



2020

# Comprehensive Annual Financial Report

For the Fiscal Year Ending September 30, 2020



city of  
**PALM COAST**



**CITY OF PALM COAST, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For The Year Ended September 30, 2020**

Prepared by:  
City of Palm Coast  
Financial Services Department



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# INTRODUCTORY SECTION

This section contains the following subsections:

- Table of Contents
- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting
- Organizational Chart
- List of Principal Officials



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE CITY OF PALM COAST, FLORIDA  
For The Year Ended September 30, 2020**

**TABLE OF CONTENTS**

	Page
<b>INTRODUCTORY SECTION</b>	
Table of Contents	5
Letter of Transmittal	9
Certificate of Achievement for Excellence in Financial Reporting	13
Organizational Chart	15
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	21
Management's Discussion and Analysis	25
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	39
Statement of Activities	40
Fund Financial Statements:	
Governmental Fund Financial Statements -	
Balance Sheet	41
Reconciliation of the Balance Sheet to the Statement of Net Position	42
Statement of Revenues, Expenditures, and Changes in Fund Balances	43
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	44
Proprietary Fund Financial Statements -	
Statement of Net Position	45
Statement of Revenues, Expenses and Changes in Fund Net Position	47
Statement of Cash Flows	49
Fiduciary Fund Financial Statements -	
Statement of Net Position	51
Statement of Changes in Net Position	52
Notes to Financial Statements	53
Required Supplementary Information:	
Volunteer Firefighter's Pension Plan	108
Post Employment Benefits Other Than Pension (OPEB)	115
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual - General Fund	116
Budget and Actual - Streets Improvement Special Revenue Fund	117
Budget and Actual - SR100 CRA Special Revenue Fund	118
Notes to Required Supplementary Information	119
Combining and Other Individual Fund Statements and Schedules:	
Budget and Actual - Capital Projects Fund	125
Budget and Actual - Transportation Impact Fee Capital Fund	126
Non-Major Governmental Funds	
Combining Balance Sheet	127
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	128
Individual Non-Major Governmental Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - Police Education Special Revenue Fund	129
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual - Neighborhood Stabilization Special Revenue Fund	130
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - OKR Special Assessment Special Revenue Fund	131
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - CDBG Special Revenue Fund	132
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - Recreation Impact Fee Special Revenue Fund	133
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - Fire Impact Fee Special Revenue Fund	134

Non-Major Enterprise Funds	
Combining Statement of Net Position	138
Combining Statement of Revenues, Expenditures and Changes in Net Position	139
Combining Statement of Cash Flows	140
Internal Service Funds	
Combining Statement of Net Position	145
Combining Statement of Revenues, Expenditures and Changes in Net Position	146
Combining Statement of Cash Flows	147

## STATISTICAL SECTION

Schedule 1 Net Position by Component	151
Schedule 2 Changes in Net Position	152
Schedule 3 Fund Balances - Governmental Funds	154
Schedule 4 Changes in Fund Balances - Governmental Funds	155
Schedule 5 Assessed Value and Actual Value of Taxable Property	156
Schedule 6 Direct and Overlapping Property Tax Rates	157
Schedule 7 Principal Property Tax Payers	158
Schedule 8 Property Tax Levies and Collections	159
Schedule 9 Ratios of Outstanding Debt by Type	160
Schedule 10 Ratios of General Bonded Debt Outstanding	161
Schedule 11 Direct and Overlapping Governmental Activities Debt	162
Schedule 12 Legal Debt Margin Information	163
Schedule 13 Pledged-Revenue Coverage	164
Schedule 14 Demographic and Economic Statistics	165
Schedule 15 Principal Employers	166
Schedule 16 Full-time Equivalent City Government Employees by Function/Program	167
Schedule 17 Operating Indicators by Function/Program	168
Schedule 18 Capital Asset Statistics by Function/Program	169

## OTHER REPORTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	173
Schedule of Expenditures of Federal Awards	175
Notes to Schedule of Expenditures of Federal Awards	176
Schedule of Findings and Questioned Costs - Federal Award Programs	177
Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with The Uniform Guidance	178
Management Letter of Independent Auditors Required by Chapter 10.550 Rules of the Auditor General	180
Independent Accountants' Examination Report	182
Affidavit of Impact Fee Compliance	183



## **LETTER OF TRANSMITTAL**



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## CITY MANAGER'S OFFICE

March 16, 2021

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Palm Coast:

This report consists of management representations concerning the finances of the City of Palm Coast (City). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Palm Coast's financial statements have been audited by James Moore & Co., P.L., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Palm Coast for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of the report.

The independent audit of the financial statements of the City was part of a broader federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are in the compliance section of this report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Palm Coast's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

Palm Coast is situated in the eastern portion of Flagler County. The City was developed in 1969 on 68,000 acres formerly owned by the ITT Corporation. The original ITT development plan encompassed 48,000 home sites on approximately 42,000 acres (65.62 square miles). Paved streets and central water and sewer serve all lots developed within the City. An extensive water management system was designed to replenish the area's water table, which includes 26 miles of freshwater canals and 23 miles of saltwater canals.

In 1975, the Flagler County Board of County Commissioners established the Palm Coast Service District, consisting of almost 40,000 acres. Funds for the district were derived primarily from ad valorem taxes and were utilized to provide fire services, fire hydrants, street maintenance and lighting, animal control and emergency services.

In September 1999, the citizenry of Palm Coast voted overwhelmingly by a margin of two to one to incorporate as a council/manager form of government. On December 31, 1999, the City of Palm Coast was officially incorporated. On October 1, 2000, all services were officially transferred from the former Service District to the City of Palm Coast. The five-member City Council is elected at large and serves staggered four-year terms. One member is elected as Mayor. The promulgation and adoption of policy are the responsibility of the Council and the execution of such policy is the responsibility of the Council appointed city manager. The City hired its first city manager on April 17, 2000.

The City of Palm Coast currently has a population of 89,437 residents and covers an area of approximately 89 square miles. For fiscal year 2021, property within the City has a taxable value of \$5,826,214,849. This was an increase of approximately 6.86 percent from 2020. The City's property tax rate for fiscal year 2021 is set at \$4.6989 per \$1,000 of taxable value.

The City provides a wide range of services including development services, fire services, street construction and maintenance, a water and wastewater utility, stormwater management, parks, and recreational activities. Palm Coast contracts with the Flagler County Sheriff for law enforcement services.

### **Economic Outlook**

In 2019-2020, during the annual evaluation of the Strategic Action Plan and through a series of workshops, the City Council adopted seven priority focus areas and associated key initiatives to enhance communication infrastructure, enhance community engagement, develop a business friendly initiative, develop the innovation district, improve streetlights and safety, invest in the street maintenance program and focus on service delivery and efficiency.

The City's economy continues to steadily improve. All economic indicators are pointing in a positive direction. Real estate values continued to rise in 2020 with the median sales price up 4.7% and with values expected to continue to appreciate in 2021. Single-family permits are up again with 1,148 new residential permits issued in 2020, the tenth straight year of increased permit activity. Unemployment had remained low but reported an increase due to the COVID 19 Pandemic. Unemployment was reported at 9.7% at the end of 2020.

A particular bright spot has been taxable sales within the City. We have seen over a 43% increase in taxable sales since 2012, which represents an increase of \$248 million. This is mainly due to the addition of several shopping centers since 2007 and increases in tourists and related spending. Taxable sales should continue to grow in 2021 with continued commercial growth, especially development along State Road 100 and in our Town Center.

### **Long-term Financial Planning**

The City Council continues to focus on carrying out its Strategic Action Plan and the related goals, projects, and programs. This plan takes an inside out approach, by strengthening our existing neighborhoods and commercial areas. This past fiscal year, the City's taxable value appreciated approximately 6.86%. As all major economic indicators are trending in a positive direction, we expect the local economy's improvement to accelerate in the coming year and have a positive impact on City revenue sources.

While we continue to project revenues conservatively, the improving economy is expected to continue to have a positive effect on some revenue sources.

The 2018 budget included funding for a stormwater fee rate study and City Council took action in October 2018 to increase Stormwater rates in order to fund this critical program for fiscal year 2019 and future years. Without additional revenue, or shifting funding from existing projects, programs, or services, the City would be limited in its ability to fund additional projects, programs, or services in the future.

To ensure revenues are sufficient to support the operation, maintenance and expansion of the water and sewer utility in fiscal year 2020 City Council took action to increase various utility rates including monthly base charges and per gallon charges as well as adjustments to water and sewer capacity fees that are assessed for new construction. These increases will help ensure future funding in order to maintain the infrastructure of the water and sewer system.

## **Future Projects and Programs**

The City has experienced an increase in population year after year and we anticipate this growth to continue. During the past fiscal year, City Council made prudent financial decisions to ensure the City maintains a strong financial position and the ability to fund necessary projects to keep up with growth and maintain aging infrastructure.

In 2021, the City will continue efforts to deploy an advance automatic metering system. This system will allow remote readings of our water distribution system while also providing citizens the ability to monitor their own water use.

The need for infrastructure projects continues to grow as existing infrastructure ages, new development occurs, and the population continues to increase. In the upcoming fiscal year, we will continue rehabilitating our older infrastructure and constructing new infrastructure needed to accommodate anticipated growth. This includes an enhanced stormwater program to rehabilitate the aging system.

The City will continue its efforts to expand the local economy through the adoption of a key area focused on the development of a business friendly initiative to ensure enhanced customer service and communication, simplify and streamline regulatory processes.

While the City will continue to implement programs and projects that have been successful, City Council is focused on downtown development, innovation, and new programs and projects to encourage economic growth in the coming years. The improving local economy enables the City and its partners to maintain our neighborhoods, support existing businesses, and encourage investment by attracting residents, visitors and businesses.

In fiscal year 2018, the City secured an Opportunity Zone federal designation in Town Center to help incentivize private investment to spur economic growth. The City Council approved the City's first-ever incentive program for residential and commercial developments called the 'Innovation Kick Start Program and announced the first project in the Innovation District and the Innovation Kick Start Program – The Palms at Town Center – which provides 88 new homes in 2020. In fiscal year 2019 the City received its second project in the Innovation District which provided additional 233 new homes in fiscal year 2020.

## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Coast for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This is the eighteenth year that Palm Coast has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Palm Coast also received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Fiscal Year 2019 Popular Annual Financial Report. This is the seventh year that Palm Coast has received this award.

The City of Palm Coast also received the GFOA Distinguished Budget Presentation Award for its Fiscal Year 2020 budget document. This is the seventeenth consecutive year that Palm Coast has received this award.

The City of Palm Coast also received the ICMA Certificate of Distinction for its Fiscal Year 2020 performance management process. This is the seventh consecutive year that Palm Coast has received this award.

## Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire Financial Services staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Palm Coast's finances.

Respectfully submitted,

*Matthew T. Morton*

Mathew Morton  
City Manager

*Helena Alves*

Helena Alves  
Financial Services Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Palm Coast  
Florida**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

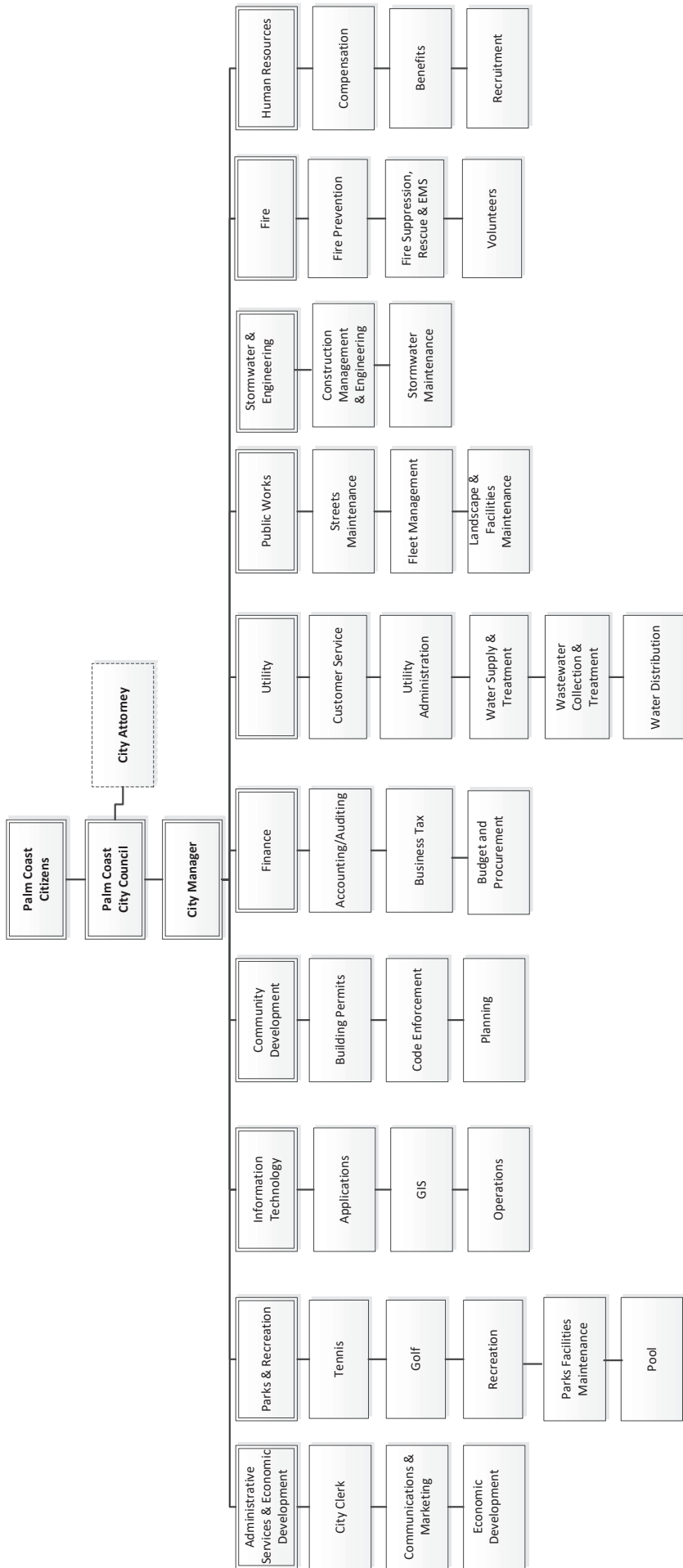
*Christopher P. Morill*

Executive Director/CEO



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**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2020**

**ELECTED OFFICIALS**

Mayor

Honorable Milissa Holland

City Council Members:

Robert Cuff  
Nick Klufas  
Jack Howell-Retired  
Jon Netts  
Eddie Branquinho

**CITY OFFICIALS**

City Manager

Matthew Morton

City Attorney

William Reischmann

City Auditor

James Moore & Co., P.L.

Finance Director

Helena P. Alves

# FINANCIAL SECTION

This section contains the following subsections:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules



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## **INDEPENDENT AUDITORS' REPORT**



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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council, and City Manager,  
City of Palm Coast, Florida:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Coast, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

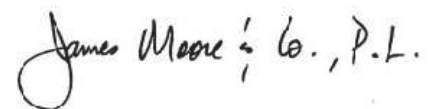
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and other individual nonmajor fund financial statements, budgetary comparison schedules, statistical section, and the Schedule of Expenditures of Federal Awards as listed in the table of contents, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and other individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Daytona Beach, Florida  
February 11, 2021



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Palm Coast, we offer readers of the City of Palm Coast's financial statements this narrative overview and analysis of the financial activities of the City of Palm Coast for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vii-x of this report.

The City of Palm Coast management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

### Financial Highlights

- The assets and deferred outflows of the City of Palm Coast exceeded its liabilities and deferred inflows at the close of fiscal year 2020 by \$535,248,915. Of this amount, \$68,420,338 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$24,600,917. Approximately \$17 million of the increase was the result of increased utility revenue due to growth and related developer contributions and impact fees, and planned rate increases. There was a \$6 million increase in the general fund. The balance of the increase was primarily due to stormwater revenue collected to be expended in the next year, and impact fees collected for future projects.
- As of the close of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$41,116,571 an increase of \$7,798,264 over the prior year. The increase in combined ending fund balances was primarily due to increased revenues from development related impact fees combined with departmental budgets expending less for the fiscal year and capital projects revenues collected for future projects.
- At the end of fiscal year 2020, unassigned fund balance in the general fund was \$13,031,941 or 37.9% of total general fund expenditures.
- The City of Palm Coast's total debt decreased by \$3,412,450 during the current fiscal year. This was primarily due to principal payments made during the fiscal year.
- The application of GASB Statement No. 68 resulted in recording of a Net Pension Liability and Asset, as well as related Deferred Inflow and Outflows. The net result of these transactions was a decrease in unrestricted net position of \$1,241,489.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Palm Coast's basic financial statements. The City of Palm Coast's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Palm Coast's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Palm Coast's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Palm Coast is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements 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). The governmental activities of the City of Palm Coast include general government, public safety, transportation and physical environment, and culture and recreation. The business-type activities of the City of Palm Coast include a water and sewer utility, solid waste collection, stormwater management, building permits, and information technology.

The government-wide financial statements can be found on pages 39-40 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Palm Coast, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Palm Coast can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Palm Coast maintains eleven individual governmental funds. Six of the governmental funds are classified as nonmajor and are summarized under this heading in the governmental fund presentation. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, transportation impact fee fund, streets improvement fund, and SR100 CRA fund, which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriation budget for its general, capital projects, transportation impact fee, streets improvement, SR100 CRA and nonmajor governmental funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 41-44 of this report.

**Proprietary funds.** The City of Palm Coast maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Palm Coast uses enterprise funds to account for its water and sewer utility, solid waste collection, stormwater management, building permits, and fiber and cell tower activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Palm Coast's various functions. The City of Palm Coast uses internal service funds to account for its fleet of vehicles, communications, facilities maintenance, information technology (IT) operations, and self-insured health program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, stormwater management, and solid waste collection major funds, as well as, the building permits, and information technology (IT) nonmajor funds. Data from the nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund data for nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report. The internal service funds are also presented in the proprietary fund financial statements, but not included in the totals for proprietary funds. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 45-50 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Palm Coast's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City maintains one fiduciary fund, which is the volunteer firefighters' pension fund.

The basic fiduciary fund financial statements can be found on pages 51-52 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-106 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes budget and actual comparisons for the general fund and major special revenue funds with adopted budgets. This also includes the City of Palm Coast's progress in funding its obligation to provide pension benefits to the volunteer firefighters, select public safety employees, and its Other Postemployment Benefits (OPEB) liability. Required supplementary information can be found on pages 108-119 of this report.

## Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Palm Coast, assets and deferred outflows exceeded liabilities and deferred inflows by \$535,248,915 at the close of the most recent fiscal year.

Of the net position, 13% falls in the unrestricted category. These may be used to meet ongoing obligations to citizens and creditors. Approximately 9% of net position represents resources that are subject to external restrictions. By far, the largest portion of the City of Palm Coast's net position 78% reflects its investment in capital assets (e.g., land, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens and therefore are not available for future spending. Although the investment in capital assets is reported net of related debt used to acquire the assets, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City of Palm Coast is able to report positive balances in all three categories of net position for the government as a whole. For the prior fiscal year, all categories were also positive.

Table I

	City of Palm Coast's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 73,661,983	\$ 61,609,061	\$ 74,283,022	\$ 66,974,602	\$ 147,945,005	\$ 128,583,663
Capital assets	324,668,146	328,859,225	253,872,509	243,727,442	578,540,655	572,586,667
Total assets	398,330,129	390,468,286	328,155,531	310,702,044	726,485,660	701,170,330
Total deferred outflows of resources	1,243,173	1,097,717	988,197	995,877	2,231,370	2,093,594
Long-term liabilities	12,722,415	12,326,805	160,951,154	164,117,280	173,673,569	176,444,085
Other liabilities	16,690,114	14,561,384	1,817,726	352,094	18,507,840	14,913,478
Total liabilities	29,412,529	26,888,189	162,768,880	164,469,374	192,181,409	191,357,563
Total deferred inflows of resources	881,330	797,542	405,376	460,821	1,286,706	1,258,363
Net position:						
Net Investment in capital assets	318,406,337	320,293,833	101,583,856	87,229,370	419,990,193	407,523,203
Restricted	21,279,462	20,215,344	25,558,922	24,459,578	46,838,384	44,674,922
Unrestricted	29,593,644	23,371,095	38,826,694	35,078,778	68,420,338	58,449,873
Total net position	\$ 369,279,443	\$ 363,880,272	\$ 165,969,472	\$ 146,767,726	\$ 535,248,915	\$ 510,647,998

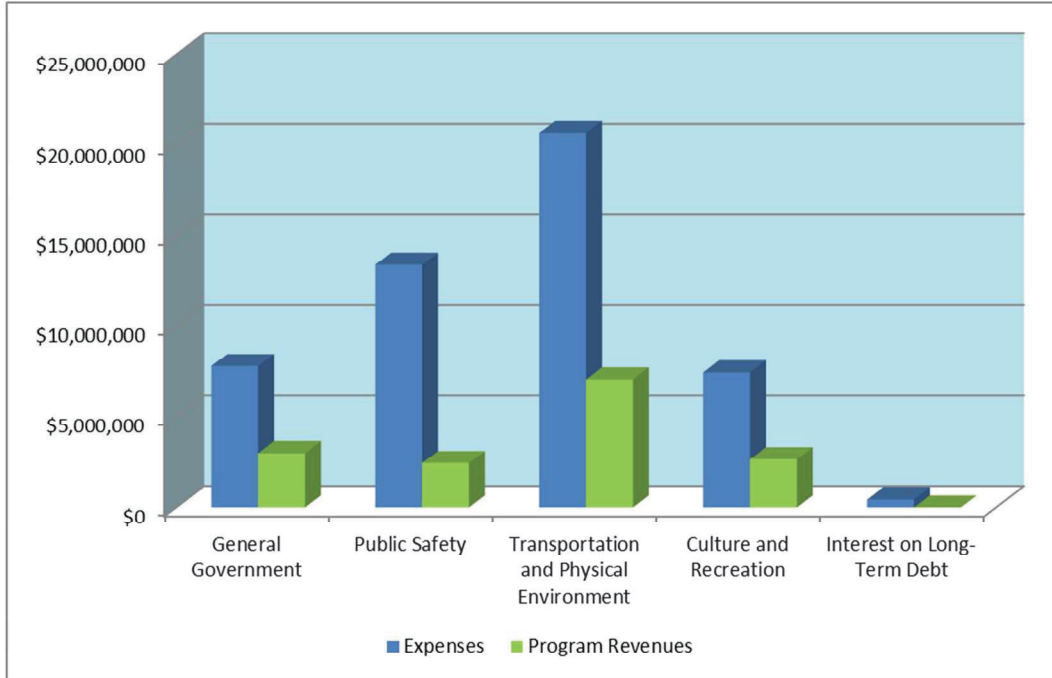
### Governmental Activities

Governmental activities increased the City of Palm Coast's net position by \$5,399,171 during the current fiscal year. Factors include revenues in excess of expenditures in the general fund and accumulation of impact fees due to increased development in the community. Long-term liabilities increased \$21,683 due to principal payments made, an increase in OPEB liability and an increase in compensated absences. Governmental activities unrestricted net position increased by \$6,222,549. The primary driver for this increase was revenues in excess of expenditures in the general fund. Capital grants and contributions decreased \$160,350 primarily due to grant revenue for FY19 project. Operating grants and contributions increased \$1,933,735 primarily due to CARES Act funding received. Property taxes increased \$2,114,632 due to a 6.86% increase in taxable value throughout the City. Other revenue increased \$115,217 mainly due to increase in proceeds from the sale of fixed assets. Transportation and physical environment expenditures increased by \$4,085,592 mainly due to increase in the pavement program.

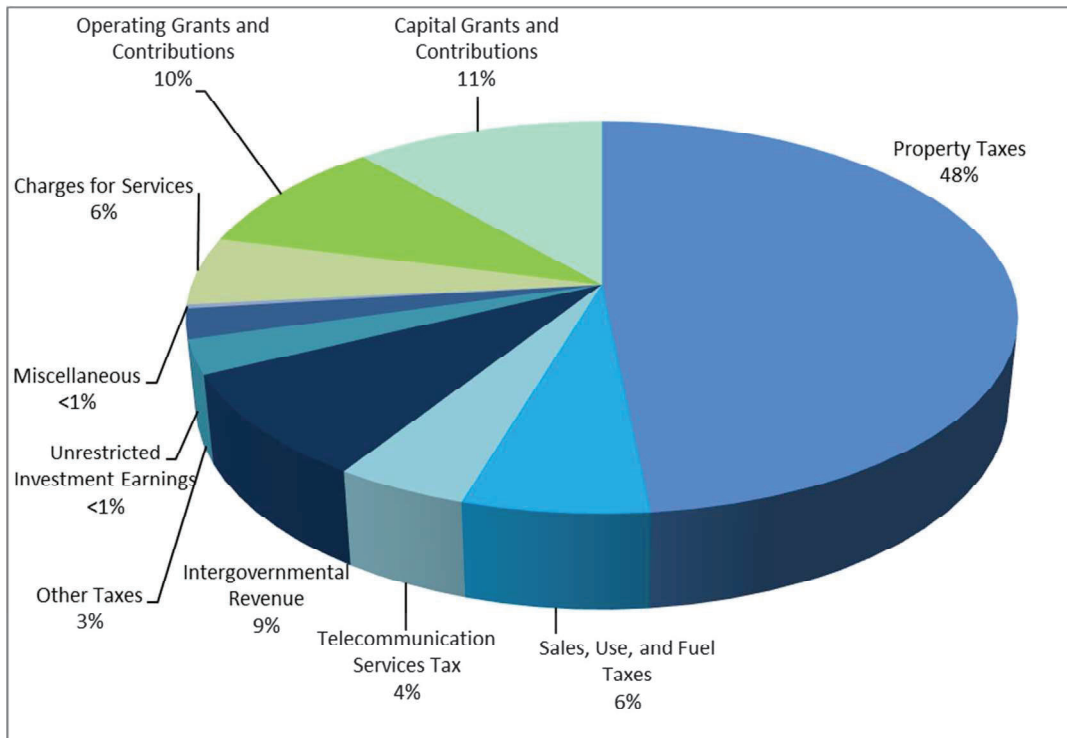
**Table II**  
**City of Palm Coast's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,975,647	\$ 3,389,445	\$ 67,785,978	\$ 63,459,249	\$ 70,761,625	\$ 66,848,694
Operating grants and contributions	5,088,333	3,154,598	50,790	92,023	5,139,123	3,246,621
Capital grants and contributions	5,673,147	5,833,497	13,235,638	7,498,356	18,908,785	13,331,853
General revenues:					-	
Property taxes	25,507,009	23,392,377	521,556	520,000	26,028,565	23,912,377
Other taxes	7,103,276	6,929,072	-	-	7,103,276	6,929,072
Intergovernmental	4,578,298	4,799,363	-	-	4,578,298	4,799,363
Other	1,762,789	1,647,572	1,416,831	1,880,936	3,179,620	3,528,508
Total revenues	<u>52,688,499</u>	<u>49,145,924</u>	<u>83,010,793</u>	<u>73,450,564</u>	<u>135,699,292</u>	<u>122,596,488</u>
Expenses:						
General government	7,149,206	6,642,183	-	-	7,149,206	6,642,183
Public safety	13,391,373	12,636,325	-	-	13,391,373	12,636,325
Transportation and physical environment	21,314,827	17,229,235	-	-	21,314,827	17,229,235
Culture and recreation	7,449,374	7,503,004	-	-	7,449,374	7,503,004
Utility	-	-	40,835,726	39,575,224	40,835,726	39,575,224
Solid waste	-	-	8,756,625	8,559,838	8,756,625	8,559,838
Stormwater	-	-	8,795,629	7,684,611	8,795,629	7,684,611
Building permits	-	-	2,375,314	1,845,080	2,375,314	1,845,080
Information technology	-	-	593,411	528,999	593,411	528,999
Interest on long-term debt	436,890	461,489	-	-	436,890	461,489
Total expenses	<u>49,741,670</u>	<u>44,472,236</u>	<u>61,356,705</u>	<u>58,193,752</u>	<u>111,098,375</u>	<u>102,665,988</u>
Increase (decrease) in net position before transfers	2,946,829	4,673,688	21,654,088	15,256,812	24,600,917	19,930,500
Transfers	2,452,342	4,610,797	(2,452,342)	(4,610,797)	-	-
Increase (decrease) in net position	5,399,171	9,284,485	19,201,746	10,646,015	24,600,917	19,930,500
Net position - beginning	363,880,272	354,595,787	146,767,726	136,121,711	510,647,998	490,717,498
Net position - ending	<u>\$ 369,279,443</u>	<u>\$ 363,880,272</u>	<u>\$ 165,969,472</u>	<u>\$ 146,767,726</u>	<u>\$ 535,248,915</u>	<u>\$ 510,647,998</u>

### Expenses and Program Revenues – Governmental Activities

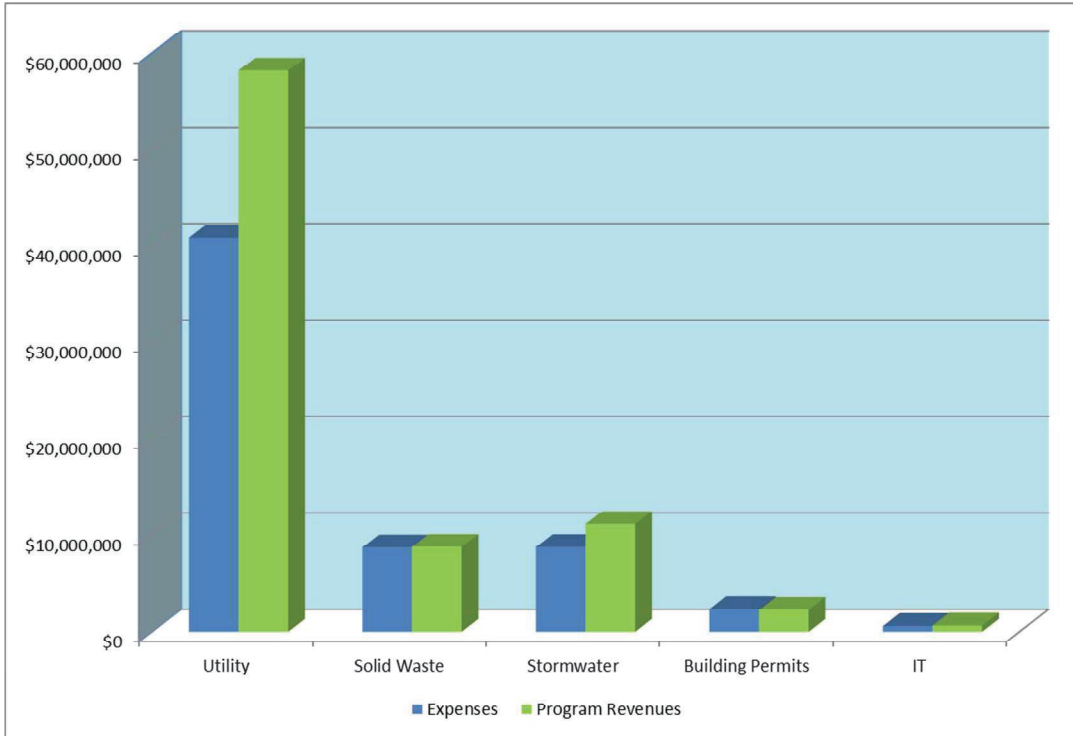


### Revenues by Source – Governmental Activities

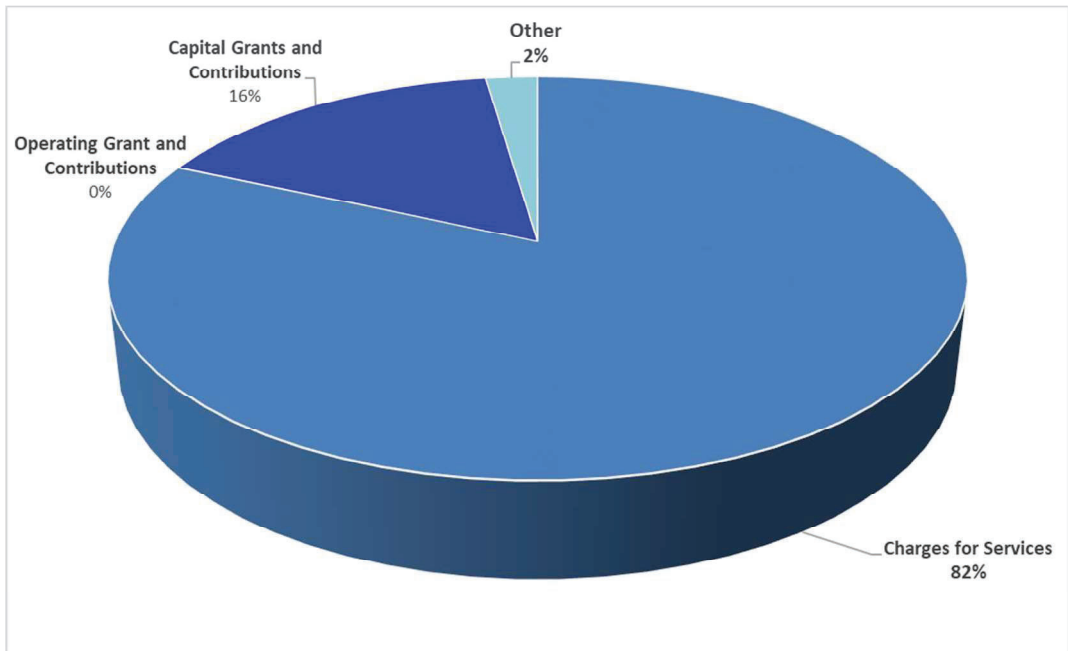




### Expenses and Program Revenues – Business-type Activities



### Revenues by Source – Business-type Activities



## Business-type Activities

Business-type activities increased the City of Palm Coast's net position by \$19,201,746. The increase in net position was attributable to an approximately \$17 million increase in the utility fund. The increase was mainly due to an increase of \$6 million in capital grants and contributions, 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. Utility expenses also increased due to the increasing customer base, but at a slower rate than revenues. Stormwater expenses increased approximately \$1 million for the year due to projects that were carried from the previous year, combined with a 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 \$3.7 million. The increase of almost \$2 million in restricted net position was primarily related to impact fees collected, and projected transfers to capital projects of the Utility.

## Financial Analysis of the Government's Funds

**Governmental funds.** The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$13,031,941, with an additional \$3,315,327 committed for a disaster reserve. The total fund balance stood at \$19,716,557. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balance to fund expenditures. Unassigned fund balance represents approximately 36% of total general fund expenditures for fiscal year 2020 and 28% for fiscal year 2019. Total fund balance represents approximately 54% of the total general fund expenditures versus 36% for fiscal year 2019.

The fund balance of the City of Palm Coast's general fund increased by \$6,326,291 during the current fiscal year.

The primary driver for the overall increase in the fund balance is related to revenues exceeding expenditures for the year. This was driven by the ongoing cost saving program, with operating departments all coming in under budget for the year.

The capital projects fund has a total fund balance of \$6,987,258, a decrease of \$1,506,351. This decrease is primarily due to use of appropriated fund balance to fund current year projects mainly Holland Park Phase II. The transportation impact fee total fund balance was \$7,417,050, an increase of \$1,346,421. This is due to the accumulation of impact fee collections for future transportation projects. The streets improvement fund balance was \$5,924,019 representing a decrease of \$101,150, the decrease is primarily due to current year expenditures for street pavement projects as per the road improvements master plan. The SR100 CRA fund balance was \$1,683,602, an increase of \$766,546 primarily due to excess revenues collected over expenditures incurred, these funds are accumulating for future capital projects. The other governmental funds have a total fund balance deficit of \$611,915. This represents an increase of \$966,507 during the current fiscal year. The increase is primarily due to the accumulation of impact fees in the various funds.

**Proprietary funds.** The City of Palm Coast's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the utility fund was \$18,750,854 at the end of the year, with the total fund balance at \$123,474,258. The unrestricted net position increased \$713,527 for the year. This was partially due to revenues exceeding expenses for the year, combined with the annual rate increase and increased customer sales from growth.

The unrestricted net position of the solid waste fund was \$1,806,875, which represents an increase of \$72,648. An ongoing revenue maximization program is the primary factor for the change.

Unrestricted net position of the stormwater fund was \$7,602,807, which represents an increase of \$2,629,583. This increase was due primarily to an increase in rates to support an enhanced stormwater capital plan adopted in fiscal year 2019 and 2020.

Unrestricted net position in the building permits fund was \$4,019,507, which represents a decrease of \$51,740. This decrease is primarily due a freeze on building permit fees, approved by Council, in order to use existing fund balance.

Unrestricted net position in the information technology fund (IT) was \$1,184,044, which represents an increase of \$225,967. This change is due primarily to the decrease in net invested in capital assets of \$178,197 due to equipment depreciation and an increase in net position of \$47,770.

### **Fund Balance Policy Compliance**

**Governmental funds.** The general fund adjusted unassigned fund balance exceeds the policy minimum of ten percent of the following year's budgeted expenditures. The City Council has chosen to leave this excess in place to hedge against unanticipated future revenue decreases, and the need for future infrastructure investment. During the next year's budget discussion transfers to capital projects will be determined by City Council as per policy.

**Proprietary funds.** The utility and stormwater fund unrestricted net position exceeds the policy minimum of ten percent of the following year's budgeted expenses. The City Council has chosen to leave this excess in place to hedge against unanticipated future revenue decreases, and to apply excess funds towards additional capital improvements. The solid waste fund unrestricted net position exceeds the policy minimum of ten percent. These amounts are being used to hedge against uncollectible accounts and to provide working capital.

**Internal service funds.** The fleet and self-insured health fund unrestricted net position exceeds the policy minimums. Amounts above this floor are in place to hedge against unanticipated future expense increases.

Additional information relating to the fund balance policy can be found in Note 17 on pages 105-106 of this report.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budgeted expenses totaled a decrease of \$1,025,717 the effect of various operational increases and decreases across the different departments.

### **Final Budget Compared to Actual Results**

Final amended revenues exceeded the expenditure budget by \$6,328,681. This was due primarily to CARES Act funding received combined with significant departmental cost reduction measures in response to economic uncertainty caused by the COVID-19 pandemic.

## Capital Asset and Debt Administration

**Capital assets.** The City of Palm Coast's investment in capital assets as of September 30, 2020, amounts to \$578,540,655 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, equipment and construction in progress. This investment decreased by \$7,535,380 for the current fiscal year. The overall decrease is due to road expansions, bridge rehabilitation, utility infrastructure, park expansions, during the fiscal year offset regular depreciation expense for the fiscal year.

Additional information on the City of Palm Coast's capital assets can be found in Note 6 on pages 71-72 of this report.

**Table III**  
**City of Palm Coast's Capital Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 92,090,543	\$ 92,227,487	\$ 14,498,986	\$ 14,230,509	\$ 106,589,529	\$ 106,457,996
Buildings and improvements						
other than buildings	51,650,088	52,963,616	84,471,307	88,063,171	136,121,395	141,026,787
Infrastructure	154,636,751	164,498,997	145,888,232	137,767,781	300,524,983	302,266,778
Equipment	14,127,292	11,271,235	352,324	141,655	14,479,616	11,412,890
Construction in progress	12,163,472	6,316,498	8,661,660	3,524,326	20,825,132	9,840,824
<b>Total</b>	<b>\$ 324,668,146</b>	<b>\$ 327,277,833</b>	<b>\$ 253,872,509</b>	<b>\$ 243,727,442</b>	<b>\$ 578,540,655</b>	<b>\$ 571,005,275</b>

**Long-term debt.** The City of Palm Coast owes \$75,144,144 in revenue bonds, including premiums, used for the purchase and expansion of the utility system. There are State Revolving Fund loans and bank loans totaling \$83,775,770 primarily for utility and stormwater improvements. The City also has two CRA revenue loans for redevelopment costs with a balance of \$6,261,809 at year end. The remainder of the long-term debt is made up of compensated absences, an unfunded total OPEB liability, and a net pension liability. The total long-term debt of the City is \$173,673,569.

**Table IV**  
**City of Palm Coast's Long Term Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Loans from other governments	\$ -	\$ -	\$ 31,443,770	\$ 32,352,890	\$ 31,443,770	\$ 32,352,890
Loans from financial institutions	6,261,809	6,984,000	52,332,000	51,267,000	58,593,809	58,251,000
Revenue bonds, net	-	-	75,144,144	78,923,071	75,144,144	78,923,071
Net pension liability	3,097,884	3,119,945	-	-	3,097,884	3,119,945
OPEB liability	769,245	373,927	205,821	268,007	975,066	641,934
Compensated absences	2,593,477	2,222,860	1,825,419	1,574,319	4,418,896	3,797,179
<b>Total</b>	<b>\$ 12,722,415</b>	<b>\$ 12,700,732</b>	<b>\$ 160,951,154</b>	<b>\$ 164,385,287</b>	<b>\$ 173,673,569</b>	<b>\$ 177,086,019</b>

Additional information on the City of Palm Coast's long-term debt can be found in Note 10 on pages 74-81 of this report.

## **Next Year's Budget and Rates**

During the current fiscal year, unassigned fund balance in the general fund increased to \$13,031,941. The available fund balance, as a percentage of expenditures and transfers out is approximately 36%.

The City Council approved a millage rate of 4.6989 mills for fiscal year 2021. Of the total millage, .0935 mills will be dedicated to the stormwater fund. The balance of 4.605 mills is assigned to the general fund. Market values of properties have increased for the eight consecutive year. The increase in taxable value was approximately 6.86%. New construction added approximately 2.97% to the taxable value, therefore the City had a net 3.89 increase in taxable property value for the year.

The water and sewer rates increased for fiscal year 2021 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 0.6% for all customers effective October 1, 2020 and will receive annual C.P.I. adjustments. These rate increases are necessary to cover anticipated increases in operating costs and capital replacement needs. As a result of these actions, Fitch upgraded the City's bond rating to AA.

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 approximately two percent for fiscal year 2021. During fiscal year 2020, the City performed a rate study for both fire and recreation impact fees, with increases adopted for fiscal year 2021.

The fiscal year 2021 budget includes over \$73 million invested in new and replacement infrastructure City-wide. This investment includes roadway expansions, refurbished recreational facilities, bridge rehabilitation, stormwater control structure replacements, and utility infrastructure expansion and replacements.

## **Requests for 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 the City of Palm Coast as follows:

City of Palm Coast  
Financial Services  
160 Lake Avenue  
Palm Coast, FL 32164

Telephone (386) 986-2360  
E-mail: [halves@palmcoastgov.com](mailto:halves@palmcoastgov.com)



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## **BASIC FINANCIAL STATEMENTS**



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**City of Palm Coast, Florida**  
**Statement of Net Position**  
**September 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 61,143,493	\$ 32,933,342	\$ 94,076,835
Accounts receivable - net	5,380,989	9,604,247	14,985,236
Due from other governments	5,445,083	1,380,381	6,825,464
Prepaid items	52,172	46,294	98,466
Inventories	25,575	588,709	614,284
Restricted assets:			
Equity in pooled cash and investments	-	29,730,049	29,730,049
Net pension asset	1,614,671	-	1,614,671
Capital assets not being depreciated			
Land	92,090,543	14,498,986	106,589,529
Construction in progress	12,163,472	8,661,660	20,825,132
Capital assets, net of accumulated depreciation			
Building and improvements other than buildings	51,650,088	84,471,307	136,121,395
Infrastructure	154,636,751	145,888,232	300,524,983
Equipment	14,127,292	352,324	14,479,616
Total assets	<u>398,330,129</u>	<u>328,155,531</u>	<u>726,485,660</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,100,190	-	1,100,190
Deferred outflows-OPEB	142,983	102,481	245,464
Deferred loss on refunding	-	885,716	885,716
Total deferred outflows of resources	<u>1,243,173</u>	<u>988,197</u>	<u>2,231,370</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	5,199,302	3,295,011	8,494,313
Due to other governments	1,320,767	57,803	1,378,570
Internal balances	9,807,261	(9,807,261)	-
Customer deposits	302,784	4,242,421	4,545,205
Unearned revenue	60,000	148,030	208,030
Payable from restricted assets:			
Accrued bond interest payable	-	1,656,125	1,656,125
Accrued loan interest payable	-	174,030	174,030
Accounts payable	-	1,714,287	1,714,287
Contracts payable	-	337,280	337,280
Noncurrent liabilities:			
Due within one year	692,242	7,583,892	8,276,134
Due in more than one year	8,163,044	153,161,441	161,324,485
Total OPEB Liability	769,245	205,821	975,066
Net pension liability	3,097,884	-	3,097,884
Total liabilities	<u>29,412,529</u>	<u>162,768,880</u>	<u>192,181,409</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on refunding	-	388,989	388,989
Deferred inflows relating to pensions	858,466	-	858,466
Deferred Inflows-OPEB	22,864	16,387	39,251
Total deferred inflows of resources	<u>881,330</u>	<u>405,376</u>	<u>1,286,706</u>
<b>NET POSITION</b>			
Net investment in capital assets	318,406,337	101,583,856	419,990,193
Restricted for:			
Construction	3,588,089	7,876,395	11,464,484
Debt service	-	5,470,202	5,470,202
Renewal and replacements	-	12,212,325	12,212,325
Public safety	1,616,102	-	1,616,102
Parks and recreation	977,576	-	977,576
Transportation construction and maintenance	13,341,069	-	13,341,069
Redevelopment	1,683,602	-	1,683,602
Grants	73,024	-	73,024
Unrestricted	29,593,644	38,826,694	68,420,338
Total net position	<u>\$ 369,279,443</u>	<u>\$ 165,969,472</u>	<u>\$ 535,248,915</u>

The notes to the financial statements are an integral part of this statement.

**City of Palm Coast, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-Type Activities	Total		
Primary government:									
General government	\$ 7,149,206	\$ 1,247,763	\$ 297,381	\$ 324,529	\$ (5,279,533)	\$ -	\$ -	\$ (5,279,533)	
Public safety	13,391,373	56,154	1,969,022	419,435	(10,946,762)	-	-	(10,946,762)	
Transportation and physical environment	21,314,827	163,749	2,814,980	3,773,516	(14,562,582)	-	-	(14,562,582)	
Culture and recreation	7,449,374	1,507,981	6,950	1,155,667	(4,778,776)	-	-	(4,778,776)	
Interest on long-term debt	436,890	-	-	-	(436,890)	-	-	(436,890)	
Total government activities	49,741,670	2,975,647	5,088,333	5,673,147	(36,004,543)	-	-	(36,004,543)	
Business-type activities:									
Utility	40,835,726	45,068,882	26,532	13,081,188	-	17,340,876	-	17,340,876	
Solid waste	8,756,625	8,803,389	-	-	-	46,764	-	46,764	
Stormwater	8,795,629	11,004,869	2,215	154,450	-	2,365,905	-	2,365,905	
Building permits	2,375,314	2,269,619	18,314	-	-	(87,381)	-	(87,381)	
Information technology	593,411	639,219	3,729	-	-	49,537	-	49,537	
Total business-type activities	61,356,705	67,785,978	50,790	13,235,638	-	19,715,701	-	19,715,701	
Total primary government	\$ 111,098,375	\$ 70,761,625	\$ 5,139,123	\$ 18,908,785	(36,004,543)	19,715,701	(16,288,842)	(16,288,842)	
General revenues:									
Property taxes					25,507,009	521,556		26,028,565	
Sales and use taxes					3,280,872	-		3,280,872	
Telecommunication services tax					2,344,031	-		2,344,031	
Franchise taxes					1,008,344	-		1,008,344	
Other local taxes					470,029	-		470,029	
Intergovernmental revenue, non-program					4,578,298	-		4,578,298	
Unrestricted investment earnings					1,295,940	1,416,091		2,712,031	
Miscellaneous					466,849	740		467,589	
Transfers					2,452,342	(2,452,342)		-	
Total general revenues and transfers					41,403,714	(513,955)		40,889,759	
Change in net position					5,399,171	19,201,746		24,600,917	
Net position - beginning of year					363,880,272	146,767,726		510,647,998	
Net position - end of year					\$ 369,279,443	\$ 165,969,472	\$	535,248,915	

The notes to the financial statements are an integral part of this statement.

**City of Palm Coast, Florida  
Balance Sheet  
Governmental Funds  
September 30, 2020**

	General Fund	Capital Projects Fund	Transportation Impact Fee Fund	Streets Improvement Fund	SR100 CRA Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Equity in pooled cash and investments	\$ 19,011,195	\$ 7,078,048	\$ 7,705,512	\$ 6,162,541	\$ 1,819,353	\$ 3,732,735	\$ 45,509,384
Accounts receivable - net	832,276	-	-	-	-	-	832,276
Special assessment receivable - net	-	-	-	-	-	4,344,653	4,344,653
Prepaid items	9,285	-	-	-	-	-	9,285
Due from other governments	3,387,632	949,363	695,221	354,577	-	56,795	5,443,588
<b>Total assets</b>	<b>\$ 23,240,388</b>	<b>\$ 8,027,411</b>	<b>\$ 8,400,733</b>	<b>\$ 6,517,118</b>	<b>\$ 1,819,353</b>	<b>\$ 8,134,183</b>	<b>\$ 56,139,186</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 529,894	\$ 1,040,153	\$ 983,683	\$ 593,099	\$ 135,751	\$ 99,667	\$ 3,382,247
Accrued liabilities	571,436	-	-	-	-	-	571,436
Due to other governments	1,318,192	-	-	-	-	2,575	1,320,767
Unearned revenue	-	-	-	-	-	60,000	60,000
Customer deposits	302,784	-	-	-	-	-	302,784
Advances from other funds	-	-	-	-	-	4,344,653	4,344,653
<b>Total liabilities</b>	<b>2,722,306</b>	<b>1,040,153</b>	<b>983,683</b>	<b>593,099</b>	<b>135,751</b>	<b>4,506,895</b>	<b>9,981,887</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - special assessments	-	-	-	-	-	4,239,203	4,239,203
Unavailable revenue - taxes	3,141	-	-	-	-	-	3,141
Unavailable revenue - charges for services	16,979	-	-	-	-	-	16,979
Unavailable revenue - fines & forfeitures	781,405	-	-	-	-	-	781,405
<b>Total deferred inflows of resources</b>	<b>801,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,239,203</b>	<b>5,040,728</b>
<b>FUND BALANCES</b>							
Nonspendable							
Prepaid items	9,285	-	-	-	-	-	9,285
Restricted for							
Public safety	-	-	-	-	-	1,616,102	1,616,102
Parks and recreation	-	-	-	-	-	977,576	977,576
Transportation construction and maintenance	-	-	7,417,050	5,924,019	-	-	13,341,069
Grants	-	-	-	-	-	66,264	66,264
Redevelopment	-	-	-	-	1,683,602	-	1,683,602
Business assistance	6,760	-	-	-	-	-	6,760
Construction	-	3,588,089	-	-	-	-	3,588,089
Committed for							
Disaster	3,315,327	-	-	-	-	-	3,315,327
Construction	-	3,399,169	-	-	-	-	3,399,169
Assigned	3,353,244	-	-	-	-	-	3,353,244
Unassigned	13,031,941	-	-	-	-	(3,271,857)	9,760,084
<b>Total fund balances (deficits)</b>	<b>19,716,557</b>	<b>6,987,258</b>	<b>7,417,050</b>	<b>5,924,019</b>	<b>1,683,602</b>	<b>(611,915)</b>	<b>41,116,571</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 23,240,388</b>	<b>\$ 8,027,411</b>	<b>\$ 8,400,733</b>	<b>\$ 6,517,118</b>	<b>\$ 1,819,353</b>	<b>\$ 8,134,183</b>	<b>\$ 56,139,186</b>

The notes to the financial statements are an integral part of this statement.

**City of Palm Coast, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2020**

Fund balances - total governmental funds	\$ 41,116,571
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	311,162,085
Net pension liability (asset) of the defined benefit pension plans and related deferred outflows and inflows that are not due and payable in the current period and therefore are not reported in the funds.	
Volunteer Firefighter Pension Fund (VFFP)	1,687,178
Florida Retirement System (FRS)	(2,928,667)
Total Other Post Employment Benefits (OPEB) liability and related deferred outflows and inflows in accordance with GASB Statement No. 75 that are not due and payable in the current period and therefore are not reported in the funds.	(630,903)
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.	5,040,726
Internal services funds are used by management to charge the costs of fleet, information technology and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	22,388,227
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,555,774)</u>
Net position of governmental activities	<u>\$ 369,279,443</u>

The notes to the financial statements are an integral part of this statement.

**City of Palm Coast, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2020**

	General Fund	Capital Projects Fund	Transportation Impact Fee Fund	Streets Improvement Fund	SR100 CRA Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 28,304,355	\$ 3,280,872	\$ -	\$ 1,900,981	\$ 1,296,849	\$ -	\$ 34,783,057
Licenses and permits	216,086	-	-	-	-	-	216,086
Intergovernmental revenue	6,448,910	324,529	695,221	690,656	-	356,126	8,515,442
Charges for services	5,711,244	-	-	-	-	-	5,711,244
Special assessments	-	-	-	-	-	336,329	336,329
Fines and forfeitures	549,117	-	-	-	-	7,602	556,719
Impact fees	-	-	2,853,349	-	-	1,390,018	4,243,367
Investment earnings	460,501	148,200	149,033	127,284	38,672	69,099	992,789
Miscellaneous	60,927	136,286	-	-	21,000	-	218,213
<b>Total Revenues</b>	<b>41,751,140</b>	<b>3,889,887</b>	<b>3,697,603</b>	<b>2,718,921</b>	<b>1,356,521</b>	<b>2,159,174</b>	<b>55,573,246</b>
<b>EXPENDITURES</b>							
Current:							
General government	9,716,856	6,243	-	-	-	297,381	10,020,480
Transportation and physical environment	6,463,876	-	4,311	3,541,215	269,207	32,498	10,311,107
Public safety	12,649,739	-	-	-	-	45,141	12,694,880
Culture and recreation	5,426,527	23,091	-	-	-	11,606	5,461,224
Capital outlay:							
General government	-	1,311,222	-	-	-	-	1,311,222
Public safety	92,391	-	-	-	-	-	92,391
Transportation and physical environment	16,239	-	1,714,020	278,901	135,987	-	2,145,147
Culture and recreation	13,143	4,758,368	-	-	-	186,620	4,958,131
Debt Service:							
Principal	-	-	-	-	722,000	-	722,000
Interest and other	-	-	-	-	212,349	224,541	436,890
<b>Total expenditures</b>	<b>34,378,771</b>	<b>6,098,924</b>	<b>1,718,331</b>	<b>3,820,116</b>	<b>1,339,543</b>	<b>797,787</b>	<b>48,153,472</b>
Excess (deficiency) of revenues over (under) expenditures	7,372,369	(2,209,037)	1,979,272	(1,101,195)	16,978	1,361,387	7,419,774
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,016,528	702,686	-	1,000,045	749,568	307,806	3,776,633
Transfers out	(2,062,606)	-	(632,851)	-	-	(702,686)	(3,398,143)
<b>Total other financing sources (uses)</b>	<b>(1,046,078)</b>	<b>702,686</b>	<b>(632,851)</b>	<b>1,000,045</b>	<b>749,568</b>	<b>(394,880)</b>	<b>378,490</b>
<b>Net change in fund balances</b>	<b>6,326,291</b>	<b>(1,506,351)</b>	<b>1,346,421</b>	<b>(101,150)</b>	<b>766,546</b>	<b>966,507</b>	<b>7,798,264</b>
<b>Fund balances (deficits) - beginning</b>	<b>13,390,266</b>	<b>8,493,609</b>	<b>6,070,629</b>	<b>6,025,169</b>	<b>917,056</b>	<b>(1,578,422)</b>	<b>33,318,307</b>
<b>Fund balances (deficits) - ending</b>	<b>\$ 19,716,557</b>	<b>\$ 6,987,258</b>	<b>\$ 7,417,050</b>	<b>\$ 5,924,019</b>	<b>\$ 1,683,602</b>	<b>\$ (611,915)</b>	<b>\$ 41,116,571</b>

The notes to the financial statements are an integral part of this statement.

**City of Palm Coast, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended September 30, 2020**

Net change in fund balances - total governmental funds \$ 7,798,264

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	8,458,094	
Less current year depreciation	<u>(13,928,443)</u>	(5,470,349)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in revenue collections expected after 60 days	(115,767)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, exchanges and adjustments) is an increase to net position

(136,945)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

722,000

Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed reduces future net liability. Also included in pension expense in the Statement of Activities are amounts amortized for related inflows and outflows.

Volunteer Firefighter Pension Fund (VFFP)	222,913	
Florida Retirement System (FRS)		(241,837)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	(313,459)
Change in OPEB liability and deferred inflows and outflows related to OPEB	(274,618)

Internal service funds are used by management to charge the costs of certain fleet, information technology, and risk management activities to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

3,208,969

Change in net position of governmental activities.

\$ 5,399,171

The notes to the financial statements are an integral part of this statement.

**City of Palm Coast, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2020**

**Business-type Activities - Enterprise Funds**

	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
<b>ASSETS</b>						
Current Assets:						
Equity in pooled cash and investments	\$ 19,520,111	\$ 1,255,649	\$ 6,673,766	\$ 5,483,815	\$ 32,933,341	\$ 15,634,111
Accounts receivable - net	5,711,675	1,228,352	2,488,117	176,103	9,604,247	204,060
Due from other governments	1,359,110	-	-	21,271	1,380,381	1,496
Inventories	588,709	-	-	-	588,709	25,575
Prepaid items	-	-	-	46,294	46,294	42,887
Restricted current assets:						
Cash with fiscal agent	5,141,125	-	-	-	5,141,125	-
<b>Total current assets</b>	<b>32,320,730</b>	<b>2,484,001</b>	<b>9,161,883</b>	<b>5,727,483</b>	<b>49,694,097</b>	<b>15,908,129</b>
Noncurrent assets:						
Restricted noncurrent assets:						
Debt service	1,873,464	-	285,767	-	2,159,231	-
Impact fees	8,953,883	-	-	-	8,953,883	-
Renewal and replacements	11,685,928	-	-	-	11,685,928	-
Bond proceeds	1,789,882	-	-	-	1,789,882	-
Advances to other funds	4,344,653	-	-	-	4,344,653	-
Land	13,463,181	-	1,035,805	-	14,498,986	-
Building and improvements other than buildings	143,116,708	-	-	-	143,116,708	1,097,144
Infrastructure	194,837,944	-	49,480,101	4,903,481	249,221,526	13,176
Equipment	872,065	-	349,610	387,075	1,608,750	26,769,775
Less accumulated depreciation	(138,962,329)	-	(21,323,236)	(2,949,556)	(163,235,121)	(14,374,035)
Construction in progress	7,655,291	-	1,006,369	-	8,661,660	-
<b>Total noncurrent assets</b>	<b>249,630,670</b>	<b>-</b>	<b>30,834,416</b>	<b>2,341,000</b>	<b>282,806,086</b>	<b>13,506,060</b>
<b>Total assets</b>	<b>281,951,400</b>	<b>2,484,001</b>	<b>39,996,299</b>	<b>8,068,483</b>	<b>332,500,183</b>	<b>29,414,189</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding	885,716	-	-	-	885,716	-
Deferred outflows-OPEB	80,080	-	9,754	12,648	102,482	12,273
<b>Total deferred outflows of resources</b>	<b>965,796</b>	<b>-</b>	<b>9,754</b>	<b>12,648</b>	<b>988,198</b>	<b>12,273</b>

(continued)

**City of Palm Coast, Florida**  
**Statement of Net Position (continued)**  
**Proprietary Funds**  
**September 30, 2020**

<b>Business-type Activities - Enterprise Funds</b>						
	<b>Utility Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 964,302	\$ 677,126	\$ 1,140,849	\$ 119,818	\$ 2,902,095	\$ 255,548
Claims payable	-	-	-	-	-	933,841
Due to other governments	46,189	-	-	11,614	57,803	-
Loans payable	3,072,629	-	399,211	-	3,471,840	-
Compensated absences	472,454	-	97,702	56,896	627,052	75,152
Accrued liabilities	275,646	-	76,417	40,853	392,916	56,231
Customer deposits	4,242,421	-	-	-	4,242,421	-
Unearned revenue	-	-	-	148,030	148,030	-
Current liabilities payable from restricted assets:						
Current maturities of bonds payable	3,485,000	-	-	-	3,485,000	-
Accrued bond interest payable	1,656,125	-	-	-	1,656,125	-
Accrued loan interest payable	166,765	-	7,264	-	174,029	-
Accounts payable	1,714,287	-	-	-	1,714,287	-
Contract payable	337,280	-	-	-	337,280	-
<b>Total current liabilities</b>	<b>16,433,098</b>	<b>677,126</b>	<b>1,721,443</b>	<b>377,211</b>	<b>19,208,878</b>	<b>1,320,772</b>
Noncurrent liabilities:						
Compensated absences	837,675	-	220,937	139,754	1,198,366	224,360
Total OPEB liability	156,863	-	31,365	17,593	205,821	28,533
Bonds payable	71,659,144	-	-	-	71,659,144	-
Loans payable	69,954,364	-	10,349,567	-	80,303,931	-
<b>Total noncurrent liabilities</b>	<b>142,608,046</b>	<b>-</b>	<b>10,601,869</b>	<b>157,347</b>	<b>153,367,262</b>	<b>252,893</b>
<b>Total liabilities</b>	<b>159,041,144</b>	<b>677,126</b>	<b>12,323,312</b>	<b>534,558</b>	<b>172,576,140</b>	<b>1,573,665</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred gain on refunding	388,989	-	-	-	388,989	-
Deferred Inflows-OPEB	12,805	-	1,560	2,022	16,387	1,962
<b>Total deferred inflows of resources</b>	<b>401,794</b>	<b>-</b>	<b>1,560</b>	<b>2,022</b>	<b>405,376</b>	<b>1,962</b>
<b>NET POSITION</b>						
Net investment in capital assets	79,442,985	-	19,799,871	2,341,000	101,583,856	13,506,060
Restricted for construction	7,876,395	-	-	-	7,876,395	-
Restricted for renewal & replacements	12,212,325	-	-	-	12,212,325	-
Restricted for debt service	5,191,699	-	278,503	-	5,470,202	-
Unrestricted	18,750,854	1,806,875	7,602,807	5,203,551	33,364,087	14,344,775
<b>Total net position</b>	<b>\$ 123,474,258</b>	<b>\$ 1,806,875</b>	<b>\$ 27,681,181</b>	<b>\$ 7,544,551</b>	<b>160,506,865</b>	<b>\$ 27,850,835</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					5,462,607	
					<u>\$ 165,969,472</u>	

The notes to the financial statements are an integral part of this statement.



**City of Palm Coast, Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES</b>						
Charges for services:						
Water sales	\$ 26,436,275	\$ -	\$ -	\$ -	\$ 26,436,275	\$ -
Sewer charges	17,705,754	-	-	-	17,705,754	-
Garbage charges	-	8,803,389	-	-	8,803,389	-
Stormwater charges	-	-	11,004,869	-	11,004,869	-
Building permit and inspection charges	-	-	-	2,269,619	2,269,619	-
Information technology charges	-	-	-	-	-	3,291,388
Fiber and cell tower charges	-	-	-	639,219	639,219	-
Miscellaneous	926,852	-	-	-	926,852	-
Risk management	-	-	-	-	-	4,844,332
Fleet management	-	-	-	-	-	6,107,192
<b>Total operating revenues</b>	<b>45,068,881</b>	<b>8,803,389</b>	<b>11,004,869</b>	<b>2,908,838</b>	<b>67,785,977</b>	<b>14,242,912</b>
<b>OPERATING EXPENSES</b>						
Administrative	7,032,561	-	-	-	7,032,561	11,241,286
Water system	9,865,501	-	-	-	9,865,501	-
Sewer system	7,170,303	-	-	-	7,170,303	-
Solid waste system	-	8,756,624	-	-	8,756,624	-
Stormwater system	-	-	6,463,987	-	6,463,987	-
Building permits and inspections	-	-	-	2,368,397	2,368,397	-
Fiber and cell tower	-	-	-	352,592	352,592	-
Depreciation	12,592,154	-	2,089,294	260,877	14,942,325	2,649,425
<b>Total operating expenses</b>	<b>36,660,519</b>	<b>8,756,624</b>	<b>8,553,281</b>	<b>2,981,866</b>	<b>56,952,290</b>	<b>13,890,711</b>
Operating income (loss)	8,408,362	46,765	2,451,588	(73,028)	10,833,687	352,201
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment revenue	1,103,035	25,883	172,311	114,862	1,416,091	303,149
Interest/amortization expense	(4,247,051)	-	(315,294)	-	(4,562,345)	-
Intergovernmental	26,532	-	2,215	22,043	50,790	-
Property taxes	-	-	521,556	-	521,556	-
Other	-	-	740	-	740	637,699
<b>Total nonoperating revenues (expenses)</b>	<b>(3,117,484)</b>	<b>25,883</b>	<b>381,528</b>	<b>136,905</b>	<b>(2,573,168)</b>	<b>940,848</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>5,290,878</b>	<b>72,648</b>	<b>2,833,116</b>	<b>63,877</b>	<b>8,260,519</b>	<b>1,293,049</b>
<b>TRANSFERS AND CONTRIBUTIONS</b>						
Capital grants and contributions	13,081,188	-	154,450	-	13,235,638	-
Transfers in	-	-	-	-	-	2,073,852
Transfers out	(997,721)	-	(1,371,488)	(83,133)	(2,452,342)	-
<b>Total transfers and contributions</b>	<b>12,083,467</b>	<b>-</b>	<b>(1,217,038)</b>	<b>(83,133)</b>	<b>10,783,296</b>	<b>2,073,852</b>
<b>Change in net position</b>	<b>17,374,345</b>	<b>72,648</b>	<b>1,616,078</b>	<b>(19,256)</b>	<b>19,043,815</b>	<b>3,366,901</b>
Net position - beginning of year	106,099,913	1,734,227	26,065,103	7,563,807		24,483,934
<b>Net position - ending</b>	<b>\$ 123,474,258</b>	<b>\$ 1,806,875</b>	<b>\$ 27,681,181</b>	<b>\$ 7,544,551</b>		<b>\$ 27,850,835</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					157,931	
					<u>\$ 19,201,746</u>	

The notes to the financial statements are an integral part of this statement.



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**City of Palm Coast, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

**Business-type Activities - Enterprise Funds**

	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 44,847,621	\$ 8,762,546	\$ 10,525,464	\$ 2,909,862	\$ 67,045,493	\$ 21,618
Cash from interfund charges	-	-	-	-	-	14,222,433
Cash paid to suppliers	(16,200,455)	(8,736,768)	(4,129,783)	(1,450,093)	(30,517,099)	(8,991,578)
Cash paid to employees	(7,748,503)	-	(1,594,660)	(1,253,844)	(10,597,007)	(1,859,060)
Net cash provided by (used in) operating activities	20,898,663	25,778	4,801,021	205,925	25,931,387	3,393,413
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in from other funds	-	-	-	-	-	2,073,852
Transfers out to other funds	(997,721)	-	(1,371,488)	(83,133)	(2,452,342)	-
Intergovernmental revenue	26,532	10,103	-	772	37,407	-
Advances from other funds	146,162	-	-	-	146,162	-
Net cash provided by (used in) noncapital financing activities	(825,027)	10,103	(1,371,488)	(82,361)	(2,268,773)	2,073,852
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from issuance of long-term debt	-	-	5,351,000	-	5,351,000	-
Loan principal payments	(7,408,120)	-	(1,441,486)	-	(8,849,606)	-
Interest paid	(4,753,663)	-	(316,278)	-	(5,069,941)	-
Acquisition and construction of property, plant and equipment	(15,099,200)	-	(4,980,970)	(67,395)	(20,147,565)	(5,566,027)
Proceeds from the sale of capital assets	-	-	-	-	-	496,699
Property tax proceeds	-	-	522,296	-	522,296	-
Impact fees and contributions	8,102,111	-	539,549	-	8,641,660	60,000
Net cash provided by (used in) capital and related financing activities	(19,158,872)	-	(325,889)	(67,395)	(19,552,156)	(5,009,328)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Interest on investments	1,103,035	25,883	172,311	114,862	1,416,091	303,149
Net cash provided by (used in) investing activities	1,103,035	25,883	172,311	114,862	1,416,091	303,149
Net increase (decrease) in cash and cash equivalents	2,017,799	61,764	3,275,955	171,031	5,526,549	761,086
Beginning cash and cash equivalents	46,946,594	1,193,885	3,683,578	5,312,784	57,136,841	14,873,025
Ending cash and cash equivalents	\$ 48,964,393	\$ 1,255,649	\$ 6,959,533	\$ 5,483,815	\$ 62,663,390	\$ 15,634,111

(continued)

**City of Palm Coast, Florida**  
**Statement of Cash Flows (continued)**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

**Business-type Activities - Enterprise Funds**

	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Fund	Total Enterprise Fund	Governmental Activities - Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME</b>						
<b>(LOSS) TO NET CASH PROVIDED BY (USED IN)</b>						
<b>OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 8,408,362	\$ 46,765	\$ 2,451,588	\$ (73,028)	\$ 10,833,687	\$ 352,201
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	12,592,154	-	2,089,294	260,877	14,942,325	2,649,425
Change in assets and liabilities:						
Accounts receivable	(430,868)	(40,843)	(479,405)	(95,223)	(1,046,339)	(197,912)
Inventories	114,498	-	-	-	114,498	(7,623)
Prepays	58,705	-	32,696	(35,956)	55,445	842
Accounts payable	(213,740)	19,856	641,575	27,733	475,424	530,314
Due to other governments	5,100	-	-	-	5,100	-
Accrued liabilities	(17,455)	-	27,918	(11,069)	(606)	9,199
Customer deposits	204,507	-	-	96,246	300,753	-
Compensated absences	177,400	-	37,355	36,345	251,100	56,967
Net cash provided by (used in) operating activities	<u>\$ 20,898,663</u>	<u>\$ 25,778</u>	<u>\$ 4,801,021</u>	<u>\$ 205,925</u>	<u>\$ 25,931,387</u>	<u>\$ 3,393,413</u>
<b>CASH AND CASH EQUIVALENTS</b>						
<b>CLASSIFIED AS:</b>						
Equity in pooled cash and investments in current assets	\$ 19,520,111	\$ 1,255,649	\$ 6,673,766	\$ 5,483,815	\$ 32,933,341	\$ 15,634,111
Restricted equity in pooled cash and investments						
Cash with fiscal agent	5,141,125	-	-	-	5,141,125	-
Debt service	1,873,464	-	285,767	-	2,159,231	-
Impact Fees	8,953,883	-	-	-	8,953,883	-
Renewal and replacements	11,685,928	-	-	-	11,685,928	-
Bond proceeds	1,789,882	-	-	-	1,789,882	-
Total restricted equity in pooled cash and investments	29,444,282	-	285,767	-	29,730,049	-
Total cash and cash equivalents	<u>\$ 48,964,393</u>	<u>\$ 1,255,649</u>	<u>\$ 6,959,533</u>	<u>\$ 5,483,815</u>	<u>\$ 62,663,390</u>	<u>\$ 15,634,111</u>
<b>NONCASH CAPITAL AND RELATED</b>						
<b>FINANCING ACTIVITIES:</b>						
Developer contributions of capital assets	\$ 4,036,374	\$ -	\$ -	\$ -	\$ 4,036,374	\$ -

The notes to the financial statements are an integral part of this statement.

**City of Palm Coast, Florida**  
**Statement of Fiduciary Net Position**  
**September 30, 2020**

	<b>Volunteer Firefighter Pension Fund</b>
<b>ASSETS</b>	
Pension Investments	
External investment pools	\$ 4,766,611
Total Assets	4,766,611
 <b>NET POSITION</b>	
Net position restricted for pensions	\$ 4,766,611

The notes to the financial statements are an integral part of this statement.

**City of Palm Coast, Florida**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2020**

	<u><b>Volunteer Firefighter Pension Fund</b></u>
<b>ADDITIONS</b>	
Contributions:	
State contributions	\$ 271,790
Total contributions	<u>271,790</u>
Investment earnings:	
Interest	256,212
Less investment expenses	<u>(8,729)</u>
Total investment earnings	<u>247,483</u>
Total additions	519,273
<b>DEDUCTIONS</b>	
Administrative expenses	27,793
Benefit distributions	<u>306,287</u>
Total deductions	<u>334,080</u>
<b>Change in net position</b>	185,193
Net position - beginning	<u>4,581,418</u>
Net position - ending	<u><u>\$ 4,766,611</u></u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2020

**City of Palm Coast, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies**

***Reporting Entity***

The *City of Palm Coast, Florida* (the "City") was incorporated December 31, 1999 under the laws of the State of Florida. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (fire and law enforcement), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services. The accompanying financial statements include all those separately administered departments and funds for which the City has financial accountability. There are no potential component units or related organizations of the City, except for the SR100 CRA.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

***Government-Wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Internal service funds are incorporated into the governmental activities column.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The pension trust fund is reported as a separate financial statement, and is not included in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu of taxes and other charges between the government's water and sewer, stormwater, building permits, and information technology functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

***Fund Financial Statements***

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.



**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

***Fund Financial Statements (Continued)***

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund accounts for resources accumulated and payments made for the acquisition of land and construction of major capital facilities.

The transportation impact fee capital project fund is used to track impact fees collected for the purpose of funding expenditures for the expansion of road capacity.

The streets improvement special revenue fund is used to account for a portion of state revenue sharing and a local option gas tax that is restricted for transportation expenditures. This revenue is primarily used for road operations, maintenance, improvements, and to resurface city streets.

The SR100 CRA special revenue fund accounts for the tax increment financing and related expenditures of the State Road 100 community redevelopment area.

The government reports the following major proprietary funds:

The utility enterprise fund accounts for revenues and expenses related to activities in the government's treatment and distribution of water, pumping of sewage, collection of sewage and treatment of sewage.

The stormwater management fund accounts for revenues and expenses related to the maintenance and capital improvements of the stormwater system.

The solid waste enterprise fund accounts for revenues and expenses related to the collection and removal of solid waste.

Additionally, the government reports the following fund types:

The internal service funds account for a self-insured employee medical insurance program, information technology operations, and fleet management services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The pension trust fund accounts for the activities of the Volunteer Firefighters' Pension, which accumulates resources for pension benefit payments to qualified volunteer firefighters.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

During the course of operations, the City has activity between funds for various purposes. Any remaining balances at year end are reported as due from/to or advances from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the government-wide financial statements. Balances between funds in both the governmental activities and business-type activities are presented so that only the net amount appears as internal balances on the Statement of Net Position. Further, certain activities occur involving transfers of resources between funds. These are reported as gross transfers in the fund financial statements, but as net transfers in the government-wide financial statements after certain eliminations.

***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing activities. The principal operating revenues of the City's enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

***Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund, capital projects fund, and special revenue funds. The budget includes a portion of the prior year's fund balance as a budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenue over expenditures. The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

If, during the year, revenues in excess of those estimated in the budget are available for appropriation, City Council may make supplemental appropriations for the year in an amount not to exceed the excess.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders and contracts). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

***Cash, cash equivalents, and investments***

The City's cash and cash equivalents are cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of the acquisition. Investments are reported at fair value (generally based on quoted market prices) except for amounts in the Florida Prime investment pool and the Florida Palm Investment Trust Fund. See Note 4 for additional details.

***Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***  
***Receivables and payables (Continued)***

Receivables consist primarily of amounts due from other governments, as well as utility, solid waste, stormwater, and fiber optic system usage billings. All general fund receivables are deemed collectible, and an allowance for doubtful accounts has been set up in the utility, solid waste, stormwater, and IT funds for 8%, 8%, 17% and 4%, respectively, of the outstanding receivable amounts. Under Florida law, the assessment and collection of all county, municipal, and school district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate up to 10 mills.

***Inventories***

Inventories are valued at cost using the first-in/first-out (FIFO) method for the fleet management fund, and the utility fund. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time inventory is used. No required minimum levels of inventory are maintained.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in governmental funds are recognized using the consumption method.

***Fair value measurements***

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

***Restricted Assets***

Certain proceeds of the utility enterprise fund revenue bonds are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Other enterprise fund restricted assets include accumulated impact fees, accumulated renewal and replacement funds, intergovernmental receivables and debt service requirements; their use is limited by state statute and various regulatory authorities.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed assets are valued at their estimated acquisition value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Land and construction in progress are not depreciated. Depreciation on other assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	20 - 50
Improvements other than buildings	7 - 30
Infrastructure	15 - 100
Equipment	5 - 20

***Interfund Transactions***

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

***Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has various items related to pensions and Other Post Employment Benefits, in this category. Also, a deferred loss on refunding is reported in the proprietary funds statement of financial position and the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Deferred outflows/inflows of resources (Continued)***

The City has four items that qualify for reporting in this category. The first item is unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: taxes, special assessments, fines and forfeitures, and charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also, a deferred gain on refunding is reported in the proprietary funds statement of financial position and the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has items related to pensions and Other Post-Employment Benefits in this category.

***Net position flow assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied. However, for the Utility renewal and replacement funds, unrestricted net position is depleted before restricted net position.

***Fund balance flow assumptions***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund balance***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are not in spendable form (such as prepaid expenses and advances due from other funds) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Fund balance (Continued)***

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or as delegated to the City Manager.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is established by the City Council through adoption or amendment of the budget and through delegation to the City Manager by passage of a resolution.

***Program Revenues***

Amounts reported as program revenues included 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property taxes***

Property taxes attach as an enforceable lien on real property and are levied per the following calendar:

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Property taxes (Continued)***

Valuation Date		January 1, 2019
Property Appraiser prepares the assessment roll with values as of January 1, 2019, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.		July 1, 2019
City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.		September 2019
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy Date).		September 2019
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2019 through March 2020, with the following applicable discounts:		November 1, 2019
<b>Month Paid</b>	<b>Discount (%)</b>	
November	4	November 1, 2019 through
December	3	March 31, 2020
January	2	
February	1	
March	0	
All unpaid taxes on real and tangible personal property become delinquent.		April 1, 2020
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.		April and May 2020
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien Date).		June 1, 2020
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.		June 1, 2020



**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Compensated Absences***

Employees may accumulate vacation and sick leave with certain limitations as to the number of hours of accumulation. General employees are paid 100% of their accumulated vacation pay and sick leave when they terminate up to a maximum of 320 hours for vacation and 320 hours for sick leave (448 hours each for fire department personnel), as long as they are not dismissed with cause or fail to meet the 10 day notice requirement for voluntary resignations. The related liability for this policy is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

***Proprietary funds operating and nonoperating revenues and expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility, solid waste, stormwater and other proprietary funds along with internal service funds are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Recently Issued and Adopted Accounting Pronouncements***

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

1. GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improved guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
2. GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.
3. GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2019.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Recently Issued and Adopted Accounting Pronouncements (Continued)***

4. GASB issued Statement No. 91, *Conduit Debt Obligations*, in May 2019. GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions in GASB 90 are effective for periods beginning after December 15, 2021.
  
5. GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of GASB 96 are effective for periods beginning after June 15, 2022.
  
6. GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in June 2020. GASB 97 provides guidance to: (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The provisions of GASB 97 are effective for periods beginning after June 15, 2021.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 2 – Reconciliation of Government-wide and Fund Financial Statements**

***Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position***

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$311,162,085 difference are as follows:

Land	\$ 92,090,543
Construction in progress	12,163,472
Buildings and other improvements	72,420,723
Less: Accumulated depreciation	(21,268,323)
Infrastructure	269,986,663
Less: Accumulated depreciation	(115,349,912)
Equipment	5,629,201
Less: Accumulated depreciation	(4,510,282)
<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	\$ 311,162,085

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of fleet, information technology, and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$22,388,227 difference are as follows:

Net position of the internal service funds	\$ 27,850,835
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(5,304,676)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	(157,932)
<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	\$ 22,388,227

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 2 – Reconciliation of Government-wide and Fund Financial Statements (Continued)**

A final element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.” The details of this \$8,555,774 difference are as follows:

Loans payable	\$ 6,261,809
Compensated absences	2,293,965
	_____
<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	<i>\$ 8,555,774</i>
	_____

***Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities***

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” Also, the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. “This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$722,000 difference are as follows:

Principal payments:	
SR100 CRA Revenue Note	\$ 722,000
	_____
<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	<i>\$ 722,000</i>
	_____

**Note 3 – Stewardship, Compliance and Accountability**

***Compliance with Finance-Related Legal and Contractual Provision***

The City has no material violations of finance-related legal and contractual provisions.

***Deficit Fund Balance***

The OKR Special Assessment special revenue fund had a deficit fund balance of \$3,271,857. This fund incurred construction expenditures in excess of current revenues and transfers.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 4 – Deposits and Investments**

***Deposits***

At year-end, the carrying amount of the City's deposits was \$9,904,587 and the bank balance was \$11,128,644. All bank deposits were fully covered by federal depository insurance and by deposits held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories". Included in the carrying amount of the City deposits is \$6,600 in petty cash.

***Investments***

The City follows guidelines of Florida Statute Section 218.415, which allows the following investments:

- The Local Government Surplus Funds Trust Fund
- Intergovernmental Investment Pools
- SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency
- Interest bearing time deposits or savings accounts in qualified public depositories
- Direct obligations of the U.S. Treasury
- Federal Agencies and instrumentalities
- Supranational bonds
- Commercial paper
- Corporate bonds

As of September 30, 2020, the City has the following investments:

Investment Type	Fair Value	Percentage of Total	Average Maturities
Florida Prime LGIP	\$ 21,163,118	19.46	48 Days
Intergovernmental Investment Pool-FL PALM	22,956,651	21.11	50 Days
Money Market	14,086,532	12.95	1 Day
U.S. Government Agencies	16,063,509	14.77	1-5 Years
U.S. Treasuries	17,036,897	15.66	1-5 Years
Corporate Issues	14,106,076	12.97	1-5 Years
Supranational Bonds	1,650,840	1.52	1-5 Years
Municipal Bonds	1,697,549	1.56	1-5 Years
	<u>\$108,761,172</u>		

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 4 – Deposits and Investments (Continued)**

The City has the following recurring fair value measurements as of September 30, 2020:

*Fixed Income Securities* - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of the issuers with similar credit ratings.

The following table summarizes the assets and liabilities of the City for which fair values are determined on a recurring bases as of September 30, 2020:

Investment Type	Amount	Quoted Prices			Fair Value
		in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Government Agencies	\$ 16,063,509	\$ -	\$ 16,063,509	\$ -	\$ 16,063,509
U.S. Treasuries	17,036,897	-	17,036,897	-	17,036,897
Corporate Issues	14,106,076	-	14,106,076	-	14,106,076
Supranational Bonds	1,650,840	-	1,650,840	-	1,650,840
Municipal Bonds	1,697,549	-	1,697,549	-	1,697,549
<b>Total investments by fair value level</b>	<b>\$ 50,554,871</b>	<b>\$ -</b>	<b>\$ 50,554,871</b>	<b>\$ -</b>	<b>\$ 50,554,871</b>

*Investments measured at the net asset value (NAV)*

External Investment Pool:

SBA Florida Prime	\$ 21,163,118
FL PALM	22,956,651
Money Market	14,086,532
<b>Total investments measured at NAV</b>	<b>58,206,301</b>
<b>Total investments measured at fair value</b>	<b>\$ 108,761,172</b>

The City's investments in the Florida Local Government Surplus Funds Trust Fund Investment Pool (Florida PRIME), a Securities and Exchange Commission rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool is administered by the State Board of Administration (SBA) pursuant to section 218.405 of the Florida Statutes.

The pool invests in short-term, high-quality fixed income securities. To be considered high-quality, the security must be rated highest in the short-term rating category by one or more nationally recognized statistical ratings organizations, or deemed to be of comparable quality by the investment manager. Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in the fund at amortized cost. The account balance of this fund is considered to be the fair value of this investment. As of September 30, 2020, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Florida PRIME. The occurrence of an event that has a material impact on liquidity or operations of the trust fund can cause limits on contributions or withdrawals. During the fiscal year there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value. Separate financial statements for the pool are available by contacting the Florida State Board of Administration.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 4 – Deposits and Investments (Continued)**

The Florida Education Investment Trust Fund (“FEITF” or the “Fund”) changed its name to Florida Public Assets for Liquidity Management (“FL PALM”). This fund was established December 3, 2009, pursuant to an Agreement and Declaration of Trust by and among the Florida School Board Association, Inc. (“FSBA”), the Florida Association of District School Superintendents, Inc. (“FADSS”) and the School Boards which had agreed to become Signatory Public Agencies of the Fund. The Fund is a common law trust organized under the laws of the State of Florida (the “State”). The Fund is an investment opportunity for State school districts, political subdivisions of the State or instrumentalities of political subdivisions of the State.

The Fund currently consists of the FL PALM Portfolio and the FL PALM Term Series. The FL PALM Portfolio commenced operations on October 22, 2010. Multiple FL PALM Term Series are issued with staggered maturity dates. The financial statements of each FL PALM Term Series are prepared on an interim date if the life of the series is in excess of an annual period and following the termination date of each individual FL PALM Term Series.

*Interest Rate Risk.* The City’s investment policy limits the maturities of operating funds to a maximum of twenty-four (24) months. Bond reserves, construction funds, and other non-operating funds cannot exceed maturities of ten (10) years. Longer maturities, not to exceed thirty (30) years, may be used in special circumstances. The maximum length to maturity for an investment in any U.S. Government Agency security is ten (10) years from the date of purchase.

*Credit Risk.* The City’s investment policy allows investment in high grade corporate notes with a minimum “A” rating by any two Nationally Recognized Statistical Ratings Organizations (NRSROs). Commercial paper is required to have a rating of “A-1” by Standard and Poor’s and Prime-1 by Moody’s. Supranational requirements are that the US is a shareholder and voting member with a long term debt rating of “AAA” category, or a short term debt rating of “A-1” or higher, by any two NRSROs at the time of purchase. Asset-Backed securities carry a minimum rating requirement of “AAA” by any two NRSROs. Municipal securities carry a minimum rating requirement of “A” by any two NRSROs. As of September 30, 2020, the City’s investments in U.S. Treasury and Government Agencies were rated “AA+/Aaa”, commercial paper rated “A-1/P-1”, corporate, asset-backed and municipal bonds rated between “BBB+/Baa3” and “AAA/Aaa” by Standard & Poor’s or Moody’s, and supranationals were rated “AAA” by Standard and Poor’s or “Aaa” by Moody’s.

*Concentrations of Credit Risk.* The City’s investment policy has established asset allocation and issuer limits on various investments, which are designed to reduce concentration of credit risk of the City’s investment portfolio.

Cash with fiscal agent as of September 30, 2020 totaled \$5,141,125. This amount represents the semi-annual utility bond principal and interest payments on deposit with the distributing agent.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 5 – Receivables**

Amounts are aggregated into single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables, including applicable allowances for uncollectible accounts:

	Accounts Receivable	Special Assessments Receivable	Allowance for Doubtful Accounts	Totals
General Fund	\$ 832,276	\$ -	\$ -	\$ 832,276
Nonmajor Governmental Funds	-	4,344,653	-	4,344,653
Utility Fund	6,192,263	-	(480,588)	5,711,675
Solid Waste Fund	1,333,855	-	(105,503)	1,228,352
Stormwater Fund	3,012,563	-	(524,446)	2,488,117
Nonmajor Enterprise Funds	182,682	-	(6,579)	176,103
Internal Service Funds	204,060	-	-	204,060
Totals	<u>\$ 11,757,699</u>	<u>\$ 4,344,653</u>	<u>\$ (1,117,116)</u>	<u>\$ 14,985,236</u>

The special assessments receivable is the amount due from property owners within the Old Kings Road Special Assessment District (see Note 15). The amount due as of September 30, 2020 represents the balance remaining on the financing of the expansion and realignment of Old Kings Road.



**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 6 – Capital Assets**

Capital asset activity for the year ended September 30, 2020 was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>9/30/19</b>	<b>Increases</b>	<b>Decreases</b>	<b>9/30/20</b>
<b>A. Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 92,227,487	\$ 125,793	\$ (262,737)	\$ 92,090,543
Construction in progress	6,316,498	6,589,916	(742,942)	12,163,472
Total capital assets, not being depreciated	98,543,985	6,715,709	(1,005,679)	104,254,015
Capital assets, being depreciated:				
Buildings and improvements other				
than buildings	72,118,218	1,399,650	-	73,517,868
Infrastructure	269,134,393	865,446	-	269,999,839
Equipment	29,483,073	6,197,536	(3,281,633)	32,398,976
Total capital assets, being depreciated	370,735,684	8,462,632	(3,281,633)	375,916,683
Less accumulated depreciation for:				
Buildings and improvements other				
than buildings	(19,154,602)	(2,713,178)	-	(21,867,780)
Infrastructure	(104,635,396)	(10,727,692)	-	(115,363,088)
Equipment	(18,211,838)	(3,535,085)	3,475,239	(18,271,684)
Total accumulated depreciation	(142,001,836)	(16,975,955)	3,475,239	(155,502,552)
Total capital assets, being depreciated, net	228,733,848	(8,513,323)	193,606	220,414,131
Governmental activities capital assets, net	<b>\$ 327,277,833</b>	<b>\$ (1,797,614)</b>	<b>\$ (812,073)</b>	<b>\$ 324,668,146</b>
<b>B. Business-type Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 14,230,509	\$ 268,477	\$ -	\$ 14,498,986
Construction in progress	3,524,326	6,230,333	(1,092,999)	8,661,660
Total capital assets, not being depreciated	17,754,835	6,498,810	(1,092,999)	23,160,646
Capital assets, being depreciated:				
Buildings and improvements other				
than buildings	141,323,014	1,793,694	-	143,116,708
Infrastructure	231,597,922	17,623,605	-	249,221,527
Equipment	1,695,486	264,283	(351,019)	1,608,750
Total capital assets, being depreciated	374,616,422	19,681,582	(351,019)	393,946,985
Less accumulated depreciation for:				
Buildings and improvements other				
than buildings	(53,259,842)	(5,385,559)	-	(58,645,401)
Infrastructure	(93,830,140)	(9,503,155)	-	(103,333,295)
Equipment	(1,553,833)	(53,612)	351,019	(1,256,426)
Total accumulated depreciation	(148,643,815)	(14,942,326)	351,019	(163,235,122)
Total capital assets, being depreciated, net	225,972,607	4,739,256	-	230,711,863
Business-type activities capital assets, net	<b>\$ 243,727,442</b>	<b>\$ 11,238,066</b>	<b>\$ (1,092,999)</b>	<b>\$ 253,872,509</b>

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 6 – Capital Assets (Continued)**

Depreciation expense was charged to the functions/programs as follows:

Governmental activities:

General government	\$ 752,953
Public safety	363,324
Transportation and physical environment	10,868,826
Culture and recreation	1,943,341
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,649,425
Total depreciation expense - governmental activities	\$ 16,577,869

Business activities:

Utility	\$ 12,592,154
Stormwater	2,089,294
Building	15,286
Information Technology (IT)	245,591
Total depreciation expense - business activities	\$ 14,942,325

Depreciation expense differs from change in accumulated depreciation for Governmental activities for the fiscal year in the amount of \$398,086. The difference is due to capital asset reclassifications during the fiscal year.

**Note 7 - Accrued liabilities**

Accrued liabilities totaling \$571,436 reported by the general fund as of September 30, 2020 represent accrued salaries and related employee benefits.

**Note 8 – Interfund Receivables, Payables, and Transfers**

**Advances from/to other funds:**

Receivable Fund	Payable Fund	Purpose	Amount
Utility Fund	OKR Special Assessment Fund	Expansion and realignment of road	\$ 4,344,653
			\$ 4,344,653

The Utility Fund loan is a working capital loan made to the OKR Special Assessment Fund upon its creation. This balance is not scheduled to be collected in the subsequent year.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 8 – Interfund Receivables, Payables, and Transfers (Continued)**

Interfund Transfers:	Transfer In:							Total
	General Fund	Capital Projects Fund	Streets Improvement Fund	SR 100 CRA Fund	Fleet Fund	IT Operations	Nonmajor Governmental	
Transfer Out								
General Fund	\$ -	\$ -	\$ 675,000	\$ 749,568	\$ 619,138	\$ 18,900	\$ -	\$ 2,062,606
Utility Fund	877,368	-	-	-	102,738	17,615	-	997,721
Transportation Impact Fee Fund	-	-	325,045	-	-	-	307,806	632,851
Stormwater Fund	120,605	-	-	-	1,235,483	15,400	-	1,371,488
Nonmajor Governmental	-	702,686	-	-	-	-	-	702,686
Nonmajor Proprietary	18,555	-	-	-	58,378	6,200	-	83,133
Total transfers out	\$ 1,016,528	\$ 702,686	\$ 1,000,045	\$ 749,568	\$ 2,015,737	\$ 58,115	\$ 307,806	\$ 5,850,485

Transfers from the General Fund are generally made to establish reserves for future capital expenditures, possible emergency related expenditures, and to move unrestricted general fund revenues to finance various programs that are accounted for in other funds in accordance with budgetary authorizations. The transfers to the Capital Projects Fund are for the funding of a Community Wing at City Hall and funding of a Community Center. Transfers to the CRA Fund represent base property tax collections within the redevelopment area and to fund capital expenditures. Other transfers from the Utility Fund, Stormwater Fund, Nonmajor Governmental and Nonmajor Proprietary Funds are in lieu of tax transfers, maintenance transfers, and to establish reserves for future capital expenditures. The transfer from the Transportation Impact Fee Fund to Nonmajor Governmental Funds are impact fee collections related to the Old Kings Road Special Assessment District. Transfers to the Fleet Fund are to purchase new additions to the Fleet from the various responsible departments. Transfers to the IT Operations Fund is to purchase software and computer equipment for the various departments.

**Note 9 – Leases and Agreements**

**Interlocal Agreements:**

The City maintains an interlocal agreement with the Flagler County Sheriff for law enforcement services. The agreement provides for additional services above the base level of service provided by the Sheriff on a County-wide basis. For 2020, the total cost was \$3,680,784.

**Lease of City Owned Facilities:**

The City leases various facilities to telecommunications companies, who provide wireless phone and Internet access to the public. The leases are for a five year period, with renewal options for an additional five years. Annual lease payments increase by the U.S. Consumer Price Index or 3% to 4%, whichever is greater. For fiscal year 2020, the total amount of lease payments was \$293,373.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 9 – Leases and Agreements (Continued)**

Other Leases:

The City entered into two trailer lease agreements, one for Public Works and the other for the Stormwater Department. The lease maturing June 30, 2022 has monthly payments of \$4,147 each. During the year ended September 30, 2020, the lease payments totaled \$99,528. The future minimum lease payments for the lease term are as follows:

Year Ending September 30,	Amount
2021	\$ 99,528
2022	99,528
	\$ 199,056

**Note 10 – Long-Term Debt**

**A. Governmental Activities**

***SR100 CRA Redevelopment Refunding Revenue Note, Series 2012***

During year ended September 30, 2013, the City refinanced an agreement with BB&T Bank for the purpose of purchasing properties and performing infrastructure improvements within the redevelopment area. The original loan principal was payable annually at an interest rate 4.34% through October 1, 2024. The refinanced note, including an additional \$2,000,000 in new debt, is payable annually at an interest rate of 2.29% through October 1, 2024.

Annual debt service requirements to maturity for the loan are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ -	\$ 45,365
2022	476,000	34,465
2023	490,000	23,243
2024	502,000	11,748
2025	513,000	-
	\$ 1,981,000	\$ 114,821

***SR100 CRA Redevelopment Revenue Note, Series 2014***

During year ended September 30, 2014, the City entered into an agreement with Ameris Bank for the purpose of purchasing properties and performing infrastructure improvements within the redevelopment area. The original loan principal of \$5,839,000 was payable annually at an interest rate of 4.44% through October 1, 2028. The loan was modified in January of 2017, which decreased the interest rate to 3.45%.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 10 – Long-Term Debt (Continued)**

Annual debt service requirements to maturity for the loan are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ -	\$ 147,695
2022	268,000	138,449
2023	277,000	128,892
2024	288,000	118,956
2025	302,000	108,537
2026-2029	3,145,809	168,671
	\$ 4,280,809	\$ 811,200

The 2021 principal payment was made on both loans during the year ended September 30, 2020, leaving a principal balance of \$1,981,000 and \$4,280,809 payable respectively at the end of the fiscal year. Interest due on 10/01 was also paid during the fiscal year, therefore no interest accrual is necessary for the government-wide financial statements.

**B. Business Activities**

**Utility System Long-term Debt**

***Utility System Improvement and Refunding Revenue Bonds, Series 2013***

On July 9, 2013, the City issued debt to refinance the Series 2003 bonds and to finance the construction costs related to water treatment plant expansions and other infrastructure improvements. Refinancing proceeds, construction costs, and issuance costs were included in the bond issue and brought the total debt issued to \$89,600,000. The interest rate on these bonds ranges from 2.0% - 5.0%. This debt will be paid over 30 years from water and wastewater revenues.

***Disposition of Revenue in order of Priority***

Gross revenues are first deposited in the Utility Fund for payment of operation and maintenance costs. Net revenues (revenues after payment of operating and maintenance costs) are then first transferred to Debt Service Reserve for the purposes of interest payments, parity contract obligations payments, principal payments, redemption of term bonds, and subordinated debt payments.

Net revenues are then applied to the utility capital projects account for renewal, replacement and improvement, in an amount at least equal to one-twelfth of 5% of gross revenues received during the immediately preceding fiscal year. In addition, the City Council has designated an additional 5% of gross revenues (for a total of 10%) be applied for renewal, replacement and improvement.

Any remaining net revenues after the above items are funded are considered surplus and may be used for any lawful purpose of the City.

The Series 2013 bonds are not secured by insurance or the reserve fund. During the fiscal year ended September 30, 2020, Standard & Poor's and Fitch affirmed an A+ rating on this bond issue. Subsequent to year end, Fitch upgraded to an AA rating.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 10 – Long-Term Debt (Continued)**

***Utility System Improvement and Refunding Revenue Bonds, Series 2013 (Continued)***

**Early Optional Redemption**

The Series 2013 bonds maturing on or after October 1, 2024 are redeemable prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after October 1, 2023, at the redemption prices equal to the principal amount of the Series 2013 Bonds to be redeemed plus interest accrued to the date of redemption.

**Debt Service**

Annual debt service requirements to maturity for the bonds are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ 3,485,000	\$ 3,138,000
2022	3,660,000	2,955,000
2023	3,850,000	2,762,500
2024	4,040,000	2,560,500
2025	4,240,000	2,348,500
2026-2030	24,595,000	8,227,350
2031-2035	25,205,000	2,372,869
2036-2037	2,685,000	59,938
	<b>\$ 71,760,000</b>	<b>\$ 24,424,657</b>

**Bank Loans**

During year ended September 30, 2016, the City executed an agreement with Ameris Bank to borrow funds in order to refinance the Series 2007 Utility Revenue Bonds. These bonds were originally used to finance a water treatment plant and related infrastructure. The loan principal of \$40,193,000 is payable annually with interest at a rate of 2.48% payable semi-annually through October 2037.

Annual debt service requirements to maturity for the loan are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ -	\$ 816,887
2022	1,705,000	774,603
2023	1,745,000	731,327
2024	1,787,000	687,010
2025	1,832,000	641,576
2026-2030	9,869,000	2,485,729
2031-2035	11,148,000	1,168,353
2036-2037	4,853,000	60,909
	<b>\$ 32,939,000</b>	<b>\$ 7,366,394</b>

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 10 – Long-Term Debt (Continued)**

The 2021 principal payment was made during the year ended September 30, 2020, leaving a principal balance of \$32,939,000 payable at the end of the fiscal year.

During year ended September 30, 2017, the City executed an agreement with CenterState Bank to borrow funds in order to refinance four of its State Revolving Fund loans: WW90302S originally used for the purpose of lift station and force main improvements, WW90303S originally used for the purpose of wastewater treatment facilities improvements, WW903050 originally used for the purpose of biosolids, reclaimed water and aerobic digestion improvements and WW903080 originally used for the purpose of construction of water reuse facilities. The City was able to reduce the interest rates applicable to the various SRF loans from a range of 2.54% - 2.71% to a rate of 2.35%. The interest rate reduction resulted in projected cashflow savings of \$164,970 over the remaining life of the loan, with net present value savings of \$130,081.

The loan principal of \$17,163,000 with interest at a rate of 2.35% is payable semi-annually through June 2028.

Annual debt service requirements to maturity for the loan are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ 1,607,000	\$ 268,147
2022	1,646,000	230,136
2023	1,684,000	191,243
2024	1,725,000	151,422
2025	1,764,000	110,662
2026-2028	3,386,000	118,170
	<u>\$ 11,812,000</u>	<u>\$ 1,069,780</u>

**State Revolving Fund Loans**

During the year ended September 30, 2020, the City executed an agreement with the Florida Department of Environmental Protection to borrow through the State Revolving Fund loan program, for the purpose of designing an expansion to its wastewater treatment plant #2 (WW180430). The agreement allows the City to borrow up to \$1,401,340 at an interest rate of .17%. The loan is payable semi-annually in the amount of \$36,365 commencing on August 15, 2021 for a period of 20 years. Funding pending receipt as of year-end was \$334,487.

Description	Interest Rate	Disbursable Amount	Amount Funded	Repayment Date	Annual Payment	Term (years)
Expansion of Wastewater Treatment Plant #2	0.17%	\$ 1,401,340	\$334,487	8/15/2021	\$ 36,365	20

During the year ended September 30, 2016, the City executed an agreement with the Florida Department of Environmental Protection to borrow through the State Revolving Fund loan program, for the purpose of constructing a second wastewater treatment plant and related infrastructure (WW180420). Per the agreement, principal of \$30,257,801 is payable semi-annually in the amount of \$825,193 including interest at a rate of 0.67% through April 2038.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 10 – Long-Term Debt (Continued)**

Annual debt service requirements to maturity for the loan are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ 1,465,629	\$ 184,757
2022	1,475,465	174,921
2023	1,485,367	165,019
2024	1,495,336	155,050
2025	1,505,372	145,015
2026-2030	7,679,764	572,168
2031-2035	7,940,950	310,982
2036-2039	4,893,622	57,538
	<u>\$ 27,941,505</u>	<u>\$ 1,765,450</u>

**Stormwater System Long-Term Debt**

During the year ended September 30, 2006, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$4,285,694 at an interest rate of 2.55% through the State Revolving Fund loan program, for the purpose of stormwater drainage improvements and swale rehabilitation (SW903040) program, payable from pledged revenues of the stormwater utility. On August 10, 2007, the loan amount was amended to \$4,847,060 with the additional principal bearing an interest rate of 2.43%. On June 7, 2010 the loan principal was amended a second time to \$4,822,150. The loan principal is payable semi-annually in the amount of \$151,585 including interest at a rate of 2.5282% through August 15, 2026.

Annual debt service requirements to maturity for the loan are as follows:

During the year ended September 30, 2009, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$3,798,642 at an interest rate of 3.14% through the State Revolving Fund loan program, for the purpose of stormwater drainage improvements and swale rehabilitation (SW903070) program, payable from pledged revenues of the stormwater utility. In January 2012, the total amount of the loan was modified to \$2,875,904, payable in semi-annual installments of \$91,316, at an interest rate of 3.14%, maturing in March 2030.

Year Ending September 30,	Principal	Interest
2021	\$ 262,303	\$ 40,867
2022	268,993	34,177
2023	275,853	27,317
2024	282,889	20,281
2025	290,104	13,066
2026	297,503	5,667
	<u>\$ 1,677,645</u>	<u>\$ 141,375</u>



**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 10 – Long-Term Debt (Continued)**

***State Revolving Fund Loans (Continued)***

Annual debt service requirements to maturity for the loan are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ 136,908	\$ 45,724
2022	141,241	41,391
2023	145,710	36,921
2024	150,322	32,310
2025	155,079	27,553
2026-2030	760,874	60,969
	<u>\$ 1,490,134</u>	<u>\$ 244,868</u>

***Bank Loans***

During the year ended September 30, 2009, the City executed an agreement with the RBC (now PNC) Bank to borrow up to \$9,000,000, payable from pledged revenues of the stormwater utility, at a variable interest rate for the purpose of stormwater drainage improvements and swale rehabilitation. The variable rate during the draw period, not to exceed three years, is equal to 70% of the One-Month LIBOR rate plus 212 basis points. In January 2012, the loan was modified to a fixed rate of 2.35%. In April of 2018 the Bank exercised the right to increase the fixed rate to 2.85% due to the change in corporate tax rate, the loan payable annually, starting in October 2012 and maturing in October 2023. Interest will be paid semi-annually.

Annual debt service requirements to maturity for the loan are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ -	\$ 71,147
2022	811,000	47,983
2023	830,000	24,277
2024	850,000	-
	<u>\$ 2,491,000</u>	<u>\$ 143,407</u>

The 2021 principal payment of \$792,000 was made during the year ended September 30, 2020, leaving a principal balance of \$2,491,000 payable at the end of the fiscal year.

During the year ended September 30, 2020, the City issued the Stormwater Revenue Note Series 2019A with CenterState Bank to purchase equipment to enhance the stormwater program in the amount of \$1,240,000. The loan principal and interest are payable annually from pledged revenues of the stormwater utility at an interest rate of 2.37% through October 1, 2029.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 10 – Long-Term Debt (Continued)**

***Bank Loans (Continued)***

Year Ending September 30,	Principal	Interest
2021	\$ -	\$ 26,852
2022	114,000	24,150
2023	117,000	21,377
2024	120,000	18,533
2025	123,000	15,618
2026-2030	659,000	31,971
	<u>\$ 1,133,000</u>	<u>\$ 138,501</u>

During the year ended September 30, 2020, the City issued the Stormwater Revenue Note Series 2019B with CenterState Bank for the purpose of stormwater infrastructure improvements in the amount of \$4,111,000. The loan principal and interest are payable annually from pledged revenues of the stormwater utility at an interest rate of 2.48% through October 1, 2039.

Year Ending September 30	Principal	Interest
2021	\$ -	\$ 98,134
2022	166,000	94,017
2023	170,000	89,801
2024	174,000	85,486
2025	178,000	81,071
2026-2030	960,000	335,073
2031-2035	1,084,000	207,030
2036-2040	1,225,000	62,248
	<u>\$ 3,957,000</u>	<u>\$ 1,052,860</u>

The 2021 principal payment was made on both loans during the year ended September 30, 2020, leaving a principal balance of \$1,133,000 and \$3,957,000 payable respectively at the end of the fiscal year.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 10 – Long-Term Debt (Continued)**

***Changes in long-term debt***

During the year ended September 30, 2020, the following changes in long-term debt occurred:

	<b>Beginning</b>			<b>Ending</b>		<b>Due Within</b>
<b>Government Activities:</b>	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>One Year</b>	
SR100 CRA Loans	\$ 6,984,000	\$ -	\$ (722,191)	\$ 6,261,809	\$ -	
Total OPEB Liability	373,927	398,882	(3,564)	769,245	-	
Net Pension Liability	3,119,945	-	(22,061)	3,097,884	-	
Compensated Absences	2,222,860	1,389,749	(1,019,132)	2,593,477	692,241	
<b>Long-term debt</b>	<b>\$ 12,700,732</b>	<b>\$ 1,788,631</b>	<b>\$ (1,766,948)</b>	<b>\$ 12,722,415</b>	<b>\$ 692,241</b>	
<b>Business Type Activities:</b>						
Utility Revenue Bonds	\$ 75,080,000	\$ -	\$ (3,320,000)	\$ 71,760,000	\$ 3,485,000	
Premiums	3,843,071	-	(458,927)	3,384,144	-	
<b>Total Revenue Bonds</b>	<b>78,923,071</b>	<b>-</b>	<b>(3,778,927)</b>	<b>75,144,144</b>	<b>3,485,000</b>	
State Revolving Fund Loans	32,352,890	334,487	(1,243,607)	31,443,770	1,864,840	
Bank and Other Loans	51,267,000	5,351,000	(4,286,000)	52,332,000	1,607,000	
Total OPEB Liability	268,007	5,859	(68,045)	205,821	-	
Compensated Absences	1,574,319	1,078,180	(827,080)	1,825,419	627,052	
<b>Long-term debt</b>	<b>\$ 164,385,287</b>	<b>\$ 6,769,526</b>	<b>\$(10,203,659)</b>	<b>\$ 160,951,154</b>	<b>\$ 7,583,892</b>	

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$299,512 of internal service fund compensated absences and \$28,533 of total OPEB liability are included in the above amounts. For governmental activities, compensated absences, net pension liability and net postemployment benefit obligations (OPEB) are generally liquidated by the general fund.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans**

***Defined Contribution Plan***

The City maintains a single employer defined contribution plan. All full-time employees are eligible to participate. The name of the plan is the City of Palm Coast 401(a) Pension Plan. The plan is administered by a third party administrator, Prudential. The authority to establish and amend benefits rests with the City Council. Under this plan, the City contributes a certain percentage of employees' eligible wages based upon their job classification as determined by City Council. For the fiscal year ended September 30, 2020, general employees received a 10% contribution, with department directors receiving 13% and special risk employees receiving 17.5%. Employees do not participate in the plan funding. Pension contributions are subject to a five year (5) vesting schedule. Withdrawals from the plan may be made due to retirement, attainment of age 59 ½, separation from service, disability, or death. For the period ended September 30, 2020, contributions to this plan totaled \$2,709,717, with no employer liability outstanding. Plan forfeitures are used to pay administrative expenses, or reallocated to employee accounts.

***Deferred Compensation Program***

The City offers its employees a voluntary deferred compensation program created in accordance with Internal Revenue Code (IRC) section 457 and Chapter 112.215 Florida Statutes. The City offers a matching contribution program of up to 2% of eligible wages. During the year ended September 30, 2020, the City complied with the requirements of IRC Section 457 and all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. City contributions to this plan totaled \$459,868.

***Volunteer Firefighters' Pension Plan***

**Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Palm Coast Volunteer Firefighters' Pension Plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Volunteer Firefighters' Pension Plan***

**Plan Description and Administration**

The City of Palm Coast Volunteer Firefighter's Pension Plan is a single employer defined benefit pension plan that provides pensions for qualified volunteers pursuant to Florida Statute, Chapter 175. The City adopted a "local law" plan that provides benefits based on years of service. The benefits are provided through a State contribution from collections of a Fire Insurance Premium Tax. The City is required to participate only when the State contributions are insufficient to fund the plan.

Volunteers who meet minimum City established standards are eligible to participate in the plan. Minimum standards are based on a system that awards points used to certify years of credited service for completing training courses, attending drills, responding to emergency calls, and participating in other fire emergency activities. The plan is administered by a Board of Trustees. The Board has administrative authority over the plan, and acts as supervisor and plan administrator. The Board consists of five members, two are appointed by City Council, two are appointed by the volunteers, and the final member is selected by the four appointed Board members and appointed by City Council (as a ministerial duty). The authority to establish and amend benefits as well as the funding policy rests with the City Council.

**Plan Benefits**

The City of Palm Coast Volunteer Firefighter's Pension Plan provides retirement, disability, and death benefits. Retirement benefits are based on a rate of \$65 per month for each year of credited service, and the balance in the supplemental "share" portion of the plan, if any. Share benefits are accumulated based on plan revenues in excess of amounts needed to fund the defined benefit portion of the plan. Volunteers do not contribute to the plan. In order to qualify for retirement benefits, a volunteer must earn five years of credited service.

The plan was established on July 2, 2002. Members with up to five years of consecutive service prior to July 2, 2002 are eligible for up to five years of credit providing such members satisfy pension requirements in at least one of the two years following July 2, 2002. The minimum age for receiving benefits is 52 with twenty-five years of service, or 55 and after ten years of service, or for volunteers 62 and over, five years of service. Early retirement may be arranged with the consent of the Board for a member who has attained age 50 with ten years of continuous service. The retirement benefit will be actuarially reduced by three percent for each year by which the member's age at retirement preceded the member's normal retirement age. Each member will become one hundred percent vested at normal retirement age, subject only to the actuarial reduction for early retirement at age 50. All plan members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits from date of hire. Disability benefits are determined in the same manner as retirement benefits. Death benefits are paid to the Beneficiary for ten years, beginning at the vested member's normal retirement date (unreduced) or early retirement date (reduced). There are no annual cost-of-living adjustments.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Volunteer Firefighters' Pension Plan (Continued)***

**Plan Benefits (Continued)**

The supplemental benefit (share plan) was initially funded with 80% of the \$1,505,738 excess State monies reserve during fiscal year 2015 and allocated to eligible participants. Annual premium tax revenues received by the City in excess of \$144,307, if any, shall be allocated to active participants on a pro-rata basis based on years of credited service. Share plan accounts shall be credited or debited annually based on the Plan's net-of-fees investment performance for the preceding year. Vesting for the share plan is five years of credited service.

**Plan Membership**

As of September 30, 2020, the following volunteers were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not receiving benefits	5
Active plan members	23
	53
	53

**Contributions**

Members do not contribute to the plan. The benefits are provided through a State contribution from the 1.85% tax on premiums for fire insurance policies. The City contribution is required when State contributions are insufficient to pay the actuarially determined current costs and amortized unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Contributions from the State to the plan are reported as revenues and expenditures in the general fund before being reported in the pension fund. The amount recorded for the period ended September 30, 2020 was \$271,790. There were no required City contributions.

**Net Pension Liability (Asset)**

The City's net pension liability (asset) was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The components of the net pension liability (asset) as of September 30, 2020 were as follows:

Total Pension Liability	\$ 3,151,940
Plan Fiduciary Net Position	(4,766,611)
Net Pension Liability (Asset)	\$ (1,614,671)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	151.23%

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Volunteer Firefighters' Pension Plan (Continued)***

**Actuarial Assumptions**

The total pension liability (asset) was determined by an actuarial valuation as of Oct 1, 2019 updated to September 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increase	n/a, unpaid volunteers
Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent

Mortality rates healthy lives were based on the PubS.H-2010 for employees, set forward one year for females and PubS.H-2010 (below median) for employees, set forward one year for males. Mortality rates disabled lives were based on 80% PubG.H-2010 for disabled retirees/20% PubS.H-2010 for disabled retirees.

The most recent actuarial experience study used to review the other significant assumptions was dated November 11, 2020.

The actuarial valuation utilized the entry age normal actuarial cost method. The amortization method is level dollar and the period is 30 years and is closed. The asset valuation method utilized the historical geometric 4-year average Market Value return. Plan assets are reported at fair value.

The long-term expected rate of return on pension plan investments was determined using a building-block method which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. For 2020 the inflation rate assumption of the investment advisor was 2.8%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 (see discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Large Cap Equity	34%	4.60%
U.S. Small Cap Equity	11%	5.50%
International Equity	15%	6.70%
Core Real Estate	10%	5.00%
Core Bonds	15%	1.60%
Core Plus	15%	2.10%
Total	100%	

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Volunteer Firefighters' Pension Plan (Continued)***

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that State contributions will be made at the current contribution rate and that City contribution, if any, will be made at rates equal to the difference between actuarially determined contribution rates and the State contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Positions	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2019	\$ 3,000,026	\$ 4,581,418	\$ (1,581,392)
Changes for the year:			
Service Cost	78,352	-	78,352
Interest	183,686	-	183,686
Share Plan Allocation	71,791	-	71,791
Differences between expected and actual experience	(35,681)	-	(35,681)
Changes of Assumptions	160,053	-	160,053
Contributions - State	-	271,790	(271,790)
Net investment income (loss)	-	247,483	(247,483)
Benefit payments	(306,287)	(306,287)	-
Administrative expenses	-	(27,793)	27,793
Net Changes	151,914	185,193	(33,279)
Balances at September 30, 2020	\$ 3,151,940	\$ 4,766,611	\$ (1,614,671)

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.00 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00)%	Current Discount Rate (6.00)%	1% Increase (7.00)%
City's net pension liability (asset)	\$(1,381,933)	\$(1,614,671)	\$(1,805,476)



**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Volunteer Firefighters' Pension Plan (Continued)***

**Pension Plan Fiduciary Net Position**

The plan does not issue a separate financial report. Information about the plan's fiduciary net position is available on pages 51-52 of this report.

**Pension Expense, Deferred Outflows and Inflows of Resources**

For the year ended September 30, 2020, the City recognized pension expense (benefit) of \$48,877. On September 30, 2020, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 4,773	\$ 118,895
Changes of assumptions	120,039	-
Net difference between Projected and Actual Earnings on Pension Plan investments	66,590	-
<b>Total</b>	<b>\$ 191,402</b>	<b>\$ 118,895</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:		
2021	\$	(8,651)
2022		28,467
2023		38,484
2024		14,207
2025		-
Thereafter		-

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of September 30, 2020:

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Volunteer Firefighters' Pension Plan (Continued)***

**Investment Policy (Continued)**

**Investments**

Investments are reported at fair value (generally based on quoted market prices). Plan assets are invested in the Florida Municipal Pension Trust Fund (FMTPF) administered by the Florida League of Cities. This fund is an external investment pool and is reported at fair value.

The total invested with the Florida Municipal Pension Trust Fund (FMTPF) as of September 30, 2020 was \$4,766,611. The Plan's investment in the Florida Municipal Pension Trust Fund (FMTPF), a Securities and Exchange Commission rule 2a7-like external investment pool, are beneficial interests in shares of portfolios, not the individual securities held within each portfolio.

*Interest Rate Risk.* The FMTPF includes the following fixed income funds.

Fixed Income Fund	Effective Duration (Years)	Weighted Average Maturity (Years)
FMIvT Broad Market High Quality Bond	5.52	6.60
FMIvT Core Plus Fixed Income	3.35	5.82

*Credit Risk.* The Broad Market High Quality Bond fund is rated AAf/S4 by Fitch, the Core plus Fixed Income Fund is not rated. There are also a number of equity portfolios within the investment pool which are not rated.

*Concentrations.* The Plan did not hold investments in any one organization that represent 5 percent or more of the Plan's Fiduciary Net Position.

*Rate of Return.* For the year ended September 30, 2020, the annual money-weighted rate of return on Plan investments, net of investment expense, was 5.57 percent. The money-weighted rate of return expresses investment performance, not of investment expenses, adjusted for changing amounts actually invested.

The plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Volunteer Firefighters' Pension Plan (Continued)***

**Investments (Continued)**

The following table summarizes the assets and liabilities of the Plan for which fair values are determined on a recurring bases as of September 30, 2020:

Investment Type	Amount	Quoted Prices			Fair Value
		in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level2)	Significant Unobservable Inputs (Level3)	
Broad Market High Quality Bond	\$ 662,559	\$ -	\$ 662,559	\$ -	\$ 662,559
Core Plus Fixed Income	667,326	-	-	667,326	\$ 667,326
Diversified Large Cap	1,720,746	-	1,720,746	-	\$ 1,720,746
Diversified Small to Mid Cap	486,194	-	486,194	-	\$ 486,194
International Equity	757,891	-	757,891	-	\$ 757,891
Core Real Estate	433,762	-	-	433,762	\$ 433,762
Total investments by fair value level	\$ 4,728,478	\$ -	\$ 3,627,390	\$ 1,101,088	\$ 4,728,478
Uninvested Cash	38,133				
Total investments at fair value	<u>\$ 4,766,611</u>				

**Reserves**

During the year ended September 30, 2015, the City established a reserve amount per Ordinance 2015-02, and further revised per Ordinance 2015-10 and further revised per Ordinance 2017-21. The reserve was established at 20% of the September 30, 2013 Excess State Monies Reserve of \$1,505,738, plus any future premium tax revenues in excess of \$200,000. This reserve can be used to supplement the defined benefit funding in the event that fire insurance premium tax contributions are insufficient to pay the actuarially determined current costs and amortized unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Florida Retirement System***

**General Information**

Select City employees participate in the Florida Retirement System (FRS). Former Flagler County and Palm Coast Service District employees hired as transfers during the 2000 and 2001 fiscal years had a one-time option to remain a member of the FRS. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

[www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Plan Description**

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Florida Retirement System (Continued)***

**Plan Benefits**

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Florida Retirement System (Continued)***

**Contributions**

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, were as follows: Regular—8.47% and 10%; Special Risk Administrative Support—38.59% and 35.84%; Special Risk—25.48% and 24.45%; Senior Management Service—25.41% and 27.29%; Elected Officers'—48.82% and 49.18%; and DROP participants—14.60% and 16.98%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020.

The City's contributions, including employee contributions, to the Pension Plan totaled \$254,800 for the fiscal year ended September 30, 2020.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2020, the City reported a liability of \$2,748,049 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .006340460 percent, which was an increase of 19.57 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$447,759. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Florida Retirement System (Continued)***

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,173	\$ -
Change of assumptions	497,484	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share contributions	36,151	593,131
City Pension Plan contributions subsequent to measurement date	47,936	-
Plan Investments	163,621	-
Total	\$ 850,365	\$ 593,131

The deferred outflows of resources related to the Pension Plan, totaling \$47,936 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year ended September 30:	
2021	\$ 50,687
2022	125,770
2023	80,615
2024	3,930
2025	(51,704)
Thereafter	-

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.4 percent
Salary Increase	3.25%, average, including inflation
Investment Rate of Return	6.8 percent, net of pension plan expense, including inflation

Mortality rates were based on the PUB-2010 base table with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

**Florida Retirement System (Continued)**

**Actuarial Assumptions (Continued)**

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Real Estate (property)	10.3%	6.4%	5.8%	11.7%
<b>Total</b>	<b>100.0%</b>			
Assumed Inflation - Mean			2.4%	1.7%

(1) As outlined in the Plan's investment policy

**Discount Rate**

The discount rate used to measure the total pension liability was 6.8%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.8%) or one percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
City's net pension liability	\$ 4,388,172	\$ 2,748,049	\$ 1,378,211



**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***Florida Retirement System (Continued)***

**Pension Plan Fiduciary Net Position**

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

***Health Insurance Subsidy Plan (HIS)***

**Plan Description**

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Plan Benefits**

For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020 was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled \$6,018 for the fiscal year ended September 30, 2020.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***HIS Plan (Continued)***

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2020, the City reported a liability of \$349,835 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .002865193 percent, which was an increase of 20.87 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the City recognized a reduction to pension expense of \$8,427. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,312	\$ 270
Change of assumptions	37,617	20,342
Changes in proportion and differences between City Pension Plan contributions and proportionate share contributions	1,986	125,828
City Pension Plan contributions subsequent to measurement date	4,229	-
Plan Investments	279	-
<b>Total</b>	<b>\$ 58,423</b>	<b>\$ 146,440</b>

The deferred outflows of resources related to the Pension Plan, totaling \$4,229 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year ended September 30:		
	\$	(12,482)
2021		(14,872)
2022		(20,209)
2023		(17,769)
2024		(16,216)
2025		(10,698)
Thereafter		

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***HIS Plan (Continued)***

**Actuarial Assumptions**

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.4 percent
Salary Increase	3.25%, average, including inflation
Municipal Bond Rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**Discount Rate**

The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(1.21)%	(2.21)%	(3.21)%
City's net pension liability	\$ 404,394	\$ 349,835	\$ 305,179

**Pension Plan Fiduciary Net Position**

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 11 – Retirement Plans (Continued)**

***HIS Plan (Continued)***

***Summarized Pension Amounts for Financial Statement Presentation***

Amounts reported on the Government-wide Statement of Net Position related to the preceding defined benefit pension note disclosures are summarized as follows:

	Net Pension Asset	Deferred Outflows related to Pensions	Deferred Inflows related to Pensions	Net Pension Liability
Volunteer Firefighter's Pension Plan	\$ 1,614,671	\$ 191,402	\$ 118,895	\$ -
Florida Retirement System (FRS)	-	850,365	593,131	2,748,049
FRS HIS Plan	-	58,423	146,440	349,835
<b>Totals</b>	<b>\$ 1,614,671</b>	<b>\$ 1,100,190</b>	<b>\$ 858,466</b>	<b>\$ 3,097,884</b>

Pension expenses reported for the fiscal year were \$249,431 and (\$7,594) for the Florida Retirement System and the Florida Retirement System HIS plan, respectively. The Volunteer Firefighter's Pension Plan reported negative expense of \$222,913. Total combined pension expenses reported for the fiscal year were \$18,924.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 12 – Other Post Employment Benefits (OPEB)**

***Plan Description and Summary of Benefits***

The City provides retirees with the option to purchase health insurance from the City's single employer, experience rated health insurance plan (Plan) that provides medical benefits to active and eligible retirees at the City's group rate as mandated by Florida Statute 112.0801. This requirement creates an implicit rate subsidy benefit for the retirees' participation. Retirees are required to pay the full amount of the health insurance premium during their eligibility period. The plan does not issue a separate publicly available financial report.

*At September 30, 2020, the following employees were covered by the benefit terms:*

Inactive Plan Members, Dependent Spouses, or Beneficiaries Currently Receiving Benefits	4
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	434
Total Members	438

***Funding Policy***

The City has followed the pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses plus any addition to the reserve for accrued costs incurred but not yet reported, as determined as part of the insurance contract. The contribution requirements of Plan members are established annually by the City. The City pays any remaining required amounts after contributions of plan members are taken into account. Currently, retired members pay the full premium associated with the coverage elected; no direct City subsidy is applicable; however there is an implicit cost outlined below. Spouses and other dependents are also eligible for coverage, and the member is responsible for payment of the applicable premiums.

State of Florida law prohibits the City from separately rating retirees and active employees. The City therefore assigns both groups equal, blended-rate premiums. Although both groups are assigned the same blended rate premiums, GAAP requires actuarial liabilities to be calculated using age-adjusted premiums approximating claim costs for retirees separate from active members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 12 – Other Post Employment Benefits (OPEB) (Continued)**

***Total OPEB Liability***

The measurement date is September 30, 2019.

The measurement period for the OPEB expense is October 1, 2018 to September 30, 2019.

The reporting period is October 1, 2019 to September 30, 2020.

The Sponsor's Total OPEB Liability was measured as of September 30, 2019.

*Actuarial Assumptions:*

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2019 using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	4.00%
Discount Rate	3.58%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

Mortality rates were based on the RP-2000 mortality tables, projected to the valuation date with Improvement Scale AA.

*Discount Rate:*

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consist of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 12 – Other Post Employment Benefits (OPEB) (Continued)**

Changes in Total OPEB Liability

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending September 30, 2019	\$ 641,934
Changes for the Year:	
Service Cost	73,430
Interest	29,608
Differences Between Expected and Actual Experience	156,776
Changes in Assumptions	87,540
Benefit Payments	(14,222)
Net Changes	333,132
Reporting Period Ending September 30, 2020	\$ 975,066

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2019, to 3.58% for the reporting period ended September 30, 2020. Also reflected as assumption changes are the updated health care costs and premiums, updated health care cost trend rates, updated termination and retirement assumptions for General Plan participants, and updated mortality.

*Sensitivity of the Total OPEB Liability to changes in the Discount Rate:*

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 2.58%	Current Discount 3.58%	1% Increase 4.58%
Total OPEB Liability (asset)	\$ 1,063,025	\$ 975,066	\$ 893,821

*Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:*

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00% - 6.50%	Healthcare Cost Trend Rates 4.00% - 7.5%	1% Increase 5.00% - 8.50%
Total OPEB Liability (asset)	\$ 849,433	\$ 975,066	\$ 1,125,358

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 12 – Other Post Employment Benefits (OPEB) (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2020, the City recognized OPEB expense of \$99,773. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of	Deferred Inflows of
Differences Between Expected and Actual Experience	\$ 137,178	
Changes of assumptions	76,597	39,251
Employer Contributions Subsequent to the Measurement Date	31,689	
Total	\$ 245,464	\$ 39,251

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

Year ended September 30:	
2021	\$ 25,924
2022	25,924
2023	25,924
2024	25,924
2025	25,924
Thereafter	44,905

**Note 13 – Prepaid Water and Sewer Impact Fees**

The original developers of the City of Palm Coast collected impact fees to establish utility infrastructure. These amounts are considered a prepayment of current impact fees and are subtracted from the total impact fees due when a building lot is developed. As of September 30, 2020, the amount of prepaid impact fees is estimated to be \$16,958,297.



**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 14 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

The City is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the City; such loss has been accrued in the accompanying financial statements. No such losses have been accrued as of September 30, 2020. No litigation where loss to the City is reasonably possible and estimable exists as of September 30, 2020. However, the remote possibility exists of losses as it relates to a class action lawsuit related to the legality of red light cameras fines charged prior to July 1, 2010. The outcome of these and remaining claims cannot be determined at this time.

***Self Insurance Program***

The City is also exposed to risks for losses related to health and other medical benefits it provides to its employees. A self insurance program was created July 1, 2010 to handle these risks. The Self Insured Health Fund (internal service fund) was established to account for medical insurance claims of City employees and their covered dependents. Under this program, the fund provides the employee with an unlimited lifetime maximum benefit. Retention limits of \$150,000 for specific claims have been set. Commercial insurance for specific loss claims in excess of the coverage provided by the fund is supplied by Florida Blue at a monthly rate of up to \$85 per participating employee, and \$7 in the aggregate. The City has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing, and paying claims. Settled claims have not exceeded the excess insurance limits.

All funds of the City that carry employees participate in the program and make payments to the Self Insured Health Fund based on actuarial estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs.

A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As a result, a liability of \$933,841 is reported in the fund at September 30, 2020.

Changes in the fund's claims liability amount for fiscal years 2019 and 2020 were:

	2019	2020
<u>Changes in Claims Liability</u>		
Beginning fiscal year liability	\$ 380,292	\$ 330,463
Current year claims and changes in estimates	3,282,930	4,733,086
Claim payments	(3,332,759)	(4,129,708)
Balance at fiscal year end	\$ 330,463	\$ 933,841

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 15 - Old Kings Road Special Assessment**

During the fiscal year ended September 30, 2013, property owners within the Old King's Road Special Assessment District agreed to a repayment schedule for an interfund loan used to realign and widen a portion of Old King's Road. The interfund loan will be repaid from amounts levied against property owners within the district starting in fiscal year 2014. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment interfund loan. In the event that a deficiency exists because of unpaid or delinquent special assessments, the City can only utilize foreclosure proceeds to satisfy the special assessment. No other government resources can be used to cover any deficiencies. The interfund loan has an interest rate of 5%, with a 30 year amortization. The first three years of the agreement call for interest only, with the principal amortized over the remaining 26 years. The principal and any interest accrued can be paid in full at any time. The balance on the interfund loan was \$4,344,653 as of September 30, 2020.

In addition to the special assessment revenue, any transportation impact fees generated from this district are transferred to this fund to accumulate towards the next phase of the road widening project.

**Note 16 – Community Redevelopment Area (CRA)**

The City has established the SR100 Community Redevelopment Area special revenue fund to account for revenues and expenditures related to the SR100 community redevelopment area. The financial results of the CRA are presented as a blended component unit through use of a special revenue fund.

For the fiscal year ended September 30, 2020, the fund received \$1,296,849 in property tax revenue, a \$749,568 transfer from the general fund, \$21,000 in donations, and \$38,672 in investment income. The transfer included the City portion of the tax increment. Expenditures for the fiscal year were \$405,194 in administrative costs and \$934,349 for debt service.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 17 – Fund Balance Policy**

The City has enacted a policy establishing minimum levels of unassigned fund balance and unrestricted net position. The details of this policy are outlined below.

***General Fund***

Adjusted unassigned fund balance (includes nonspendable advances to other funds less next fiscal year appropriations, if any), at year end, will be between ten percent and twenty percent of the following year's budgeted expenditures. Adjusted unassigned fund balance over twenty percent may be transferred to the Disaster Reserve to meet funding goals, or to the Capital Projects Fund, if necessary. If the adjusted unassigned fund balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenditures to return the adjusted unassigned fund balance to ten percent or greater within three years. If economic conditions cause a temporary loss of revenue, the adjusted unassigned fund balance may be used to help alleviate the effects of the loss of revenue. If the adjusted unassigned fund balance exceeds ten percent of the following year's budgeted General Fund expenditures, up to fifty percent of the amount over the ten percent minimum may be used to offset the shortfall. At no time should the adjusted unassigned fund balance be used to offset a structural deficit since these types of deficiencies are considered to be permanent.

***Utility Fund***

Unrestricted net position, at year end, will be between ten percent and twenty percent of the following year's budgeted expenses. Unrestricted net position over twenty percent may be assigned to a rate stabilization fund or transferred to the Utility Capital Projects Fund for utility system renewal and replacement. If the unrestricted net position is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to ten percent or greater within three years.

***Stormwater Management Fund***

Unrestricted net position, at year end, will be between ten percent and twenty percent of the following year's budgeted expenses excluding capital expenditures. Unrestricted net position over twenty percent may be assigned for future system capital projects. If the unrestricted net position balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to ten percent or greater within three years.

***Solid Waste Fund***

Unrestricted net position, at year end, will be between ten percent and twenty percent of the following year's budgeted operating expenses. Unrestricted net position over twenty percent may be assigned to a rate stabilization fund. If the unrestricted net position is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to ten percent or greater within three years.

**City of Palm Coast, Florida**  
**Notes to Financial Statements – Continued**  
**September 30, 2020**

**Note 17 – Fund Balance Policy (Continued)**

***Disaster Reserve***

The Disaster Reserve is committed fund balance within the General Fund. This balance at year end will be at least two one hundredths percent (0.02%) of the just value of all property in the City on July 1 of that year. If this balance is below the minimum amount at year end, an additional amount should be committed from the General Fund unassigned fund balance in an amount sufficient to increase the Disaster Reserve above the minimum amount, within two years. The Disaster Reserve can be used to address specific and non-routine, unanticipated expenditures arising out of a hurricane, tornado, other major weather related events, and/or other massive infrastructure failures or other disasters, whether man-made or caused by nature, using emergency procedures as provided for in the City's Purchasing Policy.

***Self Insured Health Fund***

The Self Insured Health Fund unrestricted net position, at year end, will be a minimum of three months claims in order to be considered actuarially sound by the Florida Office of Insurance Regulation. Amounts in excess of this floor can be used to hedge against future cost increases. If the unrestricted net position is below this floor, a plan must be developed using increased premiums and/or a reductions in benefits to return unrestricted net position to the minimum level within three years.

***Fleet Fund***

The Fleet Fund unrestricted net position, at year end, will be a minimum of the total expected Fleet replacement cost divided by the average life of the Fleet. Amounts in excess of this floor can be used to hedge against future cost increases and Fleet expansion. If the unrestricted net position is below this floor, a plan must be developed using increased internal lease charges to return unrestricted net position to the minimum level within three years.

***Other Funds***

All other funds, including Special Revenue Funds, Capital Project Funds, and certain Nonmajor Enterprise Funds do not have a fund balance requirement. Fund balances in these funds are dictated by revenue sources and a schedule of capital projects.

**Note 18 - Subsequent Events**

**Water and Wastewater Utility Loans Refinancing**

Subsequent to year end, the City was able to refinance the bank loans with Ameris and CenterState. The City refinanced Series 2016 and Series 2017 loans, which resulted in a net savings, over the life of the loan, of \$2,198,339 and \$275,002 respectively.

**Note 19 - Risk and Uncertainties - COVID-19**

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of February 11, 2021, management believes that a material impact on the Association's financial position and results of future operations is reasonable possible.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Asset and Related Ratios**  
**Volunteer Firefighter's Pension Plan**  
**Last Eight Fiscal Years**

	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total pension liability								
Service cost	\$ 78,352	\$ 83,162	\$ 135,458	\$ 132,449	\$ 97,464	\$ 104,091	\$ 113,712	\$ 105,631
Interest	183,686	189,732	184,393	170,580	169,505	94,316	103,447	95,623
Change in excess State money	-	-	-	-	-	-	237,659	-
Share plan allocation	71,791	47,471	63,091	32,597	129,180	180,335	-	-
Differences between expected and actual experience	(35,681)	(123,444)	(45,171)	23,865	(57,517)	(65,491)	-	-
Changes of assumptions	160,053	-	-	-	185,644	-	-	-
Benefit payments, including refunds of employee contributions	(306,287)	(250,668)	(167,751)	(162,594)	(513,703)	(543,000)	(110,810)	(103,288)
Net change in total pension liability	151,914	(53,747)	170,020	196,897	10,573	(229,749)	344,008	97,966
Total pension liability - beginning	3,000,026	3,053,773	2,883,753	2,686,856	2,676,283	2,906,032	2,562,024	2,464,058
Total pension liability - ending (a)	\$ 3,151,940	\$ 3,000,026	\$ 3,053,773	\$ 2,883,753	\$ 2,686,856	\$ 2,676,283	\$ 2,906,032	\$ 2,562,024
Plan fiduciary net position								
Contributions - State	\$ 271,790	\$ 247,471	\$ 263,091	\$ 232,597	\$ 273,487	\$ 324,642	\$ 381,967	\$ 364,571
Net investment income	247,483	217,265	290,058	458,612	262,259	(6,801)	270,512	324,552
Benefit payments, including refunds of employee contributions	(306,287)	(250,668)	(167,751)	(162,594)	(513,703)	(543,000)	(110,810)	(103,288)
Administrative expenses	(27,793)	(29,343)	(29,020)	(25,393)	(29,092)	(41,443)	(60,987)	(25,630)
Net change in fiduciary net position	185,193	184,725	356,378	503,222	(7,049)	(266,602)	480,682	560,205
Plan fiduciary net position - beginning	4,581,418	4,396,693	4,040,315	3,537,093	3,544,142	3,810,744	3,330,062	2,769,857
Plan fiduciary net position - ending (b)	\$ 4,766,611	\$ 4,581,418	\$ 4,396,693	\$ 4,040,315	\$ 3,537,093	\$ 3,544,142	\$ 3,810,744	\$ 3,330,062
Net pension liability (asset) - ending (a) - (b)	\$ (1,614,671)	\$ (1,581,392)	\$ (1,342,920)	\$ (1,156,562)	\$ (850,237)	\$ (867,859)	\$ (904,712)	\$ (768,038)
Plan fiduciary net position as a percentage of total Pension liability	151.23%	152.71%	143.98%	140.11%	131.64%	132.43%	131.13%	129.98%

**NOTES TO SCHEDULE:**

Plan participants are volunteers, and there is no related payroll.

Information relating to this schedule is not available for prior years. Additional years' information will be displayed as it becomes available.

Ordinance 2015-10, adopted August 4, 2015, and effective March 3, 2015, amended the Reserve Amount utilized for the initialShare Plan allocation. A letter of no actuarial impact was submitted for this amendment.

Changes of assumptions:

For measurement date 09/30/20, amounts reported as changes of assumptions resulted from an actuarial experience study dated November 11, 2020. The Board adopted the following changes:

- The annual assumed rate of investment return was decreased from 7.0% to 6.0%, net of investment related expenses.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Millman's July 1, 2019 FRS valuation report for special risk employees.
- The assumption for retirement prior to Normal Retirement eligibility was removed.
- The assumed rates of withdrawal were updated to a service-based table to better align with plan experience.

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**Schedule of City Contributions**  
**Volunteer Fire Fighter's Pension Plan**  
**Last Eight Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 91,485	\$ 149,747	\$ 146,847	\$ 109,250	\$ 117,326	\$ 127,816	\$ 130,671	\$ 120,718
Contributions in Relation to the Actuarially Determined Contribution	200,000	200,000	200,000	200,000	144,307	127,816	130,671	120,718
Contribution Deficiency (Excess)	\$ (108,515)	\$ (50,253)	\$ (53,153)	\$ (90,750)	\$ (26,981)	-	-	-

**Notes to Schedule:**

Plan participants are volunteers, and there is no related payroll.

Information relating to this schedule is not available for prior years. Additional years' information will be displayed as it becomes available.

**Valuation Date: 10/01/2018**

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

**Asset Valuation Method:**

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce insignificant bias above or below Market Value.

**Interest Rate:**

6.00% per year, compounded annually, net of investment related expenses.

**Normal Retirement:**

The earlier of attainment of age 55 with 10 years of credited service service, age 52 with 25 years of credited service, or age 62 with 5 years of credited service. Also, any members who have reached Normal Retirement age are assumed to continue employment for one additional year.

**Early Retirement:**

Commencing with the attainment of Early Retirement Status (Age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5.00% per year.

**Mortality Rates:**

Healthy Lives: Female: PubS.H-2010 for employees, set forward one year.  
Male: PubS.H-2010 (below median) for employees, set forward one year.

Disabled Lives: 80% PubG.H-2010 for disabled retirees/20% PubS.H-2010 for disabled retirees.

**City of Palm Coast, Florida  
 Required Supplementary Information  
 Schedule of Investment Returns  
 Volunteer Fire Fighter's Pension Plan  
 Last Eight Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	5.57%	5.08%	7.30%	13.21%	8.02%	(0.18)%	8.26%	11.24%

**Notes to Schedule:**

Information relating to this schedule is not available for prior years. Additional years' information will be displayed as it becomes available.



**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of Net Pension Liability**  
**Florida Retirement System**  
**Last Seven Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.6340460%	0.0078830%	0.0094847%	0.0098446%	0.0099867%	0.0088135%	0.0915679%
City's proportionate share of the net pension liability (asset)	\$ 2,748,049	\$ 2,714,805	\$ 2,856,847	\$ 2,911,962	\$ 2,521,655	\$ 1,138,376	\$ 558,699
City's covered payroll	\$ 994,428	\$ 1,211,164	\$ 1,423,164	\$ 1,388,870	\$ 1,352,403	\$ 1,310,373	\$ 1,290,250
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	276.34%	224.15%	200.74%	209.66%	186.46%	86.87%	43.30%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of 6/30.

Information in this schedule is intended to display the last ten years, however, information is not available for prior years. Additional years' information will be displayed as it becomes available.

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**Schedule of City's Contributions**  
**Florida Retirement System**  
**Last Seven Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 254,800	\$ 295,920	\$ 345,629	\$ 336,187	\$ 306,073	\$ 272,830	\$ 257,211
Contributions in relation to the contractually required contribution	(254,800)	(295,920)	(345,629)	(336,187)	(306,073)	(272,830)	(257,211)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 964,922	\$ 1,108,967	\$ 1,411,714	\$ 1,405,980	\$ 1,408,009	\$ 1,336,518	\$ 1,301,010
Contributions as a percentage of covered payroll	26.41%	26.68%	24.48%	23.91%	21.74%	20.41%	19.77%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of 9/30.

Information in this schedule is intended to display the last ten years, however, information is not available for prior years. Additional years' information will be displayed as it becomes available.

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of Net Pension Liability**  
**Health Insurance Subsidy Program (HIS)**  
**Last Seven Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.002865193%	0.003620878%	0.004357290%	0.004357276%	0.004380861%	0.004319202%	0.004327487%
City's proportionate share of the net pension liability (asset)	\$ 349,835	\$ 405,140	\$ 461,181	\$ 465,900	\$ 510,571	\$ 440,491	\$ 404,631
City's covered payroll	\$ 994,428	\$ 1,211,164	\$ 1,423,164	\$ 1,388,870	\$ 1,352,403	\$ 1,310,373	\$ 1,290,250
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.18%	33.45%	32.41%	33.55%	37.75%	33.62%	31.36%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of 6/30.

Information in this schedule is intended to display the last ten years, however, information is not available for prior years. Additional years' information will be displayed as it becomes available.

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**Schedule of City's Contributions**  
**Health Insurance Subsidy (HIS)**  
**Last Seven Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 16,018	\$ 18,409	\$ 23,434	\$ 23,339	\$ 23,373	\$ 18,141	\$ 15,792
Contributions in relation to the contractually required contribution	(16,018)	(18,409)	(23,434)	(23,339)	(23,373)	(18,141)	(15,792)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 964,922	\$ 1,108,967	\$ 1,411,714	\$ 1,405,980	\$ 1,408,009	\$ 1,336,518	\$ 1,301,010
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.21%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of 9/30.

Information in this schedule is intended to display the last ten years, however, information is not available for prior years. Additional years' information will be displayed as it becomes available.

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**Post Employment Benefits Other Than Pension (OPEB)**  
**September 30, 2020**

	Reporting Period Ending Measurement Date	9/30/2020 9/30/2019	9/30/2019 9/30/2018	9/30/2018 9/30/2017
Total OPEB Liability				
Service Cost		\$ 73,430	\$ 75,634	\$ 78,295
Interest		29,608	23,674	18,191
Differences between Expected and Actual Experience		156,776	-	-
Changes of Assumptions		87,540	(25,491)	(25,291)
Benefit payments - implicit rate subsidy		(14,222)	(13,108)	(12,193)
Other Changes		-	-	-
Net change in total OPEB liability		333,132	60,709	59,002
Total OPEB liability - beginning		641,934	581,225	522,223
Total OPEB liability - ending		<u>\$ 975,066</u>	<u>\$ 641,934</u>	<u>\$ 581,225</u>
Covered Employee Payroll		\$ 22,007,785	\$ 20,718,160	\$ 19,155,104
Total OPEB liability as a percentage of covered employee payroll		4.43%	3.10%	3.03%

**Notes to Schedule:**

Valuation Date: September 30, 2019

Difference Between Expected and Actual Experience: Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2019.

Changes of assumptions: Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ended September 30, 2020	3.58%
Fiscal Year Ended September 30, 2019	4.18%
Fiscal Year Ended September 30, 2018	3.64%
Fiscal Year Ended September 30, 2017	3.06%

Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, updated termination and retirement assumptions for General Plan participants, and updated mortality.

Benefit Payments: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2020. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

Information in this schedule is intended to display the last ten years, however, information is not available for prior years. Additional years' information will be displayed as it becomes available.

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 28,037,548	\$ 28,136,670	\$ 28,304,355	\$ 167,685
Licenses and permits	205,650	210,650	216,086	5,436
Intergovernmental revenue	4,356,681	4,269,198	6,448,910	2,179,712
Charges for services	6,037,680	5,572,213	5,711,244	139,031
Fines and forfeitures	411,000	471,000	549,117	78,117
Investment earnings	163,500	304,500	460,501	156,001
Miscellaneous	49,600	27,250	60,927	33,677
Total revenues	39,261,659	38,991,481	41,751,140	2,759,659
<b>EXPENDITURES</b>				
Current:				
General government:				
Mayor and council	174,531	136,621	123,739	12,882
City administration	2,983,284	2,712,014	2,339,344	372,670
City attorney	542,331	640,579	589,686	50,893
Financial services	1,006,796	990,198	933,433	56,765
Community development	5,572,275	5,305,688	5,028,998	276,690
Nondepartmental	1,473,583	1,279,523	701,656	577,867
Total general government	11,752,800	11,064,623	9,716,856	1,347,767
Public safety:				
Fire	9,248,039	9,330,697	8,750,336	580,361
Law enforcement	3,680,784	3,680,784	3,680,784	-
Other public safety - COVID 19	-	356,100	218,619	137,481
Total public safety	12,928,823	13,367,581	12,649,739	717,842
Transportation and physical environment:				
Streets and drainage	7,476,390	7,269,002	6,463,876	805,126
Culture and recreation	6,791,497	6,113,548	5,426,527	687,021
Capital outlay:				
Public safety	24,000	103,600	92,391	11,209
Transportation and physical environment	-	16,239	16,239	-
Culture and recreation	-	13,200	13,143	57
Total expenditures	38,973,510	37,947,793	34,378,771	3,569,022
Excess (deficiency) of revenues over (under) expenditures	288,149	1,043,688	7,372,369	6,328,681
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	1,047,357	1,016,528	1,016,528	-
Transfer out	(1,389,526)	(2,062,606)	(2,062,606)	-
Total other financing sources (uses)	(342,169)	(1,046,078)	(1,046,078)	-
Net change in fund balance	(54,020)	(2,390)	6,326,291	6,328,681
Fund balance - beginning	13,390,266	13,390,266	13,390,266	-
Fund balance - ending	\$ 13,336,246	\$ 13,387,876	\$ 19,716,557	\$ 6,328,681

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**Streets Improvement Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,061,346	\$ 1,680,000	\$ 1,900,981	\$ 220,981
Intergovernmental revenue	713,417	649,000	690,656	41,656
Fines and forfeitures	-	-	-	-
Investment earnings	-	87,000	127,284	40,284
Total revenues	<u>2,774,763</u>	<u>2,416,000</u>	<u>2,718,921</u>	<u>302,921</u>
<b>EXPENDITURES</b>				
Current:				
Transportation and physical environment	5,845,000	3,447,623	3,541,215	(93,592)
Capital outlay:				
Transportation and physical environment	2,651,000	458,996	278,901	180,095
Total expenditures	<u>8,496,000</u>	<u>3,906,619</u>	<u>3,820,116</u>	<u>86,503</u>
Excess (deficiency) of revenues over (under) expenditures	(5,721,237)	(1,490,619)	(1,101,195)	(389,424)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	300,000	1,047,582	1,000,045	(47,537)
Total other financing sources (uses)	<u>300,000</u>	<u>1,047,582</u>	<u>1,000,045</u>	<u>(47,537)</u>
Net change in fund balance	(5,421,237)	(443,037)	(101,150)	341,887
Fund balance - beginning	<u>6,025,169</u>	<u>6,025,169</u>	<u>6,025,169</u>	<u>-</u>
Fund balance - ending	<u>\$ 603,932</u>	<u>\$ 5,582,132</u>	<u>\$ 5,924,019</u>	<u>\$ 341,887</u>

**City of Palm Coast, Florida**  
**Required Supplementary Information**  
**SR100 CRA Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,285,945	\$ 1,296,849	\$ 1,296,849	\$ -
Investment earnings	18,000	21,000	38,672	17,672
Miscellaneous	-	21,000	21,000	-
<b>Total revenues</b>	<b>1,303,945</b>	<b>1,338,849</b>	<b>1,356,521</b>	<b>17,672</b>
<b>EXPENDITURES</b>				
Current:				
Transportation and physical environment	403,399	333,899	269,207	64,692
Capital outlay:				
Transportation and physical environment	698,016	1,737,034	135,987	1,601,047
Debt service:				
Principal	722,000	722,000	722,000	-
Interest and other	212,540	212,540	212,349	191
<b>Total expenditures</b>	<b>2,035,955</b>	<b>3,005,473</b>	<b>1,339,543</b>	<b>1,665,930</b>
Excess (deficiency) of revenues over (under) expenditures	(732,010)	(1,666,624)	16,978	(1,683,602)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	732,010	749,568	749,568	-
<b>Total other financing sources (uses)</b>	<b>732,010</b>	<b>749,568</b>	<b>749,568</b>	<b>-</b>
Net change in fund balance	-	(917,056)	766,546	1,683,602
Fund balance - beginning	917,056	917,056	917,056	-
Fund balance - ending	<b>\$ 917,056</b>	<b>\$ -</b>	<b>\$ 1,683,602</b>	<b>\$ 1,683,602</b>



**City of Palm Coast, Florida**  
**Notes to Required Supplementary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, SR100 CRA special revenue fund, and the transportation impact fee capital projects fund. Encumbrance accounting is employed. Unexpended and unencumbered appropriations lapse at the end of the fiscal year and may be reappropriated in the ensuing year.



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**COMBINING NONMAJOR GOVERNMENTAL AND OTHER INDIVIDUAL  
FUND  
STATEMENTS AND SCHEDULES**



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## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Capital Projects Fund** – This fund accounts for small county surtax, a portion of property taxes and grant revenues for the construction of public safety, recreational, and transportation related public projects.

**Transportation Impact Fee Fund** - This fund accounts for impact fees collected for the purpose of funding expenditures for the expansion of road capacity.

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Police Education Fund** -This fund accounts for the costs of educational expenses for police officers. Revenues come from fines and forfeitures.

**Neighborhood Stabilization Fund** -This fund accounts for the acquisition and rehabilitation of homes for sale and lease to individuals and families as part of the grant under the Neighborhood Stabilization Program.

**Old Kings Road Special Assessment Fund** -This fund accounts for the collection and disbursement of special assessments for the widening and realignment of Old Kings Road.

**CDBG Fund** -This fund accounts for Community Development Block Grant programs. These include housing rehab programs, and an annual entitlement grant.

## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Recreation Impact Fee Fund** -This fund accounts for fees collected from new development for the purpose of funding capital costs related to park land acquisition and improvements, and to track the related expenditures.

**Fire Impact Fee Fund** -This fund accounts for fees collected from new development for the purpose of funding capital costs related to expanding fire services, and to track the related expenditures.



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**City of Palm Coast, Florida**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,255,395	\$ 2,441,546	\$ 3,280,872	\$ 839,326
Intergovernmental revenue	323,047	332,929	324,529	(8,400)
Investment earnings	-	85,000	148,200	63,200
Miscellaneous	-	136,286	136,286	-
Total revenues	<u>3,578,442</u>	<u>2,995,761</u>	<u>3,889,887</u>	<u>894,126</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	6,243	6,243	-
Culture and recreation	-	23,091	23,091	-
Capital outlay:				
General government	1,905,000	1,694,250	1,311,222	383,028
Culture and recreation	6,025,000	5,569,598	4,758,368	811,230
Total expenditures	<u>7,930,000</u>	<u>7,293,182</u>	<u>6,098,924</u>	<u>1,194,258</u>
Excess (deficiency) of revenues over (under) expenditures	(4,351,558)	(4,297,421)	(2,209,037)	(2,088,384)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	804,220	702,686	702,686	-
Transfer out	(300,000)	-	-	-
Total other financing sources (uses)	<u>504,220</u>	<u>702,686</u>	<u>702,686</u>	<u>-</u>
Net change in fund balance	(3,847,338)	(3,594,735)	(1,506,351)	2,088,384
Fund balance - beginning	8,493,609	8,493,609	8,493,609	-
Fund balance - ending	<u>\$ 4,646,271</u>	<u>\$ 4,898,874</u>	<u>\$ 6,987,258</u>	<u>\$ 2,088,384</u>

**City of Palm Coast, Florida**  
**Transportation Impact Fee Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ 6,870,513	\$ 1,870,513	\$ 695,221	\$ (1,175,292)
Impact fees	2,000,000	2,401,710	2,853,349	451,639
Investment earnings	-	79,500	149,033	69,533
Total revenues	8,870,513	4,351,723	3,697,603	(654,120)
<b>EXPENDITURES</b>				
Current:				
Transportation and physical environment	-	1,990,049	4,311	1,985,738
Capital outlay:				
Transportation and physical environment	11,470,513	1,719,092	1,714,020	5,072
Total expenditures	11,470,513	3,709,141	1,718,331	1,990,810
Excess (deficiency) of revenues over (under) expenditures	(2,600,000)	642,582	1,979,272	(1,336,690)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	(100,000)	(642,582)	(632,851)	9,731
Total other financing sources (uses)	(100,000)	(642,582)	(632,851)	9,731
Net change in fund balance	(2,700,000)	-	1,346,421	1,346,421
Fund balance - beginning	6,070,629	6,070,629	6,070,629	-
Fund balance - ending	\$ 3,370,629	\$ 6,070,629	\$ 7,417,050	\$ 1,346,421



**City of Palm Coast, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2020**

	Special Revenue Funds				Capital Projects			Total Nonmajor Governmental Funds
	Police Education Fund	Neighborhood Stabilization Fund	OKR Special Assessment Fund	CDBG Fund	Recreation Impact Fee Fund	Fire Impact Fee Fund		
<b>ASSETS</b>								
Equity in pooled cash and investments	\$ 5,906	\$ 66,264	\$ 988,494	\$ 66,592	\$ 1,012,708	\$ 1,612,771	\$	3,732,735
Special assessment receivable - net	-	-	4,344,653	-	-	-	-	4,344,653
Due from other governments	-	-	1,615	53,745	1,435	-	-	56,795
Total assets	\$ 5,906	\$ 66,264	\$ 5,314,762	\$ 120,337	\$ 1,014,143	\$ 1,612,771	\$	8,134,183
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	2,763	60,337	\$ 36,567	\$ -	\$ -	99,667
Due to other governments	2,575	-	-	-	-	-	-	2,575
Unearned revenue	-	-	-	60,000	-	-	-	60,000
Advances from other funds	-	-	4,344,653	-	-	-	-	4,344,653
Total liabilities	2,575	-	4,347,416	120,337	36,567	-	-	4,506,895
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - special assessments	-	-	4,239,203	-	-	-	-	4,239,203
Total deferred inflows of resources	-	-	4,239,203	-	-	-	-	4,239,203
<b>FUND BALANCES</b>								
Restricted for								
Public safety	3,331	-	-	-	-	1,612,771	-	1,616,102
Parks and recreation	-	-	-	-	977,576	-	-	977,576
Grants	-	66,264	-	-	-	-	-	66,264
Unassigned	-	-	(3,271,857)	-	-	-	-	(3,271,857)
Total fund balances (deficits)	3,331	66,264	(3,271,857)	-	977,576	1,612,771	(611,915)	(611,915)
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,906	\$ 66,264	\$ 5,314,762	\$ 120,337	\$ 1,014,143	\$ 1,612,771	\$	8,134,183

**City of Palm Coast, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds				Capital Projects			Total Nonmajor Governmental Funds
	Police Education Fund	Neighborhood Stabilization Fund	OKR Special Assessment Fund	CDBG Fund	Recreation Impact Fee Fund	Fire Impact Fee Fund		
<b>REVENUES</b>								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 317,357	\$ 38,769	\$ -	\$ -	\$ 356,126
Special assessments	-	-	336,329	-	-	-	-	336,329
Fines and forfeitures	7,602	-	-	-	-	-	-	7,602
Impact fees	-	-	-	-	1,019,379	370,639	-	1,390,018
Investment earnings	129	-	20,120	-	19,201	29,649	-	69,099
Total Revenues	7,731	-	356,449	317,357	1,077,349	400,288	-	2,159,174
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	297,381	-	-	-	297,381
Transportation and physical environment	-	-	32,498	-	-	-	-	32,498
Public safety	7,075	-	-	19,976	-	18,090	-	45,141
Culture and recreation	-	-	-	-	11,606	-	-	11,606
Capital Outlay:								
Culture and recreation	-	-	-	-	186,620	-	-	186,620
Debt Service:								
Interest and other	-	-	224,541	-	-	-	-	224,541
Total Expenditures	7,075	-	257,039	317,357	198,226	18,090	-	797,787
Excess (deficiency) of revenues over (under) expenses	656	-	99,410	-	879,123	382,198	-	1,361,387
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	307,806	-	-	-	-	307,806
Transfers out	-	-	-	-	(702,686)	-	-	(702,686)
Total other financing sources (uses)	-	-	307,806	-	(702,686)	-	-	(394,880)
Net change in fund balances	656	-	407,216	-	176,437	382,198	-	966,507
Fund balances (deficits) - beginning	2,675	66,264	(3,679,073)	-	801,139	1,230,573	-	(1,578,422)
Fund balances (deficits) - ending	\$ 3,331	\$ 66,264	\$ (3,271,857)	\$ -	\$ 977,576	\$ 1,612,771	\$ -	\$ (611,915)

**City of Palm Coast, Florida**  
**Police Education**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	<b>Original Budgeted Amount</b>	<b>Final Budgeted Amount</b>	<b>Actual Amount</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ 5,000	\$ 7,000	\$ 7,602	\$ 602
Investment earnings	-	75	129	54
Total revenues	5,000	7,075	7,731	656
<b>EXPENDITURES</b>				
Current:				
Public safety	6,419	7,075	7,075	-
Total expenditures	6,419	7,075	7,075	-
Net change in fund balance	(1,419)	-	656	656
Fund balance - beginning	2,675	2,675	2,675	-
Fund balance - ending	\$ 1,256	\$ 2,675	\$ 3,331	\$ 656

**City of Palm Coast, Florida**  
**Neighborhood Stabilization**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	66,264	66,264	-
Fund balance - ending	\$ -	\$ 66,264	\$ 66,264	\$ -

**City of Palm Coast, Florida**  
**OKR Special Assessment Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Special assessments	\$ 326,002	\$ 326,002	\$ 336,329	\$ 10,327
Investment earnings	-	11,500	20,120	8,620
Total revenues	326,002	337,502	356,449	18,947
<b>EXPENDITURES</b>				
Current:				
Transportation and physical environment	100,000	281,500	32,498	249,002
Debt service:				
Interest and other	326,002	326,002	224,541	101,461
Total expenditures	426,002	607,502	257,039	350,463
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(270,000)	99,410	(369,410)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	270,000	307,806	37,806
Total other financing sources (uses)	100,000	270,000	307,806	37,806
Net change in fund balance	-	-	407,216	407,216
Fund balance - beginning	(3,679,073)	(3,679,073)	(3,679,073)	-
Fund balance - ending	\$ (3,679,073)	\$ (3,679,073)	\$ (3,271,857)	\$ 407,216

**City of Palm Coast, Florida**  
**CDBG Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	<b>Original Budgeted Amount</b>	<b>Final Budgeted Amount</b>	<b>Actual Amount</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental revenue	\$ 822,817	\$ 412,112	\$ 317,357	\$ (94,755)
Total revenues	822,817	412,112	317,357	(94,755)
<b>EXPENDITURES</b>				
Current:				
General government	822,817	297,412	297,381	31
Public safety	-	114,700	19,976	94,724
Total expenditures	822,817	412,112	317,357	94,755
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

**City of Palm Coast, Florida**  
**Recreation Impact Fee**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ 1,339,750	\$ 38,769	\$ 38,769	\$ -
Impact fees	818,644	699,774	1,019,379	319,605
Investment earnings	-	12,000	19,201	7,201
Total revenues	<u>2,158,394</u>	<u>750,543</u>	<u>1,077,349</u>	<u>326,806</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	12,500	12,500	11,606	894
Capital outlay:				
Culture and recreation	1,827,500	248,000	186,620	61,380
Total expenditures	<u>1,840,000</u>	<u>260,500</u>	<u>198,226</u>	<u>62,274</u>
Excess (deficiency) of revenues over (under) expenditures	318,394	490,043	879,123	(389,080)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	(804,220)	(702,686)	(702,686)	-
Total other financing sources (uses)	<u>(804,220)</u>	<u>(702,686)</u>	<u>(702,686)</u>	<u>-</u>
Net change in fund balance	(485,826)	(212,643)	176,437	389,080
Fund balance - beginning	<u>801,139</u>	<u>801,139</u>	<u>801,139</u>	<u>-</u>
Fund balance - ending	<u>\$ 315,313</u>	<u>\$ 588,496</u>	<u>\$ 977,576</u>	<u>\$ 389,080</u>

**City of Palm Coast, Florida**  
**Fire Impact Fee**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2020**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Impact fees	\$ 209,325	\$ 275,000	\$ 370,639	\$ 95,639
Investment earnings	-	15,500	29,649	14,149
Total revenues	209,325	290,500	400,288	109,788
<b>EXPENDITURES</b>				
Public safety	209,325	290,500	18,090	272,410
Total expenditures	209,325	290,500	18,090	272,410
Net change in fund balance	-	-	382,198	382,198
Fund balance - beginning	1,230,573	1,230,573	1,230,573	-
Fund balance - ending	\$ 1,230,573	\$ 1,230,573	\$ 1,612,771	\$ 382,198



**COMBINING NONMAJOR ENTERPRISE  
FUND STATEMENTS**



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## NONMAJOR ENTERPRISE FUNDS

Enterprise Funds account for the functions that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges, or where the City has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

***Building Permits Fund*** -This fund accounts for the operations and enforcement of State and local building regulations financed primarily by user fees.

***Information Technology (IT) Fund*** -This fund accounts for the fiber optic network and wireless communications provided to external users and is financed by user fees.

**City of Palm Coast, Florida**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**September 30, 2020**

	<b>Business-type Activities-Enterprise Funds</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Building Permits Fund</b>	<b>Information Technology Fund</b>	
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and investments	\$ 4,341,334	\$ 1,142,481	\$ 5,483,815
Accounts receivable - net	100	176,003	176,103
Due from other governments	16,023	5,248	21,271
Prepaid items	-	46,294	46,294
Total current assets	<u>4,357,457</u>	<u>1,370,026</u>	<u>5,727,483</u>
Noncurrent assets:			
Capital assets:			
Infrastructure	-	4,903,481	4,903,481
Equipment	45,858	341,217	387,075
Less accumulated depreciation	<u>(20,407)</u>	<u>(2,929,149)</u>	<u>(2,949,556)</u>
Total noncurrent assets	<u>25,451</u>	<u>2,315,549</u>	<u>2,341,000</u>
Total assets	<u>4,382,908</u>	<u>3,685,575</u>	<u>8,068,483</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows-OPEB	12,648	-	12,648
Total deferred outflows of resources	<u>12,648</u>	<u>-</u>	<u>12,648</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 81,866	\$ 37,952	\$ 119,818
Due to other governments	11,614	-	11,614
Compensated absences	56,896	-	56,896
Accrued liabilities	40,853	-	40,853
Unearned revenue	-	148,030	148,030
Total current liabilities	<u>191,229</u>	<u>185,982</u>	<u>377,211</u>
Noncurrent liabilities:			
Compensated absences	139,754	-	139,754
Total OPEB liability	17,593	-	17,593
Total noncurrent liabilities	<u>157,347</u>	<u>-</u>	<u>157,347</u>
Total liabilities	<u>348,576</u>	<u>185,982</u>	<u>534,558</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows-OPEB	2,022	-	2,022
Total deferred inflows of resources	<u>2,022</u>	<u>-</u>	<u>2,022</u>
<b>NET POSITION</b>			
Net investment in capital assets	25,451	2,315,549	2,341,000
Unrestricted	4,019,507	1,184,044	5,203,551
Total net position	<u>\$ 4,044,958</u>	<u>\$ 3,499,593</u>	<u>\$ 7,544,551</u>

**City of Palm Coast, Florida**  
**Combining Statement of Revenues, Expenses, and Change in Net Position**  
**Nonmajor Proprietary Funds**  
**For the Year Ended September 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Building Permits Fund</b>	<b>Information Technology Fund</b>	
<b>OPERATING REVENUES</b>			
Charges for Services:			
Building permit and inspection charges	\$ 2,269,619	\$ -	\$ 2,269,619
Fiber and cell tower charges	-	639,219	639,219
Total operating revenues	<u>2,269,619</u>	<u>639,219</u>	<u>2,908,838</u>
<b>OPERATING EXPENSES</b>			
Building permits and inspections	2,368,397	-	2,368,397
Fiber and cell tower	-	352,592	352,592
Depreciation	15,286	245,591	260,877
Total operating expenses	<u>2,383,683</u>	<u>598,183</u>	<u>2,981,866</u>
Operating income (loss)	<u>(114,064)</u>	<u>41,036</u>	<u>(73,028)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment revenue	93,302	21,560	114,862
Intergovernmental revenue	18,314	3,729	22,043
Total nonoperating revenues (expenses)	<u>111,616</u>	<u>25,289</u>	<u>136,905</u>
Income (loss) before contributions and transfers	<u>(2,448)</u>	<u>66,325</u>	<u>63,877</u>
<b>TRANSFERS AND CONTRIBUTIONS</b>			
Transfers out	(64,578)	(18,555)	(83,133)
Total transfers and contributions	<u>(64,578)</u>	<u>(18,555)</u>	<u>(83,133)</u>
Change in net position	<u>(67,026)</u>	<u>47,770</u>	<u>(19,256)</u>
<b>NET POSITION</b>			
Net position - beginning of year	4,111,984	3,451,823	7,563,807
Net position - end of year	<u>\$ 4,044,958</u>	<u>\$ 3,499,593</u>	<u>\$ 7,544,551</u>

**City of Palm Coast, Florida**  
**Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended September 30, 2020**

	<b>Business-type Activities-Nonmajor Enterprise Funds</b>		
	<b>Building Permits Fund</b>	<b>Information Technology Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,269,619	\$ 640,243	\$ 2,909,862
Cash paid to suppliers	(1,181,659)	(268,434)	(1,450,093)
Cash paid to employees	(1,123,209)	(130,635)	(1,253,844)
Net cash provided by (used in) operating activities	(35,249)	241,174	205,925
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out to other funds	(64,578)	(18,555)	(83,133)
Intergovernmental revenue	2,291	(1,519)	772
Net cash provided by (used in) noncapital financing activities	(62,287)	(20,074)	(82,361)
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Loan principal payments	-	-	-
Acquisition and construction of property, plant and equipment	-	(67,395)	(67,395)
Net cash provided by (used in) capital and related financing activities	-	(67,395)	(67,395)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	93,302	21,560	114,862
Net cash provided by (used in) investing activities	93,302	21,560	114,862
Net increase (decrease) in cash and cash equivalents	(4,234)	175,265	171,031
Beginning cash and cash equivalents	4,345,568	967,216	5,312,784
Ending cash and cash equivalents	\$ 4,341,334	\$ 1,142,481	\$ 5,483,815

(continued)

**City of Palm Coast, Florida**  
**Statement of Cash Flows (continued)**  
**Nonmajor Enterprise Funds**  
**For the Year Ended September 30, 2020**

	<b>Business-type Activities-Nonmajor Enterprise Funds</b>		
	<b>Building Permits Fund</b>	<b>Information Technology Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (114,064)	\$ 41,036	\$ (73,028)
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	15,286	245,591	260,877
Change in assets and liabilities:			
Accounts receivable	-	(95,223)	(95,223)
Prepays	5,913	(41,869)	(35,956)
Accounts payable	26,034	1,699	27,733
Accrued liabilities	(7,821)	(3,248)	(11,069)
Customer deposits	-	96,246	96,246
Compensated absences	39,403	(3,058)	36,345
Net cash provided by (used in) operating activities	<u>\$ (35,249)</u>	<u>\$ 241,174</u>	<u>\$ 205,925</u>
<b>CASH AND CASH EQUIVALENTS CLASSIFIED AS:</b>			
Equity in pooled cash and investments in current assets	<u>4,341,334</u>	<u>1,142,481</u>	<u>5,483,815</u>
Total cash and cash equivalents	<u>\$ 4,341,334</u>	<u>\$ 1,142,481</u>	<u>\$ 5,483,815</u>

The notes to the financial statements are an integral part of this statement.



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## **INTERNAL SERVICE FUNDS**

## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

***Fleet Management Fund*** -This fund is used to account for the leasing of motor vehicles and heavy equipment to other departments as well as related maintenance and replacement costs.

***Self Insured Health Fund*** -This fund accounts for the management and allocation of costs associated with the self-insured health benefits program for eligible employees and their dependents.

***Information Technology Fund*** -This fund accounts for the information technology allocation to City departments.

**City of Palm Coast, Florida**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2020**

	<u>Internal Service Funds</u>			
	<u>Self Insured Health Fund</u>	<u>Information Technology</u>	<u>Fleet Fund</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments	\$ 5,005,467	\$ 1,165,684	\$ 9,462,960	\$ 15,634,111
Accounts receivable - net	202,749	-	1,311	204,060
Inventories	-	-	25,575	25,575
Prepaid items	-	42,887	-	42,887
Due from other governments	-	-	1,496	1,496
Total current assets	<u>5,208,216</u>	<u>1,208,571</u>	<u>9,491,342</u>	<u>15,908,129</u>
Noncurrent assets:				
Capital assets:				
Building and improvements other than buildings				
	-	-	1,097,144	1,097,144
Infrastructure	-	13,176	-	13,176
Equipment	-	1,238,186	25,531,589	26,769,775
Less accumulated depreciation	-	(1,089,919)	(13,284,116)	(14,374,035)
Total noncurrent assets	<u>-</u>	<u>161,443</u>	<u>13,344,617</u>	<u>13,506,060</u>
Deferred outflows of resources				
Deferred Outflows-OPEB	-	5,561	6,712	12,273
Total deferred outflows of resources	<u>-</u>	<u>5,561</u>	<u>6,712</u>	<u>12,273</u>
Total assets and deferred outflows	<u>\$ 5,208,216</u>	<u>\$ 1,375,575</u>	<u>\$ 22,842,671</u>	<u>\$ 29,426,462</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ -	\$ 134,077	\$ 121,471	\$ 255,548
Claims payable	933,841	-	-	933,841
Compensated absences	-	34,890	40,262	75,152
Accrued liabilities	-	32,729	23,502	56,231
Total current liabilities	<u>933,841</u>	<u>201,696</u>	<u>185,235</u>	<u>1,320,772</u>
Noncurrent liabilities:				
Compensated absences	-	151,750	72,610	224,360
Total OPEB liability	-	12,785	15,748	28,533
Total noncurrent liabilities	<u>-</u>	<u>164,535</u>	<u>88,358</u>	<u>252,893</u>
Deferred inflows of resources				
Deferred Inflows-OPEB	-	889	1,073	1,962
Total deferred inflows of resources	<u>-</u>	<u>889</u>	<u>1,073</u>	<u>1,962</u>
Total liabilities and deferred inflows	<u>933,841</u>	<u>367,120</u>	<u>274,666</u>	<u>1,575,627</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	161,443	13,344,617	13,506,060
Unrestricted	4,274,375	847,012	9,223,388	14,344,775
Total net position	<u>\$ 4,274,375</u>	<u>\$ 1,008,455</u>	<u>\$ 22,568,005</u>	<u>\$ 27,850,835</u>

**City of Palm Coast, Florida**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended September 30, 2020**

	Internal Service Funds			Total Internal Service Funds
	Self Insured Health Fund	Information Technology	Fleet Fund	
<b>OPERATING REVENUES</b>				
Charges for services:				
Risk management	\$ 4,844,332	\$ -	\$ -	\$ 4,844,332
Information technology	-	3,291,388	-	3,291,388
Fleet management	-	-	6,107,192	6,107,192
Total operating revenues	4,844,332	3,291,388	6,107,192	14,242,912
<b>OPERATING EXPENSES</b>				
Administrative	5,397,086	2,713,430	3,130,770	11,241,286
Depreciation	-	100,567	2,548,858	2,649,425
Total operating expenses	5,397,086	2,813,997	5,679,628	13,890,711
Operating income (loss)	(552,754)	477,391	427,564	352,201
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	101,394	16,642	185,113	303,149
Other	60,000	-	577,699	637,699
Total nonoperating revenues (expenses)	161,394	16,642	762,812	940,848
Income (loss) before capital contributions and transfers	(391,360)	494,033	1,190,376	1,293,049
<b>TRANSFERS AND CONTRIBUTIONS</b>				
Transfers in	-	58,115	2,015,737	2,073,852
Total transfers and contributions	-	58,115	2,015,737	2,073,852
Change in net position	(391,360)	552,148	3,206,113	3,366,901
<b>NET POSITION</b>				
Net position - beginning of year	4,665,735	456,307	19,361,892	24,483,934
Net position - ending	\$ 4,274,375	\$ 1,008,455	\$ 22,568,005	\$ 27,850,835

**City of Palm Coast, Florida**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2020**

	Internal Service Funds			
	Self Insured Health Fund	Information Technology	Fleet Fund	Total Internal Services Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ -	\$ -	\$ 21,618	\$ 21,618
Cash received interfund charges	4,844,332	3,291,388	6,086,713	14,222,433
Cash paid to suppliers	(5,002,649)	(1,463,919)	(2,525,010)	(8,991,578)
Cash paid to employees	(35,756)	(1,157,508)	(665,796)	(1,859,060)
Net cash provided by (used in) operating activities	(194,073)	669,961	2,917,525	3,393,413
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer in from other funds	-	58,115	2,015,737	2,073,852
Net cash provided by (used in) noncapital financing activities	-	58,115	2,015,737	2,073,852
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of property, plant and equipment	-	(53,724)	(5,512,303)	(5,566,027)
Proceeds from the sale of capital assets	-	-	496,699	496,699
Impact fees and contributions	60,000	-	-	60,000
Net cash provided by (used in) capital and related financing activities	60,000	(53,724)	(5,015,604)	(5,009,328)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest on investments	101,394	16,642	185,113	303,149
Net cash provided by (used in) investing activities	101,394	16,642	185,113	303,149
Net increase (decrease) in cash and cash equivalents	(32,679)	690,994	102,771	761,086
Beginning cash and cash equivalents	5,038,146	474,690	9,360,189	14,873,025
Ending cash and cash equivalents	\$ 5,005,467	\$ 1,165,684	\$ 9,462,960	\$ 15,634,111

(continued)

**City of Palm Coast, Florida**  
**Combining Statement of Cash Flows (continued)**  
**Internal Service Funds**  
**For the Year Ended September 30, 2020**

	Internal Service Funds			
	Self Insured Health Fund	Information Technology	Fleet Fund	Total Internal Services Fund
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (552,754)	\$ 477,391	\$ 427,564	\$ 352,201
Adjustment to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	-	100,567	2,548,858	2,649,425
Change in assets and liabilities:				
Accounts receivable	(199,051)	-	1,139	(197,912)
Inventories	-	-	(7,623)	(7,623)
Prepays	-	(15,915)	16,757	842
Accounts payable	557,732	57,013	(84,431)	530,314
Accrued liabilities	-	8,123	1,076	9,199
Compensated absences	-	42,782	14,185	56,967
Net cash provided by (used in) operating activities	<u>\$ (194,073)</u>	<u>\$ 669,961</u>	<u>\$ 2,917,525</u>	<u>\$ 3,393,413</u>
<b>CASH AND CASH EQUIVALENTS CLASSIFIED AS:</b>				
Equity in pooled cash and investments in current assets	<u>\$ 5,005,467</u>	<u>\$ 1,165,684</u>	<u>\$ 9,462,960</u>	<u>\$ 15,634,111</u>
Total cash and cash equivalents	<u>\$ 5,005,467</u>	<u>\$ 1,165,684</u>	<u>\$ 9,462,960</u>	<u>\$ 15,634,111</u>

The notes to the financial statements are an integral part of this statement.

## Statistical Section

This section of the City of Palm Coast's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	151
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	160
<b>Revenue Capacity</b> These Schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes	164
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments	165
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information related to the services the City's provides and the activities it performs.	167

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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**Schedule 1**  
**City of Palm Coast, Florida**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 306,530,353	\$ 303,986,665	\$ 298,779,350	\$ 298,494,964	\$ 315,591,311	\$ 317,474,371	\$ 330,790,898	\$ 325,234,671	\$ 320,293,833	\$ 318,406,337
Restricted	1,097,652	840,001	1,184,424	1,130,224	5,649,144	5,537,610	7,954,237	10,380,209	20,215,344	21,279,462
Unrestricted	11,900,257	8,897,658	20,677,222	25,117,904	14,936,982	16,599,453	15,460,677	18,980,907	23,371,095	29,593,644
<b>Total governmental activities net position</b>	<b>\$ 319,528,262</b>	<b>\$ 313,724,324</b>	<b>\$ 320,640,996</b>	<b>\$ 324,743,092</b>	<b>\$ 336,177,437</b>	<b>\$ 339,611,434</b>	<b>\$ 354,205,812</b>	<b>\$ 354,595,787</b>	<b>\$ 363,880,272</b>	<b>\$ 369,279,443</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 68,014,427	\$ 68,131,604	\$ 69,651,643	\$ 68,945,922	\$ 67,519,973	\$ 72,761,895	\$ 84,435,596	\$ 83,318,005	\$ 87,229,370	\$ 101,563,856
Restricted	13,716,132	13,833,001	6,755,775	11,786,243	12,845,451	14,009,367	15,456,945	21,774,289	24,459,578	25,558,922
Unrestricted	(1,025,888)	10,224,350	11,992,822	16,839,256	20,147,467	25,308,480	25,844,539	31,029,417	35,078,778	38,826,694
<b>Total business-type activities net position</b>	<b>\$ 80,704,671</b>	<b>\$ 92,188,955</b>	<b>\$ 88,400,240</b>	<b>\$ 97,571,421</b>	<b>\$ 100,512,891</b>	<b>\$ 112,079,742</b>	<b>\$ 125,737,080</b>	<b>\$ 136,121,711</b>	<b>\$ 146,767,726</b>	<b>\$ 165,969,472</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 374,544,780	\$ 372,118,269	\$ 368,430,993	\$ 367,440,886	\$ 383,111,284	\$ 390,236,266	\$ 415,226,494	\$ 408,552,676	\$ 407,523,203	\$ 419,990,193
Restricted	14,813,784	14,673,002	7,940,199	12,916,467	18,494,595	19,546,977	23,411,182	32,154,498	44,674,922	46,838,384
Unrestricted	10,874,369	19,122,008	32,670,044	41,957,160	35,084,449	41,907,933	41,305,216	50,010,324	58,449,873	68,420,338
<b>Total primary government net position</b>	<b>\$ 400,232,933</b>	<b>\$ 405,913,279</b>	<b>\$ 409,041,236</b>	<b>\$ 422,314,513</b>	<b>\$ 436,690,328</b>	<b>\$ 451,691,176</b>	<b>\$ 479,942,892</b>	<b>\$ 490,717,498</b>	<b>\$ 510,647,998</b>	<b>\$ 535,248,915</b>

(1) The City was required to fund a bond debt service reserve in the utility fund during the year.

Schedule 2  
City of Palm Coast, Florida  
Changes in Net Position,  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities:</b>										
General government	\$ 6,910,244	\$ 5,867,359	\$ 6,683,303	\$ 5,898,666	\$ 5,380,359	\$ 3,471,694	\$ 5,435,785	\$ 5,956,629	\$ 6,642,183	\$ 7,149,206
Public safety	10,653,813	10,144,341	10,874,585	11,032,501	10,522,359	11,013,862	11,332,196	12,187,040	12,636,325	13,391,373
Transportation and physical environment	13,325,228	13,333,183	13,932,669	14,212,159	15,752,135	17,579,791	21,427,067	20,028,562	17,229,235	21,314,827
Culture and recreation	2,904,535	3,072,489	3,092,100	3,191,985	5,462,980	6,136,059	6,202,008	7,000,755	7,503,004	7,449,374
Interest on long-term debt	698,126	652,050	519,669	676,742	604,034	578,231	523,790	484,548	461,489	436,890
<b>Total governmental activities expenses</b>	<b>\$ 34,491,946</b>	<b>\$ 33,069,422</b>	<b>\$ 35,102,326</b>	<b>\$ 35,012,053</b>	<b>\$ 37,721,867</b>	<b>\$ 38,779,637</b>	<b>\$ 44,920,846</b>	<b>\$ 45,657,534</b>	<b>\$ 44,472,236</b>	<b>\$ 49,741,670</b>
<b>Business-type activities:</b>										
Utility	31,205,110	30,545,189	33,363,682	30,399,474	30,760,793	31,562,957	33,063,660	37,488,776	39,575,224	40,835,726
Solid Waste	7,631,425	7,533,852	7,154,429	7,290,288	7,239,055	7,349,686	7,680,586	8,433,184	8,559,838	8,766,625
Stormwater	4,216,027	3,904,173	4,206,765	4,646,249	4,842,145	6,473,450	5,554,569	6,659,088	7,684,611	8,795,629
Building Permits & Inspections	1,463,027	1,286,637	1,225,965	1,275,472	1,284,030	1,516,413	1,592,586	1,759,634	1,845,080	2,375,314
Information Technology	182,643	351,525	490,030	379,495	382,264	985,726	705,729	665,967	528,999	593,411
Golf Course (a)	1,910,096	1,806,088	1,753,323	1,778,396	-	-	-	-	-	-
Tennis Center (a)	353,796	267,918	295,279	309,891	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>\$ 46,962,124</b>	<b>\$ 45,695,382</b>	<b>\$ 48,489,473</b>	<b>\$ 46,079,245</b>	<b>\$ 44,508,287</b>	<b>\$ 47,888,232</b>	<b>\$ 48,597,130</b>	<b>\$ 55,006,649</b>	<b>\$ 58,193,752</b>	<b>\$ 61,356,705</b>
<b>Total primary government expenses</b>	<b>\$ 81,454,070</b>	<b>\$ 78,764,804</b>	<b>\$ 83,591,799</b>	<b>\$ 81,091,298</b>	<b>\$ 82,230,154</b>	<b>\$ 86,667,869</b>	<b>\$ 93,517,976</b>	<b>\$ 100,664,183</b>	<b>\$ 102,665,988</b>	<b>\$ 111,098,375</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 666,875	\$ 971,403	\$ 967,910	\$ 838,828	\$ 820,158	\$ 687,827	\$ 1,013,720	\$ 1,201,790	\$ 1,254,073	\$ 1,247,763
Public safety	305,916	386,798	1,215,566	946,722	365,063	232,048	148,114	80,103	78,536	56,154
Transportation and physical environment	133,064	132,838	125,186	130,888	116,916	173,143	146,937	162,769	162,071	163,749
Culture and recreation	398,520	436,185	360,585	234,388	1,640,631	1,683,747	1,635,056	1,665,539	1,894,765	1,507,981
Operating grants and contributions	4,053,082	3,239,141	3,819,858	3,396,912	3,197,045	2,411,183	7,078,147	4,254,944	3,154,598	5,088,333
Capital grants and contributions	2,679,664	4,771,908	8,499,395	6,635,181	8,836,774	7,143,389	18,889,042	4,553,519	5,833,497	5,673,147
<b>Total governmental activities program revenues</b>	<b>8,237,121</b>	<b>9,938,273</b>	<b>14,988,500</b>	<b>12,182,919</b>	<b>14,966,587</b>	<b>12,331,337</b>	<b>28,911,016</b>	<b>11,918,664</b>	<b>12,377,540</b>	<b>13,737,127</b>
<b>Business-type activities:</b>										
Charges for services:										
Utility	29,190,836	29,518,612	30,730,934	33,943,464	35,038,243	37,357,134	38,085,170	38,381,854	41,743,231	45,068,882
Solid Waste	7,805,956	7,655,877	7,227,081	7,420,478	7,349,016	7,634,486	7,727,089	8,363,015	8,670,086	8,803,389
Stormwater	4,778,331	5,469,298	6,316,447	7,154,416	7,048,000	7,038,305	7,228,213	7,422,747	9,932,424	11,004,869
Building Permits & Inspections	225,099	273,784	1,152,945	1,608,821	1,717,303	2,031,003	2,291,570	2,330,705	2,408,796	2,289,619
Information Technology and Communication	322,337	659,065	639,567	677,563	669,141	584,703	706,236	623,497	704,712	639,219
Golf Course	1,501,459	1,479,063	1,364,274	1,226,184	-	-	-	-	-	-
Tennis Center	181,598	157,818	190,277	210,348	-	-	-	-	-	-
Operating grants and contributions	-	477,582	-	-	-	-	-	1,560,284	92,023	50,790
Capital grants and contributions	1,047,855	2,112,690	1,238,990	3,072,563	2,870,187	5,121,164	6,388,010	6,162,184	7,498,356	13,235,638
<b>Total business-type activities program revenues</b>	<b>\$ 45,053,471</b>	<b>\$ 47,803,789</b>	<b>\$ 48,860,505</b>	<b>\$ 55,313,837</b>	<b>\$ 54,691,890</b>	<b>\$ 59,766,795</b>	<b>\$ 62,406,288</b>	<b>\$ 64,844,286</b>	<b>\$ 71,049,628</b>	<b>\$ 81,072,406</b>
<b>Total primary government program revenues</b>	<b>\$ 53,290,592</b>	<b>\$ 57,742,062</b>	<b>\$ 63,849,005</b>	<b>\$ 67,406,756</b>	<b>\$ 69,658,477</b>	<b>\$ 72,098,132</b>	<b>\$ 91,317,304</b>	<b>\$ 76,762,950</b>	<b>\$ 83,427,168</b>	<b>\$ 94,809,533</b>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (26,254,825)	\$ (23,131,149)	\$ (20,113,826)	\$ (22,829,134)	\$ (22,755,280)	\$ (26,448,300)	\$ (16,009,830)	\$ (33,738,870)	\$ (32,094,696)	\$ (36,004,543)
Business-type activities	(1,908,653)	2,108,407	371,032	9,234,592	10,183,603	11,878,563	13,809,158	9,837,637	12,855,876	19,715,701
Total primary government net expense	\$ (28,163,478)	\$ (21,022,742)	\$ (19,742,794)	\$ (13,594,542)	\$ (12,571,677)	\$ (14,569,737)	\$ (2,200,672)	\$ (23,901,233)	\$ (19,238,820)	\$ (16,288,842)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 15,568,937	\$ 14,180,455	\$ 15,803,692	\$ 15,911,873	\$ 16,609,668	\$ 17,592,210	\$ 18,380,759	\$ 21,066,081	\$ 23,392,377	\$ 25,507,009
Sales and use taxes	2,579,899	2,730,209	2,403,052	2,392,638	2,587,963	2,749,805	2,878,973	3,111,226	3,189,999	3,280,872
Telecommunication services tax	2,685,140	2,696,547	2,608,306	2,522,865	2,529,845	2,390,508	2,221,345	2,297,782	2,265,385	2,344,031
Franchise taxes	660,354	651,129	661,438	784,758	683,099	731,563	790,697	839,511	952,955	1,008,344
Other local taxes	414,385	378,989	404,686	346,157	448,611	431,683	400,099	426,105	520,733	470,029
Intergovernmental revenue, non-program	3,405,849	3,649,676	3,841,166	4,047,545	4,200,163	4,299,085	4,463,316	4,704,629	4,799,363	4,578,298
Unrestricted investment earnings	388,707	461,988	287,289	82,174	17,896	245,858	172,268	287,570	1,465,960	1,295,940
Miscellaneous	26,779	41,832	77,326	41,105	60,404	70,507	70,126	187,331	181,612	466,849
Gain (Loss) on sale of capital assets	16,241	-	191,139	280,593	208,563	213,336	245,261	(21,047)	-	-
Transfers	506,290	(7,463,594)	752,404	521,522	7,983,567	1,157,742	981,364	832,828	4,610,797	2,452,342
Total governmental activities	26,652,581	17,327,211	27,030,498	26,931,230	35,329,679	29,882,297	30,604,208	33,732,016	41,379,181	41,403,714
Business-type activities:										
Property Taxes	-	1,686,100	245,750	275,133	316,403	363,863	418,442	502,590	520,000	521,556
Unrestricted investment earnings	467,954	224,542	6,552	182,978	409,685	460,402	411,102	612,838	1,880,936	1,416,091
Other income	-	1,641	-	-	15,346	21,765	-	-	-	740
Transfers	(506,290)	7,463,594	(752,404)	(521,522)	(7,983,567)	(1,157,742)	(981,364)	(832,828)	(4,610,797)	(2,452,342)
Total business-type activities	(38,336)	9,375,877	(500,102)	(63,411)	(7,242,133)	(311,712)	(151,820)	282,600	(2,209,861)	(513,955)
Total primary government	\$ 26,614,245	\$ 26,703,088	\$ 26,530,396	\$ 26,867,819	\$ 28,087,546	\$ 29,570,585	\$ 30,452,388	\$ 34,014,616	\$ 39,169,320	\$ 40,889,759
<b>Change in Net Position</b>										
Governmental activities	\$ 397,756	\$ (5,803,938)	\$ 6,916,672	\$ 4,102,096	\$ 12,574,399	\$ 3,433,997	\$ 14,594,378	\$ (6,854)	\$ 9,284,485	\$ 5,399,171
Business-type activities	(1,946,989)	11,484,284	(129,070)	9,171,181	2,941,470	11,566,851	13,657,338	10,120,237	10,646,015	19,201,746
Total primary government	\$ (1,549,233)	\$ 5,680,346	\$ 6,787,602	\$ 13,273,277	\$ 15,515,869	\$ 15,000,848	\$ 28,251,716	\$ 10,113,383	\$ 19,930,500	\$ 24,600,917

**Note:**

(1) The Building Permits and Information Technology departments were removed from the general fund and established as enterprise funds during the fiscal year.

(a) The Golf Course and Tennis Center Enterprise Funds were closed in FY 15, and those functions transferred to the General Fund and Governmental Activities.

Schedule 3  
City of Palm Coast, Florida  
Fund Balances - Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 5,979,178	\$ 5,982,244	\$ 5,986,187	\$ 186,156	\$ 274,551	\$ 233,082	\$ 190,280	\$ 193,824	\$ 182,786	\$ 9,285
Restricted	-	55,221	55,221	55,221	55,221	33,918	11,596	11,695	7,398	6,760
Committed	2,183,984	2,205,117	2,204,711	2,173,669	2,200,605	2,244,922	2,826,717	2,744,058	2,861,815	3,315,327
Assigned	-	-	-	-	-	-	-	-	-	3,353,244
Unassigned	3,049,181	4,485,999	5,900,427	5,505,193	6,191,196	6,398,133	6,784,518	7,943,802	10,338,267	13,031,941
Total general fund	\$ 11,212,343	\$ 12,728,581	\$ 14,146,546	\$ 7,920,239	\$ 8,721,573	\$ 8,910,055	\$ 9,813,111	\$ 10,893,379	\$ 13,390,266	\$ 19,716,557
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Restricted	1,097,652	784,760	1,129,203	1,075,003	5,593,923	5,503,692	7,942,641	10,368,514	20,207,946	21,272,702
Committed	14,879,097	6,370,050	10,249,988	16,640,546	4,760,593	5,432,117	2,139,299	2,992,575	3,399,168	3,399,169
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Special revenue funds	(13,860,570)	(10,725,088)	(8,157,109)	(6,215,566)	(5,332,256)	(4,404,763)	(4,219,829)	(3,989,766)	(3,679,073)	(3,271,857)
Total all other governmental funds	\$ 2,116,179	\$ (3,570,258)	\$ 3,222,092	\$ 11,499,983	\$ 5,022,260	\$ 6,531,046	\$ 5,862,111	\$ 9,371,323	\$ 19,928,041	\$ 21,400,014

**Schedule 4**  
**City of Palm Coast, Florida**  
**Changes in Fund Balances - Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ 24,340,358	\$ 22,637,658	\$ 23,997,162	\$ 23,996,049	\$ 24,896,379	\$ 25,987,934	\$ 26,835,224	\$ 30,010,630	\$ 32,568,291	\$ 34,783,057
Licenses and permits	160,742	210,196	229,590	252,150	221,940	211,822	196,332	179,458	194,762	216,086
Intergovernmental revenues	7,191,917	8,749,022	7,895,185	9,772,192	12,247,672	8,391,343	10,153,064	7,728,828	6,756,429	8,515,442
Charges for services	2,836,649	2,740,171	2,572,727	2,712,048	4,098,519	4,872,149	5,417,506	6,160,086	5,849,169	5,711,244
Special assessments	250,342	129,899	-	248,079	247,559	327,571	333,148	333,494	333,120	336,329
Fines and forfeitures	656,694	739,411	1,578,139	1,566,456	854,187	574,371	614,849	589,441	669,127	556,719
Impact fees	664,827	746,167	1,254,980	1,817,218	1,699,219	2,790,609	3,112,084	3,303,542	3,792,555	4,243,367
Contributions	6,603	58,949	2,217	4,801	5,739	5,492	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Investment Earnings	371,817	421,111	287,289	82,174	12,505	176,120	129,682	189,814	1,019,437	992,789
Miscellaneous	26,779	38,946	77,326	41,105	60,404	70,507	70,126	187,331	181,612	218,213
Total revenues	\$ 36,506,728	\$ 36,471,530	\$ 37,894,615	\$ 40,482,272	\$ 44,344,123	\$ 43,407,918	\$ 46,862,015	\$ 48,682,624	\$ 51,364,502	\$ 55,573,246
<b>Expenditures</b>										
Current:										
General government	9,131,441	8,171,546	8,491,303	7,978,014	7,118,556	8,459,094	9,608,481	10,311,850	9,710,617	10,020,480
Public safety	10,058,067	9,822,084	10,524,093	10,025,107	10,581,386	10,556,903	10,856,575	11,832,751	12,290,526	12,694,880
Transportation and physical environment	5,739,492	5,314,597	5,763,838	6,547,718	7,678,390	7,247,764	10,376,683	9,475,669	6,744,326	10,311,107
Culture and recreation	2,151,306	2,186,053	2,161,053	2,209,307	4,192,350	4,798,642	4,843,405	5,186,516	5,686,109	5,461,224
Capital outlay	9,432,633	6,821,805	4,589,433	16,501,044	20,819,038	10,231,758	10,537,734	7,302,868	4,650,191	8,506,891
Debt Service:										
Principal	225,930	210,000	393,000	605,000	623,000	641,000	660,000	680,000	701,000	722,000
Interest and Other	698,126	652,050	519,669	676,742	604,034	578,231	523,790	484,548	461,489	436,890
Total expenditures	37,436,995	33,178,135	32,442,389	44,542,932	51,616,754	42,513,392	47,406,668	45,274,202	40,244,258	48,153,472
Excess of revenues over (under) expenditures	(930,267)	3,293,395	5,452,226	(4,060,660)	(7,272,631)	894,526	(544,653)	3,408,422	11,120,244	7,419,774
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets	11,961	-	-	-	-	-	8,000	685,630	-	-
Loan and capital lease proceeds	-	-	2,088,000	5,839,000	-	-	-	-	-	-
Transfers In	1,649,068	5,451,278	2,036,171	9,348,861	4,390,060	2,747,133	3,209,669	2,980,417	6,618,206	3,776,633
Transfers Out	(1,209,240)	(12,914,872)	(1,366,082)	(9,075,617)	(2,793,818)	(1,944,391)	(2,438,895)	(2,484,989)	(4,684,845)	(3,398,143)
Total other financing sources (uses)	451,789	(7,463,594)	2,758,089	6,112,244	1,596,242	802,742	778,774	1,181,058	1,933,361	378,490
Net change in fund balances	\$ (478,478)	\$ (4,170,199)	\$ 8,210,315	\$ 2,051,584	\$ (5,676,389)	\$ 1,697,288	\$ 234,121	\$ 4,589,480	\$ 13,053,605	\$ 7,798,264
Debt Service as a percentage of noncapital expenditures	3.30	3.27	3.28	4.57	3.98	3.78	3.21	3.07	3.27	2.92

Schedule 5  
City of Palm Coast, Florida  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Less:										Total Direct Tax Rate	
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Governmental Property	Other Property	Homestead Exemption (1)	Save our Homes (2)	Less: Tax-Exempt Property		Total Taxable Assessed Value
2011	\$ 4,970,838,657	\$ 513,132,872	\$ 44,840,929	\$ 84,260,704	\$ 74,519,213	\$ 323,857,469	\$ 369,655,823	\$ 1,176,726,372	\$ 111,171,325	\$ 626,703,217	\$ 4,466,504,753	3.50
2012	4,421,050,448	449,685,207	40,410,099	84,665,638	71,488,036	304,706,672	367,156,410	1,056,115,106	123,622,919	667,830,359	3,891,594,126	3.99
2013	4,208,752,204	505,252,669	35,648,257	73,437,297	71,463,536	299,076,871	365,596,411	1,039,691,458	173,517,550	699,916,216	3,646,122,021	4.30
2014	4,308,692,800	415,174,623	34,777,555	73,143,976	66,178,054	292,896,119	348,777,295	1,038,993,230	125,014,902	685,329,433	3,690,312,857	4.27
2015	4,782,180,122	413,931,035	37,284,247	69,110,414	66,342,493	294,523,422	385,973,822	1,158,401,369	369,766,907	628,818,638	3,892,368,641	4.25
2016	5,195,256,265	417,305,032	37,886,100	75,675,112	78,792,636	286,319,548	393,689,080	1,071,794,657	535,411,197	748,088,804	4,129,619,115	4.25
2017	5,462,006,261	439,539,865	44,370,136	79,533,227	80,798,869	297,964,296	426,433,750	1,110,486,047	589,215,449	806,488,148	4,324,456,760	4.25
2018	5,900,533,631	502,507,533	30,216,206	73,127,073	78,454,660	302,274,225	410,550,306	1,143,964,957	738,528,052	802,592,939	4,612,577,686	4.59
2019	6,482,155,876	540,186,903	31,529,807	67,713,554	86,874,285	294,835,011	425,166,935	1,182,729,178	924,441,920	825,639,991	4,995,651,282	4.69
2020	7,189,422,459	560,390,393	36,548,972	67,112,999	103,652,322	298,898,083	453,167,505	1,374,509,429	1,237,270,344	645,242,646	5,452,170,314	4.69

Source: Flagler County Property Appraiser, based on final taxable values provided in October of each year.

Note: Property in the city is reassessed each year, and visited at least once every five years. Property is assessed at actual value, therefore the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

(1) Every person who has legal or equitable title to real property in the State of Florida, who resides on the property and makes it their permanent home is entitled to a \$25,000 exemption for the tax years 2003-2007. Starting in tax year 2008, the exemption was increased to \$50,000, with an additional \$25,000 for ages 65 and older.

(2) The Florida Constitution has been amended effective January 1, 1995 to limit any annual increase in the assessed value of residential property with a Homestead Exemption to 3 percent or the Consumer Price Index percent change, whichever is lower. This limitation does not include any change, addition or improvement to a homestead.

Schedule 6  
City of Palm Coast, Florida  
Direct and Overlapping Property Tax Rates,  
Last Ten Fiscal Years  
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates (1)			Overlapping Rates (2)					
	General Purposes	Capital Purposes	Total	School District	Flagler County	East Flagler Mosquito Control District	St Johns River Water Management District	Florida Inland Navigation District	
	2011	3.5000	-	3.5000	8.0130	6.0550	0.2038	0.4158	0.0345
2012	3.5400	0.4500	3.9900	8.0310	6.7814	0.2390	0.3313	0.0345	
2013	4.1502	0.1456	4.2958	7.9430	7.6620	0.2540	0.3313	0.0345	
2014	4.1932	0.0773	4.2705	7.4420	8.5753	0.2533	0.3283	0.0345	
2015	4.1608	0.0842	4.2450	7.4460	8.5390	0.2423	0.3164	0.0345	
2016	4.0828	0.1622	4.2450	7.2550	8.4668	0.2376	0.3023	0.0320	
2017	4.1120	0.1330	4.2450	6.9520	8.6317	0.2395	0.2885	0.0320	
2018	4.3461	0.2476	4.5937	6.6390	8.6117	0.2403	0.2724	0.0320	
2019	4.5912	0.1077	4.6989	6.4100	8.7247	0.2518	0.2562	0.0320	
2020	4.5912	0.1077	4.6989	6.2020	8.5847	0.2458	0.2414	0.0320	

Source: Flagler County Tax Collector

Note:

- (1) The tax rate is limited to \$10.00 per thousand by the State of Florida. Any additional amount requires a majority vote of the city's residents.
- (2) Overlapping rates are those local and county governments that apply to property owners within the City of Palm Coast.

Schedule 7

City of Palm Coast, Florida  
Principal Property Tax Payers,  
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
FLORIDA POWER & LIGHT COMPANY	\$97,055,034	1	1.780%	\$67,827,823	1	1.520%
EBSCO INTEGRA WOODS LLC	27,720,000	2	0.508%	12,572,255	5	0.280%
PALM COAST LANDING LLC	23,704,951	3	0.435%	-	-	-
BRANCH ISLAND WALK ASSOCIATES	21,809,000	4	0.400%	-	-	-
PINE LAKES ACQUISITIONS LLC	15,700,000	5	0.288%	-	-	-
PALM COAST MEDICAL SPECIALISTS	12,820,580	6	0.235%	12,377,228	6	0.280%
TUSCAN GARDENS	12,790,128	7	0.235%	-	-	-
BROOKHAVEN DEVELOPMENT LAND	11,626,518	8	0.213%	-	-	-
LVC TIMESHARE DEVELOPER LLC	10,346,400	9	0.190%	-	-	-
BRIGHTHOUSE NETWORKS	9,477,000	10	0.174%	11,922,528	9	0.270%
BELLSOUTH TELECOMMUNICATIONS	-	-	-	21,338,896	2	0.480%
PALM COAST HOLDINGS INC	-	-	-	11,236,512	10	0.250%
FLORIDA LANDMARK COMMUNITIES	-	-	-	20,966,473	3	0.470%
PALM COAST CENTER LLC	-	-	-	16,412,954	4	0.370%
CELEBRITY RESORTS OF PALM COAST	-	-	-	12,225,600	8	0.270%
GINN-LA HAMMOCK BEACH LTD LLP	-	-	-	12,300,597	7	0.280%
	<b>\$243,049,611</b>		<b>4.458%</b>	<b>\$ 199,180,866</b>		<b>4.470%</b>

Source: Flagler County Property Appraiser



Schedule 8  
City of Palm Coast, Florida  
Property Tax Levies and Collections,  
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected Within the		Collections in Subsequent Years (2)	Total Collections to Date	
		Fiscal Year of the Levy Amount	Percentage of Levy (1)		Amount	Percentage of Levy
2011	\$ 15,632,767	\$ 15,090,032	96.53	86,923	\$ 15,176,955	97.08
2012	15,534,998	14,980,925	96.43	99,505	15,080,430	97.07
2013	15,650,967	15,093,036	96.44	35,983	15,129,019	96.67
2014	15,759,481	15,190,408	96.39	41,336	15,231,744	96.65
2015	16,523,062	15,937,197	96.45	37,803	15,975,000	96.68
2016	17,583,231	16,901,139	96.12	-	16,901,139	96.12
2017	18,449,374	17,680,005	95.83	-	17,680,005	95.83
2018	21,197,632	20,428,875	96.37	19,925	20,448,800	96.47
2019	23,507,564	22,629,676	96.27	6,072	22,635,748	96.29
2020	25,619,203	24,710,816	96.45	-	24,710,816	96.45

Source: Flagler County Property Appraiser

Note:

(1) Taxes are levied on November 1 of each year. Taxes are due by March 31 of the following year. Taxes paid prior to March 31 receive discounts of up to 4%. See Note 1 of the financial statements for more details.

(2) Details relating to collections in subsequent years is unavailable. Subsequent collections have been applied to fiscal years based on an estimate of collections.

Schedule 9

City of Palm Coast, Florida

Ratios of Outstanding Debt by Type,

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities					Total Primary Government	Taxable Assessed Value of Property	Percentage Taxable Assessed Value of Property	Personal Income (thousands of dollars)	Estimated Population	Percentage of Personal Income	Per Capita (d)
	CDBG Loan	SRF/Bank Loan (c)	Equipment Loan	Utility Revenue Bonds (a)	Utility SRF Loan (b)	Stormwater SRF/Bank Loan (b)	IT Capital Leases								
2011	-	\$ 3,570,000	-	\$ 132,860,000	\$ 24,466,247	\$ 15,291,698	\$ 447,645	\$ 176,635,590	\$ 4,466,504,753	3.95	\$ 3,229,939	\$ 75,617	5.47	2,336	
2012	-	3,360,000	-	127,632,882	23,199,592	14,340,900	273,157	168,806,531	3,891,594,126	4.34	3,516,641	76,450	4.80	2,208	
2013	-	5,055,000	-	142,624,496	21,899,999	13,346,756	191,770	183,118,021	3,646,122,021	5.02	3,673,655	77,068	4.98	2,376	
2014	-	10,289,000	-	140,782,844	20,566,612	12,327,767	197,171	184,163,394	3,690,312,857	4.99	3,763,284	78,046	4.89	2,360	
2015	-	9,666,000	-	136,396,216	19,198,551	11,282,686	118,941	176,662,394	3,892,358,641	4.54	4,230,393	79,821	4.18	2,213	
2016	-	9,025,000	-	89,473,487	62,815,651	10,212,258	50,517	171,576,913	4,129,619,115	4.15	4,380,834	81,184	3.92	2,113	
2017	-	8,365,000	-	86,078,817	81,854,682	9,115,226	33,546	185,447,271	4,324,456,760	4.29	-	82,760	-	2,241	
2018	-	7,685,000	-	82,564,998	81,395,802	7,991,320	15,897	179,653,017	4,612,577,686	3.89	4,800,969	84,575	3.74	2,124	
2019	-	6,994,000	-	78,923,071	76,780,625	6,839,265	-	169,526,961	4,995,651,282	3.39	5,179,684	86,768	3.27	1,954	
2020	-	6,251,809	-	75,144,144	73,026,993	10,748,777	-	165,181,723	5,452,170,314	3.03	5,473,063	89,437	3.02	1,847	

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. Population estimates by the Bureau of Economic and Business Research, University of Florida.

(a) The City purchased the local water and wastewater utility on October 30, 2003, issuing revenue bonds to fund the purchase. During fiscal year 2007, the City issued an additional \$49,840,000 in bonds to fund a new water treatment plant. During fiscal year 2013, the City refinanced the 2003 utility revenue bonds, and issued an additional \$21 million in new bond debt.

(b) The City obtained an SRF and bank loans to fund the expansion of the wastewater treatment plant, water distribution infrastructure and stormwater system improvements.

(c) The City obtained a bank loan in the amount of \$4,000,000 during fiscal year 2010 to fund land purchases and improvements in the SR100 CRA. This loan was refinanced during fiscal year 2013, including an additional \$2,088,000 in new loan debt for improvements in the SR100 CRA. During fiscal year 2014, the City refinanced a SR100 CRA interfund loan with a local bank in the amount of \$5,839,000.

(d) Personal income data is for Flagler County. See Demographic and Economic Statistics on page 151 for personal income and population data. Personal income data is not available for 2017.

Schedule 10

City of Palm Coast, Florida

Ratios of General Bonded Debt Outstanding,

Last Ten Fiscal Years

General Bonded Debt Outstanding

Fiscal Year	Local Government Pooled Loan	Total	Taxable Assessed Value of Property	Percentage Taxable Assessed Value of Property	Estimated Population	Per Capita
2011	-	-	\$ 4,466,504,753	-	75,617	-
2012	-	-	3,891,594,126	-	76,450	-
2013	-	-	3,646,122,021	-	77,068	-
2014	-	-	3,690,312,857	-	78,046	-
2015	-	-	3,892,358,641	-	79,821	-
2016	-	-	4,129,619,115	-	81,184	-
2017	-	-	4,324,456,760	-	82,760	-
2018	-	-	4,612,577,686	-	84,575	-
2019	-	-	4,995,651,282	-	86,768	-
2020	-	-	5,452,170,314	-	89,437	-

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. Population estimates from the Bureau of Economic and Business Research, University of Florida.

Schedule 11  
City of Palm Coast, Florida  
Direct and Overlapping Governmental Activities Debt,  
As of September 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Flagler County General Obligation Bonds, Series 2015	\$ 20,720,000	59.13	\$ 12,252,130
Flagler County Refunding Limited Tax General Obligation Bonds, Series 2016	9,410,000	59.13	5,564,312
<b>Other debt</b>			
Flagler County School Board District Certificates of Participation	44,550,000	52.39	23,338,919
Flagler County School Board District State School Bonds	210,000	52.39	110,015
Flagler County School Board District Revenue Bonds	1,340,000	52.39	702,001
Flagler County Tourist Development Revenue Bonds, Series 2017	4,661,000	52.39	2,441,811
Flagler County Notes Payable	4,307,205	52.39	2,256,465
Flagler County Refunding Capital Improvement Revenue Bonds, Series 2015	37,195,000	52.39	19,485,771
Subtotal, overlapping debt			66,151,423
<b>City Direct Debt</b>			<u>6,261,809</u>
<b>Total Direct and overlapping debt</b>			<u>\$ 72,413,232</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Flagler County Property Appraiser. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Palm Coast. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental units' taxable value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This same formula is used for other overlapping debt.

**Schedule 12  
City of Palm Coast, Florida  
Legal Debt Margin Information,  
Last Ten Fiscal Years**

The Constitution of the State of Florida,  
Florida Statutes 200.181 and the City of Palm Coast Charter  
sets no legal debt margin

Schedule 13

City of Palm Coast, Florida  
 Pledged-Revenue Coverage,  
 Last Ten Fiscal Years

Fiscal Year	Utility Revenue Bonds							Coverage
	Utility Service Charges (1)	Less: Operating Expenses (2)	Rate Stabilization Transfers To/(From) (3)	Net Available Revenue	Debt Service		Interest	
					Principal	Interest		
2011	29,245,334	15,614,566	-	13,630,768	3,060,000	6,248,459	1.46	
2012	29,586,299	15,064,742	-	14,521,557	3,170,000	6,136,499	1.56	
2013	30,735,592	15,218,533	-	15,517,059	3,280,000	6,024,895	1.67	
2014	33,943,464	15,431,565	4,000,000	14,511,899	1,245,000	6,128,106	1.97	
2015	35,444,145	15,651,053	1,000,000	18,793,092	3,805,000	5,975,906	1.92	
2016	37,487,422	16,636,758	-	20,850,664	4,801,000	5,308,376	2.06	
2017	38,188,199	18,384,360	-	19,803,839	4,414,000	4,762,556	2.16	
2018	38,572,424	22,097,569	-	16,474,855	4,591,000	4,573,764	1.80	
2019	42,384,833	22,393,666	-	19,971,167	4,780,000	4,376,556	2.18	
2020	45,482,462	24,068,365	-	21,414,097	4,983,000	4,169,487	2.34	

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City purchased the local water and wastewater utility on October 30, 2003, issuing revenue bonds to fund the purchase.

(1) Gross revenues include operating revenue of the system and interest earnings. Interest earnings from construction funds are excluded.

(2) Operating expenses include operating and administrative expenses of the system.

(3) Transfers to the rate stabilization account decrease net revenues, and transfers from the rate stabilization account increase net revenues, per the bond resolution.

Schedule 14  
City of Palm Coast, Florida  
Demographic and Economic Statistics,  
Last Ten Calendar Years

Calendar Year	Population	Personal Income (a) (thousands of dollars)	Per Capita Personal Income (a)	School Enrollment	Unemployment Rate
2010	75,180	3,071,000	32,009	12,832	11.80%
2011	75,617	3,229,939	33,170	13,100	15.70%
2012	76,450	3,516,641	35,753	12,768	14.10%
2013	77,068	3,673,655	36,753	12,733	12.10%
2014	78,046	3,763,284	36,748	12,671	7.40%
2015	79,821	4,230,393	40,140	12,788	6.20%
2016	82,760	4,380,834	40,447	12,855	5.50%
2017	84,575	4,800,969	43,444	12,814	4.70%
2018	86,768	5,179,684	46,220	12,829	4.00%
2019	89,018	5,473,063	47,558	12,844	3.80%
2020	89,437	5,783,059	48,935	12,809	5.70%

Sources: Population estimates by the Bureau of Economic and Business Research, University of Florida. Personal income data per the U.S. Bureau of Economic Analysis. School enrollment data is from the Flagler County School Board. Unemployment rates are from the Bureau of Labor Statistics. Estimated 2020 based on 2019 amounts.

(a) Personal income data is for Flagler County.

Schedule 15  
 City of Palm Coast, Florida  
 Principal Employers,  
 Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment (a)	Employees	Rank	Percentage of Total County Employment (a)
Flagler County Schools	1,750	1	3.71%	1,756	1	4.15%
Advent Health Palm Coast	1,060	2	2.25%	780	3	1.84%
Publix Supermarkets	838	3	1.78%	560	4	1.32%
Palm Coast Data	721	4	1.53%	1,100	2	2.60%
City of Palm Coast	490	5	1.04%	415	7	0.98%
Hammock Beach Resort	467	6	0.99%	557	5	1.32%
Insurance Services Office, inc.	326	7	0.69%	-	-	0.00%
Walmart	300	8	0.64%	500	6	1.18%
Flagler County Sheriffs Office	269	9	0.57%	257	10	0.60%
Target	200	10	0.42%	-	-	0.00%
Sea Ray Boats	-	-	0.00%	400	8	0.95%
Ocean Hammock Resort	-	-	0.00%	320	9	0.76%
<b>Total</b>	<b>6,421</b>		<b>13.60%</b>	<b>6,645</b>		<b>15.70%</b>

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

**Note:**

(a) Statistics relating to total city employment are unavailable. The City of Palm Coast represents approximately 78% of the total population of Flagler County.



Schedule 16  
 City of Palm Coast, Florida  
 Full-time-Equivalent City Government Employees by Function/Program,  
 Last Ten Fiscal Years

Full-time-Equivalent Employees as of September 30,

Function/Program	2011 (a)	2012	2013	2014	2015	2016	2017	2018	2019	2020 (b)
General Government										
City Administration	15	15	13	15	15	15	15	17	19	16
City Attorney	1	1	1	1	1	1	1	1	1	1
City Clerk	1	1	2	2	2	2	2	2	2	3
Financial Services	8	8	8	8	8	8	9	9	9	14
Information Tech & Communications	-	-	-	-	-	-	-	-	-	-
Community Development	40	40	41	42	42	40	40	41	41	39
Building and Code Enforcement	-	-	-	-	-	-	-	-	-	-
Fire	62	62	59	59	58	58	58	58	58	60
Law Enforcement	-	-	-	-	-	-	-	-	-	-
Streets and Facilities	59	59	65	65	68	67	70	75	77	57
Engineering	7	7	6	6	4	-	-	-	-	-
Construction Management & Engineering	-	-	-	-	-	16	19	20	11	9
Recreation and Athletics	19	19	20	20	20	21	21	21	19	29
Water and Wastewater Utility (1)	115	115	118	118	121	120	125	128	143	148
Stormwater Management (2)	30	30	30	30	32	27	27	27	37	48
Golf Course	-	-	-	-	-	-	-	10	10	2
Building Permits	15	15	14	15	17	17	17	18	20	24
Information Technology Operations	13	13	11	11	11	11	11	13	14	15
Information Technology Enterprise	-	-	-	-	-	-	-	-	1	1
Tennis Center	-	-	-	-	-	-	-	4	4	1
Aquatic Center	-	-	-	-	-	-	-	-	8	2
Fleet Management	3	3	4	4	6	6	7	7	10	10
Facilities Management	-	-	-	-	-	4	2	2	4	4
<b>Total</b>	<b>388</b>	<b>388</b>	<b>392</b>	<b>396</b>	<b>405</b>	<b>413</b>	<b>424</b>	<b>453</b>	<b>488</b>	<b>483</b>

Source: City Budget

Notes: A full-time employee is scheduled to work 2,080 hours per year, including vacation and sick leave. Fire employees (not including administrative positions) are scheduled to work 2,756 hours per year, including vacation and sick leave. Full-time equivalent employment is calculated by dividing total labor hours by 2,756 for Fire, and 2,080 for all other employees.

(1) The City purchased the local water and wastewater utility on October 30, 2003.

(2) The City and the Palm Coast Community Service Corporation (PCCSC) merged during fiscal year 2005 creating the Stormwater Management department.

(a) Building Permits and Information Technology were established as enterprise funds. Code Enforcement merged with Community Development. The Tennis Center was contracted to a management company.

(b) Budget and Procurement Office was moved from Administration to Financial Services.

Parks Maintenance was moved from Streets to Parks and Recreation.

Schedule 17  
City of Palm Coast, Florida  
Operating Indicators by Function/Program,  
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Building Permits Issued										
Residential	96	108	248	340	359	484	633	777	905	1148
Commercial	15	12	145	370	531	114	84	66	108	20
Other	5,410	6,743	7,351	6,753	8,239	9,269	12,432	13,447	12,064	13,106
Total	5,521	6,863	7,744	7,463	9,129	9,867	13,149	14,290	13,077	14,274
Building Inspections	16,441	15,989	19,012	25,040	18,258	28,912	37,611	43,502	43,365	52,320
Code Violations										
Total Code Violations	21,261	23,201	22,287	19,123	17,632	16,135	17,079	17,769	18,145	15,229
Code Violations Cleared	19,995	22,907	20,671	18,516	17,321	15,473	16,677	17,372	17,785	15,147
Expenditures per Cleared Violation	\$105	\$143	\$104	\$118	\$125	\$129	\$145	\$143	\$149	\$176
Fire and Rescue										
Total Fire Calls (6)	278	213	179	149	185	166	154	129	144	133
Total EMS Calls	5,300	5,365	5,503	5,760	6,192	6,204	6,873	6,808	5,775	5,285
% Responses under 5 Minutes (5)	55%	56%	42%	41%	38%	-	-	-	45%	43%
% Responses under 7 Minutes (5)	-	-	-	-	-	66%	61%	61%	77%	76%
Public Works										
Refuse Collection (Annual Tons)	30,144	31,316	26,300	27,077	28,481	32,058	32,981	35,732	35,169	44,972
Recycle Collection (Annual Tons)(3)	3,960	4,038	4,840	5,857	11,453	5,188	5,037	4,735	4,640	6,285
Street Rehabilitation (Expenditures per capita)	\$70	\$66	\$68	\$70	\$68	\$69	\$72	\$40	\$17	\$43
Potholes Repaired	24	36	65	61	39	38	40	174	229	136
Parks and Recreation										
Developed Park Acres/1000 population	4.84	4.6	4.52	6.82	9.48	9.33	9.15	8.95	8.95	8.95
Recreation Program Expenditures/1000 population(4)	\$16,397	\$17,353	\$13,538	\$16,989	\$40,481	\$40,762	\$37,762	\$37,682	\$41,581	\$36,756
Total Recreation Revenues/1000 population(4)	\$2,271	\$2,277	\$2,152	\$2,153	\$20,554	\$20,741	\$19,061	\$19,082	\$21,224	\$15,142
Engineering and Stormwater (1)										
Freshwater Canal Maintenance - 100% Annual Service Required	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Existing Swale Service - 2% of Existing Swales Regraded Annually	-	-	-	-	5%	4%	4%	4%	2%	2%
Hazardous Drainage Conditions Resolved - 100% Repaired in 24 Hours	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Water (2)										
New Connections	201	229	114	163	525	618	715	932	950	1619
Peak Daily Water Demand (Million gallons per day)	10.1	9.7	11.1	9.4	9.4	10.25	9.22	9.71	11.15	11.08
Wastewater (2)										
Peak Daily Wastewater Treated (Million gallons per day)	11.8	6.83	6.83	6.83	6.83	6.83	7.14	13.5	10.14	12.51

Sources: Various City departments

Notes:

(1) The City and the Palm Coast Community Service Corporation (PCCSC) merged during fiscal year 2005 creating the Stormwater Management department.

(2) The City purchased the local water and wastewater utility on October 30, 2003.

(3) Starting in 2015, yard waste is being recycled and included in these totals.

(4) Starting in 2015, the golf course and tennis center were merged with the Parks and Recreation Department.

(5) Starting in 2016 the response time reporting has been changed from 5 minutes to 7 minutes.

(6) Starting in 2017 the Fire calls include all fire related calls.

Schedule 18  
City of Palm Coast, Florida  
Capital Asset Statistics by Function/Program,  
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire and Rescue										
Stations	5	5	5	5	5	5	5	5	5	5
Apparatus	16	20	20	20	20	20	20	20	20	20
Public Works										
Streets (miles)	1,169	1,169	1,169	1,169	1,169	1,169	1,176	1,176	1,176	1,176
Traffic Signals	50	52	52	54	50	53	53	53	53	62
Fleet Size	242	235	235	241	215	220	231	235	248	256
Parks and Recreation										
Acreage	1,278	1,265	1,265	1,275	1,275	1,275	1,275	1,302	1,302	1,302
Playgrounds	7	8	8	8	8	8	8	8	8	8
Athletic Fields	20	20	20	22	25	22	25	25	25	25
Community Centers	1	1	1	1	1	1	1	1	1	1
Stormwater (1)										
Swales (miles)	1,100	1,100	1,100	1,200	1,222	1,222	1,222	1,222	1,222	1,222
Drainage ditches (miles)	154	154	154	154	154	172	172	177	177	177
Canals (miles)	84	84	84	84	84	84	84	84	84	84
Water control structures	31	31	31	31	31	31	31	31	31	31
Water (2)										
Water Mains (miles)	714	714	714	714	716	721	721	733	733	750
Fire Hydrants	3,772	3,784	3,784	3,780	3,805	3,826	3,826	3,860	3,860	3,902
Capacity (millions of gallons per day)	15.38	15.38	15.38	15.38	15.38	15.38	15.38	16.58	16.58	16.58
Wastewater (2)										
Sewers (miles)	613	620	620	622	623	633	633	635	635	640
Treatment Capacity (millions of gallons per day)	6.83	6.83	6.83	6.83	6.83	6.83	6.83	8.83	8.83	8.83

Sources: Various City departments  
Notes:

(1) The City and the Palm Coast Community Service Corporation (PCCSC) merged during fiscal year 2005 creating the Stormwater Management department.

(2) The City purchased the local water and wastewater utility on October 30, 2003.



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## **OTHER REPORTS**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, City Council, and City Manager,  
City of Palm Coast, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Coast, Florida (the City) as of and for the year ended September 30, 2020, and related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 11, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

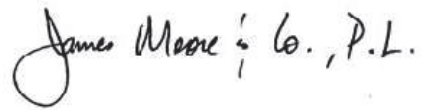
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
February 11, 2021



**CITY OF PALM COAST, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<u>Federal Agency, Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Program Expenditures</u>
<b>FEDERAL AWARDS</b>			
<b>U.S. Department of Housing and Urban Development</b>			
Direct:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants / Entitlement Grants	14.218	B-19-MW-12-0060	\$ 297,381
COVID-19 - Community Development Block Grants Program Grants	14.218	B-20-MC-12-0060	19,976
Total CDBG - Entitlement Grants Cluster			<u>317,357</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>317,357</b></u>
<b>U.S. Department of Treasury</b>			
Passed through Flagler County:			
COVID-19 - Coronavirus Relief Fund - Non Public Safety Salaries	21.019	Interlocal Agreement	534,740
COVID-19 - Coronavirus Relief Fund - Public Safety Salaries	21.019	Interlocal Agreement	1,465,095
<b>Total U.S. Department of Treasury</b>			<u><b>1,999,835</b></u>
<b>U.S. Department of Federal Highway Administration</b>			
Passed through Florida Department of Transportation:			
Highway Planning and Construction Cluster:			
LAP - Lehigh Trailhead Design Program	20.205	FPN#436473-1-38-01 G1418	38,769
<b>Total U.S. Department of Federal Highway Administration</b>			<u><b>38,769</b></u>
<b>U.S. Environmental Protection Agency</b>			
Passed through State of Florida, Department of Environmental Protection:			
Clean Water State Revolving Fund Cluster:			
WWTP#2 EXPANSION - SRF	66.458	WW180430	334,487
<b>Total U.S. Environmental Protection Agency</b>			<u><b>334,487</b></u>
<b>U.S. Department of Federal Emergency Management Agency</b>			
Passed through State of Florida, Division of Emergency Management:			
Hurricane Matthew Declaration	97.036	17-PA-U5-04-28-01-080	101,847
Hurricane Irma Declaration	97.036	17-PA-U5-04-28-01-346	575,563
Hurricane Dorian Declaration	97.036	20-PA-00-04-28-01-005	187,068
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			<u>864,478</u>
City Hall Generator Project HMGP 4283-24-R	97.039	4283-24-R	324,529
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-27-R	97.039	4283-27-R	220,476
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-31-R	97.039	4283-31-R	198,708
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-33-R	97.039	4283-33-R	219,845
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-34-R	97.039	4283-34-R	200,609
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-35-R	97.039	4283-35-R	143,328
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-36-R	97.039	4283-36-R	208,372
Total Hazard Mitigation Grant Program (HMGP)			<u>1,515,867</u>
<b>Total U.S. Department of Federal Emergency Management Agency</b>			<u><b>2,380,345</b></u>
<b>U.S. Department of Homeland Security</b>			
Direct:			
Assistance to Firefighters Grant Program - For physical fitness and wellness equipment	97.044	EMW-2018-FO-04376	48,796
<b>Total U.S. Department of Homeland Security</b>			<u><b>48,796</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 5,119,589</b></u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**CITY OF PALM COAST, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes federal awards activity of the City of Palm Coast, Florida. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the fiscal year ended September 30, 2020.

(3) **De Minimis Indirect Cost Rate Election:**

City of Palm Coast, Florida did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Recognition of FEMA Expenditures:**

During the fiscal year ended September 30, 2017, the City incurred substantial costs related to Hurricane Matthew and Hurricane Irma, then during the fiscal year ended September 30, 2019, City incurred substantial costs related to Hurricane Dorian. Per the OMB Compliance Supplement, any reimbursements from the Federal Emergency Management Agency (FEMA) under CFDA 97.036 are not to be recognized as expenditures for purposes of the Schedule of Expenditures of Federal Awards until the respective Project Worksheets (PW) have been approved. At September 30, 2020, all \$7,284,863 of the City of Palm Coast, Florida's PWs from these storms had been approved by FEMA, except for one project related to Hurricane Dorian for approximately \$13,000, which was obligated during October 2020. \$864,478 is recognized on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2020, \$4,159,913 was recognized on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2019, \$2,256,722 was recognized on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2018 and \$3,750 was recognized on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2017.

**CITY OF PALM COAST, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARD PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**I. Summary of Auditors' Results:**

***Financial Statements:***

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards:***

Internal control over major Federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?  yes  no

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Program Name</u>
97.039	Hazard Mitigation Grant Program
21.019	COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B Federal programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**II. Financial Statement Findings:**

No financial statement findings were noted.

**III. Federal Programs Findings and Questioned Costs:**

None.

**IV. Prior Audit Findings:**

None.

**V. Corrective Action Plan:**

No corrective action plan is required as there were no findings for the year ended September 30, 2020.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor, City Council, and City Manager,

City of Palm Coast, Florida:

**Report on Compliance for Each Major Federal Program**

We have audited the City of Palm Coast, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

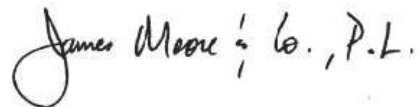
### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large loop at the beginning of the word "James".

Daytona Beach, Florida  
February 11, 2021

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS REQUIRED BY  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council, and City Manager,  
City of Palm Coast, Florida:

**Report on the Financial Statements**

We have audited the basic financial statements of the City of Palm Coast, Florida (the City), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 11, 2021.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 11, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings and recommendations existed in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was incorporated on December 31, 1999 under Chapter 99-448, Laws of the State of Florida. There are no discretely presented component units related to the City as of September 30, 2020.

121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

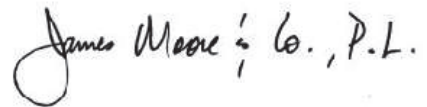
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Council, others within the City, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
February 11, 2021

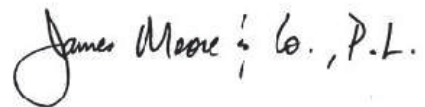
**INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT**

To the Honorable Mayor, City Council, and City Manager,  
City of Palm Coast, Florida:

We have examined City of Palm Coast, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.



Daytona Beach, Florida  
February 11, 2021

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# City of PALM COAST

160 Lake Avenue  
Palm Coast, FL 32164  
386-986-3700

## AFFIDAVIT OF IMPACT FEE COMPLIANCE

The City of Palm Coast, Florida has complied with Section 163.31801, Florida Statutes, regarding accounting and reporting if impact fee collections and expenditures.

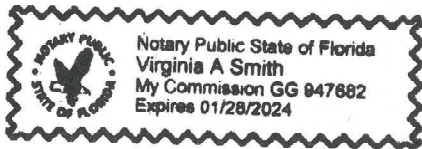
Mathew Morton, City Manager

Helena Alves, Financial Services Director

**STATE OF FLORIDA  
COUNTY OF FLAGLER**

The foregoing instrument was acknowledged before me by means of  physical presence or  online notarization, this 2<sup>nd</sup> day of March, 2021 by Matthew Morton, City Manager and Helena Alves, Financial Services Director, who are personally known to me or who produced the following identification \_\_\_\_\_ and who did / did not take an oath.

WITNESS my hand and official seal this 2<sup>nd</sup> day of March, 2021.

  
Virginia A. Smith  
Notary Public - State of Florida



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