

REVENUE EXPLANATIONS

ADVALOREM TAXES: The property tax is based on the value of real and personal property. Each year the county property appraiser determines the total assessed value of each parcel of property in Palm Coast. After subtracting all lawful exemptions, the remaining value is the taxable value. Advalorem property taxes are based on the taxable value. The property tax is calculated by multiplying the taxable value by .001 and then multiplying this number by the rate of taxation, or the millage rate.

SALES, USE, AND FUEL TAXES: These are local option taxes, including gas tax and the Local Government Infrastructure Surtax. The proceeds are distributed based on a State mandated formula or an interlocal agreement between the cities and the county.

TELECOMMUNICATION SERVICE TAX: This is a new tax that will be collected and distributed by the State. It replaces the franchise tax and utility tax that were charged for telephone and cable television services.

LICENSES AND PERMITS: According to Section 205.042, Florida Statutes, a municipality may levy an occupational license tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction. This revenue also includes building permits and animal licenses.

INTERGOVERNMENTAL REVENUE: These revenues are collected by one government and shared with other governmental units. This includes state sales tax, revenue sharing, grants, and various other state taxes and licenses.

CHARGES FOR SERVICES: These are also called "user fees." They are defined as "voluntary payments based on direct, measurable consumption of publicly provided goods and services." User fees are derived from charges for solid waste collection, recreation and athletic activities, and various other City services.

FINES & FORFEITURES: This revenue comes from code enforcement fines and settlement of criminal cases taken to court. It includes a portion of monetary penalties and recovery of court costs incurred by the City.

INTEREST REVENUE: Revenue derived from the investment of cash receipts and idle funds are an important source of revenue. The City of Palm Coast recognizes the importance of establishing effective cash management and restructuring their government operations to accelerate revenues, promote aggressive collections, and maximize cash flow.

MISCELLANEOUS REVENUES: These are revenues that do not fit into one of the other revenue categories.

NON REVENUES: These are Internal Service Fund revenues that are derived from other City funds where they are shown as operating expenditures. They include fleet leases and vehicle maintenance.

TRANSFERS FROM OTHER FUNDS: Transfers are made from one fund to another for various reasons. Some transfers are simply contributions and some are based on services provided by another fund. Still others are based on need, such as transfers to a capital fund.

OTHER FINANCING SOURCES: This is most often an appropriation of previous surplus.

REVENUE FORECAST METHODOLOGY

The purpose of detailing forecast methodologies for revenues is to determine the validity of the forecast over time and to utilize the information in making future forecasts. The following are assumptions concerning revenues, covering all funds.

<u>Revenue Source</u>	<u>Forecast Methodology</u>
Advalorem Taxes	Approved millage multiplied by tax roll, less 4.31% for assumed non-collection and/or discounts taken for early payment.
Sales, Use, and Fuel Taxes	State's forecast (based on city and county population and lane miles), adjusted for historical trend analysis.
Telecommunication Service Tax	State's forecast adjusted for historical trend analysis.
Licenses & Permits	Historical trend analysis.
State Revenue Sharing	State's forecast (based on city and state population), adjusted for historical trend analysis.
Half-Cent Sales Tax	State forecast (based on city population), adjusted for historical trend analysis.
Grants	Amount on application approved by granting agency.
Other Intergovernmental Revenue	Historical trend analysis.
Solid Waste Fees	Historical trend analysis.
Other Charges for Services	Historical trend analysis.
Fines & Forfeitures	Historical trend analysis.
Interest Revenue	Historical trend analysis.
Miscellaneous Revenues	Historical trend analysis.
Non Revenues	Amounts billed to departments for usage.
Transfers from Other Funds	Capital needs and allocation of common costs.

MAJOR REVENUE TRENDS

With just two full years of City operations, no long-term revenue trends have been established. Being in one of the top ten highest growth areas in the nation, overall revenue increases should continue for at least the next several years. There are 6 major revenue sources that account for almost 70 percent of the City's estimated revenues for fiscal year 2003. These are listed and shown graphically on the following page. The following is a more detailed analysis of the trends for these 6 major revenue sources.

ADVALOREM TAXES: There has been an average increase in property values of over 11% for the past two years. The increases have been a combination of property value increases, new construction, and annexations. Population has been increasing at about 8%. Future increases of 8% to 10% are expected.

FUEL TAXES: This revenue source increased about 20% from FY2001 to FY2002. This will only be the third year of receipts by the City. A 6% to 8% annual increase is expected for future years.

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX: FY2003 will be the first year that the new half-cent surtax will be collected. No trends have been established, but it should closely parallel the growth of the half-cent sales tax.

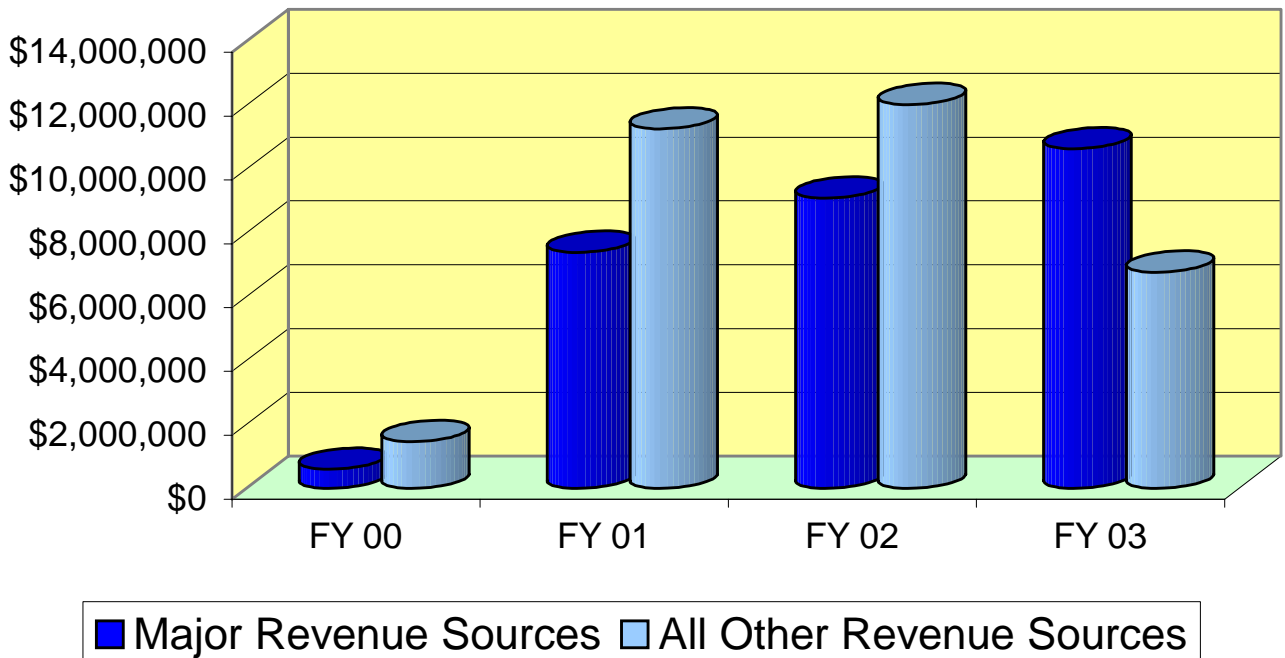
TELECOMMUNICATION SERVICE TAX: FY2002 was the first year that this revenue source has been received. Collections have been erratic during the year and as a result the expectations for FY2003 have been lowered. When this revenue becomes more stable we should see an increase of about 7% per year.

BUILDING PERMITS: With the phenomenal growth of the area, we have seen large increases in permit revenue. The growth rate should level off which will result in a flat growth trend for permits. Eventually, we expect this revenue source to begin to decline.

HALF-CENT SALES TAX: This revenue source has grown at about a 3% rate over the past 3 years. It is affected by the economy and distributed based on population. As the economy picks up, the revenue from this source should increase at a 5% to 6% rate.

MAJOR REVENUE SOURCES

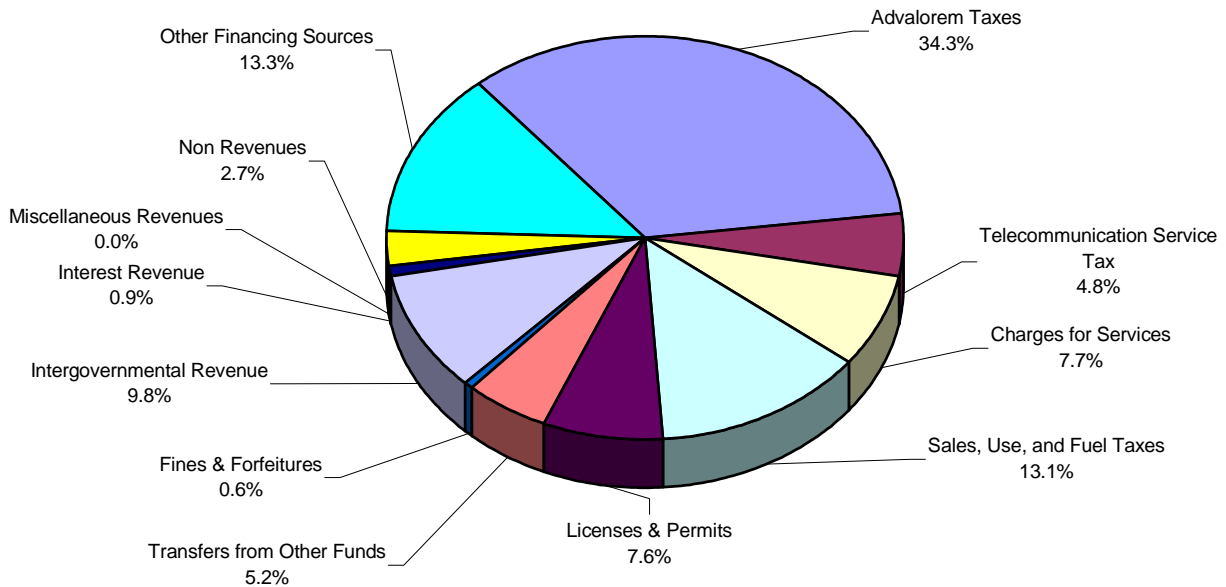
SOURCE	Actual FY 00	Actual FY 01	Revised FY 02	Budgeted FY 03
Advalorem Taxes	\$ -	\$4,882,939	\$5,902,156	\$6,453,500
Fuel Taxes	-	846,867	940,000	1,000,000
Local Infrastructure Surtax	-	-	-	1,462,800
Telecommunication Service Tax	-	-	1,000,000	900,000
Building Permits	-	983,890	1,245,000	1,167,500
Half-Cent Sales Tax	600,983	681,619	1,007,523	1,120,700
All Other Sources	1,463,447	12,081,968	12,626,861	6,802,189
TOTAL	2,064,430	19,477,283	22,721,540	18,906,689
Less: Interfund Transfers	-	816,144	1,600,325	1,490,589
TOTAL NET REVENUE	\$ 2,064,430	\$ 18,661,139	\$ 21,121,215	\$ 17,416,100



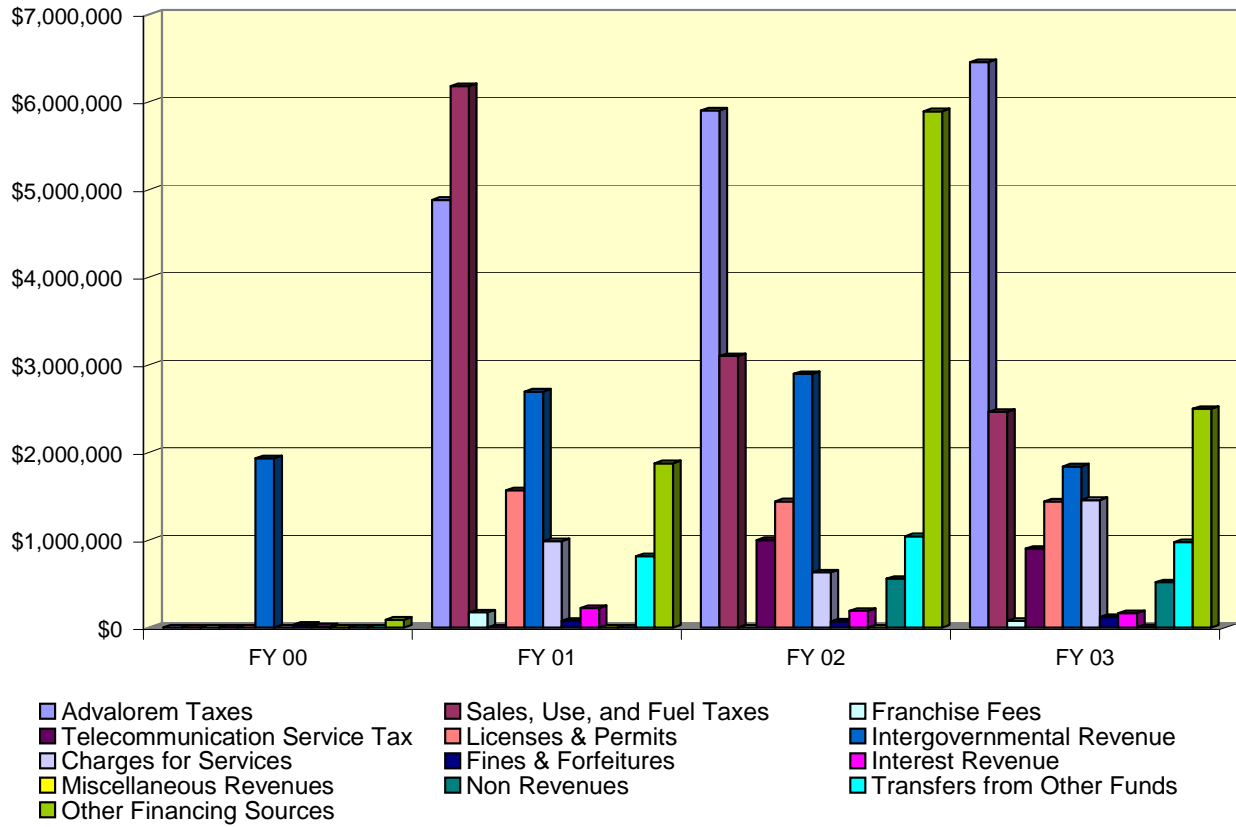
REVENUES BY SOURCE

SOURCE	Actual FY 00	Actual FY 01	Revised FY 02	Budgeted FY 03
Advalorem Taxes	\$ -	\$ 4,882,939	\$ 5,902,156	\$ 6,453,500
Sales, Use, and Fuel Taxes	-	6,179,310	3,100,000	2,462,800
Franchise Fees	-	174,310	-	78,000
Telecommunication Service Tax	-	-	1,000,000	900,000
Licenses & Permits	-	1,566,110	1,440,900	1,439,600
Intergovernmental Revenue	1,932,326	2,694,492	2,895,108	1,840,000
Charges for Services	-	987,529	629,650	1,456,000
Fines & Forfeitures	30,330	76,606	69,898	119,200
Interest Revenue	13,096	224,085	190,000	164,900
Miscellaneous Revenues	75	-	800	4,900
Non Revenues	-	-	557,140	516,259
Transfers from Other Funds	-	816,144	1,043,185	974,330
Other Financing Sources	88,603	1,875,758	5,892,703	2,497,200
TOTAL	2,064,430	19,477,283	22,721,540	18,906,689
Less: Interfund Transfers	-	816,144	1,600,325	1,490,589
NET TOTAL REVENUE	\$ 2,064,430	\$ 18,661,139	\$ 21,121,215	\$ 17,416,100

FISCAL YEAR 2003



REVENUES BY SOURCE



PROPERTY INFORMATION

PROPERTY VALUES, MILLAGE RATES, AND AD VALOREM RECEIPTS FISCAL YEAR 2001 THROUGH FISCAL YEAR 2003

Fiscal Year	Assessed Valuations (1)	Change from Previous Year	% Change	Millage Levy	Change from Previous Year	% Change	Ad Valorem Tax Revenues	Change from Previous Year	% Change
2003	\$ 1,983,740,628	\$ 210,361,763	11.86%	3.40000	-0.10000	-2.86%	\$ 6,453,500	\$ 551,344	9.34%
2002	1,773,378,865	179,164,662	11.24%	3.50000	0.35000	11.11%	5,902,156	1,019,217	20.87%
2001	1,594,214,203	N/A	N/A	3.15000	N/A	N/A	4,882,939	N/A	N/A

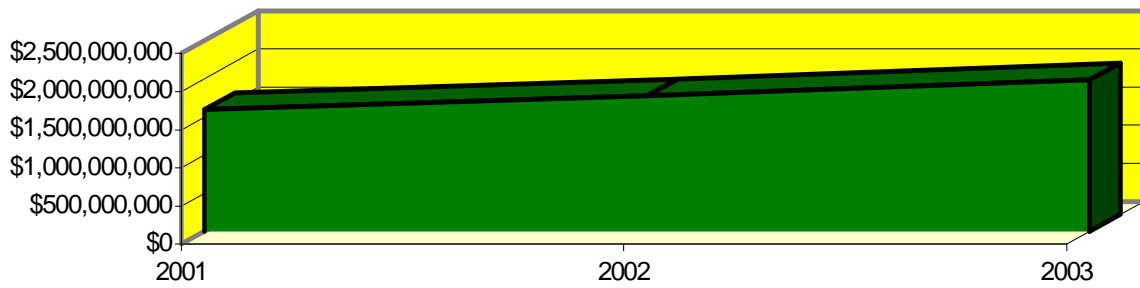
(1) From DR420 - Certificate of Taxable Value

TAX ROLL RECAPITULATION JULY 1, 2002

Class of Property	Number of Parcels	Just Value	Taxable Value
Residential Vacant Land	32,273	\$ 284,282,930	\$ 284,110,976
Residential Single Family	16,099	1,651,404,949	1,236,755,543
Residential Mobile Homes	23	648,336	389,375
Residential Other	1,293	114,918,103	103,757,700
Commercial Vacant Land	213	36,897,196	36,842,712
Commercial Other	210	157,965,581	157,531,673
Industrial Vacant Land	13	1,427,455	1,427,455
Industrial Other	35	24,968,383	24,968,383
Agriculture	34	5,798,060	3,387,318
Institutional	26	39,438,049	3,327,495
Government	106	100,525,175	36,800
Other Real Property	656	32,114,603	29,470,900
Personal Property	-	164,878,474	132,658,884
Amendment 10 (Save Our Homes)	-	(92,574,202)	-
\$25,000 Homestead Exemption	-	(321,753,386)	-
Widow's and Widower's Exemption	-	(741,400)	-
Disability Exemptions	-	(10,933,872)	-
Governmental Exemptions	-	(133,812,092)	-
Institutional Exemptions	-	(38,376,386)	-
Agricultural Exemptions	-	(2,410,742)	-
Senior Homestead Exemption	-	(30,924,586)	(30,924,586)
TOTAL	50,981	\$ 1,983,740,628	\$ 1,983,740,628

PROPERTY VALUE AND MILLAGE RATES

ASSESSED VALUE



MILLAGE RATES

