

**CITY OF PALM BAY, FLORIDA
MONTHLY FINANCIAL REPORT (UNAUDITED)
MARCH 2016**



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 March 2016. March is the sixth month of the fiscal year and represents 50% of the annual budget.

Financial Report Summary

- Citywide revenues of \$92.4 million are at 56% of the annual budget. Citywide expenditures of \$88.8 million are at 53% 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 \$5.0 million, or 7.9%, 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 | | |
|-------------------------------|------|-----------------|---------------------|-------|------------------|-------------------------|-------|------------------|
| 3/31/2016 | \$ | 68,464,181.04 | 3/31/2016 | \$ | 92,402,648.19 | 3/31/2016 | \$ | 88,762,894.61 |
| 3/31/2015 | | 63,477,407.98 | 3/31/2015 | | 68,803,105.42 | 3/31/2015 | | 63,612,600.18 |
| Increase | 7.9% | \$ 4,986,773.06 | Increase | 34.3% | \$ 23,599,542.77 | Increase | 39.5% | \$ 25,150,294.43 |

- General Fund revenues of \$35.0 million are at 56% of the annual budget. This is an increase of \$2.35 million, or 7.2%, in comparison to the prior year.
- General Fund expenditures of \$29.6 million are at 48% of the annual budget. This is an increase of \$1.56 million, or 5.6%, in comparison to the prior year.
- General Fund cash and investments decreased by \$0.74 million, or 5.0%, in comparison to the prior year.

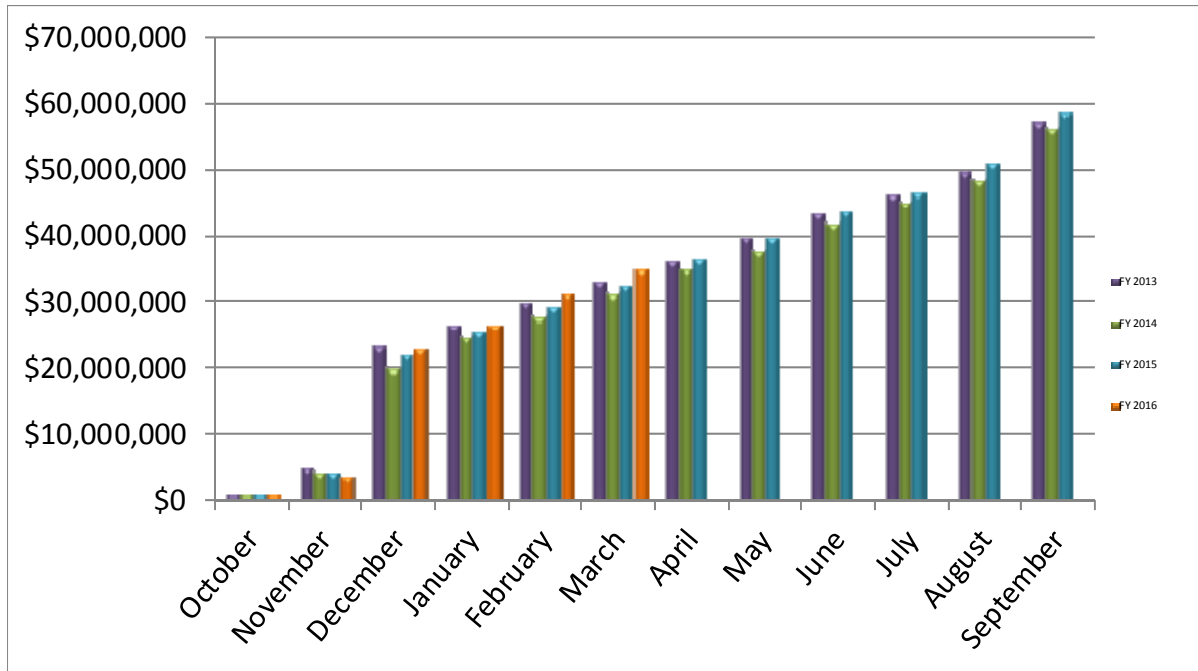
| General Fund - Cash & Investments | | | General Fund - Revenues | | | General Fund - Expenditures | | |
|-----------------------------------|-------|-----------------|-------------------------|------|-----------------|-----------------------------|------|-----------------|
| 3/31/2016 | \$ | 14,150,586.58 | 3/31/2016 | \$ | 34,973,395.26 | 3/31/2016 | \$ | 29,600,815.67 |
| 3/31/2015 | | 14,891,148.48 | 3/31/2015 | | 32,622,352.26 | 3/31/2015 | | 28,043,437.43 |
| Decrease | -5.0% | \$ (740,561.90) | Increase | 7.2% | \$ 2,351,043.00 | Increase | 5.6% | \$ 1,557,378.24 |

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 2013 to 2016.

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 March 2016

General Fund Revenues-YTD



FY2016 YTD Change in GF Revenues as Compared to Prior Year

| | Prior YTD | Current YTD | Percent Change | Annual Budget |
|--|----------------------|----------------------|----------------|----------------------|
| Ad Valorem Taxes | \$ 20,432,985 | \$ 21,560,481 | 5.5% | \$ 24,471,077 |
| Local Option Fuel Tax (1) | 964,799 | 1,132,876 | 17.4% | 3,560,238 |
| Utility Service Taxes | 2,691,554 | 2,830,770 | 5.2% | 8,222,000 |
| Communication Service Tax | 1,001,350 | 972,984 | -2.8% | 2,953,575 |
| Franchise Fees | 1,654,056 | 1,662,499 | 0.5% | 5,390,000 |
| State Shared Revenues (2) | 1,123,511 | 1,269,881 | 13.0% | 3,963,798 |
| Half Cent Sales Tax | 1,833,503 | 1,935,728 | 5.6% | 5,801,620 |
| Licenses and Permits | 527,547 | 539,288 | 2.2% | 580,520 |
| Grants and Other Entitlements (3) | 41,947 | 143,272 | 241.6% | 246,975 |
| Charges for Services | 1,206,606 | 1,322,131 | 9.6% | 2,714,153 |
| Fines and Forfeitures | 209,509 | 214,193 | 2.2% | 536,200 |
| Interest, Rents & Other Revenues (4) | 173,832 | 334,560 | 92.5% | 447,860 |
| Interfund Transfers & Capital Leases (5) | 761,154 | 1,054,731 | 38.6% | 2,085,486 |
| Fund Balance | - | - | 0.0% | 991,161 |
| | \$ 32,622,352 | \$ 34,973,395 | 7.2% | \$ 61,964,663 |

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

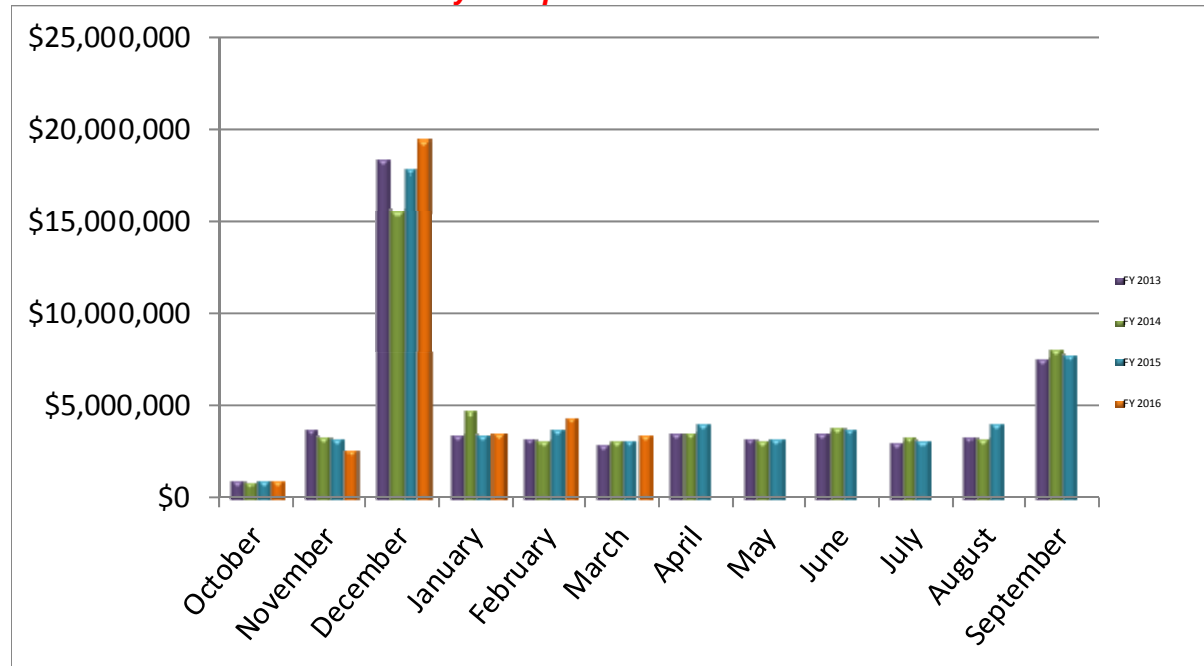
(2) Increase primarily due to higher year-to-date collection of State Shared Revenues.

(3) Increase primarily due to higher year-to-date collection from Brevard County School Board and Department of Justice Grant.

(4) Increase primarily due to property sale and higher year-to-date collection of property lease revenue.

(5) Increase primarily due to increased budgeted transfer from Employee Benefits Fund in FY16.

General Fund Revenues-Monthly Comparison



Monthly GF Revenues as Compared to Prior Years

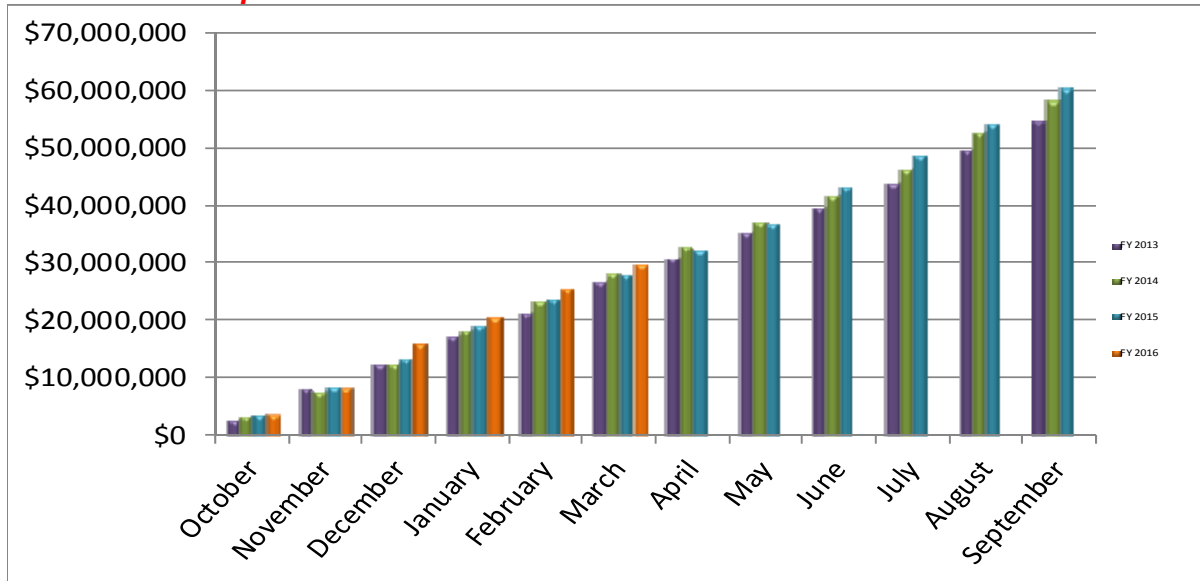
| | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
|-----------|----------------------|----------------------|----------------------|----------------------|
| October | \$ 1,048,437 | \$ 911,630 | \$ 953,761 | \$ 1,012,271 |
| November | 3,846,416 | 3,425,400 | 3,246,502 | 2,619,131 |
| December | 18,439,244 | 15,683,359 | 17,977,402 | 19,689,226 |
| January | 3,531,439 | 4,802,728 | 3,458,799 | 3,639,261 |
| February | 3,279,875 | 3,200,574 | 3,782,243 | 4,490,812 |
| March | 2,917,572 | 3,208,482 | 3,203,645 | 3,522,695 |
| April | 3,616,551 | 3,651,785 | 4,103,728 | |
| May | 3,276,506 | 3,198,408 | 3,278,699 | |
| June | 3,611,729 | 3,880,153 | 3,830,369 | |
| July | 3,046,753 | 3,363,584 | 3,170,380 | |
| August | 3,393,534 | 3,262,185 | 4,168,296 | |
| September | 7,579,482 | 8,115,309 | 7,881,277 | |
| | \$ 57,587,537 | \$ 56,703,597 | \$ 59,055,101 | \$ 34,973,395 |

Overall General Fund revenues for the month of March 2016 have increased \$319,050 (9.96%) when compared to March 2015.

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 March 2016

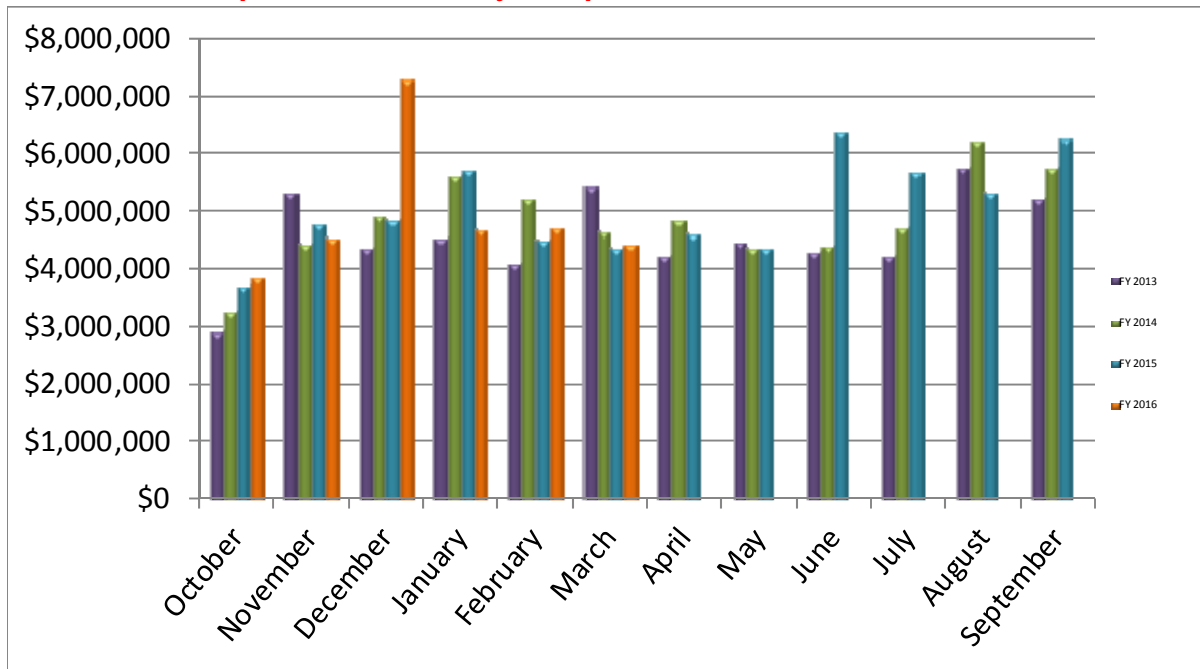
General Fund Expenditures-YTD



| | Prior YTD | Current YTD | Percent Change | Annual Budget |
|----------------------------|----------------------|----------------------|----------------|----------------------|
| Legislative (1) | \$ 296,408 | \$ 347,137 | 17.1% | \$ 676,674 |
| City Manager (2) | 444,354 | 331,089 | -25.5% | 582,305 |
| City Attorney (3) | 478,044 | 672,270 | 40.6% | 922,903 |
| Finance | 763,168 | 794,188 | 4.1% | 1,730,406 |
| Information Technology (4) | 973,965 | 1,226,523 | 25.9% | 2,407,799 |
| Human Resources (5) | 201,814 | 249,723 | 23.7% | 582,129 |
| Growth Management | 277,382 | 259,320 | -6.5% | 553,536 |
| Economic Development (6) | - | 294,532 | 0.0% | 613,097 |
| Parks and Recreation (7) | 1,910,651 | 1,288,932 | -32.5% | 2,636,981 |
| Facilities (8) | - | 894,087 | 0.0% | 2,076,280 |
| Police | 9,292,319 | 8,786,874 | -5.4% | 19,588,392 |
| Fire | 6,365,669 | 6,490,151 | 2.0% | 13,233,577 |
| Public Works | 2,144,047 | 2,227,022 | 3.9% | 4,987,151 |
| Non-Departmental | 1,932,757 | 1,845,315 | -4.5% | 4,138,053 |
| Transfers (9) | 2,962,859 | 3,893,651 | 31.4% | 7,235,380 |
| | \$ 28,043,437 | \$ 29,600,816 | 5.6% | \$ 61,964,663 |

- (1) Increase primarily due to increased year-to-date costs for equipment, life/health insurance premiums, and for dues and memberships.
- (2) Decrease primarily due to reclass/transfer of Public Information Officer and Economic Development Administrator positions and related operating costs to new department, and elimination of Assistant to the City Manager position.
- (3) Increase primarily due to increased year-to-date Other Attorney Cost and Other Professional Services.
- (4) Increase primarily due to increased year-to-date costs for network equipment, air cards, and life/health insurance.
- (5) Increase primarily due to vacancies in H.R. Department during early FY15.
- (6) Increase due to Economic Development Department's first year of existence in FY16. Previously was in City Manager's Office.
- (7) Decrease primarily due to Facilities Division transferred to Facilities Department in FY16.
- (8) Increase due to Facilities Department's first year of existence in FY16. Previously was in Recreation Department.
- (9) Increase primarily due to increased budgeted transfers to Road Maintenance Fund, Debt Service Fund, and Fleet Fund in FY16.

General Fund Expenditures-Monthly Comparison



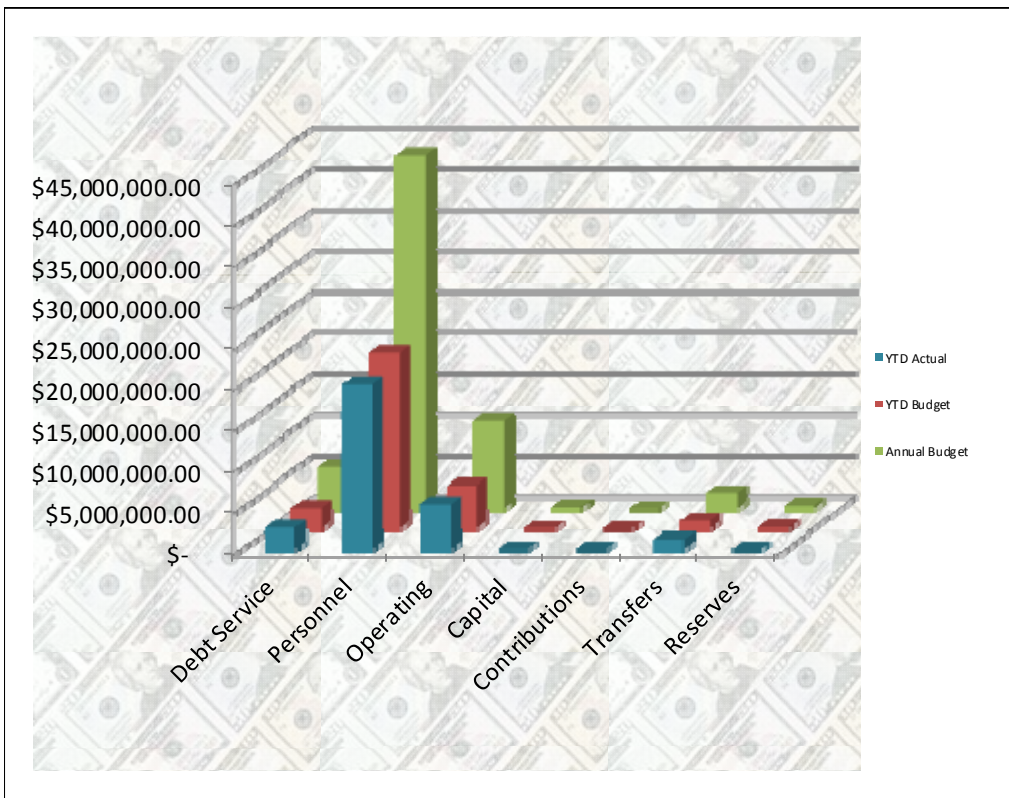
Monthly GF Expenditures as Compared to Prior Years

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
|-----------|----------------------|----------------------|----------------------|----------------------|
| October | \$ 2,928,572 | \$ 3,279,274 | \$ 3,726,416 | \$ 3,859,572 |
| November | 5,357,915 | 4,445,312 | 4,799,117 | 4,542,401 |
| December | 4,385,251 | 4,931,871 | 4,886,462 | 7,323,753 |
| January | 4,576,388 | 5,653,811 | 5,729,780 | 4,685,466 |
| February | 4,095,023 | 5,259,394 | 4,526,492 | 4,746,328 |
| March | 5,452,911 | 4,666,428 | 4,375,170 | 4,443,296 |
| April | 4,230,477 | 4,859,644 | 4,630,094 | |
| May | 4,504,552 | 4,386,401 | 4,397,032 | |
| June | 4,321,706 | 4,412,580 | 6,385,679 | |
| July | 4,248,739 | 4,721,680 | 5,689,908 | |
| August | 5,769,101 | 6,272,362 | 5,346,802 | |
| September | 5,245,884 | 5,780,329 | 6,310,427 | |
| | \$ 55,116,519 | \$ 58,669,085 | \$ 60,803,379 | \$ 29,600,816 |

March General Fund expenditures were \$68,126 (1.56%) more when comparing March 2016 to March 2015. Year-to-date expenditures are \$1,557,378 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 | \$ 2,637,110.52 | \$ 2,592,525 | \$ 5,185,049 | 50.86% |
| Personnel | 20,084,901.98 | 21,623,374 | 43,246,747 | 46.44% |
| Operating | 5,497,233.69 | 5,372,528 | 10,745,055 | 51.16% |
| Capital | 109,926.51 | 128,542 | 257,084 | 42.76% |
| Contributions | 15,102.70 | 18,588 | 37,175 | 40.63% |
| Transfers | 1,256,540.27 | 1,025,166 | 2,050,331 | 61.28% |
| Reserves | - | 221,611 | 443,222 | 0.00% |
| Total | \$ 29,600,815.67 | \$ 30,982,332 | \$ 61,964,663 | 47.77% |



The *total budgeted expenditures* for 2016 are \$61,964,663 (includes encumbrances from prior year and 2016 budget amendments). Of this amount, \$43,246,747, or 69.8%, is related to personnel costs.

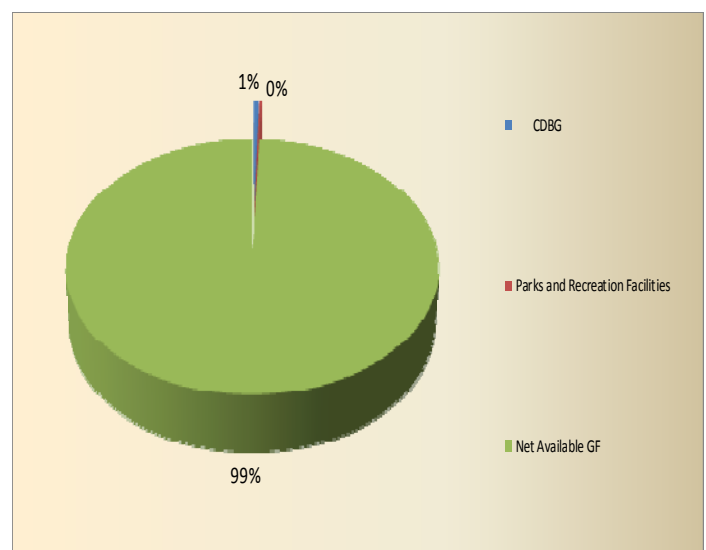
General Fund Cash & Investments – At a Glance March 2016

General Fund Cash & Investments-YTD



| General Fund Unrestricted Cash & Investments | |
|--|--------------------------------|
| Prior Month Ending Balance | \$ 15,157,816.11 |
| Cash Increase (Decrease) | <u>(1,007,229.53)</u> |
| Ending Balance 3/31/16 | <u><u>\$ 14,150,586.58</u></u> |

| General Fund Available Cash & Investments | |
|---|--------------------------------|
| March 2016 Ending Balance | \$ 14,150,586.58 |
| Cash Advanced to Other Funds: | |
| CDBG | (71,481.64) |
| Parks and Recreation Facilities | <u>(23,774.59)</u> |
| Total Available Cash & Investments | <u>\$ 14,055,330.35</u> |



General Fund Balance – At a Glance March 2016

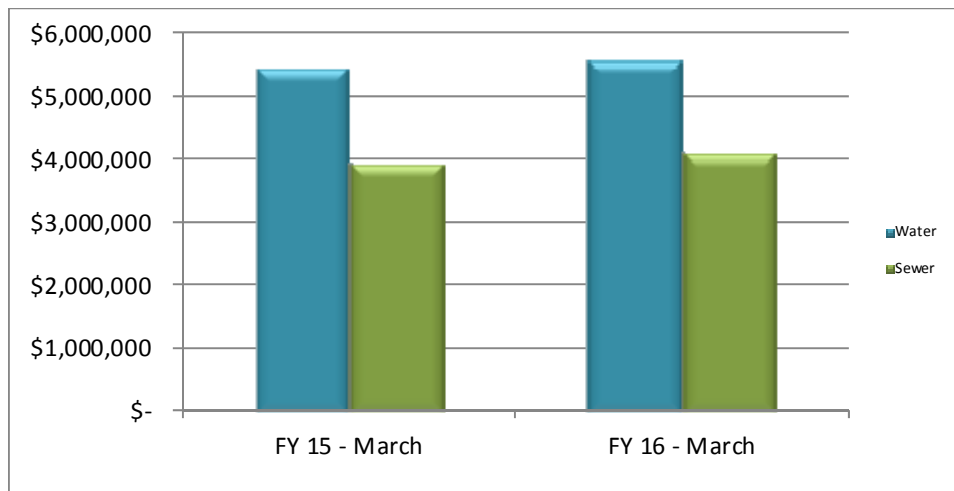
| | PRIOR YTD | CURRENT YTD |
|--|----------------------|-------------------|
| REVENUES | | |
| Ad Valorem Taxes | \$ 20,432,985 | \$ 21,560,481 |
| Local Option Fuel Tax | 964,799 | 1,132,876 |
| Utility Service Taxes | 2,691,554 | 2,830,770 |
| Communication Service Tax | 1,001,350 | 972,984 |
| Franchise Fees | 1,654,056 | 1,662,499 |
| State Shared Revenues | 1,123,511 | 1,269,881 |
| Half Cent Sales Tax | 1,833,503 | 1,935,728 |
| Licenses and Permits | 527,547 | 539,288 |
| Grants and Other Entitlements | 41,947 | 143,272 |
| Charges for Services | 1,206,606 | 1,322,131 |
| Fines and Forfeitures | 209,509 | 214,193 |
| Interest, Rents and Other Revenues | 173,832 | 334,560 |
| Interfund Transfers and Other Sources | 761,154 | 1,054,731 |
| Total Revenues | 32,622,352 | 34,973,395 |
| EXPENDITURES | | |
| Legislative | 296,408 | 347,137 |
| City Manager | 444,354 | 331,089 |
| City Attorney | 478,044 | 672,270 |
| Finance | 763,168 | 794,188 |
| Information Technology | 973,965 | 1,226,523 |
| Human Resources | 201,814 | 249,723 |
| Economic Development | 277,382 | 259,320 |
| Growth Management | - | 294,532 |
| Parks and Recreation | 1,910,651 | 1,288,932 |
| Facilities | - | 894,087 |
| Police | 9,292,319 | 8,786,874 |
| Fire | 6,365,669 | 6,490,151 |
| Public Works | 2,144,047 | 2,227,022 |
| Non-Departmental | 1,932,757 | 1,845,315 |
| Transfers | 2,962,859 | 3,893,651 |
| Total Expenditures | 28,043,437 | 29,600,816 |
| Excess (Deficiency) of Revenues Over Expenditures | 4,578,915 | 5,372,580 |
| Fund Balance - Beginning | 10,040,314 | 8,282,350 |
| Prior Period Adjustment | - | - |
| Fund Balance - Beginning as Restated | 10,040,314 | 8,282,350 |
| Fund Balance - Ending | \$ 14,619,229 | 13,654,929 |

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 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% |
| FY 2010 | 5,223,284 | 5,790,912 | 11.09% |

Utilities Revenues – At a Glance March 2016

Water & Sewer Revenues-YTD



Overall year-to-date Water revenue in March 2016 has increased \$125,494 (2.29%) when compared to March 2015.

Overall year-to-date Sewer revenue in March 2016 has increased \$149,334 (3.75%) when compared to March 2015.

Fire Protection for FY16 was billed at 99% of the budgeted amount. The majority of the Fire Protection Service Charges were billed in October 2015 (annual billing).

Meter Installation Fees are recorded at 55% of the budgeted amount. The Utility Lien Costs are recorded at 45% of the budgeted amount.

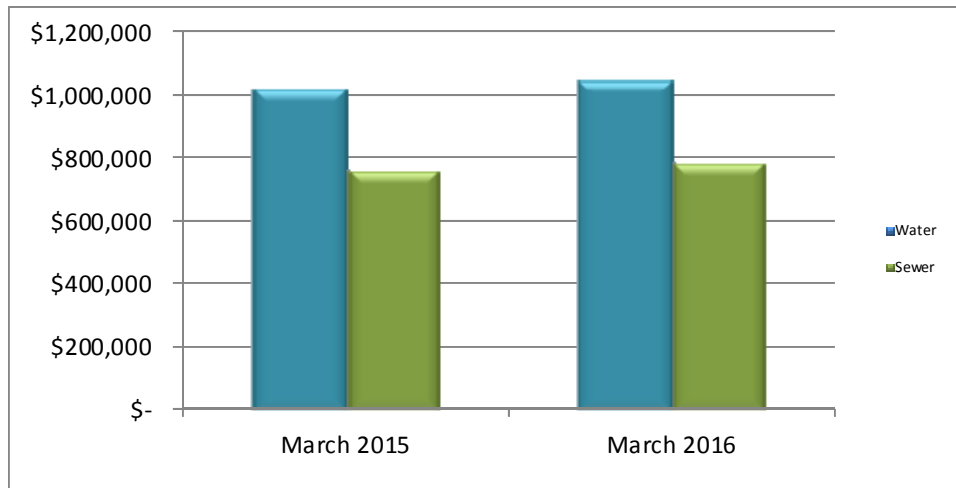
Operating Interest Income is recorded at 24% at this time. The interest for Palm Bay Estates Loan (\$22,491.75) will be recorded in June 2016. The second interest payment on the Fleet Services Loan will be recorded in September 2016 (\$17,053.38).

Excluding Fund Balance, the total FY16 Operating Revenue is recorded at 42.63% of the budgeted amount compared to FY15 which was at 42.40%.

Water Connection Fees are recorded at 52% of the budgeted amount, and Sewer Connection Fees are recorded at 42% of the budgeted amount.

Water MLEs are recorded at 60% of the budgeted amount, and Sewer MLEs are recorded at 61% of the budgeted amount.

Water & Sewer Revenues-Monthly Comparison



Overall Water revenue for the month of March 2016 has increased by \$29,014 (2.82%) when compared to March 2015.

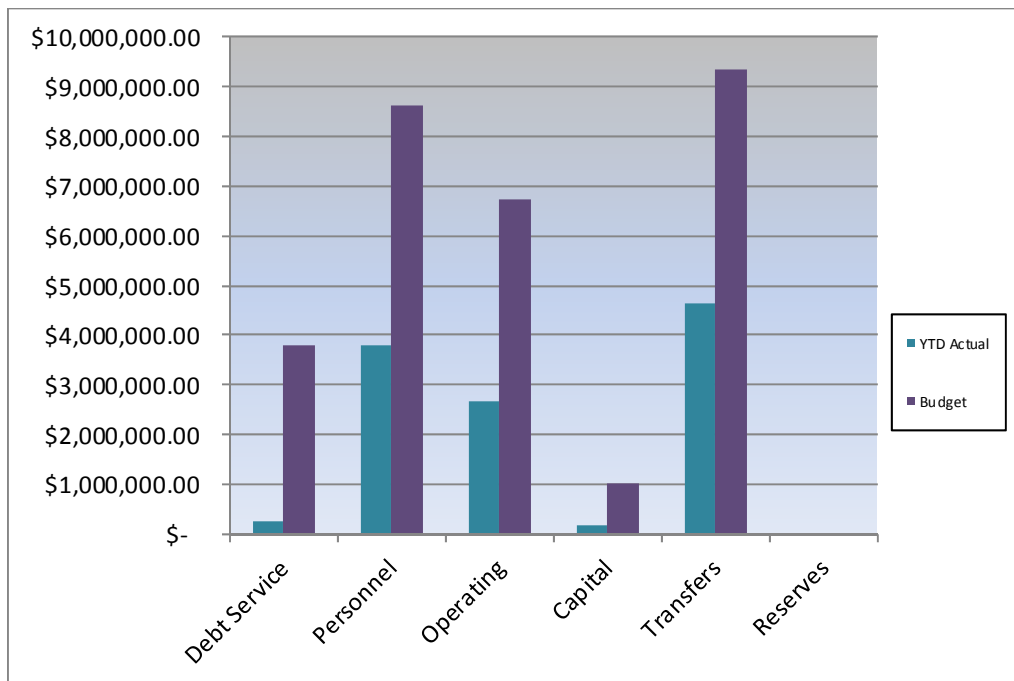
Overall Sewer revenue for the month of March 2016 has increased by \$30,608 (4.00%) when compared to March 2015.

Utilities Expenses – At a Glance March 2016

Water & Sewer Expenditures-YTD

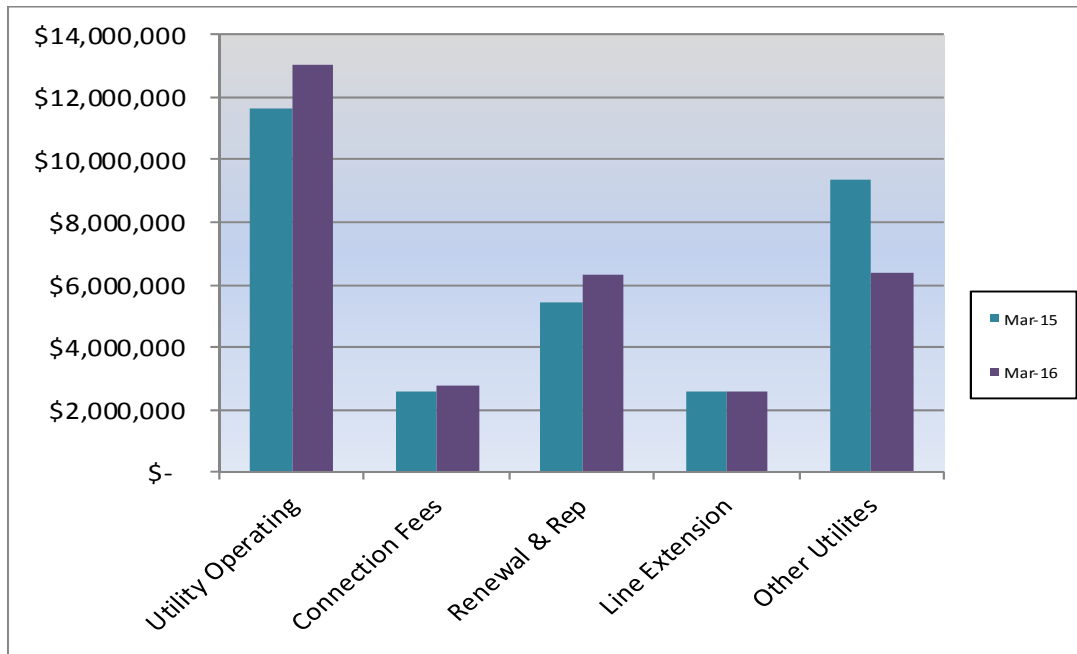
Overall expenditures (excluding encumbrances) are as follows:

| | <i>Actual</i> | <i>Budget</i> | <i>% Spent</i> |
|--------------|-------------------------|----------------------|----------------|
| Debt Service | \$ 253,484.17 | \$ 3,801,039 | 6.67% |
| Personnel | 3,801,628.77 | 8,617,000 | 44.12% |
| Operating | 2,664,352.93 | 6,715,901 | 39.67% |
| Capital | 188,701.41 | 1,008,866 | 18.70% |
| Transfers | 4,653,336.54 | 9,362,982 | 49.70% |
| Reserves | - | - | - |
| Total | \$ 11,561,503.82 | \$ 29,505,788 | 39.18% |



Utilities Cash & Investments – At a Glance March 2016

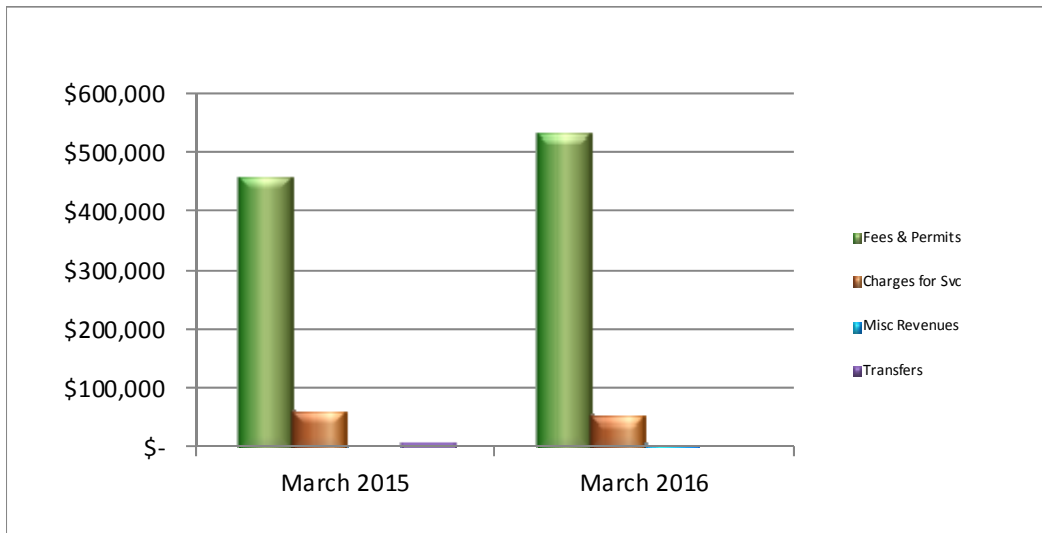
Water & Sewer Cash & Investments-YTD



Overall the Water & Sewer Funds cash and investments were \$0.50 million (1.6%) less as of March 2016 as compared to March 2015.

Building Revenues – At a Glance March 2016

Building Revenues-YTD



Fees and Permits revenue in March 2016 is up \$74,857 (16.13%) from March 2015.

Charges for Services revenue in March 2016 is down \$9,607 (15.03%) from March 2015.

Overall, Building revenues in FY 16 (at March) have increased by \$56,966 (10.48%) when compared to FY 15 (at March).

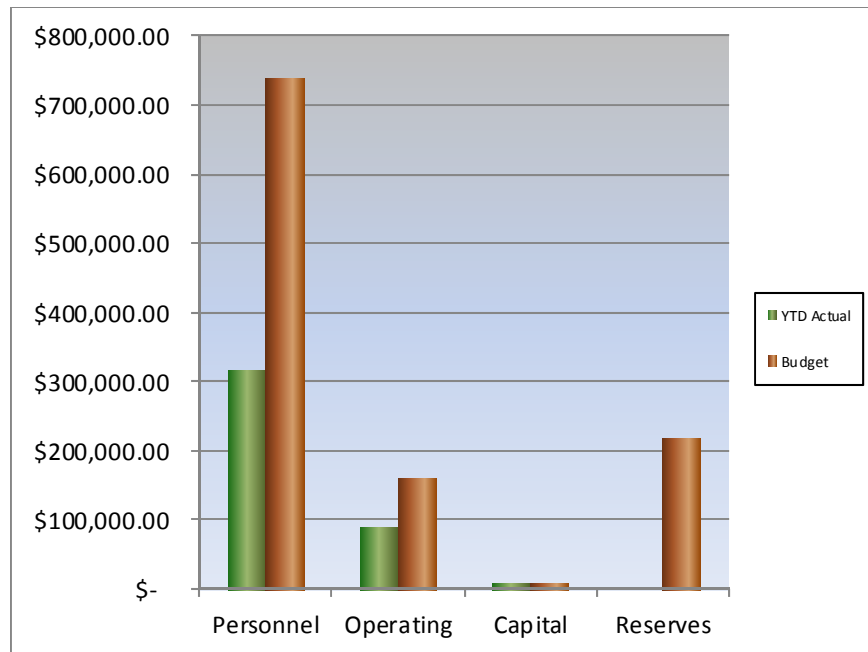
The total FY 16 Building revenues are recorded at 53.2% of the budgeted amount compared to FY 15 which was 51.3%.

Building Expenses – At a Glance March 2016

Building Expenditures-YTD

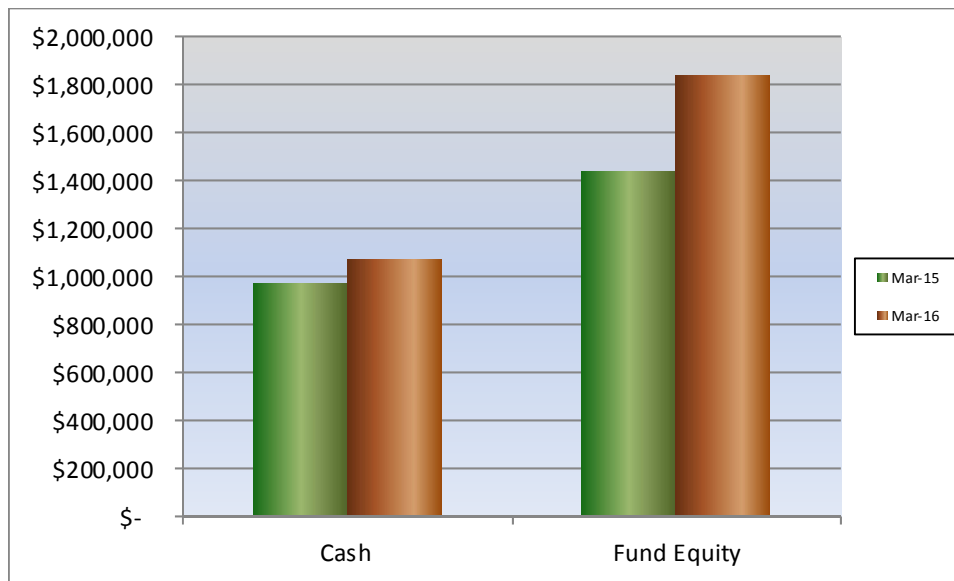
Overall expenditures (excluding encumbrances) are as follows:

| | <i>Actual</i> | <i>Budget</i> | <i>% Spent</i> |
|-----------|---------------|---------------|----------------|
| Personnel | \$ 315,961.33 | \$ 739,399 | 42.73% |
| Operating | 89,503.29 | 161,941 | 55.27% |
| Capital | 8,659.66 | 7,500 | 115.46% |
| Reserves | - | 219,535 | 0.00% |
| Total | \$ 414,124.28 | \$ 1,128,375 | 36.70% |



Building Cash & Fund Equity – At a Glance March 2016

Building Cash & Fund Equity-YTD



Overall the Building cash and cash equivalents were \$96,410 (9.9%) more as of March 2016 as compared to March 2015.

Overall the Building fund equity was \$399,596 (27.8%) more as of March 2016 as compared to March 2015.