased by **5.23%**
 - Local Option Sales Tax increased by **4.43%**
- Ad Valorem Taxable Valuations
 - Positive Growth
- COVID-19 Possible Revenues May Turn Downward
- Expenditures in total, in line with Budgeted Projections
- Interest Rates
- Legal Services and Fees
- Contracts & Expenditures over \$25,000 Approved by Mayor

General Fund

- In Total, Revenues Exceeded Budget
 - Attributed to Property Tax, Local Business Tax Revenues & Transfer from Pensacola Energy
 - Franchise Fees & Public Service Tax – **+\$175,100** or **2.52%**
 - Half-Cent Sales Tax – **- \$27,500** or **1.32%**
 - Communication Services Tax – **+\$42,900** or **3.34%**
 - Municipal Revenue Sharing – **+\$26,700** or **2.33%**

General Fund

- In Total, Revenues Exceeded Budget
 - until end of COVID-19 Pandemic Revenues are unknown to Meet Budget by FYE
- Special Permits within Planning Services Have Exceeded Budget
- Parks and Recreation Boat Launch Fees delayed
 - due to COVID-19, not anticipated to meet Budget at FYE
- Revenues for Escambia School Board for the School Resources Officer's program will not meet Budget
- General Fund Transfer to Stormwater Capital Projects are Projected to be Within Budget at FYE
- Second Quarter Expenditures, In Total, Within Budget

Tree Planting Trust Fund

- Revenue and Expenditures Recorded in General Fund
 - Total Contributions Plus Interest Income - \$29,700
 - Expenditures/Encumbrances - \$0
 - Resolution was Adopted by City Council to move \$100,000 for implementation of the Tree Planting and Management Plan on November 14, 2019.
 - End of Second Quarter Unencumbered Balance - \$525,152.

Park Purchases Trust Fund

- Revenue and Expenditures Recorded in General Fund
 - Total Contributions Plus Interest Income - \$882
 - Expenditures/Encumbrances - \$0
 - End of Second Quarter Unencumbered Balance - \$110,077

Housing Initiatives Fund/Inner City Housing Initiatives Fund

- Revenue and Expenditures Recorded in General Fund
 - Pensacola Inner City Community Redevelopment Area
 - City Council Allocated funds August 10, 2017 - \$440,000
 - Second Quarter “Inner City Housing Initiatives Fund”
Total Contributions - \$3,600
 - “Inner City Housing Initiatives Fund”
Expenditures/Encumbrances - \$0
 - End of Second Quarter Unencumbered Balance for ““Inner City Housing Initiatives Fund” - \$452,938

Housing Initiatives Fund/Inner City Housing Initiatives Fund

- Second Quarter “Housing Initiatives Fund” Total Contributions - \$400
- “Housing Initiatives Fund” Expenditures/Encumbrances - \$9,300
- End of Second Quarter Unencumbered Balance for “Housing Initiatives Fund” - \$42,880

Special Revenue Funds

- Local Option Gasoline Tax Fund
 - Revenue was \$9,800 or 1.74% below Budget for 2nd Quarter
 - Local Option Gasoline Tax Revenues may not meet Budget by FYE

Special Revenue Funds

- Stormwater Utility Fund
 - Revenue of \$2,093,200 Represents 76.53% of Budget
 - Expenditures are Consistent with Budget for 2nd Quarter

Special Revenue Funds

- Municipal Golf Course Fund
 - Expenditures Exceeded Revenue by **\$137,400** Before General Fund Subsidy (\$125,000)
 - **\$21,700** above FY 2018 2nd Quarter Revenues
 - Increase in Revenue Due to Good Weather and Essential Services Provided by Osceola

Special Revenue Funds

- Municipal Golf Course Fund
 - 9,586 Rounds played in 2nd Quarter of FY 2020 – an Increase of **261** Rounds from FY 2019
 - 2,571 of Driving Range usage in 2nd Quarter of FY 2020 – an Increase of **151** Driving Range usage from FY 2019
 - Concession payments are current through the 2nd quarter of FY 2020
 - Expenditures Consistent with Budget

Special Revenue Funds

- Inspection Services Fund
 - In total, Expenditures Exceeded Revenues By **\$28,000**
 - Revenues **\$79,100** more than Prior Year
 - COVID-19 Pandemic has not Impacted the Construction Industry
 - Expenditures Were Consistent With Budget

Special Revenue Funds

■ Roger Scott Tennis Center

- Revenues exceeded expenditures by **\$14,400**
- Revenues Declined due to COVID-19 Pandemic
- Expenditures Not Anticipated to Exceed Budget
- Three-year contract with Gulf Coast Tennis Group, LLC for the Operation & Management of Roger Scott Tennis Center
- Effective January 1, 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
 - Expenditures Exceeded revenues by **\$366,100**
 - Expenditures will continue to exceed revenues until fourth quarter
 - Revenues **\$27,500** more than Prior Year
 - Also Impacted by COVID-19 Pandemic
 - No Activities at Park and Baseball Postponed Indefinitely
 - Expenses Consistent with Budget

Capital Projects Funds

- Local Option Sales Tax Fund
 - Revenues were Below Budget by **-\$104,200** or **2.76%** Down
 - Mainly due to COVID-19 Pandemic
 - Expenditures in Total, Consistent with Budget
 - Extension of Local Option Sales Tax (Through 12/31/2028)
 - Anticipated that a draw upon City's Pooled cash will Occur.
 - A Year Over Year Increase of Only 1%.

Capital Projects Funds

- Stormwater Capital Projects Fund
 - General Fund Transfer Equaled Collection - \$2,093,200
 - Expenditures Within Budget

Enterprise Funds

■ Gas Utility Fund

- Fund Balance and Revenue Exceed Expenses and Encumbrances by **\$2,097,300**
 - Capital Outlay, Debt Service & Transfer Expenditures
- Second Quarter FY20 Revenues were Below FY19 Revenues
 - Decrease Due to Warmer Weather and the Reduction in gas costs
- Additional \$0.10 per Ccf - \$1,025,200
- Infrastructure Cost Recovery Fee - \$2,064,600
- In total, Expenses Consistent with Budget

Enterprise Funds

■ Sanitation Fund

- Fund Balance and Operating Revenue were Below Operating Expenses and Encumbrances by **\$523,700**
- Fund Revenues were **\$106,400** above FY 19 Revenues
- Expenses Consistent with Budget

Enterprise Funds

■ Port of Pensacola

- Fund Balance and Revenues Exceeded Expenses and Encumbrances by **\$280,800**
- Revenues exceeded FY 19 Revenues By **\$377,200**
 - Increase in Wharfage, Dockage, Storage, Security Fees and Interior Lighting
 - Increase in Port Tariff Rate
 - GE doubled Utilization of the Port
- Expenses, In Total, were at Budget
 - Due to Increased Activity at the Port
 - Expenses **\$197,500** more than FY 2019 for same time period

Enterprise Funds

■ Port of Pensacola

• Port Lease Payments Are Current With the Following Exceptions:

- Pensacola Stevedoring, Inc – 2 Months - \$6,644.78
- International Paper Company – 4 Months - \$2,941.56
- LA Carriers, LLC – 1 Month - \$1,348.29
- Devall Towing & Boat Services – 1 Month - \$3,841.86
- Permawood – 4 Months - \$2,000.00 , 3 Months - \$600,
2 Months - \$600, 1 Month - \$600
- Southern Grain Company – 6 Months - \$3,060.00
- Michael Dicks – 4 Months - \$256 , 3 Months - \$401.25,
2 Months - \$401.25, 1 Month - \$401.25
- Drury Land & Marine – 4 Months - \$367.39
- Atlantic Meridian Contracting – 1 Month - \$543.59
- Marine Cosortium Lumcom – 1 Month - \$903.87

Enterprise Funds

■ Airport Fund

- Fund Balance and Revenue Exceeded Expenses and Encumbrances by **\$7 Million**
- Passenger Traffic Increased by 7.36% Compared to Second Quarter of FY 2019
- Airport Revenues were **\$611,900** above FY 2019
 - Airline Revenues **\$456,200** above prior fiscal year
 - Non-Arline Revenues Exceeded prior fiscal year by **\$155,700**
 - Combined Revenue from Rental Cars and Rental Car Facility Charge Exceeded prior year fiscal year by **\$53,300**
 - Parking Lot Revenue was **\$164,600** below prior year
- Expenses Consistent with Budget
- Transportation Industry Beginning to see first effects of COVID-19 Pandemic
 - Passenger Traffic Dropping

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, 2020
(Unaudited)

<u>ATTORNEY NAME OR FIRM</u>	<u>AMOUNT PAID</u>	<u>NATURE OF SERVICES PROVIDED</u>
ALLEN NORTON & BLUE P A	\$11,583.62	Administrative, Collective Bargaining and Employee Matters
BEGGS & LANE	2,802.50	Contract and Real Estate Law
BEGGS & LANE	132,967.22	Airport VT Mobile Aerospace Engineering Project
BRYANT MILLER OLIVE PA	4,526.03	Bond Counsel
CARLTON FIELDS JORDEN BURT	37,454.39	Environmental and Real Estate
GRAY ROBINSON PA	18,593.70	Fee, Tax and Pension Plan Compliance
GUNSTER YOAKLEY & STEWART PA	999.30	Natural Gas Matters
MCCARTER & ENGLISH LLP	5,811.71	Natural Gas Industry
NABORS GIBLIN & NICKERSON P A	3,550.75	Annual Stormwater Assessment Program
PLAUCHE MASELLI PARKERSON LLP	380.00	Utility Litigation
QUINTAIROS PRIETO WOOD & BOYER PA	1,830.00	Workers Compensation and Liability Claims
RAY, JR LOUIS F	14,355.00	Code Enforcement Special Magistrate
RODERIC G. MAGIE, PA	28,399.73	Workers Compensation Claims
SNIFFEN & SPELLMAN PA	42,280.28	Police Liability Claims
WILSON HARRELL & FARRINGTON PA	34,657.10	Claims and Litigation
REPORT TOTAL	<u>\$340,191.33</u>	

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Six Months Ending March 31, 2020

Covid19 Local Impacts

Airport

- ▶ In the month of April, airport traffic was reduced 93%.
- ▶ The CARES Act allocates funding directly to airports. The Pensacola International Airport is expected to receive reimbursements totaling \$11,081,566.
- ▶ If the Airport has an operational shortfall, the airlines are responsible to make it up.
- ▶ Many vendors are running significantly behind in making their monthly payments to the Airport.
 - ▶ The total amount overdue more than 60 days \$303,975 which represents 44% of all billed receivables.
 - ▶ Performance securities are in place for all vendors
 - ▶ If a vendor reaches their performance security limit, it will start the process to call that security.

ST Aerospace/Project Titan

- ▶ Project Titan continues on schedule
- ▶ There are no known impacts to the first phase of the ST Aerospace project.

Pensacola Energy

- ▶ Revenues in April were reduced by about 17%.

Interest Earnings

- ▶ The Federal Reserve has dropped their rate to 0%.
- ▶ There is some speculation (probably not true) that the Federal Reserve will move interest rates below 0%.
- ▶ Current investment CD's are about .75% down from greater than 2%.
- ▶ It is anticipated that interest rate increases will not occur next fiscal year; therefore, wherever possible interest earnings have been removed from the FY2021 budget.
- ▶ This will mean a \$778,900 reduction across all funds in FY2021 and \$260,000 in the General Fund.

Sales Taxes

- ▶ Includes the Half-Cent Sales Tax which is a shared revenue from the State that contributes to the City's General Fund and the Local Option Sales Tax.
 - ▶ There will be no adjustments to the lifetime LOST forecast at this time which is a year over year increase of only 1%.
- ▶ The City has not yet received distributions for sales taxes collected on March purchases; so we have not yet seen any Covid19 impacts.
- ▶ At this time it is difficult to ascertain the longer term impacts of Covid19; however all growth for the Half-Cent Sales tax has been removed from the City's FY2021 budget. This impact is expected to be \$141,100.
- ▶ Future changes to these revenues may be needed on a go-forward basis.

Cost Increases in the FY2021 Budget

- ▶ The contract for the emergency radio communication system will increase by \$93,800 of which \$81,800 will be in the General Fund.
- ▶ Increases in contributions to the Florida Retirement System (FRS) are \$227,000 of which \$90,000 will be in the General Fund.