

**CITY OF PALM BAY, FLORIDA
MONTHLY FINANCIAL REPORT (UNAUDITED)
FEBRUARY 2017**



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 February 2017. February is the fifth month of the fiscal year and represents 42% of the annual budget.

Financial Report Summary

- Citywide revenues of \$72.6 million are at 42.0% of the annual budget. Citywide expenditures of \$60.7 million are at 35.1% of the annual budget. Traditionally revenue collections are two months in arrears. For this reason, certain revenues for grants and other governmental resources are accrued at year end to reflect the period in which it represents.
- Citywide cash and investments increased by \$3.4 million, or 4.6%, in comparison to the prior year.
- In October 2015, the City refunded the 2006 Sales Tax Bonds. The 2015 Sales Tax Bond proceeds and its use in the defeasance of the 2006 Bonds are included in FY16 citywide revenues and expenditures in the chart below.

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| Citywide - Cash & Investments | | Citywide - Revenues | | Citywide - Expenditures | |
|-------------------------------|----------------------|---------------------|-------------------------|-------------------------|---------------------------|
| 2/28/2017 | \$ 77,740,296.18 | 2/28/2017 | \$ 72,590,896.99 | 2/28/2017 | \$ 60,720,955.42 |
| 2/29/2016 | 74,337,467.98 | 2/29/2016 | 79,855,951.05 | 2/29/2016 | 74,574,187.71 |
| Increase | 4.6% \$ 3,402,828.20 | Decrease | -9.1% \$ (7,265,054.06) | Decrease | -18.6% \$ (13,853,232.29) |

- General Fund revenues of \$33.3 million are at 49% of the annual budget. This is an increase of \$1.89 million, or 6.0%, in comparison to the prior year.
- General Fund expenditures of \$26.3 million are at 42% of the annual budget. This is an increase of \$1.16 million, or 4.6%, in comparison to the prior year.
- General Fund cash and investments increased by \$2.27 million, or 15.0%, in comparison to the prior year. Of this increased General Fund cash, \$800,000 is reserved.

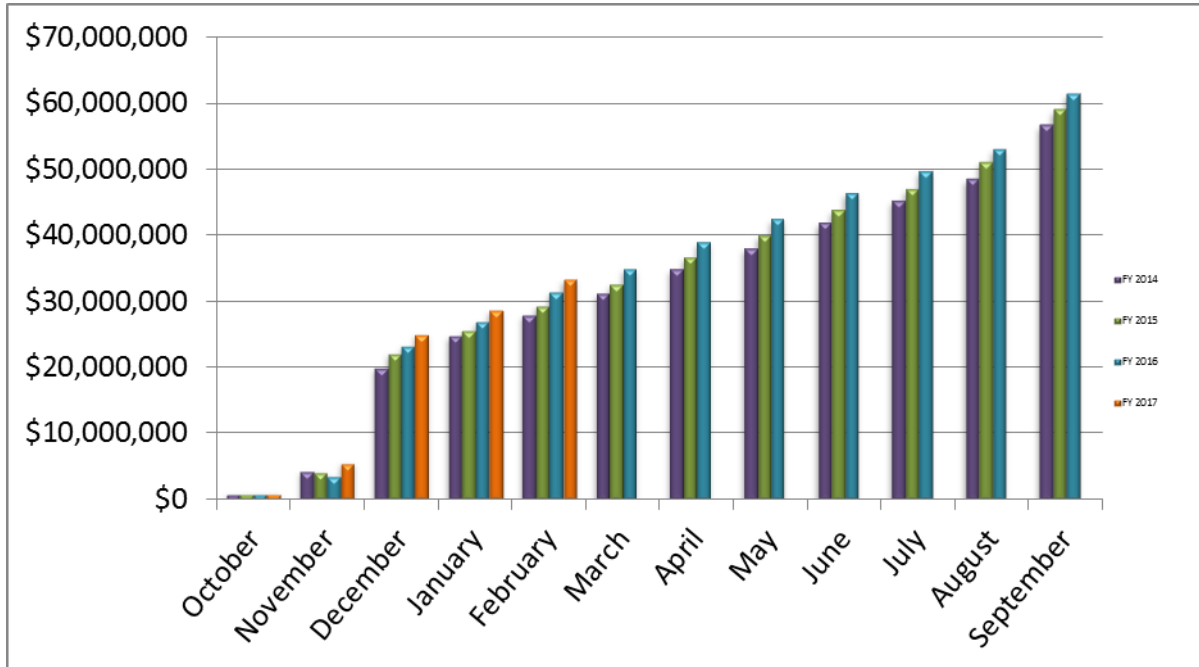
| General Fund - Cash & Investments | | General Fund - Revenues | | General Fund - Expenditures | |
|-----------------------------------|-----------------------|-------------------------|----------------------|-----------------------------|----------------------|
| 2/28/2017 | \$ 17,427,903.89 | 2/28/2017 | \$ 33,338,236.04 | 2/28/2017 | \$ 26,322,222.95 |
| 2/29/2016 | 15,157,816.11 | 2/29/2016 | 31,450,634.60 | 2/29/2016 | 25,157,519.90 |
| Increase | 15.0% \$ 2,270,087.78 | Increase | 6.0% \$ 1,887,601.44 | Increase | 4.6% \$ 1,164,703.05 |

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 fiscal years 2014 to 2017.

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

General Fund Revenues – At a Glance February 2017

General Fund Revenues-YTD



FY2017 YTD Change in GF Revenues as Compared to Prior Year

| | Prior YTD | Current YTD | Percent Change | Annual Budget |
|--|----------------------|----------------------|-------------------|----------------------|
| Ad Valorem Taxes | \$ 20,963,618 | \$ 22,937,279 | 9.4% | \$ 26,426,410 |
| Local Option Fuel Tax (1) | 819,177 | 939,335 | 14.7% | 3,822,462 |
| Utility Service Taxes | 2,197,979 | 2,213,982 | 0.7% | 8,305,000 |
| Communication Service Tax (2) | 736,898 | 653,103 | -11.4% | 2,683,536 |
| Franchise Fees | 1,294,131 | 1,171,526 | -9.5% | 5,399,000 |
| State Shared Revenues | 952,411 | 971,462 | 2.0% | 4,327,372 |
| Half Cent Sales Tax | 1,481,699 | 1,603,710 | 8.2% | 6,107,351 |
| Licenses and Permits | 522,044 | 516,040 | -1.2% | 607,500 |
| Grants and Other Entitlements (3) | 142,316 | 58,324 | -59.0% | 1,007,796 |
| Charges for Services | 1,043,488 | 1,130,419 | 8.3% | 3,159,561 |
| Fines and Forfeitures (4) | 163,352 | 126,275 | -22.7% | 414,500 |
| Interest, Rents & Other Revenues | 250,583 | 253,538 | 1.2% | 541,534 |
| Interfund Transfers & Capital Leases (5) | 882,938 | 763,245 | -13.6% | 1,835,914 |
| Fund Balance | - | - | 0.0% | 2,942,034 |
| | \$ 31,450,635 | \$ 33,338,236 | 6.0% | \$ 67,579,970 |

(1) Increase primarily due to higher year-to-date collection of Local Option Fuel Tax in FY17.

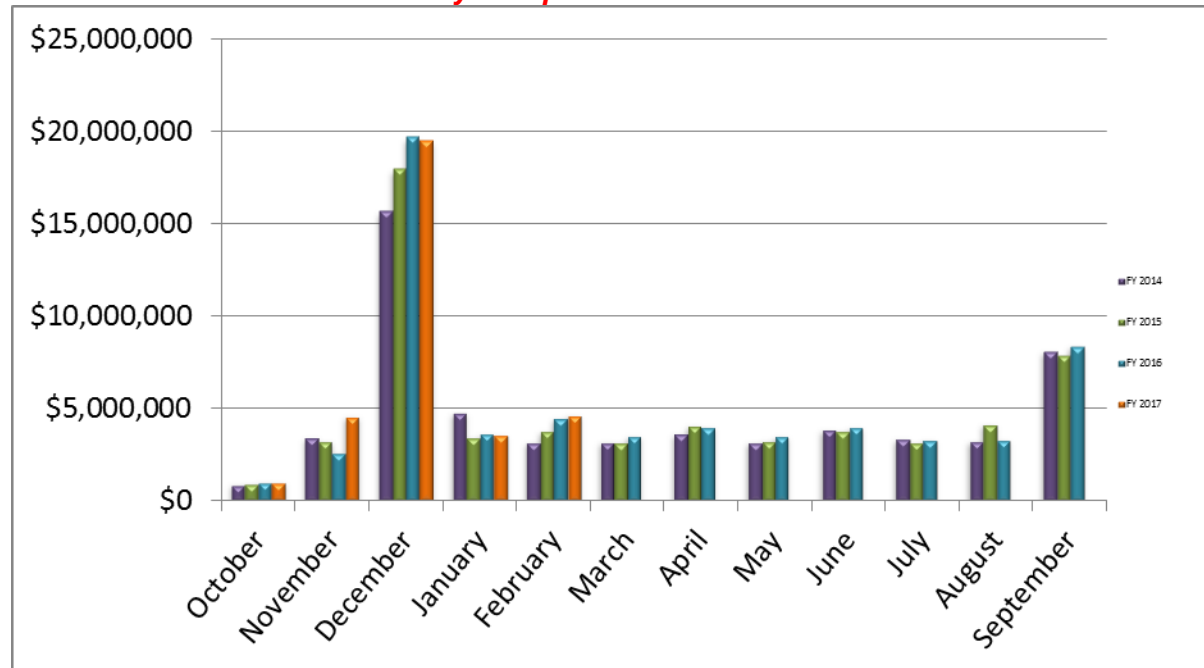
(2) Decrease primarily due to lower year-to-date collection of Communications Service Tax in FY17.

(3) Decrease primarily due to lower year-to-date collections of Dept. of Justice grants and School Resource Officer reimbursement in FY17.

(4) Decrease primarily due to lower year-to-date collection of Code Compliance Fines in FY17.

(5) Decrease primarily due to no budgeted transfer from Employee Benefits Fund in FY17.

General Fund Revenues-Monthly Comparison



Monthly GF Revenues as Compared to Prior Years

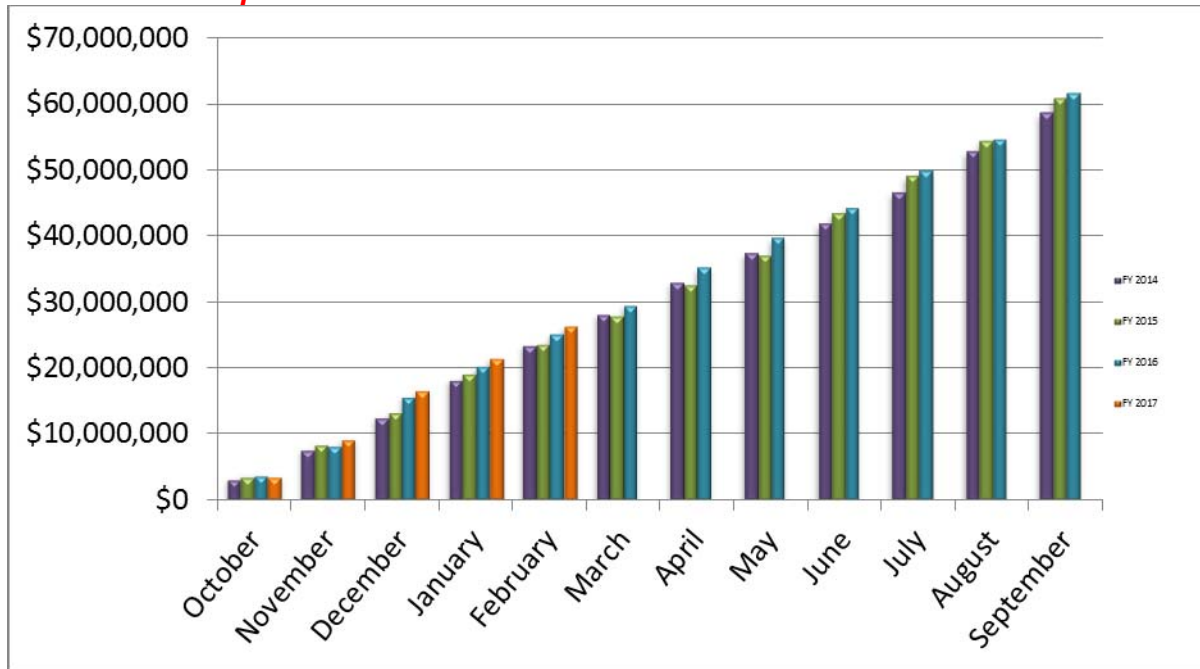
| | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|-----------|----------------------|----------------------|----------------------|----------------------|
| October | \$ 911,630 | \$ 953,761 | \$ 1,012,271 | \$ 1,005,090 |
| November | 3,425,400 | 3,246,502 | 2,619,131 | 4,580,252 |
| December | 15,683,359 | 17,977,402 | 19,689,226 | 19,511,218 |
| January | 4,802,728 | 3,458,799 | 3,639,261 | 3,585,305 |
| February | 3,200,574 | 3,782,243 | 4,490,812 | 4,656,371 |
| March | 3,208,482 | 3,203,645 | 3,522,695 | - |
| April | 3,651,785 | 4,103,728 | 4,009,369 | - |
| May | 3,198,408 | 3,278,699 | 3,511,664 | - |
| June | 3,880,153 | 3,830,369 | 3,976,789 | - |
| July | 3,363,584 | 3,170,380 | 3,323,512 | - |
| August | 3,262,185 | 4,168,296 | 3,323,716 | - |
| September | 8,115,309 | 7,881,278 | 9,167,028 | - |
| | \$ 56,703,597 | \$ 59,055,101 | \$ 62,285,475 | \$ 33,338,236 |

Overall General Fund revenues for the month of February 2017 have increased \$165,559 (3.69%) when compared to February 2016.

The major sources of revenues for the General Fund are taxes, franchise fees, intergovernmental revenues, licenses, permits, fines, forfeitures and charges for services. With a recovering 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.

General Fund Expenditures – At a Glance February 2017

General Fund Expenditures-YTD



2017 YTD Change in GF Expenditures as Compared to Prior Year

| | Prior YTD | Current YTD | Percent Change | Annual Budget |
|----------------------------|----------------------|----------------------|----------------|----------------------|
| Legislative (1) | \$ 306,976 | \$ 273,360 | -11.0% | \$ 678,030 |
| City Manager | 288,102 | 292,006 | 1.4% | 731,727 |
| City Attorney (2) | 594,069 | 234,736 | -60.5% | 613,919 |
| Procurement (3) | - | 153,707 | 0.0% | 402,536 |
| Finance (4) | 660,040 | 522,995 | -20.8% | 1,359,967 |
| Information Technology (5) | 1,104,558 | 960,856 | -13.0% | 2,583,474 |
| Human Resources | 206,094 | 188,879 | -8.4% | 643,258 |
| Growth Management (6) | 208,336 | 480,294 | 130.5% | 1,366,051 |
| Economic Development (7) | 247,085 | 358,010 | 44.9% | 777,070 |
| Parks and Recreation | 1,094,163 | 1,131,824 | 3.4% | 4,560,266 |
| Facilities (8) | 789,900 | 909,707 | 15.2% | 2,468,081 |
| Police | 7,378,241 | 7,368,206 | -0.1% | 19,601,350 |
| Fire | 5,453,926 | 5,539,712 | 1.6% | 14,059,856 |
| Public Works (9) | 1,854,312 | 2,624,424 | 41.5% | 6,381,933 |
| Non-Departmental | 1,535,763 | 1,608,894 | 4.8% | 3,787,546 |
| Transfers | 3,435,956 | 3,674,612 | 6.9% | 7,564,906 |
| | \$ 25,157,520 | \$ 26,322,223 | 4.6% | \$ 67,579,970 |

(1) Decrease primarily due to FY16 purchase of audio visual equipment and computers.

(2) Decrease primarily due to decreased year-to-date costs for Other Attorneys.

(3) Increase due to Procurement Department's first year of existence in FY17. Previously was in Finance Department.

(4) Decrease primarily due to Purchasing Division transferred to Procurement Department in FY17.

(5) Decrease primarily due to capital network equipment purchased in FY16.

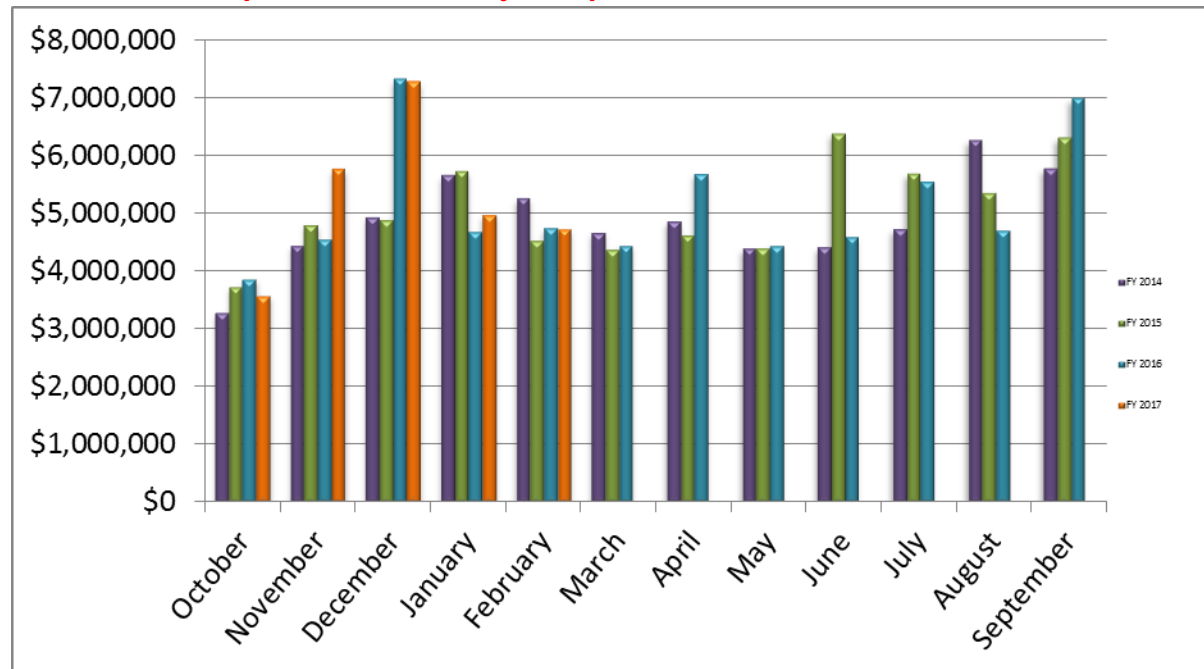
(6) Increase primarily due to FY17 budget of Code Compliance Division in Growth Management instead of in Police Department.

(7) Increase primarily due to expansion of Economic Development Department compared to same time last year.

(8) Increase primarily due to higher year-to-date costs for personnel and operating supplies.

(9) Increase primarily due to increased year-to-date costs for disaster preparedness.

General Fund Expenditures-Monthly Comparison



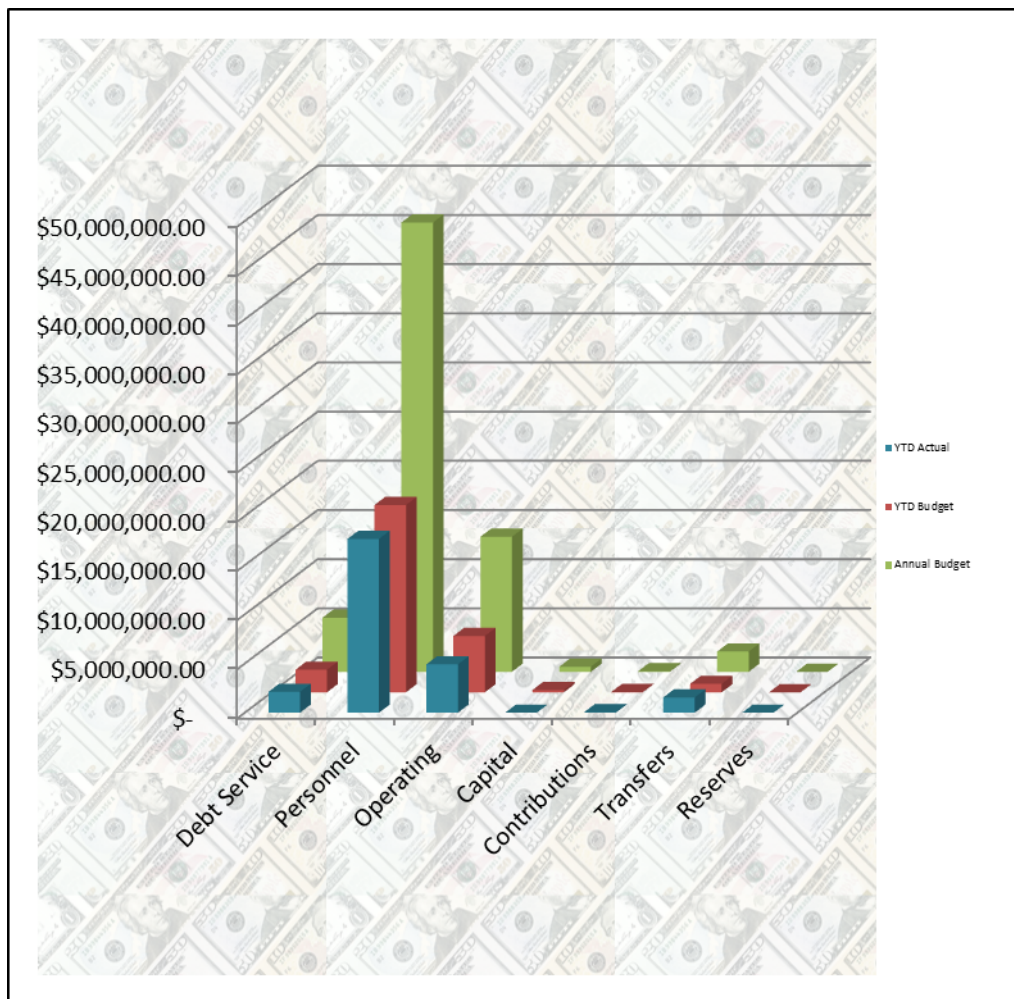
Monthly GF Expenditures as Compared to Prior Years

| | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|-----------|----------------------|----------------------|----------------------|----------------------|
| October | \$ 3,279,274 | \$ 3,726,416 | \$ 3,859,572 | \$ 3,572,123 |
| November | 4,445,312 | 4,799,117 | 4,542,401 | 5,766,532 |
| December | 4,931,871 | 4,886,462 | 7,323,753 | 7,290,910 |
| January | 5,653,811 | 5,729,780 | 4,685,466 | 4,972,873 |
| February | 5,259,394 | 4,526,492 | 4,746,328 | 4,719,784 |
| March | 4,666,428 | 4,375,170 | 4,443,296 | - |
| April | 4,859,644 | 4,630,094 | 5,693,822 | - |
| May | 4,386,401 | 4,397,032 | 4,450,696 | - |
| June | 4,412,580 | 6,385,679 | 4,592,489 | - |
| July | 4,721,680 | 5,689,908 | 5,551,214 | - |
| August | 6,272,362 | 5,346,802 | 4,712,630 | - |
| September | 5,780,329 | 6,310,426 | 6,791,578 | - |
| | \$ 58,669,085 | \$ 60,803,379 | \$ 61,393,243 | \$ 26,322,223 |

February General Fund expenditures were \$26,544 (0.56%) less when comparing February 2017 to February 2016. Year-to-date expenditures are \$1,164,703 more.

General Fund Expenditures-Budgetary Comparison by Category

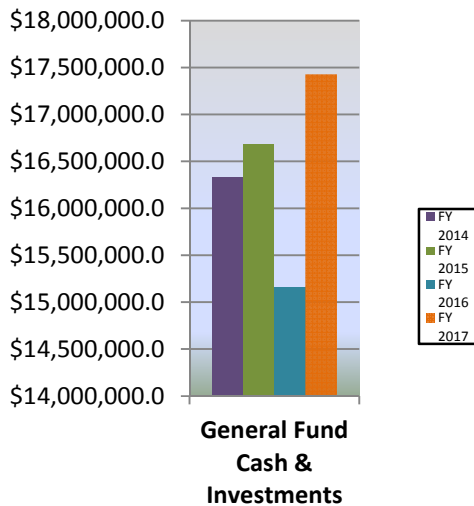
| | <u>YTD Actual</u> | <u>YTD Budget</u> | <u>Annual Budget</u> | <u>% Spent</u> |
|---------------|-------------------------|----------------------|----------------------|----------------|
| Debt Service | \$ 2,123,532.91 | \$ 2,292,757 | \$ 5,502,617 | 38.59% |
| Personnel | 17,667,212.44 | 19,036,934 | 45,688,641 | 38.67% |
| Operating | 4,914,315.23 | 5,722,287 | 13,733,488 | 35.78% |
| Capital | 7,539.00 | 217,056 | 520,935 | 1.45% |
| Contributions | 58,544.21 | 30,000 | 72,000 | 81.31% |
| Transfers | 1,551,079.16 | 859,287 | 2,062,289 | 75.21% |
| Reserves | - | - | - | 0.00% |
| Total | \$ 26,322,222.95 | \$ 28,158,321 | \$ 67,579,970 | 38.95% |



The total budgeted expenditures for 2017 are \$67,579,970 (includes encumbrances from prior year and 2017 budget amendments). Of this amount, \$45,688,641, or 67.6%, is related to personnel costs.

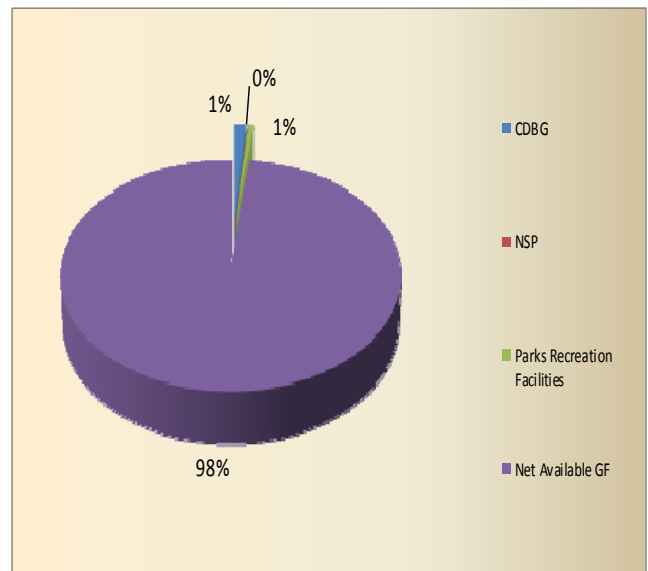
General Fund Cash & Investments – At a Glance February 2017

General Fund Cash & Investments-YTD



| General Fund Cash & Investments | |
|---------------------------------|--------------------------------|
| Prior Month Ending Balance | \$ 17,486,854.74 |
| Cash Increase (Decrease) | <u>(58,950.85)</u> |
| Ending Balance 2/28/17 | <u><u>\$ 17,427,903.89</u></u> |

| General Fund Cash & Investments | |
|---|---------------------------------------|
| February 2017 Ending Balance | \$ 17,427,903.89 |
| Cash Advanced to Other Funds: | |
| CDBG | (225,650.44) |
| NSP | (1,508.80) |
| Parks Recreation Facilities | <u>\$ (99,405.39)</u> |
| Total Available Cash & Investments | <u><u>\$ 17,101,339.26</u></u> |





General Fund Balance – At a Glance February 2017

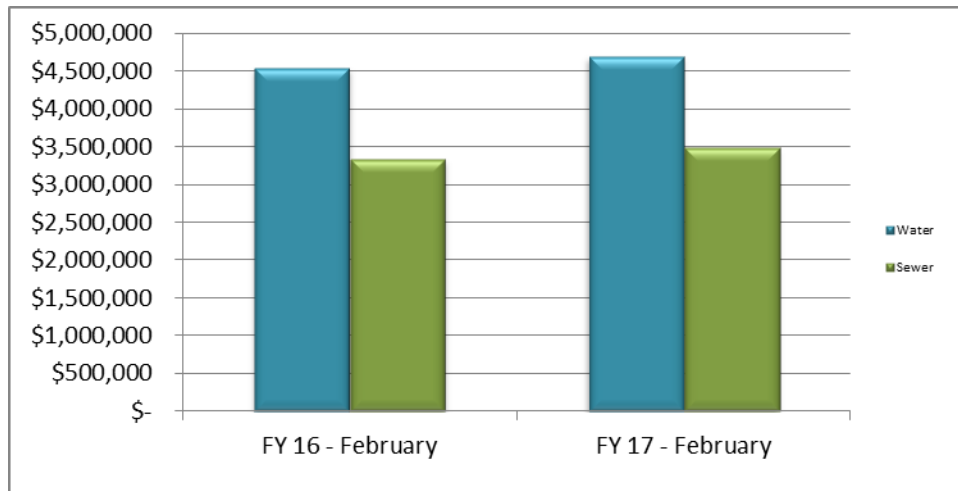
| | PRIOR YTD | CURRENT YTD |
|--|----------------------|-------------------|
| REVENUES | | |
| Ad Valorem Taxes | \$ 20,963,618 | \$ 22,937,279 |
| Local Option Fuel Tax | 819,177 | 939,335 |
| Utility Service Taxes | 2,197,979 | 2,213,982 |
| Communication Service Tax | 736,898 | 653,103 |
| Franchise Fees | 1,294,131 | 1,171,526 |
| State Shared Revenues | 952,411 | 971,462 |
| Half Cent Sales Tax | 1,481,699 | 1,603,710 |
| Licenses and Permits | 522,044 | 516,040 |
| Grants and Other Entitlements | 142,316 | 58,324 |
| Charges for Services | 1,043,488 | 1,130,419 |
| Fines and Forfeitures | 163,352 | 126,275 |
| Interest, Rents and Other Revenues | 250,583 | 253,538 |
| Interfund Transfers and Other Sources | 882,938 | 763,245 |
| Total Revenues | 31,450,635 | 33,338,236 |
| EXPENDITURES | | |
| Legislative | 306,976 | 273,360 |
| City Manager | 288,102 | 292,006 |
| City Attorney | 594,069 | 234,736 |
| Procurement | - | 153,707 |
| Finance | 660,040 | 522,995 |
| Information Technology | 1,104,558 | 960,856 |
| Human Resources | 206,094 | 188,879 |
| Growth Management | 208,336 | 480,294 |
| Economic Development | 247,085 | 358,010 |
| Parks and Recreation | 1,094,163 | 1,131,824 |
| Facilities | 789,900 | 909,707 |
| Police | 7,378,241 | 7,368,206 |
| Fire | 5,453,926 | 5,539,712 |
| Public Works | 1,854,312 | 2,624,424 |
| Non-Departmental | 1,535,763 | 1,608,894 |
| Transfers | 3,435,956 | 3,674,612 |
| Total Expenditures | 25,157,520 | 26,322,223 |
| Excess (Deficiency) of Revenues Over Expenditures | 6,293,115 | 7,016,013 |
| Fund Balance - Beginning | 8,282,350 | 8,136,697 |
| Prior Period Adjustment | - | - |
| Fund Balance - Beginning as Restated | 8,282,350 | 8,136,697 |
| Fund Balance - Ending | \$ 14,575,464 | 15,152,710 |

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 <u>Required</u> | Actual <u>Fund Balance</u> | <u>Fund Balance</u> <u>Percentage</u> |
| FY 2016 | \$ 5,594,175 | \$ 8,136,697 | 14.54% |
| FY 2015 | 5,311,438 | 8,282,350 | 15.59% |
| FY 2014 | 5,321,416 | 10,040,314 | 18.87% |
| FY 2013 | 5,059,293 | 12,005,802 | 23.73% |
| FY 2012 | 4,941,647 | 9,534,785 | 19.29% |
| FY 2011 | 5,046,518 | 6,077,849 | 12.04% |

Utilities Revenues – At a Glance February 2017

Water & Sewer Revenues-YTD



Overall year-to-date Water revenue in February 2017 has increased \$148,781 (3.28%) when compared to February 2016.

Overall year-to-date Sewer revenue in February 2017 has increased \$150,724 (4.52%) when compared to February 2016.

Fire Protection for FY17 was billed at 101% of the budgeted amount. The majority of the Fire Protection Service Charges were billed in October 2016 (annual billing).

Meter Installation Fees are recorded at 57% of the budgeted amount. The Utility Lien Costs are recorded at 120% of the budgeted amount.

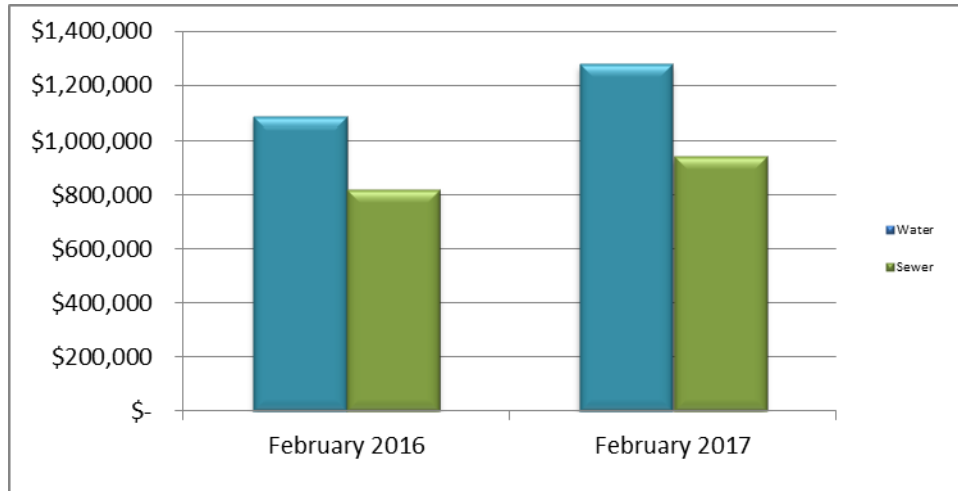
Operating Interest Income is recorded at 13% at this time. The interest for the Palm Bay Estates Loan (\$21,067) will be recorded in June, and the interest on the Fleet Services Loan will be recorded in March (\$25,866.14) and September (\$14,785.53).

Excluding Fund Balance, the total FY17 Operating Revenue is recorded at 34.51% of the budgeted amount compared to FY16 which was at 34.82%.

Water Connection Fees are recorded at 52% of the budgeted amount, and Sewer Connection Fees are recorded at 37% of the budgeted amount.

Water MLEs are recorded at 65% of the budgeted amount, and Sewer MLEs are recorded at 94% of the budgeted amount.

Water & Sewer Revenues-Monthly Comparison



Overall Water revenue for the month of February 2017 has increased by \$191,184 (17.60%) when compared to February 2016.

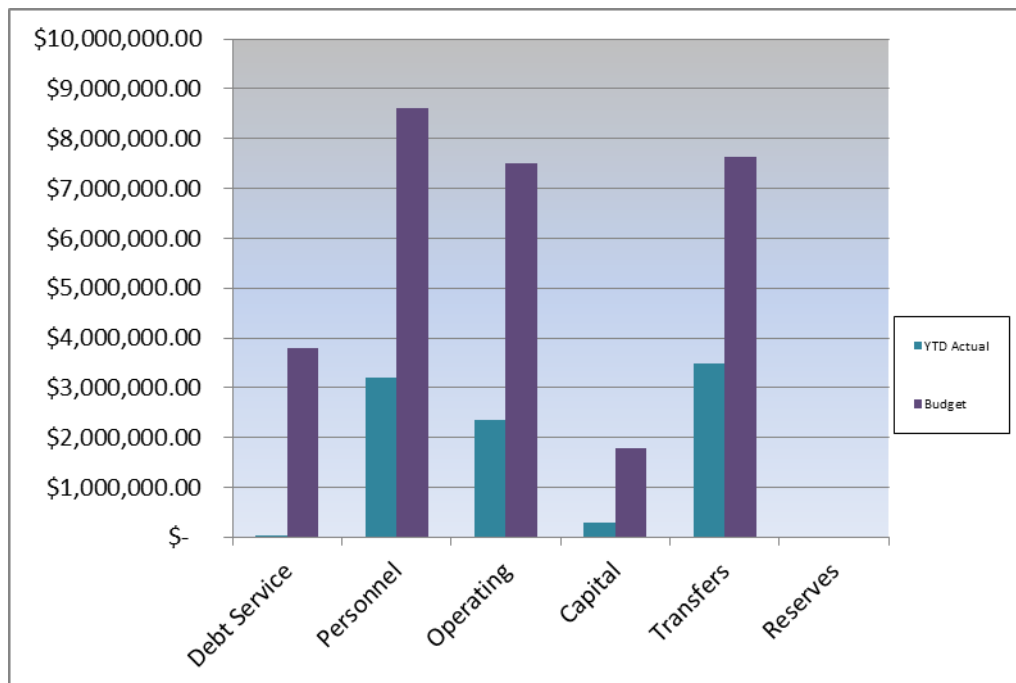
Overall Sewer revenue for the month of February 2017 has increased by \$122,260 (14.90%) when compared to February 2016.

Utilities Expenses – At a Glance February 2017

Water & Sewer Expenditures-YTD

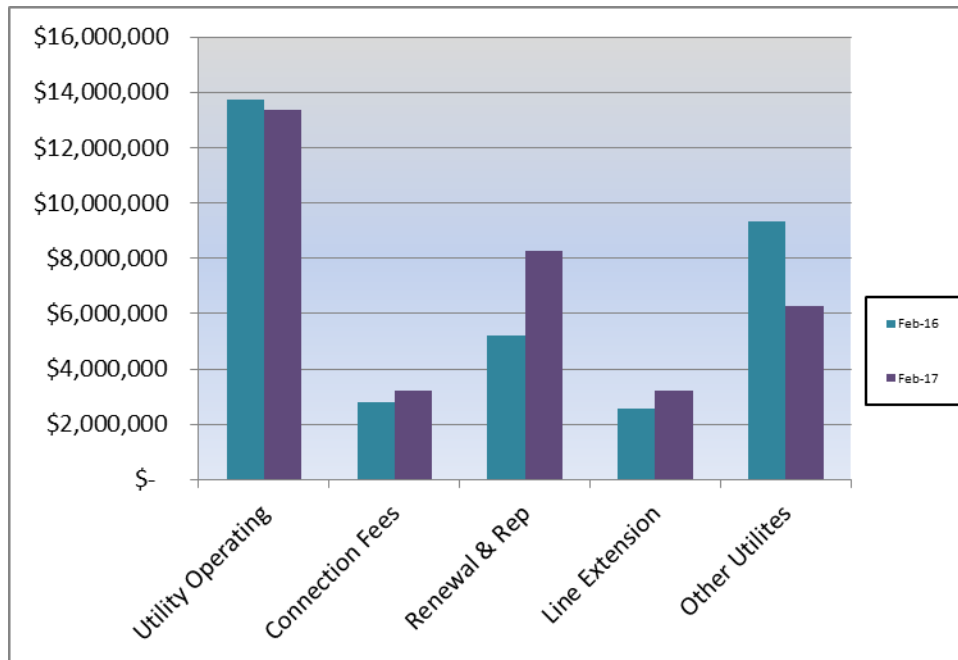
Overall expenditures (excluding encumbrances) are as follows:

| | <i>Actual</i> | <i>Budget</i> | <i>% Spent</i> |
|--------------|------------------------|----------------------|----------------|
| Debt Service | \$ 464.67 | \$ 3,798,162 | 0.01% |
| Personnel | 3,195,281.19 | 8,618,660 | 37.07% |
| Operating | 2,347,932.17 | 7,510,469 | 31.26% |
| Capital | 291,292.50 | 1,791,046 | 16.26% |
| Transfers | 3,496,229.75 | 7,624,971 | 45.85% |
| Reserves | - | - | - |
| Total | \$ 9,331,200.28 | \$ 29,343,308 | 31.80% |



Utilities Cash & Investments – At a Glance February 2017

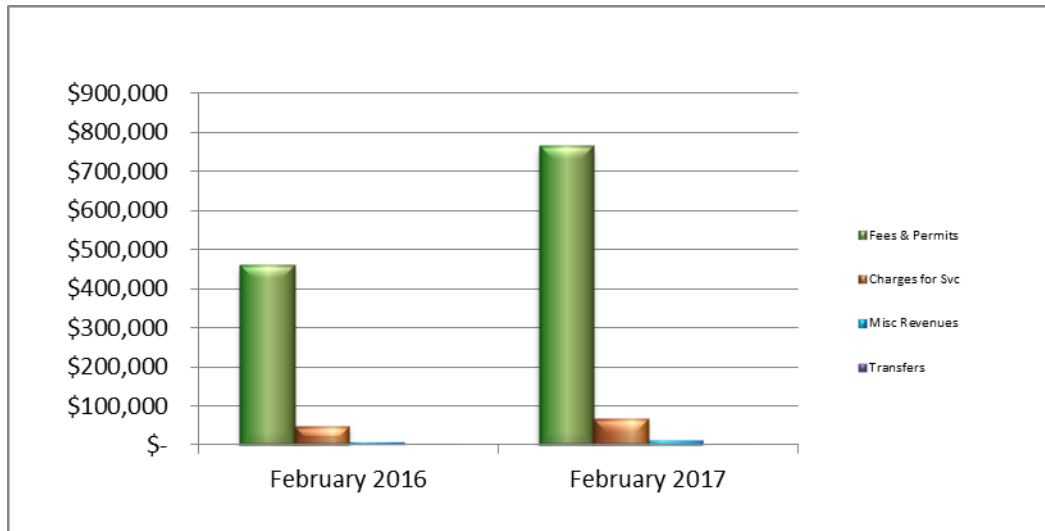
Water & Sewer Cash & Investments-YTD



Overall the Water & Sewer Funds cash and investments were \$0.72 million (2.1%) more as of February 2017 as compared to February 2016.

Building Revenues – At a Glance February 2017

Building Revenues-YTD



Fees and Permits revenue in February 2017 is up \$304,407 (66.11%) from February 2016.

Charges for Services revenue in February 2017 is up \$20,382 (42.40%) from February 2016.

Overall, Building revenues in FY 17 (at February) have increased by \$331,148 (64.31%) when compared to FY 16 (at February).

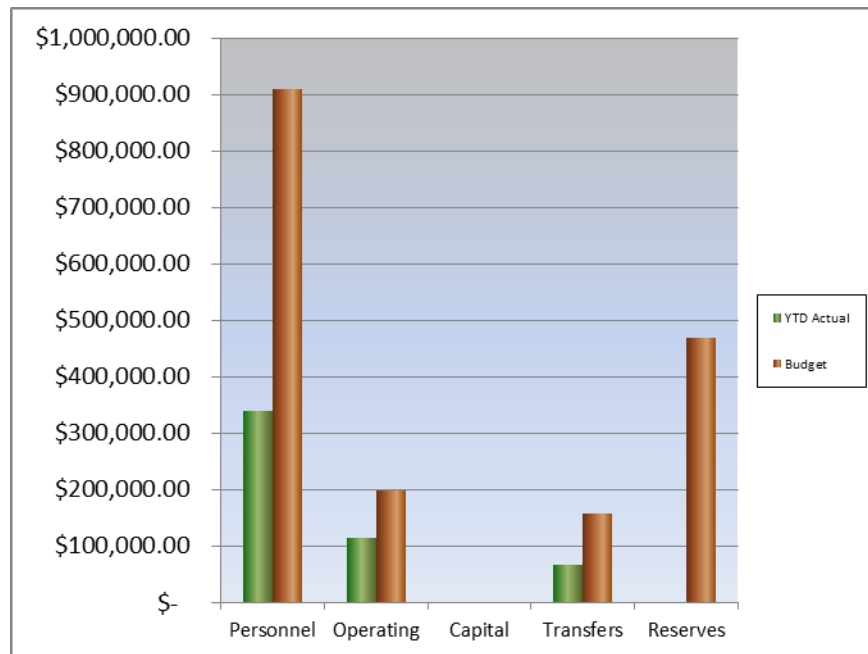
The total FY 17 Building revenues are recorded at 48.76% of the budgeted amount compared to FY 16 which was 45.63%.

Building Expenses – At a Glance February 2017

Building Expenditures-YTD

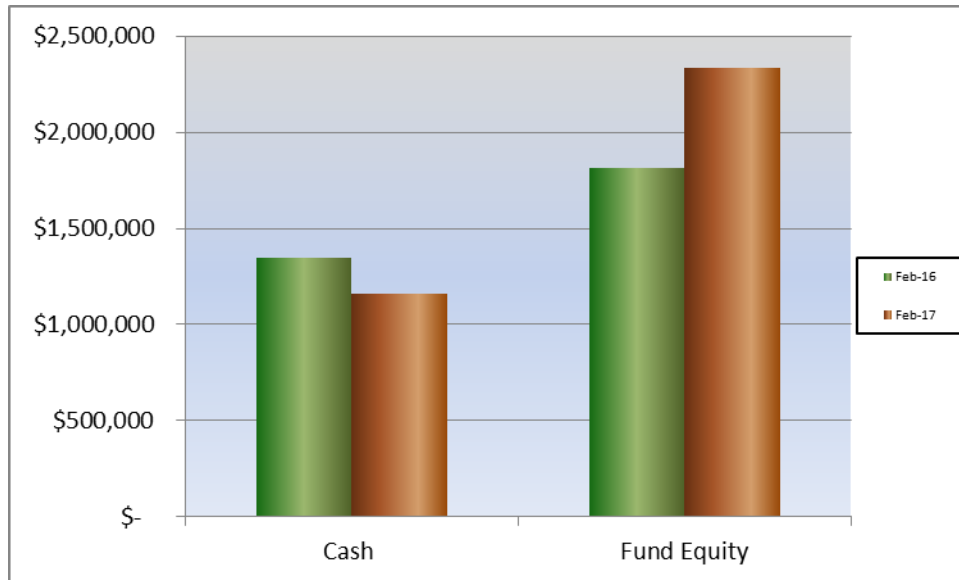
Overall expenditures (excluding encumbrances) are as follows:

| | <u>Actual</u> | <u>Budget</u> | <u>% Spent</u> |
|-----------|---------------|---------------|----------------|
| Personnel | \$ 339,589.63 | \$ 908,574 | 37.38% |
| Operating | 113,988.66 | 199,234 | 57.21% |
| Capital | - | - | 0.00% |
| Transfers | 65,950.85 | 158,282 | 41.67% |
| Reserves | - | 469,020 | 0.00% |
| Total | \$ 519,529.14 | \$ 1,735,110 | 29.94% |



Building Cash & Fund Equity – At a Glance February 2017

Building Cash & Fund Equity-YTD



Overall the Building cash and investments were \$185,017 (13.8%) less as of February 2017 as compared to February 2016.

Overall the Building fund equity was \$518,912 (28.6%) more as of February 2017 as compared to February 2016.