

**CITY OF PALM BAY, FLORIDA
MONTHLY FINANCIAL REPORT
AUGUST 2011**



The City of Palm Bay, Florida's (the "City") monthly financial report presents an overview and analysis of the City's financial activities during the month of August 2011. August is the eleventh month of the fiscal year and represents 92% of the annual budget.

Financial Report Summary

- Citywide revenues of \$127.2 million are at 58% of the annual budget. Citywide expenditures (including capital and debt service) of \$154.6 million are at 75% of the annual budget. Traditionally revenue collections are two months in arrears. Revenues for grants and other governmental resources are accrued at year end to reflect the period in which it is collected.
- Citywide cash and investments decreased by \$17.2 million, or 21.6%, in comparison to the prior year. This is mainly attributed to the cash defeasance of Utility Bonds in May 2011.

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Citywide - Cash & Investments		Citywide - Revenues		Citywide - Expenditures	
8/31/2011	\$ 62,555,753.03	8/31/2011	\$ 127,165,964.07	8/31/2011	\$ 154,553,918.84
8/31/2010	79,763,963.66	8/31/2010	119,060,865.76	8/31/2010	126,658,517.87
Decrease	-21.6% \$ (17,208,210.63)	Increase	6.8% \$ 8,105,098.31	Increase	22.0% \$ 27,895,400.97

- General Fund revenues of \$50.6 million are at 82% of the annual budget. This is a decrease of \$2.8 million, or 5.3%, in comparison to the prior year.
- General Fund expenditures of \$52 million are at 85% of the annual budget. This is a decrease of \$3.3 million, or 6%, in comparison to the prior year.
- General Fund cash and investments decreased by \$281,405.70, or 5.2%, in comparison to the prior year. This is attributed to lower than expected revenues.

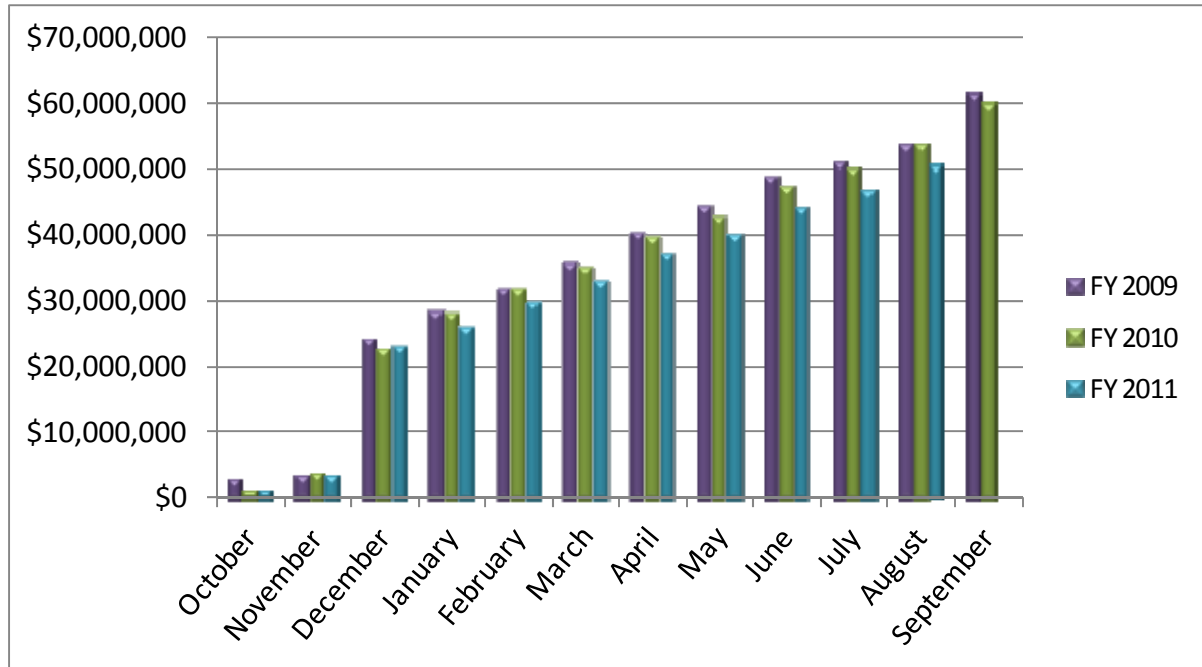
General Fund - Cash & Investments		General Fund - Revenues		General Fund - Expenditures	
8/31/2011	\$ 5,108,586.54	8/31/2011	\$ 50,614,749.53	8/31/2011	\$ 52,014,601.13
8/31/2010	5,389,992.24	8/31/2010	53,444,952.92	8/31/2010	55,352,201.12
Decrease	-5.2% \$ (281,405.70)	Decrease	-5.3% \$ (2,830,203.39)	Decrease	-6.0% \$ (3,337,599.99)

The General Fund is the City's primary operating fund and is used to account for all resources except those that are required to be accounted for in another fund. The following information depicts the history of the revenues and expenditures for the General Fund from 2009 to 2011. In 2011, the City made extensive efforts to reduce expenditures to mitigate decreased revenue projections.

This report contains unaudited information. If you have any questions or comments on the financial reports, please contact Yvonne McDonald, Finance Director or Linda Logan, Assistant Finance Director.

General Fund Revenues – At a Glance August 2011

General Fund Revenues-YTD



2011 YTD Change in GF Revenues as Compared to Prior Year

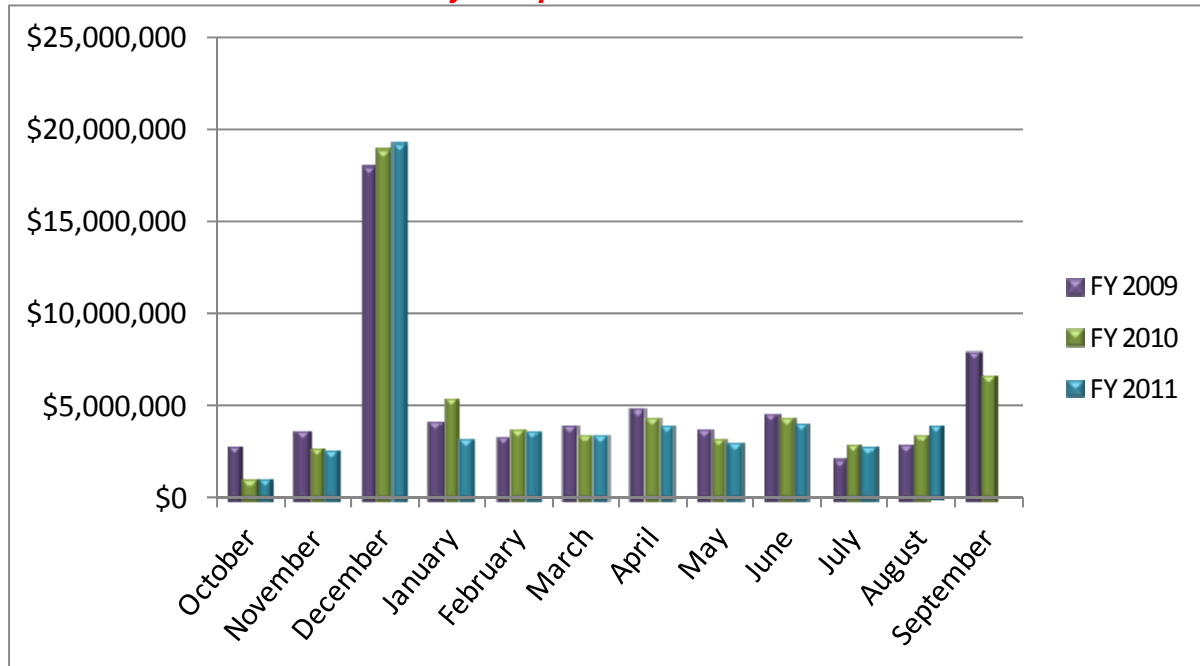
	Prior YTD	Current YTD	Percent Change
Ad Valorem Taxes	\$ 26,186,602	\$ 23,715,131	-9.4%
Local Option Fuel Tax	1,787,057	1,813,663	1.5%
Utility Service Taxes	5,120,894	4,973,759	-2.9%
Communication Service Tax	2,916,951	2,743,801	-5.9%
Franchise Fees	4,077,592	3,722,044	-8.7%
State Shared Revenues	1,957,828	2,084,323	6.5%
Half Cent Sales Tax	3,380,238	3,431,364	1.5%
Licenses and Permits	589,246	573,092	-2.7%
Grants and Other Entitlements (1)	469,951	666,061	41.7%
Charges for Services (2)	2,353,429	2,931,402	24.6%
Fines and Forfeitures (3)	1,038,519	619,815	-40.3%
Interest, Rents and Other Revenues	406,969	320,372	-21.3%
Interfund Transfers and Other Sources	3,159,677	3,019,922	-4.4%
	\$ 53,444,953	\$ 50,614,750	-5.3%

(1) Increase due to the grant reimbursement for the Police Command Vehicle.

(2) Increase due to use of City employees in lieu of contractors for project management and maintenance services.

(3) Decrease due to the reduction in Red Light Camera revenues.

General Fund Revenues-Monthly Comparison



Monthly GF Revenues as Compared to Prior Years

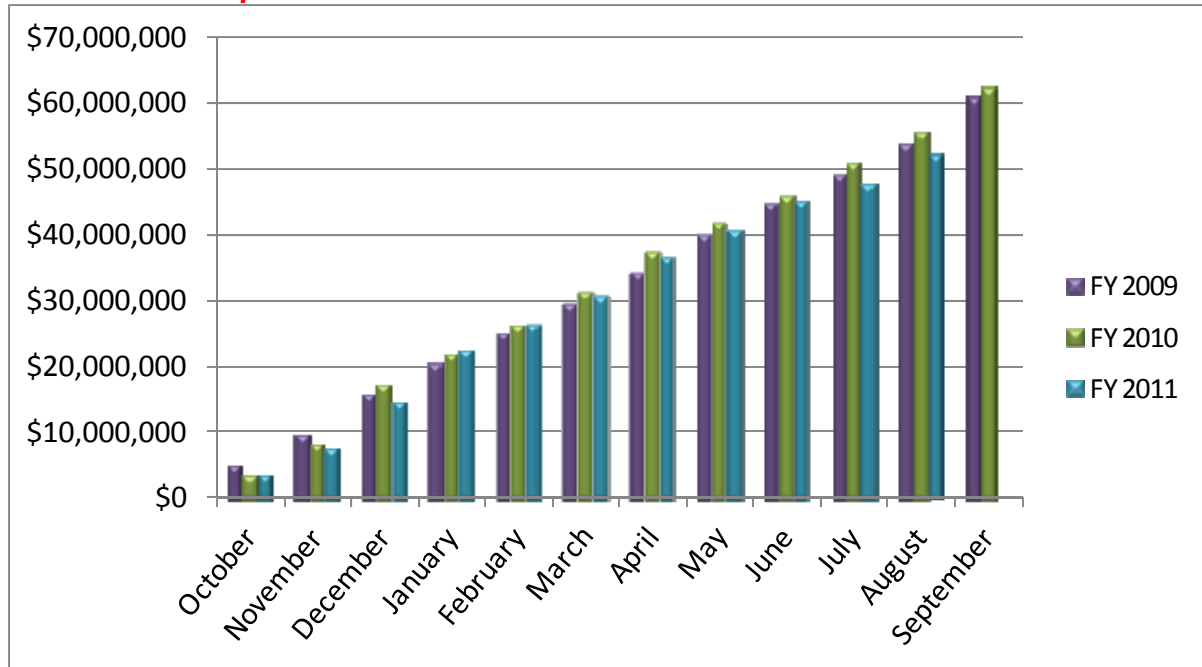
	FY 2009	FY 2010	FY 2011
October	\$ 2,709,545	\$ 1,053,996	\$ 1,040,621
November	3,591,242	2,685,705	2,503,728
December	17,921,090	18,971,638	19,248,230
January	4,167,520	5,336,619	3,177,108
February	3,257,928	3,706,022	3,610,095
March	3,940,309	3,376,061	3,415,818
April	4,766,665	4,429,114	3,995,164
May	3,714,212	3,210,495	2,997,920
June	4,569,616	4,354,426	4,004,244
July	2,156,869	2,910,460	2,711,961
August	2,869,529	3,410,416	3,909,861
September	7,894,706	6,675,008	-
Total	\$ 61,559,231	\$ 60,119,961	\$ 50,614,750

The major sources of revenues for the General Fund are taxes, franchise fees, intergovernmental revenues, licenses, permits, fines, forfeitures and charges for services. With an unstable economy and most of the City's revenues derived from ad valorem taxes, the revenue budget is essential for existing and critical City services. The City is conservative in budgeting revenues to account for the current economic condition.

Overall General Fund revenues for the month of August 2011 have increased by \$499,445 (14.6%) when compared to August 2010.

General Fund Expenditures – At a Glance August 2011

General Fund Expenditures-YTD



2011 YTD Change in GF Expenditures as Compared to Prior Year

	Prior YTD	Current YTD	Percent Change
Legislative	\$ 388,106	\$ 390,386	0.6%
City Manager (1)	1,185,292	985,310	-16.9%
City Attorney	761,020	706,762	-7.1%
Finance (2)	2,338,883	2,693,423	15.2%
Information Technology	1,369,450	1,376,673	0.5%
Human Resources	411,804	414,492	0.7%
Growth Management (3)	779,088	643,912	-17.4%
Parks and Recreation	3,169,498	2,951,812	-6.9%
Police	18,339,519	18,554,828	1.2%
Fire	11,576,789	11,876,006	2.6%
Public Works (4)	7,778,518	4,895,821	-37.1%
Non-Departmental	570,156	631,606	10.8%
Transfers (5)	6,684,080	5,893,569	-11.8%
	\$ 55,352,201	\$ 52,014,601	-6.0%

(1) Decrease due to the transfer of the Budget Division to Finance in FY2011.

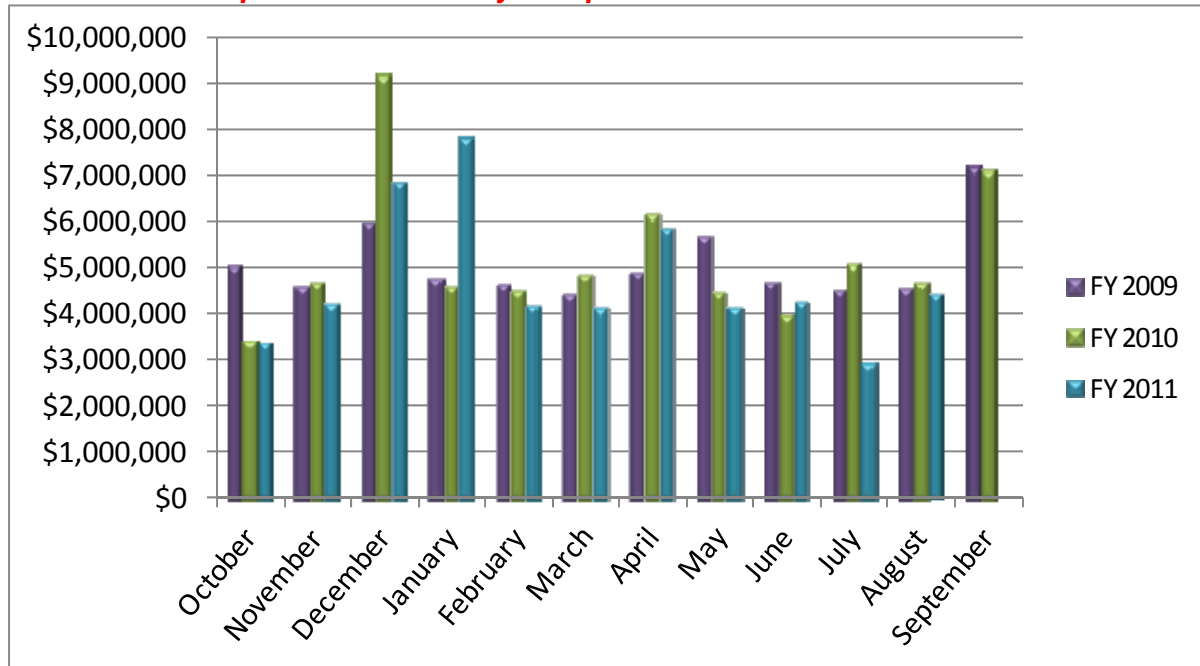
(2) Increase due to the transfer of the Budget Division and the addition of Stormwater & Sanitation Customer Service Divisions.

(3) Decrease due to the transfer of Engineer position to Public Works.

(4) Decrease due to the creation of the Stormwater Utility Fund.

(5) Decrease due to the elimination of the Road Program in FY2011.

General Fund Expenditures-Monthly Comparison



Monthly GF Expenditures as Compared to Prior Years

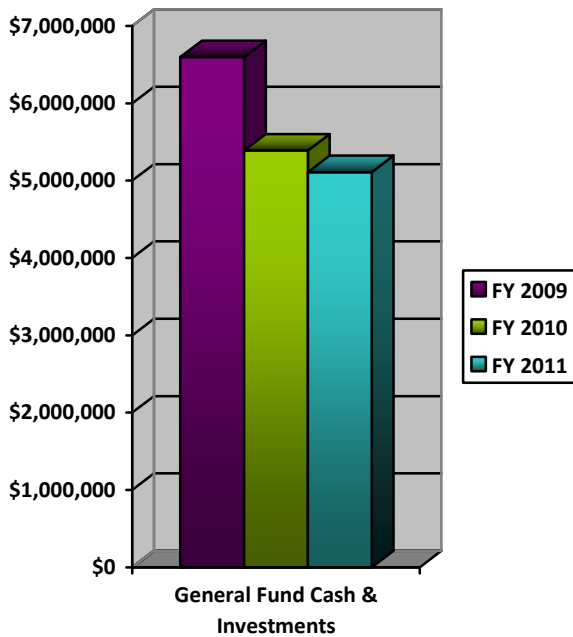
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
October	\$ 5,028,688	\$ 3,399,495	\$ 3,344,227
November	4,577,199	4,646,478	4,203,995
December	5,973,596	9,194,347	6,824,605
January	4,750,703	4,563,504	7,848,626
February	4,614,115	4,486,412	4,141,651
March	4,398,381	4,828,089	4,118,263
April	4,869,354	6,131,715	5,850,270
May	5,678,342	4,440,369	4,118,482
June	4,652,565	3,968,353	4,243,882
July	4,507,470	5,046,082	2,924,476
August	4,520,518	4,647,358	4,396,125
September	7,196,211	7,079,895	-
	<u>\$ 60,767,143</u>	<u>\$ 62,432,096</u>	<u>\$ 52,014,601</u>

The total budgeted expenditures for 2011 are \$62,012,481 (includes encumbrances from prior year and 2011 budget amendments). Of this amount, \$42,934,446, or 69%, is related to personnel costs. While making necessary expenditure reductions to meet fiscal requirements, monitoring the expenditure budget continues to be essential to City services.

Overall General Fund expenditures were \$251,233 (-5.7%) less as of August 2011 compared to August 2010.

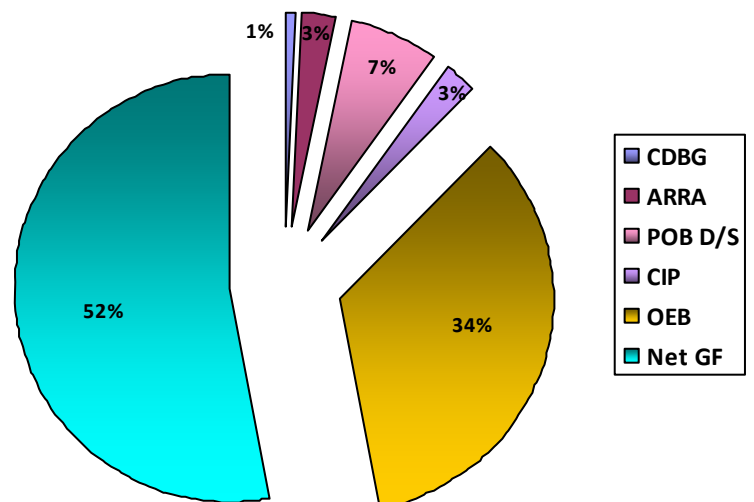
General Fund Cash & Investments – At a Glance August 2011

General Fund Cash & Investments-YTD



General Fund Unrestricted Cash & Investments	
Prior Month Ending Balance	\$ 5,388,920.04
Cash Increase (Decrease)	<u>(280,333.50)</u>
Ending Balance 8/31/11	<u><u>\$ 5,108,586.54</u></u>

General Fund Available Cash & Investments	
August 2011 Ending Balance	\$ 5,108,586.54
Cash Advanced to Other Funds:	
CDBG Grant	(341,115.55)
ARRA Grant	(131,217.76)
Pension Obligation Bond D/S	(321,055.45)
Community Investment Program	(120,253.75)
Other Employee Benefits	<u>(1,642,674.54)</u>
Available Cash Ending Balance	<u><u>\$ 2,552,269.49</u></u>



General Fund Balance – At a Glance August 2011

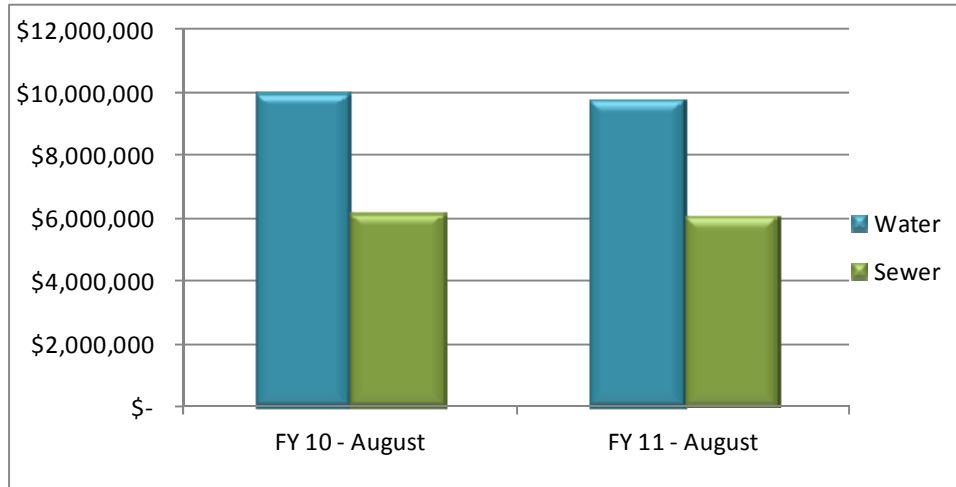
	PRIOR YTD	CURRENT YTD
REVENUES		
Ad Valorem Taxes	\$ 26,186,602	\$ 23,715,131
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Interest, Rents and Other Revenues	406,969	320,372
Interfund Transfers and Other Sources	3,159,677	3,019,922
Total Revenues	53,444,953	50,614,750
EXPENDITURES		
Legislative	388,106	390,386
City Manager	1,185,292	985,310
City Attorney	761,020	706,762
Finance	2,338,883	2,693,423
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Public Works	7,778,518	4,895,821
Non-Departmental	570,156	631,606
Transfers	6,684,080	5,893,569
Total Expenditures	55,352,201	52,014,601
Excess (Deficiency) of Revenues Over Expenditures	(1,907,248)	(1,399,851)
Fund Balance - Beginning	6,688,010	5,790,912
Fund Balance - Ending	\$ 4,780,762	\$ 4,391,061

The minimum General Fund balance, as established by Resolution 2011-34, is ten percent (10%) of the subsequent fiscal year's budgeted expenditures less capital outlay and transfers out as originally adopted by ordinance in September. The following is a history of the City's General Fund balance.

General Fund Balance - History			
	Minimum Required	Actual Fund Balance	Fund Balance Percentage
FY 2010	\$ 5,223,284	\$ 5,790,912	11.09%
FY 2009	5,490,474	6,688,010	12.18%
FY 2008	5,811,769	5,915,136	10.18%
FY 2007	6,189,069	8,571,169	13.85%
FY 2006	6,041,327	12,899,089	21.35%
FY 2005	5,337,239	10,982,367	20.58%

Utilities Revenues – At a Glance August 2011

Water & Sewer Revenues-YTD



Overall year-to-date Water revenue in August 2011 has decreased \$274,428 (-2.73%) when compared to August 2010.

Overall year-to-date Sewer revenue in August 2011 has decreased \$110,794 (-1.81%) when compared to August 2010.

These significant decreases can be tied to the higher amount of Unbilled Revenue that was recorded back to FY 10 and the credit adjustment made in FY 11 to correct the overbilling of consumption for Heritage High School over a two-year period.

Fire Protection was billed for FY 11 at 106% of the budgeted amount. The majority of the Fire Protection Service Charges are billed annually in October.

Installation Fees are at 92% collected, Plan Review & Inspection Fees are at 19% collected and Utility Lien Costs are at 69% collected.

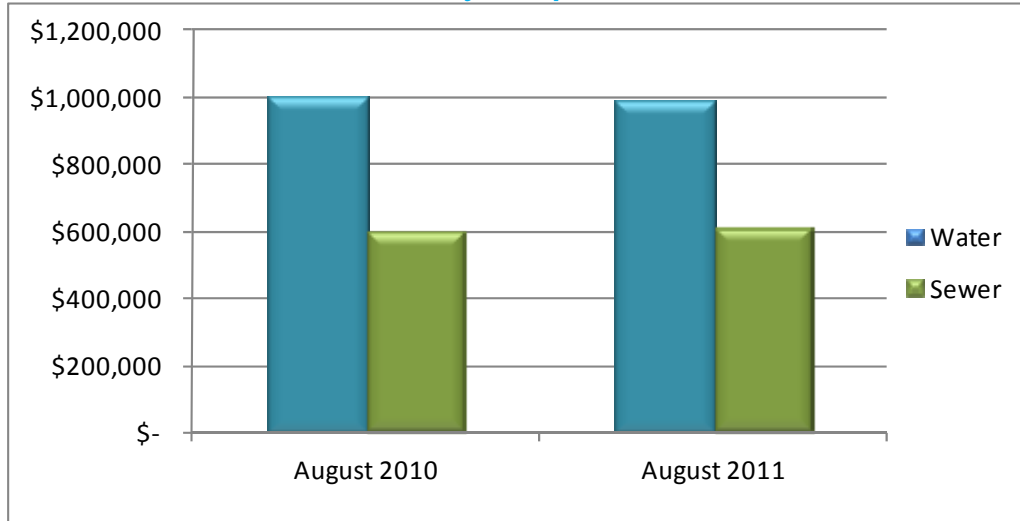
Operating Interest Income is at 67% at this time due to interest accrual being recorded back to FY 10 and the reversal of unrealized gains/loss on PFM Managed Securities. The annual debt service on the Fleet Services Loan was recorded in April 2011 (\$86,600) and the interest for Palm Bay Estates loan was recorded in June 2011 (\$28,494).

Excluding Fund Balance, the total FY 11 Operating Revenue is at 77.38% compared to FY 10 which was 76.96%.

Water Connection Fees are at 68% and Sewer Connection Fees are at 24%.

Water MLEs are at 101% and Sewer MLEs are at 31%.

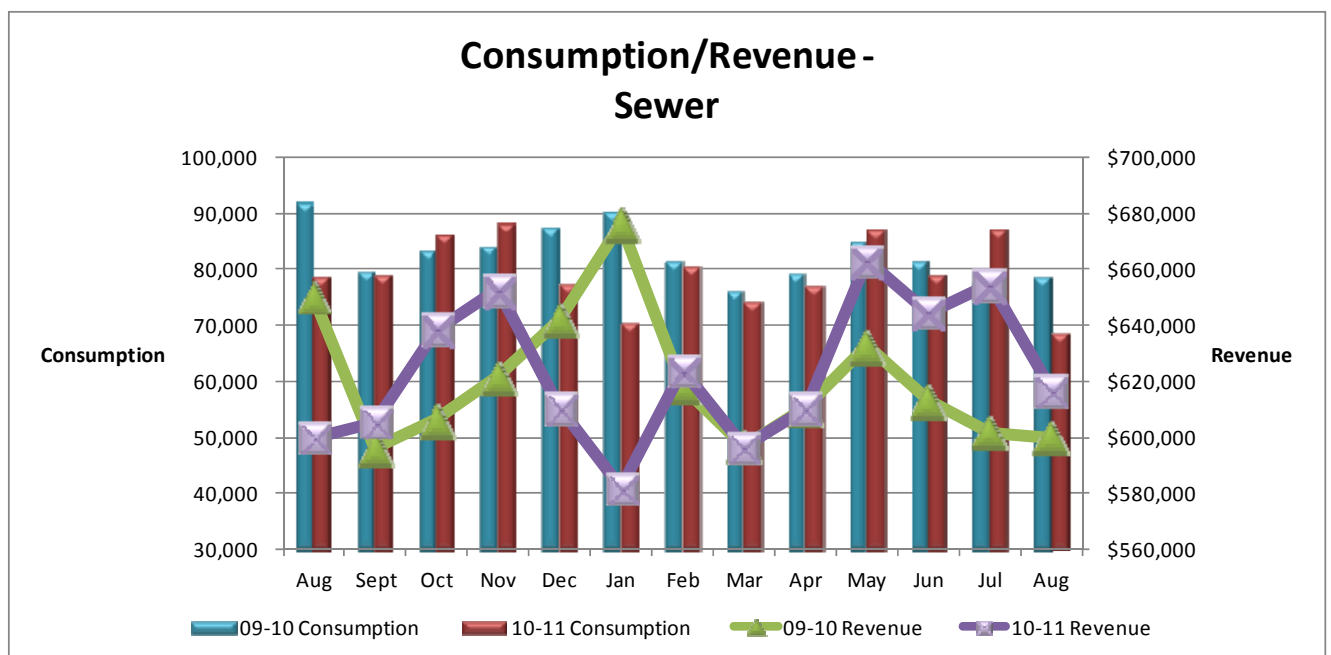
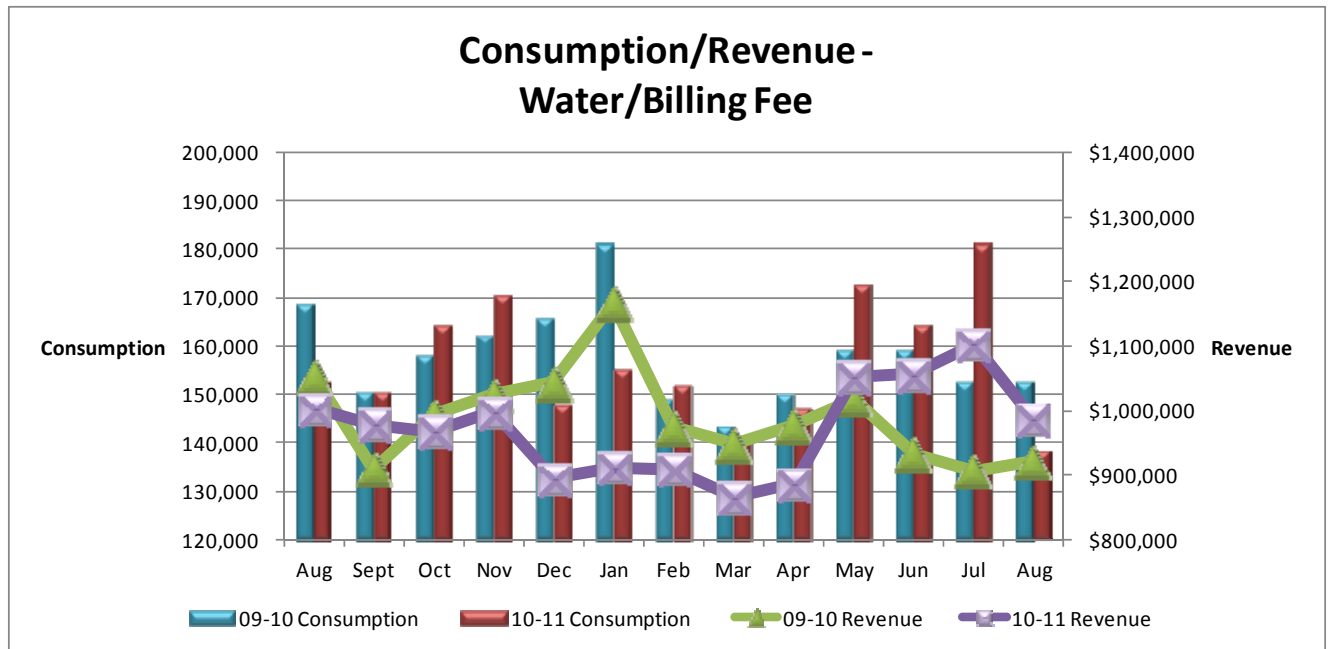
Water & Sewer Revenues-Monthly Comparison



Overall Water revenue for the month of August 2011 has decreased by \$17,533 (-1.75%), when compared to August 2010.

Overall Sewer revenue for the month of August 2011 has increased by \$16,889 (2.82%), when compared to August 2010.

Water & Sewer Consumption Revenue Comparison

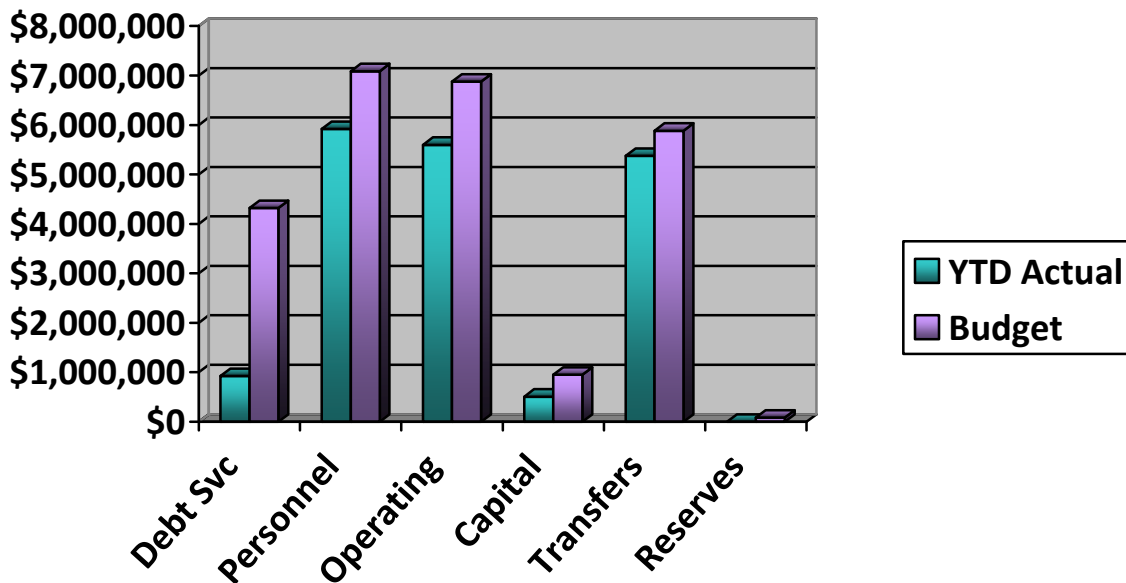


Utilities Expenses – At a Glance August 2011

Water & Sewer Expenditures-YTD

Overall expenditures (excluding encumbrances) are as follows:

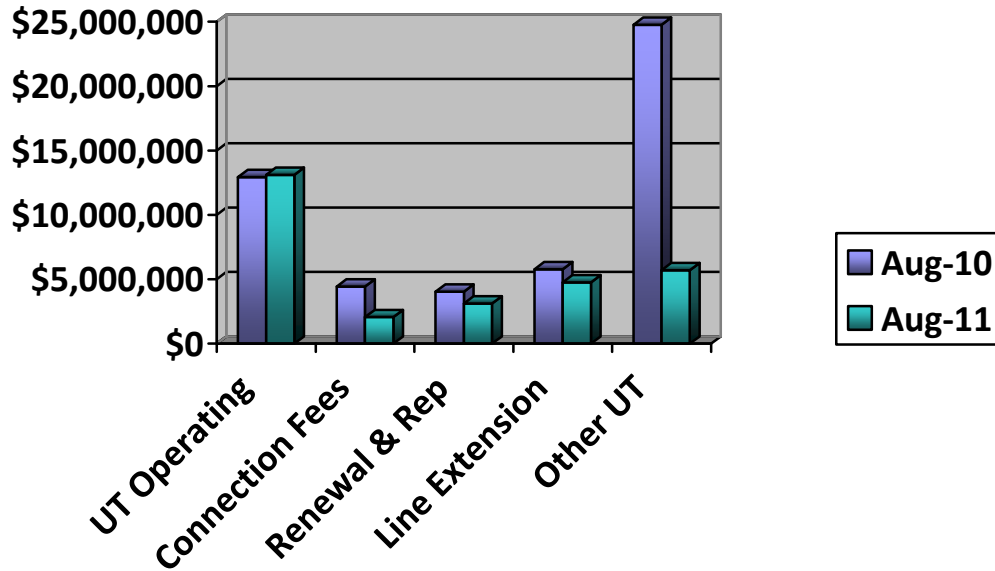
	<i>Actual</i>	<i>Budget</i>	<i>% Spent</i>
Debt Service	\$ 923,072.81	\$ 4,319,138	21.37%
Personnel	5,917,556.04	7,087,543	83.49%
Operating	4,497,164.86	6,854,879	65.61%
Capital	506,685.32	968,366	52.32%
Transfers	5,373,154.47	5,881,631	91.35%
Reserves	-	82,287	-
Total	\$ 17,217,633.50	\$ 25,193,844	68.34%



The Utilities Department's operational savings are attributed to efficiency measures and budget initiatives. Through the plant and facility efficiency and optimization program, the Utilities Department has continually reduced the electric expenditures every fiscal year. Also, with the belt filter press coming online at the Wastewater Treatment Plant in August 2010, a reduction of \$268,685 is estimated for FY11.

Utilities Cash & Investments – At a Glance August 2011

Water & Sewer Cash & Investments-YTD



Overall the Water & Sewer Funds cash and investments were \$23.2 million (55.4%) less as of August 2011 as compared to August 2010. This decreased is due mainly to the cash defeasance of the Utility System Improvement Revenue Bonds Series 2005A and partial cash defeasance of the Utility System Improvement Revenue Bonds Series 2005B.