

ANNUAL COMPREHENSIVE FINANCIAL REPORT



*For the Fiscal Year Ended
September 30, 2023*

CITY OF PALM COAST, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Year Ended September 30, 2023

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, 2023**

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LETTER OF TRANSMITTAL



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CITY MANAGER'S OFFICE

March 19, 2024

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, 2023, 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 auditors' 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 101,737 residents and covers an area of approximately 97 square miles. For fiscal year 2024, property within the City has a taxable value of \$8,746,964,994. This was an increase of approximately 14.41 percent from 2023. The City's property tax rate for fiscal year 2024 is set at the rolled back rate of \$4.2570 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 enhanced law enforcement services.

Economic Outlook

In 2021-2022, during the annual evaluation of the Strategic Action Plan and through a series of workshops, the City Council adopted four Pillars of Priority / focus areas and associated key initiatives to promote a strong resilient economy, provide safe and reliable services, enhance civic engagement and focus on sustainable environment and infrastructure.

The City's economy continues to steadily improve. All economic indicators are pointing in a positive direction. Real estate values continued to rise in 2023 with the median sales price up 7.1% and with values expected to continue to appreciate in 2024. Single-family permits issued were 1,441, a slight decrease from last year but still a positive number for residential permits issued, following what was a ten straight year of increased permit activity. Unemployment had remained low and was reported at 3.7% at the end of 2023.

A particular bright spot has been taxable sales within the City. We have seen over a 42% increase in taxable sales since 2017, which represents an increase of \$322 million. This is mainly due to the addition of several shopping centers and increases in tourists and related spending combined with an increase in population. Taxable sales should continue to grow in 2024 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 14.41%. 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 2022/2023 budget included funding for a stormwater fee rate study and City Council took action in May of 2023 to increase Stormwater rates in order to fund this critical program for fiscal year 2024 and future years. Without additional revenue, or shifting funding from existing projects, programs, or services, the City would be limited in its ability to fund additional projects, programs, or services in the future.

To ensure revenues are sufficient to support the operation, maintenance and expansion of the water and sewer utility in fiscal year 2018 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 2023/2024 budget provides for an updated rate study expected to be completed in 2024.

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.

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. Annual Legislative Priorities were set by City Council that focus on the growing need to fund critical infrastructure projects to reduce the financial burden on the residents. These Priorities reinforce City Council's commitment to being fiscally responsible and reinforces the four Pillars of Priority within the Strategic Action Plan

In Fiscal Year 2024, the City will invest more than \$177 million in capital improvements related to streets, parks, stormwater drainage, and water and wastewater utility projects.

Major projects for the Fiscal Year 2024 budget include the following:

- Maintenance and Operations Complex and extension of Matanzas Woods Parkway
- Stormwater Management
 - P-1 Weir Replacement
 - Blare and Colbert Lane Culvert Upgrades
 - London Waterway Expansion
- Water and Wastewater Utility Management
 - Water Treatment Plant 3, Upgrades
 - Water Treatment Plant 2, Upgrades
 - Waste Water Treatment Plant 1, Upgrades
 - Waste Water Treatment Plant 2, Expansion
- Park Renovations
- Continuous Street Lighting

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.

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, 2022. This is the twenty second 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 2022 Popular Annual Financial Report. This is the tenth 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 2023 budget document. This is the twentieth 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

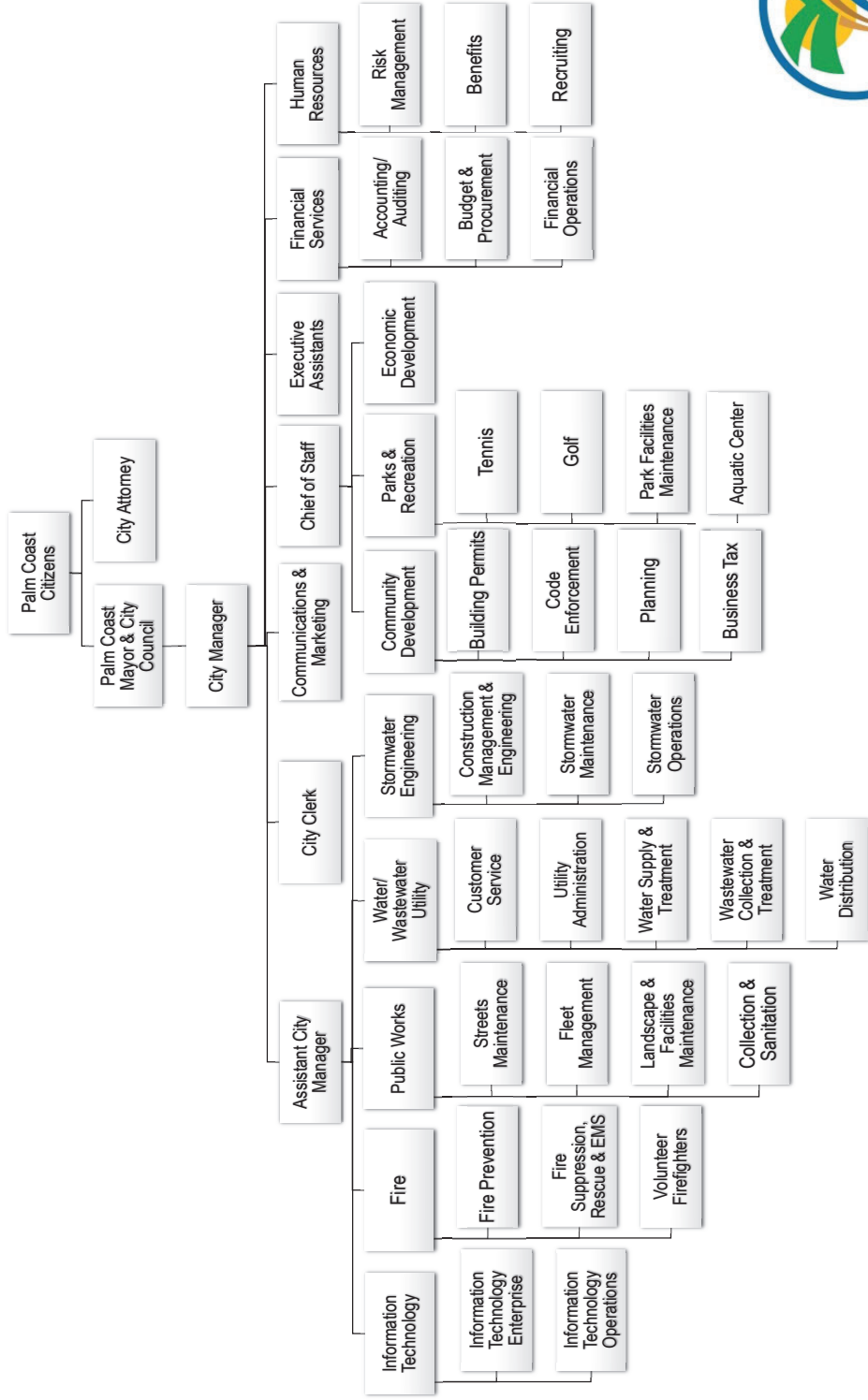
September 30, 2022

Christopher P. Morrill

Executive Director/CEO



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LIST OF PRINCIPAL OFFICIALS

September 30, 2023

ELECTED OFFICIALS

Mayor

Honorable David Alfin

City Council Members:

Theresa Pontieri
Nick Klufas
Ed Danko
Cathy Heigher

CITY OFFICIALS

City Manager

Denise Bevan

City Attorney

Neysa Borkert

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 Audit of the Financial Statements

Opinions

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Implementation of New Accounting Standard

As discussed in Note 1 to the financial statements, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, (GASB 96). Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules, 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.

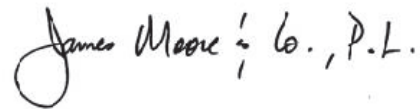
Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical sections, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024, 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 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.

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 23, 2024



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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, 2023. 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 2023 by \$683 million. Of this amount, \$104 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$53 million. Approximately \$33 million of the increase was due to increased utility revenue due to growth and related developer contributions, impact fees, and planned rate increases. There was a \$4.4 million increase in the general fund due to expenditures finishing the year under budget as well as approximately \$1.9 million of interest revenue on short term securities, there was an increase of \$1.8 million in the transportation impact fee fund due to growth and rate increases and an increase of \$680 thousand in fire impact fees fund. The recreation impact fee fund decrease of \$5.5 million was due to planned usage of funds for construction of the Southern Recreation Facility while the \$4 million increase in the capital projects fund is planned savings for future projects. The balance of the increase was primarily due to stormwater revenue collected for future infrastructure improvements combined with interest revenue on short term securities.
- As of the close of fiscal year 2023, the City's governmental funds reported combined ending fund balances of \$73 million an increase of \$6 million over the prior year. The increase in combined ending fund balances was primarily due to increased revenues from development related impact fees combined with departmental budgets expending less for the fiscal year as well as interest earnings.
- At the end of fiscal year 2023, unassigned fund balance in the general fund was \$20 million which represents approximately 43% of total general fund expenditures for the year.
- The City of Palm Coast's total debt decreased by \$3 million. The City issued no new debt, implemented GASB 96 which required the recognition of long-term liabilities for subscription IT arrangements, and made all required principal payments during the fiscal year.
- The application of GASB Statement No. 68 resulted in recording of a Net Pension Liability and Asset, as well as related Deferred Inflow and Outflows. The net result of these transactions in the current year was a decrease in unrestricted net position of \$1 million.

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 41-42 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. Five 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, SR100 CRA fund, America Rescue Plan Fund, and

recreation impact fee 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, American Rescue Plan, recreation impact fee 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 43-46 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 47-52 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 53-54 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 55-113 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 116-129 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 \$683 million at the close of the most recent fiscal year.

Of the net position, 15% falls in the unrestricted category and can be used to meet ongoing obligations to citizens and creditors. Approximately 13% of net position represents resources that are subject to external restrictions. The largest portion of net position, 72%, reflects its investment in capital assets (e.g., land, buildings, and equipment); less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and 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 | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 126,198,826 | \$ 111,575,322 | \$ 119,693,748 | \$ 111,447,722 | \$ 245,892,574 | \$ 223,023,044 |
| Capital assets | 342,862,391 | 336,738,827 | 297,690,744 | 268,226,644 | 640,553,135 | 604,965,471 |
| Total assets | 469,061,217 | 448,314,149 | 417,384,492 | 379,674,366 | 886,445,709 | 827,988,515 |
| Total deferred outflows of resources | 955,290 | 1,366,930 | 2,572,544 | 2,955,066 | 3,527,834 | 4,321,996 |
| Long-term liabilities | 10,452,897 | 10,506,112 | 153,111,512 | 156,336,099 | 163,564,409 | 166,842,211 |
| Other liabilities | 34,252,759 | 28,777,786 | 4,228,104 | 1,848,750 | 38,480,863 | 30,626,536 |
| Total liabilities | 44,705,656 | 39,283,898 | 157,339,616 | 158,184,849 | 202,045,272 | 197,468,747 |
| Total deferred inflows of resources | 1,457,937 | 1,060,561 | 3,947,881 | 4,093,720 | 5,405,818 | 5,154,281 |
| Net position: | | | | | | |
| Net investment in capital assets | 338,416,406 | 331,376,902 | 151,376,398 | 120,319,349 | 489,792,804 | 451,696,251 |
| Restricted | 40,352,387 | 37,340,992 | 48,231,754 | 53,330,263 | 88,584,141 | 90,671,255 |
| Unrestricted | 45,084,121 | 40,618,726 | 59,061,387 | 46,701,251 | 104,145,508 | 87,319,977 |
| Total net position | \$ 423,852,914 | \$ 409,336,620 | \$ 258,669,539 | \$ 220,350,863 | \$ 682,522,453 | \$ 629,687,483 |

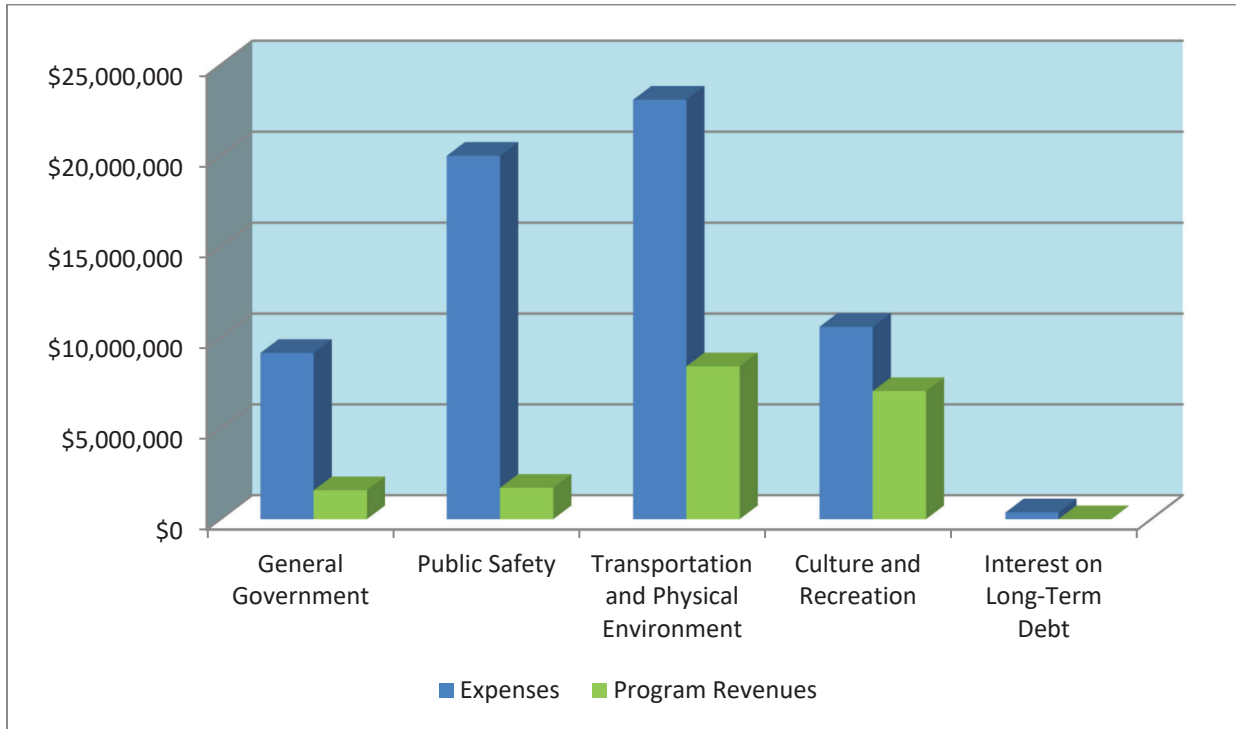
Governmental Activities

Governmental activities increased the City's net position by \$14.5 million during the current fiscal year. Factors include revenues in excess of expenses in the general fund, interest earnings, and accumulation of impact fees. Long-term liabilities decreased \$53 thousand due to principal payments made, a decrease in OPEB and net pension liability combined with the implementation of GASB 96. Other liabilities increased by \$5.4 million due to impact fees due the County and School Board as well as payable on projects at year end. Governmental activities unrestricted net position increased by \$4.5 million, primarily due to revenues in excess of expenses in the general fund. Restricted net position increased by \$2 million primarily due to impact fees collected for future capital projects. Capital grants and contributions decreased \$18 million primarily due to land donated during the previous fiscal year. Operating grants and contributions increased \$485 thousand primarily due to grant funding received. Property taxes increased \$5.6 million due to increases in taxable value throughout the City. Other revenue increased \$6 million mainly due to the increase in investment earnings.

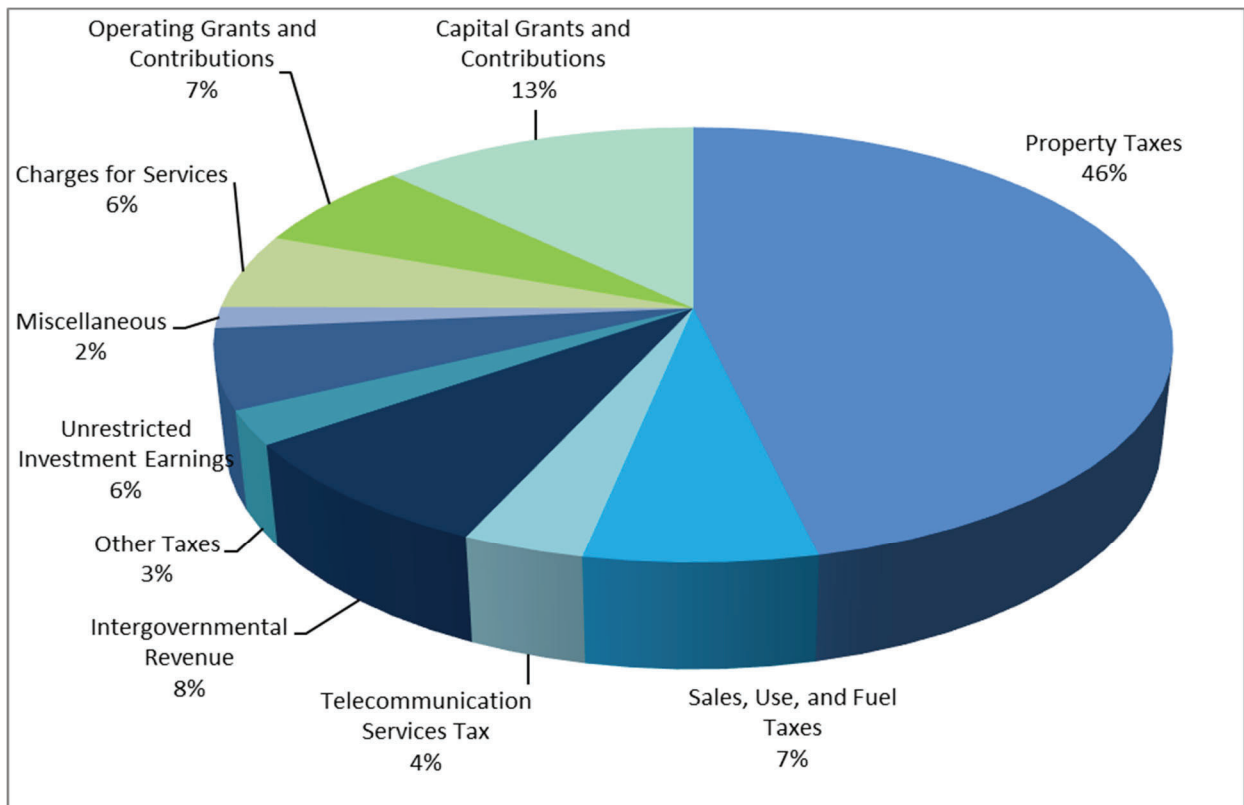
Table II
City of Palm Coast's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,239,811 | \$ 4,362,965 | \$ 92,860,540 | \$ 83,741,830 | \$ 97,100,351 | \$ 88,104,795 |
| Operating grants and contributions | 5,030,503 | 4,545,259 | 351,663 | - | 5,382,166 | 4,545,259 |
| Capital grants and contributions | 9,524,515 | 27,546,190 | 23,045,772 | 18,508,821 | 32,570,287 | 46,055,011 |
| General revenues: | | | | | | |
| Property taxes | 35,058,990 | 29,413,435 | 526,225 | 524,669 | 35,585,215 | 29,938,104 |
| Other taxes | 9,605,354 | 8,996,381 | - | - | 9,605,354 | 8,996,381 |
| Intergovernmental | 6,375,395 | 5,847,983 | - | - | 6,375,395 | 5,847,983 |
| Other | 5,648,914 | (537,790) | 3,602,476 | (768,768) | 9,251,390 | (1,306,558) |
| Total revenues | 75,483,482 | 80,174,423 | 120,386,676 | 102,006,552 | 195,870,158 | 182,180,975 |
| Expenses: | | | | | | |
| General government | 9,155,865 | 8,011,828 | - | - | 9,155,865 | 8,011,828 |
| Public safety | 19,999,882 | 17,843,411 | - | - | 19,999,882 | 17,843,411 |
| Transportation and physical environment | 23,078,078 | 21,609,665 | - | - | 23,078,078 | 21,609,665 |
| Culture and recreation | 10,596,107 | 9,106,759 | - | - | 10,596,107 | 9,106,759 |
| Utility | - | - | 49,252,925 | 44,761,380 | 49,252,925 | 44,761,380 |
| Solid waste | - | - | 15,354,772 | 11,078,167 | 15,354,772 | 11,078,167 |
| Stormwater | - | - | 11,421,834 | 10,509,526 | 11,421,834 | 10,509,526 |
| Building permits | - | - | 3,028,633 | 2,707,992 | 3,028,633 | 2,707,992 |
| Information technology | - | - | 774,010 | 720,585 | 774,010 | 720,585 |
| Interest on long-term debt | 373,082 | 384,661 | - | - | 373,082 | 384,661 |
| Total expenses | 63,203,014 | 56,956,324 | 79,832,174 | 69,777,650 | 143,035,188 | 126,733,974 |
| Increase (decrease) in net position before transfers | 12,280,468 | 23,218,099 | 40,554,502 | 32,228,902 | 52,834,970 | 55,447,001 |
| Transfers | 2,235,826 | 2,938,530 | (2,235,826) | (2,938,530) | - | - |
| Increase (decrease) in net position | 14,516,294 | 26,156,629 | 38,318,676 | 29,290,372 | 52,834,970 | 55,447,001 |
| Net position - beginning | 409,336,620 | 383,179,991 | 220,350,863 | 191,060,491 | 629,687,483 | 574,240,482 |
| Net position - ending | \$ 423,852,914 | \$ 409,336,620 | \$ 258,669,539 | \$ 220,350,863 | \$ 682,522,453 | \$ 629,687,483 |

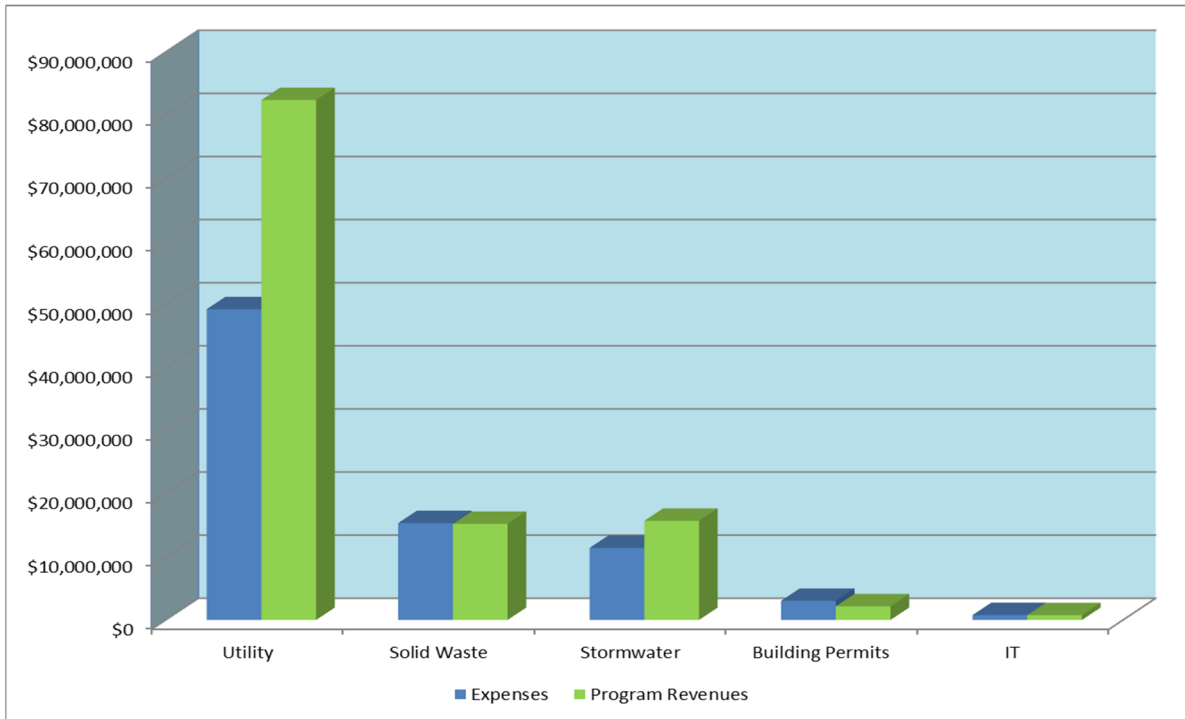
Expenses and Program Revenues – Governmental Activities



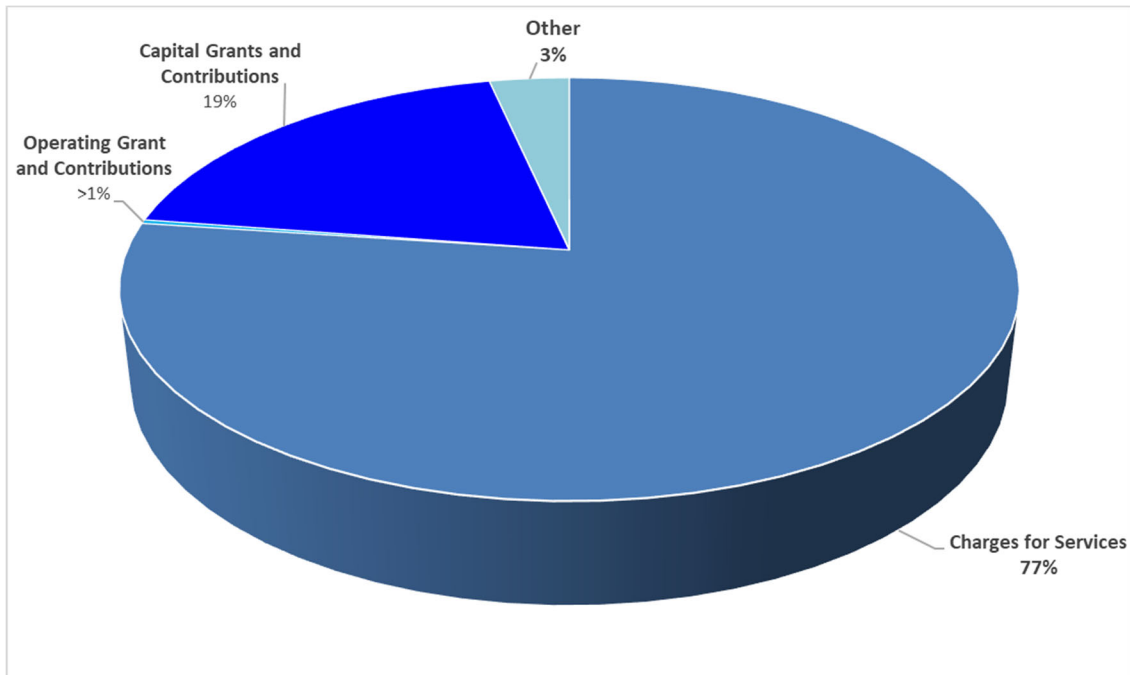
Revenues by Source – Governmental Activities



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 \$38 million. The increase in net position was attributable to an approximately \$33 million increase in the utility fund. The increase was mainly due to capital grants and contributions received, the continuing effect of a multi-year rate increase and increased revenues due to development. Utility expenses also increased due to the increasing customer base and increases in cost. Stormwater net position increased approximately \$4.6 million for the year due to increase in revenue rates for capacity projects and necessary maintenance pursuant to Council's focus on improving the Stormwater system. Building permits decrease of \$1 million due to reduction of fees for planned usage of fund balance. The net results of these activities above were the primary drivers of business-type activities unrestricted net position increasing by approximately \$12 million. The decrease of \$5 million in restricted net position was primarily related to usage of impact fees collected and renewal and replacement capital funds used for improvement projects of the utility system.

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 \$20 million, with an additional \$5.4 million committed for disaster reserve. The total fund balance stood at \$27 million. 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 37% of total general fund budgeted expenditures for fiscal year 2024 and 37% of total budgeted expenditures for fiscal year 2023.

The fund balance of the City of Palm Coast's general fund increased by \$4.4 million 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 combined with increase in interest earnings from short term investments.

The capital projects fund has a total fund balance of \$18.7 million, an increase of \$4 million. This increase is primarily due to use of appropriated fund balance and transfers to fund future projects, mainly the design and construction of the Maintenance Operations Complex. The transportation impact fee total fund balance was \$16.5 million, an increase of \$1.8 million. This is due to the accumulation of impact fee collections for future transportation projects. The streets improvement fund balance was \$7 million, representing an increase of \$1.2 million, the increase is primarily due to current year expenditures for street pavement projects as per the road improvements master plan. The SR100 CRA fund balance was \$641 thousand, an decrease of \$516 thousand primarily due to revenues collected and used to fund a portion of the Southern Recreation Facility. The American Rescue Plan Fund has no fund balance as payments received from the Department of Treasury are reported as unearned revenue until spent. The recreation impact fee total fund balance was \$1.3 million, representing a decrease of \$5.5 million. The decrease is due to planned usage of fund for the Southern Recreation Facility. The other governmental funds had a total fund balance of \$1.4 million. This represents an increase of \$959 thousand during the current fiscal year 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 \$35 million at the end of the year, with the total fund balance at \$209 million. The unrestricted net position increased \$8.9 million 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 \$1.9 million, which represents a decrease of \$108 thousand. The decrease is due to planned usage of fund balance.

Unrestricted net position of the stormwater fund was \$11.7 million, which represents an increase of \$3.5 million. This increase for the year is due to increase in revenue rates for capacity projects and necessary maintenance pursuant to Council's focus on improving the Stormwater system.

Unrestricted net position in the building permits fund was \$1.6 million, which represents a decrease of \$1 million. The decrease is due to reduction of fees for planned usage of fund balance.

Unrestricted net position in the information technology fund (IT) was \$1.9 million, which represents an increase of \$92 thousand. This change is due primarily to revenues in excess of expenditures.

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 112-113 of this report.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budgeted expenses totaled an increase of \$2.2 million, mainly due to a budget amendment approved by Council in the amount of \$2.5 million to fund additional contributions to the streets improvement fund to supplement the streets pavement program.

Final Budget Compared to Actual Results

Final amended revenues exceeded the expenditure budget by \$5.2 million. The primary driver is due to additional revenues received in the amount of \$2.5 million and ongoing cost savings program, with operating departments coming in under budget for the year in the amount of \$2.7 million.

Capital Asset and Debt Administration

Capital assets. The City of Palm Coast's investment in capital assets as of September 30, 2023, amounts to \$640.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, equipment, construction in progress and right-to-use leased equipment and SBITA's. This investment increased by \$36 million for the current fiscal year. The overall increase is due to road expansions, bridge rehabilitation, utility infrastructure, park expansions, offset by 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 73-74 of this report.

Table III

City of Palm Coast's Capital Assets

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-------------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 113,815,824 | \$ 113,300,352 | \$ 14,514,747 | \$ 14,509,680 | \$ 128,330,571 | \$ 127,810,032 |
| Buildings and improvements | | | | | | |
| other than buildings | 52,518,935 | 53,863,202 | 79,842,766 | 80,433,931 | 132,361,701 | 134,297,133 |
| Infrastructure | 140,013,840 | 148,734,881 | 172,265,458 | 158,603,850 | 312,279,298 | 307,338,731 |
| Equipment | 18,078,148 | 14,994,836 | 665,730 | 381,207 | 18,743,878 | 15,376,043 |
| Construction in progress | 17,959,466 | 5,234,440 | 30,066,581 | 13,913,422 | 48,026,047 | 19,147,862 |
| Right-to-use leased equipment | - | - | 335,462 | 384,554 | 335,462 | 384,554 |
| SBITA | 476,178 | - | - | - | 476,178 | - |
| Total | \$ 342,862,391 | \$ 336,127,711 | \$ 297,690,744 | \$ 268,226,644 | \$ 640,553,135 | \$ 604,354,355 |

Long-term debt. The City of Palm Coast owes \$65 million 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 \$85 million primarily for utility and stormwater improvements. The City also has two CRA revenue loans for redevelopment costs with a balance of \$3.9 million at year end. The remainder of the long-term debt is made up of compensated absences, an unfunded total OPEB liability, a net pension liability, and leases and SBITA liabilities. The total long-term debt of the City is \$163.5 million.

Table IV

City of Palm Coast's Long Term Debt

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-----------------------------------|--------------------------------|----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2023 | 2022, as restated | 2023 | 2022, as restated | 2023 | 2022, as restated |
| Loans from other governments | \$ - | \$ - | 38,989,491 | \$ 32,114,818 | \$ 38,989,491 | \$ 32,114,818 |
| Loans from financial institutions | 3,960,809 | 4,750,809 | 46,161,000 | 51,212,000 | 50,121,809 | 55,962,809 |
| Revenue bonds, net | - | - | 65,175,000 | 70,298,885 | 65,175,000 | 70,298,885 |
| Net pension liability | 1,658,031 | 1,740,684 | - | - | 1,658,031 | 1,740,684 |
| OPEB liability | 935,537 | 1,027,692 | 249,646 | 276,762 | 1,185,183 | 1,304,454 |
| Compensated absences | 3,413,344 | 2,986,927 | 2,190,742 | 2,041,840 | 5,604,086 | 5,028,767 |
| Leases payable | - | - | 345,633 | 391,795 | 345,633 | 391,795 |
| SBITA payable | 485,176 | 843,044 | - | - | 485,176 | 843,044 |
| Total | \$ 10,452,897 | \$ 11,349,156 | \$ 153,111,512 | \$ 156,336,100 | \$ 163,564,409 | \$ 167,685,256 |

Additional information on the City of Palm Coast's long-term debt can be found in Note 10 on pages 79-88 of this report.

Next Year's Budget and Rates

During the current fiscal year, unassigned fund balance in the general fund increased to \$20 million. The available fund balance, as a percentage of next year's budgeted expenditures and transfers out is approximately 37%.

The City Council approved a rolled back millage rate of 4.2570 mills for fiscal year 2024. Of the total millage, .0628 mills will be dedicated to the stormwater fund. The balance of 4.1942 mills is assigned to the general fund. Market values of properties have increased for the eleventh consecutive year. The increase in taxable value was approximately 14.41%. New construction added approximately 5.98% to the taxable value, therefore the City had a net 8.43% increase in taxable property value for the year.

The water and sewer rates increased for fiscal year 2024 as a result of a rate study performed in 2018. The water and sewer rates increased by an average of 3% for all customers effective October 1, 2023, and will receive annual C.P.I. adjustments. The City is currently undergoing a rate study and results will be presented to Council in 2024. These rate increases are necessary to cover anticipated increases in operating costs and capital replacement needs. As a result of these actions, Fitch rated the City's bond rating as 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 2024.

The fiscal year 2024 budget includes over \$177 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: finance@palmcoastgov.com



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BASIC FINANCIAL STATEMENTS



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City of Palm Coast, Florida
Statement of Net Position
September 30, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Equity in pooled cash and investments | \$ 114,354,230 | \$ 56,440,795 | \$ 170,795,025 |
| Accounts receivable - net | 4,887,378 | 12,952,627 | 17,840,005 |
| Notes receivable | 277,780 | - | 277,780 |
| Leases receivable | 373,296 | 4,131,298 | 4,504,594 |
| Due from other governments | 5,139,206 | 4,394,098 | 9,533,304 |
| Prepaid items | 429,907 | 204,761 | 634,668 |
| Inventories | 27,587 | 455,698 | 483,285 |
| Restricted assets: | | | |
| Equity in pooled cash and investments | - | 41,114,471 | 41,114,471 |
| Net pension asset | 709,442 | - | 709,442 |
| Capital assets not being depreciated | | | |
| Land | 113,815,824 | 14,514,747 | 128,330,571 |
| Construction in progress | 17,959,466 | 30,066,581 | 48,026,047 |
| Capital assets, net of accumulated depreciation/amortization | | | |
| Building and improvements other than buildings | 52,518,935 | 79,842,766 | 132,361,701 |
| Infrastructure | 140,013,840 | 172,265,458 | 312,279,298 |
| Equipment | 18,078,148 | 665,730 | 18,743,878 |
| Right-to-use equipment | - | 335,462 | 335,462 |
| Subscription-based IT arrangements (SBITA) | 476,178 | - | 476,178 |
| Total assets | 469,061,217 | 417,384,492 | 886,445,709 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 761,884 | - | 761,884 |
| Deferred outflows-OPEB | 193,406 | 51,610 | 245,016 |
| Deferred loss on refunding | - | 2,520,934 | 2,520,934 |
| Total deferred outflows of resources | 955,290 | 2,572,544 | 3,527,834 |
| LIABILITIES | | | |
| Accounts payable and other current liabilities | 7,409,900 | 4,184,461 | 11,594,361 |
| Due to other governments | 3,001,125 | 86,021 | 3,087,146 |
| Due to other funds | 238,345 | - | 238,345 |
| Internal balances | 10,637,507 | (10,637,507) | - |
| Customer deposits | 522,750 | 5,107,207 | 5,629,957 |
| Unearned revenue | 12,443,132 | 66,239 | 12,509,371 |
| Payable from restricted assets: | | | |
| Accrued bond interest payable | - | 542,471 | 542,471 |
| Accrued loan interest payable | - | 105,604 | 105,604 |
| Accounts payable | - | 4,314,764 | 4,314,764 |
| Contracts payable | - | 458,844 | 458,844 |
| Noncurrent liabilities: | | | |
| Due within one year | 1,635,632 | 9,973,540 | 11,609,172 |
| Due in more than one year | 6,223,697 | 142,888,326 | 149,112,023 |
| Total OPEB liability | 935,537 | 249,646 | 1,185,183 |
| Net pension liability | 1,658,031 | - | 1,658,031 |
| Total liabilities | 44,705,656 | 157,339,616 | 202,045,272 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows relating to pensions | 861,609 | - | 861,609 |
| Deferred inflows-OPEB | 227,057 | 60,590 | 287,647 |
| Deferred inflows-lease related | 369,271 | 3,887,291 | 4,256,562 |
| Total deferred inflows of resources | 1,457,937 | 3,947,881 | 5,405,818 |
| NET POSITION | | | |
| Net investment in capital assets | 338,416,406 | 151,376,398 | 489,792,804 |
| Restricted for: | | | |
| Construction | 10,074,119 | 30,060,543 | 40,134,662 |
| Debt service | - | 7,412,626 | 7,412,626 |
| Renewal and replacements | - | 10,758,585 | 10,758,585 |
| Public safety | 4,673,031 | - | 4,673,031 |
| Parks and recreation | 1,356,246 | - | 1,356,246 |
| Transportation construction and maintenance | 23,486,621 | - | 23,486,621 |
| Redevelopment | 641,335 | - | 641,335 |
| Grants | 121,035 | - | 121,035 |
| Unrestricted | 45,084,121 | 59,061,387 | 104,145,508 |
| Total net position | \$ 423,852,914 | \$ 258,669,539 | \$ 682,522,453 |

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, 2023

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | | Primary Government | | | |
| | | | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total | |
| Primary government: | | | | | | | | |
| General government | \$ 9,155,865 | \$ 1,323,363 | \$ 270,283 | \$ - | \$ (7,562,219) | \$ - | \$ - | (7,562,219) |
| Public safety | 19,999,882 | 206,091 | 437,410 | 1,084,517 | (18,271,864) | - | - | (18,271,864) |
| Transportation and physical environment | 23,078,078 | 247,242 | 4,207,607 | 3,962,602 | (14,660,627) | - | - | (14,660,627) |
| Culture and recreation | 10,596,107 | 2,463,115 | 115,203 | 4,477,396 | (3,540,393) | - | - | (3,540,393) |
| Interest on long-term debt | 373,082 | - | - | - | (373,082) | - | - | (373,082) |
| Total government activities | 63,203,014 | 4,239,811 | 5,030,503 | 9,524,515 | (44,408,185) | - | - | (44,408,185) |
| Business-type activities: | | | | | | | | |
| Utility | 49,252,925 | 59,001,075 | 351,663 | 23,045,572 | - | 33,145,385 | 33,145,385 | 33,145,385 |
| Solid waste | 15,364,772 | 15,231,906 | - | - | - | (122,866) | (122,866) | (122,866) |
| Stormwater | 11,421,834 | 15,706,647 | - | 200 | - | 4,285,013 | 4,285,013 | 4,285,013 |
| Building permits | 3,028,633 | 2,158,193 | - | - | - | (870,440) | (870,440) | (870,440) |
| Information technology | 774,010 | 762,719 | - | - | - | (11,291) | (11,291) | (11,291) |
| Total business-type activities | 79,832,174 | 92,860,540 | 351,663 | 23,045,772 | - | 36,425,801 | 36,425,801 | 36,425,801 |
| Total primary government | \$ 143,035,188 | \$ 97,100,351 | \$ 5,382,166 | \$ 32,570,287 | (44,408,185) | \$ 36,425,801 | \$ 36,425,801 | (7,982,384) |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 35,058,990 | 526,225 | 35,585,215 | 35,585,215 |
| Sales and use taxes | | | | | 5,048,022 | - | 5,048,022 | 5,048,022 |
| Telecommunication services tax | | | | | 2,659,409 | - | 2,659,409 | 2,659,409 |
| Franchise taxes | | | | | 1,389,779 | - | 1,389,779 | 1,389,779 |
| Other local taxes | | | | | 508,144 | - | 508,144 | 508,144 |
| Intergovernmental revenue, non-program | | | | | 6,375,395 | - | 6,375,395 | 6,375,395 |
| Unrestricted investment earnings | | | | | 4,458,576 | 3,600,916 | 8,059,492 | 8,059,492 |
| Miscellaneous | | | | | 1,190,338 | 1,560 | 1,191,898 | 1,191,898 |
| Transfers | | | | | 2,235,826 | (2,235,826) | - | - |
| Total general revenues and transfers | | | | | 58,924,479 | 1,892,875 | 60,817,354 | 60,817,354 |
| Change in net position | | | | | 14,516,294 | 38,318,676 | 52,834,970 | 52,834,970 |
| Net position - beginning of year | | | | | 409,336,620 | 220,350,863 | 629,687,483 | 629,687,483 |
| Net position - end of year | | | | | \$ 423,852,914 | \$ 258,669,539 | \$ 682,522,453 | \$ 682,522,453 |

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

City of Palm Coast, Florida
Balance Sheet
Governmental Funds
September 30, 2023

| | General Fund | Capital Projects Fund | Transportation Impact Fee Fund | Streets Improvement Fund | SR100 CRA Fund | American Rescue Plan Fund | Recreation Impact Fee Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------------|-----------------------------------|--------------------------------|-------------------|---------------------------------|----------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | | | | | |
| Equity in pooled cash and investments | \$ 29,719,427 | \$ 18,545,678 | \$ 16,991,969 | \$ 7,960,988 | \$ 363,555 | \$ 12,193,954 | \$ 2,306,624 | \$ 5,458,045 | \$ 93,540,240 |
| Accounts receivable - net | 828,028 | - | - | - | - | - | - | 20,983 | 849,011 |
| Notes receivable | - | - | - | - | 277,780 | - | - | - | 277,780 |
| Special assessment receivable - net | - | - | - | - | - | - | - | 4,012,224 | 4,012,224 |
| Prepaid items | 332,212 | - | - | - | - | - | - | - | 332,212 |
| Lease receivable | 373,296 | - | - | - | - | - | - | - | 373,296 |
| Due from other governments | 2,571,591 | 870,450 | - | 354,719 | - | - | 1,191,096 | 143,277 | 5,131,133 |
| Total assets | \$ 33,824,554 | \$ 19,416,128 | \$ 16,991,969 | \$ 8,315,707 | \$ 641,335 | \$ 12,193,954 | \$ 3,497,720 | \$ 9,634,529 | \$ 104,515,896 |
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ 569,387 | \$ 727,365 | \$ 479,842 | \$ 1,341,213 | \$ - | \$ - | \$ 2,141,474 | \$ 29,496 | \$ 5,288,777 |
| Accrued liabilities | 979,312 | - | - | - | - | - | - | - | 979,312 |
| Due to other governments | 3,000,125 | - | - | - | - | - | - | 1,000 | 3,001,125 |
| Due to other funds | 238,345 | - | - | - | - | - | - | - | 238,345 |
| Unearned revenue | - | - | - | - | - | 12,193,954 | - | 249,178 | 12,443,132 |
| Customer deposits | 522,750 | - | - | - | - | - | - | - | 522,750 |
| Advances from other funds | - | - | - | - | - | - | - | 4,012,224 | 4,012,224 |
| Total liabilities | 5,309,919 | 727,365 | 479,842 | 1,341,213 | - | 12,193,954 | 2,141,474 | 4,291,898 | 26,486,665 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Unavailable revenue - special assessments | - | - | - | - | - | - | - | 3,890,153 | 3,890,153 |
| Unavailable revenue - taxes | 1,173 | - | - | - | - | - | - | - | 1,173 |
| Unavailable revenue - charges for services | 17,897 | - | - | - | - | - | - | - | 17,897 |
| Unavailable revenue - fines & forfeitures | 698,310 | - | - | - | - | - | - | - | 698,310 |
| Unavailable revenue - lease related | 369,271 | - | - | - | - | - | - | - | 369,271 |
| Total deferred inflows of resources | 1,086,651 | - | - | - | - | - | - | 3,890,153 | 4,976,804 |
| FUND BALANCES | | | | | | | | | |
| Nonspendable | | | | | | | | | |
| Prepaid items | 332,212 | - | - | - | - | - | - | - | 332,212 |
| Restricted for | | | | | | | | | |
| Public safety | 18,110 | - | - | - | - | - | - | 3,945,479 | 3,963,589 |
| Parks and recreation | - | - | - | - | - | - | 1,356,246 | - | 1,356,246 |
| Transportation construction and maintenance | - | - | 16,512,127 | 6,974,494 | - | - | - | - | 23,486,621 |
| Grants | - | - | - | - | - | - | - | 121,035 | 121,035 |
| Redevelopment | - | - | - | - | 641,335 | - | - | - | 641,335 |
| Construction | - | 10,074,119 | - | - | - | - | - | - | 10,074,119 |
| Committed for | | | | | | | | | |
| Disaster | 5,485,856 | - | - | - | - | - | - | - | 5,485,856 |
| Construction | - | 8,614,644 | - | - | - | - | - | - | 8,614,644 |
| Assigned | 875,000 | - | - | - | - | - | - | - | 875,000 |
| Unassigned | 20,716,806 | - | - | - | - | - | - | (2,614,036) | 18,102,770 |
| Total fund balances (deficits) | 27,427,984 | 18,688,763 | 16,512,127 | 6,974,494 | 641,335 | - | 1,356,246 | 1,452,478 | 73,053,427 |
| Total liabilities, deferred inflows of resources, and fund balance | \$ 33,824,554 | \$ 19,416,128 | \$ 16,991,969 | \$ 8,315,707 | \$ 641,335 | \$ 12,193,954 | \$ 3,497,720 | \$ 9,634,529 | \$ 104,515,896 |

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, 2023

| | |
|---|-----------------------|
| Fund balances - total governmental funds | \$ 73,053,427 |
| 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. | 325,092,320 |
| Net pension liability (asset) of the defined benefit pension plans and related deferred outflows and inflows that are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Volunteer Firefighter Pension Fund (VFFP) | 1,140,675 |
| Florida Retirement System (FRS) | (2,188,989) |
| 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. | (922,857) |
| Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds. | 4,607,528 |
| 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. | 29,939,003 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(6,868,193)</u> |
| Net position of governmental activities | <u>\$ 423,852,914</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, 2023

| | General Fund | Capital Projects Fund | Transportation Impact Fee Fund | Streets Improvement Fund | SR100 CRA Fund | American Rescue Plan Fund | Recreation Impact Fee Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------------|--------------------------|-----------------------------------|--------------------------------|-------------------|---------------------------------|----------------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | | | | | |
| Taxes | \$ 38,639,929 | \$ 5,048,022 | \$ - | \$ 2,042,702 | \$ 1,652,984 | \$ - | \$ - | \$ - | \$ 47,383,637 |
| Licenses and permits | 514,560 | - | - | - | - | - | - | - | 514,560 |
| Intergovernmental revenue | 7,096,120 | - | - | 986,994 | - | 307,925 | 1,705,075 | 548,762 | 10,644,876 |
| Charges for services | 6,668,237 | - | - | - | - | - | - | - | 6,668,237 |
| Special assessments | - | - | - | - | - | - | - | 331,279 | 331,279 |
| Fines and forfeitures | 617,782 | - | - | - | - | - | - | 7,779 | 625,561 |
| Impact fees | - | - | 3,644,979 | - | - | - | 2,863,478 | 776,593 | 7,285,050 |
| Investment earnings | 1,851,307 | 608,139 | 572,495 | 255,398 | 83,940 | - | 196,395 | 193,980 | 3,761,654 |
| Miscellaneous | 193,910 | - | - | - | - | - | - | - | 193,910 |
| Total Revenues | 55,581,845 | 5,656,161 | 4,217,474 | 3,285,094 | 1,736,924 | 307,925 | 4,764,948 | 1,858,393 | 77,408,764 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 13,354,765 | 22,224 | - | - | - | - | - | 255,576 | 13,632,565 |
| Transportation and physical environment | 8,075,574 | 176,869 | 26,279 | 4,372,142 | 711,223 | - | - | 20,837 | 13,382,924 |
| Public safety | 19,250,818 | 21,061 | - | - | - | - | - | 303,569 | 19,575,448 |
| Culture and recreation | 7,821,443 | 35,222 | - | - | - | - | 214,881 | - | 8,071,546 |
| Capital outlay: | | | | | | | | | |
| General government | 10,738 | 1,419,929 | - | - | - | - | - | - | 1,430,667 |
| Public safety | 69,930 | 42,075 | - | - | - | 307,925 | - | 216,412 | 636,342 |
| Transportation and physical environment | 27,773 | - | 2,264,597 | 207,133 | - | - | - | - | 2,499,503 |
| Culture and recreation | 24,356 | 24,816 | - | - | - | - | 11,452,303 | - | 11,501,475 |
| Debt Service: | | | | | | | | | |
| Principal | - | - | - | - | 790,000 | - | - | - | 790,000 |
| Interest and other | - | - | - | - | 152,023 | - | - | 206,424 | 358,447 |
| Total expenditures | 48,635,397 | 1,742,196 | 2,290,876 | 4,579,275 | 1,653,246 | 307,925 | 11,667,184 | 1,002,818 | 71,878,917 |
| Excess (deficiency) of revenues over expenditures | 6,946,448 | 3,913,965 | 1,926,598 | (1,294,181) | 83,678 | - | (6,902,236) | 855,575 | 5,529,847 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | 1,268,457 | 99,922 | - | 2,500,000 | 960,977 | - | 1,350,000 | 119,058 | 6,298,414 |
| Transfers out | (3,784,008) | - | (119,058) | - | (1,561,483) | - | - | (14,707) | (5,479,256) |
| Total other financing sources (uses) | (2,515,551) | 99,922 | (119,058) | 2,500,000 | (600,506) | - | 1,350,000 | 104,351 | 819,158 |
| Net change in fund balances | 4,430,897 | 4,013,887 | 1,807,540 | 1,205,819 | (516,828) | - | (5,552,236) | 959,926 | 6,349,005 |
| Fund balances (deficits) - beginning | 22,997,087 | 14,674,876 | 14,704,587 | 5,768,675 | 1,158,163 | - | 6,908,482 | 492,552 | 66,704,422 |
| Fund balances (deficits) - ending | \$ 27,427,984 | \$ 18,688,763 | \$ 16,512,127 | \$ 6,974,494 | \$ 641,335 | \$ - | \$ 1,356,246 | \$ 1,452,478 | \$ 73,053,427 |

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, 2023

Net change in fund balances - total governmental funds \$ 6,349,005

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 | 16,067,985 | |
| Less current year depreciation | <u>(12,629,052)</u> | 3,438,933 |

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 | | (105,742) |
|--|--|-----------|

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins exchanges and adjustments) is an increase to net position.

| | | |
|--|-----------------|--------|
| Donations and trade-ins | 108,416 | |
| Expense of prior year Construction in progress | <u>(62,950)</u> | 45,466 |

The issuance of long-term debt (i.e. bonds, notes, leases, and subscriptions) 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 the net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

790,000

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) | | (38,843) |
| Florida Retirement System (FRS) | | 106,299 |

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 | | (296,045) |
| Change in OPEB liability and deferred inflows and outflows related to OPEB | | (120,677) |

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.

4,347,898

Change in net position of governmental activities.

\$ 14,516,294

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, 2023

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 | \$ 35,180,767 | \$ 1,147,217 | \$ 9,113,119 | \$ 3,995,176 | \$ 49,436,279 | \$ 20,813,991 |
| Accounts receivable - net | 7,521,245 | 2,035,403 | 3,393,688 | 2,291 | 12,952,627 | 26,143 |
| Due from other governments | 4,390,798 | - | 3,300 | - | 4,394,098 | 8,073 |
| Inventories | 455,698 | - | - | - | 455,698 | 27,587 |
| Prepaid items | 98,437 | 37,280 | 56,532 | 12,512 | 204,761 | 97,697 |
| Lease receivable | - | - | - | 210,242 | 210,242 | - |
| Restricted current assets: | | | | | | |
| Cash with fiscal agent | 5,772,471 | - | - | - | 5,772,471 | - |
| Total current assets | 53,419,416 | 3,219,900 | 12,566,639 | 4,220,221 | 73,426,176 | 20,973,491 |
| Noncurrent assets: | | | | | | |
| Restricted noncurrent assets: | | | | | | |
| Debt service | 1,985,391 | - | 302,839 | - | 2,288,230 | - |
| Impact fees | 30,821,673 | - | - | - | 30,821,673 | - |
| Renewal and replacements | 8,004,568 | - | - | - | 8,004,568 | - |
| Advances to other funds | 4,012,224 | - | - | - | 4,012,224 | - |
| Loan proceeds for construction | - | - | 1,232,044 | - | 1,232,044 | - |
| Land | 13,463,181 | - | 1,051,566 | - | 14,514,747 | - |
| Building and improvements other than buildings | 156,039,881 | - | 39,435 | - | 156,079,316 | 1,097,144 |
| Infrastructure | 244,272,064 | - | 58,263,771 | 5,197,058 | 307,732,893 | 13,176 |
| Equipment | 1,239,799 | - | 188,750 | 414,006 | 1,842,555 | 34,530,338 |
| Subscription-based IT arrangements (SBITA) | - | - | - | - | - | 843,044 |
| Less accumulated depreciation | (181,282,155) | - | (27,929,393) | (3,767,446) | (212,978,994) | (18,713,632) |
| Construction in progress | 23,393,686 | - | 6,672,895 | - | 30,066,581 | - |
| Right-to-use leased equipment | - | - | 433,646 | - | 433,646 | - |
| Lease receivable | - | - | - | 3,921,056 | 3,921,056 | - |
| Total noncurrent assets | 301,950,312 | - | 40,255,553 | 5,764,674 | 347,970,539 | 17,770,070 |
| Total assets | 355,369,728 | 3,219,900 | 52,822,192 | 9,984,895 | 421,396,715 | 38,743,561 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred loss on refunding | 2,520,934 | - | - | - | 2,520,934 | - |
| Deferred outflows-OPEB | 39,362 | - | 6,904 | 5,344 | 51,610 | 9,245 |
| Total deferred outflows of resources | 2,560,296 | - | 6,904 | 5,344 | 2,572,544 | 9,245 |

(continued)

City of Palm Coast, Florida
Statement of Net Position (continued)
Proprietary Funds
September 30, 2023

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - |
|---|--|-------------------------|------------------------|----------------------------------|-------------------------------|----------------------------------|
| | Utility Fund | Solid Waste Fund | Stormwater Fund | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 855,290 | \$ 1,266,256 | \$ 1,159,532 | \$ 246,556 | \$ 3,527,634 | \$ 310,078 |
| Claims payable | - | - | - | - | - | 697,215 |
| Due to other governments | 81,272 | - | - | 4,749 | 86,021 | - |
| Loans payable | 3,300,080 | - | 497,677 | - | 3,797,757 | - |
| Compensated absences | 571,932 | 3,636 | 196,691 | 126,284 | 898,543 | 172,502 |
| Accrued liabilities | 430,117 | 5,227 | 143,610 | 77,208 | 656,162 | 132,534 |
| Interest payable | - | - | 665 | - | 665 | 1,980 |
| SBITA payable | - | - | - | - | - | 376,070 |
| Lease payable | - | - | 47,240 | - | 47,240 | - |
| Customer deposits | 5,107,207 | - | - | - | 5,107,207 | - |
| Unearned revenue | - | - | - | 66,239 | 66,239 | - |
| Current liabilities payable from restricted assets: | | | | | | |
| Current maturities of bonds payable | 5,230,000 | - | - | - | 5,230,000 | - |
| Accrued bond interest payable | 542,471 | - | - | - | 542,471 | - |
| Accrued loan interest payable | 101,451 | - | 4,153 | - | 105,604 | - |
| Accounts payable | 4,314,764 | - | - | - | 4,314,764 | - |
| Contract payable | 458,844 | - | - | - | 458,844 | - |
| Total current liabilities | 20,993,428 | 1,275,119 | 2,049,568 | 521,036 | 24,839,151 | 1,690,379 |
| Noncurrent liabilities: | | | | | | |
| Compensated absences | 823,187 | 3,003 | 234,038 | 231,969 | 1,292,197 | 333,458 |
| Total OPEB liability | 190,399 | - | 33,398 | 25,849 | 249,646 | 44,723 |
| SBITA payable | - | - | - | - | - | 109,106 |
| Bonds payable | 59,945,000 | - | - | - | 59,945,000 | - |
| Loans payable | 66,789,774 | - | 14,562,961 | - | 81,352,735 | - |
| Lease payable | - | - | 298,393 | - | 298,393 | - |
| Total noncurrent liabilities | 127,748,360 | 3,003 | 15,128,790 | 257,818 | 143,137,971 | 487,287 |
| Total liabilities | 148,741,788 | 1,278,122 | 17,178,358 | 778,854 | 167,977,122 | 2,177,666 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred Inflows-OPEB | 46,210 | - | 8,106 | 6,274 | 60,590 | 10,854 |
| Deferred Inflows-Lease related | - | - | - | 3,887,291 | 3,887,291 | - |
| Total deferred inflows of resources | 46,210 | - | 8,106 | 3,893,565 | 3,947,881 | 10,854 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 126,218,381 | - | 23,314,399 | 1,843,618 | 151,376,398 | 17,284,894 |
| Restricted for construction | 29,805,713 | - | 254,830 | - | 30,060,543 | - |
| Restricted for renewal & replacements | 10,758,585 | - | - | - | 10,758,585 | - |
| Restricted for debt service | 7,113,940 | - | 298,686 | - | 7,412,626 | - |
| Unrestricted | 35,245,407 | 1,941,778 | 11,774,717 | 3,474,202 | 52,436,104 | 19,279,392 |
| Total net position | \$ 209,142,026 | \$ 1,941,778 | \$ 35,642,632 | \$ 5,317,820 | 252,044,256 | \$ 36,564,286 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | 6,625,283 | |
| | | | | | <u>\$ 258,669,539</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, 2023

| | <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 | \$ 34,697,066 | \$ - | \$ - | \$ - | \$ 34,697,066 | \$ - |
| Wastewater charges | 22,960,547 | - | - | - | 22,960,547 | - |
| Solid waste charges | - | 15,231,156 | - | - | 15,231,156 | - |
| Stormwater charges | - | - | 15,706,647 | - | 15,706,647 | - |
| Building permit and inspection charges | - | - | - | 2,158,193 | 2,158,193 | - |
| Information technology charges | - | - | - | - | - | 4,893,254 |
| Fiber and cell tower charges | - | - | - | 762,719 | 762,719 | - |
| Miscellaneous | 1,343,462 | 750 | - | - | 1,344,212 | - |
| Risk management | - | - | - | 1,560 | 1,560 | 6,276,416 |
| Fleet management | - | - | - | - | - | 12,223,789 |
| Total operating revenues | 59,001,075 | 15,231,906 | 15,706,647 | 2,922,472 | 92,862,100 | 23,393,459 |
| OPERATING EXPENSES | | | | | | |
| Administrative | 7,672,343 | - | - | - | 7,672,343 | 17,477,452 |
| Water system | 12,973,036 | - | - | - | 12,973,036 | - |
| Wastewater system | 11,609,955 | - | - | - | 11,609,955 | - |
| Solid waste system | - | 15,354,772 | - | - | 15,354,772 | - |
| Stormwater system | - | - | 9,173,697 | - | 9,173,697 | - |
| Building permits and inspections | - | - | - | 3,015,832 | 3,015,832 | - |
| Fiber and cell tower | - | - | - | 548,636 | 548,636 | - |
| Depreciation/amortization | 15,269,827 | - | 2,246,591 | 267,326 | 17,783,744 | 3,922,783 |
| Total operating expenses | 47,525,161 | 15,354,772 | 11,420,288 | 3,831,794 | 78,132,015 | 21,400,235 |
| Operating income (loss) | 11,475,914 | (122,866) | 4,286,359 | (909,322) | 14,730,085 | 1,993,224 |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Investment revenue | 2,788,492 | 51,148 | 490,427 | 270,849 | 3,600,916 | 696,925 |
| Interest/amortization expense | (2,149,655) | - | (413,759) | - | (2,563,414) | (14,635) |
| Intergovernmental | 351,663 | - | - | - | 351,663 | - |
| Property taxes | - | - | 526,225 | - | 526,225 | - |
| Other | - | - | - | - | - | 1,118,971 |
| Total nonoperating revenues (expenses) | 990,500 | 51,148 | 602,893 | 270,849 | 1,915,390 | 1,801,261 |
| Income (loss) before capital contributions and transfers | 12,466,414 | (71,718) | 4,889,252 | (638,473) | 16,645,475 | 3,794,485 |
| TRANSFERS AND CONTRIBUTIONS | | | | | | |
| Capital grants and contributions | 23,045,572 | - | 200 | - | 23,045,772 | - |
| Transfers in | 211,483 | - | - | - | 211,483 | 1,444,179 |
| Transfers out | (1,866,064) | (36,344) | (295,961) | (248,940) | (2,447,309) | (27,511) |
| Total transfers and contributions | 21,390,991 | (36,344) | (295,761) | (248,940) | 20,809,946 | 1,416,668 |
| Change in net position | 33,857,405 | (108,062) | 4,593,491 | (887,413) | 37,455,421 | 5,211,153 |
| Net position - beginning of year | 175,284,621 | 2,049,840 | 31,049,141 | 6,205,233 | | 31,353,133 |
| Net position - ending | \$ 209,142,026 | \$ 1,941,778 | \$ 35,642,632 | \$ 5,317,820 | | \$ 36,564,286 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | 863,255 | |
| | | | | | <u>\$ 38,318,676</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, 2023

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 | \$ 58,543,600 | \$ 14,992,259 | \$ 15,152,857 | \$ 2,874,329 | \$ 91,563,045 | \$ 33,481 |
| Cash from interfund charges | - | - | - | - | - | 23,393,459 |
| Cash paid to suppliers | (22,870,692) | (15,146,541) | (6,327,257) | (1,580,742) | (45,925,232) | (14,672,553) |
| Cash paid to employees | (9,359,776) | (86,374) | (2,552,983) | (1,728,761) | (13,727,894) | (2,798,661) |
| Net cash provided by (used in) operating activities | 26,313,132 | (240,656) | 6,272,617 | (435,174) | 31,909,919 | 5,955,726 |
| CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers in from other funds | 211,483 | - | - | - | 211,483 | 1,444,179 |
| Transfers out to other funds | (1,866,064) | (36,344) | (295,961) | (248,940) | (2,447,309) | (27,511) |
| Intergovernmental revenue | 365,754 | - | - | - | 365,754 | - |
| Advances from other funds | 116,258 | - | - | - | 116,258 | - |
| Net cash provided by (used in) noncapital financing activities | (1,172,569) | (36,344) | (295,961) | (248,940) | (1,753,814) | 1,416,668 |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Proceeds from issuance of long-term debt | 7,141,233 | - | 914,148 | - | 8,055,381 | - |
| Loan principal payments | (10,166,874) | - | (1,934,749) | - | (12,101,623) | - |
| Payments on lease liability | - | - | (46,162) | - | (46,162) | - |
| Interest paid | (1,988,153) | - | (414,912) | - | (2,403,065) | - |
| Acquisition and construction of property, plant and equipment | (29,998,481) | - | (7,716,494) | (277,551) | (37,992,526) | (6,330,013) |
| Proceeds from the sale of capital assets | - | - | - | - | - | 1,088,971 |
| Property tax proceeds | - | - | 526,225 | - | 526,225 | - |
| Subscription payments | - | - | - | - | - | (370,524) |
| Impact fees and contributions | 15,761,091 | - | - | - | 15,761,091 | 30,000 |
| Net cash provided by (used in) capital and related financing activities | (19,251,184) | - | (8,671,944) | (277,551) | (28,200,679) | (5,581,566) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Interest on investments | 2,788,492 | 51,148 | 490,427 | 164,866 | 3,494,933 | 696,925 |
| Net cash provided by (used in) investing activities | 2,788,492 | 51,148 | 490,427 | 164,866 | 3,494,933 | 696,925 |
| Net increase (decrease) in cash and cash equivalents | 8,677,871 | (225,852) | (2,204,861) | (796,799) | 5,450,359 | 2,487,753 |
| Beginning cash and cash equivalents | 73,086,999 | 1,373,069 | 12,852,863 | 4,791,975 | 92,104,906 | 18,326,238 |
| Ending cash and cash equivalents | \$ 81,764,870 | \$ 1,147,217 | \$ 10,648,002 | \$ 3,995,176 | \$ 97,555,265 | \$ 20,813,991 |

(continued)

City of Palm Coast, Florida
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended September 30, 2023

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) | \$ 11,475,914 | \$ (122,866) | \$ 4,286,359 | \$ (909,322) | \$ 14,730,085 | \$ 1,993,224 |
| Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Depreciation and amortization | 15,269,827 | - | 2,246,591 | 267,326 | 17,783,744 | 3,922,783 |
| Change in assets and liabilities: | | | | | | |
| Accounts receivable | (931,470) | (239,647) | (553,790) | (18,048) | (1,742,955) | 30,828 |
| Inventories | (104,463) | - | - | - | (104,463) | 40,896 |
| Prepays | (17,198) | (37,280) | (12,275) | 16,365 | (50,388) | 73,382 |
| Accounts payable | 107,977 | 147,271 | 225,812 | 195,675 | 676,735 | (213,234) |
| Due to other governments | 35,688 | - | - | - | 35,688 | (3,300) |
| Accrued liabilities | (2,646) | 5,227 | 21,271 | 3,806 | 27,658 | (19,225) |
| Due from other governments | - | - | (3,300) | - | (3,300) | - |
| Customer deposits | 438,308 | - | - | (30,095) | 408,213 | - |
| Compensated absences | 41,195 | 6,639 | 61,949 | 39,119 | 148,902 | 130,372 |
| Net cash provided by (used in) operating activities | <u>\$ 26,313,132</u> | <u>\$ (240,656)</u> | <u>\$ 6,272,617</u> | <u>\$ (435,174)</u> | <u>\$ 31,909,919</u> | <u>\$ 5,955,726</u> |
| CASH AND CASH EQUIVALENTS CLASSIFIED AS: | | | | | | |
| Equity in pooled cash and investments in current assets | \$ 35,180,767 | \$ 1,147,217 | \$ 9,113,119 | \$ 3,995,176 | \$ 49,436,279 | \$ 20,813,991 |
| Restricted equity in pooled cash and investments | | | | | | |
| Cash with fiscal agent | 5,772,471 | - | - | - | 5,772,471 | - |
| Debt service | 1,985,391 | - | 302,839 | - | 2,288,230 | - |
| Impact fees | 30,821,673 | - | - | - | 30,821,673 | - |
| Renewal and replacements | 8,004,568 | - | - | - | 8,004,568 | - |
| Construction | - | - | 1,232,044 | - | 1,232,044 | - |
| Total restricted equity in pooled cash and investments | <u>46,584,103</u> | <u>-</u> | <u>1,534,883</u> | <u>-</u> | <u>48,118,986</u> | <u>-</u> |
| Total cash and cash equivalents | <u>\$ 81,764,870</u> | <u>\$ 1,147,217</u> | <u>\$ 10,648,002</u> | <u>\$ 3,995,176</u> | <u>\$ 97,555,265</u> | <u>\$ 20,813,991</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Developer contributions of capital assets | \$ 7,134,926 | \$ - | \$ - | \$ - | \$ 7,134,926 | \$ - |
| Capital asset donations | - | - | 200 | - | 200 | - |

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, 2023

| | Volunteer Firefighter Pension Fund |
|--------------------------------------|---|
| ASSETS | |
| Pension Investments | |
| External investment pools | \$ 5,325,929 |
| Due from other funds | 238,345 |
| Total Assets | 5,564,274 |
| NET POSITION | |
| Net position restricted for pensions | \$ 5,564,274 |

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, 2023

| | <u>Volunteer Firefighter Pension Fund</u> |
|-------------------------------|---|
| ADDITIONS | |
| Contributions: | |
| State contributions | \$ 676,591 |
| Total contributions | <u>676,591</u> |
| Investment earnings (loss): | |
| Interest | 440,604 |
| Less investment expenses | <u>(10,329)</u> |
| Total investment earnings | 430,275 |
| Total additions | <u>1,106,866</u> |
| DEDUCTIONS | |
| Administrative expenses | 32,804 |
| Benefit distributions | <u>562,487</u> |
| Total deductions | 595,291 |
| Change in net position | <u>511,575</u> |
| Net position - beginning | <u>5,052,699</u> |
| Net position - ending | <u><u>\$ 5,564,274</u></u> |

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

City of Palm Coast, Florida
Notes to Financial Statements
September 30, 2023

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 State Road 100 CRA.

The SR100 CRA was created on June 15, 2004, by City Ordinance 2004-13, pursuant to Florida Statute 163.387, to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support redevelopment in the designated community redevelopment area. Since the City is financially accountable for the activities of the CRA, its governing board is the same, and its relationship to the CRA is significant, the CRA is reported as blended component unit in the City's financial statements.

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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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.

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 American Rescue Plan 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.

The Recreation Impact Fee 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.

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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

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.

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, lease liabilities, claims and judgments, are recorded only when payment is due. Issuance of long-term debt and financing through 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,

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Measurement Focus and Basis of Accounting (Continued)

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.

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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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”.

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%, 16% and 35%, 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, 2023

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 (except for intangible right-to-use lease assets, the measurement of which is discussed in note 9). 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/amortization 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 |
| Right-to-use leased equipment | 5 - 20 |
| Subscription-based IT arrangements (SBITA) | 2 - 3 |

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 assets 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 net 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 assets 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, 2023

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 net 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 as well as leases 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, 2023

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.

Leases

The City leases a trailer for the Stormwater Department and determines if an arrangement is a lease at inception. The City recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the City's right to use an underlying asset for the lease term and lease liabilities represent the City's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The City also leases various facilities to telecommunications companies, who provide wireless phone and Internet access to the public. The City recognizes expected future revenues as a receivable and related deferred inflows.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancellable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is less than \$5,000.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the City's incremental borrowing rate (IBR), which will be the rate utilized for the subsequent year.

The City's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes

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

| Valuation Date | January 1, 2022 | | | | | | | | | | | | | | | | | | |
|---|---------------------|--------------------------|--|----------|---|--------------------------|----------|---|----------------|---------|---|--|----------|---|--|-------|---|--|--|
| Property Appraiser prepares the assessment roll with values as of January 1, 2022, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations. | July 1, 2022 | | | | | | | | | | | | | | | | | | |
| City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year. | September 2022 | | | | | | | | | | | | | | | | | | |
| Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy Date). | September 2022 | | | | | | | | | | | | | | | | | | |
| A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2022 through March 2023, with the following applicable discounts: | November 1, 2022 | | | | | | | | | | | | | | | | | | |
| <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Month Paid</th> <th style="text-align: center;">Discount (%)</th> <th></th> </tr> </thead> <tbody> <tr> <td>November</td> <td style="text-align: center;">4</td> <td style="text-align: right;">November 1, 2022 through</td> </tr> <tr> <td>December</td> <td style="text-align: center;">3</td> <td style="text-align: right;">March 31, 2023</td> </tr> <tr> <td>January</td> <td style="text-align: center;">2</td> <td></td> </tr> <tr> <td>February</td> <td style="text-align: center;">1</td> <td></td> </tr> <tr> <td>March</td> <td style="text-align: center;">0</td> <td></td> </tr> </tbody> </table> | Month Paid | Discount (%) | | November | 4 | November 1, 2022 through | December | 3 | March 31, 2023 | January | 2 | | February | 1 | | March | 0 | | |
| Month Paid | Discount (%) | | | | | | | | | | | | | | | | | | |
| November | 4 | November 1, 2022 through | | | | | | | | | | | | | | | | | |
| December | 3 | March 31, 2023 | | | | | | | | | | | | | | | | | |
| January | 2 | | | | | | | | | | | | | | | | | | |
| February | 1 | | | | | | | | | | | | | | | | | | |
| March | 0 | | | | | | | | | | | | | | | | | | |
| All unpaid taxes on real and tangible personal property become delinquent. | April 1, 2023 | | | | | | | | | | | | | | | | | | |
| A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. | April and May 2023 | | | | | | | | | | | | | | | | | | |
| Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien Date). | June 1, 2023 | | | | | | | | | | | | | | | | | | |
| 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, 2023 | | | | | | | | | | | | | | | | | | |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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.

Subscription-based information technology arrangements (SBITAs)

The City has entered into SBITAs involving a GIS enterprise system used to map areas within the city for stormwater, utility, disaster preparedness, right of ways, and more as well as an enterprise resource planning (ERP) software system. The City recognizes intangible right-to-use (RTU) assets and corresponding liabilities for all SBITAs that are not considered short-term. RTU assets represent the City's right to use an underlying intangible asset for the agreement term and liabilities represent the City's obligation to make payments arising from the SBITA. RTU assets and liabilities are recognized at the agreement commencement date based on the present value of payments over the SBITA term.

Basis of classification – SBITAs where the maximum possible agreement term(s) is non-cancelable by both parties, and more than 12 months are not considered short term.

Discount Rate – Unless explicitly stated in the agreement, known by the City, or the City is able to determine the rate implicit within the agreement, the discount rate used to calculate SBITA right-to-use assets will be the City's incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year.

The City's SBITAs do not contain any material residual value guarantees or material restrictive covenants.

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 current and subsequent fiscal years. Management has not determined what, if any, impact implementation of pronouncements that become effective beyond the current fiscal year will have on the City's financial statements:

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

1. 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. The City has implemented this Statement and its various provisions effective October 01, 2022.
2. GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The effective date for implementation is fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
3. GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The objective of GASB 101 is to better meet the information of financial statement users by updating recognition and measurement guidance for compensated absences. The effective date for implementation is fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
4. GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The effective date for implementation is fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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 \$325,092,320 difference are as follows:

| | |
|---|----------------|
| Land | \$ 113,815,824 |
| Construction in progress | 17,959,466 |
| Buildings and other improvements | 81,912,912 |
| Less: Accumulated depreciation | (29,916,950) |
| Infrastructure | 283,819,443 |
| Less: Accumulated depreciation | (143,805,603) |
| Equipment | 4,633,843 |
| Less: Accumulated depreciation | (3,326,615) |
| <i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i> | \$ 325,092,320 |

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 \$29,939,003 difference are as follows:

| | |
|---|---------------|
| Net position of the internal service funds | \$ 36,564,286 |
| Less: Internal payable representing charges in excess of cost to business-type activities - prior years | (5,762,028) |
| Less: Internal payable representing charges in excess of cost to business-type activities - current year | (863,255) |
| <i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i> | \$ 29,939,003 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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 \$6,868,193 difference are as follows:

| | |
|---|----------------------------|
| Loans payable | \$ 3,960,809 |
| Compensated absences | 2,907,384 |
| | _____ |
| <i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i> | <u><u>\$ 6,868,193</u></u> |

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 \$790,000 difference are as follows:

| | |
|---|--------------------------|
| Principal payments: | |
| SR100 CRA Revenue Note | \$ 790,000 |
| | _____ |
| <i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i> | <u><u>\$ 790,000</u></u> |

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 \$2,614,036. This fund incurred construction expenditures in excess of current revenues and transfers.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 4 – Deposits and Investments

Deposits

At year-end, the carrying amount of the City's deposits was \$14,500,040 and the bank balance was \$17,814,460. 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 \$5,327 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; Asset Backed Securities (ABS); Agency Mortgage Backed Securities (MBS); and Municipal Bonds.

As of September 30, 2023, the City has the following investments:

| Investment Type | Fair Value | Percentage of Total | Average Maturities |
|---|----------------------|------------------------|-----------------------|
| Florida Prime LGIP | \$ 54,755,670 | 28.57 | 35 Days |
| Intergovernmental Investment Pool-FL PALM | 50,692,649 | 26.45 | 51 Days |
| Money Market | 917,146 | 0.48 | 1 Day |
| U.S. Government Agencies | 467,719 | 0.24 | 1-5 Years |
| U.S. Treasuries | 43,125,925 | 22.50 | 1-5 Years |
| Corporate Issues | 38,253,135 | 19.96 | 1-5 Years |
| Supranational Bonds | 2,958,101 | 1.54 | 1-5 Years |
| Municipal Bonds | 466,639 | 0.26 | 1-5 Years |
| | <u>\$191,636,984</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, 2023

Note 4 – Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of September 30, 2023:

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, 2023:

| 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 | \$ 467,719 | \$ - | \$ 467,719 | \$ - | \$ 467,719 |
| U.S. Treasuries | 43,125,925 | - | 43,125,925 | - | 43,125,925 |
| Corporate Issues | 38,253,135 | - | 38,253,135 | - | 38,253,135 |
| Supranational Bonds | 2,958,101 | - | 2,958,101 | - | 2,958,101 |
| Municipal Bonds | 466,639 | - | 466,639 | - | 466,639 |
| Total investments by fair value level | \$ 85,271,519 | \$ - | \$ 85,271,519 | \$ - | \$ 85,271,519 |

Investments measured at the net asset value (NAV)

| | |
|--|-----------------------|
| External Investment Pool: | |
| SBA Florida Prime | \$ 54,755,670 |
| FL PALM | 50,692,649 |
| Money Market | 917,146 |
| Total investments measured at NAV | <u>106,365,465</u> |
| Total investments measured at fair value | <u>\$ 191,636,984</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, 2022, 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, 2023

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 (“core 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 or Federal Instrumentality (“GSE”) 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, for long-term debt, or rated at least “MIG-2” by Moody’s and “SP-2” by Standard & Poor’s for short-term debt. As of September 30, 2022, 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 “AAA/Aaa” and “BBB+/Baa3” 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, 2023, totaled \$5,772,471. 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, 2023

Note 5 – Receivables

Amounts other than lease receivables 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 | \$ 828,028 | \$ - | \$ - | \$ - | 828,028 |
| SR100 CRA Fund | - | - | 277,780 | - | 277,780 |
| Nonmajor Governmental Funds | 20,983 | 4,012,224 | - | - | 4,033,207 |
| Utility Fund | 8,191,856 | - | - | (670,611) | 7,521,245 |
| Solid Waste Fund | 2,221,780 | - | - | (186,377) | 2,035,403 |
| Stormwater Fund | 4,061,860 | - | - | (668,172) | 3,393,688 |
| Nonmajor Enterprise Funds | 3,526 | - | - | (1,235) | 2,291 |
| Internal Service Funds | 26,143 | - | - | - | 26,143 |
| Totals | <u>\$ 15,354,176</u> | <u>\$ 4,012,224</u> | <u>\$ 277,780</u> | <u>\$ (1,526,395)</u> | <u>\$ 18,117,785</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, 2023, 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, 2023

Note 6 – Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

| | Balance, as restated | | | Balance 9/30/23 |
|--|----------------------|------------------|------------------|--------------------|
| | 9/30/22 | Increases | Decreases | |
| A. Governmental Activities | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 113,300,352 | \$ 515,472 | \$ - | \$ 113,815,824 |
| Construction in progress | 5,234,440 | 13,205,697 | (480,671) | 17,959,466 |
| Total capital assets, not being depreciated | 118,534,792 | 13,721,169 | (480,671) | 131,775,290 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements other than buildings | 81,381,876 | 1,628,181 | - | 83,010,057 |
| Infrastructure | 283,165,010 | 667,609 | - | 283,832,619 |
| Equipment | 35,266,245 | 6,907,185 | (3,009,249) | 39,164,181 |
| SBITA | 843,044 | - | - | 843,044 |
| Total capital assets, being depreciated | 400,656,175 | 9,202,975 | (3,009,249) | 406,849,901 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements other than buildings | (27,518,674) | (2,972,448) | - | (30,491,122) |
| Infrastructure | (134,430,129) | (9,388,650) | - | (143,818,779) |
| Equipment | (20,271,409) | (3,823,873) | 3,009,249 | (21,086,033) |
| SBITA | - | (366,866) | - | (366,866) |
| Total accumulated depreciation | (182,220,212) | (16,551,837) | 3,009,249 | (195,762,800) |
| Total capital assets, being depreciated, net | 218,435,963 | (7,348,862) | - | 211,087,101 |
| Governmental activities capital assets, net | \$ 336,970,755 | \$ 6,372,307 | \$ (480,671) | \$ 342,862,391 |
| | Balance | Increases | Decreases | Balance |
| | 9/30/22 | | | 9/30/23 |
| B. Business-type Activities | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 14,509,680 | \$ 5,067 | \$ - | \$ 14,514,747 |
| Construction in progress | 13,913,422 | 20,812,143 | (4,658,984) | 30,066,581 |
| Total capital assets, not being depreciated | 28,423,102 | 20,817,210 | (4,658,984) | 44,581,328 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements other than buildings | 150,540,277 | 5,539,039 | - | 156,079,316 |
| Infrastructure | 282,574,351 | 25,158,542 | - | 307,732,893 |
| Equipment | 1,560,447 | 392,037 | (109,929) | 1,842,555 |
| Right-to-use leased equipment | 433,646 | - | - | 433,646 |
| Total capital assets, being depreciated | 435,108,721 | 31,089,618 | (109,929) | 466,088,410 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements other than buildings | (70,106,346) | (6,130,204) | - | (76,236,550) |
| Infrastructure | (123,970,501) | (11,496,934) | - | (135,467,435) |
| Equipment | (1,179,240) | (107,514) | 109,929 | (1,176,825) |
| Right-to-use leased equipment | (49,092) | (49,092) | - | (98,184) |
| Total accumulated depreciation | (195,305,179) | (17,783,744) | 109,929 | (212,978,994) |
| Total capital assets, being depreciated, net | 239,803,542 | 13,305,874 | - | 253,109,416 |
| Business-type activities capital assets, net | \$ 268,226,644 | \$ 34,123,084 | \$ (4,658,984) | \$ 297,690,744 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 6 – Capital Assets (Continued)

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

Governmental activities:

| | |
|--|----------------------|
| General government | \$ 320,011 |
| Public safety | 345,245 |
| Transportation and physical environment | 9,614,119 |
| Culture and recreation | 2,349,678 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 3,922,784 |
| Total depreciation expense - governmental activities | \$ 16,551,837 |

Business activities:

| | |
|--|----------------------|
| Utility | \$ 15,269,827 |
| Stormwater | 2,246,591 |
| Building permits | 3,475 |
| Information technology | 263,851 |
| Total depreciation/amortization expense - business activities | \$ 17,783,744 |

Note 7 - Accrued liabilities

Accrued liabilities totaling \$979,312 reported by the general fund as of September 30, 2023, 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 | \$ 4,012,224 |

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.

Due from/to other funds:

| Receivable Fund | Payable Fund | Purpose | Amount |
|------------------------------------|--------------|-----------------------------------|------------|
| Volunteer Firefighter Pension Fund | General Fund | Supplemental pension contribution | \$ 238,345 |

The outstanding balance between the Volunteer Firefighter Pension Fund and the General Fund are for State contributions due to the Volunteer Firefighter Pension Fund as of September 30, 2023.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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

| Interfund Transfers: | Transfer In: | | | | | | | | | |
|--------------------------------|--------------|-----------------------|--------------------------|----------------|--------------|--------------------|--------------|----------------------------|-----------------------------|--------------|
| | General Fund | Capital Projects Fund | Streets Improvement Fund | SR100 CRA Fund | Fleet Fund | IT Operations Fund | Utility Fund | Recreation Impact Fee Fund | Nonmajor Governmental Funds | Total |
| Transfer Out | | | | | | | | | | |
| General Fund | \$ - | \$ - | \$2,500,000 | \$960,977 | \$ 206,208 | \$ 116,823 | \$ - | \$ - | \$ - | \$ 3,784,008 |
| Utility Fund | 1,082,114 | - | - | - | 767,226 | 16,724 | - | - | - | 1,866,064 |
| Solid Waste Fund | - | - | - | - | 29,628 | 6,716 | - | - | - | 36,344 |
| Transportation Impact Fee Fund | - | - | - | - | - | - | - | - | 119,058 | 119,058 |
| SR100 CRA Fund | - | - | - | - | - | - | 211,483 | 1,350,000 | - | 1,561,483 |
| Stormwater Fund | 148,751 | - | - | - | 118,874 | 28,336 | - | - | - | 295,961 |
| Nonmajor Governmental | 14,707 | - | - | - | - | - | - | - | - | 14,707 |
| Nonmajor Proprietary | 22,885 | 99,922 | - | - | 121,734 | 4,399 | - | - | - | 248,940 |
| Internal Service Fund | - | - | - | - | 24,033 | 3,478 | - | - | - | 27,511 |
| Total transfers out | \$ 1,268,457 | \$ 99,922 | \$2,500,000 | \$960,977 | \$ 1,267,703 | \$ 176,476 | \$ 211,483 | \$ 1,350,000 | \$ 119,058 | \$ 7,954,076 |

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. Additionally in fiscal year 2023, general fund reserve transfer was made to the streets improvement fund for the purpose of funding the pavement program. 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 are to purchase software and computer equipment for the various departments.

Note 9 – Leases, SBITAs 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 2023, the total cost was \$6,526,288.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 9 – Leases, SBITAs and Agreements (Continued)

Lease Receivable - City as Lessor

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. In 2023, the City entered into a concession agreement with a vendor to provide food services at the golf course. The lease is for a five year period, with three additional five year extensions. Annual lease payments will increase by 3%.

The City recognized lease-related revenue during the year ended September 30, 2023 as follows:

| | Year Ending September 30 |
|-----------------------|-----------------------------|
| Lease-related revenue | |
| Lease Revenue | |
| Infrastructure | \$ 274,363 |
| Building | 7,924 |
| Total Lease Revenue | \$ 282,287 |
| Interest Revenue | 101,280 |
| Total | \$ 383,567 |

Future minimum amounts under non-cancellable operating leases to be received as of September 30, 2023, are as follows:

| | Year Ending September 30, | Principal | Interest | Total |
|-----------|------------------------------|------------|--------------|-------|
| 2023 | \$ 179,725 | \$ 104,013 | \$ 283,738 | |
| 2024 | 194,204 | 99,812 | 294,016 | |
| 2025 | 209,415 | 95,272 | 304,687 | |
| 2026 | 225,383 | 90,377 | 315,760 | |
| 2027 | 242,140 | 85,109 | 327,249 | |
| 2028-2032 | 1,492,188 | 332,130 | 1,824,318 | |
| 2033-2037 | 1,794,894 | 132,715 | 1,927,609 | |
| 2038-2043 | 125,613 | 6,782 | 132,395 | |
| Totals | \$ 4,463,562 | \$ 946,210 | \$ 5,409,772 | |

Amounts reported above do not include interest receivable of \$41,033.

Lease Payable - City as Lessee

The City leases a trailer for the Stormwater Department, a lease agreement recognized under GASB87. A right-to-use asset was added to the City's capital asset records for the asset which is included in the equipment class. As of September 30, 2023, the value of the right to use assets was \$433,646 and the accumulated amortization was \$98,184. The estimated incremental borrowing rate applied to the leases is 2.308%. The details of the lease are as follows:

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 9 – Leases, SBITAs and Agreements (Continued)

In fiscal year 2018-2019, the City entered into a lease agreement with Williams Scotsman, Inc. as lessee for a Willscot trailer valued at \$433,646, which was last renewed in fiscal year 2021-2022. A right-to-use asset was added to the City's capital assets in that amount. The accumulated amortization as of September 20, 2023 was \$98,184. The equipment has a ten year estimated useful life. As of September 30, 2023, the present value of the future minimum lease payments was \$345,633.

The lease expense for the right-to-use assets for the year ended September 30, 2023, is as follows:

| | Year Ending September 30 |
|---|-----------------------------|
| Lease Expense | |
| Amortization expense by class of underlying asset | |
| Equipment | \$ 49,092 |
| Interest on lease liabilities | 8,475 |
| Total | \$ 57,567 |

The principal and interest requirements to maturity for the lease liability as of September 30, 2023, is as follows:

| | Year Ending September 30, | Principal | Interest | Total |
|-----------|------------------------------|-----------|-----------|------------|
| 2024 | \$ | 47,240 | \$ 7,486 | \$ 54,726 |
| 2025 | | 48,343 | 6,383 | 54,726 |
| 2026 | | 49,471 | 5,255 | 54,726 |
| 2027 | | 50,626 | 4,100 | 54,726 |
| 2028 | | 51,808 | 2,918 | 54,726 |
| 2029-2033 | | 98,145 | 2,187 | 100,332 |
| Totals | \$ | 345,633 | \$ 28,329 | \$ 373,962 |

Subscription-Based Information Technology Arrangements (SBITAs)

The City entered into subscription arrangements for a GIS enterprise system used to map areas within the city for stormwater, utility, disaster preparedness, right of ways, and more as well as an enterprise resource planning (ERP) software system in the Information Technology internal services fund. The total beginning value of the right-to-use assets for SBITAs on September 30, 2023, was \$843,044 and had accumulated depreciation of \$366,886. The details of the SBITAs are below.

In 2021, the City entered into a three-year SBITA for the use of a GIS enterprise system valued at \$108,536. A RTU asset was recorded in the Information Technology internal service fund in that amount. The accumulated depreciation as of September 30, 2023, was \$52,097. The discount rate applied to the SBITA was 2.31%. The GIS system is amortized over the estimated life of the associated contract. The present value of the future minimum agreement payable on September 30, 2023, was \$53,745.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 9 – Leases, SBITAs and Agreements (Continued)

In 2022, the City entered into a three-year SBITA for the use of an ERP software system valued at \$734,507. A RTU asset was recorded in the Information Technology internal service fund in that amount. The accumulated depreciation as of September 30, 2023, was \$314,789. The discount rate applied to the SBITA was 2.31%. The ERP system is amortized over the estimated life of the associated contract. The present value of the future minimum agreement payable on September 30, 2023, was \$431,430.

SBITA expenses for the RTU assets for the year ended September 30, 2023, is as follows:

| | Year Ending September 30 |
|---|-----------------------------|
| SBITA Expense | |
| Amortization expense by class of underlying asset | |
| SBITA | \$ 366,886 |
| Interest on SBITA liabilities | 14,634 |
| Total | \$ 381,520 |

The principal and interest requirements to maturity for the SBITA liability as of September 30, 2023, is as follows:

| | Year Ending September 30, | Principal | Interest | Total |
|--------|------------------------------|-----------|------------|-------|
| 2024 | \$ 376,070 | \$ 7,822 | \$ 383,892 | |
| 2025 | 109,106 | 526 | 109,632 | |
| Totals | \$ 485,176 | \$ 8,348 | \$ 493,524 | |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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 |
|------------------------------|------------|-----------|
| 2024 | \$ - | \$ 11,748 |
| 2025 | 513,000 | - |
| | \$ 513,000 | \$ 11,748 |

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 |
|------------------------------|--------------|------------|
| 2024 | \$ - | \$ 118,956 |
| 2025 | 302,000 | 108,537 |
| 2026 | 736,000 | 83,145 |
| 2027 | 769,000 | 56,615 |
| 2028 | 803,000 | 28,911 |
| 2029 | 837,809 | - |
| | \$ 3,447,809 | \$ 396,164 |

The 2024 principal payment was made on both loans during the year ended September 30, 2023, leaving a principal balance of \$513,000 and \$3,447,809 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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 10 – Long-Term Debt (Continued)

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 |
|------------------------------|---------------|--------------|
| 2024 | \$ 1,190,000 | \$ 877,705 |
| 2025 | 5,435,000 | 841,834 |
| 2026 | 5,465,000 | 793,742 |
| 2027 | 5,515,000 | 734,180 |
| 2028 | 5,575,000 | 665,050 |
| 2029-2033 | 29,115,000 | 1,946,077 |
| 2034-2037 | 8,840,000 | 120,032 |
| | \$ 61,135,000 | \$ 5,978,620 |

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.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 10 – Long-Term Debt (Continued)

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-. During the fiscal year ended September 30, 2023, Fitch affirmed the current 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 |
|------------------------------|--------------|----------|
| 2024 | \$ 4,040,000 | \$ - |
| | \$ 4,040,000 | \$ - |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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 |
|------------------------------|---------------|--------------|
| 2024 | \$ - | \$ 480,865 |
| 2025 | 1,901,000 | 447,598 |
| 2026 | 1,935,000 | 413,735 |
| 2027 | 1,969,000 | 379,278 |
| 2028 | 2,001,000 | 344,260 |
| 2029-2033 | 10,551,000 | 1,173,638 |
| 2034-2037 | 9,121,000 | 242,795 |
| | \$ 27,478,000 | \$ 3,482,169 |

The 2024 principal payment was made during the year ended September 30, 2023, leaving a principal balance of \$27,478,000 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, 2023

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 |
|------------------------------|--------------|------------|
| 2024 | \$ 1,735,000 | \$ 92,061 |
| 2025 | 1,760,000 | 66,816 |
| 2026 | 1,698,000 | 41,209 |
| 2027 | 790,000 | 20,199 |
| 2028 | 801,000 | 8,707 |
| | \$ 6,784,000 | \$ 228,992 |

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 \$29,115,100 at an interest rate of 0.0%. The loan is payable semi-annually in the amount of \$753,697 commencing on August 15, 2024 for a period of 20 years.

| Description | Interest Rate | Disbursable Amount | Amount Funded | Repayment Date | Semi-Annual Payment | Term (years) |
|----------------------------------|------------------|-----------------------|------------------|-------------------|------------------------|-----------------|
| Expansion of Wastewater Plant #2 | 0.00% | \$ 29,115,100 | \$ 11,020,449 | 8/15/2024 | \$ 753,697 | 20 |

During the year ended September 30, 2020, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$1,401,340 at an interest rate of .17% through the State Revolving Fund loan program, for the purpose of designing an expansion to its wastewater treatment plant #2 (WW180430). The loan is payable semi-annually in the amount of \$37,039 for a period of 20 years.

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

| Year Ending September 30, | Principal | Interest |
|------------------------------|--------------|-----------|
| 2024 | \$ 69,743 | \$ 4,335 |
| 2025 | 69,981 | 4,097 |
| 2026 | 70,219 | 3,859 |
| 2027 | 70,458 | 3,620 |
| 2028 | 70,698 | 3,381 |
| 2029-2033 | 357,113 | 13,278 |
| 2034-2038 | 363,231 | 7,160 |
| 2039-2043 | 220,918 | 1,316 |
| | \$ 1,292,361 | \$ 41,046 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 10 – Long-Term Debt (Continued)

State Revolving Fund Loans (Continued)

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.

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

| Year Ending September 30, | Principal | Interest |
|------------------------------|---------------|--------------|
| 2024 | \$ 1,495,336 | \$ 155,050 |
| 2025 | 1,505,372 | 145,015 |
| 2026 | 1,515,475 | 134,912 |
| 2027 | 1,525,645 | 124,741 |
| 2028 | 1,535,884 | 114,502 |
| 2029-2033 | 7,835,426 | 416,506 |
| 2034-2038 | 8,101,906 | 150,026 |
| | \$ 23,515,044 | \$ 1,240,752 |

Stormwater System Long-Term Debt

State Revolving Fund Loans

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 |
|------------------------------|------------|-----------|
| 2024 | \$ 282,889 | \$ 20,281 |
| 2025 | 290,104 | 13,066 |
| 2026 | 297,503 | 5,667 |
| | \$ 870,496 | \$ 39,014 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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 |
|------------------------------|--------------|------------|
| 2024 | \$ 150,322 | \$ 32,310 |
| 2025 | 155,079 | 27,553 |
| 2026 | 159,986 | 22,645 |
| 2027 | 165,049 | 17,582 |
| 2028 | 170,273 | 12,359 |
| 2029-2030 | 265,566 | 8,382 |
| | \$ 1,066,275 | \$ 120,831 |

During the year ended September 30, 2021, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$1,621,830 at an interest rate of 0% through the State Revolving Fund loan program, for the purpose of construction of section E canal drainage improvements (SW180400). The loan was subsequently modified for a total borrowing of \$1,264,054. The loan is payable semi-annually in the amount of \$32,234 commencing on March 15, 2023 for a period of 20 years.

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

| Year Ending September 30, | Principal | Interest |
|------------------------------|--------------|----------|
| 2024 | \$ 64,467 | \$ - |
| 2025 | 64,467 | - |
| 2026 | 64,467 | - |
| 2027 | 64,467 | - |
| 2028 | 64,467 | - |
| 2029-2033 | 322,334 | - |
| 2034-2038 | 322,334 | - |
| 2039-2042 | 257,867 | - |
| | \$ 1,224,870 | \$ - |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 10 – Long-Term Debt (Continued)

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.

The 2024 principal payment of \$850,000 was made during the year ended September 30, 2023, paying off the balance of the loan this fiscal year.

During the year ended September 30, 2020, the City issued the Stormwater Revenue Note Series 2019A with CenterState (now SouthState) 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 |
|------------------------------|------------|-----------|
| 2024 | \$ - | \$ 18,533 |
| 2025 | 123,000 | 15,618 |
| 2026 | 126,000 | 12,632 |
| 2027 | 128,000 | 9,599 |
| 2028 | 132,000 | 6,470 |
| 2029-2030 | 273,000 | 3,271 |
| | \$ 782,000 | \$ 66,123 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 10 – Long-Term Debt (Continued)

Bank Loans (Continued)

During the year ended September 30, 2020, the City issued the Stormwater Revenue Note Series 2019B with CenterState (now SouthState) 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.

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

| Year Ending September 30, | Principal | Interest |
|------------------------------|---------------------|-------------------|
| 2024 | \$ - | \$ 85,486 |
| 2025 | 178,000 | 81,071 |
| 2026 | 183,000 | 76,533 |
| 2027 | 187,000 | 71,895 |
| 2028 | 192,000 | 67,134 |
| 2029-2033 | 1,032,000 | 260,127 |
| 2034-2038 | 1,167,000 | 122,289 |
| 2039-2040 | 508,000 | 6,374 |
| | \$ 3,447,000 | \$ 770,909 |

The 2024 principal payment was made on both loans during the year ended September 30, 2023, leaving a principal balance of \$782,000 and \$3,447,000 payable respectively at the end of the fiscal year.

During the year ended September 30, 2023, the City issued the Stormwater Revenue Note Series 2022 with SouthState Bank for the purpose of stormwater infrastructure improvements in the amount of \$8,000,000. The loan principal and interest are payable annually from pledged revenues of the stormwater utility at an interest rate of 2.59% through October 1, 2041.

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

| Year Ending September 30, | Principal | Interest |
|------------------------------|---------------------|---------------------|
| 2024 | \$ - | \$ 198,653 |
| 2025 | 340,000 | 189,847 |
| 2026 | 350,000 | 180,782 |
| 2027 | 360,000 | 171,458 |
| 2028 | 370,000 | 161,875 |
| 2029-2033 | 1,975,000 | 658,508 |
| 2034-2038 | 2,255,000 | 381,248 |
| 2039-2042 | 2,020,000 | 80,161 |
| | \$ 7,670,000 | \$ 2,022,532 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 10 – Long-Term Debt (Continued)

Changes in long-term debt

During the year ended September 30, 2023, the following changes in long-term debt occurred:

| | Beginning Balance, as restated | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|---|----------------------|-----------------------|---------------------------|--------------------------------|
| Government Activities: | | | | | |
| SR100 CRA Loans | \$ 4,750,809 | \$ - | \$ (790,000) | \$ 3,960,809 | \$ - |
| Total OPEB Liability | 1,027,692 | - | (92,155) | 935,537 | - |
| Net Pension Liability | 1,740,684 | - | (82,653) | 1,658,031 | - |
| Compensated Absences | 2,986,927 | 1,988,718 | (1,562,301) | 3,413,344 | 1,259,562 |
| SBITA Liability | 843,044 | - | (357,868) | 485,176 | 376,070 |
| Long-term debt | <u>\$ 11,349,156</u> | <u>\$ 1,988,718</u> | <u>\$ (2,884,977)</u> | <u>\$ 10,452,897</u> | <u>\$ 1,635,632</u> |
| Business Type Activities: | | | | | |
| Utility Revenue Bonds | \$ 70,210,000 | \$ - | \$ (5,035,000) | \$ 65,175,000 | \$ 5,230,000 |
| Premiums | 88,885 | - | (88,885) | - | - |
| Total Revenue Bonds | <u>70,298,885</u> | <u>-</u> | <u>(5,123,885)</u> | <u>65,175,000</u> | <u>5,230,000</u> |
| State Revolving Fund Loans | 32,114,818 | 8,890,297 | (2,015,624) | 38,989,491 | 2,062,757 |
| Bank and Other Loans | 51,212,000 | - | (5,051,000) | 46,161,000 | 1,735,000 |
| Total OPEB Liability | 276,762 | - | (27,116) | 249,646 | - |
| Compensated Absences | 2,041,840 | 1,380,622 | (1,231,720) | 2,190,742 | 898,543 |
| Lease Liability | 391,795 | - | (46,162) | 345,633 | 47,240 |
| Long-term debt | <u>\$ 156,336,100</u> | <u>\$ 10,270,919</u> | <u>\$(13,495,507)</u> | <u>\$ 153,111,512</u> | <u>\$ 9,973,540</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, \$505,960 of internal service fund compensated absences and \$44,723 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, 2023

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, 2023, 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, 2023, contributions to this plan totaled \$3,659,541, 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, 2023, 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 \$631,817.

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, 2023

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 tiered rate, updated during fiscal year 2022, as follows: \$75 per month for each year of credited service for current retirees, \$85 per month for each year of credited service for members who accrue less than 10 years, and \$100 per month for each year of credited service for members who accrue more than 10 years of 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, 2023

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, 2023, the following volunteers were covered by the benefit terms:

| | |
|--|------------------|
| Inactive plan members and beneficiaries currently receiving benefits | 32 |
| Inactive plan members entitled to but not receiving benefits | 6 |
| Active plan members | <u>27</u> |
| | <u><u>65</u></u> |

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, 2023, was \$676,591. There were no required City contributions.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of September 30, 2023, 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, 2023, were as follows:

| | |
|--|---------------------|
| Total Pension Liability | \$ 4,854,832 |
| Plan Fiduciary Net Position | (5,564,274) |
| Net Pension Liability (Asset) | <u>\$ (709,442)</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | <u>114.61%</u> |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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, 2022, updated to September 30, 2023 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 2023 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, 2023 (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% | 7.10% |
| U.S. Small Cap Equity | 14% | 8.60% |
| International Equity | 21% | 8.20% |
| Core Real Estate | 10% | 6.50% |
| Core Bonds | 15% | 2.50% |
| Core Plus | 15% | 2.80% |
| Total | 100% | |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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, 2022 | \$ 4,552,092 | \$ 5,052,699 | \$ (500,607) |
| Changes for the year: | | | |
| Service Cost | 127,773 | - | 127,773 |
| Interest | 245,848 | - | 245,848 |
| Share Plan Allocation | 476,591 | - | 476,591 |
| Differences between expected and actual experience | 15,015 | - | 15,015 |
| Changes of Assumptions | - | - | - |
| Changes of benefit terms | - | - | - |
| Contributions - State | - | 676,591 | (676,591) |
| Net investment income (loss) | - | 430,275 | (430,275) |
| Benefit payments | (562,487) | (562,487) | - |
| Administrative expenses | - | (32,804) | 32,804 |
| Net Changes | 302,740 | 511,575 | (208,835) |
| Balances at September 30, 2023 | \$ 4,854,832 | \$ 5,564,274 | \$ (709,442) |

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) | \$ (321,082) | \$ (709,442) | \$ (1,025,085) |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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 53-54 of this report.

Pension Expense, Deferred Outflows and Inflows of Resources

For the year ended September 30, 2023, the City recognized pension expense (benefit) of (\$637,748). On September 30, 2023, 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 | \$ 95,517 | \$ - |
| Changes of assumptions | - | - |
| Net difference between Projected and Actual Earnings on Pension Plan investments | 335,716 | - |
| Total | \$ 431,233 | \$ - |

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: | |
|--------------------------|------------|
| 2024 | \$ 113,741 |
| 2025 | 98,501 |
| 2026 | 220,305 |
| 2027 | (1,314) |
| 2028 | - |
| 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, 2023:

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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, 2023, was \$5,564,274. 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 | 5.58 | 6.90 |
| FMIvT Core Plus Fixed Income | 6.80 | 8.03 |

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, 2023, the annual money-weighted rate of return on Plan investments, net of investment expense, was 8.99 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, 2023

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, 2023:

| 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 | \$ 777,586 | \$ - | \$ 777,586 | \$ - | \$ 777,586 |
| Core Plus Fixed Income | 724,326 | - | - | 724,326 | \$ 724,326 |
| Diversified Large Cap | 1,299,527 | - | 1,299,527 | - | \$ 1,299,527 |
| Diversified Small to Mid Cap | 740,304 | - | 740,304 | - | \$ 740,304 |
| International Equity | 1,027,904 | - | 1,027,904 | - | \$ 1,027,904 |
| Core Real Estate | 681,719 | - | - | 681,719 | \$ 681,719 |
| Total investments by fair value level | \$ 5,251,366 | \$ - | \$ 3,845,321 | \$ 1,406,045 | \$ 5,251,366 |
| Uninvested Cash | 74,563 | | | | |
| Total investments at fair value | <u>\$ 5,325,929</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, 2023

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, 2023

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, 2023

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, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular—11.91% and 13.57%; Special Risk Administrative Support—38.65% and 39.82%; Special Risk—27.83% and 32.67%; Senior Management Service—31.57% and 34.52%; Elected Officers’—57.00% and 58.68%; and DROP participants—18.60% and 21.13%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods October 1, 2022 through June 30, 2023 and 2.0% from July 1, 2023 through September 30, 2023.

The City’s contributions, including employee contributions, to the Pension Plan totaled \$218,131 for the fiscal year ended September 30, 2023.

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

At September 30, 2023, the City reported a liability of \$1,331,559 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023.

The City’s proportionate share of the net pension liability was based on the City’s 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City’s proportionate share was .0033341694 percent, which was an increase of 15.79 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized a reduction to pension expense of \$14,149. 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, 2023

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 | \$ 125,022 | \$ - |
| Change of assumptions | 86,802 | - |
| Changes in proportion and differences between City Pension Plan contributions and proportionate share contributions | - | 708,362 |
| City Pension Plan contributions subsequent to measurement date | 46,124 | - |
| Net difference between Projected and Actual Earnings on Pension Plan Investments | 55,610 | - |
| Total | \$ 313,558 | \$ 708,362 |

The deferred outflows of resources related to the Pension Plan, totaling \$46,124 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, 2024. 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: | |
|--------------------------|--------------|
| 2024 | \$ (246,094) |
| 2025 | (256,059) |
| 2026 | 89,046 |
| 2027 | (23,694) |
| 2028 | (4,127) |
| Thereafter | - |

Actuarial Assumptions

The total pension liability in the June 30, 2023 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 | 6.7 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, 2023, 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, 2023

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% | 2.9% | 2.9% | 1.1% |
| Fixed Income | 19.8% | 4.5% | 4.4% | 3.4% |
| Global Equity | 54.0% | 8.7% | 7.1% | 18.1% |
| Private Equity | 11.1% | 11.9% | 8.8% | 26.3% |
| Strategic Investments | 3.8% | 6.3% | 6.1% | 7.7% |
| Real Estate (property) | 10.3% | 7.6% | 6.6% | 14.8% |
| Total | <u>100.0%</u> | | | |
| Assumed Inflation - Mean | | | 2.4% | 1.4% |

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

Discount Rate

The discount rate used to measure the total pension liability was 6.7%. 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 6.7%, 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 (5.7%) or one percentage point higher (7.7%) than the current rate:

| | 1% Decrease (5.7%) | Current Discount Rate (6.7%) | 1% Increase (7.7%) |
|--------------------------------------|-----------------------|------------------------------------|-----------------------|
| City's net pension liability (asset) | \$ 2,274,574 | \$ 1,331,559 | \$ 542,614 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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, 2023, eligible retirees and beneficiaries received a monthly HIS payment for each year of creditable service completed at the time of retirement of \$5, for the period October 1, 2022 through June 30, 2023 and \$7.50 for the period July 1, 2023 through September 30, 2023, with a minimum HIS payment of \$30, for the period October 1, 2022 through June 30, 2023 and \$45 for the period July 1, 2023 through September 30, 2023, and a maximum HIS payment of \$150, for the period October 1, 2022 through June 30, 2023 and \$225 for the period July 1, 2023 through September 30, 2023 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, 2023, the HIS contribution for the period October 1, 2022 through June 30, 2023 was 1.66% and from July 1, 2023 through September 30, 2023 was 2.0%. 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 \$13,581 for the fiscal year ended September 30, 2023.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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, 2023, the City reported a liability of \$326,472 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .002055695 percent, which was an increase of 17.56 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$86,216. 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 | \$ 4,779 | \$ 766 |
| Change of assumptions | 8,583 | 28,290 |
| Changes in proportion and differences between City Pension Plan contributions and proportionate share contributions | - | 124,191 |
| City Pension Plan contributions subsequent to measurement date | 3,560 | - |
| Plan Investments | 169 | - |
| Total | \$ 17,091 | \$ 153,247 |

The deferred outflows of resources related to the Pension Plan, totaling \$3,560 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, 2024. 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: | | |
|--------------------------|----|----------|
| 2024 | \$ | (38,951) |
| 2025 | | (37,819) |
| 2026 | | (30,421) |
| 2027 | | (18,764) |
| 2028 | | (11,177) |
| Thereafter | | (2,584) |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

Note 11 – Retirement Plans (Continued)

HIS Plan (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2023 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 | 3.65 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, 2023, 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 3.65%. 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 3.65%, 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 (2.65%) or one percentage point higher (4.65%) than the current rate:

| | 1% Decrease (2.65)% | Current Discount Rate (3.65)% | 1% Increase (4.65)% |
|------------------------------|------------------------|-------------------------------------|------------------------|
| City's net pension liability | \$ 372,453 | \$ 326,472 | \$ 288,356 |

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, 2023

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 | \$ 709,442 | \$ 431,233 | \$ - | \$ - |
| Florida Retirement System (FRS) | - | 313,558 | 708,362 | 1,331,559 |
| FRS HIS Plan | - | 17,093 | 153,247 | 326,472 |
| Totals | \$ 709,442 | \$ 761,884 | \$ 861,609 | \$ 1,658,031 |

Pension expenses reported for the fiscal year were (\$179,099) and \$72,800 for the Florida Retirement System and the Florida Retirement System HIS plan, respectively. The Volunteer Firefighter's Pension Plan reported pension expense of \$715,434

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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

| | |
|---|-----|
| Inactive Plan Members, Dependent Spouses, or Beneficiaries Currently Receiving Benefits | 3 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | - |
| Active Plan Members | 462 |
| Total Members | 465 |

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, 2023

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

Total OPEB Liability

The measurement date is September 30, 2022.

The measurement period for the OPEB expense is October 1, 2021 to September 30, 2022.

The reporting period is October 1, 2022 to September 30, 2023.

The Sponsor's Total OPEB Liability was measured as of September 30, 2022.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2021, updated to September 30, 2022, using the following actuarial assumptions:

| | |
|-------------------------|-------|
| Inflation Rate | 2.50% |
| Salary Increase Rate(s) | 4.00% |
| Discount Rate | 4.77% |
| Initial Trend Rate | 7.50% |
| Ultimate Trend Rate | 4.00% |
| Years to Ultimate | 53 |

Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2020. Rates are based on those outlined in the July 1, 2021 Florida Retirement System (FRS) actuarial valuation report.

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 4.77%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. 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, 2023

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, 2022 | \$ 1,304,454 |
| Changes for the Year: | |
| Service Cost | 128,545 |
| Interest | 34,582 |
| Differences Between Expected and Actual Experience | - |
| Changes in Assumptions | (262,498) |
| Benefit Payments | (19,900) |
| Net Changes | (119,271) |
| Reporting Period Ending September 30, 2023 | \$ 1,185,183 |

Changes in assumptions reflect a change in the discount rate from 2.43% for the reporting period ended September 30, 2022, to 4.77% for the reporting period ended September 30, 2023.

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 3.77% | Current Discount 4.77% | 1% Increase 5.77% |
|------------------------------|----------------------|---------------------------|----------------------|
| Total OPEB Liability (asset) | \$ 1,291,936 | \$ 1,185,183 | \$ 1,086,633 |

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% - 7.50% | 1% Increase 5.00% - 8.50% |
|------------------------------|------------------------------|---|------------------------------|
| Total OPEB Liability (asset) | \$ 1,024,492 | \$ 1,185,183 | \$ 1,378,918 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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, 2023, the City recognized OPEB expense of \$178,420. At September 30, 2023, 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 | \$ 91,015 | \$ - |
| Changes of assumptions | 130,033 | 287,647 |
| Employer Contributions Subsequent to the Measurement Date | 23,968 | - |
| Total | \$ 245,016 | \$ 287,647 |

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: | |
|--------------------------|----------|
| 2024 | \$ 7,043 |
| 2025 | 7,043 |
| 2026 | 7,043 |
| 2027 | 7,039 |
| 2028 | (23,499) |
| Thereafter | (71,268) |

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, 2023, the amount of prepaid impact fees is estimated to be \$11,577,400.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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, 2023. No litigation where loss to the City is reasonably possible and estimable exists as of September 30, 2023. 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 \$175,000 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 \$119 per participating employee, and \$5.98 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 \$697,218 is reported in the fund at September 30, 2023.

Changes in the fund's claims liability amount for fiscal years 2022 and 2023 were:

| | 2022 | 2023 |
|--|-------------|-------------|
| <u>Changes in Claims Liability</u> | | |
| Beginning fiscal year liability | \$ 744,188 | \$ 619,848 |
| Current year claims and changes in estimates | 5,161,895 | 6,260,729 |
| Claim payments | (5,286,235) | (6,183,362) |
| Balance at fiscal year end | \$ 619,848 | \$ 697,215 |

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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 \$4,012,224 as of September 30, 2023.

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 State Road 100 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. The loan is forgivable monthly over a 36 month period beginning August 1, 2021. The total forgiven in fiscal year 2021 - 2023 was \$27,778, \$361,106 and \$333,336 respectively. The balance on the loan was \$277,780 as of September 30, 2023 (see Note 5).

For the fiscal year ended September 30, 2023, the fund received \$1,652,984 in property tax revenue, a \$960,977 transfer from the general fund, and \$83,940 in investment income. The transfer included the City portion of the tax increment. Expenditures for the fiscal year were \$227,886 in administrative costs, \$483,336 contribution to Mednexus, transfers out totalling \$1,561,483 and \$942,023 for debt service.

City of Palm Coast, Florida
Notes to Financial Statements – Continued
September 30, 2023

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, 2023

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.



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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 Ten Fiscal Years

| | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
|--|--------------|--------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 127,773 | \$ 161,942 | \$ 76,093 | \$ 78,352 | \$ 83,162 | \$ 135,458 | \$ 132,449 | \$ 97,464 | \$ 104,091 | \$ 113,712 |
| Interest | 245,848 | 230,227 | 168,229 | 183,686 | 189,732 | 184,393 | 170,580 | 169,505 | 94,316 | 103,447 |
| Change in excess State money | - | - | - | - | - | - | - | - | - | 237,659 |
| Share plan allocation | 476,591 | 150,085 | 108,197 | 71,791 | 47,471 | 63,091 | 32,597 | 129,180 | 180,335 | - |
| Changes of benefit terms | - | 804,065 | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | 15,015 | 123,710 | 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 | (562,487) | (180,397) | (246,132) | (306,287) | (250,668) | (167,751) | (162,594) | (513,703) | (543,000) | (110,810) |
| Net change in total pension liability | 302,740 | 1,289,632 | 110,520 | 151,914 | (53,747) | 170,020 | 196,897 | 10,573 | (229,749) | 344,008 |
| Total pension liability - beginning | 4,552,092 | 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 |
| Total pension liability - ending (a) | \$ 4,854,832 | \$ 4,552,092 | \$ 3,262,460 | \$ 3,151,940 | \$ 3,000,026 | \$ 3,053,773 | \$ 2,883,753 | \$ 2,686,856 | \$ 2,676,283 | \$ 2,906,032 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - State | \$ 676,591 | \$ 350,085 | \$ 308,197 | \$ 271,790 | \$ 247,471 | \$ 263,091 | \$ 232,597 | \$ 273,487 | \$ 324,642 | \$ 381,967 |
| Net investment income | 430,275 | (763,224) | 895,545 | 247,483 | 217,265 | 290,058 | 458,612 | 262,259 | (6,801) | 270,512 |
| Benefit payments, including refunds of employee contributions | (562,487) | (180,397) | (246,132) | (306,287) | (250,668) | (167,751) | (162,594) | (513,703) | (543,000) | (110,810) |
| Administrative expenses | (32,804) | (33,527) | (44,459) | (27,793) | (29,343) | (29,020) | (25,393) | (29,092) | (41,443) | (60,987) |
| Net change in fiduciary net position | 511,575 | (627,063) | 913,151 | 185,193 | 184,725 | 356,378 | 503,222 | (7,049) | (266,602) | 480,682 |
| Plan fiduciary net position - beginning | 5,052,699 | 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 |
| Plan fiduciary net position - ending (b) | \$ 5,564,274 | \$ 5,052,699 | \$ 5,679,762 | \$ 4,766,611 | \$ 4,581,418 | \$ 4,396,693 | \$ 4,040,315 | \$ 3,537,093 | \$ 3,544,142 | \$ 3,810,744 |
| Net pension liability (asset) - ending (a) - (b) | \$ (709,442) | \$ (500,607) | \$ (2,417,302) | \$ (1,614,671) | \$ (1,581,392) | \$ (1,342,920) | \$ (1,156,562) | \$ (850,237) | \$ (867,859) | \$ (904,712) |
| Plan fiduciary net position as a percentage of total Pension liability | 114.61% | 111.00% | 174.09% | 151.23% | 152.71% | 143.98% | 140.11% | 131.64% | 132.43% | 131.13% |

NOTES TO SCHEDULE:

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

Changes in benefit terms:

For measurement date 9/30/22, amounts reported as changes of benefits resulting from the following:
Ordinance 2022-18, adopted and effective September 20, 2022, provided for enhanced benefits for current and future retirees.

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|------------|------------|
| Actuarially Determined Contribution | \$ 176,301 | \$ 82,235 | \$ 86,230 | \$ 91,485 | \$ 149,747 | \$ 146,847 | \$ 109,250 | \$ 117,326 | \$ 127,816 | \$ 130,671 |
| Contributions in Relation to the Actuarially Determined Contribution | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 144,307 | 127,816 | 130,671 |
| Contribution Deficiency (Excess) | \$ (23,699) | \$ (117,765) | \$ (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.

Valuation Date: 10/01/2022

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 Ten Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------|----------|--------|-------|-------|-------|--------|-------|---------|-------|
| Annual money-weighted rate of return, net of investment expense | 8.99% | (13.59)% | 19.22% | 5.57% | 5.08% | 7.30% | 13.21% | 8.02% | (0.18)% | 8.26% |

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability (asset) | 0.3341694% | 0.3968454% | 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) | \$ 1,331,559 | \$ 1,476,584 | \$ 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 | \$ 803,144 | \$ 923,303 | \$ 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 | 165.79% | 159.92% | 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 | 82.38% | 82.89% | 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.

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 218,131 | \$ 212,408 | \$ 217,204 | \$ 254,800 | \$ 295,920 | \$ 345,629 | \$ 336,187 | \$ 306,073 | \$ 272,830 | \$ 257,211 |
| Contributions in relation to the contractually required contribution | (218,131) | (212,408) | (217,204) | (254,800) | (295,920) | (345,629) | (336,187) | (306,073) | (272,830) | (257,211) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's covered payroll | \$ 818,123 | \$ 884,997 | \$ 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 | 26.66% | 24.00% | 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.

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 Ten Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability (asset) | 0.205569500% | 0.249348900% | 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) | \$ 326,472 | \$ 264,100 | \$ 313,764 | \$ 349,835 | \$ 405,140 | \$ 461,181 | \$ 465,900 | \$ 510,571 | \$ 440,491 | \$ 404,631 |
| City's covered payroll | \$ 803,144 | \$ 923,303 | \$ 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 | 40.65% | 28.60% | 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 | 4.12% | 4.81% | 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.

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 14,344 | \$ 14,691 | \$ 15,168 | \$ 16,018 | \$ 18,409 | \$ 23,434 | \$ 23,339 | \$ 23,373 | \$ 18,141 | \$ 15,792 |
| Contributions in relation to the contractually required contribution | (14,344) | (14,691) | (15,168) | (16,018) | (18,409) | (23,434) | (23,339) | (23,373) | (18,141) | (15,792) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 818,123 | \$ 884,997 | \$ 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 | 1.75% | 1.66% | 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.

City of Palm Coast, Florida
Required Supplementary Information
Post Employment Benefits Other Than Pension (OPEB)
September 30, 2023

| Reporting Period Ending Measurement Date | 9/30/2023 9/30/2022 | 9/30/2022 9/30/2021 | 9/30/2021 9/30/2020 | 9/30/2020 9/30/2019 | 9/30/2019 9/30/2018 | 9/30/2018 9/30/2017 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total OPEB Liability | | | | | | |
| Service Cost | \$ 128,545 | \$ 113,396 | \$ 87,908 | \$ 73,430 | \$ 75,634 | \$ 78,295 |
| Interest | 34,582 | 28,156 | 37,634 | 29,608 | 23,674 | 18,191 |
| Differences between Expected and Actual Experience | - | 16,835 | - | 156,776 | - | - |
| Changes of Assumptions | (262,498) | (43,410) | 138,024 | 87,540 | (25,491) | (25,291) |
| Benefit payments - implicit rate subsidy | (19,900) | (25,466) | (23,689) | (14,222) | (13,108) | (12,193) |
| Net change in total OPEB liability | (119,271) | 89,511 | 239,877 | 333,132 | 60,709 | 59,002 |
| Total OPEB liability - beginning | 1,304,454 | 1,214,943 | 975,066 | 641,934 | 581,225 | 522,223 |
| Total OPEB liability - ending | <u>\$ 1,185,183</u> | <u>\$ 1,304,454</u> | <u>\$ 1,214,943</u> | <u>\$ 975,066</u> | <u>\$ 641,934</u> | <u>\$ 581,225</u> |
| Covered Employee Payroll | \$ 24,746,973 | \$ 23,795,166 | \$ 22,888,095 | \$ 22,007,785 | \$ 20,718,160 | \$ 19,155,104 |
| Total OPEB liability as a percentage of covered employee payroll | 4.79% | 5.48% | 5.31% | 4.43% | 3.10% | 3.03% |

Notes to Schedule:

Valuation Date: September 30, 2021

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, 2023 | 4.77% |
| Fiscal Year Ended September 30, 2022 | 2.43% |
| Fiscal Year Ended September 30, 2021 | 2.14% |
| Fiscal Year Ended September 30, 2020 | 3.58% |
| Fiscal Year Ended September 30, 2019 | 4.18% |

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 or September 30, 2023. 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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---|--------------------------------|-----------------------------|------------------|-------------------------------|
| REVENUES | | | | |
| Taxes | \$ 37,946,679 | \$ 37,981,679 | \$ 38,639,929 | \$ 658,250 |
| Licenses and permits | 437,500 | 542,500 | 514,560 | (27,940) |
| Intergovernmental revenue | 5,335,053 | 6,690,549 | 7,096,120 | 405,571 |
| Charges for services | 6,446,687 | 6,504,189 | 6,668,237 | 164,048 |
| Fines and forfeitures | 587,711 | 587,711 | 617,782 | 30,071 |
| Investment earnings | - | 567,648 | 1,851,307 | 1,283,659 |
| Miscellaneous | 56,500 | 138,161 | 193,910 | 55,749 |
| Total revenues | 50,810,130 | 53,012,437 | 55,581,845 | 2,569,408 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Mayor and council | 290,524 | 276,964 | 231,003 | 45,961 |
| City administration | 3,216,928 | 3,194,829 | 2,891,087 | 303,742 |
| City attorney | 624,617 | 694,617 | 601,733 | 92,884 |
| Financial services | 2,021,427 | 1,945,306 | 1,817,809 | 127,497 |
| Community development | 7,031,967 | 6,673,524 | 6,337,255 | 336,269 |
| Nondepartmental | 2,220,699 | 1,848,810 | 1,475,878 | 372,932 |
| Total general government | 15,406,162 | 14,634,050 | 13,354,765 | 1,279,285 |
| Public safety: | | | | |
| Fire | 12,601,587 | 12,830,569 | 12,724,531 | 106,038 |
| Law enforcement | 6,532,276 | 6,532,276 | 6,526,287 | 5,989 |
| Total public safety | 19,133,863 | 19,362,845 | 19,250,818 | 112,027 |
| Transportation and physical environment: | | | | |
| Streets and drainage | 8,443,006 | 8,648,520 | 8,075,574 | 572,946 |
| Culture and recreation | 8,427,750 | 8,443,826 | 7,821,443 | 622,383 |
| Capital outlay: | | | | |
| General government | - | 22,750 | 10,738 | 12,012 |
| Public safety | 154,403 | 173,456 | 69,930 | 103,526 |
| Transportation and physical environment | 16,000 | 38,284 | 27,773 | 10,511 |
| Culture and recreation | - | 24,391 | 24,356 | 35 |
| Total expenditures | 51,581,184 | 51,348,122 | 48,635,397 | 2,712,725 |
| Excess (deficiency) of revenues over (under) expenditures | (771,054) | 1,664,315 | 6,946,448 | 5,282,133 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 1,276,379 | 1,268,457 | 1,268,457 | - |
| Transfer out | (1,316,164) | (3,791,636) | (3,784,008) | 7,628 |
| Total other financing sources (uses) | (39,785) | (2,523,179) | (2,515,551) | 7,628 |
| Net change in fund balance | (810,839) | (858,864) | 4,430,897 | 5,289,761 |
| Fund balance - beginning | 22,997,087 | 22,997,087 | 22,997,087 | - |
| Fund balance - ending | \$ 22,186,248 | \$ 22,138,223 | \$ 27,427,984 | \$ 5,289,761 |

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---|--------------------------------|-----------------------------|---------------------|-------------------------------|
| REVENUES | | | | |
| Taxes | \$ 2,098,913 | \$ 2,098,913 | \$ 2,042,702 | \$ (56,211) |
| Intergovernmental revenue | 945,975 | 945,975 | 986,994 | 41,019 |
| Investment earnings | - | 134,000 | 255,398 | 121,398 |
| Total revenues | <u>3,044,888</u> | <u>3,178,888</u> | <u>3,285,094</u> | <u>106,206</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation and physical environment | 7,415,000 | 6,052,144 | 4,372,142 | 1,680,002 |
| Capital outlay: | | | | |
| Transportation and physical environment | 1,060,000 | 380,780 | 207,133 | 173,647 |
| Total expenditures | <u>8,475,000</u> | <u>6,432,924</u> | <u>4,579,275</u> | <u>1,853,649</u> |
| Excess (deficiency) of revenues over (under) expenditures | (5,430,112) | (3,254,036) | (1,294,181) | (1,959,855) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | - | 2,500,000 | 2,500,000 | - |
| Total other financing sources (uses) | <u>-</u> | <u>2,500,000</u> | <u>2,500,000</u> | <u>-</u> |
| Net change in fund balance | (5,430,112) | (754,036) | 1,205,819 | 1,959,855 |
| Fund balance - beginning | <u>5,768,675</u> | <u>5,768,675</u> | <u>5,768,675</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 338,563</u> | <u>\$ 5,014,639</u> | <u>\$ 6,974,494</u> | <u>\$ 1,959,855</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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---|--------------------------------|-----------------------------|------------------|-------------------------------|
| REVENUES | | | | |
| Taxes | \$ 1,679,957 | \$ 1,652,984 | \$ 1,652,984 | \$ - |
| Investment earnings | - | 50,000 | 83,940 | 33,940 |
| Total revenues | 1,679,957 | 1,702,984 | 1,736,924 | 33,940 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation and physical environment | 760,834 | 809,332 | 711,223 | 98,109 |
| Debt service: | | | | |
| Principal | 790,000 | 790,000 | 790,000 | - |
| Interest and other | 152,135 | 432,026 | 152,023 | 280,003 |
| Total expenditures | 1,702,969 | 2,031,358 | 1,653,246 | 378,112 |
| Excess (deficiency) of revenues over (under) expenditures | (23,012) | (328,374) | 83,678 | (412,052) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 964,495 | 960,977 | 960,977 | - |
| Transfer out | (941,483) | (1,790,766) | (1,561,483) | 229,283 |
| Total other financing sources (uses) | 23,012 | (829,789) | (600,506) | 229,283 |
| Net change in fund balance | - | (1,158,163) | (516,828) | 641,335 |
| Fund balance - beginning | - | 1,158,163 | 1,158,163 | - |
| Fund balance - ending | \$ - | \$ - | \$ 641,335 | \$ 641,335 |

City of Palm Coast, Florida
Required Supplementary Information
American Rescue Plan Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual
For the Year Ended September 30, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---------------------------------------|--------------------------------|-----------------------------|------------------|-------------------------------|
| REVENUES | | | | |
| Intergovernmental revenue | \$ - | \$ 373,409 | 307,925 | \$ (65,484) |
| Total revenues | - | 373,409 | 307,925 | (65,484) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | - | 65,484 | - | 65,484 |
| Capital outlay: | | | | |
| Public safety | 320,000 | 307,925 | 307,925 | - |
| Total expenditures | 320,000 | 373,409 | 307,925 | 65,484 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (8,500,000) | - | - | - |
| Total other financing sources (uses) | (8,500,000) | - | - | - |
| Net change in fund balance | (8,820,000) | - | - | - |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | \$ (8,820,000) | \$ - | \$ - | \$ - |

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, street improvement fund, SR100 CRA special revenue fund, and American Rescue Plan 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.

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



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MAJOR 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.

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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---|--------------------------------|-----------------------------|------------------|-------------------------------|
| REVENUES | | | | |
| Taxes | \$ 3,636,117 | \$ 3,636,117 | \$ 5,048,022 | \$ 1,411,905 |
| Investment earnings | - | 316,000 | 608,139 | 292,139 |
| Total revenues | 3,636,117 | 3,952,117 | 5,656,161 | 1,704,044 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 22,224 | 22,224 | 22,224 | - |
| Transportation and physical environment | - | 180,000 | 176,869 | 3,131 |
| Public safety | - | 22,000 | 21,061 | 939 |
| Culture and recreation | 185,300 | 95,300 | 35,222 | 60,078 |
| Capital outlay: | | | | |
| General government | 15,447,776 | 1,748,799 | 1,419,929 | 328,870 |
| Public safety | 520,000 | 50,000 | 42,075 | 7,925 |
| Culture and recreation | 403,200 | 1,835,606 | 24,816 | 1,810,790 |
| Total expenditures | 16,578,500 | 3,953,929 | 1,742,196 | 2,211,733 |
| Excess (deficiency) of revenues over (under) expenditures | (12,942,383) | (1,812) | 3,913,965 | (3,915,777) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 149,922 | 149,922 | 99,922 | (50,000) |
| Transfer out | (399,572) | (148,110) | - | 148,110 |
| Total other financing sources (uses) | (249,650) | 1,812 | 99,922 | 98,110 |
| Net change in fund balance | (13,192,033) | - | 4,013,887 | 4,013,887 |
| Fund balance - beginning | 14,674,876 | 14,674,876 | 14,674,876 | - |
| Fund balance - ending | \$ 1,482,843 | \$ 14,674,876 | \$ 18,688,763 | \$ 4,013,887 |

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---|--------------------------------|-----------------------------|----------------------|-------------------------------|
| REVENUES | | | | |
| Intergovernmental revenue | \$ 1,620,152 | \$ - | \$ - | \$ - |
| Impact fees | 4,873,425 | 3,096,000 | 3,644,979 | 548,979 |
| Investment earnings | - | 304,500 | 572,495 | 267,995 |
| Total revenues | <u>6,493,577</u> | <u>3,400,500</u> | <u>4,217,474</u> | <u>816,974</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation and physical environment | 337,830 | 181,330 | 26,279 | 155,051 |
| Capital outlay: | | | | |
| Transportation and physical environment | 15,856,182 | 5,128,996 | 2,264,597 | 2,864,399 |
| Total expenditures | <u>16,194,012</u> | <u>5,310,326</u> | <u>2,290,876</u> | <u>3,019,450</u> |
| Excess (deficiency) of revenues over (under) expenditures | (9,700,435) | (1,909,826) | 1,926,598 | (3,836,424) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | - | - | - | - |
| Transfer out | (110,000) | (140,000) | (119,058) | 20,942 |
| Total other financing sources (uses) | <u>(110,000)</u> | <u>(140,000)</u> | <u>(119,058)</u> | <u>20,942</u> |
| Net change in fund balance | (9,810,435) | (2,049,826) | 1,807,540 | 3,857,366 |
| Fund balance - beginning | <u>14,704,587</u> | <u>14,704,587</u> | <u>14,704,587</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 4,894,153</u> | <u>\$ 12,654,761</u> | <u>\$ 16,512,127</u> | <u>\$ 3,857,366</u> |

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---|--------------------------------|-----------------------------|---------------------|-------------------------------|
| REVENUES | | | | |
| Intergovernmental revenue | \$ 3,180,738 | \$ 1,583,112 | \$ 1,705,075 | \$ 121,963 |
| Impact fees | 3,331,309 | 2,864,000 | 2,863,478 | (522) |
| Investment earnings | - | 197,000 | 196,395 | (605) |
| Total revenues | <u>6,512,047</u> | <u>4,644,112</u> | <u>4,764,948</u> | <u>120,836</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation | 150,000 | 215,567 | 214,881 | 686 |
| Capital outlay: | | | | |
| Culture and recreation | 15,868,167 | 11,489,884 | 11,452,303 | 37,581 |
| Total expenditures | <u>16,018,167</u> | <u>11,705,451</u> | <u>11,667,184</u> | <u>38,267</u> |
| Excess (deficiency) of revenues over (under) expenditures | (9,506,120) | (7,061,339) | (6,902,236) | (159,103) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 1,083,572 | 1,681,393 | 1,350,000 | (331,393) |
| Total other financing sources (uses) | <u>1,083,572</u> | <u>1,681,393</u> | <u>1,350,000</u> | <u>(331,393)</u> |
| Net change in fund balance | (8,422,548) | (5,379,946) | (5,552,236) | (172,290) |
| Fund balance - beginning | <u>8,422,548</u> | <u>5,379,946</u> | <u>6,908,482</u> | <u>1,528,536</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,356,246</u> | <u>\$ 1,356,246</u> |

**City of Palm Coast, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023**

| | Special Revenue Funds | | | | Capital Projects | | Total Nonmajor Governmental Funds |
|---|-----------------------------|------------------------------------|-----------------------------------|----------------|-------------------------|------------------|---|
| | Police Education Fund | Neighborhood Stabilization Fund | OKR Special Assessment Fund | CDBG Fund | Fire Impact Fee Fund | | |
| ASSETS | | | | | | | |
| Equity in pooled cash and investments | 3,971 | 121,035 | 1,279,297 | 111,234 | 3,942,508 | 5,458,045 | |
| Accounts receivable - net | - | - | - | 20,983 | - | 20,983 | |
| Special assessment receivable - net | - | - | 4,012,224 | - | - | 4,012,224 | |
| Due from other governments | - | - | 97 | 143,180 | - | 143,277 | |
| Total assets | <u>3,971</u> | <u>121,035</u> | <u>5,291,618</u> | <u>275,397</u> | <u>3,942,508</u> | <u>9,634,529</u> | |
| | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable | - | - | 3,277 | 26,219 | - | 29,496 | |
| Due to other governments | 1,000 | - | - | - | - | 1,000 | |
| Unearned revenue | - | - | - | 249,178 | - | 249,178 | |
| Advances from other funds | - | - | 4,012,224 | - | - | 4,012,224 | |
| Total liabilities | <u>1,000</u> | <u>-</u> | <u>4,015,501</u> | <u>275,397</u> | <u>-</u> | <u>4,291,898</u> | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - special assessments | - | - | 3,890,153 | - | - | 3,890,153 | |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>3,890,153</u> | <u>-</u> | <u>-</u> | <u>3,890,153</u> | |
| FUND BALANCES | | | | | | | |
| Restricted for | | | | | | | |
| Public safety | 2,971 | - | - | - | 3,942,508 | 3,945,479 | |
| Parks and recreation | - | - | - | - | - | - | |
| Grants | - | 121,035 | - | - | - | 121,035 | |
| Unassigned | - | - | (2,614,036) | - | - | (2,614,036) | |
| Total fund balances (deficits) | <u>2,971</u> | <u>121,035</u> | <u>(2,614,036)</u> | <u>-</u> | <u>3,942,508</u> | <u>1,452,478</u> | |
| Total liabilities, deferred inflows of resources, and fund balances | <u>3,971</u> | <u>121,035</u> | <u>5,291,618</u> | <u>275,397</u> | <u>3,942,508</u> | <u>9,634,529</u> | |

City of Palm Coast, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

| | Special Revenue Funds | | | | Capital Projects | |
|---|-----------------------|---------------------------------|-----------------------------|------------|----------------------|-----------------------------------|
| | Police Education Fund | Neighborhood Stabilization Fund | OKR Special Assessment Fund | CDBG Fund | Fire Impact Fee Fund | Total Nonmajor Governmental Funds |
| REVENUES | | | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ - | \$ 548,762 | \$ - | \$ 548,762 |
| Special assessments | - | - | 331,279 | - | - | 331,279 |
| Fines and forfeitures | 7,779 | - | - | - | - | 7,779 |
| Impact fees | - | - | - | - | 776,593 | 776,593 |
| Investment earnings | 153 | - | 55,361 | - | 138,466 | 193,980 |
| Total Revenues | 7,932 | - | 386,640 | 548,762 | 915,059 | 1,858,393 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | 255,576 | - | 255,576 |
| Transportation and physical environment | - | - | 20,837 | - | - | 20,837 |
| Public safety | 7,000 | - | - | 278,479 | 18,090 | 303,569 |
| Capital Outlay: | | | | | | |
| Public safety | - | - | - | - | 216,412 | 216,412 |
| Debt Service: | | | | | | |
| Interest and other | - | - | 206,424 | - | - | 206,424 |
| Total Expenditures | 7,000 | - | 227,261 | 534,055 | 234,502 | 1,002,818 |
| Excess (deficiency) of revenues over (under) expenses | 932 | - | 159,379 | 14,707 | 680,557 | 855,575 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | 119,058 | - | - | 119,058 |
| Transfers out | - | - | - | (14,707) | - | (14,707) |
| Total other financing sources (uses) | - | - | 119,058 | (14,707) | - | 104,351 |
| Net change in fund balances | 932 | - | 278,437 | - | 680,557 | 959,926 |
| Fund balances (deficits) - beginning | 2,039 | 121,035 | (2,892,473) | - | 3,261,951 | 492,552 |
| Fund balances (deficits) - ending | \$ 2,971 | \$ 121,035 | \$ (2,614,036) | \$ - | \$ 3,942,508 | \$ 1,452,478 |

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|----------------------------|--------------------------------|-----------------------------|------------------|-------------------------------|
| REVENUES | | | | |
| Fines and forfeitures | \$ 7,000 | \$ 6,900 | \$ 7,779 | \$ 879 |
| Investment earnings | - | 100 | 153 | 53 |
| Total revenues | 7,000 | 7,000 | 7,932 | 932 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 7,000 | 7,000 | 7,000 | - |
| Total expenditures | 7,000 | 7,000 | 7,000 | - |
| Net change in fund balance | - | - | 932 | 932 |
| Fund balance - beginning | 2,039 | 2,039 | 2,039 | - |
| Fund balance - ending | \$ 2,039 | \$ 2,039 | \$ 2,971 | \$ 932 |

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|----------------------------|--------------------------------|-----------------------------|------------------|-------------------------------|
| REVENUES | | | | |
| Intergovernmental revenue | \$ 121,035 | \$ - | \$ - | \$ - |
| Total revenues | 121,035 | - | - | - |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 121,035 | - | - | - |
| Total expenditures | 121,035 | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning | 121,035 | 121,035 | 121,035 | - |
| Fund balance - ending | \$ 121,035 | \$ 121,035 | \$ 121,035 | \$ - |

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---|--------------------------------|-----------------------------|------------------|-------------------------------|
| REVENUES | | | | |
| Special assessments | \$ 323,000 | \$ 323,000 | \$ 331,279 | \$ 8,279 |
| Investment earnings | - | 26,500 | 55,361 | 28,861 |
| Total revenues | 323,000 | 349,500 | 386,640 | 37,140 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation and physical environment | 110,000 | 166,500 | 20,837 | 145,663 |
| Debt service: | | | | |
| Interest and other | 323,000 | 323,000 | 206,424 | 116,576 |
| Total expenditures | 433,000 | 489,500 | 227,261 | 262,239 |
| Excess (deficiency) of revenues over (under) expenditures | (110,000) | (140,000) | 159,379 | (299,379) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 110,000 | 140,000 | 119,058 | (20,942) |
| Total other financing sources (uses) | 110,000 | 140,000 | 119,058 | (20,942) |
| Net change in fund balance | - | - | 278,437 | 278,437 |
| Fund balance (deficit) - beginning | (2,892,473) | (2,892,473) | (2,892,473) | - |
| Fund balance (deficit) - ending | \$ (2,892,473) | \$ (2,892,473) | \$ (2,614,036) | \$ 278,437 |

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|--|--------------------------------|-----------------------------|------------------|-------------------------------|
| REVENUES | | | | |
| Intergovernmental revenue | \$ 912,138 | \$ 789,981 | \$ 548,762 | \$ (241,219) |
| Total revenues | 912,138 | 789,981 | 548,762 | (241,219) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 563,117 | 449,765 | 255,576 | 194,189 |
| Public safety | 326,392 | 325,509 | 278,479 | 47,030 |
| Total expenditures | 889,509 | 775,274 | 534,055 | 241,219 |
| Excess (deficiency) of revenues over(under) expenditures | 22,629 | 14,707 | 14,707 | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (22,629) | (14,707) | (14,707) | - |
| Total other financing sources (uses) | (22,629) | (14,707) | (14,707) | - |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | \$ - | \$ - | \$ - | \$ - |

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, 2023

| | Original Budgeted Amount | Final Budgeted Amount | Actual Amount | Variance with Final Budget |
|---------------------------------------|--------------------------------|-----------------------------|---------------------|-------------------------------|
| REVENUES | | | | |
| Impact fees | \$ 1,108,306 | \$ 725,000 | \$ 776,593 | \$ 51,593 |
| Investment earnings | - | 73,000 | 138,466 | 65,466 |
| Total revenues | <u>1,108,306</u> | <u>798,000</u> | <u>915,059</u> | <u>117,059</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 154,306 | 579,000 | 18,090 | 560,910 |
| Capital outlay: | | | | |
| Public safety | 1,000,000 | 265,000 | 216,412 | 48,588 |
| Total expenditures | <u>1,154,306</u> | <u>844,000</u> | <u>234,502</u> | <u>609,498</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 46,000 | 46,000 | - | 46,000 |
| Total other financing sources (uses) | <u>46,000</u> | <u>46,000</u> | <u>-</u> | <u>46,000</u> |
| Net change in fund balance | - | - | 680,557 | 680,557 |
| Fund balance - beginning | <u>3,261,951</u> | <u>3,261,951</u> | <u>3,261,951</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 3,261,951</u> | <u>\$ 3,261,951</u> | <u>\$ 3,942,508</u> | <u>\$ 680,557</u> |

**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, 2023

| | Business-type Activities-Enterprise Funds | | Total Nonmajor Enterprise Funds |
|---------------------------------------|--|-----------------------------------|--|
| | Building Permits Fund | Information Technology Fund | |
| ASSETS | | | |
| Current assets: | | | |
| Equity in pooled cash and investments | \$ 2,040,083 | \$ 1,955,093 | \$ 3,995,176 |
| Accounts receivable - net | - | 2,291 | 2,291 |
| Prepaid items | 10,268 | 2,244 | 12,512 |
| Lease receivable | - | 210,242 | 210,242 |
| Total current assets | <u>2,050,351</u> | <u>2,169,870</u> | <u>4,220,221</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Infrastructure | - | 5,197,058 | 5,197,058 |
| Equipment | 56,283 | 357,723 | 414,006 |
| Less accumulated depreciation | (54,835) | (3,712,611) | (3,767,446) |
| Lease receivable | - | 3,921,056 | 3,921,056 |
| Total noncurrent assets | <u>1,448</u> | <u>5,763,226</u> | <u>5,764,674</u> |
| Total assets | <u>2,051,799</u> | <u>7,933,096</u> | <u>9,984,895</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows-OPEB | 5,344 | - | 5,344 |
| Total deferred outflows of resources | <u>5,344</u> | <u>-</u> | <u>5,344</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 29,882 | 216,674 | 246,556 |
| Due to other governments | 4,749 | - | 4,749 |
| Compensated absences | 115,315 | 10,969 | 126,284 |
| Accrued liabilities | 72,172 | 5,036 | 77,208 |
| Unearned revenue | - | 66,239 | 66,239 |
| Total current liabilities | <u>222,118</u> | <u>298,918</u> | <u>521,036</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 204,678 | 27,291 | 231,969 |
| Total OPEB liability | 25,849 | - | 25,849 |
| Total noncurrent liabilities | <u>230,527</u> | <u>27,291</u> | <u>257,818</u> |
| Total liabilities | <u>452,645</u> | <u>326,209</u> | <u>778,854</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows-OPEB | 6,274 | - | 6,274 |
| Deferred Inflows-Lease related | - | 3,887,291 | 3,887,291 |
| Total deferred inflows of resources | <u>6,274</u> | <u>3,887,291</u> | <u>3,893,565</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,448 | 1,842,170 | 1,843,618 |
| Unrestricted | 1,596,776 | 1,877,426 | 3,474,202 |
| Total net position | <u>\$ 1,598,224</u> | <u>\$ 3,719,596</u> | <u>\$ 5,317,820</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, 2023

| | 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 | \$ 2,158,193 | \$ - | \$ 2,158,193 |
| Fiber and cell tower charges | - | 762,719 | 762,719 |
| Miscellaneous | - | 1,560 | 1,560 |
| Total operating revenues | <u>2,158,193</u> | <u>764,279</u> | <u>2,922,472</u> |
| OPERATING EXPENSES | | | |
| Building permits and inspections | 3,015,832 | - | 3,015,832 |
| Fiber and cell tower | - | 548,636 | 548,636 |
| Depreciation | 3,475 | 263,851 | 267,326 |
| Total operating expenses | <u>3,019,307</u> | <u>812,487</u> | <u>3,831,794</u> |
| Operating income (loss) | <u>(861,114)</u> | <u>(48,208)</u> | <u>(909,322)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment revenue (loss) | 93,722 | 177,127 | 270,849 |
| Total nonoperating revenues (expenses) | <u>93,722</u> | <u>177,127</u> | <u>270,849</u> |
| Income (loss) before contributions and transfers | <u>(767,392)</u> | <u>128,919</u> | <u>(638,473)</u> |
| TRANSFERS AND CONTRIBUTIONS | | | |
| Transfers out | (226,055) | (22,885) | (248,940) |
| Total transfers and contributions | <u>(226,055)</u> | <u>(22,885)</u> | <u>(248,940)</u> |
| Change in net position | (993,447) | 106,034 | (887,413) |
| NET POSITION | | | |
| Net position - beginning of year | 2,591,671 | 3,613,562 | 6,205,233 |
| Net position - end of year | <u>\$ 1,598,224</u> | <u>\$ 3,719,596</u> | <u>\$ 5,317,820</u> |

City of Palm Coast, Florida
Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2023

| | 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 | \$ 2,158,193 | \$ 716,136 | \$ 2,874,329 |
| Cash paid to suppliers | (1,363,772) | (216,970) | (1,580,742) |
| Cash paid to employees | (1,622,031) | (106,730) | (1,728,761) |
| Net cash provided by (used in) operating activities | <u>(827,610)</u> | <u>392,436</u> | <u>(435,174)</u> |
| CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers out to other funds | <u>(226,055)</u> | <u>(22,885)</u> | <u>(248,940)</u> |
| Net cash provided by (used in) noncapital financing activities | <u>(226,055)</u> | <u>(22,885)</u> | <u>(248,940)</u> |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Net cash provided by (used in) capital and related financing activities | <u>-</u> | <u>(277,551)</u> | <u>(277,551)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest loss on investments | <u>93,722</u> | <u>71,144</u> | <u>164,866</u> |
| Net cash provided by (used in) investing activities | <u>93,722</u> | <u>71,144</u> | <u>164,866</u> |
| Net increase (decrease) in cash and cash equivalents | (959,943) | 163,144 | (796,799) |
| Beginning cash and cash equivalents | <u>3,000,026</u> | <u>1,791,949</u> | <u>4,791,975</u> |
| Ending cash and cash equivalents | <u>\$ 2,040,083</u> | <u>\$ 1,955,093</u> | <u>\$ 3,995,176</u> |

(continued)

City of Palm Coast, Florida
Statement of Cash Flows (continued)
Nonmajor Enterprise Funds
For the Year Ended September 30, 2023

| | 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) | \$ (861,114) | \$ (48,208) | \$ (909,322) |
| Adjustment to reconcile operating income to net cash provided by operating activities | | | |
| Depreciation and amortization | 3,475 | 263,851 | 267,326 |
| Change in assets and liabilities: | | | |
| Accounts receivable | - | (18,048) | (18,048) |
| Prepays | (676) | 17,041 | 16,365 |
| Accounts payable | (9,779) | 205,454 | 195,675 |
| Accrued liabilities | 3,048 | 758 | 3,806 |
| Customer deposits | - | (30,095) | (30,095) |
| Compensated absences | 37,436 | 1,683 | 39,119 |
| Net cash provided by (used in) operating activities | <u>\$ (827,610)</u> | <u>\$ 392,436</u> | <u>\$ (435,174)</u> |
| CASH AND CASH EQUIVALENTS CLASSIFIED AS: | | | |
| Equity in pooled cash and investments in current assets | <u>2,040,083</u> | <u>1,955,093</u> | <u>3,995,176</u> |
| Total cash and cash equivalents | <u>\$ 2,040,083</u> | <u>\$ 1,955,093</u> | <u>\$ 3,995,176</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Lease receivable obtained in exchange for lease services | \$ - | \$ - | \$ - |

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



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INTERNAL SERVICE FUNDS



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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, 2023

| | <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 | \$ 3,306,377 | \$ 2,593,574 | \$ 14,914,040 | \$ 20,813,991 |
| Accounts receivable - net | 7,150 | 18,493 | 500 | 26,143 |
| Inventories | - | - | 27,587 | 27,587 |
| Prepaid items | - | 38,125 | 59,572 | 97,697 |
| Due from other governments | - | 3,300 | 4,773 | 8,073 |
| Total current assets | <u>3,313,527</u> | <u>2,653,492</u> | <u>15,006,472</u> | <u>20,973,491</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Building and improvements other | | | | |
| than buildings | - | - | 1,097,144 | 1,097,144 |
| Infrastructure | - | 13,176 | - | 13,176 |
| Equipment | - | 977,540 | 33,552,798 | 34,530,338 |
| Subscription-based IT arrangements (SBITA) | - | 843,044 | - | 843,044 |
| Less accumulated depreciation | - | (1,272,341) | (17,441,291) | (18,713,632) |
| Total noncurrent assets | <u>-</u> | <u>561,419</u> | <u>17,208,651</u> | <u>17,770,070</u> |
| Deferred outflows of resources | | | | |
| Deferred Outflows-OPEB | - | 4,491 | 4,754 | 9,245 |
| Total deferred outflows of resources | <u>-</u> | <u>4,491</u> | <u>4,754</u> | <u>9,245</u> |
| Total assets and deferred outflows | <u>\$ 3,313,527</u> | <u>\$ 3,219,402</u> | <u>\$ 32,219,877</u> | <u>\$ 38,752,806</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 5,157 | \$ 70,125 | \$ 234,796 | \$ 310,078 |
| Claims payable | 697,215 | - | - | 697,215 |
| Compensated absences | - | 91,195 | 81,307 | 172,502 |
| Accrued liabilities | - | 73,644 | 58,890 | 132,534 |
| Interest payable | - | 1,980 | - | 1,980 |
| SBITA payable | - | 376,070 | - | 376,070 |
| Total current liabilities | <u>702,372</u> | <u>613,014</u> | <u>374,993</u> | <u>1,690,379</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | - | 226,890 | 106,568 | 333,458 |
| Total OPEB liability | - | 21,726 | 22,997 | 44,723 |
| SBITA payable | - | 109,106 | - | 109,106 |
| Total noncurrent liabilities | <u>-</u> | <u>357,722</u> | <u>129,565</u> | <u>487,287</u> |
| Deferred inflows of resources | | | | |
| Deferred Inflows-OPEB | - | 5,273 | 5,581 | 10,854 |
| Total deferred inflows of resources | <u>-</u> | <u>5,273</u> | <u>5,581</u> | <u>10,854</u> |
| Total liabilities and deferred inflows | <u>702,372</u> | <u>976,009</u> | <u>510,139</u> | <u>2,188,520</u> |
| NET POSITION | | | | |
| Net investment in capital assets | - | 76,243 | 17,208,651 | 17,284,894 |
| Unrestricted | 2,611,155 | 2,167,150 | 14,501,087 | 19,279,392 |
| Total net position | <u>\$ 2,611,155</u> | <u>\$ 2,243,393</u> | <u>\$ 31,709,738</u> | <u>\$ 36,564,286</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, 2023

| | Internal Service Funds | | | Total Internal Service Funds |
|--|-----------------------------|---------------------------|---------------|---------------------------------|
| | Self Insured Health Fund | Information Technology | Fleet Fund | |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Risk management | \$ 6,276,416 | \$ - | \$ - | \$ 6,276,416 |
| Information technology | - | 4,893,254 | - | 4,893,254 |
| Fleet management | - | - | 12,223,789 | 12,223,789 |
| Total operating revenues | 6,276,416 | 4,893,254 | 12,223,789 | 23,393,459 |
| OPERATING EXPENSES | | | | |
| Administrative | 6,920,790 | 4,824,721 | 5,731,941 | 17,477,452 |
| Depreciation | - | 406,687 | 3,516,096 | 3,922,783 |
| Total operating expenses | 6,920,790 | 5,231,408 | 9,248,037 | 21,400,235 |
| Operating income (loss) | (644,374) | (338,154) | 2,975,752 | 1,993,224 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment revenue (loss) | 130,631 | 83,337 | 482,957 | 696,925 |
| Interest/amortization expense | - | (14,635) | - | (14,635) |
| Intergovernmental | - | - | - | - |
| Other | 30,000 | - | 1,088,971 | 1,118,971 |
| Total nonoperating revenues (expenses) | 160,631 | 68,702 | 1,571,928 | 1,801,261 |
| Income (loss) before capital contributions and transfers | (483,743) | (269,452) | 4,547,680 | 3,794,485 |
| TRANSFERS AND CONTRIBUTIONS | | | | |
| Transfers in | - | 176,476 | 1,267,703 | 1,444,179 |
| Transfers out | - | - | (27,511) | (27,511) |
| Total transfers and contributions | - | 176,476 | 1,240,192 | 1,416,668 |
| Change in net position | (483,743) | (92,976) | 5,787,872 | 5,211,153 |
| NET POSITION | | | | |
| Net position - beginning of year | 3,094,898 | 2,336,369 | 25,921,866 | 31,353,133 |
| Net position - ending | \$ 2,611,155 | \$ 2,243,393 | \$ 31,709,738 | \$ 36,564,286 |

City of Palm Coast, Florida
Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2023

| | Internal Service Funds | | | |
|--|-----------------------------|---------------------------|---------------|---------------------------------|
| | Self Insured Health Fund | Information Technology | Fleet Fund | Total Internal Services Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ - | \$ - | \$ 33,481 | \$ 33,481 |
| Cash received interfund charges | 6,276,416 | 4,893,254 | 12,223,789 | 23,393,459 |
| Cash paid to suppliers | (6,842,533) | (3,135,645) | (4,694,375) | (14,672,553) |
| Cash paid to employees | (1,812) | (1,504,274) | (1,292,575) | (2,798,661) |
| Net cash provided by (used in) operating activities | (567,929) | 253,335 | 6,270,320 | 5,955,726 |
| CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfer in from other funds | - | 176,476 | 1,267,703 | 1,444,179 |
| Transfers out to other funds | - | - | (27,511) | (27,511) |
| Net cash provided by (used in) noncapital financing activities | - | 176,476 | 1,240,192 | 1,416,668 |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of property, plant and equipment | - | (35,946) | (6,294,067) | (6,330,013) |
| Proceeds from the sale of capital assets | - | - | 1,088,971 | 1,088,971 |
| Subscription payments | - | (370,524) | - | (370,524) |
| Impact fees and contributions | 30,000 | - | - | 30,000 |
| Net cash provided by (used in) capital and related financing activities | 30,000 | (406,470) | (5,205,096) | (5,581,566) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Interest loss on investments | 130,631 | 83,337 | 482,957 | 696,925 |
| Net cash provided by (used in) investing activities | 130,631 | 83,337 | 482,957 | 696,925 |
| Net increase (decrease) in cash and cash equivalents | (407,298) | 106,678 | 2,788,373 | 2,487,753 |
| Beginning cash and cash equivalents | 3,713,675 | 2,486,896 | 12,125,667 | 18,326,238 |
| Ending cash and cash equivalents | \$ 3,306,377 | \$ 2,593,574 | \$ 14,914,040 | \$ 20,813,991 |

(continued)

City of Palm Coast, Florida
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended September 30, 2023

| | 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) | \$ (644,374) | \$ (338,154) | \$ 2,975,752 | \$ 1,993,224 |
| Adjustment to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation and amortization | - | 406,687 | 3,516,096 | 3,922,783 |
| Change in assets and liabilities: | | | | |
| Accounts receivable | (2,305) | (348) | 33,481 | 30,828 |
| Inventories | - | - | 40,896 | 40,896 |
| Prepays | - | 100,168 | (26,786) | 73,382 |
| Accounts payable | 80,562 | 15,548 | (309,344) | (213,234) |
| Due from other governments | - | (3,300) | - | (3,300) |
| Accrued liabilities | (1,812) | (19,192) | 1,779 | (19,225) |
| Compensated absences | - | 91,926 | 38,446 | 130,372 |
| Net cash provided by (used in) operating activities | <u>\$ (567,929)</u> | <u>\$ 253,335</u> | <u>\$ 6,270,320</u> | <u>\$ 5,955,726</u> |
| CASH AND CASH EQUIVALENTS CLASSIFIED AS: | | | | |
| Equity in pooled cash and investments in current assets | <u>\$ 3,306,377</u> | <u>\$ 2,593,574</u> | <u>\$ 14,914,040</u> | <u>\$ 20,813,991</u> |
| Total cash and cash equivalents | <u>\$ 3,306,377</u> | <u>\$ 2,593,574</u> | <u>\$ 14,914,040</u> | <u>\$ 20,813,991</u> |

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



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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.

| Contents | Page |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 161 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 170 |
| Revenue Capacity These Schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes | 174 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments | 175 |
| Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information related to the services the City's provides and the activities it performs. | 178 |

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)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 298,494,964 | \$ 315,591,311 | \$ 317,474,371 | \$ 330,790,898 | \$ 325,234,671 | \$ 320,293,833 | \$ 318,406,337 | \$ 322,861,188 | \$ 331,376,902 | \$ 338,416,406 |
| Restricted | 1,130,224 | 5,645,144 | 5,537,610 | 7,954,237 | 10,380,209 | 20,215,344 | 21,279,462 | 24,760,020 | 37,340,992 | 40,352,387 |
| Unrestricted | 25,117,904 | 14,935,982 | 16,599,453 | 15,460,677 | 18,980,907 | 23,371,095 | 29,593,644 | 35,558,783 | 40,618,726 | 45,084,121 |
| Total governmental activities net position | \$ 324,743,092 | \$ 336,177,437 | \$ 339,611,434 | \$ 354,205,812 | \$ 354,595,787 | \$ 363,880,272 | \$ 369,279,443 | \$ 383,179,991 | \$ 409,336,620 | \$ 423,852,914 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 68,945,922 | \$ 67,519,973 | \$ 72,761,895 | \$ 84,435,596 | \$ 83,318,005 | \$ 87,229,370 | \$ 101,563,856 | \$ 115,345,393 | \$ 120,319,349 | \$ 151,376,398 |
| Restricted | 11,786,243 | 12,845,451 | 14,009,367 | 15,456,945 | 21,774,289 | 24,459,578 | 25,558,922 | 36,465,940 | 53,330,263 | 48,231,754 |
| Unrestricted | 16,839,256 | 20,147,467 | 25,308,480 | 25,844,539 | 31,029,417 | 35,078,778 | 38,826,694 | 39,249,158 | 46,701,251 | 59,061,387 |
| Total business-type activities net position | \$ 97,571,421 | \$ 100,512,891 | \$ 112,079,742 | \$ 125,737,080 | \$ 136,121,711 | \$ 146,767,726 | \$ 165,969,472 | \$ 191,060,491 | \$ 220,350,863 | \$ 258,669,539 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 367,440,886 | \$ 383,111,284 | \$ 390,236,266 | \$ 415,226,494 | \$ 408,552,676 | \$ 407,523,203 | \$ 419,990,193 | \$ 438,206,581 | \$ 451,696,251 | \$ 489,792,804 |
| Restricted | 12,916,467 | 18,494,595 | 19,546,977 | 23,411,182 | 32,154,498 | 44,674,922 | 46,838,384 | 61,225,960 | 90,671,255 | 88,584,141 |
| Unrestricted | 41,957,160 | 35,084,449 | 41,907,933 | 41,305,216 | 50,010,324 | 58,449,873 | 68,420,338 | 74,807,941 | 87,319,977 | 104,145,508 |
| Total primary government net position | \$ 422,314,513 | \$ 436,690,328 | \$ 451,691,176 | \$ 479,942,892 | \$ 490,717,498 | \$ 510,647,998 | \$ 535,248,915 | \$ 574,240,482 | \$ 629,687,483 | \$ 682,522,453 |

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | | | | | | | |
| General government | \$ 5,898,666 | \$ 5,380,359 | \$ 3,471,694 | \$ 5,435,785 | \$ 5,956,629 | \$ 6,642,183 | \$ 7,149,206 | \$ 11,229,978 | \$ 8,011,828 | \$ 9,155,865 |
| Public safety | 11,032,501 | 10,522,359 | 11,013,862 | 11,332,196 | 12,187,040 | 12,636,325 | 13,391,373 | 13,579,443 | 17,843,411 | 19,999,882 |
| Transportation and physical environment | 14,212,159 | 15,752,135 | 17,579,791 | 21,427,067 | 20,028,562 | 17,229,235 | 21,314,827 | 20,273,231 | 21,609,665 | 23,078,078 |
| Culture and recreation | 3,191,985 | 5,462,980 | 6,136,059 | 6,202,008 | 7,000,755 | 7,503,004 | 7,449,374 | 7,867,389 | 9,106,759 | 10,596,107 |
| Interest on long-term debt | 676,742 | 604,034 | 578,231 | 523,790 | 484,548 | 461,489 | 436,890 | 409,920 | 384,661 | 373,082 |
| Total governmental activities expenses | \$ 35,012,053 | \$ 37,721,867 | \$ 38,779,637 | \$ 44,920,846 | \$ 45,657,534 | \$ 44,472,236 | \$ 49,741,670 | \$ 53,359,961 | \$ 56,956,324 | \$ 63,203,014 |
| Business-type activities: | | | | | | | | | | |
| Utility | 30,399,474 | 30,760,793 | 31,562,957 | 33,063,660 | 37,488,776 | 39,575,224 | 40,835,726 | 42,430,005 | 44,761,380 | 49,252,925 |
| Solid Waste | 7,290,268 | 7,239,055 | 7,349,686 | 7,680,586 | 8,433,184 | 8,559,838 | 8,756,625 | 9,132,145 | 11,078,167 | 15,354,772 |
| Stormwater | 4,646,249 | 4,842,145 | 6,473,450 | 5,554,569 | 6,659,088 | 7,684,611 | 8,795,629 | 9,879,087 | 10,509,526 | 11,421,834 |
| Building Permits & Inspections | 1,275,472 | 1,284,030 | 1,516,413 | 1,592,586 | 1,759,634 | 1,845,080 | 2,375,314 | 2,574,502 | 2,707,992 | 3,028,633 |
| Information Technology | 379,495 | 382,264 | 985,726 | 705,729 | 665,967 | 528,999 | 593,411 | 671,142 | 720,585 | 774,010 |
| Golf Course (a) | 1,778,396 | - | - | - | - | - | - | - | - | - |
| Tennis Center (a) | 309,891 | - | - | - | - | - | - | - | - | - |
| Total business-type activities expenses | \$ 46,079,245 | \$ 44,508,287 | \$ 47,888,232 | \$ 48,597,130 | \$ 55,006,649 | \$ 58,193,752 | \$ 61,356,705 | \$ 64,686,881 | \$ 69,777,650 | \$ 79,832,174 |
| Total primary government expenses | \$ 81,091,298 | \$ 82,230,154 | \$ 86,667,869 | \$ 93,517,976 | \$ 100,664,183 | \$ 102,665,988 | \$ 111,098,375 | \$ 118,046,842 | \$ 126,733,974 | \$ 143,035,188 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 838,828 | \$ 820,158 | \$ 687,827 | \$ 1,013,720 | \$ 1,201,790 | \$ 1,254,073 | \$ 1,247,763 | \$ 1,329,866 | \$ 1,501,189 | \$ 1,323,363 |
| Public safety | 946,722 | 355,063 | 232,048 | 148,114 | 80,103 | 78,536 | 56,154 | 176,618 | 159,577 | 206,091 |
| Transportation and physical environment | 130,888 | 116,916 | 173,143 | 146,937 | 162,769 | 162,071 | 163,749 | 216,015 | 184,758 | 247,242 |
| Culture and recreation | 234,388 | 1,640,631 | 1,683,747 | 1,635,056 | 1,665,539 | 1,894,765 | 1,507,981 | 2,119,841 | 2,517,441 | 2,463,115 |
| Operating grants and contributions | 3,396,912 | 3,197,045 | 2,411,183 | 7,078,147 | 4,254,944 | 3,154,598 | 5,088,333 | 4,379,320 | 4,545,259 | 5,030,503 |
| Capital grants and contributions | 6,635,181 | 8,835,774 | 7,143,389 | 18,889,042 | 4,553,519 | 5,833,497 | 5,673,147 | 12,943,345 | 27,546,190 | 9,524,515 |
| Total governmental activities program revenues | 12,182,919 | 14,966,587 | 12,331,337 | 28,911,016 | 11,918,664 | 12,377,540 | 13,737,127 | 21,165,005 | 36,454,414 | 18,794,829 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Utility | 33,943,464 | 35,038,243 | 37,357,134 | 38,085,170 | 38,381,854 | 41,743,231 | 45,068,882 | 48,824,504 | 53,571,183 | 59,001,075 |
| Solid Waste | 7,420,478 | 7,349,016 | 7,634,486 | 7,727,089 | 8,363,015 | 8,670,086 | 8,803,389 | 9,189,558 | 11,277,367 | 15,231,906 |
| Stormwater | 7,154,416 | 7,048,000 | 7,038,305 | 7,228,213 | 7,422,747 | 9,932,424 | 11,004,869 | 12,748,444 | 14,479,496 | 15,706,647 |
| Building Permits & Inspections | 1,608,821 | 1,717,303 | 2,031,003 | 2,291,570 | 2,330,705 | 2,408,796 | 2,269,619 | 550,496 | 3,523,612 | 2,158,193 |
| Information Technology and Communication | 677,563 | 669,141 | 584,703 | 706,236 | 623,497 | 704,712 | 639,219 | 708,931 | 890,172 | 762,719 |
| Golf Course | 1,226,184 | - | - | - | - | - | - | - | - | - |
| Tennis Center | 210,348 | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | - | - | - | - | 1,560,284 | 92,023 | 50,790 | - | - | 351,663 |
| Capital grants and contributions | 3,072,563 | 2,870,187 | 5,121,164 | 6,368,010 | 6,162,184 | 7,498,356 | 13,235,638 | 21,770,381 | 18,508,821 | 23,045,772 |
| Total business-type activities program revenues | \$ 55,313,837 | \$ 54,891,890 | \$ 59,766,795 | \$ 62,406,288 | \$ 64,844,286 | \$ 71,049,628 | \$ 81,072,406 | \$ 93,792,314 | \$ 102,290,651 | \$ 116,257,975 |
| Total primary government program revenues | \$ 67,496,756 | \$ 69,858,477 | \$ 72,098,132 | \$ 91,317,304 | \$ 76,762,950 | \$ 83,427,168 | \$ 94,809,533 | \$ 114,957,319 | \$ 138,705,065 | \$ 135,052,804 |

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (22,829,134) | \$ (22,755,280) | \$ (26,448,300) | \$ (16,009,850) | \$ (33,738,870) | \$ (32,094,696) | \$ (36,004,543) | \$ (32,194,956) | \$ (20,501,910) | \$ (44,408,185) |
| Business-type activities | 9,234,592 | 10,183,603 | 11,878,563 | 13,809,158 | 9,837,637 | 12,855,876 | 19,715,701 | 29,105,433 | 32,473,001 | 36,425,801 |
| Total primary government net expense | \$ (13,594,542) | \$ (12,571,677) | \$ (14,569,737) | \$ (2,200,692) | \$ (23,901,233) | \$ (19,238,820) | \$ (16,288,842) | \$ (3,089,523) | \$ 11,971,091 | \$ (7,982,384) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 15,911,873 | \$ 16,609,668 | \$ 17,592,210 | \$ 18,380,759 | \$ 21,066,081 | \$ 23,392,377 | \$ 25,507,009 | \$ 27,202,252 | \$ 29,413,435 | \$ 35,058,990 |
| Sales and use taxes | 2,392,638 | 2,587,863 | 2,749,805 | 2,878,973 | 3,111,226 | 3,189,999 | 3,280,872 | 4,060,294 | 4,841,388 | 5,048,022 |
| Telecommunication services tax | 2,522,865 | 2,529,845 | 2,390,508 | 2,221,345 | 2,297,782 | 2,265,385 | 2,344,031 | 2,411,162 | 2,549,111 | 2,659,409 |
| Franchise taxes | 784,758 | 683,099 | 731,563 | 790,697 | 839,511 | 952,955 | 1,008,344 | 1,029,726 | 1,120,108 | 1,389,779 |
| Other local taxes | 346,157 | 448,611 | 431,683 | 400,099 | 426,105 | 520,733 | 470,029 | 473,320 | 485,774 | 508,144 |
| Intergovernmental revenue, non-program | 4,047,545 | 4,200,163 | 4,299,085 | 4,463,316 | 4,704,629 | 4,799,363 | 4,578,298 | 5,254,442 | 5,847,983 | 6,375,395 |
| Unrestricted investment earnings | 82,174 | 17,896 | 245,858 | 172,268 | 287,570 | 1,465,960 | 1,295,940 | 92,074 | (1,277,496) | 4,458,576 |
| Miscellaneous | 41,105 | 60,404 | 70,507 | 70,126 | 187,331 | 181,612 | 466,849 | 734,286 | 739,706 | 1,190,338 |
| Gain (Loss) on sale of capital assets | 280,593 | 208,563 | 213,336 | 245,261 | (21,047) | - | - | - | - | - |
| Transfers | 521,522 | 7,983,567 | 1,157,742 | 981,364 | 832,828 | 4,610,797 | 2,452,342 | 4,837,948 | 2,938,530 | 2,235,826 |
| Total governmental activities | 26,931,230 | 35,329,679 | 29,882,297 | 30,604,208 | 33,732,016 | 41,379,181 | 41,403,714 | 46,095,504 | 46,658,539 | 58,924,479 |
| Business-type activities: | | | | | | | | | | |
| Property Taxes | 275,133 | 316,403 | 363,863 | 418,442 | 502,590 | 520,000 | 521,556 | 523,121 | 524,669 | 526,225 |
| Unrestricted investment earnings | 182,978 | 409,685 | 460,402 | 411,102 | 612,838 | 1,880,936 | 1,416,091 | 300,413 | (768,768) | 3,600,916 |
| Other income | - | 15,346 | 21,765 | - | - | 740 | - | - | - | 1,560 |
| Transfers | (621,522) | (7,983,567) | (1,157,742) | (981,364) | (832,828) | (4,610,797) | (2,452,342) | (4,837,948) | (2,938,530) | (2,235,826) |
| Total business-type activities | (63,411) | (7,242,133) | (311,712) | (151,820) | 282,600 | (2,209,861) | (513,955) | (4,014,414) | (3,182,629) | 1,892,875 |
| Total primary government | \$ 26,867,819 | \$ 28,087,546 | \$ 29,570,585 | \$ 30,452,388 | \$ 34,014,616 | \$ 39,169,320 | \$ 40,889,759 | \$ 42,081,090 | \$ 43,475,910 | \$ 60,817,354 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 4,102,096 | \$ 12,574,399 | \$ 3,433,997 | \$ 14,594,378 | \$ (6,854) | \$ 9,284,485 | \$ 5,399,171 | \$ 13,900,548 | \$ 26,156,629 | \$ 14,516,294 |
| Business-type activities | 9,171,181 | 2,941,470 | 11,566,851 | 13,657,338 | 10,120,237 | 10,646,015 | 19,201,746 | 25,091,019 | 29,290,372 | 38,318,676 |
| Total primary government | \$ 13,273,277 | \$ 15,515,869 | \$ 15,000,848 | \$ 28,251,716 | \$ 10,113,383 | \$ 19,930,500 | \$ 24,600,917 | \$ 38,991,567 | \$ 55,447,001 | \$ 52,834,970 |

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)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 186,156 | \$ 274,551 | \$ 233,082 | \$ 190,280 | \$ 193,824 | \$ 182,786 | \$ 9,285 | \$ 28,222 | \$ 194,515 | \$ 332,212 |
| Restricted | 55,221 | 55,221 | 33,918 | 11,596 | 11,695 | 7,398 | 6,760 | - | - | 18,110 |
| Committed | 2,173,669 | 2,200,605 | 2,244,922 | 2,826,717 | 2,744,058 | 2,861,815 | 3,315,327 | 3,420,646 | 3,297,449 | 5,485,856 |
| Assigned | - | - | - | - | - | - | 3,353,244 | 3,700,000 | 750,000 | 875,000 |
| Unassigned | 5,505,193 | 6,191,196 | 6,398,133 | 6,784,518 | 7,943,802 | 10,338,267 | 13,031,941 | 15,213,289 | 18,755,123 | 20,716,806 |
| Total general fund | \$ 7,920,239 | \$ 8,721,573 | \$ 8,910,055 | \$ 9,813,111 | \$ 10,893,379 | \$ 13,390,266 | \$ 19,716,557 | \$ 22,362,157 | \$ 22,997,087 | \$ 27,427,984 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Restricted | 1,075,003 | 5,593,923 | 5,503,692 | 7,942,641 | 10,368,514 | 20,207,946 | 21,272,702 | 24,760,020 | 37,340,992 | 39,624,835 |
| Committed | 16,640,546 | 4,760,593 | 5,432,117 | 2,139,299 | 2,992,575 | 3,399,168 | 3,399,169 | 5,287,314 | 9,258,816 | 8,614,644 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned, reported in: | | | | | | | | | | |
| Special revenue funds | (6,215,566) | (5,332,256) | (4,404,763) | (4,219,829) | (3,989,766) | (3,679,073) | (3,271,857) | (3,042,693) | (2,892,472) | (2,614,036) |
| Total all other governmental funds | \$ 11,499,983 | \$ 5,022,260 | \$ 6,531,046 | \$ 5,862,111 | \$ 9,371,323 | \$ 19,928,041 | \$ 21,400,014 | \$ 27,004,641 | \$ 43,707,336 | \$ 45,625,443 |

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 23,996,049 | \$ 24,896,379 | \$ 25,987,934 | \$ 26,835,224 | \$ 30,010,630 | \$ 32,568,291 | \$ 34,783,057 | \$ 37,603,718 | \$ 40,774,435 | \$ 47,383,637 |
| Licenses and permits | 252,150 | 221,940 | 211,822 | 196,332 | 179,458 | 194,762 | 216,086 | 294,024 | 496,746 | 514,560 |
| Intergovernmental revenues | 9,772,192 | 12,247,672 | 8,391,343 | 10,153,064 | 7,728,828 | 6,756,429 | 8,515,442 | 12,237,811 | 9,298,354 | 10,644,876 |
| Charges for services | 2,712,048 | 4,098,519 | 4,872,149 | 5,417,506 | 6,160,086 | 5,849,169 | 5,711,244 | 6,625,327 | 6,677,850 | 6,668,237 |
| Special assessments | 248,079 | 247,559 | 327,571 | 333,148 | 333,494 | 333,120 | 336,329 | 318,322 | 332,644 | 331,279 |
| Fines and forfeitures | 1,556,456 | 854,187 | 574,371 | 614,849 | 589,441 | 669,127 | 556,719 | 561,399 | 576,409 | 625,561 |
| Impact fees | 1,817,218 | 1,699,219 | 2,790,609 | 3,112,084 | 3,303,542 | 3,792,555 | 4,243,367 | 7,715,512 | 10,948,570 | 7,285,050 |
| Contributions | 4,801 | 5,739 | 5,492 | - | - | - | - | - | - | - |
| Investment Earnings (loss) | 82,174 | 12,505 | 176,120 | 129,682 | 189,814 | 1,019,437 | 992,789 | 72,008 | (1,068,643) | 3,761,654 |
| Miscellaneous | 41,105 | 60,404 | 70,507 | 70,126 | 187,331 | 181,612 | 218,213 | 87,255 | 39,425 | 193,910 |
| Total revenues | \$ 40,482,272 | \$ 44,344,123 | \$ 43,407,918 | \$ 46,862,015 | \$ 48,682,624 | \$ 51,364,502 | \$ 55,573,246 | \$ 65,515,376 | \$ 68,075,790 | \$ 77,408,764 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 7,978,014 | 7,118,556 | 8,459,094 | 9,608,481 | 10,311,850 | 9,710,617 | 10,020,480 | 14,387,633 | 12,007,325 | 13,632,555 |
| Public safety | 10,025,107 | 10,581,386 | 10,556,903 | 10,856,575 | 11,832,751 | 12,290,526 | 12,694,880 | 13,903,797 | 16,355,713 | 19,575,448 |
| Transportation and physical environment | 6,547,718 | 7,678,390 | 7,247,764 | 10,376,683 | 9,475,669 | 6,744,326 | 10,311,107 | 10,260,129 | 11,864,216 | 13,382,924 |
| Culture and recreation | 2,209,307 | 4,192,350 | 4,798,642 | 4,843,405 | 5,186,516 | 5,686,109 | 5,461,224 | 5,924,606 | 6,747,070 | 8,071,546 |
| Capital outlay | 16,501,044 | 20,819,038 | 10,231,758 | 10,537,734 | 7,302,868 | 4,650,191 | 8,506,891 | 15,493,513 | 5,057,348 | 16,067,986 |
| Debt Service: | | | | | | | | | | |
| Principal | 605,000 | 623,000 | 641,000 | 660,000 | 680,000 | 701,000 | 722,000 | 744,000 | 767,000 | 790,000 |
| Interest and Other | 676,742 | 604,034 | 578,231 | 523,790 | 484,548 | 461,489 | 436,890 | 409,922 | 384,661 | 358,447 |
| Total expenditures | 44,542,932 | 51,616,754 | 42,513,392 | 47,406,668 | 45,274,202 | 40,244,258 | 48,153,472 | 61,123,600 | 53,183,333 | 71,878,917 |
| Excess of revenues over (under) expenditures | (4,060,660) | (7,272,631) | 894,526 | (544,653) | 3,408,422 | 11,120,244 | 7,419,774 | 4,391,776 | 14,892,457 | 5,529,847 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Sale of capital assets | - | - | - | 8,000 | 685,630 | - | - | - | - | - |
| Loan and capital lease proceeds | 5,839,000 | - | - | - | - | - | - | - | - | - |
| Transfers In | 9,348,861 | 4,390,060 | 2,747,133 | 3,209,669 | 2,980,417 | 6,618,206 | 3,776,633 | 7,330,297 | 7,118,626 | 6,328,214 |
| Transfers Out | (9,075,617) | (2,793,818) | (1,944,391) | (2,438,895) | (2,484,989) | (4,684,845) | (3,398,143) | (3,471,846) | (4,673,458) | (5,509,056) |
| Total other financing sources (uses) | 6,112,244 | 1,596,242 | 802,742 | 778,774 | 1,181,058 | 1,933,361 | 378,490 | 3,858,451 | 2,445,168 | 819,158 |
| Net change in fund balances | \$ 2,051,584 | \$ (5,676,389) | \$ 1,697,268 | \$ 234,121 | \$ 4,589,480 | \$ 13,053,605 | \$ 7,798,264 | \$ 8,250,227 | \$ 17,337,625 | \$ 6,349,005 |
| Debt Service as a percentage of noncapital expenditures | 4.57 | 3.98 | 3.78 | 3.21 | 3.07 | 3.27 | 2.92 | 2.53 | 2.39 | 2.06 |

Schedule 5

City of Palm Coast, Florida

Assessed Value and Actual Value of Taxable Property.

Last Ten Fiscal Years

| Fiscal Year Ended September 30, | Total Assessed Valuation (1) | Tax Exempt Properties (2) | Save Our Homes Exemptions (3) | Other Exemptions (4) | Total Exempt | Real Property Taxable Valuation | Personal Property Taxable Valuation | Centrally Assessed Property | Taxable Assessed Value | Total District Tax Rate | Percentage of Taxable Value to Assessed Value |
|---------------------------------|------------------------------|---------------------------|-------------------------------|----------------------|---------------|---------------------------------|-------------------------------------|-----------------------------|------------------------|-------------------------|---|
| 2014 | 5,414,625,520 | 511,995,874 | 533,536,790 | 678,779,999 | 1,724,312,663 | 3,527,853,944 | 158,355,957 | 4,102,956 | 3,690,312,857 | 4.27 | 68.15% |
| 2015 | 5,679,578,648 | 549,931,615 | 536,972,857 | 700,315,535 | 1,787,220,007 | 3,736,230,038 | 151,312,552 | 4,816,051 | 3,892,358,641 | 4.25 | 68.53% |
| 2016 | 5,949,512,576 | 546,210,768 | 547,596,078 | 726,086,615 | 1,819,893,461 | 3,963,342,656 | 160,738,000 | 5,538,459 | 4,129,619,115 | 4.25 | 69.41% |
| 2017 | 6,240,393,212 | 588,723,842 | 565,856,493 | 761,359,117 | 1,915,939,452 | 4,152,336,238 | 165,967,084 | 6,150,438 | 4,324,453,760 | 4.25 | 69.30% |
| 2018 | 6,559,135,582 | 567,166,886 | 580,856,977 | 798,534,033 | 1,946,557,896 | 4,442,817,514 | 163,274,489 | 6,485,683 | 4,612,577,686 | 4.59 | 70.32% |
| 2019 | 7,006,951,463 | 564,644,902 | 598,837,736 | 844,886,531 | 2,008,369,169 | 4,816,215,371 | 175,840,880 | 6,526,043 | 4,998,582,294 | 4.69 | 71.34% |
| 2020 | 7,472,157,264 | 512,230,200 | 618,152,014 | 889,369,861 | 2,019,752,075 | 5,268,506,484 | 177,344,579 | 6,554,123 | 5,452,405,186 | 4.69 | 72.97% |
| 2021 | 7,982,514,992 | 588,766,230 | 652,114,806 | 922,906,893 | 2,163,787,929 | 5,639,191,076 | 173,062,696 | 6,473,291 | 5,818,727,063 | 4.61 | 72.89% |
| 2022 | 8,646,880,635 | 592,849,575 | 678,529,776 | 978,861,538 | 2,250,240,889 | 6,195,932,427 | 194,051,642 | 6,655,677 | 6,396,639,746 | 4.61 | 73.98% |
| 2023 | 10,205,200,339 | 793,330,305 | 710,910,464 | 1,055,547,865 | 2,559,788,634 | 7,427,861,199 | 210,334,477 | 7,216,029 | 7,645,411,705 | 4.61 | 74.92% |

Source: Flagler County Property Appraiser

Note:

- (1) The Flagler County Property Appraiser shall assess all property at market or just value. In arriving at just valuation as required under s. 4 Article VII of the State Constitution, the Property Appraiser takes into consideration the factors listed in Section 193.011, Florida Statutes.
- (2) Governmental and Institutional exemptions.
- (3) "Save Our Homes" (FS 193.155), limits annual increases in property value assessments on real property qualifying for and receiving Homestead Exemption and includes \$25,000 Homestead exemptions.
- (4) Other exemptions include additional \$25,000 homestead exemption, Disability, Widows/Widowers, Agricultural, land taxes, and Age 65 & older.
- (5) Information on estimated actual value is not provided because it cannot be reasonably estimated based on assessed values.

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 | |
| | 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 | |
| 2022 | 4.5384 | 0.0716 | 4.6100 | 5.8650 | 8.4847 | 0.2575 | 0.2189 | 0.0320 | |
| 2023 | 4.5384 | 0.0716 | 4.6100 | 5.5460 | 8.3847 | 0.2975 | 0.1974 | 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 | 2023 | | | | 2014 | | | |
|---------------------------------|------------------------|------|--------------------------|-------|------------------------|------|--------------------------|-------|
| | Taxable Assessed Value | Rank | Percentage of Total City | | Taxable Assessed Value | Rank | Percentage of Total City | |
| | | | Taxable Assessed Value | Value | | | Taxable Assessed Value | Value |
| FLORIDA POWER & LIGHT COMPANY | \$ 132,224,274 | 1 | 1.729% | | \$ 64,485,522 | 1 | 1.750% | |
| EBSCO INTEGRA WOODS LLC | 32,858,386 | 2 | 0.430% | | 14,406,194 | 4 | 0.390% | |
| BRANCH ISLAND WALK ASSOCIATES | 20,900,000 | 3 | 0.273% | | - | - | - | |
| PALM COAST LANDING LLC | 19,700,000 | 4 | 0.258% | | - | - | - | |
| BROOKHAVEN DEVELOPMENT LAND | 17,512,347 | 5 | 0.229% | | - | - | - | |
| PINE LAKES ACQUISITIONS LLC | 16,500,000 | 6 | 0.216% | | - | - | - | |
| TUSCAN GARDENS | 13,203,752 | 7 | 0.173% | | - | - | - | |
| PALM COAST MEDICAL SPECIALISTS | 12,086,444 | 8 | 0.158% | | 10,585,106 | 7 | 0.290% | |
| WAL-MART STORES EAST LP | 11,129,877 | 9 | 0.146% | | 9,664,730 | 10 | 0.260% | |
| TARGET CORPORATION | 10,751,556 | 10 | 0.141% | | 10,190,158 | 9 | 0.280% | |
| INLAND DIVERSIFIED PALM COAST | - | - | - | | 19,687,589 | 2 | 0.530% | |
| BELLSOUTH TELECOMMUNICATIONS | - | - | - | | 13,403,497 | 5 | 0.360% | |
| BRIGHTHOUSE NETWORKS | - | - | - | | 11,684,924 | 6 | 0.320% | |
| FLORIDA LANDMARK COMMUNITIES | - | - | - | | 14,850,081 | 3 | 0.400% | |
| CELEBRITY RESORTS OF PALM COAST | - | - | - | | 10,346,400 | 8 | 0.280% | |
| | \$ 286,866,636 | | 3.752% | | \$ 179,304,201 | | 4.860% | |

Source: Flagler County Property Appraiser

Schedule 8

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

| Fiscal Year Ended September 30, | Taxes Levied for the Fiscal Year | | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years (2) | Total Collections to Date | |
|------------------------------------|--|---------------------------|---|---------------------------|---|---------------------------|-----------------------|
| | Fiscal Year Amount | Percentage of Levy (1) | Fiscal Year of the Levy Amount | Percentage of Levy (1) | | Amount | Percentage of Levy |
| | | | | | | | |
| 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% |
| 2022 | 29,565,642 | | 28,421,208 | 96.13% | 14,916 | 28,436,124 | 96.18% |
| 2023 | 35,296,473 | | 33,932,231 | 96.13% | - | 33,932,231 | 96.13% |

Source: Flagler County Property Appraiser

Note:

- (1) Taxes are levied on November 1 of each year. Taxes are due by March 31 of the following year. Taxes paid prior to March 31 receive discounts of up to 4%. See Note 1 of the financial statements for more details.
- (2) Details relating to collections in subsequent years is unavailable. Subsequent collections have been applied to fiscal years based on an estimate of collections.

Schedule 9

City of Palm Coast, Florida
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | Business-type Activities | | | | Total Primary Government | Taxable Assessed Value of Property | Percentage Taxable Assessed Value of Property | Personal Income (thousands of dollars) | Estimated Population | Percentage of Personal Income | Per Capita |
|-------------|-------------------------|---------------|---------------------------|--------------------------|------------------------------|-------------------|--|--------------------------|------------------------------------|---|--|----------------------|-------------------------------|------------|
| | SRF/Bank Loan (c) | SBITA Payable | Utility Revenue Bonds (a) | Utility SRF Loan (b) | Stormwater SRF/Bank Loan (b) | IT Capital Leases | Personal Income (thousands of dollars) | | | | | | | |
| 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 | 3,892,368,641 | 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 | - | 168,738,585 | 5,826,214,849 | 2.72% | 5,993,452 | 92,866 | 2.65% | 1,709 | |
| 2022 | 4,750,809 | - | 70,298,885 | 66,331,431 | 16,995,387 | - | 158,376,512 | 6,413,371,450 | 2.47% | 6,812,858 | 96,504 | 2.32% | 1,641 | |
| 2023 | 3,960,809 | 485,176 | 65,175,000 | 70,089,852 | 15,060,639 | - | 154,771,476 | 7,656,501,768 | 2.02% | 7,639,215 | 101,737 | 2.03% | 1,521 | |

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 for improvements in the SR100 CRA. During fiscal year 2014, the City refinanced a SR100 CRA interfund loan with a local bank in the amount of \$5,839,000.

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

Schedule 10

City of Palm Coast, Florida

Ratios of General Bonded Debt Outstanding,

Last Ten Fiscal Years

| General Bonded Debt Outstanding | | | | | | |
|---------------------------------|------------------------------|-------|------------------------------------|---|----------------------|------------|
| Fiscal Year | Local Government Pooled Loan | Total | Taxable Assessed Value of Property | Percentage Taxable Assessed Value of Property | Estimated Population | Per Capita |
| 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 | - |
| 2022 | - | - | 6,413,371,450 | - | 96,504 | - |
| 2023 | - | - | 7,656,501,768 | - | 101,737 | - |

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, 2023

| 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 | \$ 17,520,000 | 60.33 | \$ 10,569,505 |
| Flagler County Refunding Limited Tax General Obligation Bonds, Series 2016 | 6,470,000 | 60.33 | 3,903,236 |
| Other debt | | | |
| Flagler County School Board District Certificates of Participation | 28,270,000 | 50.58 | 14,298,546 |
| Flagler County School Board District Revenue Bonds | 960,000 | 50.58 | 485,554 |
| Flagler County Notes Payable | 19,535,210 | 50.58 | 9,880,619 |
| Flagler County Refunding Capital Improvement Revenue Bonds, Series 2015 | 31,655,000 | 50.58 | 16,010,629 |
| Subtotal, overlapping debt | | | 55,148,089 |
| City Direct Debt | | | <u>3,960,809</u> |
| Total Direct and overlapping debt | | | <u>\$ 59,108,898</u> |

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

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

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

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

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

Schedule 13
City of Palm Coast, Florida
Pledged-Revenue Coverage,
Last Ten Fiscal Years

| Fiscal Year | Utility Revenue Bonds | | | | | | | | | |
|-------------|-----------------------------|------------------------------|--|-----------------------|--------------|--------------|----------|--|--|--|
| | Utility Service Charges (1) | Less: Operating Expenses (2) | Rate Stabilization Transfers To/(From) (3) | Net Available Revenue | Debt Service | | Coverage | | | |
| | | | | | Principal | Interest | | | | |
| 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 | | | |
| 2022 | 53,287,873 | 28,451,421 | - | 24,836,452 | 5,692,000 | 1,826,472 | 3.22 | | | |
| 2023 | 60,056,558 | 32,255,334 | - | 27,801,224 | 6,502,000 | 1,598,121 | 3.27 | | | |

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 |
|---------------|------------|--|--------------------------------|-------------------|-------------------|
| 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 | 6,812,858 | 56,336 | 12,946 | 4.40% |
| 2022 | 96,504 | 7,639,215 | 60,291 | 12,853 | 3.20% |
| 2023 | 101,737 | 8,565,804 | 64,524 | 13,131 | 4.00% |

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 2022 based on 2021 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 | 2023 | | | 2014 | | |
|--|--------------|------|---|--------------|------|---|
| | Employees | Rank | Percentage of Total County Employment (a) | Employees | Rank | Percentage of Total County Employment (a) |
| Flagler County Schools | 2,147 | 1 | 4.02% | 1,741 | 1 | 5.27% |
| Advent Health Palm Coast (previously Florida Hospital-Flagler) | 1,398 | 2 | 2.61% | 950 | 2 | 2.87% |
| ALSW LLC | 828 | 3 | 1.55% | - | - | - |
| Publix Supermarkets | 815 | 4 | 1.52% | 568 | 4 | 1.72% |
| City of Palm Coast | 574 | 5 | 1.07% | 394 | 8 | 1.19% |
| Hammock Beach Resort | 468 | 6 | 0.88% | 467 | 5 | 1.41% |
| Walmart | 437 | 7 | 0.82% | 463 | 6 | 1.40% |
| Flagler County Board | 493 | 8 | 0.92% | 280 | 9 | 0.85% |
| Boston Whaler (previously Sea Ray Boats) | 430 | 9 | 0.80% | 440 | 7 | 1.33% |
| Flagler County Sheriffs Office | 341 | 10 | 0.64% | 270 | 10 | 0.82% |
| Palm Coast Data | - | - | - | 721 | 3 | 2.18% |
| Total | 7,931 | | 14.83% | 6,294 | | 19.04% |

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 80% 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 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 (b) | 2021 | 2022 | 2023 |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government | | | | | | | | | | |
| City Administration | 15 | 15 | 15 | 15 | 17 | 19 | 16 | 16 | 16 | 20 |
| City Attorney | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| City Clerk | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 2 | 2 |
| Financial Services | 8 | 8 | 8 | 9 | 9 | 9 | 14 | 15 | 16 | 17 |
| Information Tech & Communications | | | | | | | | | | |
| Community Development | 42 | 42 | 40 | 40 | 41 | 41 | 39 | 43 | 44 | 44 |
| Building and Code Enforcement | - | - | - | - | - | - | - | - | - | - |
| Fire | 59 | 58 | 58 | 58 | 58 | 58 | 60 | 63 | 66 | 69 |
| Law Enforcement | - | - | - | - | - | - | - | - | - | - |
| Streets and Facilities | 65 | 68 | 67 | 70 | 75 | 77 | 57 | 56 | 51 | 53 |
| Engineering | 6 | 4 | - | - | - | - | - | - | - | - |
| Construction Management & Engineering | - | - | 16 | 19 | 20 | 11 | 9 | 6 | 7 | 8 |
| Recreation and Athletics | 20 | 20 | 21 | 21 | 21 | 19 | 29 | 32 | 35 | 37 |
| Water and Wastewater Utility (1) | 118 | 121 | 120 | 125 | 128 | 143 | 148 | 146 | 153 | 160 |
| Stormwater Management (2) | 30 | 32 | 27 | 27 | 27 | 37 | 48 | 48 | 53 | 59 |
| Solid Waste | - | - | - | - | - | - | - | - | - | 2 |
| Golf Course | - | - | - | - | 10 | 10 | 2 | 2 | 3 | 3 |
| Building Permits | 15 | 17 | 17 | 17 | 18 | 20 | 24 | 24 | 25 | 26 |
| Information Technology Operations | 11 | 11 | 11 | 11 | 13 | 14 | 15 | 16 | 19 | 21 |
| Information Technology Enterprise | - | - | - | - | - | 1 | 1 | 1 | 1 | 1 |
| Tennis Center | - | - | - | - | 4 | 4 | 1 | 1 | 1 | 2 |
| Aquatic Center | - | - | - | - | - | 8 | 2 | 2 | 2 | 2 |
| Fleet Management | 4 | 6 | 6 | 7 | 7 | 10 | 10 | 11 | 13 | 14 |
| Facilities Management | - | - | 4 | 2 | 2 | 4 | 4 | 5 | 12 | 12 |
| Total | 396 | 405 | 413 | 424 | 453 | 488 | 483 | 491 | 520 | 553 |

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 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| General Government | | | | | | | | | | |
| Building Permits Issued | | | | | | | | | | |
| Residential | 340 | 359 | 484 | 633 | 777 | 905 | 1148 | 2104 | 1859 | 1604 |
| Commercial | 370 | 531 | 114 | 84 | 66 | 108 | 20 | 16 | 17 | 26 |
| Other | 6,753 | 8,239 | 9,269 | 12,432 | 13,447 | 12,064 | 13,106 | 15,571 | 15,505 | 15,159 |
| Total | 7,463 | 9,129 | 9,867 | 13,149 | 14,290 | 13,077 | 14,274 | 17,691 | 17,381 | 16,789 |
| Building Inspections | 25,040 | 18,258 | 28,912 | 37,611 | 43,502 | 43,365 | 52,320 | 73,242 | 91,938 | 103,527 |
| Code Violations | | | | | | | | | | |
| Total Code Violations | 19,123 | 17,632 | 16,135 | 17,079 | 17,769 | 18,145 | 15,229 | 17,673 | 17,474 | 17,528 |
| Code Violations Cleared | 18,516 | 17,321 | 15,473 | 16,677 | 17,372 | 17,785 | 15,147 | 17,468 | 16,932 | 17,445 |
| Expenditures per Cleared Violation | \$118 | \$125 | \$129 | \$145 | \$143 | \$149 | \$176 | \$149 | \$165 | \$173 |
| Fire and Rescue | | | | | | | | | | |
| Total Fire Calls (6) | 149 | 185 | 166 | 154 | 129 | 144 | 133 | 155 | 268 | 156 |
| Total EMS Calls | 5,760 | 6,192 | 6,204 | 6,873 | 6,808 | 5,775 | 5,285 | 6,173 | 8,285 | 7,430 |
| % Responses under 5 Minutes (5) | 41% | 38% | - | - | - | 45% | 43% | 48% | 29% | 62% |
| % Responses under 7 Minutes (5) | - | - | 66% | 61% | 61% | 77% | 76% | 82% | 65% | 87% |
| Public Works | | | | | | | | | | |
| Refuse Collection (Annual Tons) | 27,077 | 28,481 | 32,058 | 32,981 | 35,732 | 35,169 | 44,972 | 45,767 | 49,055 | 53,095 |
| Recycle Collection (Annual Tons)(3) | 5,857 | 11,453 | 5,188 | 5,037 | 4,735 | 4,640 | 6,285 | 4,863 | 5,693 | 5,479 |
| Street Rehabilitation (Expenditures per capita) | \$70 | \$68 | \$69 | \$72 | \$40 | \$17 | \$43 | \$35 | \$36 | \$45 |
| Potholes Repaired | 61 | 39 | 38 | 40 | 174 | 229 | 136 | 187 | 156 | 264 |
| Parks and Recreation | | | | | | | | | | |
| Developed Park Acres/1000 population | 6.82 | 9.48 | 9.33 | 9.15 | 8.95 | 8.72 | 8.46 | 8.15 | 7.95 | 8.09 |
| Recreation Program Expenditures/1000 population(4) | \$16,989 | \$40,481 | \$40,762 | \$37,762 | \$37,682 | \$41,581 | \$36,756 | \$38,685 | \$41,764 | \$48,989 |
| Total Recreation Revenues/1000 population(4) | \$2,153 | \$20,554 | \$20,741 | \$19,061 | \$19,082 | \$21,224 | \$15,142 | \$21,379 | \$24,414 | \$22,489 |
| 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% | 5% | 4% |
| Hazardous Drainage Conditions Resolved - | | | | | | | | | | |
| 100% Repaired in 24 Hours | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Water (2) | | | | | | | | | | |
| New Connections | 163 | 525 | 618 | 715 | 932 | 950 | 1619 | 2319 | 2254 | 1846 |
| Peak Daily Water Demand (Million gallons per day) | 9.4 | 9.4 | 10.25 | 9.22 | 9.71 | 11.15 | 11.08 | 11.31 | 11.01 | 10.82 |
| Wastewater (2) | | | | | | | | | | |
| Peak Daily Wastewater Treated (Million gallons per day) | 6.83 | 6.83 | 6.83 | 7.14 | 13.5 | 10.14 | 12.51 | 10.8 | 17.07 | 13.94 |

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 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fire and Rescue | | | | | | | | | | |
| Stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Apparatus | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 14 | 14 | 14 |
| Public Works | | | | | | | | | | |
| Streets (miles) | 1,169 | 1,169 | 1,169 | 1,176 | 1,176 | 1,176 | 1,176 | 1,176 | 1,176 | 1,176 |
| Traffic Signals | 54 | 50 | 53 | 53 | 53 | 53 | 62 | 62 | 62 | 62 |
| Fleet Size | 241 | 215 | 220 | 231 | 235 | 248 | 256 | 276 | 279 | 287 |
| Parks and Recreation | | | | | | | | | | |
| Acreage (3) | 1,275 | 1,275 | 1,275 | 1,275 | 1,011 | 1,011 | 1,011 | 1,011 | 1,011 | 1,011 |
| Playgrounds | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Athletic Fields | 22 | 25 | 22 | 25 | 25 | 25 | 25 | 26 | 26 | 26 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Stormwater (1) | | | | | | | | | | |
| Swales (miles) | 1,200 | 1,222 | 1,222 | 1,222 | 1,222 | 1,222 | 1,222 | 1,222 | 1,222 | 1,222 |
| Drainage ditches (miles) | 154 | 154 | 172 | 172 | 177 | 177 | 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 | 716 | 721 | 721 | 733 | 733 | 750 | 750 | 750 | 800 |
| Fire Hydrants | 3,780 | 3,805 | 3,826 | 3,826 | 3,860 | 3,860 | 3,902 | 3,978 | 3,993 | 4,066 |
| Capacity (millions of gallons per day) | 15.38 | 15.38 | 15.38 | 15.38 | 16.58 | 16.58 | 16.58 | 16.58 | 16.58 | 16.58 |
| Wastewater (2) | | | | | | | | | | |
| Sewers (miles) | 622 | 623 | 633 | 633 | 635 | 635 | 640 | 646 | 650 | 800 |
| Treatment Capacity (millions of gallons per day) | 6.83 | 6.83 | 6.83 | 6.83 | 8.83 | 8.83 | 8.83 | 8.83 | 8.83 | 8.8 |

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) In fiscal year 2023, a GIS detailed mapping was performed and total acreage was adjusted from 2018 to 2023.



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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, 2023, and related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 23, 2024.

Report on 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 opinions 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.

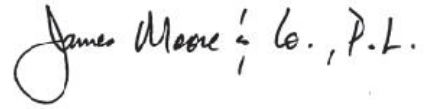
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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, prominent initial "J".

Daytona Beach, Florida
February 23, 2024

CITY OF PALM COAST, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| 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 | | | |
| Direct: | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 1505-0271 | \$ 307,925 |
| Passed through Flagler County: | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Interlocal Agreement | 101,746 |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Interlocal Agreement | <u>277,212</u> |
| Total U.S. Department of Treasury | | | <u>686,883</u> |
| Federal Highway Administration | | | |
| Passed through Florida Department of Transportation | | | |
| Highway Planning and Construction | 20.205 | FPN#436473-1-58-01 | <u>1,124,265</u> |
| Total Federal Highway Administration | | | <u>1,124,265</u> |
| Department of Housing and Urban Development | | | |
| Direct: | | | |
| CDBG - Entitlement Grants Cluster: | | | |
| Community Development Block (CDBG) Entitlement Grant Program | 14.218 | B-22-MC-12-0060 | 270,283 |
| COVID-19 - Community Development Block Grants Entitlement Grant Program | 14.218 | B-20-MW-12-0060 | <u>278,479</u> |
| Total CDBG - Entitlement Grants Cluster | | | 548,762 |
| Total Department of Housing and Urban Development | | | <u>548,762</u> |
| Department of Federal Emergency Management Agency | | | |
| Passed through State of Florida, Division of Emergency Management: | | | |
| Disaster Grants - Public Assistance - Hurricane Matthew Declaration | 97.036 | 17-PA-U5-04-28-01-080 | 89,237 |
| Disaster Grants - Public Assistance - Hurricane Ian Declaration | 97.036 | Z3032 | 203,364 |
| Disaster Grants - Public Assistance - Hurricane Nicole Declaration | 97.036 | Z3664 | <u>251,396</u> |
| Total Disaster Grants-Public Assistance (Presidentially Declared Disasters) | | | 543,997 |
| City of Palm Coast - Generator Project Lift Stations, H0242 | 97.039 | 4337-118-R | <u>18,987</u> |
| Total U.S. Department of Federal Emergency Management Agency | | | <u>562,984</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 2,922,894</u> |
| STATE AGENCY | | | |
| Florida Department of Environmental Protection | | | |
| Direct: | | | |
| SRF - Wastewater Treatment Facility Construction | 37.077 | WW180431 | <u>\$ 8,890,297</u> |
| Total Florida Department of Environmental Protection | | | <u>8,890,297</u> |
| Florida Department of Health | | | |
| Direct: | | | |
| Emergency Medical Services (EMS) Matching Awards - 8 ResQCPR Systems | 64.003 | M231801 | <u>17,387</u> |
| Total Florida Department of Transportation | | | <u>17,387</u> |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | | <u>\$ 8,907,684</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, 2023

(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, 2023.

(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.

**CITY OF PALM COAST, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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 auditors' 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:

| AL Number | Program Name |
|-----------|-----------------------------------|
| 20.205 | Highway Planning and Construction |

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 auditors' 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 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> |
|--------------------|--|
| 37.077 | SRF Wastewater Treatment Facility Construction |

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, 2023.

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, 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

Opinion on 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, 2023. 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.

In our opinion, City of Palm Coast, Florida complied, in all material respects, with the compliance 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, 2023.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Section 215.97, Florida Statutes, Florida Single Audit Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher

than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

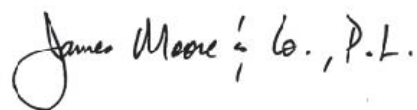
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 a combination of deficiencies, in internal control over compliance with a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 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 23, 2024





**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550,
RULES OF THE STATE OF FLORIDA OFFICE 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, 2023, and have issued our report thereon dated February 23, 2024.

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 23, 2024, 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 legal authority for the primary government and component units of the reporting entity is disclosed in Note 1 of the basic financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions 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 us to address in the management letter any recommendations to improve financial management. In connection with our audit, see the following 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

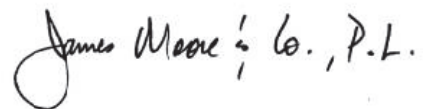
The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the State Road 100 Corridor Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to 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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Council, management, others within the City, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Daytona Beach, Florida
February 23, 2024

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

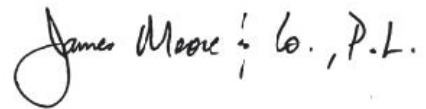
To the Honorable Mayor, City Council, and City Manager,
City of Palm Coast, Florida:

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, 2023. The City's 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 responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2023. 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.

We are required to be independent of City of Palm Coast, Florida, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.



Daytona Beach, Florida
February 23, 2024



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