

# CITY OF DAYTONA BEACH, FLORIDA QUARTERLY FINANCIAL REPORT

1<sup>ST</sup> Quarter  
FY 2010



Prepared by: Michael Robertson, Chief Financial Officer

**City of Daytona Beach**  
**Quarterly Budget Report**  
**For the Three Month Period Ended December 31, 2009**

Introduction

In preparation of the first quarter budget review report as required by the Fiscal Integrity Principles Ordinance, the Finance Department has taken a “new, fresh” approach to simplify the report into a more user friendly plain English document. You will now note the report is shorter and more summarized to eliminate redundant detail and unexplained differences. The report now provides a simple summary of revenues, expenditures and net revenues and provides a simple answer to the question “how is the fund doing?” I am hopeful you will find this report more useful than prior years and should you need more detail the report can be modified in the future based on your feedback.

Michael Robertson  
Chief Financial Officer

Executive Summary

In conformance with the Fiscal Integrity Principles Ordinance the Finance Department presents the City of Daytona Beach Fiscal Year 2009-10 Quarterly Budget Report for the three month period ended December 31, 2009. Included in this report are a “Financial Snapshot” (page 4) and a Financial Summary narrative of the first three months’ activity for the following major funds:

- General Fund
- Water and Sewer Fund
- Solid Waste Fund
- Marina and Marina Plaza Funds
- Stormwater Fund

Additionally, the following information is included behind the “Supplemental Information” tab:

- Available Unreserved Fund Balance as of December 31, 2009
- Cash and Investment Report
- Redevelopment Funds

**Major Fund Financial Summary**

**General Fund**

Upon review of the “Financial Snapshot” for the General Fund, you will note that \$20.9 million or 29.4% of the revenues has been received. This compares well to total General Fund expenditures of \$16.2 million or 22.7% having been spent. This leaves net revenue total of \$4.7 million surplus for the first quarter ending December 31, 2009. While this large net revenue total is a very favorable trend it should be noted that the majority of the property tax revenue is received in the first 3 or 4 months of each fiscal year and this surplus is anticipated. The Finance Department expects the net revenue surplus for the first quarter to slowly decrease over the fiscal year as the property tax revenue received early in the fiscal year is spent for the General Fund operations.

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As part of the quarterly review, the Finance Department has made initial projections of FY 2009-10 revenues and expenditures. In general, projected General Fund revenues will be less than the budget by approximately \$557,000 or less than 1% of the total General Fund revenue budget. Most of this deficit is due to a reduction in various charges for services such as recreation and planning fees. Additionally, the Finance Department estimates Payment in Lieu of Taxes (PILOT) transfers from the enterprise funds to be approximately \$200,000 less than budgeted due to an estimated 3% reduction in utility fees resulting from foreclosures and vacant property. *However*, the Finance Department projects expenditures will also come in under budget approximately \$1.2 million due to a reduction of \$690,000 in the tax increment transfer to the Redevelopment Trust Funds and an estimated \$500,000 savings due to the current hiring freeze. **The bottom line is the projected reduction in General Fund revenues should be offset by estimated reductions in expenditures and a breakeven or a slight surplus of approximately \$600,000 at fiscal year end 2010.**

**Water and Sewer Fund**

The “Financial Snapshot” of the Water and Sewer Fund shows that \$9.7 million or 26.2% has been received and \$8.9 million or 24.1% has been spent, resulting in positive net revenue of \$764K for the first quarter ended December 31, 2009. Although revenues have increased due to the annual CPI adjustment, the actual amount collected is approximately 3% less than budget due to the large number of vacant and foreclosed properties. The estimated reduction in revenue is \$1.15 million less than budgeted. To offset this reduction the Finance Department has temporarily reduced the amount of the transfer to the Water and Sewer Improvement Fund and de-activated a capital project in that fund until we can reassess the revenue collections later in the year. **The bottom line is the projected revenue reduction will be offset by reductions in transfers for capital projects.**

**Solid Waste Management Fund**

Upon review of the Solid Waste Management Fund in the “Financial Snapshot” you will note that \$3.5 million or 24.7% of budgeted revenue has been received. This compares well to expenses of \$3.2 million and results in net revenue of \$281,000 for the quarter. This fund has also seen a decrease in revenue due to vacant and foreclosed properties therefore it is expected that total revenues for the year will be approximately \$700,000 or 5% less than budget. This decrease has been partially offset by de-activating several capital projects until later in the fiscal year. **The bottom line is the projected reduction in the Solid Waste Management Fund revenue is expected to be offset by capital project reductions and savings from the current sold waste contract. The Finance Department will continue to review projected revenue and expenses throughout the remainder of the year for any deviations from the current projections.**

**Halifax Harbor Marina/Plaza Fund**

The impact of our current economic slowdown can clearly be seen when looking at the “Financial Snapshot” of the Halifax Harbor Marina/Plaza Fund. Only 22.8% of budgeted revenue, which is less than the 25% benchmark, has been collected in the first quarter primarily due to a decrease in marina slip rentals. Operating expenses are lower than budget due to a decrease in the cost of fuel sold and a reduction of property tax expense on the Plaza, *however* the

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quarter still reflects negative net revenue of \$150,500. This trend was anticipated and an appropriation of fund balance is included in the budget. This fund is not required to maintain the 10% reserve and is in compliance with the Fiscal Integrity Principles Ordinance. The bottom line is the Halifax Harbor Marina/Plaza Fund expense reductions will not be enough to offset lower slip rental income. However, this fund does have available fund balance to cover any shortfalls.

Stormwater Improvement Fund

The "Financial Snapshot" shows total revenue collected of \$2.1 million or 25.8% of budget and expenses of \$1.9 million or 23.1% of budget, resulting in positive net revenue of \$224,000 for the quarter ended December 31, 2009. However, the Stormwater Fund is also expected to feel the impact of the large number of vacant and foreclosed properties in the City. The Finance Department is projecting revenue to be approximately \$500,000 or 6% less than budgeted by the end of FY 2010. Capital projects have been de-activated to compensate for the lost revenue until revenue projections are reassessed later in the year. Expenses were slightly higher than budget primarily due to an expense for the Eastern Volusia Regional Water Authority related to the Nova Cana Basin project. The bottom line is revenue reduction in the Stormwater Fund is expected to be offset by decreasing capital projects and the fund is projected to end FY 2010 with a slight deficit of \$77,000.

# Financial Snapshot

## For Quarter Ending December 31, 2009

General Fund			
Revenues	Budget	Year-to-Date	% Received
Taxes	\$ 40,019,464	\$ 13,924,405	34.8%
Intergovernmental	8,488,498	788,939	9.3%
Charges for services	3,669,491	820,373	22.4%
Other revenue	3,428,344	1,621,034	47.3%
Appropriation of fund balance	1,000,000	250,000	25.0%
Transfers in	14,707,283	3,527,347	24.0%
<b>Total revenues</b>	<b>\$ 71,313,080</b>	<b>\$ 20,932,098</b>	<b>29.4%</b>
Expenditures	Budget	Year-to-Date	% Spent
City Manager	\$ 2,232,507	\$ 402,476	18.0%
City Attorney	1,049,857	236,808	22.6%
Development Services	1,347,664	305,852	22.7%
City Clerk	564,063	139,423	24.7%
Support Services	260,510	44,008	16.9%
Finance	2,285,358	569,585	24.9%
Police	35,010,035	8,137,046	23.2%
Leisure Services	4,244,271	960,795	22.6%
Public Works	7,555,919	1,743,560	23.1%
Fire	12,643,999	2,876,978	22.8%
Transfers out	4,118,897	794,318	19.3%
<b>Total expenditures</b>	<b>\$ 71,313,080</b>	<b>\$ 16,210,849</b>	<b>22.7%</b>
<b>Net revenues</b>	<b>\$ -</b>	<b>\$ 4,721,249</b>	<b>n/a</b>

Solid Waste Management Fund			
Revenues	Budget	Year-to-Date	% Received
Solid Waste charges	\$ 12,616,606	\$ 3,132,873	24.8%
Other revenue	107,600	7,046	6.5%
Appropriation of retained earnings	1,300,000	325,000	25.0%
<b>Total revenues</b>	<b>\$ 14,024,206</b>	<b>\$ 3,464,919</b>	<b>24.7%</b>
Expenses	Budget	Year-to-Date	% Spent
Solid Waste operations	\$ 8,984,953	\$ 1,986,525	22.1%
Transfers out	4,789,253	1,197,313	25.0%
Capital projects (2010 only)	250,000	-	0.0%
<b>Total expenses</b>	<b>\$ 14,024,206</b>	<b>\$ 3,183,838</b>	<b>22.7%</b>
<b>Net revenues</b>	<b>\$ -</b>	<b>\$ 281,081</b>	<b>n/a</b>

Halifax Harbor Marina/Plaza Fund			
Revenues	Budget	Year-to-Date	% Received
Marina charges	\$ 3,823,120	\$ 832,947	21.8%
Commercial leases	593,508	157,994	26.6%
Other revenue	133,840	12,283	9.2%
Appropriation of retained earnings	1,452,308	363,077	25.0%
<b>Total revenues</b>	<b>\$ 6,002,776</b>	<b>\$ 1,366,301</b>	<b>22.8%</b>
Expenses	Budget	Year-to-Date	% Spent
Marina and Plaza operations	\$ 2,566,715	\$ 578,505	22.5%
Transfers out-debt svc	332,626	99,329	29.9%
Transfers out-other	3,085,688	839,020	27.2%
<b>Total expenses</b>	<b>\$ 5,985,029</b>	<b>\$ 1,516,854</b>	<b>25.3%</b>
<b>Net revenues</b>	<b>\$ 17,747</b>	<b>\$ (150,553)</b>	<b>n/a</b>

Water and Sewer Fund			
Revenues	Budget	Year-to-Date	% Received
W & S charges	\$ 35,586,434	\$ 9,173,307	25.8%
Other revenue	374,600	258,992	69.1%
Transfers in	735,000	183,750	25.0%
Appropriation of retained earnings	179,734	44,934	25.0%
<b>Total revenues</b>	<b>\$ 36,875,768</b>	<b>\$ 9,660,983</b>	<b>26.2%</b>
Expenses	Budget	Year-to-Date	% Spent
W & S operations	\$ 20,311,606	\$ 4,695,418	23.1%
Utility Billing	1,166,035	325,984	28.0%
Transfers out-debt svc	7,524,595	1,907,410	25.3%
Transfers out-other	7,873,532	1,968,383	25.0%
<b>Total expenses</b>	<b>\$ 36,875,768</b>	<b>\$ 8,897,195</b>	<b>24.1%</b>
<b>Net revenues</b>	<b>\$ -</b>	<b>\$ 763,788</b>	<b>n/a</b>

Stormwater Improvement Fund			
Revenues	Budget	Year-to-Date	% Received
Stormwater charges	\$ 7,973,430	\$ 2,129,350	26.7%
Other revenue	294,000	4,473	1.5%
<b>Total revenues</b>	<b>\$ 8,267,430</b>	<b>\$ 2,133,823</b>	<b>25.8%</b>
Expenses	Budget	Year-to-Date	% Spent
Stormwater operations	\$ 4,007,013	\$ 1,103,179	27.5%
Transfers out-debt svc	312,601	205,177	65.6%
Transfers out-other	3,227,733	582,155	18.0%
Capital projects (2010 only)	720,083	19,443	2.7%
<b>Total expenses</b>	<b>\$ 8,267,430</b>	<b>\$ 1,909,954</b>	<b>23.1%</b>
<b>Net revenues</b>	<b>\$ -</b>	<b>\$ 223,869</b>	<b>n/a</b>

# SUPPLEMENTAL INFORMATION

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**The City of Daytona Beach**  
**Fund Balance Analysis**  
**For the Three Month Period Ended December 31, 2009**

FUND	(A)	(B)	(C)	A+B-C	FISCAL	AVAILABLE
	UNRESERVED FUND BALANCE AT 9-30-2009	NET REVENUES FY 2009-10	APPROPR FUND BALANCE FY 2009-10	UNRESERVED FUND BALANCE AT 9-30-2010	INTEGRITY ORD 10% REQUIRED	FUND BALANCE
GENERAL FUND	\$ 7,040,348	\$ 0	\$ 311,788	\$ 6,728,560	\$ 6,609,442	\$ 119,118
COMMUNITY DEVELOPMENT	0	0	0	0	0	0
CD REHAB PROGRAM	589,190	0	0	589,190	0	589,190
FEDERAL HOME PROGRAM	0	0	0	0	0	0
SHIP LOCAL HOUSING ASSISTANCE	271,256	0	35,060	236,196	0	236,196
HOPE 3	180,052	0	0	180,052	0	180,052
LAW ENFORCEMENT TRUST	201,848	0	0	201,848	0	201,848
FEDERAL SHARED PROPERTY	163,121	0	0	163,121	0	163,121
REDEVELOPMENT DOWNTOWN	504,035	0	504,035	0	0	0
REDEVELOPMENT MAIN STREET	1,248,827	0	1,248,827	0	0	0
REDEVELOPMENT BALLOUGH ROAD	106,239	0	106,239	0	0	0
REDEVELOPMENT MIDTOWN	60,872	0	60,872	0	0	0
REDEVELOPMENT SOUTH ATLANTIC	508,875	0	508,875	0	0	0
DOWNTOWN DEVELOPMENT AUTH	87,683	0	25,031	62,652	0	62,652
5 CENTS GAS TAX	13,234	0	0	13,234	0	13,234
PERMITTING AND LICENSING	509,053	0	0	509,053	0	509,053
ROAD IMPACT FEES	696	0	0	696	0	696
RECREATION IMPACT FEES	358,625	0	279,521	79,104	0	79,104
FIRE IMPACT FEES	(124,412)	0	0	(124,412)	0	(124,412)
POLICE IMPACT FEES	(255,371)	0	0	(255,371)	0	(255,371)
GENERAL GOV'T IMPACT FEES	371,089	0	0	371,089	0	371,089
DEBT SERVICE FIFC C-1 & C-2	1,763,829	0	0	1,763,829	0	1,763,829
DEBT SERVICE 203 THRU 211	0	0	0	0	0	0
CAPITAL PROJECTS	0	0	0	0	0	0
WATER AND SEWER	4,254,332	(1,150,000)	179,734	2,924,598	2,147,764	776,834
WATER AND SEWER IMPROVEMENT	0	0	0	0	0	0
WATER AND SEWER DEBT SV	0	0	0	0	0	0
WATER IMPACT FEE	174,569	0	0	174,569	0	174,569
SEWER IMPACT FEE	(184,868)	179,734	0	(5,134)	0	(5,134)
WATER AND SEWER CONSTRUCTION	(3,645,281)	0	0	(3,645,281)	0	(3,645,281)
SOLID WASTE	1,324,745	(250,000)	1,300,000	(225,255)	898,495	(1,123,750)
HALIFAX MARINA	2,909,695	0	1,452,308	1,457,387	0	1,457,387
HALIFAX PLAZA	(190,791)	17,747	0	(173,044)	0	(173,044)
MARINA/PLAZA DEBT SV	0	0	0	0	0	0
CULTURAL SERVICES	(767,194)	62,569	0	(704,625)	0	(704,625)
GOLF COURSE	(2,016,675)	98,533	0	(1,918,142)	0	(1,918,142)
GOLF COURSE DEBT SV	0	0	0	0	0	0
STORMWATER	3,835,091	(500,000)	0	3,335,091	400,701	2,934,390
STORMWATER DEBT SV	0	0	0	0	0	0
TENNIS CENTER	(508,807)	0	0	(508,807)	0	(508,807)
MAIN STREET PIER	0	0	0	0	0	0
FLEET MAINTENANCE	102,173	0	0	102,173	0	102,173
EMPLOYMENT SERVICES	73,392	0	2,394	70,998	0	70,998
PROPERTY MAINTENANCE	75,082	0	0	75,082	0	75,082
INFORMATION TECHNOLOGY	437,410	0	0	437,410	0	437,410
SELF INSURANCE	(3,334,217)	0	78,300	(3,412,517)	0	(3,412,517)
					<b>TOTAL</b>	<b>\$ (1,553,058)</b>

Calculation of Fiscal Integrity Principles Ordinance reserve is based on total budgeted fund operating expenditures (excluding transfers out).

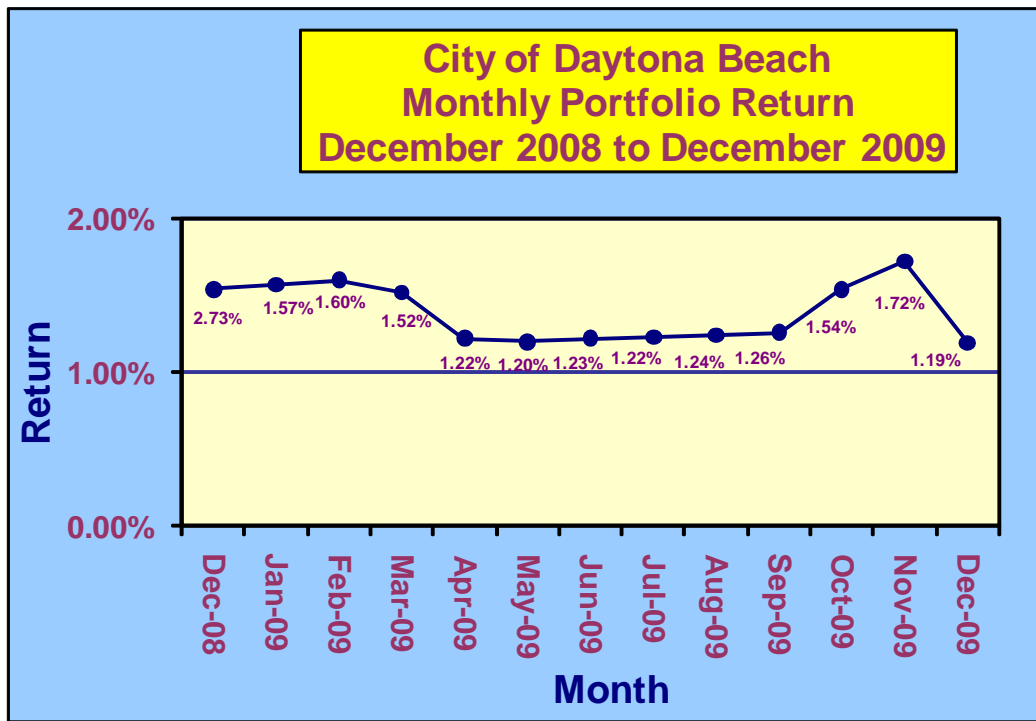
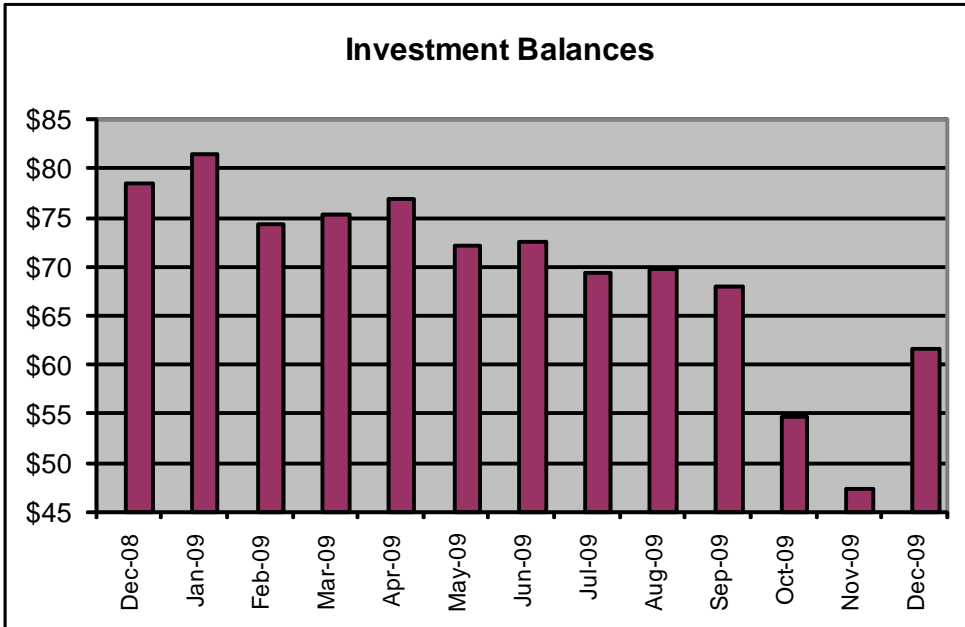
Note: The above calculations are based on the assumption that all revenues budgeted are collected and all expenditures budgeted are spent.

**The City of Daytona Beach  
Monthly Investment Report  
For the Period Ended December 31, 2009**

Investment Type	Book Value	Market	Current Yield
Cash - Suntrust Bank	\$ 9,899,232	\$ 9,899,232	0.33 %
Public Funds NOW Account	1,023,075	1,023,075	0.35
BB&T Bank			
Money Rate Savings	11,983,542	11,983,542	0.65
PFM Mutual Fund:			
Unreserved - Operating Account	3,381,667	3,381,667	0.21
Reserved for Landfill Escrow	139,481	139,481	0.21
Reserved for Police Station Project	487,606	487,606	0.21
FL Municipal Investment Trust Mutual Fund	1,688,711	1,688,711	3.32
Asset Under Management - PFM	29,415,140	29,708,950	1.91
Debt Service Escrow:			
C-1 and C-2 (Gov't money market)	<u>3,689,042</u>	<u>3,689,042</u>	0.01
<b>TOTAL INVESTMENTS ALL FUNDS</b>	<u><u>\$ 61,707,496</u></u>	<u><u>\$ 62,001,306</u></u>	1.19 %

NOTE: The above investment balances are of all City investments EXCEPT the Police and Fire Pension Fund.

The City of Daytona Beach  
 Investment Metrics  
 December 31, 2009



**The City of Daytona Beach**  
**Quarterly Budget Report**  
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**Redevelopment Trust Funds**

The Redevelopment Trust Fund Overview shows a summary of each fund for the quarter ended December 31, 2009. The entire tax increment revenue for the fiscal year was collected in the first quarter. Total tax increment revenue has decreased approximately \$1.1 million compared to budget due to decreased property assessments combined with a FY 2010 millage rate that is unchanged from FY 2009. A budget amendment to adjust tax increment revenues to actual and appropriate fund balance to cover the shortage has been submitted to the City Commission for approval in January 2010.

Expenses overall were low due to decreased police user fee charges and decreased debt service transfers (due to the refinancing of the variable rate Sunshine State Financing Commission Loan with a lower fixed rate loan). This resulted in positive net revenue for the quarter in all the Redevelopment Trust Funds. The bottom line for the Redevelopment Trust Funds is tax increment revenue has decreased \$1.1 million due to decreases in property assessments and adoption of millage rates below the rolled-back rate. However, for last fiscal year 2009, the CRA funds realized a surplus in net revenues of \$1.56 million, which has been included in the first quarter budget amendment submitted to the City Commission in January 2010. The net result of the decrease in tax increment revenue and the appropriation of unreserved fund balance is a net surplus of \$450,000, which has been budgeted in capital projects.

# Redevelopment Trust Fund Overview

For Quarter Ending December 31, 2009

Redevelopment - Downtown			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 1,522,194	\$ 1,343,985	88.3%
Charges for services	61,700	61,065	99.0%
Other revenue	45,000	908	2.0%
Total revenues	\$ 1,628,894	\$ 1,405,958	86.3%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 1,014,608	\$ 201,502	19.9%
Capital projects (2010 only)	243,734	-	0.0%
Transfers out-debt svc	151,387	44,496	29.4%
Transfers out-police and code svcs	219,165	22,391	10.2%
Total expenditures	\$ 1,628,894	\$ 268,389	16.5%
<b>Net revenues</b>	\$ -	\$ 1,137,569	n/a

Redevelopment - Main Street			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 6,113,237	\$ 5,401,003	88.3%
Charges for services	98,700	6,781	6.9%
Other revenue	180,000	3,212	1.8%
Total revenues	\$ 6,391,937	\$ 5,410,996	84.7%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 1,662,722	\$ 204,336	12.3%
Capital projects (2010 only)	1,409,610	-	0.0%
Transfers out-debt svc	2,702,351	-	0.0%
Transfers out-police and code svcs	617,254	68,470	11.1%
Total expenditures	\$ 6,391,937	\$ 272,806	4.3%
<b>Net revenues</b>	\$ -	\$ 5,138,190	n/a

Redevelopment - Ballough Road			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 282,585	\$ 255,027	90.2%
Other revenue	20,000	430	2.2%
Total revenues	\$ 302,585	\$ 255,457	84.4%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 216,838	\$ 41,928	19.3%
Capital projects (2010 only)	66,517	-	0.0%
Transfers out-police and code svcs	19,230	2,396	12.5%
Total expenditures	\$ 302,585	\$ 44,324	14.6%
<b>Net revenues</b>	\$ -	\$ 211,133	n/a

Redevelopment - Midtown			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 946,526	\$ 791,456	83.6%
Other revenue	35,000	1,051	3.0%
Total revenues	\$ 981,526	\$ 792,507	80.7%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 410,670	\$ 38,390	9.3%
Capital projects (2010 only)	448,406	-	0.0%
Transfers out-police and code svcs	122,450	3,059	2.5%
Total expenditures	\$ 981,526	\$ 41,449	4.2%
<b>Net revenues</b>	\$ -	\$ 751,058	n/a

Redevelopment - South Atlantic			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 213,464	\$ 190,534	89.3%
Other revenue	14,400	1,559	10.8%
Appropriation of fund balance	391,536	97,884	25.0%
Total revenues	\$ 619,400	\$ 289,977	46.8%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 264,409	\$ 28,420	10.7%
Capital projects (2010 only)	329,812	-	0.0%
Transfers out-police and code svcs	25,179	5,030	20.0%
Total expenditures	\$ 619,400	\$ 33,450	5.4%
<b>Net revenues</b>	\$ -	\$ 256,527	n/a