

CITY OF DAYTONA BEACH, FLORIDA QUARTERLY FINANCIAL REPORT

3rd Quarter
FY 2010



Prepared by: Michael Robertson, Chief Financial Officer

City of Daytona Beach
Quarterly Budget Report
For the Nine Month Period Ended June 30, 2010

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 nine month period ended June 30, 2010. Included in this report are a "Financial Snapshot" (page 4) and a Financial Summary narrative of the first nine months' activity for the following major funds:

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

I have included the following information behind the "Supplemental Information" tab:

- Available Unreserved Fund Balance as of June 30, 2010
- 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 \$52.6 million or 73.5% of the revenues have been received. This compares well to total General Fund expenditures of \$48.8 million or 68.2% having been spent. This leaves net revenue total of \$3.8 million through the end of the third quarter ending June 30, 2010. 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.

As part of the quarterly review, I have made initial projections of FY 2009-10 revenues and expenditures. In general, I project General Fund revenues will be less than the budget by approximately \$620,000 or 1.4% 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, a decrease in state revenues such as telecommunications and sales tax, decreased fines such as code violations and a decrease in interest revenue. Additionally, I estimate Payment in Lieu of Taxes (PILOT) transfers from the enterprise funds will be approximately \$200,000 less than budgeted due to an estimated 3% reduction in utility fees resulting from foreclosures and vacant property. *However*, I am projecting expenditures will also come

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in under budget due to the hiring freeze and general cost cutting measures throughout all departments. The bottom line is the shortfall in General Fund revenue should be partially offset by estimated reductions in expenditures, resulting in negative net revenue of approximately \$600,000 at fiscal year end 2010.

Water and Sewer Fund

The “Financial Snapshot” of the Water and Sewer Fund shows that \$26.1 million or 70.2% has been received and \$26.1 million or 70.3% has been spent, resulting in negative net revenue of \$53,000 through the end of the third quarter ended June 30, 2010. Although budgeted revenues have increased due to the annual CPI adjustment, the actual amount collected is approximately \$1.4 million or 4.8% less than budget due to the large number of vacant and foreclosed properties. To offset this reduction the Finance Department has reduced the amount of the transfer to the Water and Sewer Improvement Fund and de-activated a capital project in that fund. 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 \$9.6 million or 68.5% of budgeted revenue has been received. Expenses through the end of the third quarter were \$9.8 million or 70.1% of budget, resulting in negative net revenue of \$236,000. 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 \$1.2 million or 9% less than budget. This decrease has been partially offset by de-activating several capital projects. The bottom line is the projected reduction in the Solid Waste Management Fund revenue is expected to be partially offset by capital project reductions, resulting in negative net revenue of approximately \$700,000.

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 69.4% of budgeted revenue has been collected as compared to the 75% benchmark through the end of the third quarter, primarily due to a decrease in marina slip rentals. Operating expenses are slightly lower than budget due to decreases in the cost of fuel sold, utilities and property tax expense on the Plaza, however the quarter still reflects negative net revenue of \$225,000. 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

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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 and negative net revenue of \$500,000 is estimated at fiscal year end. However, as previously noted, this fund does have sufficient fund balance to cover this deficit.

Stormwater Improvement Fund

The “Financial Snapshot” shows total revenue collected of \$6.1 million or 69.3% of budget and expenses of \$5.5 million or 62.6% of budget, resulting in net revenue of \$603,000 through the end of the third quarter ended June 30, 2010. The Finance Department is projecting revenue to be approximately \$300,000 or 3% less than budgeted by the end of FY 2010 primarily due to decreased interest income. Capital projects have been de-activated to compensate for some of the lost revenue. The bottom line is revenue reductions in the Stormwater Fund are expected to be offset by decreasing capital projects.

Financial Snapshot

For Quarter Ending June 30, 2010

General Fund			
Revenues	Budget	Year-to-Date	% Received
Taxes	\$ 41,619,464	\$ 32,046,468	77.0%
Intergovernmental	7,655,520	4,506,397	58.9%
Charges for services	3,669,491	2,526,921	68.9%
Other revenue	3,428,344	2,565,378	74.8%
Appropriation of fund balance	311,788	233,841	75.0%
Transfers in	14,854,251	10,734,732	72.3%
Total revenues	\$ 71,538,858	\$ 52,613,737	73.5%
Expenditures	Budget	Year-to-Date	% Spent
City Manager	\$ 1,983,207	\$ 1,275,486	64.3%
City Attorney	1,049,857	737,219	70.2%
Development Services	1,356,264	838,950	61.9%
City Clerk	590,063	435,706	73.8%
Support Services	262,435	152,733	58.2%
Finance	2,285,358	1,683,762	73.7%
Police	35,077,090	23,984,750	68.4%
Leisure Services	4,321,586	3,068,006	71.0%
Public Works	7,582,357	5,283,554	69.7%
Fire	12,682,072	8,590,273	67.7%
Capital Projects (2010 only)	817,884	5,099	0.6%
Transfers out	3,530,685	2,710,482	76.8%
Total expenditures	\$ 71,538,858	\$ 48,766,020	68.2%
Net revenues	\$ -	\$ 3,847,717	n/a

Water and Sewer Fund			
Revenues	Budget	Year-to-Date	% Received
W & S charges	\$ 35,586,434	\$ 24,737,333	69.5%
Other revenue	374,600	448,167	119.6%
Transfers in	735,000	551,250	75.0%
Appropriation of retained earnings	479,734	359,801	75.0%
Total revenues	\$ 37,175,768	\$ 26,096,551	70.2%
Expenses	Budget	Year-to-Date	% Spent
W & S operations	\$ 20,611,606	\$ 14,488,985	70.3%
Utility Billing	1,166,035	835,693	71.7%
Transfers out-debt svc	7,524,595	5,827,681	77.4%
Transfers out-other	7,873,532	4,997,649	63.5%
Total expenses	\$ 37,175,768	\$ 26,150,008	70.3%
Net revenues	\$ -	\$ (53,458)	n/a

Solid Waste Management Fund			
Revenues	Budget	Year-to-Date	% Received
Solid Waste charges	\$ 12,616,606	\$ 8,549,089	67.8%
Other revenue	107,600	77,648	72.2%
Appropriation of retained earnings	1,300,000	975,000	75.0%
Total revenues	\$ 14,024,206	\$ 9,601,737	68.5%
Expenses	Budget	Year-to-Date	% Spent
Solid Waste operations	\$ 8,984,953	\$ 6,221,475	69.2%
Transfers out	4,789,253	3,591,940	75.0%
Capital projects (2010 only)	250,000	24,082	9.6%
Total expenses	\$ 14,024,206	\$ 9,837,497	70.1%
Net revenues	\$ -	\$ (235,760)	n/a

Halifax Harbor Marina/Plaza Fund			
Revenues	Budget	Year-to-Date	% Received
Marina charges	\$ 3,823,120	\$ 2,078,356	54.4%
Commercial leases	593,508	481,528	81.1%
Other revenue	133,840	518,948	387.7%
Appropriation of retained earnings	1,452,308	1,089,231	75.0%
Total revenues	\$ 6,002,776	\$ 4,168,063	69.4%
Expenses	Budget	Year-to-Date	% Spent
Marina and Plaza operations	\$ 2,531,564	\$ 1,703,146	67.3%
Transfers out-debt svc	995,423	873,432	87.7%
Transfers out-other	2,422,891	1,817,168	75.0%
Total expenses	\$ 5,949,878	\$ 4,393,746	73.8%
Net revenues	\$ 52,898	\$ (225,683)	n/a

Stormwater Improvement Fund			
Revenues	Budget	Year-to-Date	% Received
Stormwater charges	\$ 7,973,430	\$ 5,941,299	74.5%
Other revenue	820,375	152,951	18.6%
Total revenues	\$ 8,793,805	\$ 6,094,250	69.3%
Expenses	Budget	Year-to-Date	% Spent
Stormwater operations	\$ 3,827,656	\$ 2,804,014	73.3%
Transfers out-debt svc	1,035,556	483,411	46.7%
Transfers out-other	2,504,778	1,878,584	75.0%
Capital projects (2010 only)	1,398,788	324,837	23.2%
Total expenses	\$ 8,766,778	\$ 5,490,846	62.6%
Net revenues	\$ 27,027	\$ 603,404	n/a

SUPPLEMENTAL INFORMATION

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**The City of Daytona Beach
Available Fund Balance
For the Period Ended June 30, 2010**

FUND	AVAILABLE FUND BALANCE (1)
GENERAL FUND	-
COMMUNITY DEVELOPMENT	-
CD REHAB PROGRAM	589,190
FEDERAL HOME PROGRAM	-
SHIP LOCAL HOUSING ASSISTANCE	236,196
HOPE 3	180,052
LAW ENFORCEMENT TRUST	77,057
FEDERAL SHARED PROPERTY	41,782
REDEVELOPMENT DOWNTOWN	-
REDEVELOPMENT MAIN STREET	-
REDEVELOPMENT BALLOUGH ROAD	-
REDEVELOPMENT MIDTOWN	-
REDEVELOPMENT SOUTH ATLANTIC	-
DOWNTOWN DEVELOPMENT AUTH	62,652
5 CENTS GAS TAX	13,234
PERMITTING AND LICENSING	509,053
ROAD IMPACT FEES	696
RECREATION IMPACT FEES	79,104
FIRE IMPACT FEES	-
POLICE IMPACT FEES	-
GENERAL GOV'T IMPACT FEES	371,089
DEBT SERVICE FIFC C-1 & C-2	-
DEBT SERVICE 203 THRU 211	-
CAPITAL PROJECTS	-
WATER AND SEWER	1,629,950
WATER AND SEWER IMPROVEMENT	-
WATER AND SEWER DEBT SV	-
WATER IMPACT FEE	-
SEWER IMPACT FEE	-
WATER AND SEWER CONSTRUCTION	-
SOLID WASTE	-
HALIFAX MARINA	982,387
HALIFAX PLAZA	-
MARINA/PLAZA DEBT SV	-
CULTURAL SERVICES	-
GOLF COURSE	-
GOLF COURSE DEBT SV	-
STORMWATER	3,142,842
STORMWATER DEBT SV	-
TENNIS CENTER	-
MAIN STREET PIER	-
FLEET MAINTENANCE	102,173
EMPLOYMENT SERVICES	70,998
PROPERTY MAINTENANCE	75,082
INFORMATION TECHNOLOGY	437,410
SELF INSURANCE	-

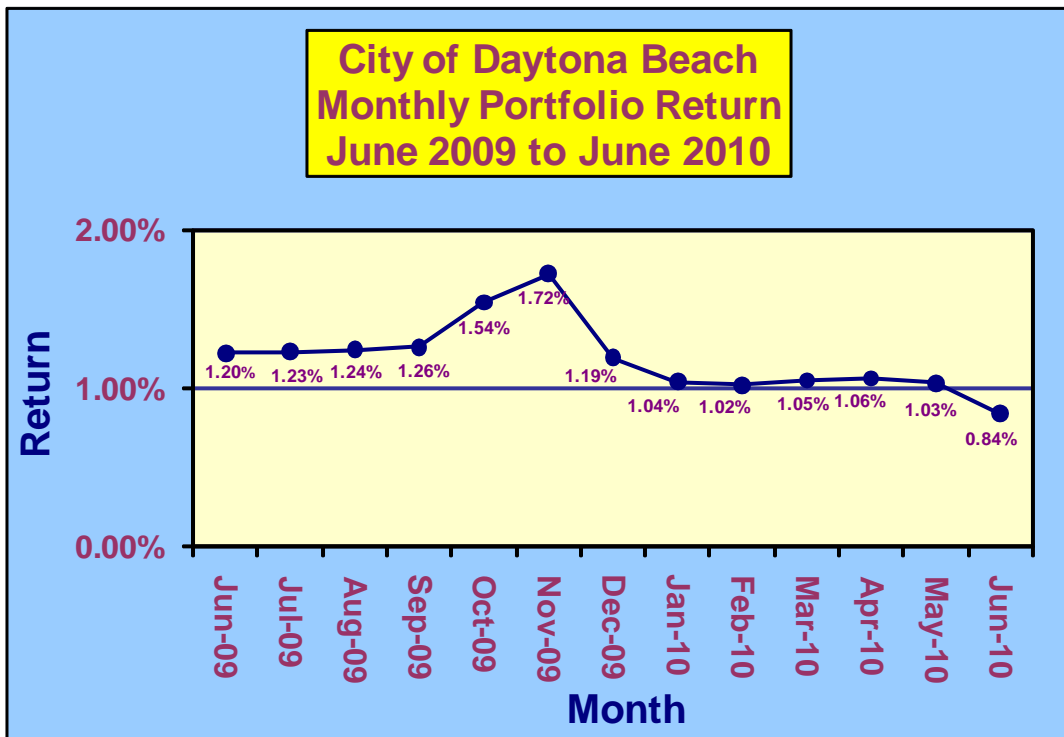
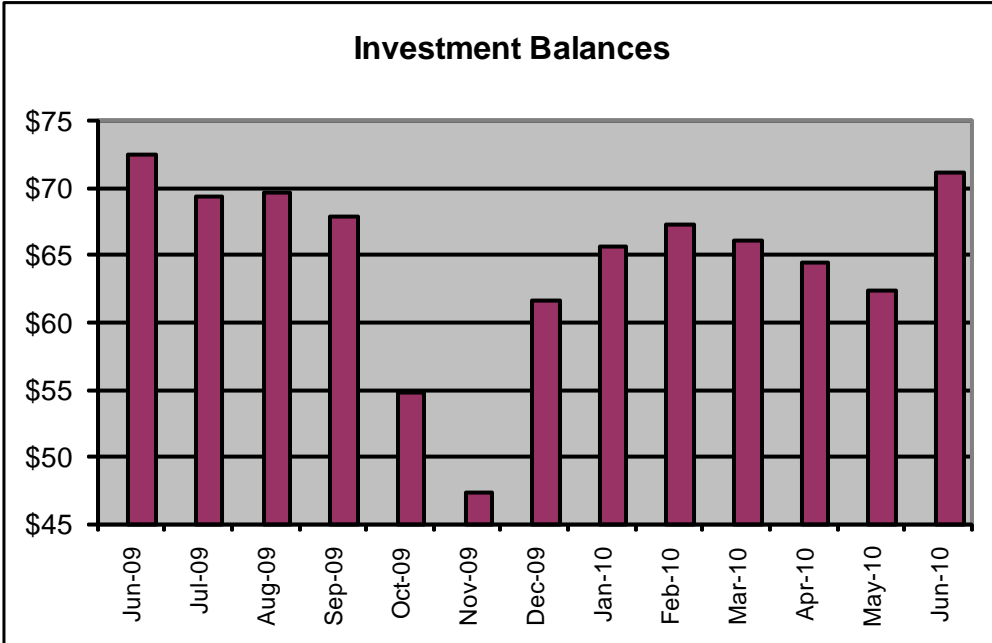
(1) Available fund balance "net" of the 10% requirement per the Fiscal Integrity Principles Ordinance (General Fund, Water & Sewer Fund, Solid Waste Fund and Stormwater Fund).

**The City of Daytona Beach
Monthly Investment Report
For the Period Ended June 30, 2010**

Investment Type	Book Value	Market	Current Yield
Cash - Suntrust Bank	\$ 10,665,538	\$ 10,665,538	0.22 %
Cash - Bond Proceeds	9,300,000	9,300,000	0.22
Public Funds NOW Account	1,024,140	1,024,140	0.22
BB&T Bank			
Money Rate Savings	11,996,438	11,996,438	0.25
PFM Mutual Fund:			
Unreserved - Operating Account	3,381,987	3,381,987	0.23
Reserved for Police Station Project	271,907	271,907	0.23
FL Municipal Investment Trust Mutual Fund	1,706,252	1,706,252	1.46
Asset Under Management - PFM	29,451,793	29,691,137	1.75
Debt Service Escrow:			
C-1 and C-2 (Gov't money market)	<u>3,390,647</u>	<u>3,390,647</u>	0.01
TOTAL INVESTMENTS ALL FUNDS	<u>\$ 71,188,702</u>	<u>\$ 71,428,046</u>	0.84 %

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

**The City of Daytona Beach
Investment Metrics
For the Nine Month Period Ended June 30, 2010**



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For the Nine Month Period Ended June 30, 2010

Redevelopment Trust Funds

The Redevelopment Trust Fund Overview shows a summary of each fund for the nine month period ended June 30, 2010. 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 the original budget due to decreased property assessments combined with a FY 2010 millage rate that is unchanged from FY 2009.

Expenses overall were low due to decreased police user fee charges and very limited spending on capital projects and promotions. 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 from the original budget 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 was included in the first quarter budget amendment approved by 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 Nine Months Ending June 30, 2010

Redevelopment - Downtown			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 1,343,985	\$ 1,343,985	100.0%
Charges for services	61,065	61,065	100.0%
Other revenue	45,000	3,496	7.8%
Appropriation of Fund Balance	510,604	382,953	75.0%
Total revenues	\$ 1,960,654	\$ 1,791,499	91.4%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 1,020,542	\$ 478,442	46.9%
Capital projects (2010 only)	569,560	-	0.0%
Transfers out-debt svc	151,387	126,819	83.8%
Transfers out-police and code svcs	219,165	91,281	41.6%
Total expenditures	\$ 1,960,654	\$ 696,542	35.5%
Net revenues	\$ -	\$ 1,094,957	n/a

Redevelopment - Main Street			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 5,401,003	\$ 5,401,003	100.0%
Charges for services	98,700	47,957	48.6%
Other revenue	180,000	36,142	20.1%
Appropriation of Fund Balance	1,418,751	1,064,063	75.0%
Total revenues	\$ 7,098,454	\$ 6,549,165	92.3%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 1,832,646	\$ 728,826	39.8%
Capital projects (2010 only)	3,710,032	971	0.0%
Transfers out-debt svc	938,522	1,507,472	160.6%
Transfers out-police and code svcs	617,254	290,961	47.1%
Total expenditures	\$ 7,098,454	\$ 2,528,230	35.6%
Net revenues	\$ -	\$ 4,020,935	n/a

Redevelopment - Ballough Road			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 255,027	\$ 255,027	100.0%
Other revenue	20,000	1,434	7.2%
Appropriation of Fund Balance	106,239	79,679	75.0%
Total revenues	\$ 381,266	\$ 336,140	88.2%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 216,838	\$ 93,537	43.1%
Capital projects (2010 only)	145,198	-	0.0%
Transfers out-police and code svcs	19,230	6,887	35.8%
Total expenditures	\$ 381,266	\$ 100,424	26.3%
Net revenues	\$ -	\$ 235,716	n/a

Redevelopment - Midtown			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 791,455	\$ 791,455	100.0%
Other revenue	35,000	3,341	9.5%
Appropriation of Fund Balance	62,380	46,785	75.0%
Total revenues	\$ 888,835	\$ 841,581	94.7%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 412,178	\$ 132,060	32.0%
Capital projects (2010 only)	354,207	-	0.0%
Transfers out-police and code svcs	122,450	51,110	41.7%
Total expenditures	\$ 888,835	\$ 183,170	20.6%
Net revenues	\$ -	\$ 658,411	n/a

Redevelopment - South Atlantic			
Revenues	Budget	Year-to-Date	% Received
Taxincrement revenue	\$ 190,534	\$ 190,534	100.0%
Other revenue	14,400	5,622	39.0%
Appropriation of fund balance	508,876	381,657	75.0%
Total revenues	\$ 713,810	\$ 577,813	80.9%
Expenditures	Budget	Year-to-Date	% Spent
Operating programs	\$ 264,409	\$ 132,082	50.0%
Capital projects (2010 only)	424,222	-	0.0%
Transfers out-police and code svcs	25,179	16,489	65.5%
Total expenditures	\$ 713,810	\$ 148,571	20.8%
Net revenues	\$ -	\$ 429,242	n/a