



2019

Popular Annual Financial Report

For the Fiscal Year Ending September 30, 2019



city of
PALM COAST

Welcome to the City of Palm Coast



One of Florida's newest cities (incorporated 1999), Palm Coast is a Florida paradise – situated on 70 miles of saltwater and freshwater canals and the Intracoastal Waterway and just minutes from pristine Atlantic Ocean beaches. Vibrant lifestyle and the natural environment go hand-in-hand here. The City offers a dozen beautiful parks, 125+ miles of connecting trails and paths for walking/bicycling, abundant fishing and boating, a year-round Running Series, and world-class tennis and golf. Lined with historic oaks, towering pines and indigenous vegetation, Palm Coast's parks and trails showcase the splendid elegance of the native Florida landscape. Bird-watching is popular at St. Joe Walkway and Linear Park, which are designated as Great Florida Birding & Wildlife Trails, and visitors can spot dolphins and seabirds as they stroll along the Intracoastal at Waterfront Park. We invite you to Find Your Florida in Palm Coast!

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About this Document



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to
**City of Palm Coast
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill
Executive Director/CEO

This Popular Annual Financial Report (PAFR) of the City of Palm Coast is being published in order to increase public awareness and provide a simplified overview of the City's financial position.

The PAFR summarizes and condenses the financial activities of the City of Palm Coast governmental and business-type activities and derives its information from the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2018 which ended September 30, 2018. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by the City's auditors. Unlike the CAFR, the PAFR is unaudited and presented on a non-GAAP basis. This means that it contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP for governmental entities. We invite you to review the City's audited CAFR which includes detailed information on the City's finances.

Both the PAFR and the CAFR are available online at <http://www.palmcoastgov.com/government/finance/audit-report> and paper copies are available upon request at City Offices.

Requests for Additional Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City of Palm Coast's financial condition and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information you may contact Helena P. Alves, Finance Director at (386) 986-2360 or e-mail halves@palmcoastgov.com.

Elected Officials



The Mayor and City Council members are elected at-large, for a term of four years. Council Members and the Mayor may serve no more than two consecutive four-year terms in the same seat.

City Council meets in regular session on the first Tuesday of each month at 6:00 p.m. and the third Tuesday of each month at 9 a.m. at the Palm Coast City Hall, 160 Lake Ave. Live coverage may be viewed on the City's YouTube channel at <http://www.youtube.com/c/cityofpalmcosttv>. Meetings are also offered on demand on the City Council Agendas and Minutes page of the City website at <http://www.palmcoastgov.com/agendas>.

The City Council also conducts workshop meetings on the second and last Tuesdays of each month at 9 a.m. Both workshop meetings and regular sessions of the City Council are open to the public.



Mayor
Milissa Holland



Council
Member
Robert Cuff
District 1



Council
Member
Col. Jack
Howell II
District 2



Council
Member
Nick Klufas
District 3

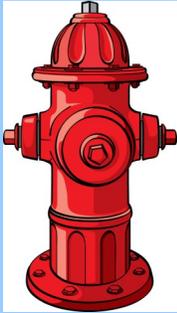


Council
Member
Eddie
Branquinho
District 4

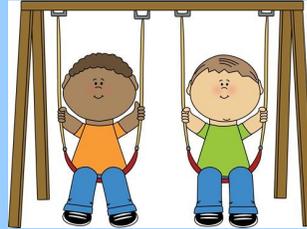
Palm Coast At-A-Glance

INITIAL INCORPORATION—DECEMBER 31, 1999

FORM OF GOVERNMENT—COUNCIL/MAYOR



5
FIRE STATIONS



8
PLAYGROUNDS



1
SWIMMING
POOL



1
COMMUNITY
CENTER



50 +
SPORTS FIELDS/
COURTS



125+
MILES OF TRAILS
& PATHS



564
MILES OF PAVED
STREETS



130
MILES OF
SIDEWALKS & PATHS

Population



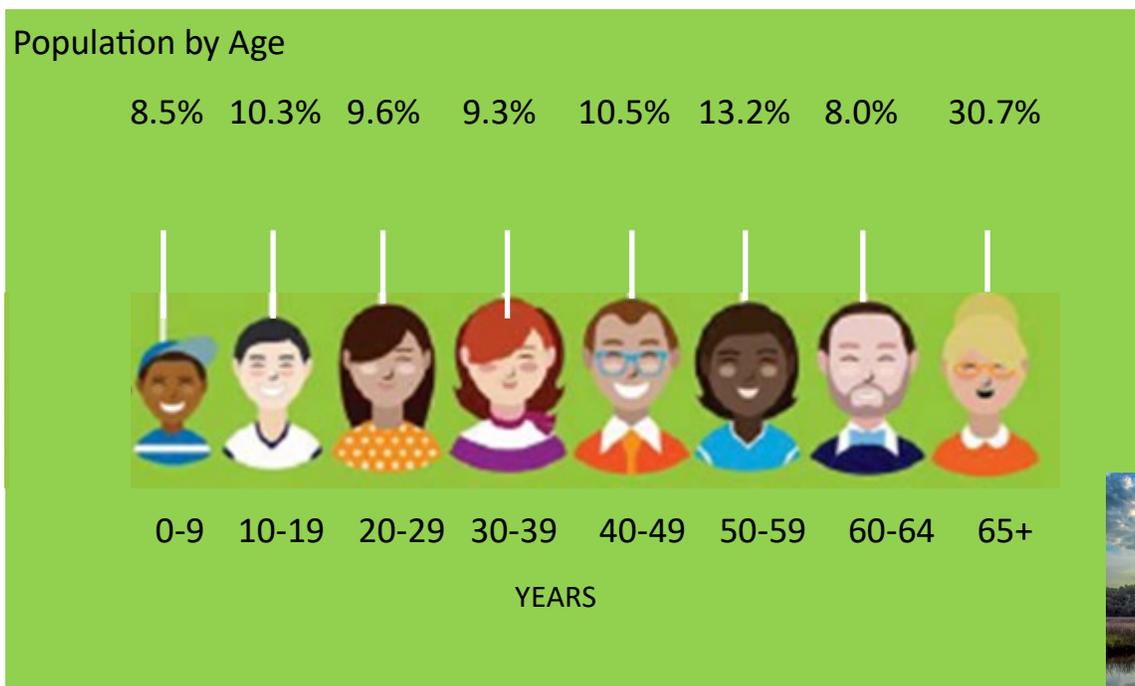
Flagler County Population

County/City	April 1 2010 (Census)	April 1 2019 (Estimate)	Total Change
Flagler County	95,696	110,635	14,939
Beverly Beach	338	372	34
Bunnell	2,676	3,271	595
Flagler Beach (part)	4,424	4,719	295
Marineland (part)	16	6	(10)
Palm Coast	75,180	86,768	11,588
UNINCORPORATED	13,062	15,499	2,437

**This information provided by Bureau of Economic and Business Research*



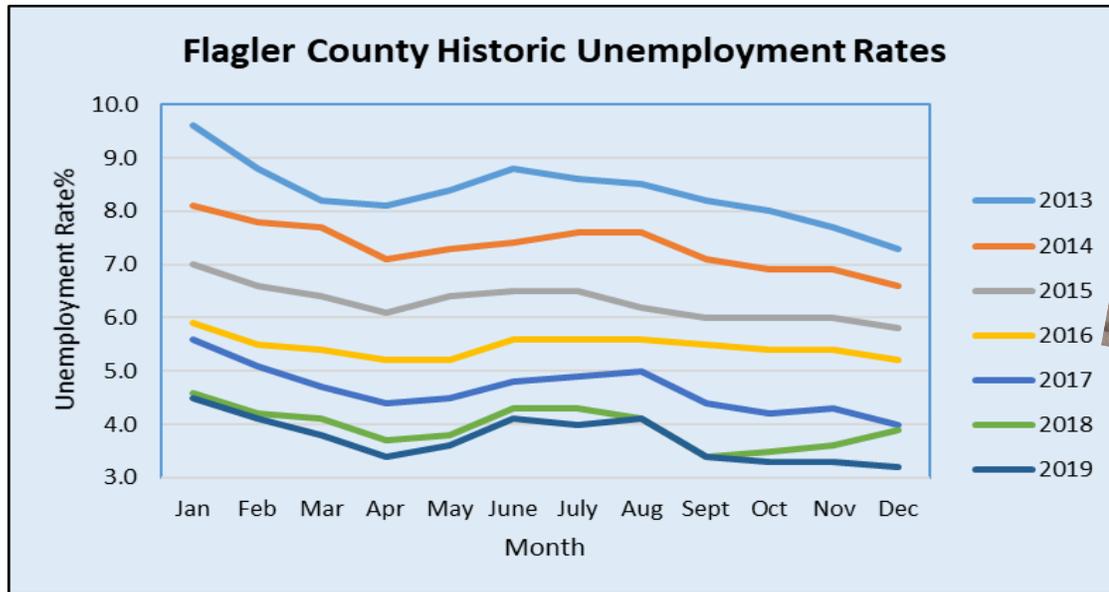
Flagler County Age Distribution



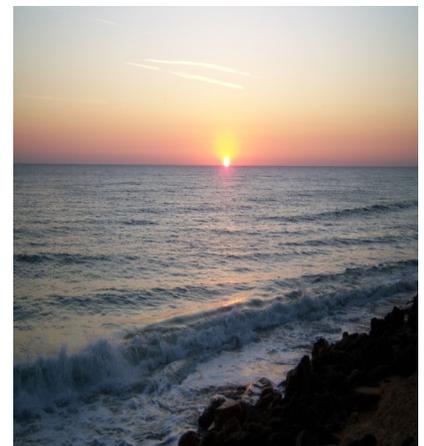
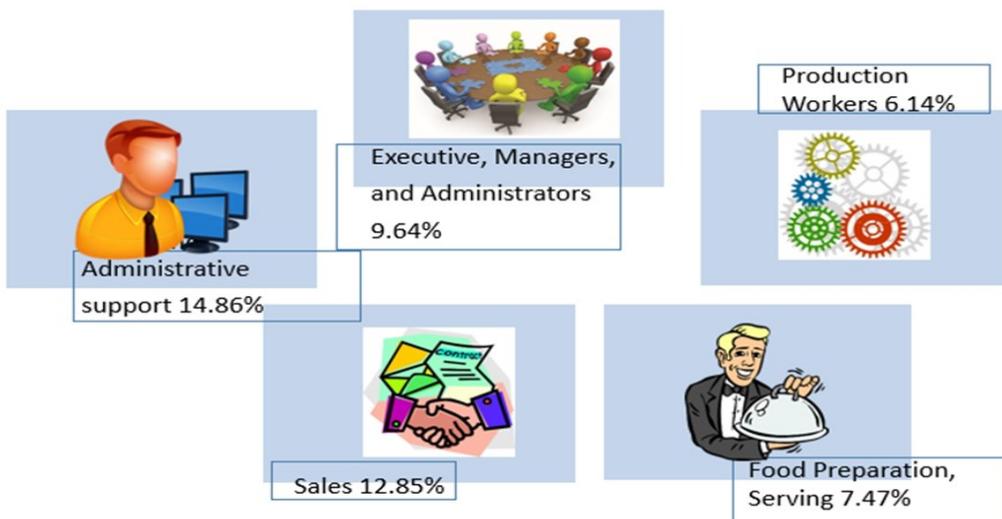
Source: Flagler County EDC, Economic Report 2019

Employment

Unemployment Rates



Major Employment Sectors



Major Employers-2019

EMPLOYER	EMPLOYEES
Flagler County Schools	1,750
Advent Health Palm Coast	1,115
Palm Coast Data	750
Hammock Beach Resort	505
City of Palm Coast	510
Publix Supermarkets	491

Source: Flagler County Chamber of Commerce, Florida Research and Economic database for civilian workforce, and Career Source



Source: Flagler County EDC, Economic Report 2019

City of PALM COAST

our vision

A multigenerational community recognized as one of Florida's premier cities that values...

- Building a diverse, sustainable economic base to support innovation while providing necessary infrastructure and services
- Providing exceptional amenities and standards that support a high quality lifestyle
- Protecting the environment and beauty of Palm Coast while conserving natural resources

our mission

To provide our residents, visitors, and business community with exceptional government services in order to improve the quality of life, grow the local economy, and protect the natural environment through a planned, integrative approach using available technology

our values

Pride - Passion in working together for a better tomorrow
Accountability - Accept responsibility for our actions and decisions
Leadership - Courage to shape our City today and into the future in a transparent manner
Motivated - Seek continuous improvement in all services
Collaborative - Dedicated to building partnerships that address community concerns and needs
Ownership - Responsible for our actions and inactions
Achievement - Seek excellence in all that we do
Stewardship - Protectors of our natural environment
Trust - Mindful of our responsibility, we pledge to use taxpayer resources (time, talent, money) efficiently



Find Your Florida

City of PALM COAST

LONG TERM GOALS

Goal 1 - Expansion

To anticipate the need for additional services and infrastructure to provide opportunities for mixed use development with goods, services, and employment

Goal 2 - Economic

To develop and maintain a strong economy by supporting the growth and development of new and existing businesses while creating an environment to attract new companies that align with our values

Goal 3 - Finance

To leverage our financial strengths while ensuring the City remains committed to fiscal responsibility in delivering value-added services to residents and businesses

Goal 4 - Environmental

To blend our residential and commercial properties with our "City of Parks and Trails" image to create a sustainable framework of visual appeal while caring for our land, water, air, and wildlife

Goal 5 - Quality of Life

To ensure a safe community for our citizens and visitors while providing affordable, and enjoyable options for cultural, educational, recreational and leisure-time events

Goal 6 - Workforce Talent

To develop and implement a comprehensive plan to improve City employee skills and performance through education and training; performance management; and personal development opportunities

Find Your Florida





City of PALM COAST



The City of Palm Coast’s innovative Strategic Action Plan (SAP) uses a team approach to implement a Vision for the City through long-term Goals and short-term Objectives and Strategies. Through performance management, the SAP Process is a comprehensive and systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability. Each year the Palm Coast City Council evaluates the organization’s progress within a multitude of service areas. City Council aligns action areas into budget commitments and, ultimately, adopts a budget that supports the City’s Vision.

LONG-TERM VISION:

A multigenerational community recognized as one of Florida’s premier cities that values:

- *Building a diverse, sustainable economic base to support innovation while providing necessary infrastructure services*
- *Providing exceptional amenities and standards that support a high quality lifestyle*
- *Protecting the environment and beauty of Palm Coast while conserving natural resources*

The Strategic Action Plan is comprised of six long-term Goals – Expansion, Economic, Finance, Environmental, Quality of Life and Workforce Talent.

These are some highlights of our greatest accomplishments, by Goal:

Goal 1 Expansion

To anticipate the need for additional services and infrastructure to provide opportunities for mixed use development with goods, services, and employment.

The City is embarking on a comprehensive approach to a City-Wide Stormwater Infrastructure Master Plan. This new approach focuses on improving stormwater conveyance and storage capacity. In FY19, funding for these projects was secured through bank loans and the following projects are planned for FY20:

- Drainage Improvements (F-Section, Belle Terre Blvd, E-Section)
- Construction of K-6 Control Structure – the replacement of this structure is expected to eliminate local residential and street flooding occurrences during storm events. Grant funding through the St.Johns River Water Management District is being requested to assist with this project.
- Design of L-4 Control Structure replacement

Goal 2 Economic

To develop and maintain a strong economy by supporting the growth and development of new and existing businesses while creating an environment to attract new companies that align with our values.

The local economy continues to improve steadily and all economic indicators continue to point in a positive direction. Real estate values continued to rise in 2019 and values are expected to continue to appreciate in 2020.

- Local Spending – We continue to see increases each year in taxable sales for Flagler County and Palm Coast. Since 2012, we have seen an increase of over 38%, or \$224 million. New commercial construction increased 29% over last fiscal year. As a result, we have been able to fund exciting projects like the new Community Center and Holland Park renovations.
- Council remains focused on downtown development, innovation, and new programs and projects to encourage economic growth in the coming year. New initiatives and events are included in the upcoming budget. The Innovation Kick Start Program was created to encourage new development projects and business in the Innovation District. This program continues to assist developers, property owners, and/or business owners towards utility impact fees

Goal 3 Finance

To leverage our financial strengths while ensuring the City remains committed to fiscal responsibility in delivering value-added services to residents and businesses.

- For the 16th consecutive year, the Finance Department earned the Government Finance Officers Association Distinguished Budget Presentation Award.
- The City was recognized for the sixth straight year by the ICMA Center for Performance Analytics for the City's performance management efforts.
- Finance also earned the GFOA Certificate of Achievement for Excellence in Financial Reporting for the FY2018 Comprehensive Annual Financial Report; the City has received this award for 18 straight years.
- For the sixth year in a row, the Finance Department received the GFOA Award for Outstanding Achievement for Popular Annual Financial Reporting for the FY2018 Popular Annual Financial Report.
- A study to evaluate the current fire and parks impact fees began in FY19. This study will identify the possible need to adjust fees needed to ensure capacity is consistent with growth needs.

Goal 4 Environmental

To blend our residential and commercial properties with our "City of Parks and Trails" image to create a sustainable framework of visual appeal while caring for our land, water, air, and wildlife.

- City staff continue to upgrade facilities with LED fixtures when the cost/benefit makes financial sense. LED lighting is more environmentally friendly and reduces the amount of electricity used compared to traditional lighting.
- Use of lower quality water sources for irrigation, such as reuse water, continues to be a focus of the City in order to make better use of all available water resources.
- For the 14th straight year, the City has been named a Tree City USA by the National Arbor Day Foundation in recognition of the urban forestry program. The City also received the Tree City USA Growth Award.
- Long Creek Nature Preserve fills a gap in the greenway between neighborhoods that border Long Creek and Big Mulberry Branch Creek natural corridors. The park project provided access to the City's salt water canal system and included physical improvements such as shore stabilization, exotic plant removals, native restoration plantings, kayak/boat launch, and boardwalk/fishing

area. The City plans to update the master plan and construct additional boardwalks and overlooks in the upcoming year.

Goal 5 Quality of Life

To enhance the quality of life for our citizens by providing safe, affordable, and enjoyable options for cultural, educational, recreational, and leisure-time events.

Vibrant lifestyle and the natural environment combine to provide a high quality of life to Palm Coasters! In addition to our dozen parks and 125+ miles of connecting trails and paths, the City provides a full schedule of special events all year long. Some accomplishments this year for Goal 5: Quality of Life include:

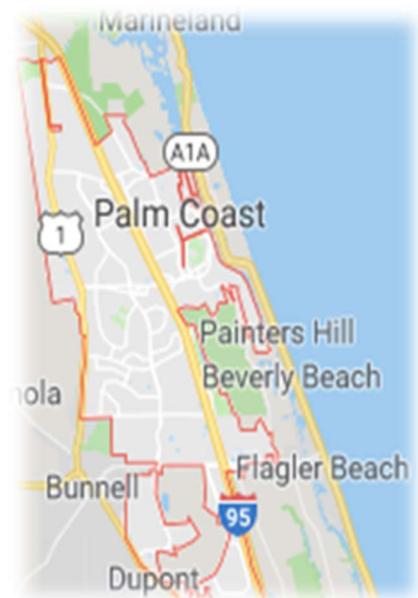
- Phase II of the Holland Park Renovations project began in FY19 and will include a new splash park in addition to other improvements as well.
- Through the City's Strategic Action Plan, City Council directed City staff to develop a master plan to increase the amount of continuous street lighting on thoroughfares throughout the City, especially along major corridors. The master plan includes LED lighting fixtures consistent with the City's standard for new street light installation and FPL's proposed tariff.
- The City completed the multi-year project for Seminole Woods multi-use path improvements in the Seminole Woods Neighborhood.
- The City is currently designing a new trailhead for Lehigh Trail that will provide parking and restroom facilities for users of this trail. Construction is anticipated for FY20.

Goal 6 Workforce Talent

To develop and implement a comprehensive plan to improve City employee skills and performance through education and training; performance management; and personal development opportunities.

The Strategic Action Plan adopted by City Council includes a goal specifically focused on employee development, which represents a strong commitment to maintain a dedicated and skilled workforce.

- The City internship program gives qualified candidates the opportunity to build their resume, explore career interests, engage in professional networking, and make a difference in their community.
- Employee Certification and Education Incentive Pay are ways in which employees are encouraged to further develop themselves. Training programs are budgeted each year and include a partnership with Daytona State College. Employee academy is offered to new employees to gain a thorough understanding of the City's operations and departments. Pay plans are evaluated and updated as needed to keep positions competitive in the changing labor market.
- Palm Coast CONNECT launched this fiscal year. Residents are now able to connect with the City at any time from any place. It is the easiest way to report concerns to Customer Service and request services from the City. The website and app lets users submit and track their requests in addition to finding information on City services and programs. Over 3,000 people signed up within the first few months of launch.



Statement of Net Position

The following financial summary is based upon a condensed view of the City's assets, liabilities, and deferred inflows/outflows as of September 30, 2018 and 2019:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 61,609,061	\$ 49,228,900	\$ 66,974,602	\$ 62,793,335	\$ 128,583,663	\$ 112,022,235
Capital assets	327,277,833	332,919,671	243,727,442	245,958,441	571,005,275	578,878,112
Total assets	388,886,894	382,148,571	310,702,044	308,751,776	699,588,938	690,900,347
Total deferred outflow s of resources	1,097,717	1,286,160	995,877	1,102,675	2,093,594	2,388,835
Long-term liabilities	12,326,805	13,257,602	164,117,280	173,301,766	176,444,085	186,559,368
Other liabilities	14,561,384	15,182,835	352,094	(87,975)	14,913,478	15,094,860
Total liabilities	26,888,189	28,440,437	164,469,374	173,213,791	191,357,563	201,654,228
Total deferred inflow s of resources	797,542	398,507	460,821	508,828	1,258,363	907,335
Net position:						
Net Investment in capital assets	320,293,833	325,234,671	87,229,370	84,014,277	407,523,203	409,248,948
Restricted	20,215,344	10,380,209	24,459,578	21,774,289	44,674,922	32,154,498
Unrestricted	23,371,095	18,980,907	35,078,778	30,333,145	58,449,873	49,314,052
Total net position	\$ 363,880,272	\$ 354,595,787	\$ 146,767,726	\$ 136,121,711	\$ 510,647,998	\$ 490,717,498

Government-wide Overall Financial Analysis

The City of Palm Coast's net position was \$510,647,998 at the close of the most recent fiscal year. Of this, 11.45% falls in the unrestricted category. Unrestricted net position is the amount that can be used to provide services to residents. Net position increased city-wide by \$19,930,500.

Approximately 8.75% of net position represents resources that are subject to external restrictions and are not available to provide services to residents. By far, the largest portion of the City of Palm Coast's net position (79.81%) reflects its investment in capital assets less any outstanding related debt used to acquire those assets. Capital assets, which include an investment in land, buildings or roads, are not available for future spending. Resources needed to repay debt must be provided from future revenue sources.

Current and Other Assets - Assets that include cash, securities, receivables, inventory and prepaid assets, and can be converted into cash usually within one year.

Capital Assets - Long-term investments in land, buildings, equipment, improvements, infrastructure, and construction in progress.

Current and Other Liabilities - These are primarily debts that can be paid off in one year or less. This includes accounts payable, accrued payroll, and accrued interest payable.

Deferred Inflows/Outflows - Acquisition/consumption of net position applicable to future reporting periods.

Long-Term Liabilities - Represents mainly debt obligations of the City. The proceeds from these various debt issues are used to finance large projects such as building and roadway construction, renovations and major equipment purchases.

Net Position - Total assets and deferred outflows less liabilities and deferred inflows.

Restricted Net Position - Resources whose use is subject to externally imposed restrictions.

Unrestricted Net Position - These are resources that are accessible to the City to provide services to the residents if there were no additional revenues or resources available.

Statement of Activities

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. The Statement of Activities distinguish functions of the City of Palm Coast that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

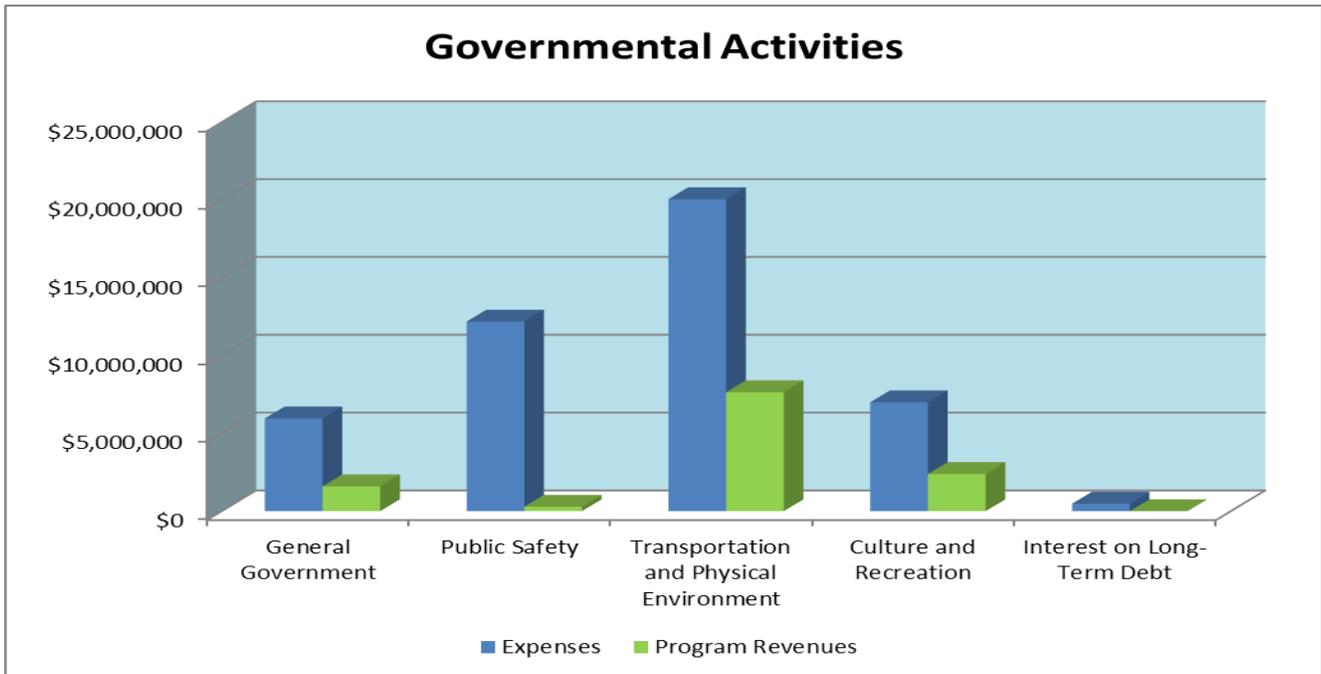
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 3,389,445	\$ 3,110,201	\$ 63,459,249	\$ 57,121,818	\$ 66,848,694	\$ 60,232,019
Operating grants and contributions	3,154,598	4,254,944	92,023	1,560,284	3,246,621	5,815,228
Capital grants and contributions	5,833,497	4,553,519	7,498,356	6,162,184	13,331,853	10,715,703
General revenues:						
Property taxes	23,392,377	21,066,081	520,000	502,590	23,912,377	21,568,671
Other taxes	6,929,072	6,674,624	-	-	6,929,072	6,674,624
Intergovernmental	4,799,363	4,704,629	-	-	4,799,363	4,704,629
Other	1,647,572	474,901	1,880,936	612,838	3,528,508	1,087,739
Total revenues	49,145,924	44,838,899	73,450,564	65,959,714	122,596,488	110,798,613
Expenses:						
General government	6,642,183	5,956,629	-	-	6,642,183	5,956,629
Public safety	12,636,325	12,187,040	-	-	12,636,325	12,187,040
Transportation and physical environment	17,229,235	20,049,609	-	-	17,229,235	20,049,609
Culture and recreation	7,503,004	7,000,755	-	-	7,503,004	7,000,755
Utility	-	-	39,575,224	37,488,776	39,575,224	37,488,776
Solid waste	-	-	8,559,838	8,433,184	8,559,838	8,433,184
Stormwater	-	-	7,684,611	6,659,088	7,684,611	6,659,088
Building permits	-	-	1,845,080	1,759,634	1,845,080	1,759,634
Information technology	-	-	528,999	665,967	528,999	665,967
Interest on long-term debt	461,489	484,548	-	-	461,489	484,548
Total expenses	44,472,236	45,678,581	58,193,752	55,006,649	102,665,988	100,685,230
Increase (decrease) in net position before transfers	4,673,688	(839,682)	15,256,812	10,953,065	19,930,500	10,113,383
Transfers	4,610,797	832,828	(4,610,797)	(832,828)	-	-
Increase (decrease) in net position	9,284,485	(6,854)	10,646,015	10,120,237	19,930,500	10,113,383
Net position - beginning	354,595,787	354,602,641	136,121,711	126,001,474	490,717,498	480,604,115
Net position - ending	\$ 363,880,272	\$ 354,595,787	\$ 146,767,726	\$ 136,121,711	\$ 510,647,998	\$ 490,717,498

Governmental Activities - Activities which provide services to citizens and are primarily financed through taxes and intergovernmental grants.

Program Revenues - Charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function.

Business - Type Activities - Activities that are carried out primarily to provide specific services in exchange for a specific user fee.

The governmental activities of the City of Palm Coast include general government, public safety, transportation and physical environment, and culture and recreation. Amounts reported as program revenues are charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. In addition, program revenues include grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function. Any expenses not covered by program revenues are supplemented with taxes and other general revenues.



Governmental activities increased the City of Palm Coast’s net position by \$9,284,485 during the current fiscal year. Factors include revenues in excess of expenditures in the general fund, accumulation of impact fees due to increased development in the community, and accumulation of revenues planned in the capital projects fund for future projects.

Governmental activities unrestricted net position increased by \$4,390,188. The primary driver for this increase was revenues in excess of expenditures in the general fund.

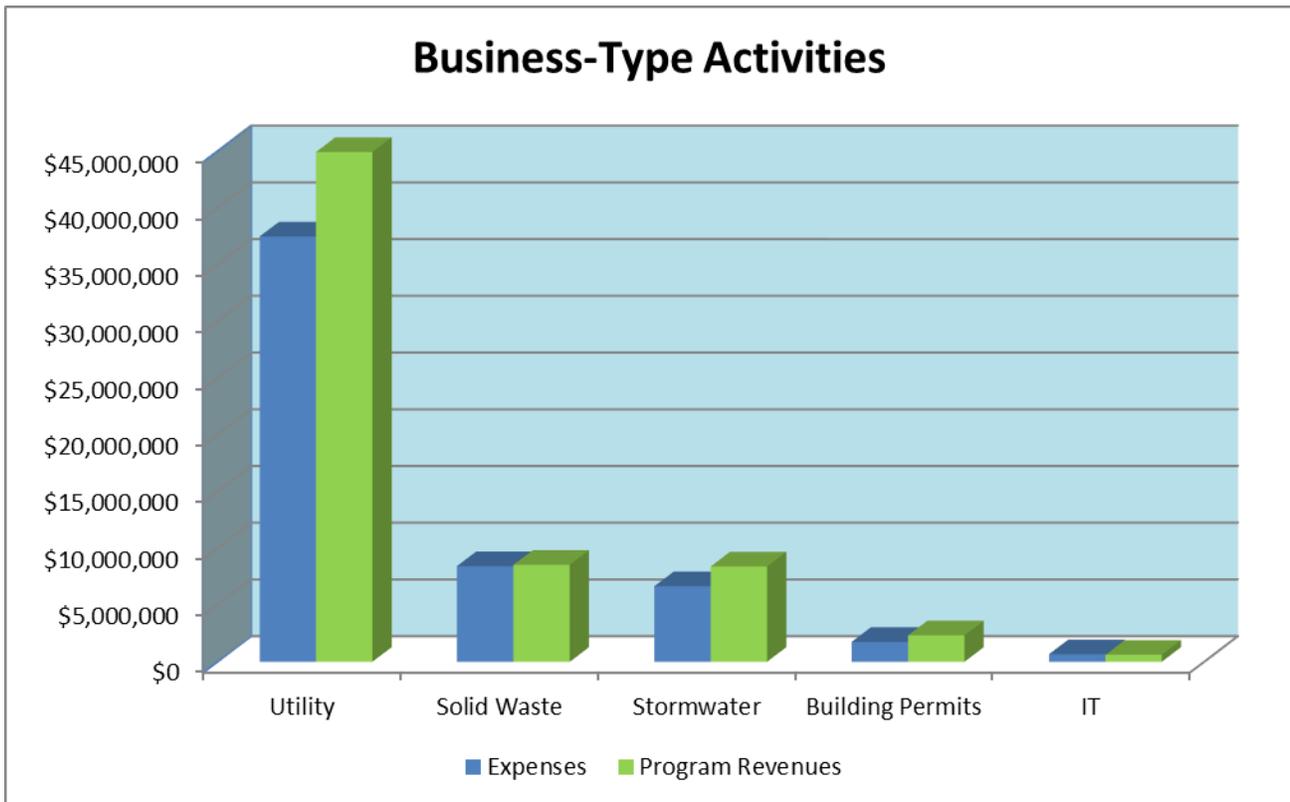
Capital grants and contributions increased by \$1,279,978 primarily due to donated land received during the fiscal year. Operating grants and contributions decreased \$1,100,346 primarily due to FEMA hurricane reimbursements receivables recorded in the prior year. Property taxes increased \$2,326,296 due to a 9% increase in taxable value throughout the City.

<p>General Government - General services which include Human Resources, the City Clerk, Administration and Financial Services.</p> <p>Public Safety - Provide citizens with Police and Fire services.</p>	<p>Transportation & Physical Environment - Includes street construction, resurfacing and maintenance.</p> <p>Culture & Recreation - Includes recreational programs and maintenance to city parks.</p>
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The business-type activities of the City of Palm Coast include a water and sewer utility, solid waste collection, stormwater management, building permits and inspections and information technology (IT).

Business-type activities increased the City of Palm Coast’s net position by \$10,646,015. The increase in net position was attributable to an approximately \$8 million increase in the utility fund, the continuing effect of a multi-year rate increase designed to improve reserves and allocate additional amounts for capital projects, and increased revenues due to development contributed to the change. Utility expenses also increased due to the increasing customer base, but at a slower rate than revenues.

Stormwater expenses increased approximately \$2 million for the year due to projects that were carried from the previous fiscal year, combined with the Council focus on improving the stormwater system. The net results of these activities above were the primary drivers of business-type activities unrestricted net position increasing by approximately \$4.7 million. The increase of over \$2.7 million in restricted net position was primarily related to impact fees collected, and projected transfers to capital projects of the Utility.



Bond Proceeds - Funds used to finance a project or purpose for which the bonds were issued and to pay certain costs of the issuance.

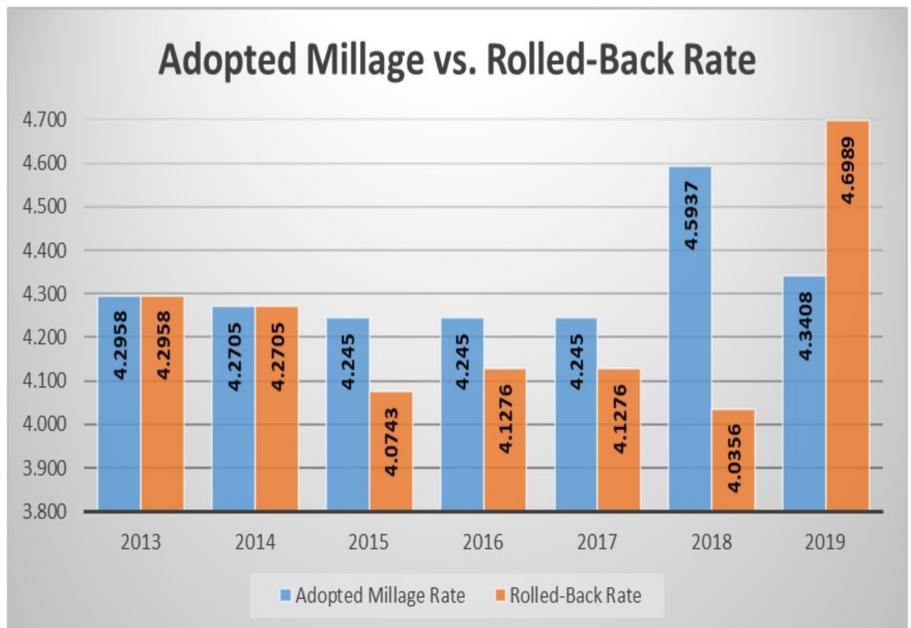
Capital Projects - Projects with long range returns and useful life spans. These projects are relatively expensive and have physical presence such as buildings or roads.

General Fund - The largest fund within the City. This fund accounts for most of the traditional services provided by cities. Revenues include property taxes, licenses, local taxes and service charges.

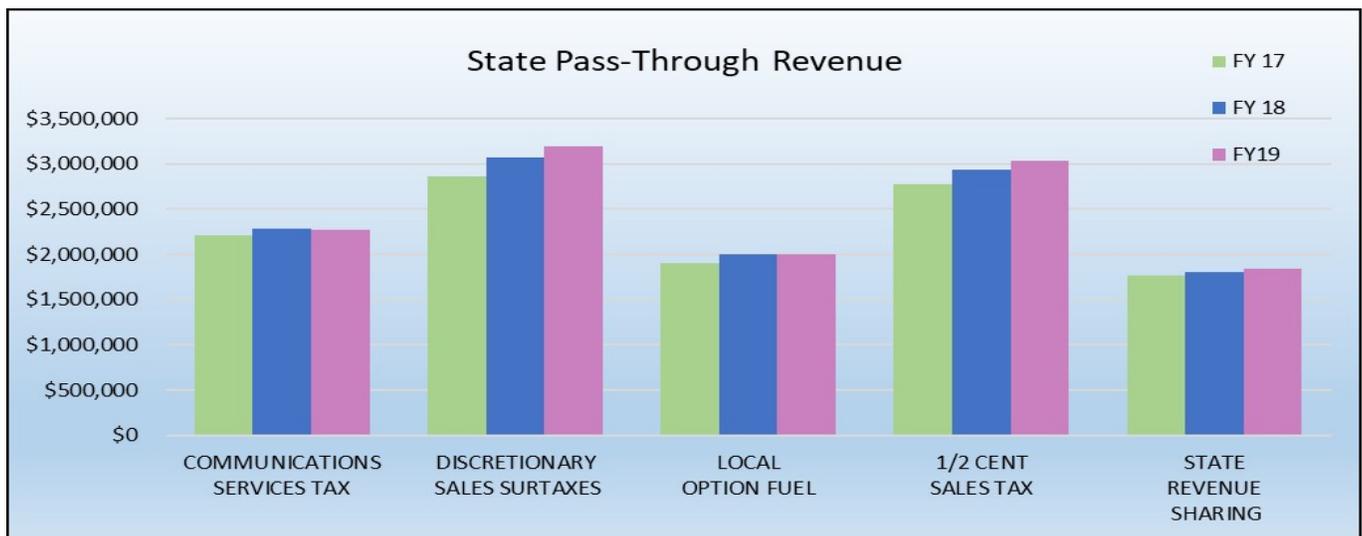
Revenues

For fiscal year 2019, City Council adopted a millage rate of 4.6989. Property taxes are approximately 13% of the total City revenue budget, however they remain the largest revenue source for the General Fund.

City Council has been sensitive to the public's desire to maintain level property taxes, but inflationary pressure and future infrastructure requirements will have an effect on future tax collections.



Other major sources of tax revenue for the General Fund include the Communication Services Tax and the Half-Cent Sales Tax. Although sales tax revenues have increased, the Communications Services Tax has steadily declined. Revenue diversification in the General Fund provides opportunities to mitigate the effect of rising costs, service level enhancements, and infrastructure funding.



Ad Valorem Tax - (Property or Real Estate Taxes) Taxes assessed on a portion of a property's value.

Communications Services Tax - The communications services tax applies to telecommunications, video, direct-to-home satellite and related services at a rate of 5.22%. These tax revenues may be used for any public purpose.

Half Cent Sales Tax - This program generates the largest amount of revenue for local governments among the state-shared revenue sources currently authorized by Legislature. It distributes a portion of the state 6% sales tax.

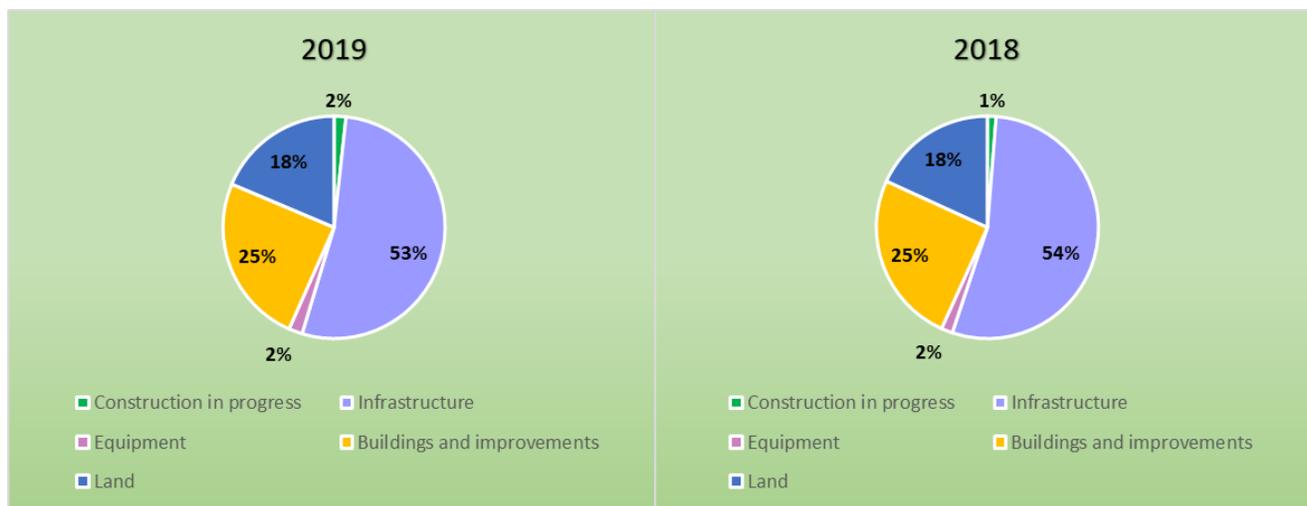
Millage Rate - For property tax purposes, a rate established per \$1,000 of assessed taxable value. A property tax millage rate of 3.5 mills for example, would mean property with a taxable value of \$100,000 would pay \$350 in property taxes.

Rolled-Back Rate - The millage necessary to raise the same amount of Ad Valorem Tax Revenue as the previous year, excluding taxes from new construction.

Capital Assets

The City of Palm Coast's investment in capital assets as of September 30, 2019, amounts to \$571,005,275 (net of accumulated depreciation). This investment decreased \$7,872,837 for the current fiscal year. The overall decrease is due to road expansions, bridge rehabilitation, utility infrastructure and park expansions, offset by regular depreciation expense that occurred during the fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Land	\$ 92,227,487	\$ 91,046,522	\$ 14,230,509	\$ 14,156,347	\$ 106,457,996	\$ 105,202,869
Buildings and improvements						
other than buildings	52,963,616	54,740,254	88,063,171	90,124,940	141,026,787	144,865,194
Infrastructure	164,498,997	172,064,521	137,767,781	139,871,823	302,266,778	311,936,344
Equipment	11,271,235	9,219,381	141,655	380,367	11,412,890	9,599,748
Construction in progress	6,316,498	5,848,993	3,524,326	1,424,964	9,840,824	7,273,957
Total	\$ 327,277,833	\$ 332,919,671	\$ 243,727,442	\$ 245,958,441	\$ 571,005,275	\$ 578,878,112



Asset - Property owned by the City, which has monetary value.

Capital Assets - Long-term investments in land, buildings, equipment, improvements, infrastructure, and construction in progress.

Construction in Progress - Construction work which has been started but is not yet completed.

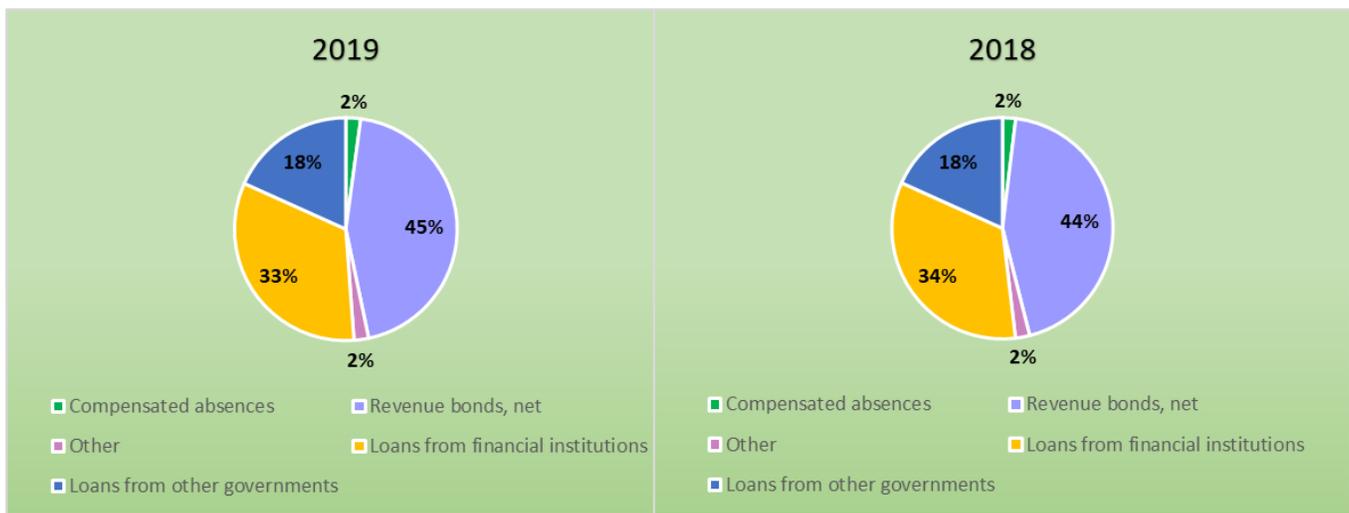
Depreciation - A measurement of the decline in value of an asset over a period of time.

Infrastructure - Basic equipment and structures, such as roads and bridges, needed for the City to function properly.

City Debt

The City of Palm Coast owes \$78,923,071 in revenue bonds, net of premiums, used for the purchase and expansion of the utility system. There are State Revolving Fund loans and bank loans totaling \$83,619,890 primarily for utility and stormwater improvements. The City also has two CRA revenue loans for redevelopment costs with a balance of \$6,984,000 at year end. The remainder of the long-term debt is made up of compensated absences, an unfunded OPEB liability, and a net pension liability. The total long-term debt of the City is \$177,086,019.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Loans from other governments	\$ -	\$ -	\$ 32,352,890	\$ 34,192,122	\$ 32,352,890	\$ 34,192,122
Loans from financial institutions	6,984,000	7,685,000	51,267,000	55,210,897	58,251,000	62,895,897
Revenue bonds, net	-	-	78,923,071	82,564,998	78,923,071	82,564,998
Net pension liability	3,119,945	3,318,028	-	-	3,119,945	3,318,028
OPEB liability	373,927	325,395	268,007	255,830	641,934	581,225
Compensated absences	2,222,860	2,254,574	1,574,319	1,333,749	3,797,179	3,588,323
Total	\$ 12,700,732	\$ 13,582,997	\$ 164,385,287	\$ 173,557,596	\$ 177,086,019	\$ 187,140,593



CRA - Community Redevelopment Area - A special district in which any future increases in property taxes are set aside to support economic development projects within the district.

Compensated Absences - Expected payments to employees who miss work because of illness, vacation or holidays.

OPEB - Other post employment benefits - Post employment benefits that an employee will begin to receive at the start of retirement.

Revenue Bond - A special type of municipal bond distinguished by its guarantee of repayment solely by revenues generated by a specified revenue-generating entity associated with the purpose of the bonds.

Net Pension Liability - Liability related to Florida Retirement System (FRS) pension benefits.

Long Term Debt - Debt that is due in one year or more.

Next Year's Budget and Rates

During the current fiscal year, unassigned fund balance in the general fund increased to \$10,338,267. The available fund balance, as a percentage of prior year expenditures and transfers out is approximately 28.3%.

The City Council approved a millage rate of 4.6989 mills for fiscal year 2020. Of the total millage, .0996 mills will be dedicated to the stormwater fund. The balance of 4.5993 mills is assigned to the general fund. Market values of properties have increased for the seventh consecutive year. The increase in taxable value was approximately 9%. New construction added approximately 3.12% to the taxable value, therefore the City had a net 6% increase in taxable property value for the year.

The water and sewer rates increased for fiscal year 2020 as a result of a rate study performed as part of the 2003 bond refinancing. The water and sewer rates increased by an average of 6% for all customers effective October 1, 2019. Annual C.P.I. adjustments take place annually starting in fiscal year 2021. These rate increases are necessary to cover anticipated increases in operating costs and capital replacement needs. As a result of these actions, the City's bond rating of A+ was affirmed by Fitch.

The City Council adopted a policy of having new development help fund its impact on infrastructure in the community through impact fees. These fees are annually indexed and will increase in fiscal year 2020. One exception to this policy are recreation impact fees. These fees are based on a study of expected recreation enhancements and population growth as outlined in the park master plan for the City. A study is currently being performed to evaluate these fees and determine any need for adjustment.

The fiscal year 2020 budget includes over \$56 million invested in new and replacement infrastructure City-wide. This investment includes roadway expansions, refurbished recreational facilities, bridge rehabilitation, stormwater control structure replacements, a new wastewater treatment plant, and utility infrastructure expansion and replacements.

Fiscal Year 2020 - Expenditures by Category

