

ANNUAL COMPREHENSIVE FINANCIAL REPORT



*For the Fiscal Year Ended
September 30, 2021*

CITY OF PALM COAST, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Year Ended September 30, 2021

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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**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY OF PALM COAST, FLORIDA
For The Year Ended September 30, 2021**

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LETTER OF TRANSMITTAL



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CITY MANAGER'S OFFICE

March 15, 2022

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, 2021, 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 92,866 residents and covers an area of approximately 89 square miles. For fiscal year 2022, property within the City has a taxable value of \$6,413,371,450. This was an increase of approximately 10.22 percent from 2021. The City's property tax rate for fiscal year 2022 is set at \$4.6100 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 2020-2021, 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 2021 with the median sales price up 27.7% and with values expected to continue to appreciate in 2022. Single-family permits are up again with 1,941 new residential permits issued in 2021, 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 4.1% at the end of 2021.

A particular bright spot has been taxable sales within the City. We have seen over a 35% increase in taxable sales since 2013, which represents an increase of \$255 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 2022 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 10.22%. 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. The 2022 budget includes an update to the rate study to ensure the continuity of the enhanced Stormwater management plan.

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. The 2022 budget provides for an updated rate study expected to be completed by year end.

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 2022, 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, 2020. This is the twentieth 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 2020 Popular Annual Financial Report. This is the eighth 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 2021 budget document. This is the eighteenth 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 2021 performance management process. This is the eighth 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,



Denise Bevan
City Manager



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

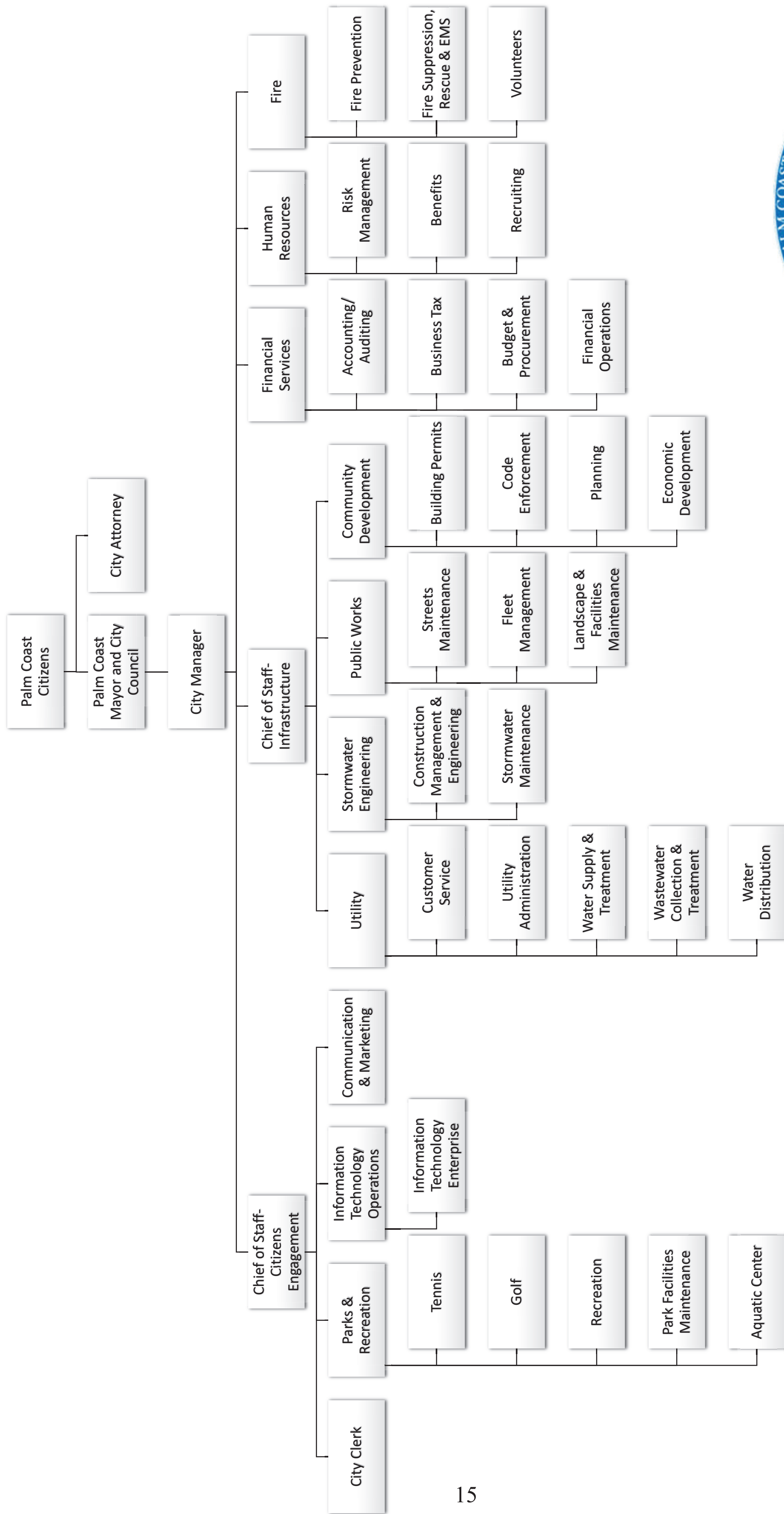
September 30, 2020

Christopher P. Morill

Executive Director/CEO



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LIST OF PRINCIPAL OFFICIALS

September 30, 2021

ELECTED OFFICIALS

Mayor

Honorable David Alfin

City Council Members:

Victor Barbosa
Nick Klufas
Ed Danko
Eddie Branquinho

CITY OFFICIALS

City Manager

Denise Bevan

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, 2021, 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, 2021, 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.

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

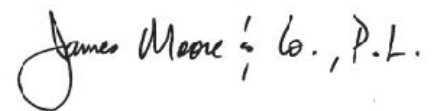
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, statistical section, and schedule of expenditures of federal awards and state financial assistance, 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), and Section 215.97, Florida Statutes, Florida Single Audit Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of expenditures of federal awards and state financial assistance 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 basic 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 10, 2022, 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 10, 2022

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, 2021. 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 7-12 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 2021 by \$574,240,482. Of this amount, \$74,807,941 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$38,991,567. Approximately \$26 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 \$2.6 million increase in the general fund due to expenditures finishing the year under budget, there was an increase of \$2.9 million in the transportation impact fee fund due to growth and rate increases and a corresponding increase of \$3.4 million and \$850 thousand in the recreation and fire impact fees funds, respectively. The balance of the increase was primarily due to stormwater revenue collected to be expended in the next year.
- As of the close of fiscal year 2021, the City's governmental funds reported combined ending fund balances of \$49,366,798 an increase of \$8,250,227 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.
- At the end of fiscal year 2021, unassigned fund balance in the general fund was \$15,213,289 or 38.2% of total general fund expenditures.
- The City of Palm Coast's total debt decreased by \$8,348,105 during the current fiscal year. This was primarily due to principal payments made during the fiscal year, net of refunding of utility bonds proceeds.
- 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 \$516,518.

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 twelve individual governmental funds. Seven 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 53-108 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 109-117 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 \$574,240,482 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 11% 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 76% 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 88,847,275	\$ 73,661,983	\$ 82,013,122	\$ 74,283,022	\$ 170,860,397	\$ 147,945,005
Capital assets	328,851,219	324,668,146	260,359,875	253,872,509	589,211,094	578,540,655
Total assets	417,698,494	398,330,129	342,372,997	328,155,531	760,071,491	726,485,660
Total deferred outflows of resources	728,177	1,243,173	3,336,527	988,197	4,064,704	2,231,370
Long-term liabilities	9,942,685	12,722,415	155,382,778	160,951,154	165,325,463	173,673,569
Other liabilities	22,525,136	16,690,114	(770,931)	1,817,726	21,754,205	18,507,840
Total liabilities	32,467,821	29,412,529	154,611,847	162,768,880	187,079,668	192,181,409
Total deferred inflows of resources	2,778,859	881,330	37,186	405,376	2,816,045	1,286,706
Net position:						
Net investment in capital assets	322,861,188	318,406,337	115,345,393	101,583,856	438,206,581	419,990,193
Restricted	24,760,020	21,279,462	36,465,940	25,558,922	61,225,960	46,838,384
Unrestricted	35,558,783	29,593,644	39,249,158	38,826,694	74,807,941	68,420,338
Total net position	\$ 383,179,991	\$ 369,279,443	\$ 191,060,491	\$ 165,969,472	\$ 574,240,482	\$ 535,248,915

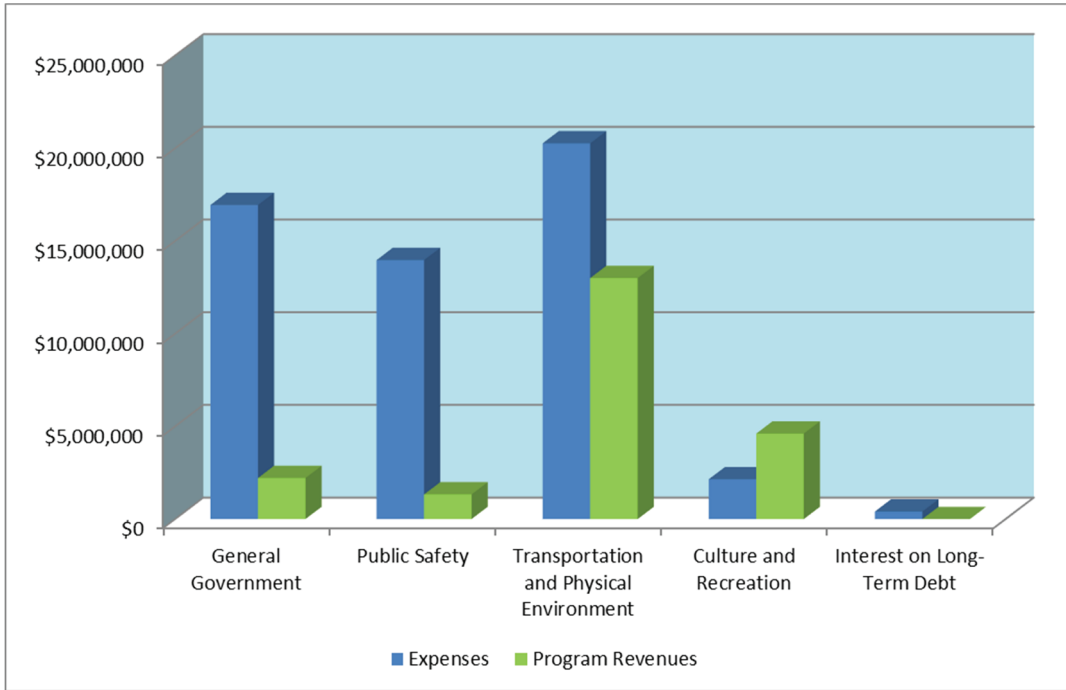
Governmental Activities

Governmental activities increased the City of Palm Coast's net position by \$13,900,548 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 decreased \$2,779,730 due to principal payments made, an increase in OPEB liability, an increase in compensated absences and a decrease in net pension liability. Governmental activities unrestricted net position increased by \$5,965,139. The primary driver for this increase was revenues in excess of expenditures in the general fund. Capital grants and contributions increased \$7,270,198 primarily due to grant revenue for transportation project along with increase in transportation impact fees. Operating grants and contributions decreased \$709,013 primarily due to CARES Act funding received in the prior Fiscal Year. Property taxes increased \$1,695,243 due to a 6.86% increase in taxable value throughout the City. Other revenue decreased \$936,429 mainly due to the decrease in investment earnings. General government expenditures increased by \$4,080,772 primarily due to a \$3,000,000 dollar contribution to the MedNex initiative with the University of North Florida and the Jacksonville University.

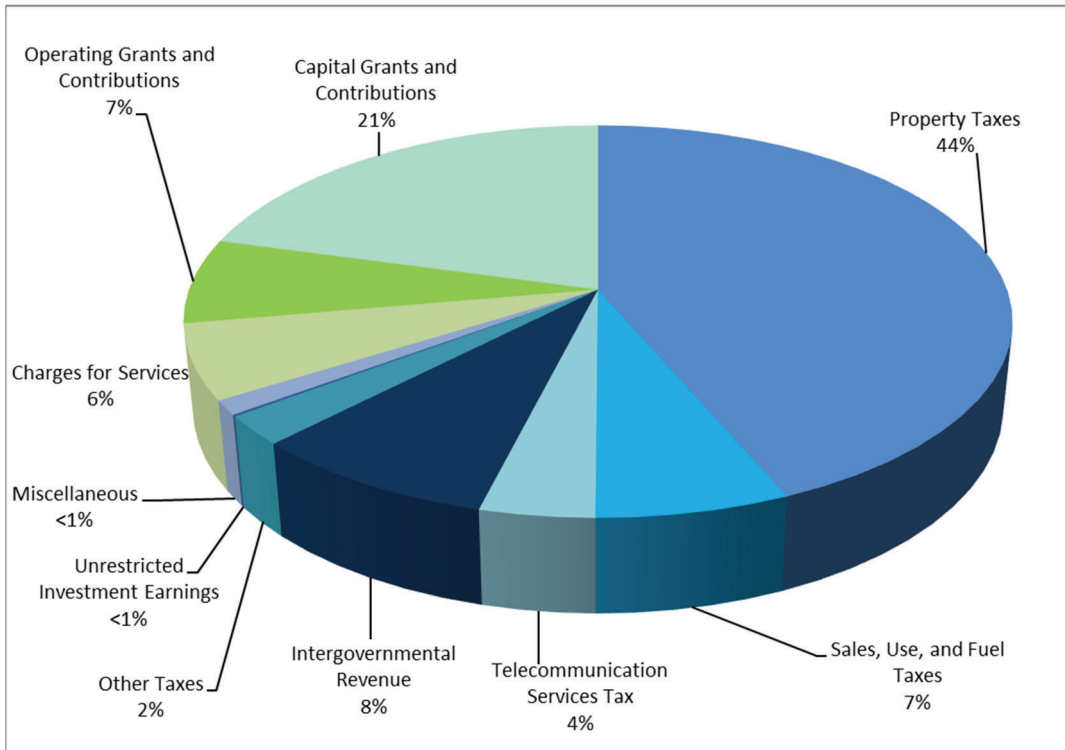
Table II
City of Palm Coast's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,842,340	\$ 2,975,647	\$ 72,021,933	\$ 67,785,978	\$ 75,864,273	\$ 70,761,625
Operating grants and contributions	4,379,320	5,088,333	-	50,790	4,379,320	5,139,123
Capital grants and contributions	12,943,345	5,673,147	21,770,381	13,235,638	34,713,726	18,908,785
General revenues:					-	
Property taxes	27,202,252	25,507,009	523,121	521,556	27,725,373	26,028,565
Other taxes	7,974,502	7,103,276	-	-	7,974,502	7,103,276
Intergovernmental	5,254,442	4,578,298	-	-	5,254,442	4,578,298
Other	826,360	1,762,789	300,413	1,416,831	1,126,773	3,179,620
Total revenues	62,422,561	52,688,499	94,615,848	83,010,793	157,038,409	135,699,292
Expenses:						
General government	11,229,978	7,149,206	-	-	11,229,978	7,149,206
Public safety	13,579,443	13,391,373	-	-	13,579,443	13,391,373
Transportation and physical environment	20,273,231	21,314,827	-	-	20,273,231	21,314,827
Culture and recreation	7,867,389	7,449,374	-	-	7,867,389	7,449,374
Utility	-	-	42,430,005	40,835,726	42,430,005	40,835,726
Solid waste	-	-	9,132,145	8,756,625	9,132,145	8,756,625
Stormwater	-	-	9,879,087	8,795,629	9,879,087	8,795,629
Building permits	-	-	2,574,502	2,375,314	2,574,502	2,375,314
Information technology	-	-	671,142	593,411	671,142	593,411
Interest on long-term debt	409,920	436,890	-	-	409,920	436,890
Total expenses	53,359,961	49,741,670	64,686,881	61,356,705	118,046,842	111,098,375
Increase (decrease) in net position before transfers	9,062,600	2,946,829	29,928,967	21,654,088	38,991,567	24,600,917
Transfers	4,837,948	2,452,342	(4,837,948)	(2,452,342)	-	-
Increase (decrease) in net position	13,900,548	5,399,171	25,091,019	19,201,746	38,991,567	24,600,917
Net position - beginning	369,279,443	363,880,272	165,969,472	146,767,726	535,248,915	510,647,998
Net position - ending	\$ 383,179,991	\$ 369,279,443	\$ 191,060,491	\$ 165,969,472	\$ 574,240,482	\$ 535,248,915

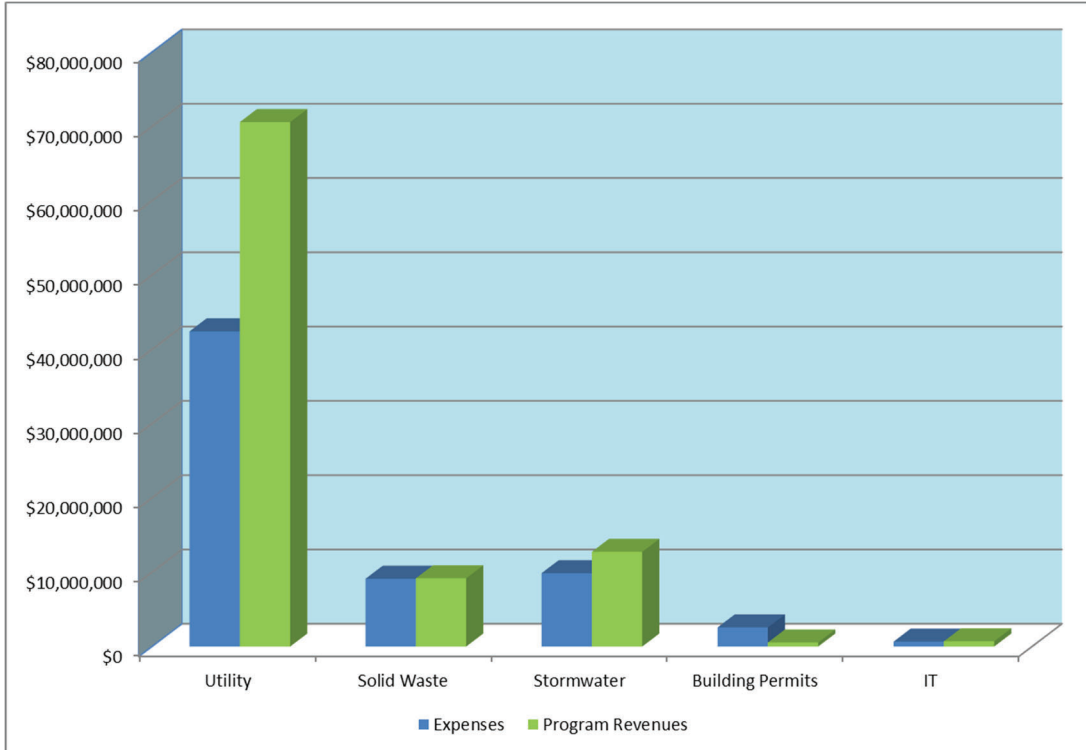
Expenses and Program Revenues – Governmental Activities



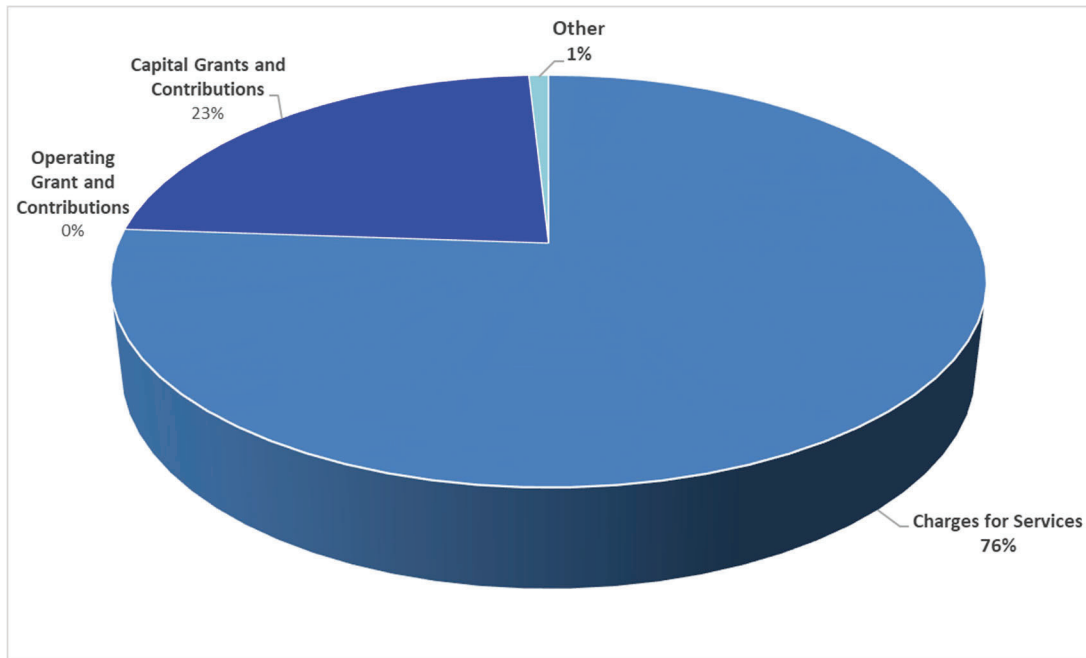
Revenues by Source – Governmental Activities



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 \$25,091,019. The increase in net position was attributable to an approximately \$26 million increase in the utility fund. The increase was mainly due to an increase of \$9 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 net position increased approximately \$1.2 million for the year due to increase in revenue rates for projects and maintenance pursuant to Council's focus on improving the Stormwater system. Building permits fund net position decreased by \$2,235,518 due to a temporary hold on charging permit fees in order to decrease fund balance. The net results of these activities above were the primary drivers of business-type activities unrestricted net position increasing by approximately \$422 thousand. The increase of almost \$11 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 \$15,213,289, with an additional \$3,420,646 committed for a disaster reserve. The total fund balance stood at \$22,362,157. 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 31% of total general fund budgeted expenditures for fiscal year 2022 and 38% of total expenditures for fiscal year 2021.

The fund balance of the City of Palm Coast's general fund increased by \$2,645,600 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 \$6,461,266, a decrease of \$525,992. This decrease is primarily due to use of appropriated fund balance to fund current year projects mainly Holland Park Phase II and the Public Works Complex. The transportation impact fee total fund balance was \$10,270,973, an increase of \$2,853,923. This is due to the accumulation of impact fee collections for future transportation projects. The streets improvement fund balance was \$5,625,283 representing a decrease of \$298,736, 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 \$756,200, a decrease of \$927,402 primarily due to revenues collected and transferred to the recreation impact to fund mainly, the Racquet Center. The other governmental funds have a total fund balance of \$3,890,919. This represents an increase of \$4,502,834 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 \$21,844,243 at the end of the year, with the total fund balance at \$149,520,668. The unrestricted net position increased \$3,093,389 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 \$1,865,977, which represents an increase of \$59,102. An ongoing revenue maximization program is the primary factor for the change.

Unrestricted net position of the stormwater fund was \$6,869,885, which represents a decrease of \$732,922. This decrease was due primarily to an increase in rates to support an enhanced stormwater management plan adopted in fiscal year 2019 net of the increase in maintenance and project costs.

Unrestricted net position in the building permits fund was \$1,790,557, which represents a decrease of \$2,228,950. 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 \$1,425,190, which represents an increase of \$241,146. 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.

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 107-108 of this report.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budgeted expenses totaled an increase of \$1.3 million, mainly due to a budget amendment approved by Council in the amount of \$1.5 million to fund additional contributions for the MedNex Initiative net of 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 State revenues received in excess of budgeted funding 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, 2021, amounts to \$588,738,872 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, equipment and construction in progress. This investment increased by \$10,198,217 for the current fiscal year. The overall increase 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>	
	2021	2020	2021	2020	2021	2020
Land	\$ 97,650,173	\$ 92,090,543	\$ 14,503,027	\$ 14,498,986	\$ 112,153,200	\$ 106,589,529
Buildings and improvements						
other than buildings	56,835,490	51,650,088	83,644,489	84,471,307	140,479,979	136,121,395
Infrastructure	145,399,252	154,636,751	153,593,040	145,888,232	298,992,292	300,524,983
Equipment	14,979,888	14,127,292	363,492	352,324	15,343,380	14,479,616
Construction in progress	13,514,194	12,163,472	8,255,827	8,661,660	21,770,021	20,825,132
Total	\$ 328,378,997	\$ 324,668,146	\$ 260,359,875	\$ 253,872,509	\$ 588,738,872	\$ 578,540,655

Long-term debt. The City of Palm Coast owes \$74,527,475 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 \$78,693,301 primarily for utility and stormwater improvements. The City also has two CRA revenue loans for redevelopment costs with a balance of \$5,517,809 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 \$165,325,464.

Table IV
City of Palm Coast's Long Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020
Loans from other governments	\$ -	\$ -	\$ 30,841,301	\$ 31,443,770	\$ 30,841,301	\$ 31,443,770
Loans from financial institutions	5,517,809	6,261,809	47,852,000	52,332,000	53,369,809	58,593,809
Revenue bonds, net	-	-	74,527,475	75,144,144	74,527,475	75,144,144
Net pension liability	646,483	3,097,884	-	-	646,483	3,097,884
OPEB liability	966,986	769,245	247,957	205,821	1,214,943	975,066
Compensated absences	2,811,407	2,593,477	1,914,045	1,825,419	4,725,452	4,418,896
Total	\$ 9,942,685	\$ 12,722,415	\$ 155,382,778	\$ 160,951,154	\$ 165,325,463	\$ 173,673,569

Additional information on the City of Palm Coast's long-term debt can be found in Note 10 on pages 74-83 of this report.

Next Year's Budget and Rates

During the current fiscal year, unassigned fund balance in the general fund increased to \$15,213,289. The available fund balance, as a percentage of expenditures and transfers out is approximately 31%.

The City Council approved a millage rate of 4.6100 mills for fiscal year 2022. Of the total millage, .0848 mills will be dedicated to the stormwater fund. The balance of 4.525 mills is assigned to the general fund. Market values of properties have increased for the ninth consecutive year. The increase in taxable value was approximately 10.22%. New construction added approximately 4.37% to the taxable value, therefore the City had a net 5.85% increase in taxable property value for the year.

The water and sewer rates increased for fiscal year 2022 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 5.4% for all customers effective October 1, 2021 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 2022. During fiscal year 2020, the City performed a rate study for both fire and recreation impact fees, with increases adopted for fiscal year 2021 to include C.P.I. indexes.

The fiscal year 2022 budget includes over \$89 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



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BASIC FINANCIAL STATEMENTS



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City of Palm Coast, Florida
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 77,091,823	\$ 32,915,939	\$ 110,007,762
Accounts receivable - net	5,078,353	9,795,073	14,873,426
Notes Receivable	472,222	-	472,222
Due from other governments	4,181,110	835,906	5,017,016
Prepaid items	36,962	34,413	71,375
Inventories	41,725	304,783	346,508
Restricted assets:			
Equity in pooled cash and investments	-	38,127,008	38,127,008
Net pension asset	2,417,302	-	2,417,302
Capital assets not being depreciated			
Land	97,650,173	14,503,027	112,153,200
Construction in progress	13,514,194	8,255,827	21,770,021
Capital assets, net of accumulated depreciation			
Building and improvements other than buildings	56,835,490	83,644,489	140,479,979
Infrastructure	145,399,252	153,593,040	298,992,292
Equipment	14,979,888	363,492	15,343,380
Total assets	417,698,494	342,372,997	760,071,491
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	463,956	-	463,956
Deferred outflows-OPEB	264,221	67,752	331,973
Deferred loss on refunding	-	3,268,775	3,268,775
Total deferred outflows of resources	728,177	3,336,527	4,064,704
LIABILITIES			
Accounts payable and other current liabilities	4,147,973	2,426,605	6,574,578
Due to other governments	1,949,825	62,097	2,011,922
Internal balances	9,692,510	(9,692,510)	-
Customer deposits	303,180	4,475,070	4,778,250
Unearned revenue	6,431,648	116,590	6,548,238
Payable from restricted assets:			
Accrued bond interest payable	-	446,602	446,602
Accrued loan interest payable	-	130,610	130,610
Accounts payable	-	1,163,247	1,163,247
Contracts payable	-	100,758	100,758
Noncurrent liabilities:			
Due within one year	909,964	8,317,162	9,227,126
Due in more than one year	7,419,252	146,817,659	154,236,911
Total OPEB Liability	966,986	247,957	1,214,943
Net pension liability	646,483	-	646,483
Total liabilities	32,467,821	154,611,847	187,079,668
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	-	30,117	30,117
Deferred inflows relating to pensions	2,751,293	-	2,751,293
Deferred Inflows-OPEB	27,566	7,069	34,635
Total deferred inflows of resources	2,778,859	37,186	2,816,045
NET POSITION			
Net investment in capital assets	322,861,188	115,345,393	438,206,581
Restricted for:			
Construction	1,173,952	19,320,054	20,494,006
Debt service	-	6,086,984	6,086,984
Renewal and replacements	-	11,058,902	11,058,902
Public safety	2,451,215	-	2,451,215
Parks and recreation	4,413,622	-	4,413,622
Transportation construction and maintenance	15,896,256	-	15,896,256
Redevelopment	756,200	-	756,200
Grants	68,775	-	68,775
Unrestricted	35,558,783	39,249,158	74,807,941
Total net position	\$ 383,179,991	\$ 191,060,491	\$ 574,240,482

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, 2021

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	\$ 11,229,978	\$ 1,329,866	\$ 885,612	\$ -	\$ (9,014,500)	\$ -	\$ (9,014,500)
Public safety	13,579,443	176,618	311,713	843,061	(12,248,051)	-	(12,248,051)
Transportation and physical environment	20,273,231	216,015	3,156,942	9,631,526	(7,268,748)	-	(7,268,748)
Culture and recreation	7,867,389	2,119,841	25,053	2,468,758	(3,253,737)	-	(3,253,737)
Interest on long-term debt	409,920	-	-	-	(409,920)	-	(409,920)
Total government activities	53,359,961	3,842,340	4,379,320	12,943,345	(32,194,956)	-	(32,194,956)
Business-type activities:							
Utility	42,430,005	48,824,504	-	21,770,381	-	28,164,880	28,164,880
Solid waste	9,132,145	9,189,558	-	-	-	57,413	57,413
Stormwater	9,879,087	12,748,444	-	-	-	2,869,357	2,869,357
Building permits	2,574,502	550,496	-	-	-	(2,024,006)	(2,024,006)
Information technology	671,142	708,931	-	-	-	37,789	37,789
Total business-type activities	64,686,881	72,021,933	-	21,770,381	-	29,105,433	29,105,433
Total primary government	\$ 118,046,842	\$ 75,864,273	\$ 4,379,320	\$ 34,713,726	(32,194,956)	29,105,433	(3,089,523)

General revenues:			
Property taxes		27,202,252	27,725,373
Sales and use taxes		4,060,294	4,060,294
Telecommunication services tax		2,411,162	2,411,162
Franchise taxes		1,029,726	1,029,726
Other local taxes		473,320	473,320
Intergovernmental revenue, non-program		5,254,442	5,254,442
Unrestricted investment earnings		92,074	392,487
Miscellaneous		734,286	734,286
Transfers		4,837,948	(4,837,948)
Total general revenues and transfers		46,095,504	42,081,090
Change in net position		13,900,548	38,991,567
Net position - beginning of year		369,279,443	535,248,915
Net position - end of year	\$	\$ 383,179,991	\$ 574,240,482

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

City of Palm Coast, Florida
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Capital Projects Fund	Transportation Impact Fee Fund	Streets Improvement Fund	SR100 CRA Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and investments	\$ 24,301,536	\$ 5,905,661	\$ 10,010,588	\$ 5,314,389	\$ 285,615	\$ 14,572,317	\$ 60,390,106
Accounts receivable - net	825,555	-	-	-	-	-	825,555
Notes receivable	-	-	-	-	472,222	-	472,222
Special assessment receivable - net	-	-	-	-	-	4,239,204	4,239,204
Prepaid items	28,222	-	-	-	-	-	28,222
Due from other governments	1,358,414	754,378	1,711,636	353,343	-	656	4,178,427
Total assets	\$ 26,513,727	\$ 6,660,039	\$ 11,722,224	\$ 5,667,732	\$ 757,837	\$ 18,812,177	\$ 70,133,736
LIABILITIES							
Accounts payable	\$ 422,667	\$ 198,773	\$ 1,451,251	\$ 42,449	\$ 1,637	\$ 131,774	\$ 2,248,551
Accrued liabilities	726,839	-	-	-	-	-	726,839
Due to other governments	1,949,825	-	-	-	-	-	1,949,825
Unearned revenue	9,850	-	-	-	-	6,421,798	6,431,648
Customer deposits	303,180	-	-	-	-	-	303,180
Advances from other funds	-	-	-	-	-	4,239,204	4,239,204
Total liabilities	3,412,361	198,773	1,451,251	42,449	1,637	10,792,776	15,899,247
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - special assessments	-	-	-	-	-	4,128,482	4,128,482
Unavailable revenue - taxes	2,343	-	-	-	-	-	2,343
Unavailable revenue - charges for services	20,082	-	-	-	-	-	20,082
Unavailable revenue - fines & forfeitures	716,784	-	-	-	-	-	716,784
Total deferred inflows of resources	739,209	-	-	-	-	4,128,482	4,867,691
FUND BALANCES							
Nonspendable							
Prepaid items	28,222	-	-	-	-	-	28,222
Restricted for							
Public safety	-	-	-	-	-	2,451,215	2,451,215
Parks and recreation	-	-	-	-	-	4,413,622	4,413,622
Transportation construction and maintenance	-	-	10,270,973	5,625,283	-	-	15,896,256
Grants	-	-	-	-	-	68,775	68,775
Redevelopment	-	-	-	-	756,200	-	756,200
Construction	-	1,173,952	-	-	-	-	1,173,952
Committed for							
Disaster	3,420,646	-	-	-	-	-	3,420,646
Construction	-	5,287,314	-	-	-	-	5,287,314
Assigned	3,700,000	-	-	-	-	-	3,700,000
Unassigned	15,213,289	-	-	-	-	(3,042,693)	12,170,596
Total fund balances (deficits)	22,362,157	6,461,266	10,270,973	5,625,283	756,200	3,890,919	49,366,798
Total liabilities, deferred inflows of resources, and fund balance	\$ 26,513,727	\$ 6,660,039	\$ 11,722,224	\$ 5,667,732	\$ 757,837	\$ 18,812,177	\$ 70,133,736

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, 2021

Fund balances - total governmental funds	\$ 49,366,798
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.	314,027,893
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)	2,014,343
Florida Retirement System (FRS)	(2,530,861)
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.	(703,865)
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.	4,867,691
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.	24,154,297
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,016,305)</u>
Net position of governmental activities	<u>\$ 383,179,991</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, 2021

	General Fund	Capital Projects Fund	Transportation Impact Fee Fund	Streets Improvement Fund	SR100 CRA Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 30,074,667	\$ 4,060,294	\$ -	\$ 2,118,767	\$ 1,349,990	\$ -	\$ 37,603,718
Licenses and permits	294,024	-	-	-	-	-	294,024
Intergovernmental revenue	5,202,006	-	5,009,494	873,594	-	1,152,717	12,237,811
Charges for services	6,625,327	-	-	-	-	-	6,625,327
Special assessments	-	-	-	-	-	318,322	318,322
Fines and forfeitures	554,237	-	-	125	-	7,037	561,399
Impact fees	-	-	4,414,433	-	-	3,301,079	7,715,512
Investment earnings	30,454	9,004	12,006	7,082	4,681	8,781	72,008
Miscellaneous	87,255	-	-	-	-	-	87,255
Total Revenues	42,867,970	4,069,298	9,435,933	2,999,568	1,354,671	4,787,936	65,515,376
EXPENDITURES							
Current:							
General government	13,501,853	26,103	-	-	-	859,677	14,387,633
Transportation and physical environment	6,831,976	-	8,690	3,163,917	218,846	36,700	10,260,129
Public safety	13,613,232	9,590	-	-	-	280,975	13,903,797
Culture and recreation	5,818,467	106,139	-	-	-	-	5,924,606
Capital outlay:							
General government	-	6,277,534	-	-	-	-	6,277,534
Public safety	88,841	21,037	-	-	-	-	109,878
Transportation and physical environment	15,906	-	6,410,141	134,387	66,705	-	6,627,139
Culture and recreation	-	2,116,811	-	-	-	362,151	2,478,962
Debt Service:							
Principal	-	-	-	-	744,000	-	744,000
Interest and other	-	-	-	-	192,688	217,234	409,922
Total expenditures	39,870,275	8,557,214	6,418,831	3,298,304	1,222,239	1,756,737	61,123,600
Excess (deficiency) of revenues over (under) expenditures	2,997,695	(4,487,916)	3,017,102	(298,736)	132,432	3,031,199	4,391,776
OTHER FINANCING SOURCES (USES)							
Transfers in	1,074,986	3,984,328	-	-	780,283	1,490,700	7,330,297
Transfers out	(1,427,081)	(22,404)	(163,179)	-	(1,840,117)	(19,065)	(3,471,846)
Total other financing sources (uses)	(352,095)	3,961,924	(163,179)	-	(1,059,834)	1,471,635	3,858,451
Net change in fund balances	2,645,600	(525,992)	2,853,923	(298,736)	(927,402)	4,502,834	8,250,227
Fund balances (deficits) - beginning	19,716,557	6,987,258	7,417,050	5,924,019	1,683,602	(611,915)	41,116,571
Fund balances (deficits) - ending	\$ 22,362,157	\$ 6,461,266	\$ 10,270,973	\$ 5,625,283	\$ 756,200	\$ 3,890,919	\$ 49,366,798

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, 2021

Net change in fund balances - total governmental funds \$ 8,250,227

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	15,493,513	
Less current year depreciation	<u>(12,662,574)</u>	2,830,939

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	(173,032)
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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

34,868

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.

744,000

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)	327,165
Florida Retirement System (FRS)	397,806

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	(204,531)
Change in OPEB liability and deferred inflows and outflows related to OPEB	(72,963)

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.

1,766,069

Change in net position of governmental activities.	<u><u>\$ 13,900,548</u></u>
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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, 2021

Business-type Activities - Enterprise Funds

	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 22,671,331	\$ 1,334,922	\$ 5,160,341	\$ 3,749,345	\$ 32,915,939	\$ 16,701,717
Accounts receivable - net	5,997,567	1,237,121	2,556,692	3,693	9,795,073	13,594
Due from other governments	638,869	-	195,518	1,519	835,906	2,683
Inventories	304,783	-	-	-	304,783	41,725
Prepaid items	-	-	-	34,413	34,413	8,740
Restricted current assets:						
Cash with fiscal agent	4,501,602	-	-	-	4,501,602	-
Total current assets	34,114,152	2,572,043	7,912,551	3,788,970	48,387,716	16,768,459
Noncurrent assets:						
Restricted noncurrent assets:						
Debt service	1,876,382	-	286,212	-	2,162,594	-
Impact fees	19,837,822	-	-	-	19,837,822	-
Renewal and replacements	10,896,558	-	-	-	10,896,558	-
Bond proceeds	728,432	-	-	-	728,432	-
Advances to other funds	4,239,204	-	-	-	4,239,204	-
Land	13,463,181	-	1,039,846	-	14,503,027	-
Building and improvements other than buildings	147,812,478	-	39,435	-	147,851,913	1,097,144
Infrastructure	210,164,449	-	51,838,295	4,919,507	266,922,251	13,176
Equipment	838,788	-	272,461	414,006	1,525,255	28,911,746
Less accumulated depreciation	(152,062,878)	-	(23,412,055)	(3,223,465)	(178,698,398)	(15,670,964)
Construction in progress	6,834,822	-	1,421,005	-	8,255,827	-
Total noncurrent assets	264,629,238	-	31,485,199	2,110,048	298,224,485	14,351,102
Total assets	298,743,390	2,572,043	39,397,750	5,899,018	346,612,201	31,119,561
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	3,268,775	-	-	-	3,268,775	-
Deferred outflows-OPEB	51,497	-	10,531	5,724	67,752	9,575
Total deferred outflows of resources	3,320,272	-	10,531	5,724	3,336,527	9,575

(continued)

City of Palm Coast, Florida
Statement of Net Position (continued)
Proprietary Funds
September 30, 2021

Business-type Activities - Enterprise Funds						
	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 595,924	\$ 706,066	\$ 557,490	\$ 99,092	\$ 1,958,572	\$ 349,188
Claims payable	-	-	-	-	-	744,819
Due to other governments	45,270	-	-	16,827	62,097	-
Loans payable	3,161,465	-	410,233	-	3,571,698	-
Compensated absences	483,694	-	136,349	70,421	690,464	105,016
Accrued liabilities	308,431	-	101,765	57,837	468,033	78,573
Customer deposits	4,475,070	-	-	-	4,475,070	-
Unearned revenue	-	-	-	116,590	116,590	-
Current liabilities payable from restricted assets:						
Current maturities of bonds payable	4,055,000	-	-	-	4,055,000	-
Accrued bond interest payable	446,602	-	-	-	446,602	-
Accrued loan interest payable	124,356	-	6,254	-	130,610	-
Accounts payable	1,163,247	-	-	-	1,163,247	-
Contract payable	100,758	-	-	-	100,758	-
Total current liabilities	<u>14,959,817</u>	<u>706,066</u>	<u>1,212,091</u>	<u>360,767</u>	<u>17,238,741</u>	<u>1,277,596</u>
Noncurrent liabilities:						
Compensated absences	808,993	-	217,953	196,635	1,223,581	207,896
Total OPEB liability	188,468	-	38,541	20,948	247,957	35,042
Bonds payable	70,472,475	-	-	-	70,472,475	-
Loans payable	66,077,751	-	9,043,852	-	75,121,603	-
Total noncurrent liabilities	<u>137,547,687</u>	<u>-</u>	<u>9,300,346</u>	<u>217,583</u>	<u>147,065,616</u>	<u>242,938</u>
Total liabilities	<u>152,507,504</u>	<u>706,066</u>	<u>10,512,437</u>	<u>578,350</u>	<u>164,304,357</u>	<u>1,520,534</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding	30,117	-	-	-	30,117	-
Deferred Inflows-OPEB	5,373	-	1,099	597	7,069	999
Total deferred inflows of resources	<u>35,490</u>	<u>-</u>	<u>1,099</u>	<u>597</u>	<u>37,186</u>	<u>999</u>
NET POSITION						
Net investment in capital assets	91,490,443	-	21,744,902	2,110,048	115,345,393	14,351,102
Restricted for construction	19,320,054	-	-	-	19,320,054	-
Restricted for renewal & replacements	11,058,902	-	-	-	11,058,902	-
Restricted for debt service	5,807,026	-	279,958	-	6,086,984	-
Unrestricted	21,844,243	1,865,977	6,869,885	3,215,747	33,795,852	15,256,501
Total net position	<u>\$ 149,520,668</u>	<u>\$ 1,865,977</u>	<u>\$ 28,894,745</u>	<u>\$ 5,325,795</u>	<u>185,607,185</u>	<u>\$ 29,607,603</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					5,453,306	
					<u>\$ 191,060,491</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, 2021

	<u>Business-type Activities - Enterprise Funds</u>					Governmental Activities - Internal Service Funds
	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES						
Charges for services:						
Water sales	\$ 28,977,254	\$ -	\$ -	\$ -	\$ 28,977,254	\$ -
Sewer charges	18,738,422	-	-	-	18,738,422	-
Solid waste charges	-	9,189,558	-	-	9,189,558	-
Stormwater charges	-	-	12,748,444	-	12,748,444	-
Building permit and inspection charges	-	-	-	550,496	550,496	-
Information technology charges	-	-	-	-	-	3,626,840
Fiber and cell tower charges	-	-	-	708,931	708,931	-
Miscellaneous	1,108,827	-	-	-	1,108,827	-
Risk management	-	-	-	-	-	4,749,264
Fleet management	-	-	-	-	-	7,087,362
Total operating revenues	48,824,503	9,189,558	12,748,444	1,259,427	72,021,932	15,463,466
OPERATING EXPENSES						
Administrative	7,542,790	-	-	-	7,542,790	12,513,016
Water system	10,321,967	-	-	-	10,321,967	-
Sewer system	7,570,733	-	-	-	7,570,733	-
Solid waste system	-	9,132,145	-	-	9,132,145	-
Stormwater system	-	-	7,412,630	-	7,412,630	-
Building permits and inspections	-	-	-	2,552,942	2,552,942	-
Fiber and cell tower	-	-	-	417,808	417,808	-
Depreciation	13,133,826	-	2,232,161	273,910	15,639,897	2,976,674
Total operating expenses	38,569,316	9,132,145	9,644,791	3,244,660	60,590,912	15,489,690
Operating income (loss)	10,255,187	57,413	3,103,653	(1,985,233)	11,431,020	(26,224)
NONOPERATING REVENUES (EXPENSES)						
Investment revenue	284,561	1,689	8,864	5,299	300,413	20,065
Interest/amortization expense	(3,805,723)	-	(280,944)	-	(4,086,667)	-
Property taxes	-	-	523,121	-	523,121	-
Other	-	-	-	-	-	783,430
Total nonoperating revenues (expenses)	(3,521,162)	1,689	251,041	5,299	(3,263,133)	803,495
Income (loss) before capital contributions and transfers	6,734,025	59,102	3,354,694	(1,979,934)	8,167,887	777,271
TRANSFERS AND CONTRIBUTIONS						
Capital grants and contributions	21,770,381	-	-	-	21,770,381	-
Transfers in	535,000	-	-	-	535,000	1,279,497
Transfers out	(2,992,996)	-	(2,141,130)	(238,822)	(5,372,948)	(300,000)
Total transfers and contributions	19,312,385	-	(2,141,130)	(238,822)	16,932,433	979,497
Change in net position	26,046,410	59,102	1,213,564	(2,218,756)	25,100,320	1,756,768
Net position - beginning of year	123,474,258	1,806,875	27,681,181	7,544,551		27,850,835
Net position - ending	\$ 149,520,668	\$ 1,865,977	\$ 28,894,745	\$ 5,325,795		\$ 29,607,603
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(9,301)	
					<u>\$ 25,091,019</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, 2021

Business-type Activities - Enterprise Funds

	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 48,770,342	\$ 9,180,789	\$ 12,679,869	\$ 1,400,397	\$ 72,031,397	\$ (9,885)
Cash from interfund charges	-	-	-	-	-	15,463,466
Cash paid to suppliers	(17,638,618)	(9,103,205)	(6,020,897)	(1,558,956)	(34,321,676)	(10,219,933)
Cash paid to employees	(7,813,223)	-	(1,908,145)	(1,319,183)	(11,040,551)	(2,127,320)
Net cash provided by (used in) operating activities	23,318,501	77,584	4,750,827	(1,477,742)	26,669,170	3,106,328
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	535,000	-	-	-	535,000	1,279,497
Transfers out to other funds	(2,992,996)	-	(2,141,130)	(238,822)	(5,372,948)	(300,000)
Intergovernmental revenue	-	-	-	19,752	19,752	-
Advances from other funds	105,449	-	-	-	105,449	-
Net cash provided by (used in) noncapital financing activities	(2,352,547)	-	(2,141,130)	(219,070)	(4,712,747)	979,497
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from issuance of long-term debt	1,711,675	-	-	-	1,711,675	-
Loan principal payments	(8,339,629)	-	(1,490,210)	-	(9,829,839)	-
Interest paid	(5,561,325)	-	(281,954)	-	(5,843,279)	-
Acquisition and construction of property, plant and equipment	(17,626,762)	-	(2,882,498)	(42,957)	(20,552,217)	(3,821,716)
Proceeds from the sale of capital assets	-	-	-	-	-	726,550
Property tax proceeds	-	-	523,121	-	523,121	-
Impact fees and contributions	20,113,260	-	-	-	20,113,260	56,882
Net cash provided by (used in) capital and related financing activities	(9,702,781)	-	(4,131,541)	(42,957)	(13,877,279)	(3,038,284)
CASH FLOW FROM INVESTING ACTIVITIES						
Interest on investments	284,561	1,689	8,864	5,299	300,413	20,065
Net cash provided by (used in) investing activities	284,561	1,689	8,864	5,299	300,413	20,065
Net increase (decrease) in cash and cash equivalents	11,547,734	79,273	(1,512,980)	(1,734,470)	8,379,557	1,067,606
Beginning cash and cash equivalents	48,964,393	1,255,649	6,959,533	5,483,815	62,663,390	15,634,111
Ending cash and cash equivalents	\$ 60,512,127	\$ 1,334,922	\$ 5,446,553	\$ 3,749,345	\$ 71,042,947	\$ 16,701,717

(continued)

City of Palm Coast, Florida
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended September 30, 2021

Business-type Activities - Enterprise Funds

	Utility Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Enterprise Fund	Total Enterprise Fund	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME						
(LOSS) TO NET CASH PROVIDED BY (USED IN)						
OPERATING ACTIVITIES						
Operating income (loss)	\$ 10,255,187	\$ 57,413	\$ 3,103,653	\$ (1,985,233)	\$ 11,431,020	\$ (26,224)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	13,133,826	-	2,232,161	273,910	15,639,897	2,976,674
Change in assets and liabilities:						
Accounts receivable	(285,892)	(8,769)	(68,575)	172,410	(190,826)	189,279
Inventories	283,926	-	-	-	283,926	(16,150)
Prepays	-	-	-	11,881	11,881	34,147
Accounts payable	(368,375)	28,940	(583,362)	(15,515)	(938,312)	(95,383)
Due to other governments	(919)	-	-	-	(919)	-
Accrued liabilities	85,541	-	31,287	25,838	142,666	30,586
Customer deposits	232,649	-	-	(31,440)	201,209	-
Compensated absences	(17,442)	-	35,663	70,407	88,628	13,399
Net cash provided by (used in) operating activities	<u>\$ 23,318,501</u>	<u>\$ 77,584</u>	<u>\$ 4,750,827</u>	<u>\$ (1,477,742)</u>	<u>\$ 26,669,170</u>	<u>\$ 3,106,328</u>
CASH AND CASH EQUIVALENTS CLASSIFIED AS:						
Equity in pooled cash and investments in current assets	\$ 8,971,212	\$ 1,334,922	\$ 5,160,341	\$ 3,749,345	\$ 19,215,820	\$ 16,701,717
Restricted equity in pooled cash and investments						
Cash with fiscal agent	4,501,602	-	-	-	4,501,602	-
Debt service	1,876,382	-	286,212	-	2,162,594	-
Impact Fees	26,887,403	-	-	-	26,887,403	-
Renewal and replacements	16,382,788	-	-	-	16,382,788	-
Bond proceeds	1,892,740	-	-	-	1,892,740	-
Total restricted equity in pooled cash and investments	51,540,915	-	286,212	-	51,827,127	-
Total cash and cash equivalents	<u>\$ 60,512,127</u>	<u>\$ 1,334,922</u>	<u>\$ 5,446,553</u>	<u>\$ 3,749,345</u>	<u>\$ 71,042,947</u>	<u>\$ 16,701,717</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Developer contributions of capital assets	\$ 2,362,606	\$ -	\$ -	\$ -	\$ 2,362,606	\$ -

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, 2021

	Volunteer Firefighter Pension Fund
ASSETS	
Pension Investments	
External investment pools	\$ 5,679,762
Total Assets	5,679,762
 NET POSITION	
Net position restricted for pensions	\$ 5,679,762

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, 2021

	<u>Volunteer Firefighter Pension Fund</u>
ADDITIONS	
Contributions:	
State contributions	\$ 308,197
Total contributions	<u>308,197</u>
Investment earnings:	
Interest	905,949
Less investment expenses	<u>(10,404)</u>
Total investment earnings	895,545
Total additions	<u>1,203,742</u>
DEDUCTIONS	
Administrative expenses	44,459
Benefit distributions	<u>246,132</u>
Total deductions	290,591
Change in net position	<u>913,151</u>
Net position - beginning	<u>4,766,611</u>
Net position - ending	<u><u>\$ 5,679,762</u></u>

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2021

City of Palm Coast, Florida
Notes to Financial Statements
September 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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 55%, 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, 2021

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, 2021

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, 2021

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, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes (Continued)

Valuation Date January 1, 2020

Property Appraiser prepares the assessment roll with values as of January 1, 2020, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations. July 1, 2020

City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year. September 2020

Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy Date). September 2020

A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2020 through March 2021, with the following applicable discounts: November 1, 2020

Month Paid	Discount (%)	November 1, 2020
November	4	through
December	3	March 31, 2021
January	2	
February	1	
March	0	

All unpaid taxes on real and tangible personal property become delinquent. April 1, 2021

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April and May 2021

Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien Date). June 1, 2021

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, 2021

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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. 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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

2. 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.
3. 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.
4. 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.
5. GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, in October 2021. GASB 98 establishes the term *annual comprehensive financial report* and its acronym ACFR and replaces the previous term Comprehensive Annual Financial Report and its acronym in generally accepted accounting principles for state and local governments. The provisions of GASB 98 are effective for periods beginning after December 15, 2021. The City made the decision to implement this change as of September 30, 2021.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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 \$314,027,893 difference are as follows:

Land	\$ 97,650,173
Construction in progress	13,514,194
Buildings and other improvements	80,259,341
Less: Accumulated depreciation	(24,034,595)
Infrastructure	270,460,963
Less: Accumulated depreciation	(125,061,711)
Equipment	5,297,031
Less: Accumulated depreciation	(4,057,503)
<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	\$ 314,027,893

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 \$24,154,297 difference are as follows:

Net position of the internal service funds	\$ 29,607,603
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(5,462,607)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	9,301
<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	\$ 24,154,297

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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 \$8,016,305 difference are as follows:

Loans payable	\$ 5,517,809
Compensated absences	2,498,496

<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	<i>\$ 8,016,305</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 \$744,000 difference are as follows:

Principal payments:	
SR100 CRA Revenue Note	\$ 744,000

<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	<i>\$ 744,000</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 \$3,042,693. This fund incurred construction expenditures in excess of current revenues and transfers.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 4 – Deposits and Investments

Deposits

At year-end, the carrying amount of the City's deposits was \$21,969,632 and the bank balance was \$22,824,921. 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 \$5,679 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, 2021, the City has the following investments:

Investment Type	Fair Value	Percentage of Total	Average Maturities
Florida Prime LGIP	\$ 33,910,017	27.87	49 Days
Intergovernmental Investment Pool-FL PALM	27,980,056	23.00	53 Days
U.S. Government Agencies	10,465,778	8.60	1-5 Years
U.S. Treasuries	25,071,137	20.61	1-5 Years
Corporate Issues	17,438,232	14.33	1-5 Years
Supranational Bonds	4,347,673	3.57	1-5 Years
Municipal Bonds	2,450,643	2.01	1-5 Years
	<u>\$121,663,536</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, 2021

Note 4 – Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of September 30, 2021:

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, 2021:

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	\$ 10,465,778	\$ -	\$ 10,465,778	\$ -	\$ 10,465,778
U.S. Treasuries	25,071,137	-	25,071,137	-	25,071,137
Corporate Issues	17,438,232	-	17,438,232	-	17,438,232
Supranational Bonds	4,347,673	-	4,347,673	-	4,347,673
Municipal Bonds	2,450,643	-	2,450,643	-	2,450,643
Total investments by fair value level	\$ 59,773,463	\$ -	\$ 59,773,463	\$ -	\$ 59,773,463

Investments measured at the net asset value (NAV)

External Investment Pool:

SBA Florida Prime	\$ 33,910,017
FL PALM	27,980,056
Total investments measured at NAV	<u>61,890,073</u>
<i>Total investments measured at fair value</i>	<u><u>\$ 121,663,536</u></u>

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, 2021, 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, 2021

Note 4 – Deposits and Investments (Continued)

The Florida Public Assets for Liquidity Management (“FL PALM”) 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.

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, 2021, 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, 2021 totaled \$4,501,602. 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, 2021

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	Notes Receivable	Allowance for Doubtful Accounts	Totals
General Fund	\$ 825,555	\$ -	\$ -	\$ -	825,555
SR100 CRA Fund	-	-	472,222	-	472,222
Nonmajor Governmental Funds	-	4,239,204	-	-	4,239,204
Utility Fund	6,491,170	-	-	(493,603)	5,997,567
Solid Waste Fund	1,342,946	-	-	(105,825)	1,237,121
Stormwater Fund	3,088,432	-	-	(531,740)	2,556,692
Nonmajor Enterprise Funds	8,171	-	-	(4,478)	3,693
Internal Service Funds	13,594	-	-	-	13,594
Totals	<u>\$ 11,769,868</u>	<u>\$ 4,239,204</u>	<u>\$ 472,222</u>	<u>\$ (1,135,646)</u>	<u>\$ 15,345,648</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, 2021 represents the balance remaining on the financing of the expansion and realignment of Old Kings Road. The notes receivable is the amount due from Jacksonville University for the MedNexus initiative (see Note 16).

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 6 – Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 9/30/20	Increases	Decreases	Balance 9/30/21
A. Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 92,090,543	\$ 5,559,630	\$ -	\$ 97,650,173
Construction in progress	12,163,472	7,435,079	(6,084,357)	13,514,194
Total capital assets, not being depreciated	104,254,015	12,994,709	(6,084,357)	111,164,367
Capital assets, being depreciated:				
Buildings and improvements other than buildings	73,517,868	7,838,617	-	81,356,485
Infrastructure	269,999,839	474,300	-	270,474,139
Equipment	32,398,976	4,126,830	(2,317,028)	34,208,778
Total capital assets, being depreciated	375,916,683	12,439,747	(2,317,028)	386,039,402
Less accumulated depreciation for:				
Buildings and improvements other than buildings	(21,867,780)	(2,653,215)	-	(24,520,995)
Infrastructure	(115,363,088)	(9,711,799)	-	(125,074,887)
Equipment	(18,271,684)	(3,274,234)	2,317,028	(19,228,890)
Total accumulated depreciation	(155,502,552)	(15,639,248)	2,317,028	(168,824,772)
Total capital assets, being depreciated, net	220,414,131	(3,199,501)	-	217,214,630
Governmental activities capital assets, net	\$ 324,668,146	\$ 9,795,208	\$ (6,084,357)	\$ 328,378,997
B. Business-type Activities				
Capital Assets, not being depreciated:				
Land	\$ 14,498,986	\$ 4,041	\$ -	\$ 14,503,027
Construction in progress	8,661,660	6,288,070	(6,693,903)	8,255,827
Total capital assets, not being depreciated	23,160,646	6,292,111	(6,693,903)	22,758,854
Capital assets, being depreciated:				
Buildings and improvements other than buildings	143,116,708	4,735,205	-	147,851,913
Infrastructure	249,221,527	17,700,724	-	266,922,251
Equipment	1,608,750	93,126	(176,621)	1,525,255
Total capital assets, being depreciated	393,946,985	22,529,055	(176,621)	416,299,419
Less accumulated depreciation for:				
Buildings and improvements other than buildings	(58,645,401)	(5,562,023)	-	(64,207,424)
Infrastructure	(103,333,295)	(9,995,916)	-	(113,329,211)
Equipment	(1,256,426)	(81,958)	176,621	(1,161,763)
Total accumulated depreciation	(163,235,122)	(15,639,897)	176,621	(178,698,398)
Total capital assets, being depreciated, net	230,711,863	6,889,158	-	237,601,021
Business-type activities capital assets, net	\$ 253,872,509	\$ 13,181,269	\$ (6,693,903)	\$ 260,359,875

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 6 – Capital Assets (Continued)

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

Governmental activities:

General government	\$	322,549
Public safety		421,935
Transportation and physical environment		9,946,201
Culture and recreation		1,971,889
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		2,976,674
Total depreciation expense - governmental activities	\$	15,639,248

Business activities:

Utility	\$	13,133,826
Stormwater		2,232,161
Building permits		16,993
Information technology		256,917
Total depreciation expense - business activities	\$	15,639,897

Note 7 - Accrued liabilities

Accrued liabilities totaling \$726,839 reported by the general fund as of September 30, 2021 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	\$ 4,239,204
			\$ 4,239,204

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, 2021

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

Interfund Transfers:	Transfer In:							
	General Fund	Capital Projects Fund	SR 100 CRA Fund	Fleet Fund	IT Operations	Stormwater Fund	Nonmajor Governmental	Total
Transfer Out								
General Fund	\$ -	\$ -	\$ 780,283	\$ 74,923	\$ 571,875	\$ -	\$ -	\$ 1,427,081
Utility Fund	911,368	1,916,356	-	165,272	-	-	-	2,992,996
Transportation Impact Fee Fund	-	-	-	-	-	-	163,179	163,179
Capital Projects Fund	-	-	-	-	-	-	22,404	22,404
SR100 CRA Fund	-	-	-	-	-	535,000	1,305,117	1,840,117
Stormwater Fund	125,279	1,606,187	-	409,664	-	-	-	2,141,130
Internal Service Fund	19,065	-	-	-	-	-	-	19,065
Nonmajor Governmental	19,274	161,785	-	56,762	1,001	-	-	238,822
Nonmajor Proprietary	-	300,000	-	-	-	-	-	300,000
Total transfers out	\$ 1,074,986	\$ 3,984,328	\$ 780,283	\$ 706,621	\$ 572,876	\$ 535,000	\$ 1,490,700	\$ 9,144,794

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 funding of the new public works fleet facility. 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 2021, the total cost was \$4,246,019.

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, 2021, the lease payments totaled \$99,528. The future minimum lease payments for the lease that terminate in 2022 is \$99,528.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 9 – Leases and Agreements (Continued)

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 2021, the total amount of lease payments was \$258,615.

The following is a schedule by years of minimum future rentals to be received on noncancellable operating leases:

Year Ending September 30,	Amount
2022	\$ 268,720
2023	278,517
2024	288,678
2025	299,215
2026-2030	1,378,677
2031-2035	1,644,732
2036-2040	973,907
	\$ 5,132,446

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
2022	\$ -	\$ 34,465
2023	490,000	23,243
2024	502,000	11,748
2025	513,000	-
	\$ 1,505,000	\$ 69,456

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 10 – Long-Term Debt (Continued)

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%.

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

Year Ending September 30,	Principal	Interest
2022	\$ -	\$ 138,449
2023	277,000	128,892
2024	288,000	118,956
2025	302,000	108,537
2026	736,000	83,145
2027-2029	2,409,809	85,526
	<u>\$ 4,012,809</u>	<u>\$ 663,505</u>

The 2022 principal payment was made on both loans during the year ended September 30, 2021, leaving a principal balance of \$1,505,000 and \$4,012,809 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 Refunding Revenue Bonds, Series 2021

On July 27, 2021, the City issued debt to partially advance refund the Utility System Refunding Revenue Bonds Series 2013. Refunded proceeds and issuance costs were included in the bond issue and brought the total debt issued to \$62,715,000. The interest rate on these bonds is 1.65%. This debt will be paid over the next 15 years of the original 30 years term from water and wastewater revenues.

Year Ending September 30,	Principal	Interest
2022	\$ 1,580,000	\$ 886,970
2023	1,190,000	882,941
2024	5,435,000	877,705
2025	5,465,000	841,834
2026	5,515,000	793,742
2027-2031	28,675,000	2,873,641
2032-2036	14,855,000	591,698
	<u>\$ 62,715,000</u>	<u>\$ 7,748,531</u>

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 10 – Long-Term Debt (Continued)

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 was partially refunded with the Utility System improvement and Refunding Revenue Bonds, Series 2021, and will be paid over the next 15 years or the original 30 year term 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, 2021, Standard & Poor's raised its rating to AA- and Fitch assigned an AA rating on this bond issue.

Early Optional Redemption

The Series 2013 bonds maturing on or after October 1, 2024 were 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. The City advance refunded a portion of the outstanding \$68,275,000 for debt service savings. The portion not refunded totals \$11,550,000 and will be payable over the next three fiscal years. The refinancing resulted in debt service savings of \$7,433,898 and a net present value savings of \$6,537,063.

Debt Service

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

Year Ending September 30,	Principal	Interest
2022	\$ 3,660,000	\$ 394,500
2023	3,850,000	202,000
2024	4,040,000	-
	\$ 11,550,000	\$ 596,500

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 10 – Long-Term Debt (Continued)

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 original loan principal of \$40,193,000 was payable annually at an interest at a rate of 2.48% payable semi-annually through October 2037. The loan was modified in December of 2021, which decreased the interest rate to 1.75%. The interest reduction resulted in projected cash flow savings of \$363,204 over the remaining life of the loan, with net present value savings of \$343,008.

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

Year Ending September 30,	Principal	Interest
2022	\$ -	\$ 545,685
2023	1,837,000	513,538
2024	1,867,000	480,865
2025	1,901,000	447,598
2026	1,935,000	413,735
2027-2031	10,192,000	1,539,720
2032-2036	11,111,000	600,250
2037	2,339,000	-
	\$ 31,182,000	\$ 4,541,391

The 2022 principal payment was made during the year ended September 30, 2021, leaving a principal balance of \$31,182,000 payable at the end of the fiscal year.

During year ended September 30, 2017, the City executed an agreement with CenterState Bank (now SouthState) 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% was payable semi-annually through June 2028. The loan was modified in December of 2021, which decreased the interest rate to 1.45%. The interest reduction resulted in projected cash flow savings of \$2,197,808 over the remaining life of the loan, with net present value savings of \$1,915,913.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 10 – Long-Term Debt (Continued)

Bank Loans (Continued)

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

Year Ending September 30,	Principal	Interest
2022	\$ 1,686,000	\$ 141,477
2023	1,710,000	116,950
2024	1,735,000	92,061
2025	1,760,000	66,816
2026	1,698,000	41,209
2027-2028	1,591,000	28,906
	\$ 10,180,000	\$ 487,419

State Revolving Fund Loans

During the year ended September 30, 2021, 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 an expansion to its wastewater treatment plant #2 (WW180431). The agreement allows the City to borrow up to \$19,620,000 at an interest rate of 0.0%. The loan is payable semi-annually in the amount of \$500,310 commencing on September 15, 2023 for a period of 20 years. Construction on this project has not yet started.

Description	Interest Rate	Disbursable Amount	Amount Funded	Repayment Date	Semi-Annual Payment	Term (years)
Expansion of Wastewater Treatment Plant #2	0.00%	\$ 19,620,000	\$ -	9/15/2023	\$ 500,310	20

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 February 15, 2022 for a period of 20 years. Funding pending receipt as of year-end was \$319,735.

Description	Interest Rate	Disbursable Amount	Amount Funded	Repayment Date	Semi-Annual Payment	Term (years)
Expansion of Wastewater Treatment Plant #2	0.17%	\$ 1,401,340	\$ 1,401,340	2/15/2022	\$ 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, 2021

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
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	1,515,475	134,912
2027-2031	7,731,305	520,627
2032-2036	7,994,243	257,689
2037-2038	3,273,313	27,460
	\$ 26,475,876	\$ 1,580,693

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:

Year Ending September 30,	Principal	Interest
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
	\$ 1,415,342	\$ 100,508

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 10 – Long-Term Debt (Continued)

State Revolving Fund Loans (Continued)

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.

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

Year Ending September 30,	Principal	Interest
2022	\$ 141,241	\$ 41,391
2023	145,710	36,921
2024	150,322	32,310
2025	155,079	27,553
2026	159,986	22,645
2027-2030	600,888	38,324
	\$ 1,353,226	\$ 199,144

During the year ended September 30, 2021, 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 (SW180400). The agreement allows the City to borrow up to \$1,621,830 at an interest rate of 0%. The loan is payable semi-annually in the amount of \$41,357 commencing on August 15, 2022 for a period of 20 years. Funding pending receipt as of year-end was \$195,518.

Description	Interest Rate	Disbursable Amount	Amount Funded	Repayment Date	Semi- Annual Payment	Term (years)
Stormwater E-Section Canal & Drainage Improvements	0.00%	\$ 1,621,830	\$ 195,518	8/15/2022	\$ 41,357	20

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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 10 – Long-Term Debt (Continued)

Bank Loans (Continued)

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

Year Ending September 30,	Principal	Interest
2022	\$ -	\$ 47,983
2023	830,000	24,277
2024	850,000	-
	\$ 1,680,000	\$ 72,260

The 2022 principal payment of \$811,000 was made during the year ended September 30, 2021, leaving a principal balance of \$1,680,000 payable at the end of the fiscal year.

During the year ended September 30, 2021, 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.

Year Ending September 30,	Principal	Interest
2022	\$ -	\$ 24,150
2023	117,000	21,377
2024	120,000	18,533
2025	123,000	15,618
2026	126,000	12,632
2027-2030	533,000	19,339
	\$ 1,019,000	\$ 111,649

During the year ended September 30, 2021, 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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 10 – Long-Term Debt (Continued)

Bank Loans (Continued)

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

Year Ending September 30,	Principal	Interest
2022	\$ -	\$ 94,017
2023	170,000	89,801
2024	174,000	85,486
2025	178,000	81,071
2026	183,000	76,533
2027-2031	983,000	284,617
2032-2036	1,111,000	193,254
2037-2040	992,000	49,947
	\$ 3,791,000	\$ 954,726
	\$ 3,791,000	\$ 954,726

The 2022 principal payment was made on both loans during the year ended September 30, 2021, leaving a principal balance of \$1,019,000 and \$3,791,000 payable respectively at the end of the fiscal year.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

Note 10 – Long-Term Debt (Continued)

Changes in long-term debt

During the year ended September 30, 2021, the following changes in long-term debt occurred:

	Beginning			Ending		Due Within
Government Activities:	Balance	Additions	Reductions	Balance	One Year	
SR100 CRA Loans	\$ 6,261,809	\$ -	\$ (744,000)	\$ 5,517,809	\$ -	-
Total OPEB Liability	769,245	197,741	-	966,986	-	-
Net Pension Liability	3,097,884	-	(2,451,401)	646,483	-	-
Compensated Absences	2,593,477	1,533,503	(1,315,573)	2,811,407	909,964	-
Long-term debt	<u>\$ 12,722,415</u>	<u>\$ 1,731,244</u>	<u>\$ (4,510,974)</u>	<u>\$ 9,942,685</u>	<u>\$ 909,964</u>	<u>-</u>
Business Type Activities:						
Utility Revenue Bonds	\$ 71,760,000	\$ 62,715,000	\$(60,210,000)	\$ 74,265,000	\$ 4,055,000	-
Premiums	3,384,144	-	(3,121,669)	262,475	-	-
Total Revenue Bonds	<u>75,144,144</u>	<u>62,715,000</u>	<u>(63,331,669)</u>	<u>74,527,475</u>	<u>4,055,000</u>	<u>-</u>
State Revolving Fund Loans	31,443,770	1,262,371	(1,864,840)	30,841,301	1,885,698	-
Bank and Other Loans	52,332,000	-	(4,480,000)	47,852,000	1,686,000	-
Total OPEB Liability	205,821	42,136	-	247,957	-	-
Compensated Absences	1,825,419	1,141,922	(1,053,296)	1,914,045	690,464	-
Long-term debt	<u>\$ 160,951,154</u>	<u>\$ 65,161,429</u>	<u>\$(70,729,805)</u>	<u>\$ 155,382,778</u>	<u>\$ 8,317,162</u>	<u>-</u>

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, \$312,912 of internal service fund compensated absences and \$35,042 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, 2021

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, 2021, 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, 2021, contributions to this plan totaled \$2,852,187, 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, 2021, 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 \$486,977.

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, 2021

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, 2021

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, 2021, the following volunteers were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	28
Inactive plan members entitled to but not receiving benefits	5
Active plan members	23
	56
	56

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, 2021 was \$308,197. There were no required City contributions.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of September 30, 2021, 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, 2021 were as follows:

Total Pension Liability	\$ 3,262,460
Plan Fiduciary Net Position	(5,679,762)
Net Pension Liability (Asset)	\$ (2,417,302)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	174.09%

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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, 2020 updated to September 30, 2021 using the following actuarial assumptions:

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 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 2021 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, 2021 (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	25%	7.20%
U.S. Small Cap Equity	14%	8.40%
International Equity	21%	8.20%
Core Real Estate	10%	6.70%
Core Bonds	15%	2.60%
Core Plus	15%	2.90%
Total	100%	

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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 Plan Member 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 Member rate. 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, 2020	\$ 3,151,940	\$ 4,766,611	\$ (1,614,671)
Changes for the year:			
Service Cost	76,093	-	76,093
Interest	168,229	-	168,229
Share Plan Allocation	108,197	-	108,197
Differences between expected and actual experience	4,133	-	4,133
Changes of Assumptions	-	-	-
Contributions - State	-	308,197	(308,197)
Net investment income (loss)	-	895,545	(895,545)
Benefit payments	(246,132)	(246,132)	-
Administrative expenses	-	(44,459)	44,459
Net Changes	110,520	913,151	(802,631)
Balances at September 30, 2021	\$ 3,262,460	\$ 5,679,762	\$ (2,417,302)

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)	\$ (2,173,731)	\$ (2,417,302)	\$ (2,616,516)

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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, 2021, the City recognized pension expense (benefit) of (\$18,968). On September 30, 2021, 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	\$ 3,099	\$ 76,252
Changes of assumptions	80,026	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	409,832
Total	\$ 83,125	\$ 486,084

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:		
2022	\$	(92,304)
2023		(82,287)
2024		(106,564)
2025		(121,804)
2026		-
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, 2021:

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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, 2021 was \$5,679,762. 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	5.39	6.30
FMIvT Core Plus Fixed Income	3.98	8.21

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, 2021, the annual money-weighted rate of return on Plan investments, net of investment expense, was 19.22 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, 2021

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, 2021:

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	\$ 880,363	\$ -	\$ 880,363	\$ -	\$ 880,363
Core Plus Fixed Income	897,402	-	-	897,402	\$ 897,402
Diversified Large Cap	1,436,980	-	1,436,980	-	\$ 1,436,980
Diversified Small to Mid Cap	789,487	-	789,487	-	\$ 789,487
International Equity	1,158,671	-	1,158,671	-	\$ 1,158,671
Core Real Estate	477,100	-	-	477,100	\$ 477,100
Total investments by fair value level	\$ 5,640,003	\$ -	\$ 4,265,501	\$ 1,374,502	\$ 5,640,003
Uninvested Cash	39,759				
Total investments at fair value	<u>\$ 5,679,762</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, 2021

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.

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, 2021

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, 2021

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, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular—10% and 10.82%; Special Risk Administrative Support—35.84% and 37.76%; Special Risk—24.45% and 25.89%; Senior Management Service—27.29% and 29.01%; Elected Officers’—49.18% and 51.42%; and DROP participants—16.98% and 18.34%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021.

The City’s contributions, including employee contributions, to the Pension Plan totaled \$217,204 for the fiscal year ended September 30, 2021.

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

At September 30, 2021, the City reported a liability of \$332,719 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021.

The City’s proportionate share of the net pension liability was based on the City’s 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the City’s proportionate share was .004404615 percent, which was an increase of 30.53 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized a reduction to pension expense of \$213,484. 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, 2021

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	\$ 57,029	\$ -
Change of assumptions	227,663	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share contributions	10,329	958,997
City Pension Plan contributions subsequent to measurement date	45,363	-
Plan Investments	-	1,160,772
Total	\$ 340,384	\$ 2,119,769

The deferred outflows of resources related to the Pension Plan, totaling \$45,363 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, 2022. 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:		
2022	\$	(380,619)
2023		(414,511)
2024		(465,526)
2025		(491,678)
2026		(72,414)
Thereafter		-

Actuarial Assumptions

The total pension liability in the June 30, 2021 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, 2021, 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, 2021

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%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Real Estate (property)	10.3%	7.1%	6.2%	13.8%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.2%

(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 (asset)	\$ 1,487,940	\$ 332,719	\$ (632,917)

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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 Annual Comprehensive 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, 2021, 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, 2021, the HIS contribution for the period October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021 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 \$15,168 for the fiscal year ended September 30, 2021.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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, 2021, the City reported a liability of \$313,764 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the City's proportionate share was .002557893 percent, which was an increase of 10.73 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized a reduction to pension expense of \$4,290. 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	\$ 10,501	\$ 131
Change of assumptions	24,655	12,928
Changes in proportion and differences between City Pension Plan contributions and proportionate share contributions	966	132,381
City Pension Plan contributions subsequent to measurement date	3,998	-
Plan Investments	327	-
Total	\$ 40,447	\$ 145,440

The deferred outflows of resources related to the Pension Plan, totaling \$3,998 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, 2022. 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:	
2022	\$ (20,516)
2023	(25,347)
2024	(23,158)
2025	(21,765)
2026	(14,634)
Thereafter	(3,571)

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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	2.16 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 2.16%. 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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(1.16)%	(2.16)%	(3.16)%
City's net pension liability	\$ 362,742	\$ 313,764	\$ 273,638

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 Annual Comprehensive Financial Report.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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	\$ 2,417,302	\$ 83,125	\$ 486,084	\$ -
Florida Retirement System (FRS)	-	340,385	2,119,769	332,719
FRS HIS Plan	-	40,447	145,442	313,764
Totals	\$ 2,417,302	\$ 463,957	\$ 2,751,295	\$ 646,483

Pension expenses reported for the fiscal year were (\$378,710) and (\$19,096) for the Florida Retirement System and the Florida Retirement System HIS plan, respectively. The Volunteer Firefighter's Pension Plan reported pension expense of (\$327,165). Total combined pension expenses reported for the fiscal year were (\$724,971).

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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, 2019, 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, 2021

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

Total OPEB Liability

The measurement date is September 30, 2020.

The measurement period for the OPEB expense is October 1, 2019 to September 30, 2020.

The reporting period is October 1, 2020 to September 30, 2021.

The Sponsor's Total OPEB Liability was measured as of September 30, 2020.

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	2.14%
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 2.14%. 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, 2021

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, 2020	\$ 975,066
Changes for the Year:	
Service Cost	87,908
Interest	37,634
Differences Between Expected and Actual Experience	-
Changes in Assumptions	138,024
Benefit Payments	(23,689)
Net Changes	239,877
Reporting Period Ending September 30, 2021	\$ 1,214,943

Changes in assumptions reflect a change in the discount rate from 3.58% for the reporting period ended September 30, 2020, to 2.14% for the reporting period ended September 30, 2021.

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 1.14%	Current Discount 2.14%	1% Increase 3.14%
Total OPEB Liability (asset)	\$ 1,319,408	\$ 1,214,943	\$ 1,117,561

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)	\$ 1,043,227	\$ 1,214,943	\$ 1,422,722

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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, 2021, the City recognized OPEB expense of \$176,719. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 117,582	\$ -
Changes of assumptions	186,425	34,635
Employer Contributions Subsequent to the Measurement Date	27,966	-
Total	<u>\$ 331,973</u>	<u>\$ 34,635</u>

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:	
2022	\$ 43,177
2023	43,177
2024	43,177
2025	43,177
2026	43,177
Thereafter	53,487

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, 2021, the amount of prepaid impact fees is estimated to be \$14,759,252.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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, 2021. No litigation where loss to the City is reasonably possible and estimable exists as of September 30, 2021. 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 \$744,188 is reported in the fund at September 30, 2021.

Changes in the fund's claims liability amount for fiscal years 2020 and 2021 were:

	2020	2021
<u>Changes in Claims Liability</u>		
Beginning fiscal year liability	\$ 330,463	\$ 933,841
Current year claims and changes in estimates	4,733,086	5,070,404
Claim payments	(4,129,708)	(5,260,057)
Balance at fiscal year end	\$ 933,841	\$ 744,188

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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 \$4,239,204 as of September 30, 2021.

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.

In fiscal year ending September 30, 2021, the City awarded Jacksonville University a forgivable note receivable loan in the amount of \$1,000,000 under the MedNexus initiative. For 2021, the amount drawn on the loan was \$500,000. The loan is forgivable monthly over a 36 month period beginning August 1, 2021. The balance on the loan was \$472,222 as of September 30, 2021 (see Note 5).

For the fiscal year ended September 30, 2021, the fund received \$1,349,990 in property tax revenue, a \$780,283 transfer from the general fund, and \$4,681 in investment income. The transfer included the City portion of the tax increment. Expenditures for the fiscal year were \$166,128 in administrative costs, \$52,778 contribution to Mednexus, land purchase of \$66,645, transfers out totalling \$1,840,117 and \$936,688 for debt service.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2021

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, 2021

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 - Risk and Uncertainties - COVID-19

During the year ended September 30, 2021, 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 10, 2022, management believes that an 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 Nine Fiscal Years

	9/30/2021	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	\$ 76,093	\$ 78,352	\$ 83,162	\$ 135,458	\$ 132,449	\$ 97,464	\$ 104,091	\$ 113,712	\$ 105,631
Interest	168,229	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	108,197	71,791	47,471	63,091	32,597	129,180	180,335	-	-
Differences between expected and actual experience	4,133	(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	(246,132)	(306,287)	(250,668)	(167,751)	(162,594)	(513,703)	(543,000)	(110,810)	(103,288)
Net change in total pension liability	110,520	151,914	(53,747)	170,020	196,897	10,573	(229,749)	344,008	97,966
Total pension liability - beginning	3,151,940	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)	\$ 3,262,460	\$ 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	\$ 308,197	\$ 271,790	\$ 247,471	\$ 263,091	\$ 232,597	\$ 273,487	\$ 324,642	\$ 381,967	\$ 364,571
Net investment income	895,545	247,483	217,265	290,058	458,612	262,259	(6,801)	270,512	324,552
Benefit payments, including refunds of employee contributions	(246,132)	(306,287)	(250,668)	(167,751)	(162,594)	(513,703)	(543,000)	(110,810)	(103,288)
Administrative expenses	(44,459)	(27,793)	(29,343)	(29,020)	(25,393)	(29,092)	(41,443)	(60,987)	(25,630)
Net change in fiduciary net position	913,151	185,193	184,725	356,378	503,222	(7,049)	(266,602)	480,682	560,205
Plan fiduciary net position - beginning	4,766,611	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)	\$ 5,679,762	\$ 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)	\$ (2,417,302)	\$ (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	174.09%	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 initial Share 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.

There were no changes in assumptions for measurement date 09/30/21.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 86,230	\$ 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	200,000	144,307	127,816	130,671	120,718
Contribution Deficiency (Excess)	\$ (113,770)	\$ (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: 10/01/2019

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 Nine Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	19.22%	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 Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.4404615%	0.6340460%	0.0078830%	0.0094847%	0.0098446%	0.0099867%	0.0088135%	0.0915679%
City's proportionate share of the net pension liability (asset)	\$ 332,719	\$ 2,748,049	\$ 2,714,805	\$ 2,856,847	\$ 2,911,962	\$ 2,521,655	\$ 1,138,376	\$ 558,699
City's covered payroll	\$ 920,554	\$ 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	36.14%	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	96.40%	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 Eight Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 217,204	\$ 254,800	\$ 295,920	\$ 345,629	\$ 336,187	\$ 306,073	\$ 272,830	\$ 257,211
Contributions in relation to the contractually required contribution	(217,204)	(254,800)	(295,920)	(345,629)	(336,187)	(306,073)	(272,830)	(257,211)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 913,743	\$ 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	23.77%	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 Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.002557893%	0.002865193%	0.003620878%	0.004357290%	0.004357276%	0.004380861%	0.004319202%	0.004327487%
City's proportionate share of the net pension liability (asset)	\$ 313,764	\$ 349,835	\$ 405,140	\$ 461,181	\$ 465,900	\$ 510,571	\$ 440,491	\$ 404,631
City's covered payroll	\$ 920,554	\$ 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	34.08%	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	3.56%	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 Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 15,168	\$ 16,018	\$ 18,409	\$ 23,434	\$ 23,339	\$ 23,373	\$ 18,141	\$ 15,792
Contributions in relation to the contractually required contribution	(15,168)	(16,018)	(18,409)	(23,434)	(23,339)	(23,373)	(18,141)	(15,792)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 913,743	\$ 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%	1.66%	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, 2021

Reporting Period Ending Measurement Date	9/30/2021 9/30/2020	9/30/2020 9/30/219	9/30/2019 9/30/2018	9/30/2018 9/30/2017
Total OPEB Liability				
Service Cost	\$ 87,908	\$ 73,430	\$ 75,634	\$ 78,295
Interest	37,634	29,608	23,674	18,191
Differences between Expected and Actual Experience	-	156,776	-	-
Changes of Assumptions	138,024	87,540	(25,491)	(25,291)
Benefit payments - implicit rate subsidy	(23,689)	(14,222)	(13,108)	(12,193)
Other Changes	-	-	-	-
Net change in total OPEB liability	239,877	333,132	60,709	59,002
Total OPEB liability - beginning	975,066	641,934	581,225	522,223
Total OPEB liability - ending	<u>\$ 1,214,943</u>	<u>\$ 975,066</u>	<u>\$ 641,934</u>	<u>\$ 581,225</u>
Covered Employee Payroll	\$ 22,888,095	\$ 22,007,785	\$ 20,718,160	\$ 19,155,104
Total OPEB liability as a percentage of covered employee payroll	5.31%	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, 2021	2.14%
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, 2021. 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.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 29,690,732	\$ 29,740,232	\$ 30,074,667	\$ 334,435
Licenses and permits	200,650	265,650	294,024	28,374
Intergovernmental revenue	3,712,118	4,353,940	5,202,006	848,066
Charges for services	5,785,320	6,384,612	6,625,327	240,715
Fines and forfeitures	476,000	526,000	554,237	28,237
Investment earnings	50,000	13,000	30,454	17,454
Miscellaneous	27,500	62,400	87,255	24,855
Total revenues	39,942,320	41,345,834	42,867,970	1,522,136
EXPENDITURES				
Current:				
General government:				
Mayor and council	156,032	126,953	122,830	4,123
City administration	2,484,222	2,490,941	1,961,413	529,528
City attorney	544,231	665,495	566,014	99,481
Financial services	1,618,683	1,608,525	1,421,096	187,429
Community development	5,674,006	5,669,908	5,014,342	655,566
Nondepartmental	3,211,031	5,257,428	4,416,158	841,270
Total general government	13,688,205	15,819,250	13,501,853	2,317,397
Public safety:				
Fire	9,894,755	9,787,436	9,352,128	435,308
Law enforcement	4,035,823	4,246,549	4,246,019	530
Other public safety - COVID 19	-	16,445	15,085	1,360
Total public safety	13,930,578	14,050,430	13,613,232	437,198
Transportation and physical environment:				
Streets and drainage	7,708,877	7,453,894	6,831,976	621,918
Culture and recreation	6,660,105	6,572,973	5,818,467	754,506
Capital outlay:				
Public safety	59,500	100,404	88,841	11,563
Transportation and physical environment	-	26,354	15,906	10,448
Culture and recreation	-	-	-	-
Total expenditures	42,047,265	44,023,305	39,870,275	4,153,030
Excess (deficiency) of revenues over (under) expenditures	(2,104,945)	(2,677,471)	2,997,695	5,675,166
OTHER FINANCING SOURCES (USES)				
Transfer in	1,104,117	1,075,321	1,074,986	(335)
Transfer out	(890,404)	(1,427,081)	(1,427,081)	-
Total other financing sources (uses)	213,713	(351,760)	(352,095)	(335)
Net change in fund balance	(1,891,232)	(3,029,231)	2,645,600	5,674,831
Fund balance - beginning	19,716,557	19,716,557	19,716,557	-
Fund balance - ending	\$ 17,825,325	\$ 16,687,326	\$ 22,362,157	\$ 5,674,831

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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 1,863,000	\$ 2,039,775	\$ 2,118,767	\$ 78,992
Intergovernmental revenue	910,157	810,157	873,594	63,437
Fines and forfeitures	-	-	125	125
Investment earnings	-	-	7,082	7,082
Total revenues	<u>2,773,157</u>	<u>2,849,932</u>	<u>2,999,568</u>	<u>149,636</u>
EXPENDITURES				
Current:				
Transportation and physical environment	7,664,384	3,321,403	3,163,917	157,486
Capital outlay:				
Transportation and physical environment	655,000	253,066	134,387	118,679
Total expenditures	<u>8,319,384</u>	<u>3,574,469</u>	<u>3,298,304</u>	<u>276,165</u>
Excess (deficiency) of revenues over (under) expenditures	(5,546,227)	(724,537)	(298,736)	(425,801)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,546,227)	(724,537)	(298,736)	425,801
Fund balance - beginning	<u>5,924,019</u>	<u>5,924,019</u>	<u>5,924,019</u>	<u>-</u>
Fund balance - ending	<u>\$ 377,792</u>	<u>\$ 5,199,482</u>	<u>\$ 5,625,283</u>	<u>\$ 425,801</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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 1,353,366	\$ 1,349,990	\$ 1,349,990	\$ -
Investment earnings	-	-	4,681	4,681
Miscellaneous	-	-	-	-
Total revenues	1,353,366	1,349,990	1,354,671	4,681
EXPENDITURES				
Current:				
Transportation and physical environment	416,048	690,517	218,846	471,671
Capital outlay:				
Transportation and physical environment	40,396	96,181	66,705	29,476
Debt service:				
Principal	744,000	744,000	744,000	-
Interest and other	193,060	193,060	192,688	372
Total expenditures	1,393,504	1,723,758	1,222,239	501,519
Excess (deficiency) of revenues over (under) expenditures	(40,138)	(373,768)	132,432	(506,200)
OTHER FINANCING SOURCES (USES)				
Transfer in	782,234	780,283	780,283	-
Transfer out	(742,096)	(2,090,117)	(1,840,117)	250,000
Total other financing sources (uses)	40,138	(1,309,834)	(1,059,834)	250,000
Net change in fund balance	-	(1,683,602)	(927,402)	756,200
Fund balance - beginning	-	1,683,602	1,683,602	-
Fund balance - ending	\$ -	\$ -	\$ 756,200	\$ 756,200

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.

American Rescue Plan Fund – This fund accounts for funds received from the federal government initiated by section 602 and 603 of the Emergency Legislative Package. This is in response to the public health emergency and its negative economic impacts. These funds are designated to make necessary improvements and investments in water, sewer and broadband infrastructure.

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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 2,405,000	\$ 3,400,000	\$ 4,060,294	\$ 660,294
Intergovernmental revenue	-	-	-	-
Investment earnings	-	-	9,004	9,004
Miscellaneous	20,000	-	-	-
Total revenues	<u>2,425,000</u>	<u>3,400,000</u>	<u>4,069,298</u>	<u>669,298</u>
EXPENDITURES				
Current:				
General government	29,702	36,652	26,103	10,549
Transportation and physical environment	-	-	-	-
Public safety	75,000	39,590	9,590	30,000
Culture and recreation	69,920	129,920	106,139	23,781
Capital outlay:				
General government	6,180,298	6,343,939	6,277,534	66,405
Public safety	-	-	21,037	(21,037)
Culture and recreation	1,265,080	2,236,815	2,116,811	120,004
Total expenditures	<u>7,620,000</u>	<u>8,786,916</u>	<u>8,557,214</u>	<u>229,702</u>
Excess (deficiency) of revenues over (under) expenditures	(5,195,000)	(5,386,916)	(4,487,916)	(899,000)
OTHER FINANCING SOURCES (USES)				
Transfer in	3,984,328	3,984,328	3,984,328	-
Transfer out	(1,253,502)	(312,285)	(22,404)	289,881
Total other financing sources (uses)	<u>2,730,826</u>	<u>3,672,043</u>	<u>3,961,924</u>	<u>289,881</u>
Net change in fund balance	(2,464,174)	(1,714,873)	(525,992)	1,188,881
Fund balance - beginning	<u>6,987,258</u>	<u>6,987,258</u>	<u>6,987,258</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,523,084</u>	<u>\$ 5,272,385</u>	<u>\$ 6,461,266</u>	<u>\$ 1,188,881</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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental revenue	\$ 5,000,000	\$ 6,175,292	\$ 5,009,494	\$ (1,165,798)
Impact fees	2,000,000	3,902,000	4,414,433	512,433
Investment earnings	-	-	12,006	12,006
Total revenues	7,000,000	10,077,292	9,435,933	(641,359)
EXPENDITURES				
Current:				
Transportation and physical environment	-	592,726	8,690	584,036
Capital outlay:				
Transportation and physical environment	13,065,000	9,324,566	6,410,141	2,914,425
Total expenditures	13,065,000	9,917,292	6,418,831	3,498,461
Excess (deficiency) of revenues over (under) expenditures	(6,065,000)	160,000	3,017,102	(2,857,102)
OTHER FINANCING SOURCES (USES)				
Transfer out	(150,000)	(170,000)	(163,179)	6,821
Total other financing sources (uses)	(150,000)	(170,000)	(163,179)	6,821
Net change in fund balance	(6,215,000)	(10,000)	2,853,923	2,863,923
Fund balance - beginning	7,417,050	7,417,050	7,417,050	-
Fund balance - ending	\$ 1,202,050	\$ 7,407,050	\$ 10,270,973	\$ 2,863,923

**City of Palm Coast, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021**

	Special Revenue Funds					Capital Projects		Total Nonmajor Governmental Funds
	Police Education Fund	Neighborhood Stabilization Fund	OKR Special Assessment Fund	CDBG Fund	American Rescue Plan Fund	Recreation Impact Fee Fund	Fire Impact Fee Fund	
ASSETS								
Equity in pooled cash and investments	\$ 3,374	\$ 66,264	\$ 1,088,245	\$ 240,395	\$ 6,253,451	\$ 4,472,747	\$ 2,447,841	\$ 14,572,317
Special assessment receivable - net	-	-	4,239,204	-	-	-	-	4,239,204
Due from other governments	-	-	656	-	-	-	-	656
Total assets	\$ 3,374	\$ 66,264	\$ 5,328,105	\$ 240,395	\$ 6,253,451	\$ 4,472,747	\$ 2,447,841	\$ 18,812,177
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 3,112	\$ 69,537	\$ -	\$ 59,125	\$ -	\$ 131,774
Unearned revenue	-	-	-	170,858	6,250,940	-	-	6,421,798
Advances from other funds	-	-	4,239,204	-	-	-	-	4,239,204
Total liabilities	-	-	4,242,316	240,395	6,250,940	59,125	-	10,792,776
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - special assessments	-	-	4,128,482	-	-	-	-	4,128,482
Total deferred inflows of resources	-	-	4,128,482	-	-	-	-	4,128,482
FUND BALANCES								
Restricted for								
Public safety	3,374	-	-	-	-	-	2,447,841	2,451,215
Parks and recreation	-	-	-	-	-	4,413,622	-	4,413,622
Grants	-	66,264	-	-	2,511	-	-	68,775
Unassigned	-	-	(3,042,693)	-	-	-	-	(3,042,693)
Total fund balances (deficits)	3,374	66,264	(3,042,693)	-	2,511	4,413,622	2,447,841	3,890,919
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,374	\$ 66,264	\$ 5,328,105	\$ 240,395	\$ 6,253,451	\$ 4,472,747	\$ 2,447,841	\$ 18,812,177

City of Palm Coast, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue Funds					Capital Projects		Total Nonmajor Governmental Funds
	Police Education Fund	Neighborhood Stabilization Fund	OKR Special Assessment Fund	CDBG Fund	American Rescue Plan Fund	Recreation Impact Fee Fund	Fire Impact Fee Fund	
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1,152,717	\$ -	\$ -	\$ -	\$ 1,152,717
Special assessments	-	-	318,322	-	-	-	-	318,322
Fines and forfeitures	7,037	-	-	-	-	-	-	7,037
Impact fees	-	-	-	-	-	2,468,758	832,321	3,301,079
Investment earnings	6	-	1,597	-	2,511	1,918	2,749	8,781
Total Revenues	7,043	-	319,919	1,152,717	2,511	2,470,676	835,070	4,787,936
EXPENDITURES								
Current:								
General government	-	-	-	859,677	-	-	-	859,677
Transportation and physical environment	-	-	36,700	-	-	-	-	36,700
Public safety	7,000	-	-	273,975	-	-	-	280,975
Capital Outlay:								
Culture and recreation	-	-	-	-	-	362,151	-	362,151
Debt Service:								
Interest and other	-	-	217,234	-	-	-	-	217,234
Total Expenditures	7,000	-	253,934	1,133,652	-	362,151	-	1,756,737
Excess (deficiency) of revenues over (under) expenses	43	-	65,985	19,065	2,511	2,108,525	835,070	3,031,199
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	163,179	-	-	1,327,521	-	1,490,700
Transfers out	-	-	-	(19,065)	-	-	-	(19,065)
Total other financing sources (uses)	-	-	163,179	(19,065)	-	1,327,521	-	1,471,635
Net change in fund balances	43	-	229,164	-	2,511	3,436,046	835,070	4,502,834
Fund balances (deficits) - beginning	3,331	66,264	(3,271,857)	-	-	977,576	1,612,771	(611,915)
Fund balances (deficits) - ending	\$ 3,374	\$ 66,264	\$ (3,042,693)	\$ -	\$ 2,511	\$ 4,413,622	\$ 2,447,841	\$ 3,890,919

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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 7,000	\$ 7,000	\$ 7,037	\$ 37
Investment earnings	-	-	6	6
Total revenues	7,000	7,000	7,043	43
EXPENDITURES				
Current:				
Public safety	7,000	7,000	7,000	-
Total expenditures	7,000	7,000	7,000	-
Net change in fund balance	-	-	43	43
Fund balance - beginning	3,331	3,331	3,331	-
Fund balance - ending	\$ 3,331	\$ 3,331	\$ 3,374	\$ 43

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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Special assessments	\$ 326,002	\$ 326,002	\$ 318,322	\$ (7,680)
Investment earnings	-	-	1,597	1,597
Total revenues	326,002	326,002	319,919	(6,083)
EXPENDITURES				
Current:				
Transportation and physical environment	150,000	170,000	36,700	133,300
Debt service:				
Interest and other	326,002	326,002	217,234	108,768
Total expenditures	476,002	496,002	253,934	242,068
Excess (deficiency) of revenues over (under) expenditures	(150,000)	(170,000)	65,985	(235,985)
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	170,000	163,179	(6,821)
Total other financing sources (uses)	150,000	170,000	163,179	(6,821)
Net change in fund balance	-	-	229,164	229,164
Fund balance - beginning	(3,271,857)	(3,271,857)	(3,271,857)	-
Fund balance - ending	\$ (3,271,857)	\$ (3,271,857)	\$ (3,042,693)	\$ 229,164

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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental revenue	\$ 1,069,277	\$ 1,544,808	\$ 1,152,717	\$ (392,091)
Total revenues	1,069,277	1,544,808	1,152,717	(392,091)
EXPENDITURES				
Current:				
General government	870,513	1,251,433	859,677	391,756
Public safety	150,568	273,975	273,975	-
Total expenditures	1,021,081	1,525,408	1,133,652	391,756
Excess (deficiency) of revenues over(under) expenditures	48,196	19,400	19,065	(335)
OTHER FINANCING SOURCES (USES)				
Transfers out	(48,196)	(19,400)	(19,065)	(335)
Total other financing sources (uses)	(48,196)	(19,400)	(19,065)	(335)
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

City of Palm Coast, Florida
American Rescue Plan Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual
For the Year Ended September 30, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ 2,511	\$ 2,511
Total revenues	-	-	2,511	2,511
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	2,511	2,511
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 2,511	\$ 2,511

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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental revenue	\$ 1,550,000	\$ 10,288	\$ -	\$ (10,288)
Impact fees	988,075	2,150,000	2,468,758	318,758
Investment earnings	-	-	1,918	1,918
Total revenues	<u>2,538,075</u>	<u>2,160,288</u>	<u>2,470,676</u>	<u>310,388</u>
EXPENDITURES				
Current:				
Culture and recreation	-	-	-	-
Capital outlay:				
Culture and recreation	4,615,000	4,027,690	362,151	3,665,539
Total expenditures	<u>4,615,000</u>	<u>4,027,690</u>	<u>362,151</u>	<u>3,665,539</u>
Excess (deficiency) of revenues over (under) expenditures	(2,076,925)	(1,867,402)	2,108,525	(3,975,927)
OTHER FINANCING SOURCES (USES)				
Transfer in	1,995,598	1,867,402	1,327,521	(539,881)
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>1,995,598</u>	<u>1,867,402</u>	<u>1,327,521</u>	<u>(539,881)</u>
Net change in fund balance	(81,327)	-	3,436,046	3,436,046
Fund balance - beginning	<u>977,576</u>	<u>977,576</u>	<u>977,576</u>	<u>-</u>
Fund balance - ending	<u>\$ 896,249</u>	<u>\$ 977,576</u>	<u>\$ 4,413,622</u>	<u>\$ 3,436,046</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, 2021

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Impact fees	\$ 350,391	\$ 750,000	\$ 832,321	\$ 82,321
Investment earnings	-	-	2,749	2,749
Total revenues	350,391	750,000	835,070	85,070
EXPENDITURES				
Current:				
Public safety	350,391	750,000	-	750,000
Total expenditures	350,391	750,000	-	750,000
Net change in fund balance	-	-	835,070	835,070
Fund balance - beginning	1,612,771	1,612,771	1,612,771	-
Fund balance - ending	\$ 1,612,771	\$ 1,612,771	\$ 2,447,841	\$ 835,070



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**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, 2021

	Business-type Activities-Enterprise Funds		Total Nonmajor Enterprise Funds
	Building Permits Fund	Information Technology Fund	
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 2,200,210	\$ 1,549,135	\$ 3,749,345
Accounts receivable - net	-	3,693	3,693
Due from other governments	-	1,519	1,519
Prepaid items	-	34,413	34,413
Total current assets	<u>2,200,210</u>	<u>1,588,760</u>	<u>3,788,970</u>
Noncurrent assets:			
Capital assets:			
Infrastructure	-	4,919,507	4,919,507
Equipment	56,283	357,723	414,006
Less accumulated depreciation	(37,400)	(3,186,065)	(3,223,465)
Total noncurrent assets	<u>18,883</u>	<u>2,091,165</u>	<u>2,110,048</u>
Total assets	<u>2,219,093</u>	<u>3,679,925</u>	<u>5,899,018</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows-OPEB	5,723	1	5,724
Total deferred outflows of resources	<u>5,723</u>	<u>1</u>	<u>5,724</u>
LIABILITIES			
Current liabilities:			
Accounts payable	90,575	8,517	99,092
Due to other governments	16,827	-	16,827
Compensated absences	59,482	10,939	70,421
Accrued liabilities	53,940	3,897	57,837
Unearned revenue	-	116,590	116,590
Total current liabilities	<u>220,824</u>	<u>139,943</u>	<u>360,767</u>
Noncurrent liabilities:			
Compensated absences	173,009	23,626.00	196,635
Total OPEB liability	20,946	2.00	20,948
Total noncurrent liabilities	<u>193,955</u>	<u>23,628</u>	<u>217,583</u>
Total liabilities	<u>414,779</u>	<u>163,571</u>	<u>578,350</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows-OPEB	597	-	597
Total deferred inflows of resources	<u>597</u>	<u>-</u>	<u>597</u>
NET POSITION			
Net investment in capital assets	18,883	2,091,165	2,110,048
Unrestricted	1,790,557	1,425,190	3,215,747
Total net position	<u>\$ 1,809,440</u>	<u>\$ 3,516,355</u>	<u>\$ 5,325,795</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, 2021

	Business-type Activities - Enterprise Funds		Total Nonmajor Enterprise Funds
	Building Permits Fund	Information Technology Fund	
OPERATING REVENUES			
Charges for Services:			
Building permit and inspection charges	\$ 550,496	\$ -	\$ 550,496
Fiber and cell tower charges	-	708,931	708,931
Total operating revenues	550,496	708,931	1,259,427
OPERATING EXPENSES			
Building permits and inspections	2,552,942	-	2,552,942
Fiber and cell tower	-	417,808	417,808
Depreciation	16,993	256,917	273,910
Total operating expenses	2,569,935	674,725	3,244,660
Operating income (loss)	(2,019,439)	34,206	(1,985,233)
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	3,469	1,830	5,299
Total nonoperating revenues (expenses)	3,469	1,830	5,299
Income (loss) before contributions and transfers	(2,015,970)	36,036	(1,979,934)
TRANSFERS AND CONTRIBUTIONS			
Transfers out	(219,548)	(19,274)	(238,822)
Total transfers and contributions	(219,548)	(19,274)	(238,822)
Change in net position	(2,235,518)	16,762	(2,218,756)
NET POSITION			
Net position - beginning of year	4,044,958	3,499,593	7,544,551
Net position - end of year	\$ 1,809,440	\$ 3,516,355	\$ 5,325,795

City of Palm Coast, Florida
Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2021

	Business-type Activities-Nonmajor Enterprise Funds		
	Building Permits Fund	Information Technology Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 550,596	\$ 849,801	\$ 1,400,397
Cash paid to suppliers	(1,241,937)	(317,019)	(1,558,956)
Cash paid to employees	(1,239,303)	(79,880)	(1,319,183)
Net cash provided by (used in) operating activities	<u>(1,930,644)</u>	<u>452,902</u>	<u>(1,477,742)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out to other funds	(219,548)	(19,274)	(238,822)
Intergovernmental revenue	16,024	3,728	19,752
Net cash provided by (used in) noncapital financing activities	<u>(203,524)</u>	<u>(15,546)</u>	<u>(219,070)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of property, plant and equipment	(10,425)	(32,532)	(42,957)
Net cash provided by (used in) capital and related financing activities	<u>(10,425)</u>	<u>(32,532)</u>	<u>(42,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	3,469	1,830	5,299
Net cash provided by (used in) investing activities	<u>3,469</u>	<u>1,830</u>	<u>5,299</u>
Net increase (decrease) in cash and cash equivalents	(2,141,124)	406,654	(1,734,470)
Beginning cash and cash equivalents	4,341,334	1,142,481	5,483,815
Ending cash and cash equivalents	<u>\$ 2,200,210</u>	<u>\$ 1,549,135</u>	<u>\$ 3,749,345</u>

(continued)

City of Palm Coast, Florida
Statement of Cash Flows (continued)
Nonmajor Enterprise Funds
For the Year Ended September 30, 2021

	Business-type Activities-Nonmajor Enterprise Funds		
	Building Permits Fund	Information Technology Fund	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (2,019,439)	\$ 34,206	\$ (1,985,233)
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	16,993	256,917	273,910
Change in assets and liabilities:			
Accounts receivable	100	172,310	172,410
Prepays	-	11,881	11,881
Accounts payable	13,921	(29,436)	(15,515)
Accrued liabilities	21,939	3,899	25,838
Customer deposits	-	(31,440)	(31,440)
Compensated absences	35,842	34,565	70,407
Net cash provided by (used in) operating activities	<u>\$ (1,930,644)</u>	<u>\$ 452,902</u>	<u>\$ (1,477,742)</u>
CASH AND CASH EQUIVALENTS CLASSIFIED AS:			
Equity in pooled cash and investments in current assets	<u>2,200,210</u>	<u>1,549,135</u>	<u>3,749,345</u>
Total cash and cash equivalents	<u>\$ 2,200,210</u>	<u>\$ 1,549,135</u>	<u>\$ 3,749,345</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, 2021

	<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>
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 4,162,217	\$ 2,280,849	\$ 10,258,651	\$ 16,701,717
Accounts receivable - net	3,585	-	10,009	13,594
Inventories	-	-	41,725	41,725
Prepaid items	-	-	8,740	8,740
Due from other governments	-	-	2,683	2,683
Total current assets	<u>4,165,802</u>	<u>2,280,849</u>	<u>10,321,808</u>	<u>16,768,459</u>
Noncurrent assets:				
Capital assets:				
Building and improvements other than buildings				
	-	-	1,097,144	1,097,144
Infrastructure	-	13,176	-	13,176
Equipment	-	1,081,003	27,830,743	28,911,746
Less accumulated depreciation	-	(978,676)	(14,692,288)	(15,670,964)
Total noncurrent assets	<u>-</u>	<u>115,503</u>	<u>14,235,599</u>	<u>14,351,102</u>
Deferred outflows of resources				
Deferred Outflows-OPEB	-	4,340	5,235	9,575
Total deferred outflows of resources	<u>-</u>	<u>4,340</u>	<u>5,235</u>	<u>9,575</u>
Total assets and deferred outflows	<u>\$ 4,165,802</u>	<u>\$ 2,400,692</u>	<u>\$ 24,562,642</u>	<u>\$ 31,129,136</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 64,413	\$ 284,775	\$ 349,188
Claims payable	744,819	-	-	744,819
Compensated absences	-	60,226	44,790	105,016
Accrued liabilities	1,877	42,804	33,892	78,573
Total current liabilities	<u>746,696</u>	<u>167,443</u>	<u>363,457</u>	<u>1,277,596</u>
Noncurrent liabilities:				
Compensated absences	-	130,072	77,824	207,896
Total OPEB liability	-	15,884	19,158	35,042
Total noncurrent liabilities	<u>-</u>	<u>145,956</u>	<u>96,982</u>	<u>242,938</u>
Deferred inflows of resources				
Deferred Inflows-OPEB	-	453	546	999
Total deferred inflows of resources	<u>-</u>	<u>453</u>	<u>546</u>	<u>999</u>
Total liabilities and deferred inflows	<u>746,696</u>	<u>313,852</u>	<u>460,985</u>	<u>1,521,533</u>
NET POSITION				
Net investment in capital assets	-	115,503	14,235,599	14,351,102
Unrestricted	3,419,106	1,971,337	9,866,058	15,256,501
Total net position	<u>\$ 3,419,106</u>	<u>\$ 2,086,840</u>	<u>\$ 24,101,657</u>	<u>\$ 29,607,603</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, 2021

	Internal Service Funds			Total Internal Service Funds
	Self Insured Health Fund	Information Technology	Fleet Fund	
OPERATING REVENUES				
Charges for services:				
Risk management	\$ 4,749,264	\$ -	\$ -	\$ 4,749,264
Information technology	-	3,626,840	-	3,626,840
Fleet management	-	-	7,087,362	7,087,362
Total operating revenues	4,749,264	3,626,840	7,087,362	15,463,466
OPERATING EXPENSES				
Administrative	5,660,067	3,070,688	3,782,261	12,513,016
Depreciation	-	59,328	2,917,346	2,976,674
Total operating expenses	5,660,067	3,130,016	6,699,607	15,489,690
Operating income (loss)	(910,803)	496,824	387,755	(26,224)
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	5,524	1,814	12,727	20,065
Other	50,010	6,871	726,549	783,430
Total nonoperating revenues (expenses)	55,534	8,685	739,276	803,495
Income (loss) before capital contributions and transfers	(855,269)	505,509	1,127,031	777,271
TRANSFERS AND CONTRIBUTIONS				
Transfers in	-	572,876	706,621	1,279,497
Transfers out	-	-	(300,000)	(300,000)
Total transfers and contributions	-	572,876	406,621	979,497
Change in net position	(855,269)	1,078,385	1,533,652	1,756,768
NET POSITION				
Net position - beginning of year	4,274,375	1,008,455	22,568,005	27,850,835
Net position - ending	\$ 3,419,106	\$ 2,086,840	\$ 24,101,657	\$ 29,607,603

City of Palm Coast, Florida
Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2021

	Internal Service Funds			
	Self Insured Health Fund	Information Technology	Fleet Fund	Total Internal Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ -	\$ -	\$ (9,885)	\$ (9,885)
Cash received interfund charges	4,749,264	3,626,840	7,087,362	15,463,466
Cash paid to suppliers	(5,613,455)	(1,789,805)	(2,816,673)	(10,219,933)
Cash paid to employees	(34,594)	(1,290,042)	(802,684)	(2,127,320)
Net cash provided by (used in) operating activities	(898,785)	546,993	3,458,120	3,106,328
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in from other funds	-	572,876	706,621	1,279,497
Net cash provided by (used in) noncapital financing activities	-	572,876	406,621	979,497
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of property, plant and equipment	-	(13,389)	(3,808,327)	(3,821,716)
Proceeds from the sale of capital assets	-	-	726,550	726,550
Impact fees and contributions	50,011	6,871	-	56,882
Net cash provided by (used in) capital and related financing activities	50,011	(6,518)	(3,081,777)	(3,038,284)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest on investments	5,524	1,814	12,727	20,065
Net cash provided by (used in) investing activities	5,524	1,814	12,727	20,065
Net increase (decrease) in cash and cash equivalents	(843,250)	1,115,165	795,691	1,067,606
Beginning cash and cash equivalents	5,005,467	1,165,684	9,462,960	15,634,111
Ending cash and cash equivalents	\$ 4,162,217	\$ 2,280,849	\$ 10,258,651	\$ 16,701,717

(continued)

City of Palm Coast, Florida
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended September 30, 2021

	Internal Service Funds			
	Self Insured Health Fund	Information Technology	Fleet Fund	Total Internal Services Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (910,803)	\$ 496,824	\$ 387,755	\$ (26,224)
Adjustment to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	-	59,328	2,917,346	2,976,674
Change in assets and liabilities:				
Accounts receivable	199,164	-	(9,885)	189,279
Inventories	-	-	(16,150)	(16,150)
Prepays	-	42,887	(8,740)	34,147
Accounts payable	(189,023)	(69,662)	163,302	(95,383)
Accrued liabilities	1,877	13,959	14,750	30,586
Compensated absences	-	3,657	9,742	13,399
Net cash provided by (used in) operating activities	<u>\$ (898,785)</u>	<u>\$ 546,993</u>	<u>\$ 3,458,120</u>	<u>\$ 3,106,328</u>
CASH AND CASH EQUIVALENTS CLASSIFIED AS:				
Equity in pooled cash and investments in current assets	<u>\$ 4,162,217</u>	<u>\$ 2,280,849</u>	<u>\$ 10,258,651</u>	<u>\$ 16,701,717</u>
Total cash and cash equivalents	<u>\$ 4,162,217</u>	<u>\$ 2,280,849</u>	<u>\$ 10,258,651</u>	<u>\$ 16,701,717</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 annual comprehensive 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.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 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	\$ 322,861,188
Restricted	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	24,760,020
Unrestricted	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	35,558,783
Total governmental activities net position	\$ 313,724,324	\$ 320,640,996	\$ 324,743,092	\$ 336,177,437	\$ 339,611,434	\$ 354,205,812	\$ 354,595,787	\$ 363,880,272	\$ 369,279,443	\$ 383,179,991
Business-type activities										
Net investment in capital assets	\$ 68,131,604	\$ 69,651,643	\$ 68,945,922	\$ 67,519,973	\$ 72,761,895	\$ 84,435,596	\$ 83,318,005	\$ 87,229,370	\$ 101,583,856	\$ 115,345,393
Restricted	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	36,465,940
Unrestricted	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	39,249,158
Total business-type activities net position	\$ 92,188,955	\$ 88,400,240	\$ 97,571,421	\$ 100,512,891	\$ 112,079,742	\$ 125,737,080	\$ 136,121,711	\$ 146,767,726	\$ 165,969,472	\$ 191,060,491
Primary government										
Net investment in capital assets	\$ 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	\$ 438,206,581
Restricted	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	61,225,960
Unrestricted	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	74,807,941
Total primary government net position	\$ 405,913,279	\$ 409,041,236	\$ 422,314,513	\$ 436,690,328	\$ 451,691,176	\$ 479,942,892	\$ 490,717,498	\$ 510,647,998	\$ 535,248,915	\$ 574,240,482

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 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	\$ 11,229,978
Public safety	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	13,579,443
Transportation and physical environment	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	20,273,231
Culture and recreation	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	7,867,389
Interest on long-term debt	652,050	519,669	676,742	604,034	578,231	523,790	484,548	461,489	436,890	409,920
Total governmental activities expenses	\$ 33,069,422	\$ 35,102,326	\$ 35,012,053	\$ 37,721,867	\$ 38,779,637	\$ 44,920,846	\$ 45,657,534	\$ 44,472,236	\$ 49,741,670	\$ 53,359,961
Business-type activities:										
Utility	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	42,430,005
Solid Waste	7,533,852	7,154,429	7,290,268	7,239,055	7,349,686	7,680,586	8,433,184	8,559,838	8,756,625	9,132,145
Stormwater	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	9,879,087
Building Permits & Inspections	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	2,574,502
Information Technology	351,525	490,030	379,495	382,264	985,726	705,729	665,967	528,999	593,411	671,142
Golf Course (a)	1,806,088	1,753,323	1,778,396	-	-	-	-	-	-	-
Tennis Center (a)	267,918	295,279	309,891	-	-	-	-	-	-	-
Total business-type activities expenses	45,695,382	48,489,473	46,079,245	44,508,287	47,888,232	48,597,130	55,006,649	58,193,752	61,356,705	64,686,881
Total primary government expenses	\$ 78,764,804	\$ 83,591,799	\$ 81,091,298	\$ 82,230,154	\$ 86,667,869	\$ 93,517,976	\$ 100,664,183	\$ 102,665,988	\$ 111,098,375	\$ 118,046,842
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 971,403	\$ 967,910	\$ 838,828	\$ 820,158	\$ 687,827	\$ 1,013,720	\$ 1,201,790	\$ 1,254,073	\$ 1,247,763	\$ 1,329,866
Public safety	386,798	1,215,566	946,722	355,063	232,048	148,114	80,103	78,536	56,154	176,618
Transportation and physical environment	132,838	125,186	130,888	116,916	173,143	146,937	162,769	162,071	163,749	216,015
Culture and recreation	436,185	360,585	234,388	1,640,631	1,683,747	1,635,056	1,665,539	1,894,765	1,507,981	2,119,841
Operating grants and contributions	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	4,379,320
Capital grants and contributions	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	12,943,345
Total governmental activities program revenues	9,938,273	14,988,500	12,182,919	14,966,587	12,331,337	28,911,016	11,918,664	12,377,540	13,737,127	21,165,005
Business-type activities:										
Charges for services:										
Utility	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	48,824,504
Solid Waste	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	9,189,558
Stormwater	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	12,748,444
Building Permits & Inspections	273,784	1,152,945	1,608,821	1,717,303	2,031,003	2,291,570	2,330,705	2,408,796	2,269,619	550,496
Information Technology and Communication	659,065	639,557	677,563	669,141	584,703	706,236	623,497	704,712	639,219	708,931
Golf Course	1,479,063	1,364,274	1,226,184	-	-	-	-	-	-	-
Tennis Center	157,818	190,277	210,348	-	-	-	-	-	-	-
Operating grants and contributions	477,582	-	-	-	-	-	1,560,284	92,023	50,790	-
Capital grants and contributions	2,112,690	1,238,990	3,072,563	2,870,187	5,121,164	6,368,010	6,162,184	7,498,356	13,235,638	21,770,381
Total business-type activities program revenues	47,803,789	48,860,505	55,313,837	54,691,890	59,766,795	62,406,288	64,844,286	71,049,628	81,072,406	93,792,314
Total primary government program revenues	\$ 57,742,062	\$ 63,849,005	\$ 67,496,756	\$ 69,658,477	\$ 72,098,132	\$ 91,317,304	\$ 76,762,950	\$ 83,427,168	\$ 94,809,533	\$ 114,957,319

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (32,194,956)
Business-type activities	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	29,105,433
Total primary government net expense	\$ (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)	\$ (3,089,523)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 27,202,252
Sales and use taxes	2,730,209	2,403,052	2,392,638	2,587,863	2,749,805	2,878,973	3,111,226	3,189,999	3,280,872	4,060,294
Telecommunication services tax	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	2,411,162
Franchise taxes	651,129	661,438	784,758	683,099	731,563	790,697	839,511	952,955	1,008,344	1,029,726
Other local taxes	378,989	404,686	346,157	448,611	431,683	400,099	426,105	520,733	470,029	473,320
Intergovernmental revenue, non-program	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	5,254,442
Unrestricted investment earnings	461,968	287,289	82,174	17,896	245,858	172,268	287,570	1,465,960	1,295,940	92,074
Miscellaneous	41,832	77,326	41,105	60,404	70,507	70,126	187,331	181,612	466,849	734,286
Gain (Loss) on sale of capital assets	-	191,139	280,593	208,563	213,336	245,261	(21,047)	-	-	-
Transfers	(7,463,594)	752,404	521,522	7,983,567	1,157,742	981,364	832,828	4,610,797	2,452,342	4,837,948
Total governmental activities	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	46,095,504
Business-type activities:										
Property Taxes	1,686,100	245,750	275,133	316,403	363,863	418,442	502,590	520,000	521,556	523,121
Unrestricted investment earnings	224,542	6,552	182,978	409,685	460,402	411,102	612,838	1,880,936	1,416,091	300,413
Other income	1,641	-	-	15,346	21,765	-	-	-	740	-
Transfers	7,463,594	(752,404)	(521,522)	(7,983,567)	(1,157,742)	(981,364)	(832,828)	(4,610,797)	(2,452,342)	(4,837,948)
Total business-type activities	9,375,877	(500,102)	(63,411)	(7,242,133)	(311,712)	(151,820)	282,600	(2,209,861)	(513,955)	(4,014,414)
Total primary government	\$ 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	\$ 42,081,090
Change in Net Position										
Governmental activities	\$ (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	\$ 13,900,548
Business-type activities	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	25,091,019
Total primary government	\$ 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	\$ 38,991,567

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 5,982,244	\$ 5,986,187	\$ 186,156	\$ 274,551	\$ 233,082	\$ 190,280	\$ 193,824	\$ 182,786	\$ 9,285	\$ 28,222
Restricted	55,221	55,221	55,221	55,221	33,918	11,596	11,695	7,398	6,760	-
Committed	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	3,420,646
Assigned	-	-	-	-	-	-	-	-	3,353,244	3,700,000
Unassigned	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	15,213,289
Total general fund	\$ 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	\$ 22,362,157
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Restricted	784,780	1,129,203	1,075,003	5,593,923	5,503,692	7,942,641	10,368,514	20,207,946	21,272,702	24,760,020
Committed	6,370,050	10,249,998	16,640,546	4,760,593	5,432,117	2,139,299	2,992,575	3,399,168	3,399,169	5,287,314
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Special revenue funds	(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)	(3,042,693)
Total all other governmental funds	\$ (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	\$ 27,004,641

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 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	\$ 37,603,718
Licenses and permits	210,196	229,590	252,150	221,940	211,822	196,332	179,458	194,762	216,086	294,024
Intergovernmental revenues	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	12,237,811
Charges for services	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	6,625,327
Special assessments	129,899	-	248,079	247,559	327,571	333,148	333,494	333,120	336,329	318,322
Fines and forfeitures	739,411	1,578,139	1,556,456	854,187	574,371	614,849	589,441	669,127	556,719	561,399
Impact fees	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	7,715,512
Contributions	58,949	2,217	4,801	5,739	5,492	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Investment Earnings	421,111	287,289	82,174	12,505	176,120	129,682	189,814	1,019,437	992,789	72,008
Miscellaneous	38,946	77,326	41,105	60,404	70,507	70,126	187,331	181,612	218,213	87,255
Total revenues	\$ 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	\$ 65,515,376
Expenditures										
Current:										
General government	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	14,387,633
Public safety	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	13,903,797
Transportation and physical environment	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	10,260,129
Culture and recreation	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	5,924,606
Capital outlay	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	15,493,513
Debt Service:										
Principal	210,000	393,000	605,000	623,000	641,000	660,000	680,000	701,000	722,000	744,000
Interest and Other	652,050	519,669	676,742	604,034	578,231	523,790	484,548	461,489	436,890	409,922
Total expenditures	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	61,123,600
Excess of revenues over (under) expenditures	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	4,391,776
Other Financing Sources (Uses)										
Sale of capital assets	-	-	-	-	-	8,000	685,630	-	-	-
Loan and capital lease proceeds	-	2,088,000	5,839,000	-	-	-	-	-	-	-
Transfers In	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	7,330,297
Transfers Out	(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)	(3,471,846)
Total other financing sources (uses)	(7,463,594)	2,758,089	6,112,244	1,596,242	802,742	778,774	1,181,058	1,933,361	378,490	3,858,451
Net change in fund balances	\$ (4,170,199)	\$ 8,210,315	\$ 2,051,584	\$ (5,676,389)	\$ 1,697,268	\$ 234,121	\$ 4,589,480	\$ 13,053,605	\$ 7,798,264	\$ 8,250,227
Debt Service as a percentage of noncapital expenditures	3.27	3.28	4.57	3.98	3.78	3.21	3.07	3.27	2.92	2.53

Schedule 5

City of Palm Coast, Florida

Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Governmental Property	Other Property	Less: Homestead Exemption (1)	Less: Save our Homes (2)	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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	71,483,536	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	1,038,983,230	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	3,892,358,641	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	748,098,804	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
2021	7,484,308,846	596,184,254	41,142,966	64,072,318	117,664,173	302,081,164	534,936,210	1,438,329,028	1,150,387,153	725,458,901	5,826,214,849	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
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
2021	4.6053	0.0937	4.6989	6.0020	8.5847	0.2375	0.2287	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	2021			2012		
	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 (1)	\$ 97,055,034	1	1.666%	\$ 63,726,395	1	1.640%
EBSCO INTEGRA WOODS LLC	27,800,000	2	0.477%	13,181,928	4	0.340%
PALM COAST LANDING LLC	23,012,039	3	0.395%	-		-
BRANCH ISLAND WALK ASSOCIATES	20,941,000	4	0.359%	-		-
PINE LAKES ACQUISITIONS LLC	15,000,000	5	0.257%	-		-
TUSCAN GARDENS	13,584,029	6	0.233%	-		-
PALM COAST MEDICAL SPECIALISTS	12,820,580	7	0.220%	10,889,829	7	0.280%
BROOKHAVEN DEVELOPMENT LAND	12,789,170	8	0.220%	-		-
LVC TIMESHARE DEVELOPER LLC	10,346,400	9	0.178%	-		-
WAL-MART STORES EAST LP	9,695,450	10	0.166%	10,430,958	8	0.270%
BRIGHTHOUSE NETWORKS	-		-	11,703,121	5	0.300%
BELLSOUTH TELECOMMUNICATIONS	-		-	14,017,204	3	0.360%
INLAND DIVERSIFIED PALM COAST	-		-	18,670,588	2	0.480%
FLORIDA LANDMARK COMMUNITIES	-		-	10,952,303	6	0.280%
CELEBRITY RESORTS OF PALM COAST	-		-	10,346,400	9	0.270%
TARGET CORPORATION	-		-	9,800,000	10	0.250%
	\$ 243,043,702		4.172%	\$ 173,718,726		4.470%

Source: Flagler County Property Appraiser

(1) Amount was unavailable for 2021 tax year, so 2020 value was used.

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 Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy (1)		Amount	Percentage of Levy
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%	14,828	24,725,644	96.51%
2021	27,376,801	26,355,699	96.27%	19,683	26,375,382	96.34%

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 (d)	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							
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	-	6,984,000	-	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	-	6,261,809	-	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
2021	-	5,517,809	-	74,527,475	69,239,217	9,454,084	-	158,738,585	5,826,214,849	2.72%	5,993,452	92,866	2.65%	1,709

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

Fiscal Year	General Bonded Debt Outstanding		Taxable Assessed Value of Property	Percentage Taxable Assessed Value of Property	Estimated Population	Per Capita
	Local Government Pooled Loan	Total				
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	-
2021	-	-	5,826,214,849	-	92,866	-

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, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Flagler County General Obligation Bonds, Series 2015	\$ 19,705,000	59.30	\$ 11,685,275
Flagler County Refunding Limited Tax General Obligation Bonds, Series 2016	8,450,000	59.30	5,010,940
Other debt			
Flagler County School Board District Certificates of Participation	40,940,000	52.95	21,678,662
Flagler County School Board District State School Bonds	145,000	52.95	76,781
Flagler County School Board District Revenue Bonds	1,220,000	52.95	646,018
Flagler County Notes Payable	14,994,811	52.95	7,940,094
Flagler County Refunding Capital Improvement Revenue Bonds, Series 2015	35,795,000	52.95	<u>18,954,267</u>
Subtotal, overlapping debt			65,992,036
City Direct Debt			<u>5,517,809</u>
Total Direct and overlapping debt			<u>\$ 71,509,845</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

Utility Revenue Bonds							
Fiscal Year	Utility Service Charges (1)	Less: Operating Expenses (2)	Rate	Net Available Revenue	Debt Service		Coverage
			Stabilization Transfers To/(From) (3)		Principal	Interest	
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	42,364,833	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
2021	48,852,277	25,435,490	-	23,416,787	5,242,000	2,641,079	2.97

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
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	5,993,452	50,599	12,809	7.80%
2021	92,866	6,563,321	53,834	12,946	4.40%

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 2021 based on 2020 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	2021			2012		
	Employees	Rank	Percentage of Total County Employment (a)	Employees	Rank	Percentage of Total County Employment (a)
Flagler County Schools	1,928	1	4.09%	1,741	1	5.91%
Advent Health Palm Coast	1,041	2	2.21%	900	3	3.06%
Publix Supermarkets	805	3	1.71%	560	4	1.90%
City of Palm Coast	524	4	1.11%	386	7	1.31%
Walmart	395	5	0.84%	425	6	1.44%
Hammock Beach Resort	351	6	0.74%	475	5	1.61%
Flagler County Board	350	7	0.74%	297	9	1.01%
ALSW LLC	345	8	0.73%	-	-	-
Flagler County Sheriffs Office	316	9	0.67%	264	10	0.90%
Palm Coast Data	280	10	0.59%	1,100	2	3.74%
Sea Ray Boats	-		-	375	8	1.27%
Total	<u>6,335</u>		<u>13.42%</u>	<u>6,523</u>		<u>22.15%</u>

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 82% 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	2012	2013	2014	2015	2016	2017	2018	2019	2020 (b)	2021
General Government										
City Administration	15	13	15	15	15	15	17	19	16	16
City Attorney	1	1	1	1	1	1	1	1	1	1
City Clerk	1	2	2	2	2	2	2	2	3	3
Financial Services	8	8	8	8	8	9	9	9	14	15
Information Tech & Communications	-	-	-	-	-	-	-	-	-	-
Community Development	40	41	42	42	40	40	41	41	39	43
Building and Code Enforcement	-	-	-	-	-	-	-	-	-	-
Fire	62	59	59	58	58	58	58	58	60	63
Law Enforcement	-	-	-	-	-	-	-	-	-	-
Streets and Facilities	59	65	65	68	67	70	75	77	57	56
Engineering	7	6	6	4	-	-	-	-	-	-
Construction Management & Engineering	-	-	-	-	16	19	20	11	9	6
Recreation and Athletics	19	20	20	20	21	21	21	19	29	32
Water and Wastewater Utility (1)	115	118	118	121	120	125	128	143	148	146
Stormwater Management (2)	30	30	30	32	27	27	27	37	48	48
Golf Course	-	-	-	-	-	-	10	10	2	2
Building Permits	15	14	15	17	17	17	18	20	24	24
Information Technology Operations	13	11	11	11	11	11	13	14	15	16
Information Technology Enterprise	-	-	-	-	-	-	-	1	1	1
Tennis Center	-	-	-	-	-	-	4	4	1	1
Aquatic Center	-	-	-	-	-	-	-	8	2	2
Fleet Management	3	4	4	6	6	7	7	10	10	11
Facilities Management	-	-	-	-	4	2	2	4	4	5
Total	388	392	396	405	413	424	453	488	483	491

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Building Permits Issued										
Residential	108	248	340	359	484	633	777	905	1148	2104
Commercial	12	145	370	531	114	84	66	108	20	16
Other	6,743	7,351	6,753	8,239	9,269	12,432	13,447	12,064	13,106	15,571
Total	6,863	7,744	7,463	9,129	9,867	13,149	14,290	13,077	14,274	17,691
Building Inspections	15,989	19,012	25,040	18,258	28,912	37,611	43,502	43,365	52,320	73,242
Code Violations										
Total Code Violations	23,201	22,287	19,123	17,632	16,135	17,079	17,769	18,145	15,229	17,673
Code Violations Cleared	22,907	20,671	18,516	17,321	15,473	16,677	17,372	17,785	15,147	17,468
Expenditures per Cleared Violation	\$143	\$104	\$118	\$125	\$129	\$145	\$143	\$149	\$176	\$149
Fire and Rescue										
Total Fire Calls (6)	213	179	149	185	166	154	129	144	133	155
Total EMS Calls	5,365	5,503	5,760	6,192	6,204	6,873	6,808	5,775	5,285	6,173
% Responses under 5 Minutes (5)	56%	42%	41%	38%	-	-	-	45%	43%	48%
% Responses under 7 Minutes (5)	-	-	-	-	66%	61%	61%	77%	76%	82%
Public Works										
Refuse Collection (Annual Tons)	31,316	26,300	27,077	28,481	32,058	32,981	35,732	35,169	44,972	45,767
Recycle Collection (Annual Tons)(3)	4,038	4,840	5,857	11,453	5,188	5,037	4,735	4,640	6,285	4,863
Street Rehabilitation (Expenditures per capita)	\$66	\$68	\$70	\$68	\$69	\$72	\$40	\$17	\$43	\$35
Potholes Repaired	36	65	61	39	38	40	174	229	136	187
Parks and Recreation										
Developed Park Acres/1000 population	4.6	4.52	6.82	9.48	9.33	9.15	8.95	8.72	8.46	8.15
Recreation Program Expenditures/1000 population(4)	\$17,353	\$13,538	\$16,989	\$40,481	\$40,762	\$37,762	\$37,682	\$41,581	\$36,756	\$38,685
Total Recreation Revenues/1000 population(4)	\$2,277	\$2,152	\$2,153	\$20,554	\$20,741	\$19,061	\$19,082	\$21,224	\$15,142	\$21,379
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%	5%
Hazardous Drainage Conditions Resolved -										
100% Repaired in 24 Hours	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Water (2)										
New Connections	229	114	163	525	618	715	932	950	1619	2319
Peak Daily Water Demand (Million gallons per day)	9.7	11.1	9.4	9.4	10.25	9.22	9.71	11.15	11.08	11.31
Wastewater (2)										
Peak Daily Wastewater Treated	6.83	6.83	6.83	6.83	6.83	7.14	13.5	10.14	12.51	10.8
(Million gallons per day)										

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire and Rescue										
Stations	5	5	5	5	5	5	5	5	5	5
Apparatus	20	20	20	20	20	20	20	20	20	14
Public Works										
Streets (miles)	1,169	1,169	1,169	1,169	1,169	1,176	1,176	1,176	1,176	1,176
Traffic Signals	52	52	54	50	53	53	53	53	62	62
Fleet Size	235	235	241	215	220	231	235	248	256	276
Parks and Recreation										
Acreage	1,265	1,265	1,275	1,275	1,275	1,275	1,302	1,302	1,302	1,302
Playgrounds	8	8	8	8	8	8	8	8	8	8
Athletic Fields	20	20	22	25	22	25	25	25	25	26
Community Centers	1	1	1	1	1	1	1	1	1	1
Stormwater (1)										
Swales (miles)	1,100	1,100	1,200	1,222	1,222	1,222	1,222	1,222	1,222	1,222
Drainage ditches (miles)	154	154	154	154	172	172	177	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	716	721	721	733	733	750	750
Fire Hydrants	3,784	3,784	3,780	3,805	3,826	3,826	3,860	3,860	3,902	3,978
Capacity (millions of gallons per day)	15.38	15.38	15.38	15.38	15.38	15.38	16.58	16.58	16.58	16.58
Wastewater (2)										
Sewers (miles)	620	620	622	623	633	633	635	635	640	646
Treatment Capacity (millions of gallons per day)	6.83	6.83	6.83	6.83	6.83	6.83	8.83	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, 2021, and related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 10, 2022.

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.

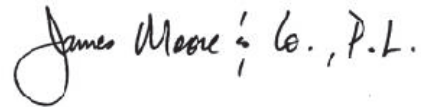
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 10, 2022

CITY OF PALM COAST, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Agency/ State Agency Pass-Through Entity Federal Program/ State Project	Assistance Listing/ CSFA Number	Contract / Grant Number	Program Expenditures
FEDERAL AWARDS			
U.S. Department of Treasury			
Passed through Flagler County:			
COVID-19 - Coronavirus Relief Fund - Non Public Safety Salaries	21.019	Interlocal Agreement	\$ 35,752
COVID-19 - Coronavirus Relief Fund - Public Safety Salaries	21.019	Interlocal Agreement	(300)
Total U.S. Department of Treasury			<u><u>35,452</u></u>
Environmental Protection Agency			
Passed through State of Florida, Department of Environmental Protection:			
Clean Water State Revolving Fund Cluster:			
WWTP#2 EXPANSION - SRF	66.458	WW180430	1,066,853
Total Environmental Protection Agency			<u><u>1,066,853</u></u>
Department of Housing and Urban Development			
Direct:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants / Entitlement Grants	14.218	B-20-MC-12-0060	878,742
COVID-19 - Community Development Block Grants Program Grants	14.218	B-20-MW-12-0060	273,975
Total CDBG - Entitlement Grants Cluster			1,152,717
Total Department of Housing and Urban Development			<u><u>1,152,717</u></u>
Department of Federal Emergency Management Agency			
Passed through State of Florida, Division of Emergency Management:			
Hurricane Matthew Declaration	97.036	17-PA-U5-04-28-01-080	46,932
Hurricane Irma Declaration	97.036	17-PA-U5-04-28-01-346	24,629
Hurricane Dorian Declaration	97.036	20-PA-00-04-28-01-005	13,137
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			<u>84,698</u>
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-27-R	97.039	4283-27-R	(10,479)
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-31-R	97.039	4283-31-R	(5,863)
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-33-R	97.039	4283-33-R	(539)
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-34-R	97.039	4283-34-R	1,613
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-35-R	97.039	4283-35-R	144,597
City of Palm Coast - Generator Project Lift Stations, HMGP-4283-36-R	97.039	4283-36-R	(4,513)
City of Palm Coast - Generator Project Lift Stations, H0242-4337-118-R	97.039	4337-118-R	232,000
City of Palm Coast - Generator Project Lift Stations, FEMA-DR-4337-FL-4337-116-R	97.039	4337-116-R	39,953
Total Hazard Mitigation Grant Program (HMGP)			<u>396,769</u>
Total U.S. Department of Federal Emergency Management Agency			<u><u>481,467</u></u>
U.S. Department of Homeland Security			
Direct:			
Assistance to Firefighters Grant Program - For physical fitness and wellness equipment	97.044	EMW-2018-FO-04376	10,740
Assistance to Firefighters Grant Program - COVID Supplemental	97.044	EMW-2020-FG-03217	2,285
Total U.S. Department of Homeland Security			<u><u>13,025</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,749,514</u></u>
STATE AGENCY			
Florida Department of Environmental Protection			
Direct:			
SRF - Stormwater Drainage Improvements Sec E	37.077	SW180400	\$ 195,518
Total Florida Department of Environmental Protection			<u><u>195,518</u></u>
Florida Department of Transportation			
Direct:			
OKR Widening Construction (TRIP)	55.026	415964-3-54-01 G1F31	5,009,494
Total Florida Department of Transportation			<u><u>5,009,494</u></u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 5,205,012</u></u>

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

CITY OF PALM COAST, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant awards and state financial assistance activity of the City of Palm Coast, Florida (the City), and is presented on the modified accrual basis of accounting. 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) and Section 215.97, Florida Statutes. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following 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, 2021.

(3) **De Minimis Indirect Cost Rate Election:**

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under 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 Assistance Listing (AL) 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, 2021, substantially all of the City of Palm Coast, Florida's PWs from these storms had been approved by FEMA for a total of \$7,369,561. \$84,698 is recognized on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2021, \$864,478 was 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
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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>AL Number</u>	<u>Program Name</u>
66.458	Capitalization Grants for SRF
14.218	Community Development Block Grants/Entitlement Grant

Dollar threshold used to distinguish between type A and type B Federal programs: \$750,000

Auditee qualified as low-risk auditee? yes no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550? _____ yes X no

Dollar threshold used to distinguish between type A and type B State projects: \$750,000

Identification of major State projects:

<u>CSFA Number</u>	<u>Project Name</u>
55.026	Transportation Regional Incentive Program (TRIP)

II. Financial Statement Findings:

No financial statement findings were noted.

III. Federal Programs and State Projects 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, 2021.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council, and City Manager,

City of Palm Coast, Florida:

Report on Compliance for Each Major Federal Program and State Project

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*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2021. The City's major federal programs and state projects 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 Federal and State statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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; the audit 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); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, 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 or state project 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 and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and Major State Project

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 and state projects for the year ended September 30, 2021.

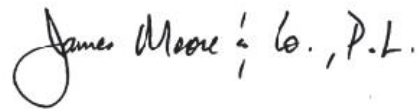
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, 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 or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, 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 or State project 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 or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a federal program or state project 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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Daytona Beach, Florida
February 10, 2022



**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, 2021, and have issued our report thereon dated February 10, 2022.

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 for 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.550; schedule of findings and questioned costs; and Independent Accountants' 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 10, 2022, 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, 2021.

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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Special District Information – State Road 100 Corridor Community Redevelopment Agency

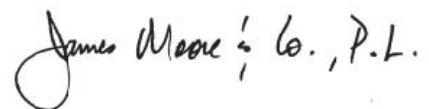
The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the State Road 100 Corridor Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

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.



Daytona Beach, Florida
February 10, 2022

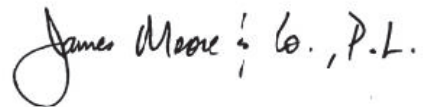
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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, 2021. 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, 2021, 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, 2021.



Daytona Beach, Florida
February 10, 2022



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