

**CITY OF PALM BAY, FLORIDA
MONTHLY FINANCIAL REPORT
SEPTEMBER 2011 - UNAUDITED**



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 September 2011. September is the twelfth month of the fiscal year and represents 100% of the annual budget. This unaudited report is based on information available through November 30, 2011.

Financial Report Summary

- Citywide revenues of \$140.9 million are at 62% of the annual budget. Citywide expenditures (including capital and debt service) of \$184.2 million are at 82% 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 decreased by \$26.2 million, or 34.1%, 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	
9/30/2011	\$ 50,548,715.66	9/30/2011	\$ 140,913,320.00	9/30/2011	\$ 184,237,541.23
9/30/2010	76,739,642.94	9/30/2010	137,877,533.92	9/30/2010	150,231,514.02
Decrease	-34.1% \$ (26,190,927.28)	Increase	2.2% \$ 3,035,786.08	Increase	22.6% \$ 34,006,027.21

- General Fund revenues of \$58.5 million are at 94% of the annual budget. This is a decrease of \$3 million, or 4.9%, in comparison to the prior year.
- General Fund expenditures of \$58.5 million are at 85% of the annual budget. This is a decrease of \$3.9 million, or 6.3%, in comparison to the prior year.
- General Fund cash and investments decreased by \$1.5 million, or 31.6%, in comparison to the prior year. This is attributed to lower than expected revenues.

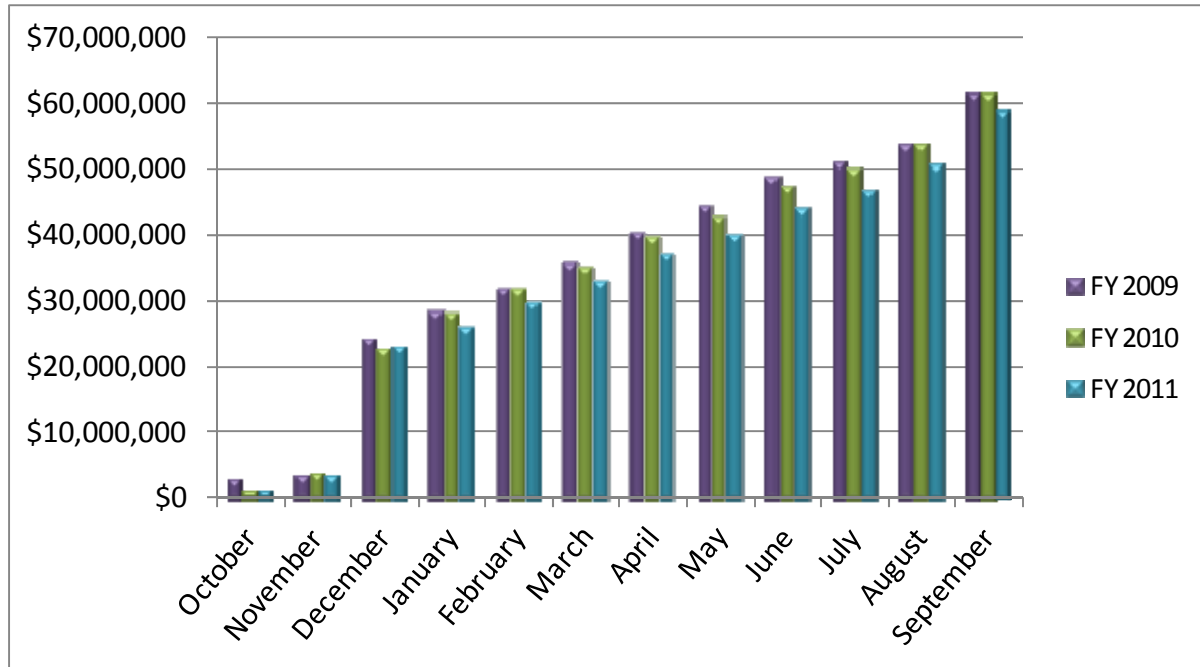
General Fund - Cash & Investments		General Fund - Revenues		General Fund - Expenditures	
9/30/2011	\$ 3,333,911.27	9/30/2011	\$ 58,690,781.96	9/30/2011	\$ 58,515,172.13
9/30/2010	4,872,287.89	9/30/2010	61,534,998.42	9/30/2010	62,432,096.26
Decrease	-31.6% \$ (1,538,376.62)	Decrease	-4.6% \$ (2,844,216.46)	Decrease	-6.3% \$ (3,916,924.13)

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 September 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	\$ 26,272,635	\$ 23,727,646	-9.7%
Local Option Fuel Tax	2,369,610	2,390,212	0.9%
Utility Service Taxes	6,847,450	6,732,890	-1.7%
Communication Service Tax	3,854,672	3,637,600	-5.6%
Franchise Fees	5,731,594	5,281,868	-7.8%
State Shared Revenues	2,561,786	2,721,555	6.2%
Half Cent Sales Tax	4,456,874	4,555,100	2.2%
Licenses and Permits	597,285	580,770	-2.8%
Grants and Other Entitlements (1)	696,872	1,316,236	88.9%
Charges for Services (2)	2,989,415	3,344,515	11.9%
Fines and Forfeitures (3)	1,160,910	687,172	-40.8%
Interest, Rents and Other Revenues (4)	961,279	533,224	-44.5%
Interfund Transfers and Other Sources	3,034,617	3,181,995	4.9%
	\$ 61,534,998	\$ 58,690,782	-4.6%

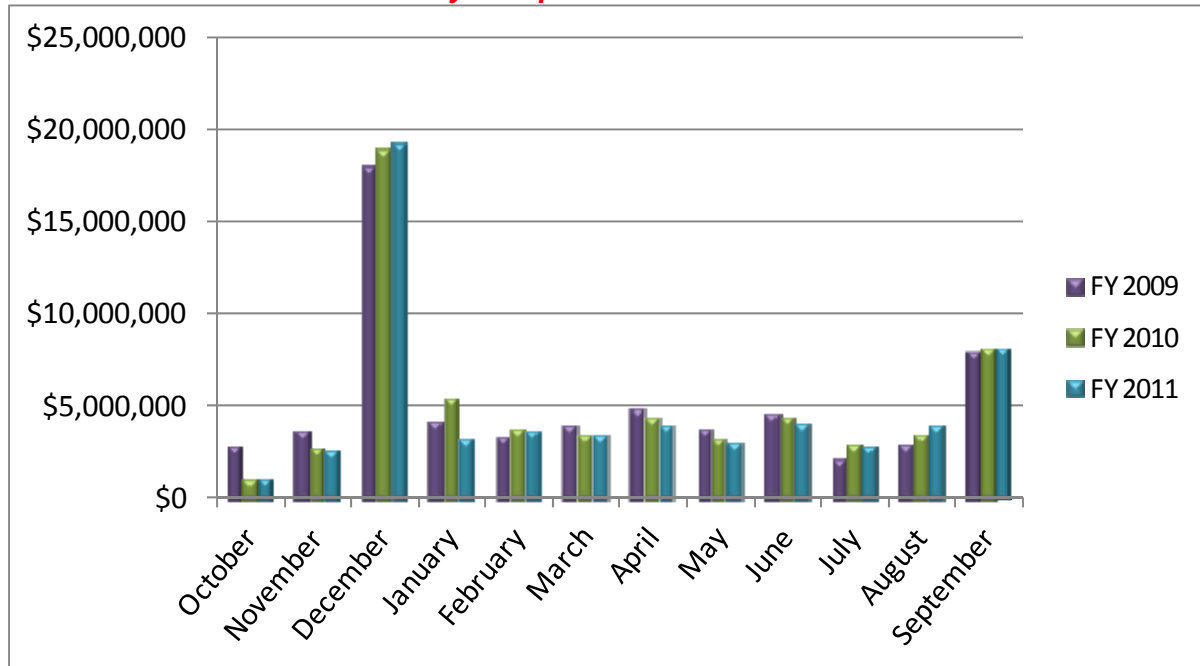
(1) Increase due to the grant reimbursements for the Police Command Vehicle and SAFER grant.

(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.

(4) Decrease due to one-time capital lease purchase for equipment in FY2010.

General Fund Revenues-Monthly Comparison



Monthly GF Revenues as Compared to Prior Years

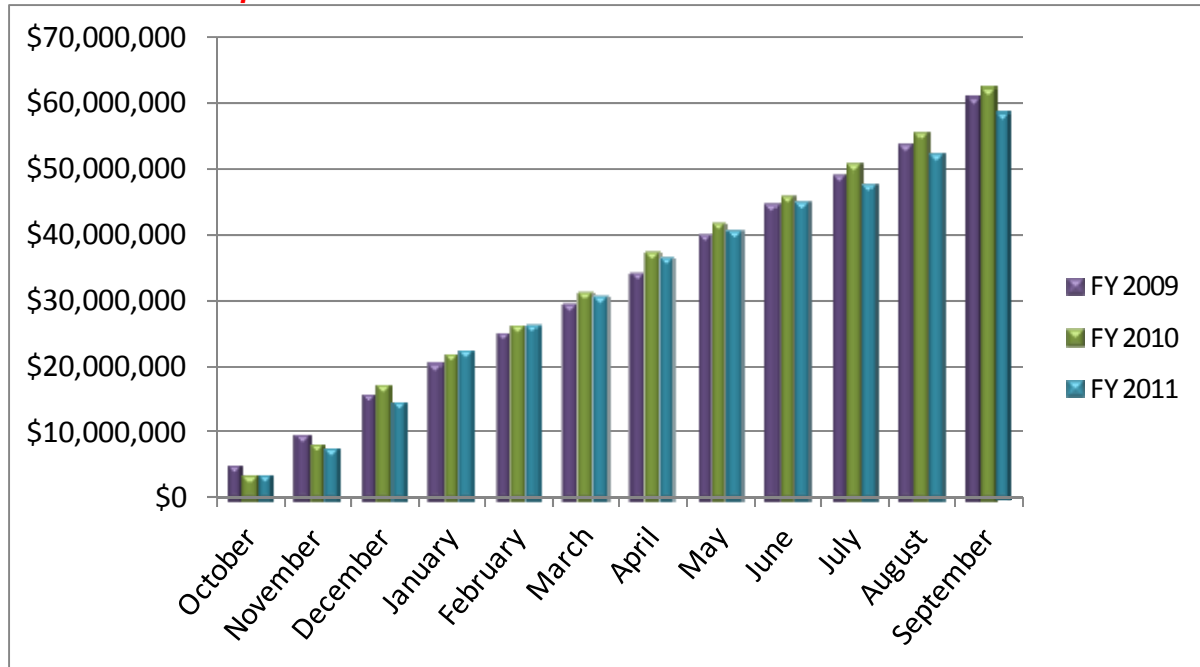
	FY 2009	FY 2010	FY 2011
October	\$ 2,709,545	\$ 1,053,996	\$ 1,040,621
November	3,591,242	2,685,705	2,503,728
December	17,921,090	18,971,638	19,248,230
January	4,167,520	5,336,619	3,177,108
February	3,257,928	3,706,022	3,610,095
March	3,940,309	3,376,061	3,415,818
April	4,766,665	4,429,114	3,995,164
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	8,090,046	8,076,032
	<u>\$ 61,559,231</u>	<u>\$ 61,534,998</u>	<u>\$ 58,690,782</u>

Overall General Fund revenues for the month of September 2011 have decreased \$14,014 (0.17%) when compared to September 2010.

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.

General Fund Expenditures – At a Glance September 2011

General Fund Expenditures-YTD



2011 YTD Change in GF Expenditures as Compared to Prior Year

	Prior YTD	Current YTD	Percent Change
Legislative	\$ 444,804	\$ 442,957	-0.4%
City Manager (1)	1,366,213	1,082,188	-20.8%
City Attorney (2)	825,185	964,692	16.9%
Finance (3)	2,721,762	3,183,852	17.0%
Information Technology	1,520,079	1,523,735	0.2%
Human Resources	461,973	507,122	9.8%
Growth Management (4)	882,603	717,570	-18.7%
Parks and Recreation	3,536,076	3,405,859	-3.7%
Police	20,792,116	20,849,895	0.3%
Fire	13,023,886	13,325,372	2.3%
Public Works (5)	9,045,330	5,566,016	-38.5%
Non-Departmental	722,006	717,977	-0.6%
Transfers (6)	7,090,063	6,227,935	-12.2%
	\$ 62,432,096	\$ 58,515,172	-6.3%

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

(2) Increase due to outside attorney fees.

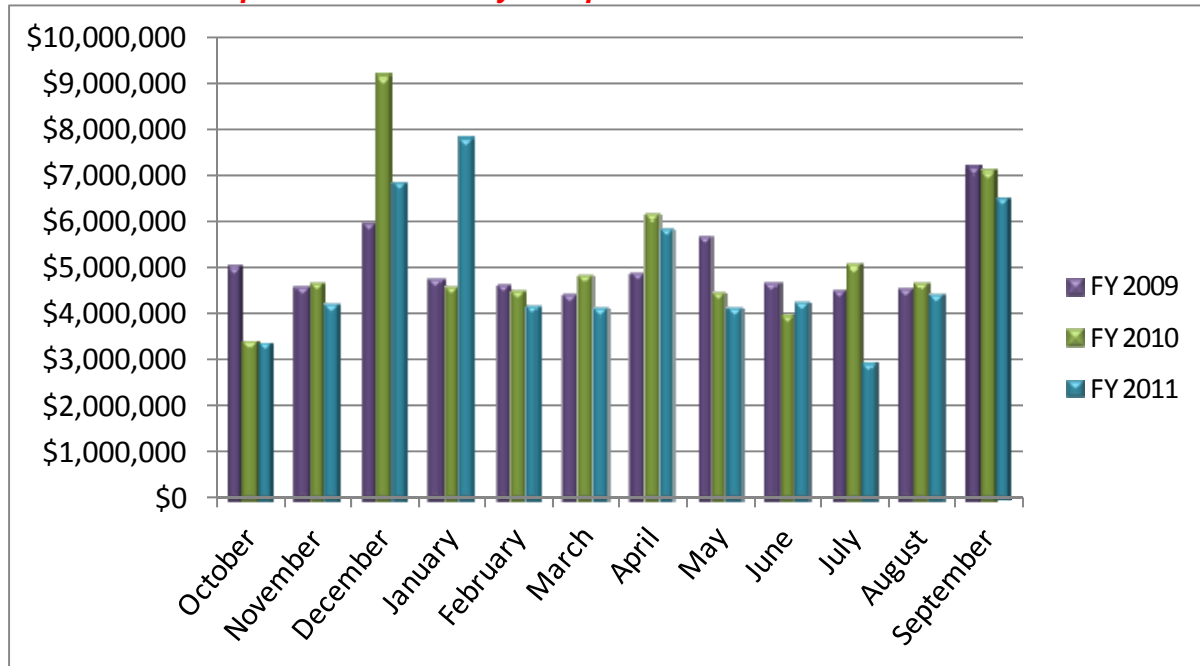
(3) Increase due to the transfer of the Budget Division and the addition of Stormwater & Sanitation Customer Service Divisions.

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

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

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

General Fund Expenditures-Monthly Comparison



Monthly GF Expenditures as Compared to Prior Years

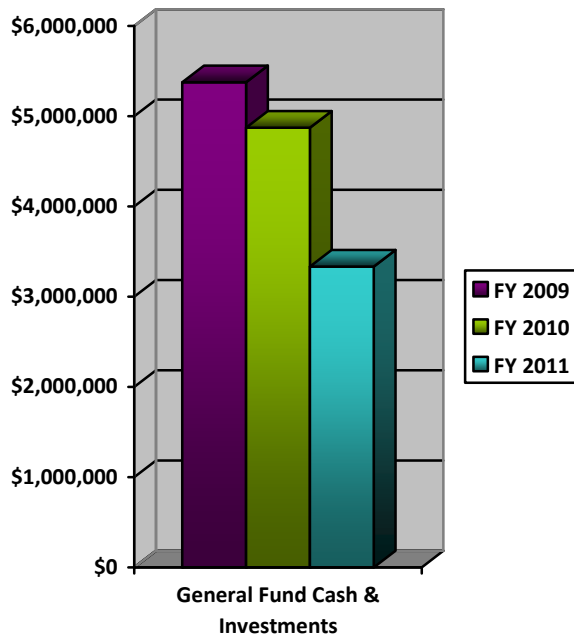
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
October	\$ 5,028,688	\$ 3,399,495	\$ 3,344,227
November	4,577,199	4,646,478	4,203,995
December	5,973,596	9,194,347	6,824,605
January	4,750,703	4,563,504	7,848,626
February	4,614,115	4,486,412	4,141,651
March	4,398,381	4,828,089	4,118,263
April	4,869,354	6,131,715	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	6,500,571
	<u>\$ 60,767,143</u>	<u>\$ 62,432,096</u>	<u>\$ 58,515,172</u>

Overall General Fund expenditures were \$579,324 (8.18%) less as of September 2011 compared to September 2010.

The *total budgeted expenditures* for 2011 are \$62,061,593 (includes encumbrances from prior year and 2011 budget amendments). Of this amount, \$42,943,558, 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.

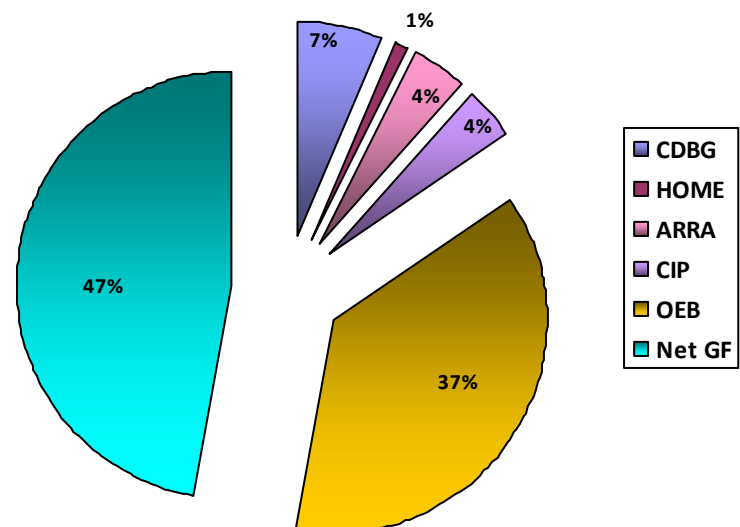
General Fund Cash & Investments – At a Glance September 2011

General Fund Cash & Investments-YTD



General Fund Unrestricted Cash & Investments	
Prior Month Ending Balance	\$ 5,108,586.54
Cash Increase (Decrease)	<u>(1,774,675.27)</u>
Ending Balance 9/30/11	<u><u>\$ 3,333,911.27</u></u>

General Fund Available Cash & Investments	
September 2011 Ending Balance	\$ 3,333,911.27
Cash Advanced to Other Funds:	
CDBG Grant	(217,104.41)
HOME Grant	(36,530.99)
ARRA Grant	(131,217.76)
Community Investment Program	(132,998.37)
Other Employee Benefits	<u>(1,238,601.38)</u>
Total Advances	(1,756,452.91)
Total Available Cash & Investments	<u><u>\$ 1,577,458.36</u></u>
General Fund Cash	\$ 489,797.92
General Fund Investments	<u>1,087,660.44</u>
Cash & Investments Ending Balance	<u><u>\$ 1,577,458.36</u></u>



General Fund Balance – At a Glance September 2011

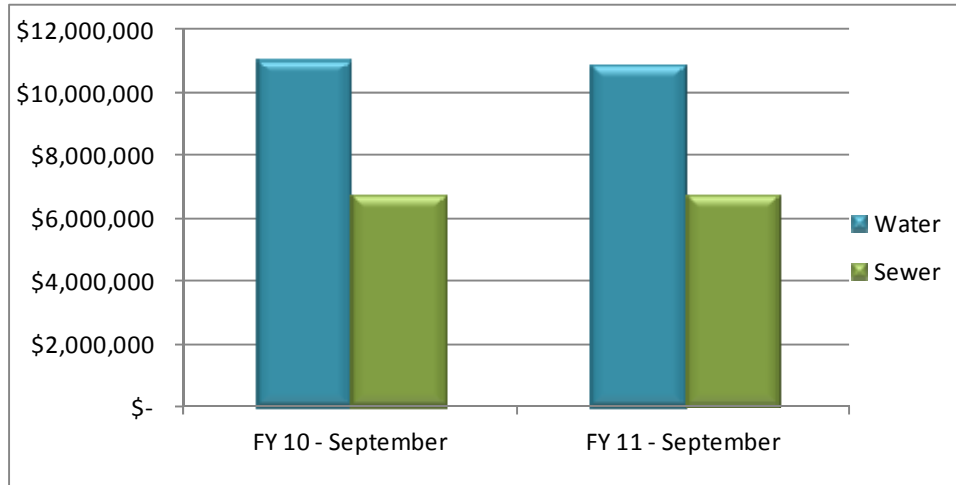
	PRIOR YTD	CURRENT YTD
REVENUES		
Ad Valorem Taxes	\$ 26,272,635	\$ 23,727,646
Local Option Fuel Tax	2,369,610	2,390,212
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Charges for Services	2,989,415	3,344,515
Fines and Forfeitures	1,160,910	687,172
Interest, Rents and Other Revenues	961,279	533,224
Interfund Transfers and Other Sources	3,034,617	3,181,995
Total Revenues	61,534,998	58,690,782
EXPENDITURES		
Legislative	444,804	442,957
City Manager	1,366,213	1,082,188
City Attorney	825,185	964,692
Finance	2,721,762	3,183,852
Information Technology	1,520,079	1,523,735
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Police	20,792,116	20,849,895
Fire	13,023,886	13,325,372
Public Works	9,045,330	5,566,016
Non-Departmental	722,006	717,977
Transfers	7,090,063	6,227,935
Total Expenditures	62,432,096	58,515,172
Excess (Deficiency) of Revenues Over Expenditures	(897,098)	175,610
Fund Balance - Beginning	6,688,010	5,790,912
Fund Balance - Ending	\$ 5,790,912	\$ 5,966,522

The required minimum General Fund balance for Fiscal Year 2011 is \$5,046,518. 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>	Fund Balance <u>Percentage</u>
FY 2011	\$ 5,046,518	\$ 5,966,522	11.82%
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 September 2011

Water & Sewer Revenues-YTD



Overall year-to-date Water revenue in September 2011 has decreased \$179,081 (1.62%) when compared to September 2010.

Overall year-to-date Sewer revenue in September 2011 has decreased \$38,842 (0.58%) when compared to September 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 96% collected, Plan Review & Inspection Fees are at 19% collected and Utility Lien Costs are at 71% collected.

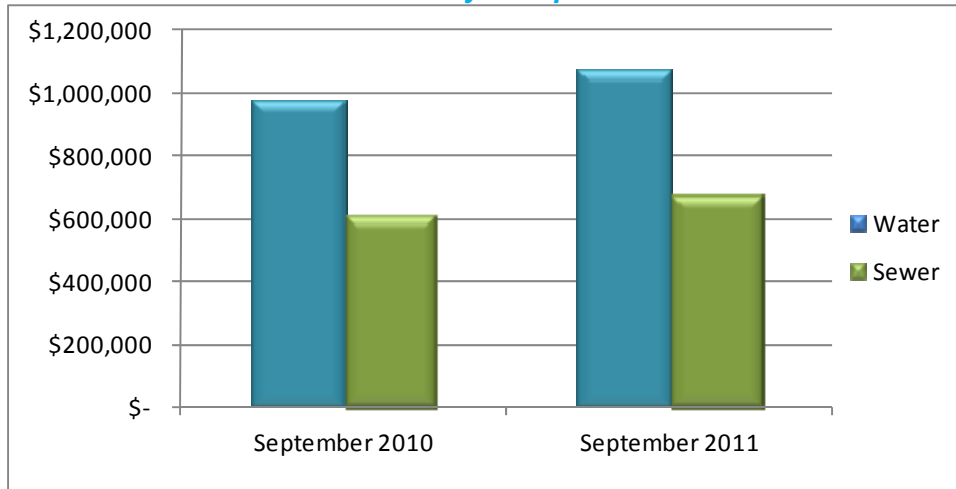
Operating Interest Income is at 136%. The annual debt service on the Fleet Services Loan was recorded in April 2011 (\$86,600) and the interest for Palm Bay Estates loan was recorded in June 2011 (\$28,494).

Excluding Fund Balance, the total FY 11 Operating Revenue is at 86.5% compared to FY 10 which was 96.01%.

Water Connection Fees are at 72% and Sewer Connection Fees are at 28%.

Water MLEs are at 106% and Sewer MLEs are at 52%.

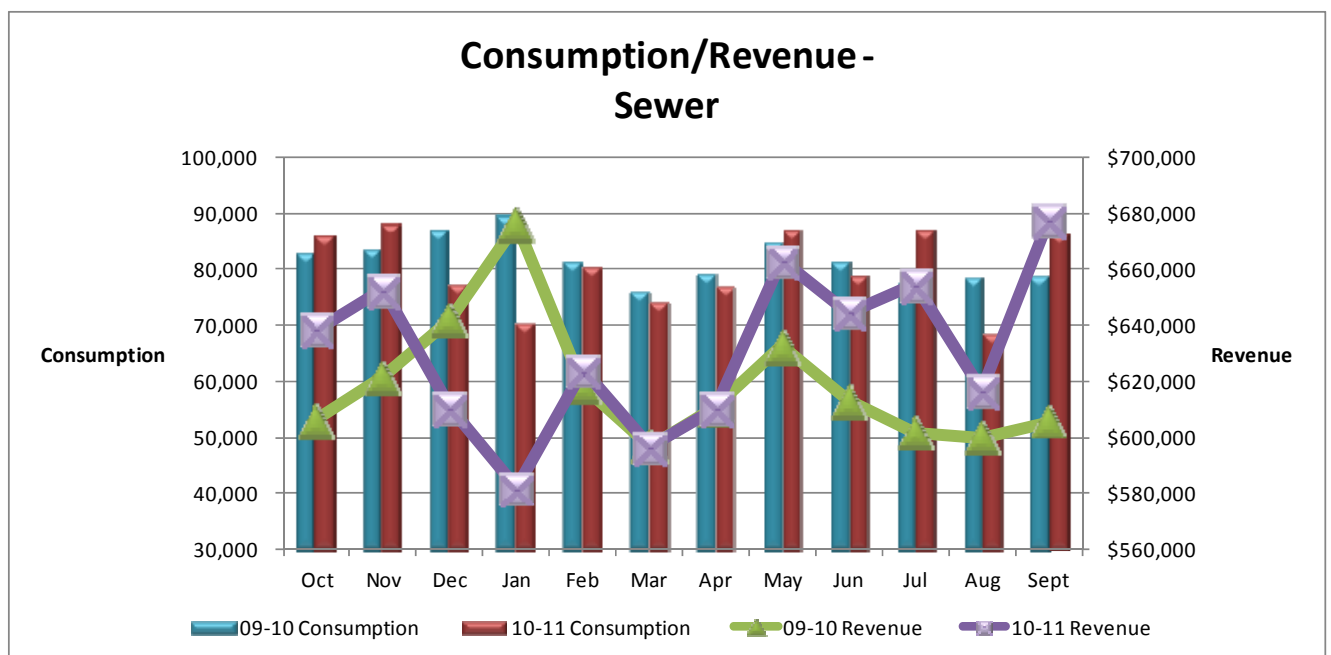
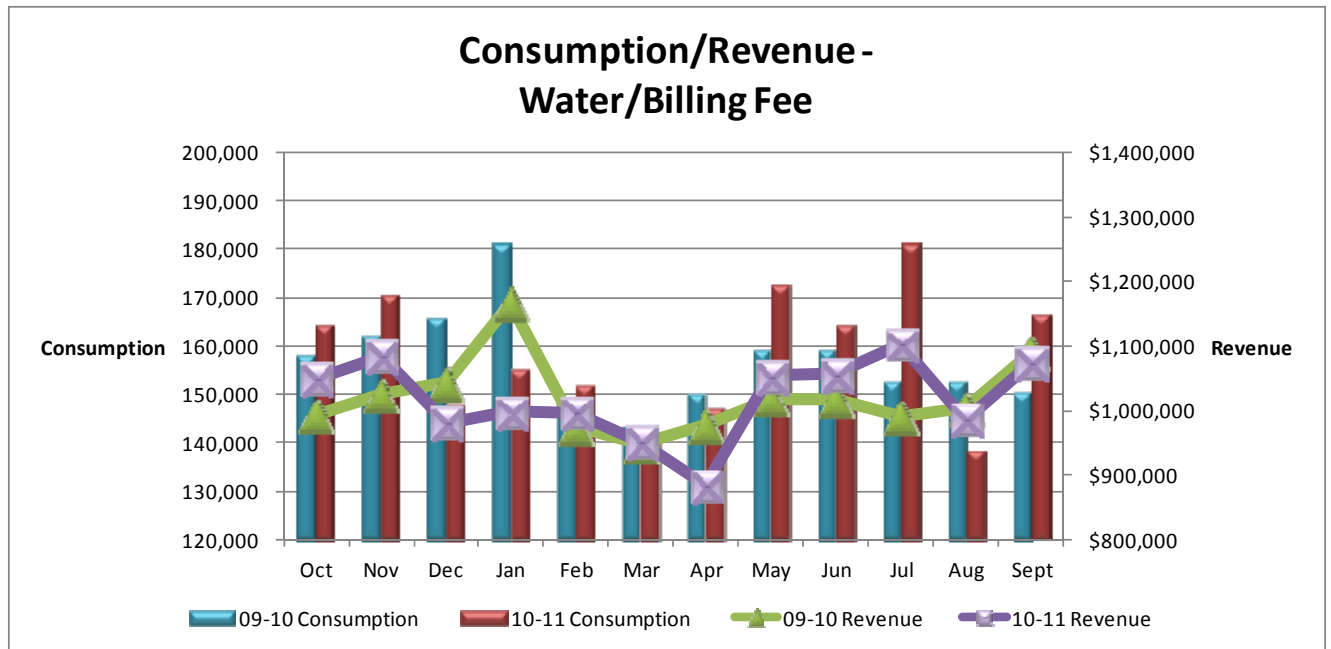
Water & Sewer Revenues-Monthly Comparison



Overall Water revenue for the month of September 2011 has increased by \$95,348 (9.74%), when compared to September 2010.

Overall Sewer revenue for the month of September 2011 has increased by \$71,951 (11.88%), when compared to September 2010.

Water & Sewer Consumption Revenue Comparison

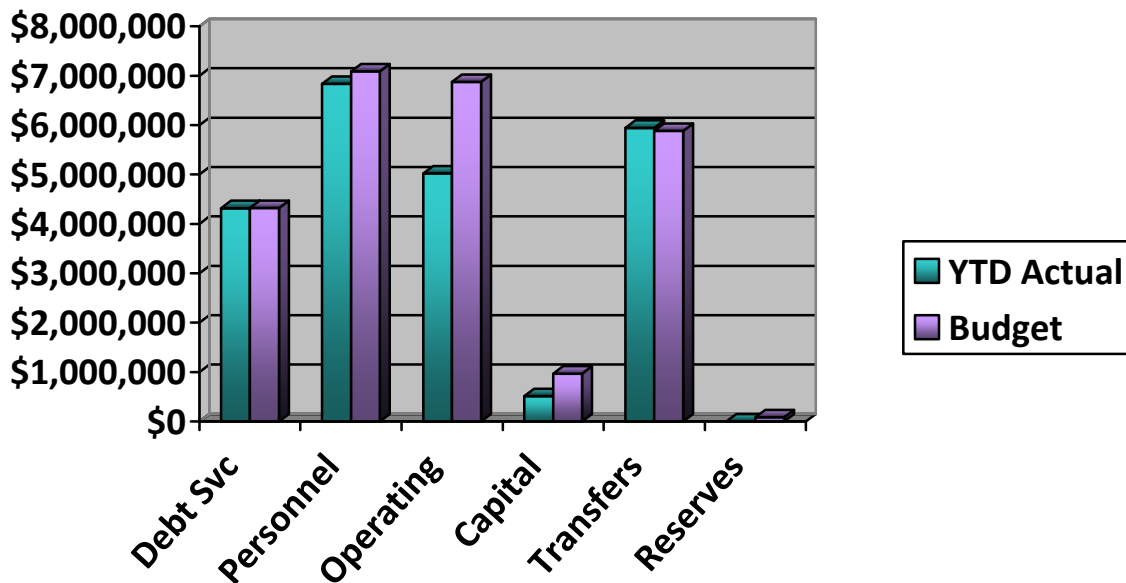


Utilities Expenses – At a Glance September 2011

Water & Sewer Expenditures-YTD

Overall expenditures (excluding encumbrances) are as follows:

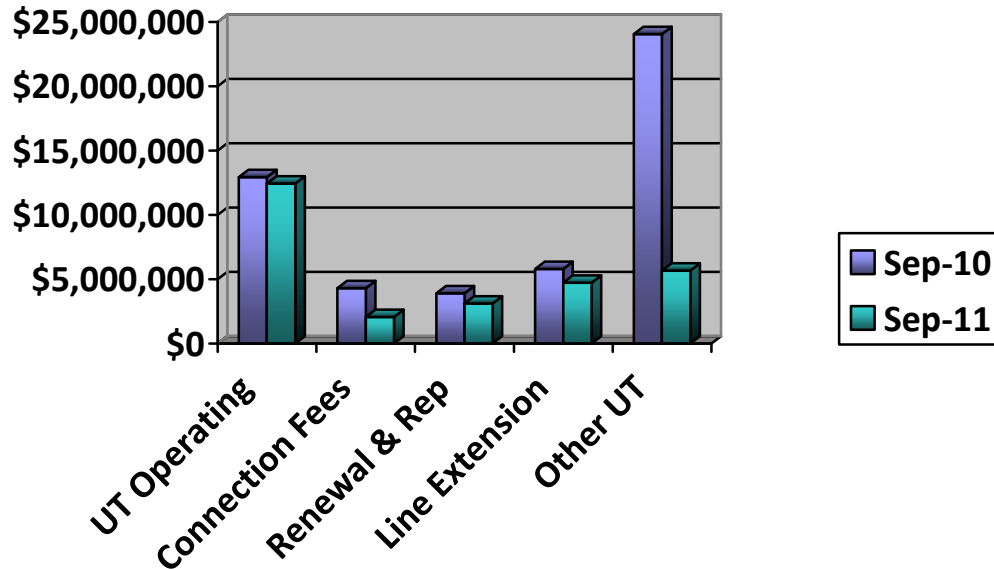
	<i>Actual</i>	<i>Budget</i>	<i>% Spent</i>
Debt Service	\$ 4,319,045.62	\$ 4,319,138.00	100.00%
Personnel	6,833,453.54	7,087,543.00	96.41%
Operating	5,021,747.16	6,854,879.00	73.26%
Capital	510,888.37	968,366.00	52.76%
Transfers	5,850,219.24	5,881,631.00	101.05%
Reserves	-	82,287.00	-
Total	\$ 22,535,353.93	\$ 25,193,844.00	89.45%



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 September 2010, a reduction of \$268,685 is estimated for FY11.

Utilities Cash & Investments – At a Glance September 2011

Water & Sewer Cash & Investments-YTD



Overall the Water & Sewer Funds cash and investments were \$22.8 million (55.1%) less as of September 2011 as compared to September 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.