

THE CITY OF PALM COAST FLORIDA



**POPULAR ANNUAL FINANCIAL REPORT
FISCAL YEAR 2014**

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Presented to

**City of Palm Coast
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

About this Document

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

Tell Me More!

Click on the page numbers in the "Document Highlights" section below to be taken directly to that page.

The PAFR summarizes and condenses the financial activities of the City of Palm Coast governmental and business-type activities and derives its information from the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2014 which ended September 30, 2014. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by the City's auditors. Unlike the CAFR, the PAFR is un-audited and presented on a non-GAAP basis. This means that it contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP for governmental entities. We invite you to review the City's audited CAFR which includes detailed information on the City's finances.

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

Document Highlights

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Requests for Additional Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City of Palm Coast's financial condition and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information you may contact Christopher M. Quinn, Finance Director at (386) 986-4745 or e-mail cquinn@palmcoastgov.com.

Elected Officials

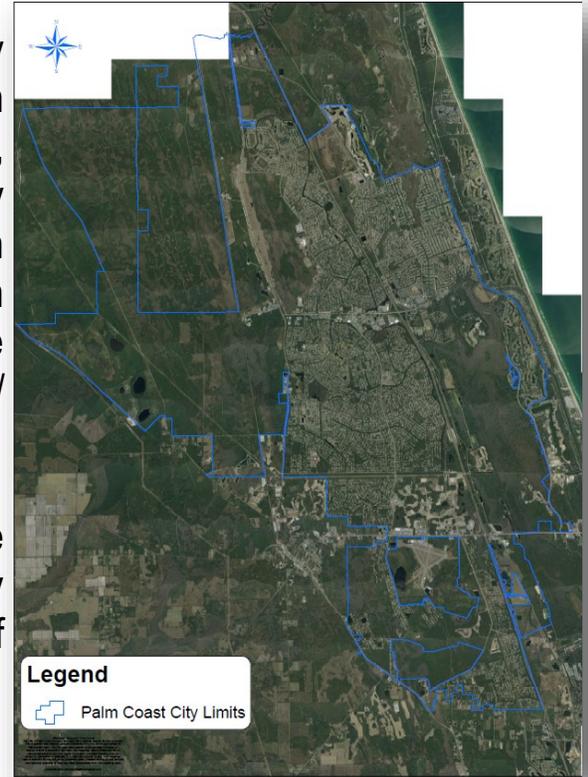
The Mayor and City Council members are elected at-large, for a term of four years. Council Members and the Mayor may serve no more than two consecutive four-year terms in the same seat.

Tell Me More!

Want to learn more about our elected officials? Click anywhere on this page to be taken to the City's website where you can learn more.

City Council meets in regular session on the first Tuesday of each month at 6:30 p.m. and the third Tuesday of each month at 9 a.m. at the Palm Coast Community Center, 305 Palm Coast Pkwy., NE. Live television coverage may be viewed on Palm Coast's Municipal Access Television station, Cable TV199. Meetings are also offered on demand on the City Council Agendas and Minutes page of the City website at <http://www.palmcoastgov.com/agendas>.

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



Mayor
Jon Netts



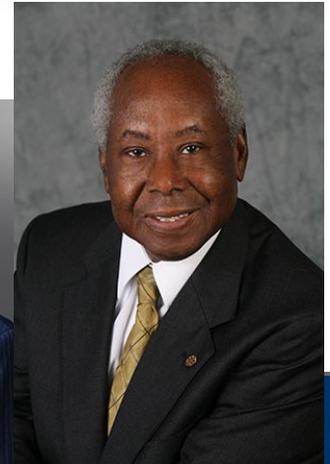
Council
Member / Vice
Mayor
Bill McGuire
District 1



Council
Member
David
Ferguson
District 2



Council
Member
Jason
Delorenzo
District 3



Council
Member
Bill Lewis
District 4

About the City

Tell Me More!

Want to learn more about our City? Click on this page to be taken to the City's website where you can learn more.

One of Florida's newest cities (incorporated 1999), Palm Coast is a Florida paradise – situated on 70 miles of saltwater and freshwater canals and the Intracoastal Waterway and just minutes from pristine Atlantic Ocean beaches. Vibrant lifestyle and the natural environment go hand-in-hand here. The City offers a dozen beautiful parks, 125+ miles of connecting trails and paths for walking/bicycling, abundant fishing and boating, a year-round Running Series, and world-class tennis and golf. Lined with historic oaks, towering pines and indigenous

vegetation, Palm Coast's parks and trails showcase the splendid elegance of the native Florida landscape. Bird-watching is popular at St. Joe Walkway and Linear Park, which are designated as Great Florida Birding & Wildlife Trails, and visitors can spot dolphins and sea-birds as they stroll along the Intracoastal at Waterfront Park. We invite you to Find Your Florida in Palm Coast!



| | |
|------------------------|-------------------|
| INITIAL INCORPORATION: | December 31, 1999 |
| FORM OF GOVERNMENT: | Council / Manager |
| CITY POPULATION: | 77,068 |
| AREA: Square Miles | 81 |

| | |
|------------------------------|----|
| LEISURE SERVICE FACILITIES: | |
| Community Centers | 1 |
| Swimming Pools | 1 |
| Baseball / Softball Fields | 8 |
| Basketball Courts | 5 |
| Bocce Ball Courts | 3 |
| Handball / Raquetball Courts | 6 |
| Shuffleboard Courts | 2 |
| Tennis Courts | 17 |
| Volleyball Courts (Sand) | 2 |
| Playgrounds | 8 |

| | |
|----------------|---|
| PUBLIC SAFETY: | |
| Fire Stations | 5 |

| | |
|-------------------------------|-----|
| FACILITIES: | |
| Miles of Paved Streets | 551 |
| Miles of Unpaved Streets | 0.5 |
| Miles of Sidewalks, and Paths | 91 |

| MAJOR PRIVATE SECTOR EMPLOYERS | |
|--|-----------|
| EMPLOYER | EMPLOYEES |
| Florida Hospital Flagler | 950 |
| Palm Coast Data | 721 |
| Publix Supermarkets | 690 |
| Sea Ray Boats | 525 |
| Hammock Beach Resort | 467 |
| Walmart | 461 |
| Numbers Provided by Career Source Verified with each company's Department of Personnel | |

Palm Coast City Council

Our Mission, Vision, and Values



Mission Statement

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

Vision Statement

To be recognized as one of Florida's premier cities in which to live, work and play.

Operating Values

Pride—passion in working together for a better tomorrow

Accountability—accept responsibility for our actions and decisions

Leadership—courage to shape our City today and into the future in a transparent manner

Motivated—seek continuous improvement in all services

Collaborative—dedicated to building partnerships that address community concerns and needs

Ownership—responsible for our actions and inactions

Achievement—seek excellence in all that we do

Stewardship—protectors of our natural environment

Trust—mindful of our responsibility, we pledge to use taxpayer resources (time, talent, money) efficiently

Palm Coast City Council Goals 2013-2014



Goal 1 Expansion

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

Goal 2 Economic

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

Goal 3 Finance

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

Goal 4 Environmental

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

Goal 5 Quality of Life

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

Goal 6 Workforce Talent

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

2014 Accomplishments

Under the direction of the City Council, the Strategic Action Plan (SAP) was developed to reaffirm the long-term vision of Palm Coast. Maintaining a long-term vision is crucial to ensuring that the City is recognized as one of Florida's premier cities to live, work and play. The Vision is implemented through six Long-term Goals and supporting Short-term Objectives and Strategies. To bridge a closer relationship between the Vision and Fiscal Year budgetary commitments, an additional tier of organization was established. Through Approaches (Annual projects), City staff tracks activities, budget, performance and overall accountability in the pursuit of the City's Vision. We welcome our citizens to view the 2013-2014 Fiscal Year SAP which is evaluated by City Council on an annual basis. The report is structured to focus on the progress of our efforts to implement the Vision on an annual basis. Each Goal has a focus element along with other areas of City operations that may be of interest to our citizens.

GOAL 1 - EXPANSION

The City has a significant number of transportation projects under construction, or design in the upcoming budget year, including Palm Coast Parkway Six-Laning and transportation projects in the Northeast Corridor. Through intergovernmental cooperation with Flagler County and the Florida Department of Transportation, the City was able to ensure that the necessary transportation projects to support the future I-95 Interchange at Matanzas Wood Parkway were planned, designed, and funded. These projects include the Palm Harbor Parkway Extension, Old Kings Road North Extension, and Old Kings Road Widening.

GOAL 2 - ECONOMIC

The City is now in the fourth year of implementing Prosperity 2021: Plan for Growing our Local Economy, which was integrated into the City's Strategic Action Plan. The City and its partners are making great strides and realizing many successes, such as an increased number of visitors due to additional sports tournaments and business relocations to Palm Coast. The improvement in the local economy is now visible, but there is still more work to be done. City staff will continue to focus on projects and programs within Prosperity 2021 to help our local economy.

Tell Me More!

The City's website provides a comprehensive look at the budget, financial reports, the Strategic Action Plan and more!

Annual Progress Report:

<http://www.palmcoastgov.com/progress-report>

Strategic Action Plan

<http://www.palmcoastgov.com/council/strategic-action-plan>

Prosperity 2021

<http://www.palmcoastgov.com/council/prosperity-2021>

Budget Reports:

<http://www.palmcoastgov.com/government/finance/budget>

Current Audit Report (CAFR):

<http://www.palmcoastgov.com/government/finance/audit-report>

The Palm Coast Business Assistance Center (BAC) was established in May 2011 to help our existing businesses grow through a unique partnership with the Florida Small Business Development Center at the University of Central Florida (FSBDC at UCF). Since its inception, the BAC has helped businesses maintain or create 174 jobs and invest approximately \$22.6 million in our local economy through capital investment, increased sales, and salaries. This year, City Council and the FSBDC at UCF affirmed its support of the BAC by renewing the grant contract.

The City, in partnership with our local sports clubs and the Flagler County Tourist Development Council, continues to attract sports tournaments and the associated visitor spending to our local economy. This is apparent with the estimated 13-percent increase in bed tax collections over the last year. This past fiscal year, the City completed two additional fields at Indian Trails Middle School to attract larger tournaments.

GOAL 3 - FINANCE

During the budget process, the City Council reduced the City millage rate slightly to 4.2450 from 4.2705, which will result in an additional \$800,000 of property taxes collected over the previous year due to rising property values. This allowed the City to maintain the same level of service to the citizens of Palm Coast and continue to invest in capital projects, while maintaining the third lowest millage rate for cities our size (population between 60,000-90,000) in Florida.

This past year, the City was able to improve its combined fund reserve balance (general fund and utility fund) to \$14.6 million and maintain compliance with the individual fund balance reserve requirements. The improvement of fund balance reserves, in addition to the \$2.2 million in the disaster reserve fund, will help to provide the City with financial stability and a fund reserve to use if unexpected emergencies arise in the future. Even though the City responded to a natural disaster this past year (Starlight Tornado), the City was able to use existing financial resources within department budgets to pay for those disaster expenses without tapping into the disaster reserve fund.

GOAL 4 - ENVIRONMENTAL

The City's commitment to environmental sustainability has been recognized by our designation as a Gold Level Green City by the Florida Green Building Coalition and numerous other awards and recognitions. In this upcoming fiscal year, City staff will look for even more opportunities to conserve natural resources and become more efficient with the resources currently in use.

During this past fiscal year, the City completed the majority of construction of the Zero Liquid Discharge (ZLD) project at Water Treatment Plant No. 2. The ZLD project will eliminate the need to discharge concentrate to water bodies, will increase plant efficiency, and make better use of our water resources. Overall, this project will have a positive impact on our environment.

This past year saw the first phase of the Long Creek Nature Preserve opening to the public. This included construction of a path and boardwalk to new canoe/kayak launches, installation of shoreline stabilization, construction of a fishing pier with floating dock for boat mooring, and an entrance to the site with a parking area. Located between neighborhoods that border natural corridors, the new nature preserve provides access to the City's saltwater canal system, and eventually facilitate access to the Pellicer Creek Aquatic Preserve and other regional attractions. Its natural beauty will be a living laboratory for environmental education programs.

GOAL 5 - QUALITY OF LIFE

City staff developed the Pedestrian/Bicycle Master Plan with the project priorities set by City Council over five years ago. City staff aggressively pursued grants to accomplish many of the projects, and the City now has approximately 125 miles of trails and bicycle paths/lanes for residents to enjoy. In the upcoming fiscal year, City staff will continue work on one of the few remaining sections with the assistance of Community Development Block Grant funding.

GOAL 6 - WORKFORCE TALENT

This past fiscal year, Palm Coast U was created, which is the new City Employee Training and Development Program. Through the Palm Coast U online portal, employees and supervisors will be able track employee training, sign up for City facilitated training courses, and participate in online training courses. In addition, this upcoming fiscal year, the Employee Academy will be fully implemented and specialized training will be offered in cooperation with Daytona State College. A pilot program called the Employee Academy was implemented and received positive feedback among employees. Palm Coast U and these efforts are all aimed at meeting the City Council goal focused on workforce talent.

Statement of Net Position

The following financial summary is based upon a condensed view of the City's assets, liabilities, and deferred inflows/outflows as of September 30, 2013 and 2014.

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$40,315,698 | \$35,916,770 | \$50,114,335 | \$47,927,664 | \$90,430,033 | \$83,844,434 |
| Capital assets | 308,783,964 | 300,817,336 | 227,197,757 | 222,670,169 | 535,981,721 | 523,487,505 |
| Total assets | 349,099,662 | 336,734,106 | 277,312,092 | 270,597,833 | 626,411,754 | 607,331,939 |
| Long-term liabilities | 12,501,730 | 7,108,298 | 175,344,190 | 179,407,480 | 187,845,920 | 186,515,778 |
| Other liabilities | 11,854,840 | 8,984,812 | 3,648,620 | 1,974,839 | 15,503,460 | 10,959,651 |
| Total liabilities | 24,356,570 | 16,093,110 | 178,992,810 | 181,382,319 | 203,349,380 | 197,475,429 |
| Total deferred inflows of resources | - | - | 747,861 | 815,274 | 747,861 | 815,274 |
| Net position: | | | | | | |
| Net investment in capital assets | 298,494,964 | 298,779,350 | 68,945,922 | 69,651,643 | 367,440,886 | 368,430,993 |
| Restricted | 1,130,224 | 1,184,424 | 11,786,243 | 6,755,775 | 12,916,467 | 7,940,199 |
| Unrestricted | 25,117,904 | 20,677,222 | 16,839,256 | 11,992,822 | 41,957,160 | 32,670,044 |
| Total net position | \$324,743,092 | \$320,640,996 | \$97,571,421 | \$88,400,240 | \$422,314,513 | \$409,041,236 |

Government-wide Overall Financial Analysis

The City of Palm Coast's net position was \$422,314,513 at the close of the most recent fiscal year. Of this, 9.9% or 41,957,160 falls in the unrestricted category. Unrestricted net position is the amount that can be used to provide services to residents.

Approximately 3.1% of net position represents resources that are subject to external restrictions and are not available to provide services to residents. By far, the largest portion of the City of Palm Coast's net position (87%) reflects its investment in capital assets less any outstanding related debt used to acquire those assets. Capital assets, which include an investment in land, buildings or roads, are not available for future spending. Resources needed to repay debt must be provided from future revenue sources.

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

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

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

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

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

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

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

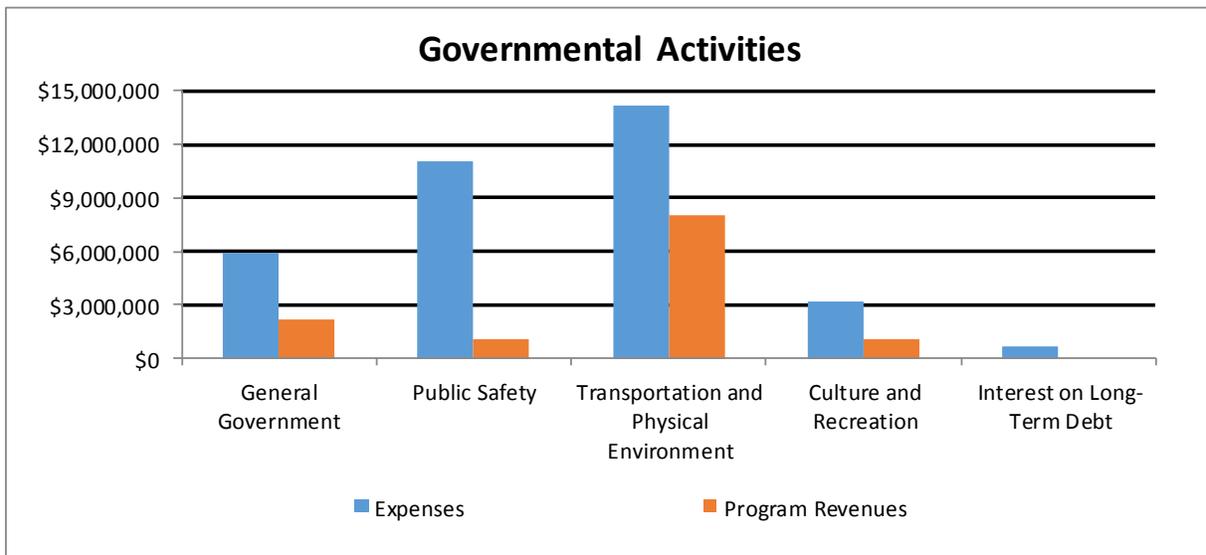
Unrestricted Net Position - These are resources that are accessible to the City to provide services to the residents if there were no additional revenues or resources available.

Statement of Activities

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year.

The Statement of Activities distinguish functions of the City of Palm Coast that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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



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

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

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

General Government - General services which include Human Resources, the City Clerk, Administration and Financial Services.

Public Safety - Provide citizens with Police and Fire services.

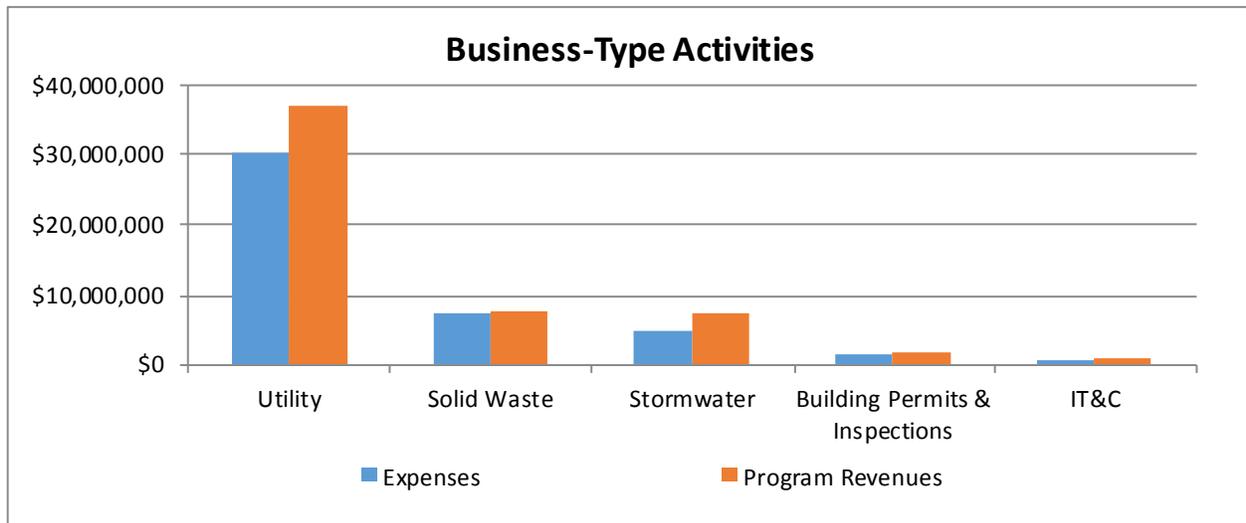
Transportation & Physical Environment - Includes street construction, resurfacing and maintenance.

Culture & Recreation - Includes recreational programs and maintenance to city parks.

Governmental activities increased the City of Palm Coast’s net position by \$4,102,096 during the current fiscal year. This is mostly due to revenues in excess of expenditures in the general fund, and accumulation of impact fees due to increased development in the community.

The business-type activities of the City of Palm Coast include a water and sewer utility, solid waste collection, stormwater management, building permits and inspections, information technology (IT), a tennis center, and a golf course.

Business-type activities increased the City of Palm Coast’s net position by \$9,171,181. The increase in net position was attributable to an approximately \$5.8 million increase in the utility fund, and an approximately \$2.5 million increase in the stormwater fund. The utility fund increase relates to a rate increase during the fiscal year. This was the second installment of a three year increase designed to improve reserves and allocate additional amounts for capital projects. Approximately \$3 million of the increase was due to increased impact fee collections due to development activities. The stormwater fund increase was primarily due to the continuing effect of an ordinance revision and of a rate increase during fiscal year 2013 to address the ongoing capital investment program.



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

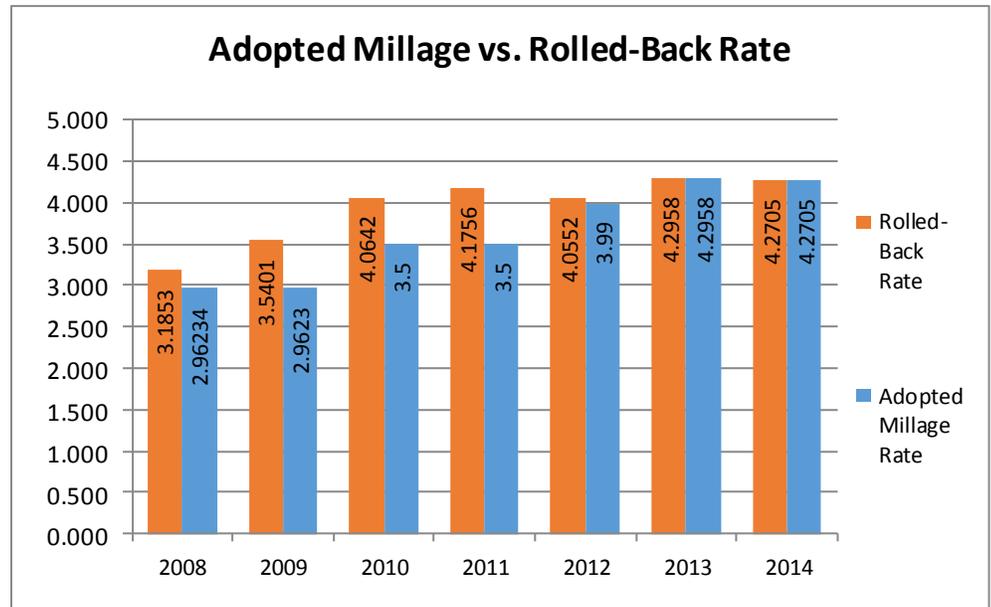
Capital Projects - Projects with long range returns and useful life spans. These projects are relatively expensive and have physical presence such as buildings or roads.

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

Revenues

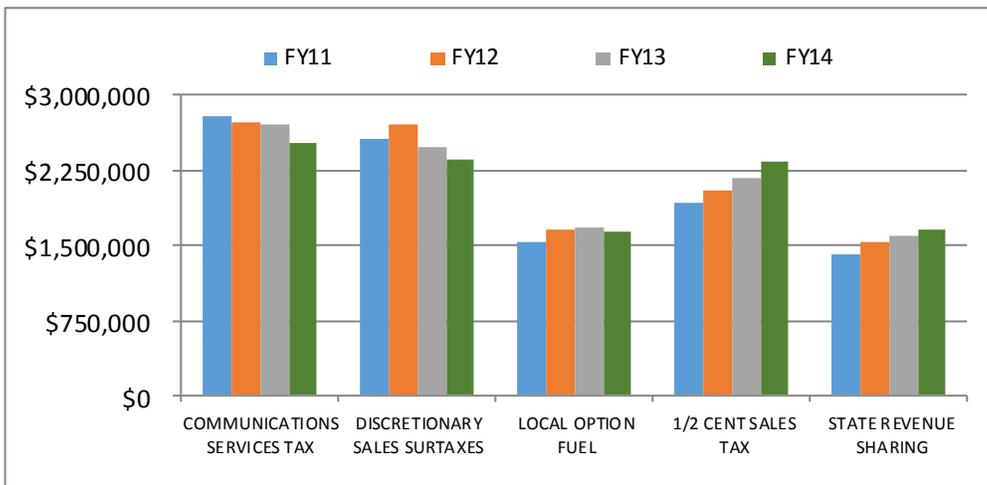
For fiscal year 2014 City Council adopted the rolled-back millage rate of 4.27050. Property taxes are approximately 11% of the total City revenue budget, however they remain the largest revenue source for the General Fund.

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



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

Revenue diversification in the General Fund provides opportunities to mitigate the effect of rising costs, service level enhancements, and infrastructure funding.



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

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

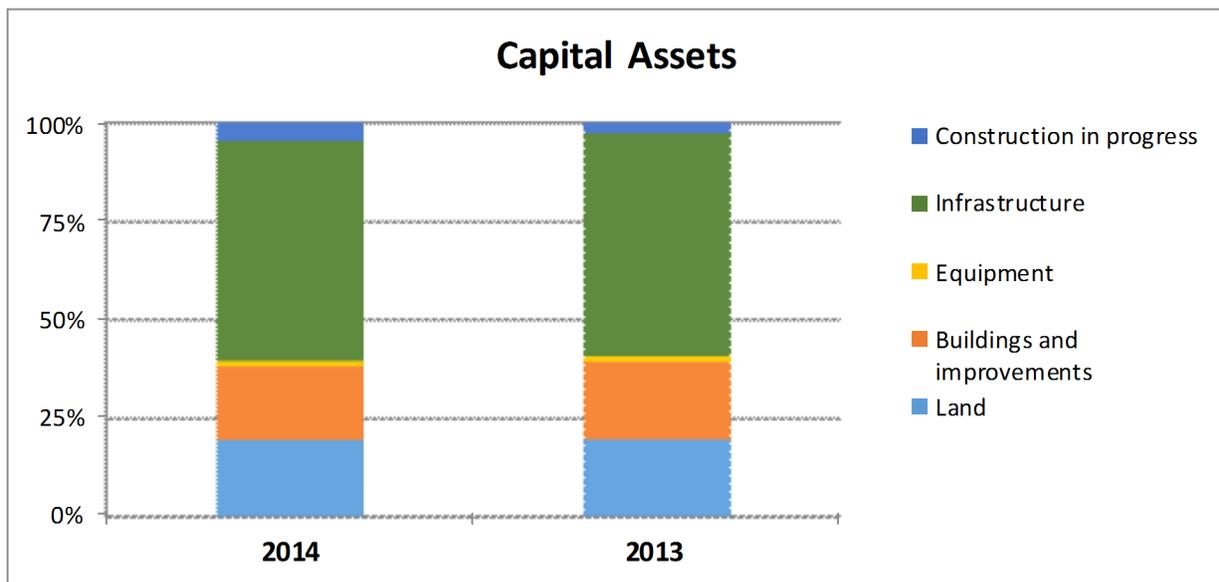
Half Cent Sales Tax - This program generates the largest amount of revenue for local governments among the state-shared revenue sources currently authorized by Legislature. It distributes a portion of the state 6% sales tax.

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

Capital Assets

The City of Palm Coast's investment in capital assets as of September 30, 2014, amounts to \$535,981,721 (net of accumulated depreciation). This investment increased \$12,494,216 for the current fiscal year. The overall increase is due to a major water treatment plant expansion, road expansions, bridge rehabilitation, and park expansions. Many of these projects remain in progress as of the end of the fiscal year.

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 88,504,573 | \$ 86,899,381 | \$ 16,143,511 | \$ 16,067,448 | \$104,648,084 | \$102,966,829 |
| Buildings and improvements | 33,041,671 | 32,297,136 | 66,984,044 | 70,772,090 | 100,025,715 | 103,069,226 |
| Infrastructure | 169,000,621 | 167,144,405 | 130,002,419 | 128,857,885 | 299,003,040 | 296,002,290 |
| Equipment | 7,239,904 | 7,062,922 | 393,243 | 453,048 | 7,633,147 | 7,515,970 |
| Construction in progress | 10,997,195 | 7,413,492 | 13,674,540 | 6,519,698 | 24,671,735 | 13,933,190 |
| Total | \$308,783,964 | \$300,817,336 | \$227,197,757 | \$222,670,169 | \$535,981,721 | \$523,487,505 |



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

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

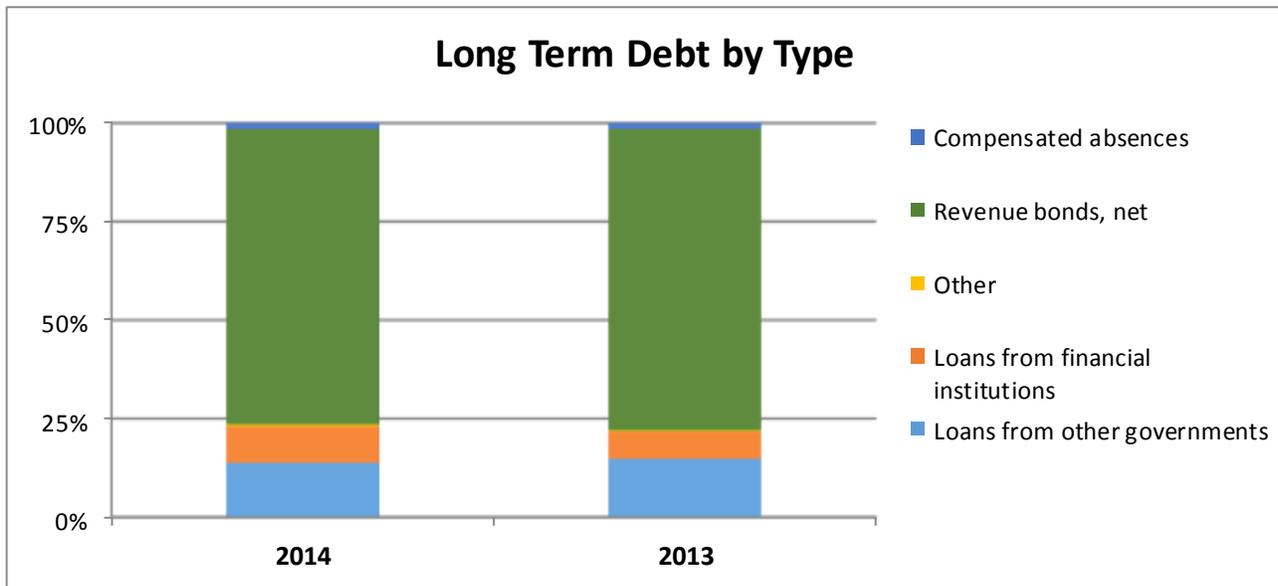
Depreciation - A measurement of the decline in value of an asset over a period of time.

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

City Debt

The City of Palm Coast owes \$140,782,845 in revenue bonds, net of premiums, used for the purchase and expansion of the utility system. There are State Revolving Fund loans and a bank loan totaling \$33,023,756 primarily for utility and stormwater improvements. The City also has a CRA revenue loan for redevelopment costs. The remainder of the long-term debt is made up of compensated absences, capital leases, and an unfunded net OPEB liability. The total long-term debt of the City is \$187,845,920.

| | Governmental Activities | | Business Type Activities | | Total | |
|-----------------------------------|-------------------------|---------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Loans from other governments | \$ - | \$ - | \$ 25,914,379 | \$ 27,577,755 | \$ 25,914,379 | \$ 27,577,755 |
| Loans from financial institutions | 10,289,000 | 5,055,000 | 7,109,377 | 7,842,311 | 17,398,377 | 12,897,311 |
| Revenue bonds, net | - | - | 140,782,845 | 142,624,496 | 140,782,845 | 142,624,496 |
| Capital leases | - | - | 67,794 | 18,459 | 67,794 | 18,459 |
| Net OPEB liability | 438,953 | 353,105 | 313,841 | 227,703 | 752,794 | 580,808 |
| Compensated absences | 1,773,777 | 1,700,193 | 1,155,954 | 1,116,756 | 2,929,731 | 2,816,949 |
| Total | \$ 12,501,730 | \$ 7,108,298 | \$ 175,344,190 | \$ 179,407,480 | \$ 187,845,920 | \$ 186,515,778 |



Capital Lease - A lease of business equipment which represents ownership and is treated as a purchase by the person leasing it and a loan by the person offering the lease. The lease is reflected as an asset.

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

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

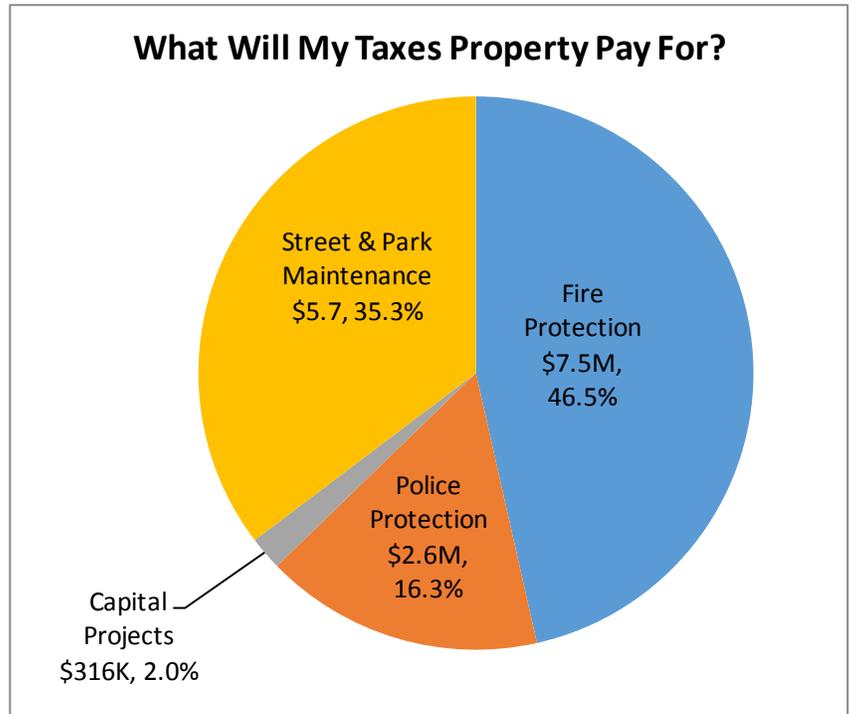
Long Term Debt - Debt that is due in one year or more.

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

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

Next Year's Budget and Rates

The City Council approved a millage rate of 4.2450 mills for fiscal year 2015. Of the total millage, 0.0841 mills will be dedicated to the storm-water fund for capital improvements. The balance of 4.1609 mills is assigned to the general fund. Market values of properties have increased for the second time in the last seven years. The increase in taxable value was approximately 5.48%. New construction added approximately 1% to the taxable value; therefore the City had a net 4.48% increase in taxable property value for the year. Property taxes are the largest revenue source



for the General Fund and support services like public safety, streets and parks maintenance.

The water and sewer rates increased for fiscal year 2014 as a result of a rate study performed as part of the 2003 bond refinancing. The water and sewer rates increased by an average of 4% for all customers effective October 1, 2013. An additional increase of 4% will take place in fiscal year 2015. These rate increases are necessary to cover anticipated increases in operating costs and capital replacement needs. As a result of these actions, the City's bond rating increased to A+ from both Fitch and Standard & Poor's.

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 2015. One exception to this policy is recreation impact fees. These fees are based on a study of expected recreation enhancements and population growth as outlined in the park master plan for the City as of fiscal year 2014. These fees will remain static until this plan is updated in the future.

Due to the recent recession, the City significantly reduced the capital infrastructure investment program. The fiscal year 2015 budget includes over \$53 million invested in new and replacement infrastructure City-wide. This investment includes roadway expansions, refurbished recreational facilities, a new administration building, bridge rehabilitation, storm-water control structure replacements, and utility infrastructure expansion and replacements.

Financial Glossary

Accounts Payable

Amounts due to vendors for products or services delivered but not paid for as of the end of a reporting period.

Accrued Payroll

Amount due to employees for time worked but not paid for as of the end of a reporting period.

Accrued Interest Payable

Interest due on debt that has been incurred but not paid as of the end of a reporting period.

Ad Valorem Property Tax (Property Tax)

Taxes assessed on a portion of a property's value.

Asset

Property owned by the City, which has monetary value.

Audited Financial Statements

Financial statements that bear the report of independent auditors attesting to the financial statements fairness and compliance with generally accepted accounting principles (GAAP).

Bond Proceeds

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

Capital Assets

The City's long-term investments in land, buildings, equipment, improvements, infrastructure, and construction in progress. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Capital Lease

A lease of business equipment which represents ownership and is treated as a purchase by the person leasing it and a loan by the person offering the lease. The lease is reflected as an asset.

Communications Services Tax

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

Compensated Absences

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

Construction in Progress

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

CRA

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

Culture & Recreation

Includes recreational programs and maintenance to city parks.

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

Deferred Inflows

Acquisition of net assets that are applicable to future reporting.

Financial Glossary

Deferred Outflows

Consumption of net assets that are applicable to a future reporting period.

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

Infrastructure

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

Long Term Debt

Debt that is due in one year or more.

Long-Term Liabilities

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

Millage Rate

A rate established per \$1,000 of assessed taxable value for property tax purposes.

Old Kings Road Special Assessment

Special tax assessment for Old Kings Road property owners from SR100 to Palm Coast Parkway in order to expand Old Kings Road from two lanes to four.

OPEB

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

Program Revenues

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

Public Safety

Provide citizens with Police and Fire services.

Restricted Net Position

Resources whose use is subject to externally imposed restrictions. The City has resources set aside for debt service, capital projects, and specific projects and programs established by the City Council.

Revenue Bond

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

Statement of Activities

This financial statement reports the revenues and expenses and the changes in the amounts of each of the classes of net assets during a specific period.

Statement of Net Position

This financial statement reports the assets, liabilities and deferred inflows/outflows. It is similar to a balance sheet.

Transportation & Physical Environment

Includes street resurfacing, construction and maintenance.

Unrestricted Net Position

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