

EXECUTIVE SUMMARY

DOCUMENT FORMAT

For easy use, this budget has been divided into separate functional areas for review as follows:

Introduction: This section contains the table of contents, the transmittal letter, a table of organization, and the GFOA budget award.

Executive Summary: This section provides summaries of the budget on a city-wide basis including revenues, expenditures, and personnel. It also contains the City's goals and objectives and other information.

Budget Detail: This section contains data on individual funds and additional detail is provided by department.

Capital Improvement Program: This section provides summaries of the City's Capital Improvement Program, the effect of the Program on each fund and a detail page for each capital project in the program.

Miscellaneous: This section contains a glossary of terms and miscellaneous information about the City.

PALM COAST VISION 2023

VISION

Palm Coast is a safe community with a hometown feeling that respects and protects the natural environment.

Town Center is a vibrant downtown.

Diverse businesses are the foundation for our strong local economy.

Our residents enjoy convenient mobility and an abundance of leisure choices.

Palm Coast is a great place to live.

LONG TERM GOALS - 2013

Develop Long-Term Sustainable Water Supply

Provide Quality Services, Maintaining the City's Financial Soundness

Expand the Local Economy

Manage Growth for Quality, Sustainable Community

Maintain a Safe Community

Promote Town Center as Our Downtown

SHORT TERM GOALS – 2009

TOP PRIORITY

- 1. Preliminary Location and Engineering for Regional Water Supply (Coquina Coast) Organization/Desalination Plant**
- 2. Development of Community Public Transit System**
- 3. New Land Development Code**
- 4. Fire Station 22: Site and Funding (Including Future Fire Station Analysis with Response Time Circles)**
- 5. Update CRA Master Plan**
- 6. Contract Agreement with Next Sheriff**

HIGH PRIORITY

- 1. Study and Direction for Regional Service with Other Local Governments**
- 2. Economic Incentive Policy and Ordinances**
- 3. Pre-permitting for Commercial Properties**
- 4. Development of Rayonier Property Plan**
- 5. Completion of Joint Planning Agreement**
- 6. Coordination of Emergency Communication System Strategy with Sheriff and County**
- 7. Design and Programming for New Community Center**
- 8. Direction for Arts and Entertainment Center**

FINANCIAL POLICIES

The City Council has taken a conservative approach to the finances of the City while providing for the protection of the health, safety, and welfare of the citizens of Palm Coast through a full range of efficient and effective municipal services. Within the City Council's overall vision for the City, two primary financial policies have been established. The first is to ensure the long term financial viability of the City and the second is to diversify and strengthen the City's economy.

Financial Planning

The City will adopt a balanced budget as required by Florida Statute, Chapter 166. The budget is balanced when the amount available from taxation and other sources, including amounts carried over from prior fiscal years, equals the total appropriations for expenditures and reserves.

Revenue

User fees and charges will be sufficient to cover the cost of providing the service for which the fee is charged. Recreation and park fees are not intended to cover the full cost of services. These services will be supplemented so that all citizens have the opportunity to utilize these activities and resources regardless of economic condition.

The City will use one-time revenues for non-recurring expenditures. One-time revenues would include grants, prior year surplus, or other revenues that are not likely to occur in future years. Non-recurring expenditures would include special programs or capital purchases that would not require the same expenditure in future years.

Expenditure

The City will issue debt only for capital expenditures. The term of the debt will not be for a period longer than the expected life of the asset. Debt for a period longer than three years or more than \$15 million may not be issued without voter consent unless the debt is funded.

The City will maintain reserves of at least fifteen percent in its four operating funds.

The City Council will receive a monthly comparison of actual expenditures to budget. The City Manager will recommend any adjustments to the budget that may be required during the year.

BUDGET PROCESS

Methodology

The preparation and adoption of the Annual Budget is one of the most important actions carried out by the City Council, citizens and staff of Palm Coast. To achieve the best results in the planning and delivery of community services, key financial decisions must be made. The budget process provides a forum to accumulate financial and performance information concerning local services into a common format; analyze and debate the merits of each service; and make decisions about the level and cost of service which will be provided. The budget is designed to provide the citizens of Palm Coast with the full complement of municipal services. This budget aims at providing the highest quality municipal service to the community in an efficient and effective manner.

Review

Early in the budget process, each department outlines functions and goals to accomplish in the coming fiscal year. They then prepare a detailed estimate of monies and personnel required to provide these services. These requests are reviewed by the City Manager and the Finance Director. Upon completion of this review and matching with the projected revenues available, the budget is compiled by the Finance Department. During the month of July of each year, the City Manager submits the proposed budget to the City Council. The City Council reviews the proposed budget and conducts public workshops to obtain preliminary direction as to the probable approval levels of the budget.

Adoption

During the month of September, in accordance with the timing specified in State Law (F.S. 200.065), two public hearings are held. The time of the first hearing is advertised on the "Notice of Proposed Property Taxes" sent to property owners and by the usual procedure for advertising a public hearing. The first meeting is to tentatively adopt the budget and millage rate. For the second hearing, in addition to normal advertising procedure, a general summary of the proposed budget is advertised in the newspaper along with a date for the statutory public hearing to adopt the budget and millage rate. The City's fiscal year is October 1 through September 30.

Public Participation

The public is invited and encouraged to attend and participate in all work sessions and public hearings.

Budgetary Basis

Governmental funds are budgeted using the modified accrual basis of accounting. Revenues are recognized when they become available and measurable. An example would be sales tax or state revenue sharing that is measurable but may not be received until after the end of the fiscal year. Expenditures are recognized when the liability has occurred and is measurable. This would be charges for work that has been completed and invoiced but not paid at year-end. Estimated expenditures for capital outlay and debt service payments are budgeted in all funds; however, the actual expenditure for capital and principal on debt is applied to balance sheet accounts and is not expensed in the proprietary funds. Depreciation is not budgeted in any fund but is recorded in proprietary funds. Revenue in the proprietary funds is recognized when due and expenses when they are incurred.

BUDGET CALENDAR

March 7, 2008	Budget process initiated by Finance.
March 31	Departments submit additional program, personnel, fleet requests to Finance for FY 2009.
March 31	Departments submit technology requests to Information Technology & Communications for FY 2009.
April 4	MUNIS budget system opened for Department line-item entries.
April 11	FY 2009 Revenue Estimates prepared by Finance.
April 21	Capital Improvement Program project requests submitted to Finance. (MUST BE IN CONFORMANCE WITH COMP PLAN)
May 5	MUNIS budget system closed for Department line-item entries. Note: Personal services/internal transfers will be projected by Finance.
May 19 - 23	Finance reviews budget requests and Capital Improvement Program (CIP) with department heads. (COPY OF CIP SENT TO COMMUNITY DEVELOPMENT FOR COMP PLAN REVIEW)
June 2	Finance submits the preliminary budget to the City Manager and department heads.
June 9 - 20	City Manager meets with department heads to discuss departmental needs and requests, including the Capital Improvement Program.
July 29	Budget workshop and establish proposed Millage Rate (TRIM Rate). (MUST BE DONE PRIOR TO AUGUST 4).
August 1 – 31	City Council Budget Workshops as needed.
August 18	Property Appraiser distributes "Trim Notices" with date and time of first Public Hearing on Millage Rate.
September 9	Public Hearing to tentatively adopt Millage Rate and Budget. (FINAL ADOPTION MUST BE ADVERTISED WITHIN 15 DAYS).
September 20	Place meeting notice and budget summary advertisements. (PUBLIC HEARING MUST BE NO LESS THAN 2 DAYS OR MORE THAN 5 DAYS AFTER ADVERTISEMENT OR MORE THAN 20 DAYS AFTER FIRST HEARING).

BUDGET CALENDAR

September 23	Public Hearing to adopt final Millage Rate Resolution and Budget Resolution.
September 26	Forward a copy of the Millage Rate Resolution to the Property Appraiser and the Tax Collector.
October 23 Last Day	Certificate of Conformance sent to State. (MUST BE DONE WITHIN 30 DAYS OF FINAL ADOPTION).

BUDGET AMENDMENT PROCESS

Supplemental Appropriation Amendments After Adoption

If, during the fiscal year, the City Manager certifies that there are available for appropriation, revenues in excess of those estimated in the budget, the City Council by resolution may make supplemental appropriations for the year up to the amount of such excess.

Emergency Appropriations

To meet a public emergency affecting, life, health, property, or the public peace, the City Council may make emergency appropriations. Such appropriations may be made by emergency ordinance to the extent that there are no available unappropriated revenues to meet such appropriations.

Reduction Of Appropriations

If, at any time during the fiscal year, it appears probable to the City Manager that the revenues available will be insufficient to meet the amount appropriated, he shall report to the City Council without delay, indicating the estimated amount of the deficit, any remedial action taken by him, and his recommendations as to any other steps to be taken. The City Council shall then take such further action as it deems necessary to prevent or minimize any deficit and for that purpose it may by resolution reduce one or more appropriations.

Transfer Of Appropriations

At any time during the fiscal year the City Manager or his designee may transfer part or all of any unencumbered appropriations balance among programs within a department. The City Council may by resolution transfer part or all of any unencumbered appropriation balance from one department to another.

Limitations: Effective Date

No appropriation may be reduced below that amount required by law to be appropriated, if any. No appropriation may be reduced below the amount of the encumbered balance. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized may be made effective immediately upon adoption.

Lapse Of An Appropriation

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned.

FUND DESCRIPTION

The City of Palm Coast utilizes a fund structure as outlined in the accounting regulations that govern units of local government. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are divided into various types according to the legal restrictions imposed upon them or by their uses. Following is the fund structure contained in the fiscal year 2009 budget for the City of Palm Coast:

I. Governmental Funds

Accounted for on a “spending” or “financial flow” measurement focus. Accordingly, the budgeted fund balances provide an indicator of available, spendable, or appropriate resources.

A. General Fund

The general fund of a government unit serves as the primary reporting vehicle for current government operations. The general fund is used to account for all current financial resources, with the exception of those required to be accounted for in another fund.

B. Special Revenue Funds

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. These include Police Education Fund, Police Automation Fund, Parks Impact Fee Fund, Development Special Projects Fund, and various capital project funds.

II. Proprietary Funds

Proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. Accordingly, all assets and liabilities are included on their balance sheets and the reported fund equity provides an indication of the economic net worth of the fund. Operating statements for proprietary fund types report increases and decreases in total economic net worth.

A. Enterprise Funds

The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises. The Utility Fund and the Utility Capital Projects Fund were established in conjunction with the utility purchase. The budget also includes the Solid Waste Fund, the Stormwater Management Fund and the Tennis Center Fund. The Golf Course Fund was added during fiscal year 2008.

B. Internal Service Funds

The internal service funds account for financing goods or services provided by one department to other City departments or to other governments on a cost-reimbursement basis. The internal service fund in this budget is the Fleet Management Fund.

FUND BALANCES

Fund balances/retained earnings referred to on the following page of this document do not necessarily represent cash and investment balances in the respective funds. It does, however, represent the net of the total fund assets, less total fund liabilities and contributed capital in the respective fund types.

GENERAL FUND:

In the General Fund, the primary purpose of reserve retention is to fund unforeseen occurrences. These unforeseen occurrences are funded only upon specific appropriation by the City Council. It is generally recommended that a City have reserves of 5% to 20% of the annual budget. The estimated unreserved-undesignated fund equity for the beginning of fiscal year 2009 will be 24%.

ENTERPRISE FUNDS:

In the Enterprise Funds, reserves are planned to meet operating expenses and future capital needs. Each enterprise fund has a separate rate structure. These rates are reviewed annually to insure that adequate funding will be available to meet the needs of the individual enterprise's budgetary requirements.

INTERNAL SERVICE FUNDS:

Internal Service Funds differ from other fund types in that funds remaining at year-end are normally redistributed back to the originating funds. An exception to this rule is made when timing differences exist and/or reserves for capital purchases are maintained.

SPECIAL REVENUE FUNDS:

There are no fund equity reserve requirements for Special Revenue Funds. The purpose of these funds is to fund specific programs and capital improvement projects included in the City's budget. Funding sources include fines and forfeitures, impact fees, interest earnings, and fund equity.

CHANGES IN FUND BALANCES:

There is an overall decrease during the two-year period of approximately \$65.6 million. The Utility Capital Projects Fund is expected to decrease by \$34.8 million, accounting for over half of the reduction. This is due to capital expenditures on several large projects. The fund balance in the Transportation Impact Fee Fund is expected to decline by \$19.3 million because of a street widening project that is underway. The Streets Improvement Fund, Park Impact Fee Fund, Fire Impact Fee Fund and the Capital Projects Fund are all expected to have fund balance decreases due to construction of projects scheduled for fiscal year 2009.

COMPUTATION OF ESTIMATED FUND BALANCES

Fund Title	Available Fund Balance 09/30/200	Estimated Fund Balance 09/30/2008	Net Annual Revenues (Expenditures) 09/30/2009	Estimated Fund Balance 09/30/2009
General Fund	\$ 4,474,605	\$ 7,646,685	\$ (755,919)	\$ 6,890,766
CDBG Fund	-	-	-	-
Police Education Fund	43,352	58,052	15,500	73,552
Police Automation Fund	131,408	188,608	59,700	248,308
Disaster Reserve Fund	1,782,550	1,864,750	82,800	1,947,550
Recycling Revenue Fund	115,311	215,611	34,500	250,111
Streets Improvement Fund	4,111,716	4,979,500	(1,850,500)	3,129,000
Park Impact Fee Fund	3,310,175	2,676,072	(2,425,800)	250,272
Fire Impact Fee Fund	2,614,695	1,928,054	(1,423,100)	504,954
Development Special Projects Fund	1,410,562	1,440,079	56,500	1,496,579
Transportation Impact Fee Fund	19,645,868	9,365,345	(9,048,700)	316,645
SR100 Community Redevelopment Fund	186,655	23,734	(22,907)	827
Capital Projects Fund	10,529,476	5,134,382	(2,150,916)	2,983,466
Utility Fund	10,853,389	10,620,065	(1,215,023)	9,405,042
Utility Capital Projects Fund	48,458,276	35,661,948	(22,033,384)	13,628,564
Solid Waste Fund	25,340	49,530	55,873	105,403
Stormwater Management Fund	945,350	-	786,311	786,311
Golf Course Fund	-	4,250,000	(4,250,000)	-
Tennis Center Fund	577	13,427	-	13,427
Fleet Management Fund	1,364,628	2,454,959	(100,562)	2,354,397
Total	\$ 110,003,933	\$ 88,570,801	\$ (44,185,627)	\$ 44,385,174

BUDGET SUMMARY

Fund Type	Estimated Revenue	Operating Expenditures & Contingency	Capital Expenditures	Operating Transfers	Total Expenditures
General Fund	\$ 32,168,390	\$ 30,823,756	\$ 562,000	\$ 782,634	\$ 32,168,390
Special Revenue Funds					
Police Education Fund	73,500	73,500	-	-	73,500
Police Automation Fund	247,700	247,700	-	-	247,700
Disaster Reserve Fund	1,946,800	1,946,800	-	-	1,946,800
Recycling Revenue Fund	337,500	337,500	-	-	337,500
Streets Improvement Fund	8,571,500	507,000	8,064,500	-	8,571,500
Park Impact Fee Fund	4,545,000	15,000	4,530,000	-	4,545,000
Fire Impact Fee Fund	1,630,000	-	1,630,000	-	1,630,000
Development Special Projects Fund	1,496,579	1,496,579	-	-	1,496,579
Transportation Impact Fee Fund	70,950,000	-	70,950,000	-	70,950,000
SR100 Community Redevelopment Fu	1,502,307	572,307	930,000	-	1,502,307
Capital Projects Fund	4,654,616	100,000	4,505,000	49,616	4,654,616
Sub-Total	95,955,502	5,296,386	90,609,500	49,616	95,955,502
Enterprise Funds					
Utility Fund	34,189,669	29,851,797	1,293,900	3,043,972	34,189,669
Utility Capital Projects Fund	35,228,256	218,000	32,850,000	2,160,256	35,228,256
Solid Waste Fund	7,985,430	7,985,430	-	-	7,985,430
Stormwater Management Fund	9,181,500	6,591,500	2,067,000	523,000	9,181,500
Golf Course Fund	4,250,000	-	4,250,000	-	4,250,000
Tennis Center Fund	242,934	234,934	8,000	-	242,934
Sub-Total	91,077,789	44,881,661	40,468,900	5,727,228	91,077,789
Internal Service Funds					
Fleet Management Fund	3,895,642	1,831,882	2,063,760	-	3,895,642
Sub-Total All Funds					
	223,097,323	\$ 82,833,685	\$ 133,704,160	\$ 6,559,478	223,097,323
Less: Interfund Charges and Transfers	9,654,558				9,654,558
Total	<u>\$ 213,442,765</u>				<u>\$ 213,442,765</u>

BUDGET SUMMARY

	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total Funds
CASH BALANCES BROUGHT FORWARD	\$ 1,255,919	\$ 20,690,002	\$ 27,998,407	\$ 100,562	\$ 50,044,890
ESTIMATED REVENUES					
TAXES: Millage Per \$1,000					
Ad Valorem Taxes: 2.9623	15,578,900	2,080,000	-	-	17,658,900
Sales, Use, and Fuel Taxes	-	3,985,200	-	-	3,985,200
Telecommunication Service Tax	2,841,300	-	-	-	2,841,300
Other Taxes	541,800	-	-	-	541,800
Licenses and Permits	2,621,700	-	135,300	-	2,757,000
Intergovernmental Revenue	2,073,800	10,514,650	-	-	12,588,450
Charges for Services	4,952,171	4,890,300	52,048,720	95,000	61,986,191
Fines & Forfeitures	870,800	1,417,300	-	-	2,288,100
Interest Revenue	500,000	1,635,800	990,434	65,000	3,191,234
Miscellaneous Revenue	109,700	-	-	-	109,700
Non Revenues	-	-	-	3,095,080	3,095,080
Transfers from Other Funds	822,300	742,250	4,454,928	540,000	6,559,478
Proceeds from Debt	-	50,000,000	5,450,000	-	55,450,000
Total Revenues and Other Financing Sources	<u>30,912,471</u>	<u>75,265,500</u>	<u>63,079,382</u>	<u>3,795,080</u>	<u>173,052,433</u>
Total Estimated Revenues and Balances	<u>\$ 32,168,390</u>	<u>\$ 95,955,502</u>	<u>\$ 91,077,789</u>	<u>\$ 3,895,642</u>	<u>223,097,323</u>
Less: Interfund Transfers and Charges					9,654,558
Total					<u><u>\$ 213,442,765</u></u>
EXPENDITURES/EXPENSES					
General Government	\$ 13,780,751	\$ 785,000	\$ -	\$ -	\$ 14,565,751
Public Safety	9,278,452	3,130,000	-	-	12,408,452
Physical Environment	-	85,000	60,104,470	-	60,189,470
Transportation	5,347,532	82,361,500	7,369,533	-	95,078,565
Culture/Recreation	2,479,021	5,055,000	4,492,934	-	12,026,955
Internal Service	-	-	-	3,895,642	3,895,642
Debt Service	-	472,307	12,041,440	-	12,513,747
Transfers to Other Funds	782,634	49,616	5,727,228	-	6,559,478
Total Expenditures/Expenses	<u>31,668,390</u>	<u>91,938,423</u>	<u>89,735,605</u>	<u>3,895,642</u>	<u>217,238,060</u>
Reserves	500,000	4,017,079	1,342,184	-	5,859,263
Total Appropriated Expenditures and Reserves	<u>\$ 32,168,390</u>	<u>\$ 95,955,502</u>	<u>\$ 91,077,789</u>	<u>\$ 3,895,642</u>	<u>223,097,323</u>
Less: Interfund Transfers and Charges					9,654,558
Total					<u><u>\$ 213,442,765</u></u>

BUDGET SUMMARY

FUND/DEPARTMENT	Actual FY 06	Actual FY 07	Projected FY 08	Proposed FY 09
General Fund				
City Council	\$ 60,183	\$ 68,979	\$ 85,473	\$ 85,359
City Manager	469,940	664,451	565,610	519,111
Community Relations	539,835	367,859	552,246	516,620
Purchasing and Contracts Management	-	41,362	332,113	344,031
Facilities Maintenance	519,830	566,192	499,413	477,486
City Clerk	251,990	316,708	295,977	317,879
Personnel Management	282,770	352,149	301,295	297,176
Law Enforcement	1,782,773	2,372,637	2,300,095	2,301,390
City Attorney	632,098	297,698	579,129	568,606
Financial Services	926,657	1,023,273	782,598	773,683
Information Technology and Communications	2,131,118	2,608,697	2,633,609	2,443,922
Community Development				
Building Permits and Inspections	2,048,482	1,796,206	1,876,116	1,683,604
Planning	1,048,707	1,412,005	1,565,934	1,599,287
Code Enforcement	1,687,771	1,828,688	1,999,065	2,306,719
Total Community Development	4,784,960	5,036,899	5,441,115	5,589,610
Fire	4,643,799	5,241,625	5,937,714	7,017,062
Streets	5,305,504	5,115,195	5,039,433	5,347,532
Engineering	918,634	1,199,037	1,099,421	1,449,368
Recreation and Parks				
Parks/Facilities	928,404	1,172,621	1,166,292	1,099,768
Recreation/Athletics	1,104,959	979,504	1,020,244	1,379,253
Total Recreation and Parks	2,033,363	2,152,125	2,186,536	2,479,021
Non-Departmental	977,160	3,942,672	1,417,982	1,640,534
Total General Fund	26,260,614	31,367,558	30,049,759	32,168,390

BUDGET SUMMARY

FUND/DEPARTMENT	Actual FY 06	Actual FY 07	Projected FY 08	Proposed FY 09
CDBG Fund	-	364,204	24,000	-
Police Education Fund	10,000	65	-	73,500
Police Automation Fund	-	-	-	247,700
Distaster Reserve Fund	416,838	58,538	1,868,300	1,946,800
Recycling Revenue Fund	120,099	314,894	15,500	337,500
Streets Improvement Fund	3,946,811	4,137,703	4,746,070	8,571,500
Park Impact Fee Fund	2,715,114	2,656,801	1,701,800	4,545,000
Fire Impact Fee Fund	66,544	1,862,479	1,025,000	1,630,000
Development Special Projects Fund	144,007	84,864	915,893	1,496,579
Transportation Impact Fee Fund	4,232,091	8,334,800	14,412,140	70,950,000
SR100 Community Redevelopment Fund	1,279,008	4,646,108	1,413,496	1,502,307
Capital Projects Fund	1,318,181	3,857,986	12,445,136	4,654,616
Utility Fund				
Utility Customer Service	1,472,184	1,088,508	1,157,268	1,173,262
Utility Administration	995,700	1,222,216	1,346,200	1,407,354
Utility Maintenance	620,828	579,380	752,265	710,824
Wastewater Collection	2,241,016	2,540,627	2,336,335	2,460,399
Wastewater Treatment	1,619,361	1,923,313	1,742,222	1,972,602
Water Plant #1	1,696,597	1,821,223	1,967,663	2,097,576
Water Plant #2	1,435,402	1,708,196	1,846,685	1,739,747
Water Plant #3	-	-	511,938	1,110,748
Water Quality	797,841	488,775	455,892	475,412
Water Distribution	2,558,383	4,023,063	3,900,948	3,777,128
Non-Departmental	11,079,758	11,625,831	14,544,768	17,264,617
Total Utility Fund	24,517,070	27,021,132	30,562,184	34,189,669
Utility Capital Projects Fund	1,143,886	1,922,250	27,364,256	35,228,256
Solid Waste Fund	4,326,166	6,309,618	7,515,010	7,985,430
Stormwater Management Fund	3,675,475	3,411,225	6,432,390	9,181,500
Golf Course Fund	-	-	250,000	4,250,000
Tennis Center Fund	-	-	241,181	242,934
Fleet Management Fund	2,214,358	2,658,346	2,337,709	3,895,642
Total All Funds	76,386,262	99,008,571	143,319,824	223,097,323
Less: Interfund Transfers	7,900,626	7,892,278	12,367,960	9,654,558
Total	<u>\$ 68,485,636</u>	<u>\$ 91,116,293</u>	<u>\$ 130,951,864</u>	<u>\$ 213,442,765</u>

REVENUE EXPLANATIONS

AD VALOREM 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 tax is collected and distributed by the State. It replaced 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 water and wastewater services, 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 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>
Ad Valorem Taxes	Approved millage multiplied by tax roll, less 3.25% 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.
Water Sales and Wastewater Charges	Historical trend analysis.
Solid Waste Fees	Historical trend analysis.
Stormwater Management 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

There are 12 major revenue sources that account for 37 percent of the City's estimated revenues for fiscal year 2009. Debt proceeds account for another 26 percent and appropriated fund balance another 23 percent of revenue. These are listed and shown graphically on the following page. The following is a more detailed analysis of the trends for these 12 major revenue sources.

AD VALOREM TAXES: There has been an average increase in property values of over 21% over the past three years. The increases have been a combination of property value increases, new construction, and annexations. For 2009, however, there was a decrease in taxable value of about 12%. Property values lost less than 5% and an increase in the homestead exemption caused the rest of the decrease. One more year of declining values is expected and then values should level off or show some slight growth.

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX: FY2003 was the first year that the new half-cent surtax was collected. This tax was approved by the voters for a period of ten years. Growth of this revenue is expected to closely parallel the half-cent sales tax.

TELECOMMUNICATION SERVICE TAX: Increases in this revenue have averaged about 11% over the past 3 years. With the slowing population growth we should see an increase of about 2% to 4% per year going forward.

BUILDING PERMITS: Permits issued have declined over the past two years. Permit revenue is expected to remain flat for the next couple of years.

HALF-CENT SALES TAX: This revenue source has grown at about a 11% rate over the past 3 years. It is affected by the economy and distributed based on population. The revenue from this source should increase at a 2% to 4% rate.

WATER AND WASTEWATER SALES: This is a revenue source related to the utility system. It is expected that this revenue source will mirror other development related revenue trends and should increase by 1% to 3% annually.

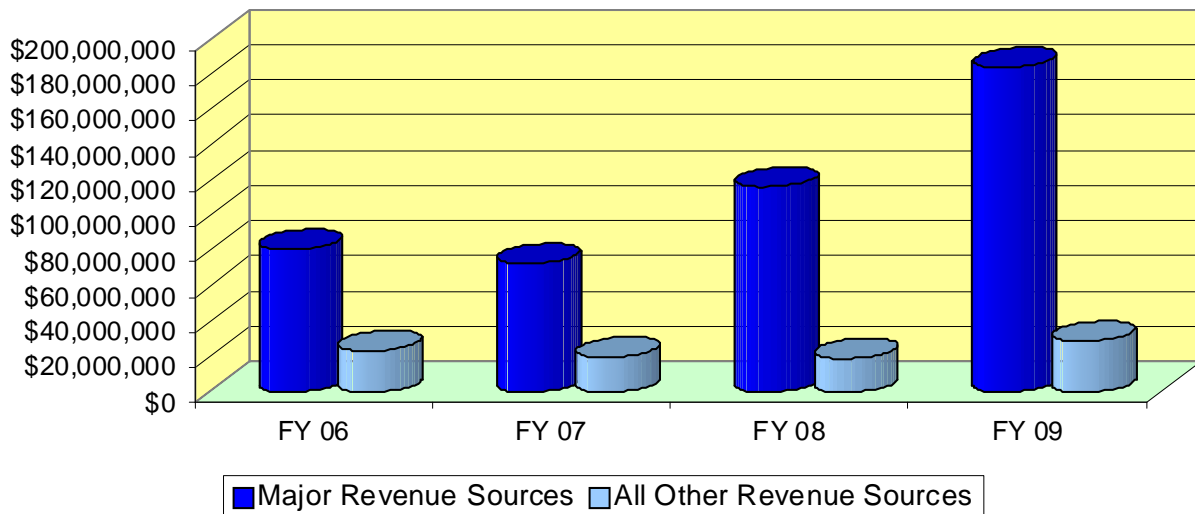
WATER AND WASTEWATER IMPACT FEES: Like building permits this revenue source is expected to level off.

SOLID WASTE CHARGES: This is a charge is expected to mirror the population growth of about 1% to 3%.

STORMWATER FEES: This fee is charged on developed and undeveloped property. A 1% to 3% growth rate is anticipated.

MAJOR REVENUE SOURCES

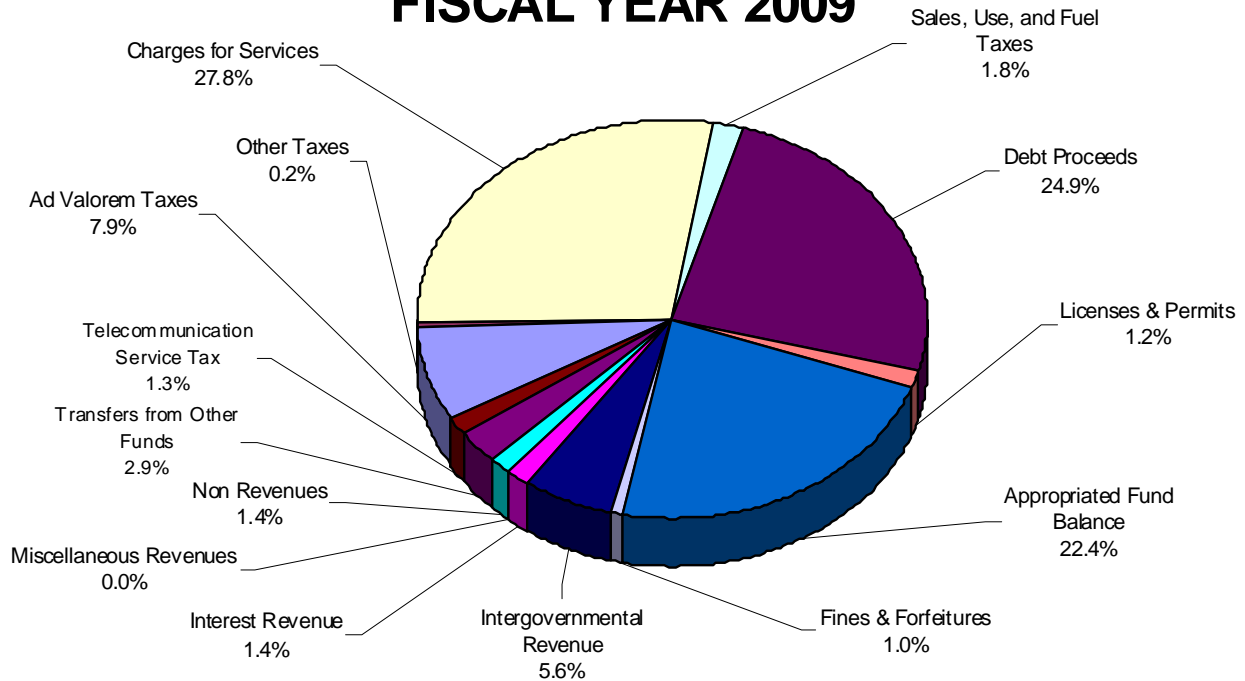
SOURCE	Actual FY 06	Actual FY 07	Projected FY 08	Proposed FY 09
Ad Valorem Taxes	\$14,632,296	\$19,603,806	\$20,114,200	\$17,658,900
Local Infrastructure Surtax	2,617,198	2,434,474	2,560,600	2,336,700
Telecommunication Service Tax	2,430,169	2,616,030	2,680,600	2,841,300
Building Permits	5,121,925	1,965,004	2,066,900	1,956,700
Half-Cent Sales Tax	2,137,254	1,946,852	2,027,000	2,013,000
Transportation Impact Fee	15,212,296	4,465,301	4,000,000	4,289,300
Water Sales	15,198,781	15,877,718	15,640,800	17,893,100
Wastewater Charges	8,112,823	8,828,704	9,030,900	10,211,900
Water Impact Fee	4,538,761	2,254,634	3,122,800	3,090,300
Wastewater Impact Fee	4,277,775	2,421,289	3,053,200	3,570,600
Solid Waste Charge	3,982,553	6,831,097	7,539,200	7,985,430
Stormwater Management Fee	2,824,323	3,906,093	4,065,000	5,046,200
Debt Proceeds	-	-	4,801,658	55,450,000
Appropriated Fund Balance	-	-	35,927,363	50,044,890
All Other Sources	31,526,362	27,923,026	31,694,493	38,709,003
TOTAL	112,612,516	101,074,028	148,324,714	223,097,323
Less: Interfund Transfers	7,900,626	7,892,278	12,367,960	9,654,558
TOTAL NET REVENUE	\$ 104,711,890	\$ 93,181,750	\$ 135,956,754	\$ 213,442,765



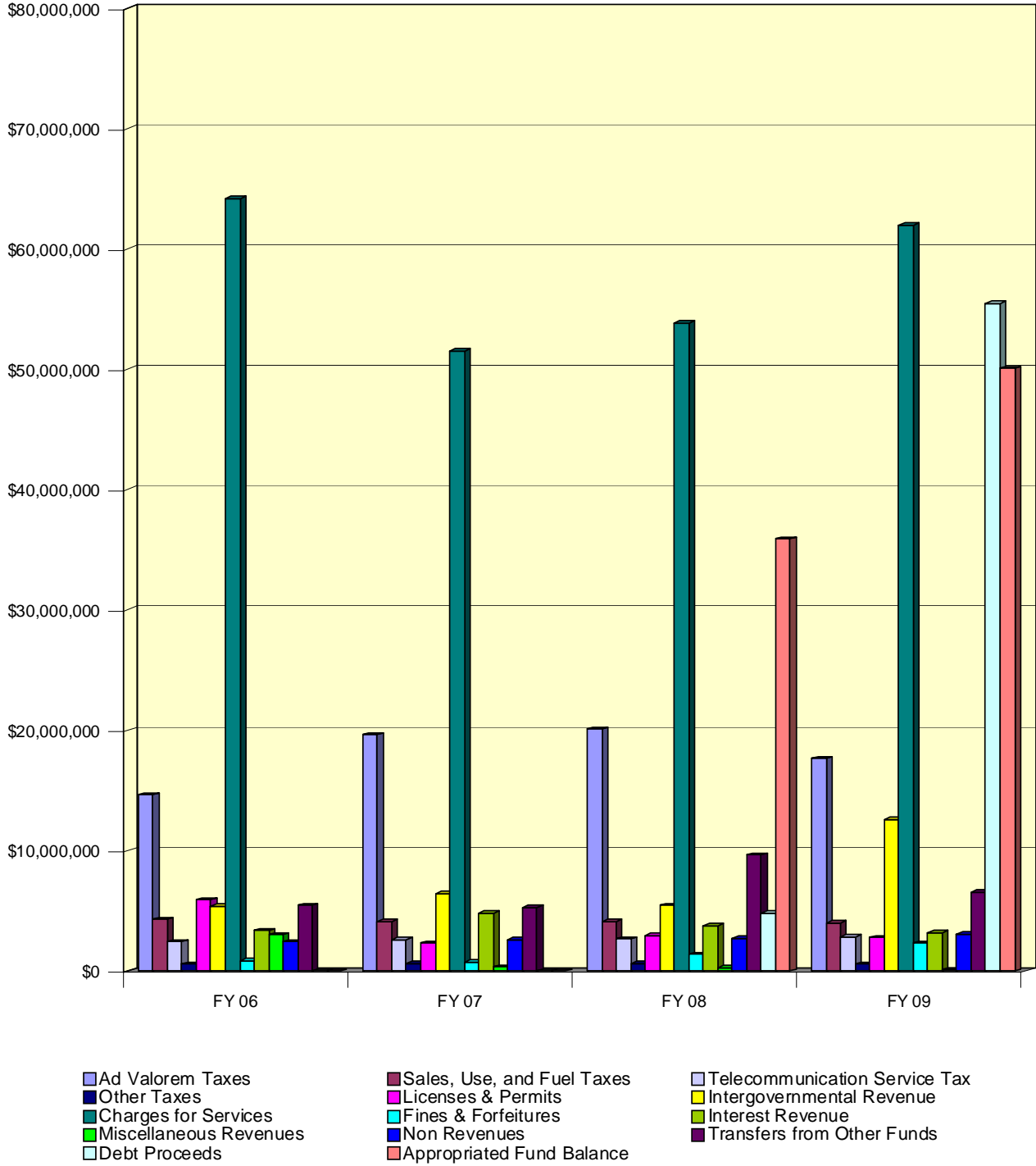
REVENUES BY SOURCE

SOURCE	Actual FY 06	Actual FY 07	Projected FY 08	Proposed FY 09
Ad Valorem Taxes	\$ 14,632,296	\$ 19,603,806	\$ 20,114,200	\$ 17,658,900
Sales, Use, and Fuel Taxes	4,327,172	4,108,700	4,142,200	3,985,200
Telecommunication Service Tax	2,430,169	2,616,030	2,680,600	2,841,300
Other Taxes	597,752	640,805	647,900	541,800
Licenses & Permits	5,930,434	2,334,102	2,949,400	2,757,000
Intergovernmental Revenue	5,386,808	6,422,152	5,422,174	12,588,450
Charges for Services	64,177,728	51,540,423	53,820,816	61,986,191
Fines & Forfeitures	868,469	767,936	1,375,300	2,288,100
Interest Revenue	3,358,939	4,831,587	3,778,800	3,191,234
Miscellaneous Revenues	3,002,123	316,209	296,343	109,700
Non Revenues	2,464,310	2,621,445	2,729,461	3,095,080
Transfers from Other Funds	5,436,316	5,270,833	9,638,499	6,559,478
Debt Proceeds	-	-	4,801,658	55,450,000
Appropriated Fund Balance	-	-	35,927,363	50,044,890
TOTAL	112,612,516	101,074,028	148,324,714	223,097,323
Less: Interfund Transfers	7,900,626	7,892,278	12,367,960	9,654,558
NET TOTAL REVENUE	\$ 104,711,890	\$ 93,181,750	\$ 135,956,754	\$ 213,442,765

FISCAL YEAR 2009



REVENUES BY SOURCE



PROPERTY INFORMATION

PROPERTY VALUES, MILLAGE RATES, AND AD VALOREM RECEIPTS FISCAL YEAR 2001 THROUGH FISCAL YEAR 2009

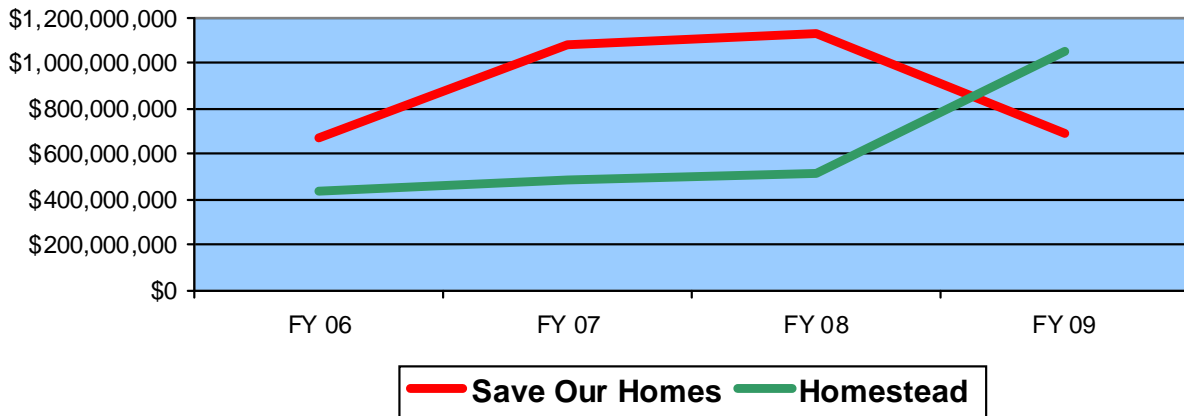
Fiscal Year	Gross Taxable Valuations (1)	Change from Previous Year			Change from Previous Year			Ad Valorem Tax Revenues	Change from Previous Year	
		\$	%	Millage Levy	\$	%	\$		%	
2009	\$ 6,131,965,169	\$ (877,912,252)	-12.52%	2.9623	-0.00004	0.00%	\$ 17,658,900	\$ (2,455,300)	-12.21%	
2008	7,009,877,421	769,882,932	12.34%	2.96234	-0.28766	-8.85%	20,114,200	510,394	2.60%	
2007	6,239,994,489	1,795,139,561	40.39%	3.25000	-0.15000	-4.41%	19,603,806	4,971,510	33.98%	
2006	4,444,854,928	1,337,273,838	43.03%	3.40000	0.00000	0.00%	14,632,296	4,424,397	43.34%	
2005	3,107,581,090	703,341,979	29.25%	3.40000	0.00000	0.00%	10,207,899	2,352,376	29.95%	
2004	2,404,239,111	420,498,483	21.20%	3.40000	0.00000	0.00%	7,855,523	1,315,956	20.12%	
2003	1,983,740,628	210,361,763	11.86%	3.40000	-0.10000	-2.86%	6,539,567	557,740	9.32%	
2002	1,773,378,865	179,164,662	11.24%	3.50000	0.35000	11.11%	5,981,827	1,098,888	22.50%	
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, 2008

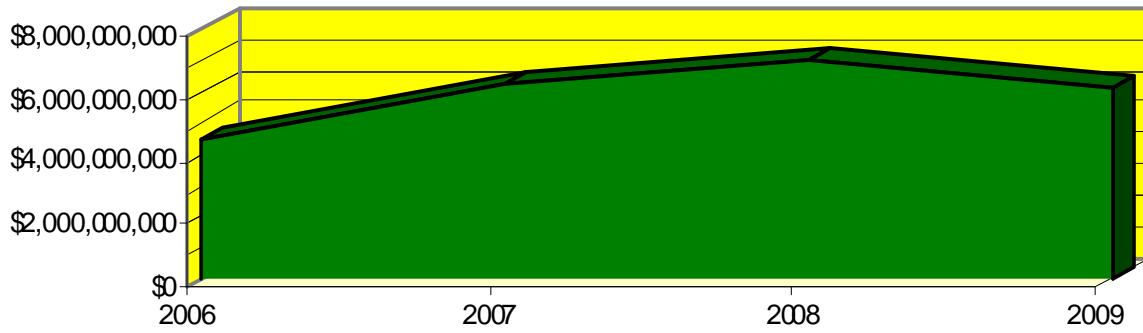
Class of Property	Number of Parcels	Just Value	Assessed Value	Exempt	Taxable Value	Taxable Value Per Parcel
Residential Vacant Land	18,909	\$ 876,870,458	\$ 876,870,458	\$ 3,199,117	\$ 873,671,341	\$ 46,204
Residential Single Family	30,485	5,610,942,195	4,928,652,094	1,150,015,683	3,778,636,411	123,951
Residential Mobile Homes	16	2,224,031	2,176,577	911,604	1,264,973	79,061
Residential Other	2,638	558,816,933	545,607,785	32,513,825	513,093,960	194,501
Commercial Vacant Land	289	210,955,312	210,955,312	2,965,167	207,990,145	719,689
Commercial Other	636	415,618,984	415,618,984	7,148,881	408,470,103	642,249
Industrial Vacant Land	32	11,301,471	11,301,471	-	11,301,471	353,171
Industrial Other	41	45,138,263	45,138,263	-	45,138,263	1,100,933
Agriculture	48	64,271,265	5,501,534	50,000	5,451,534	113,574
Institutional	36	63,863,079	63,863,079	47,894,775	15,968,304	443,564
Government	288	344,342,373	344,342,373	334,260,133	10,082,240	35,008
Other Real Property	623	111,624,261	111,624,261	27,313,029	84,311,232	135,331
Personal Property	-	308,403,996	308,403,996	137,057,100	171,346,896	
Centrally Assessed Property	-	5,438,986	5,438,986	200,690	5,238,296	
TOTAL	54,041	\$ 8,629,811,607	\$ 7,875,495,173	\$ 1,743,530,004	\$ 6,131,965,169	\$ 113,469

VALUE OF EXEMPTIONS

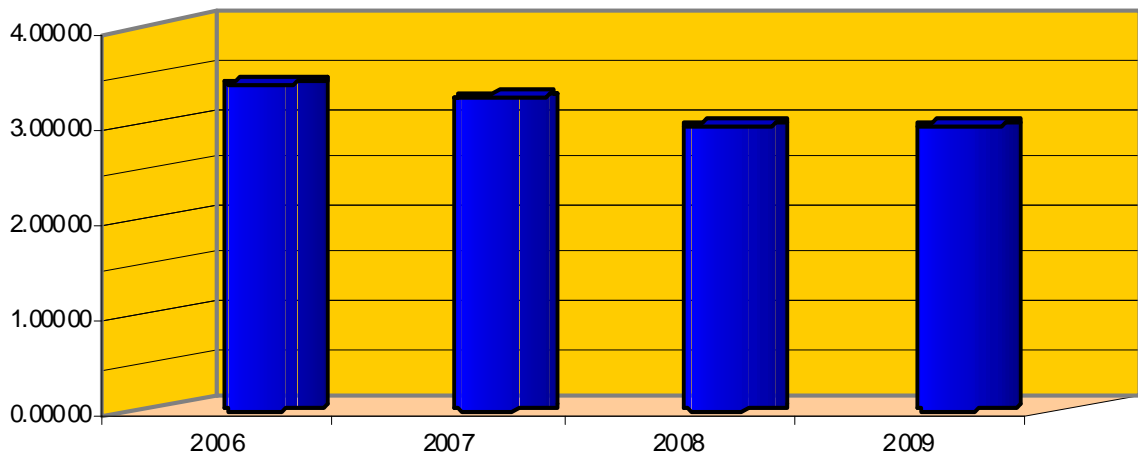


PROPERTY VALUE AND MILLAGE RATES

ASSESSED VALUE



MILLAGE RATES



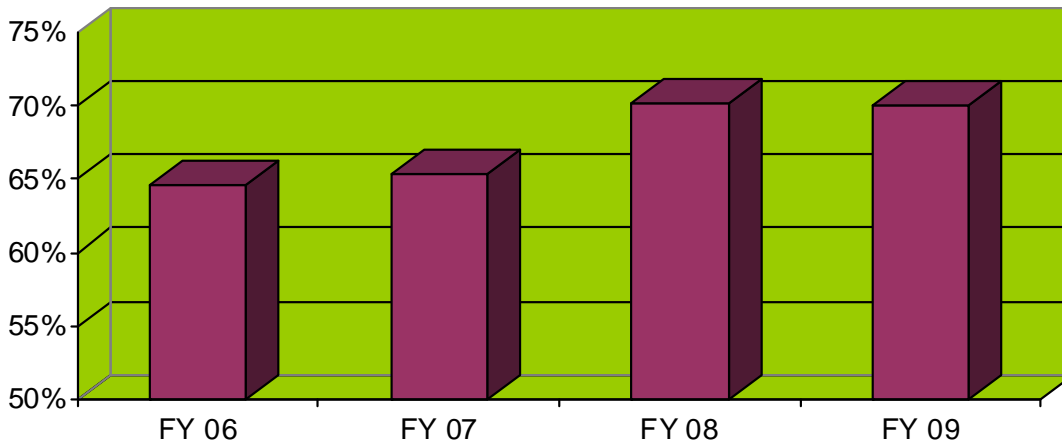


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PROPERTY VALUE PER CAPITA

Year	Property Value	Percent Change	Population	Percent Change	Property Value Per Resident	Percent Change
2001	\$ 1,594,214,203		32,732		\$ 48,705	
2002	1,773,378,865	11.24%	35,443	8.28%	50,035	2.73%
2003	1,983,740,628	11.86%	38,348	8.20%	51,730	3.39%
2004	2,404,239,111	21.20%	42,850	11.74%	56,108	8.46%
2005	3,107,581,090	29.25%	50,484	17.82%	61,556	9.71%
2006	4,444,854,928	43.03%	58,216	15.32%	76,351	24.04%
2007	6,239,994,489	40.39%	67,832	16.52%	91,992	20.49%
2008	7,009,877,421	12.34%	70,376	3.75%	99,606	8.28%
2009	6,131,965,169	-12.52%	74,590	5.99%	82,209	-17.47%

RESIDENTIAL PROPERTY AS A % OF ALL PROPERTY

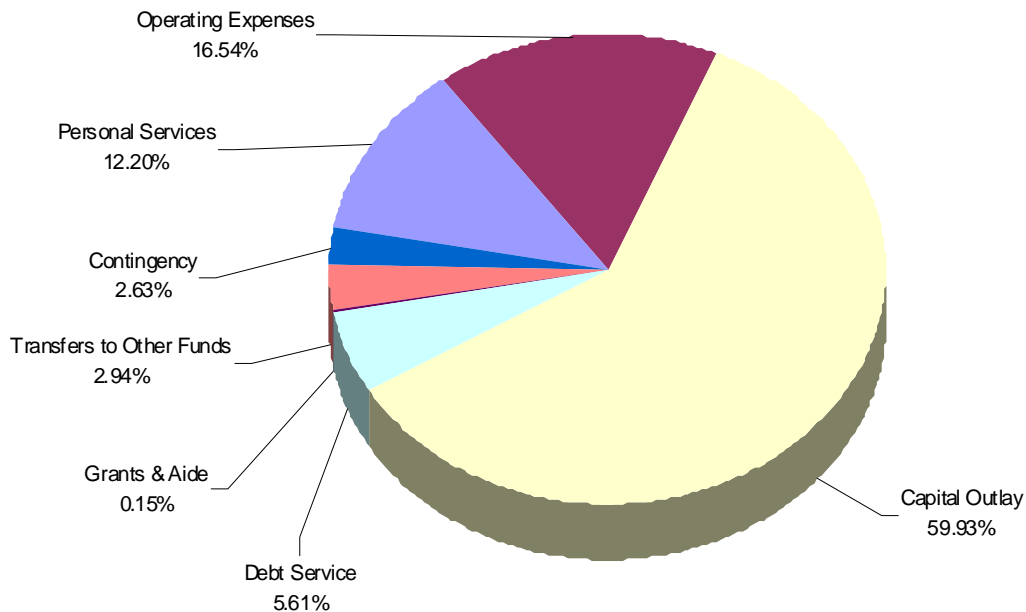


A declining percentage of residential property value compared to total property value within the city would indicate that residential is carrying less of the tax burden for city operations. Palm Coast had been experiencing a decline in the ratio of residential property. However, 2006 through 2008 have shown an increase. For 2009 there was a slight decrease but with several commercial developments being completed during the year, it is expected that the residential ratio will show a more significant decline in 2010.

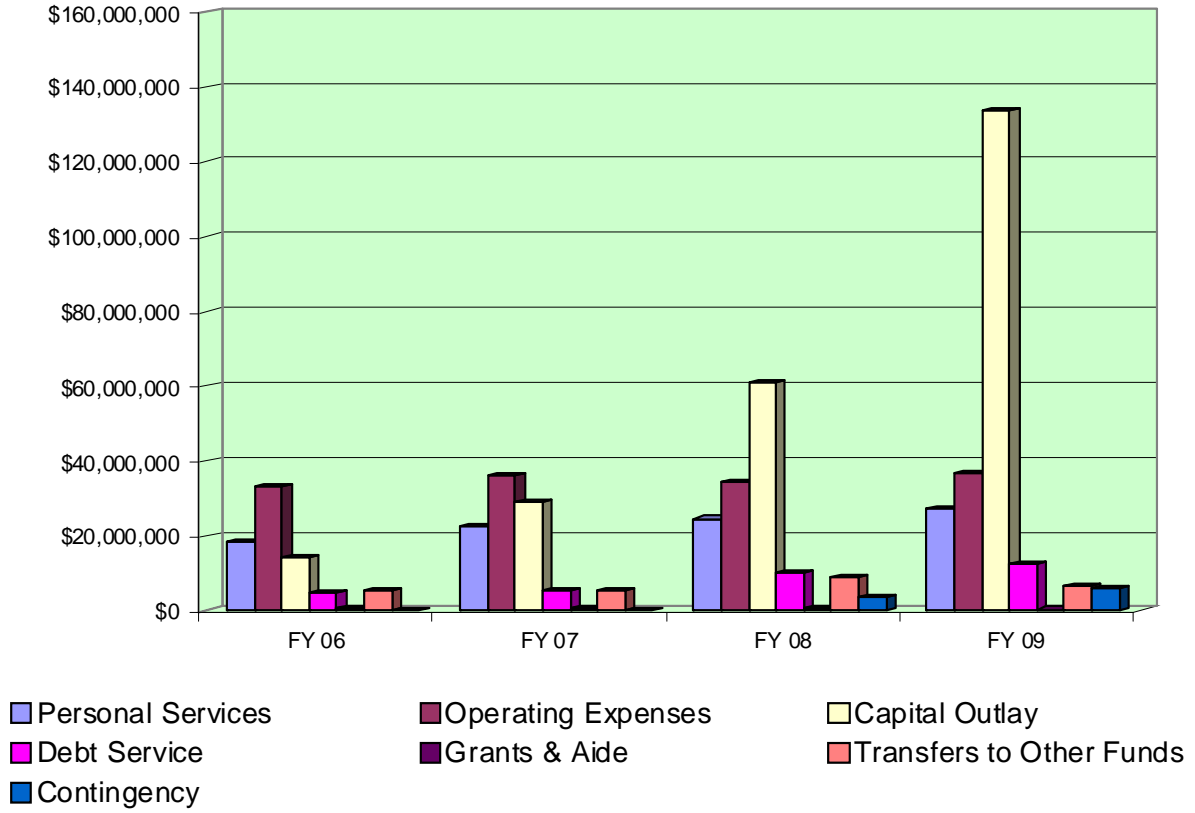
EXPENDITURES BY CATEGORY

CATEGORY	Actual FY 06	Actual FY 07	Projected FY 08	Proposed FY 09
Personal Services	\$ 18,181,186	\$ 22,556,090	\$ 24,625,323	\$ 27,213,697
Operating Expenses	33,262,154	36,330,564	34,246,614	36,906,078
Capital Outlay	14,435,324	28,863,677	60,815,559	133,704,160
Debt Service	4,677,068	5,338,526	10,187,432	12,513,747
Grants & Aide	409,510	565,904	488,000	340,900
NonOperating Expenses	-	-	-	-
Transfers to Other Funds	5,421,020	5,353,810	9,179,003	6,559,478
Contingency	-	-	3,777,893	5,859,263
TOTAL	76,386,262	99,008,571	143,319,824	223,097,323
Less: Interfund Transfers	7,900,626	7,892,278	12,367,960	9,654,558
NET TOTAL EXPENDITURES	\$ 68,485,636	\$ 91,116,293	\$ 130,951,864	\$ 213,442,765

FISCAL YEAR 2009



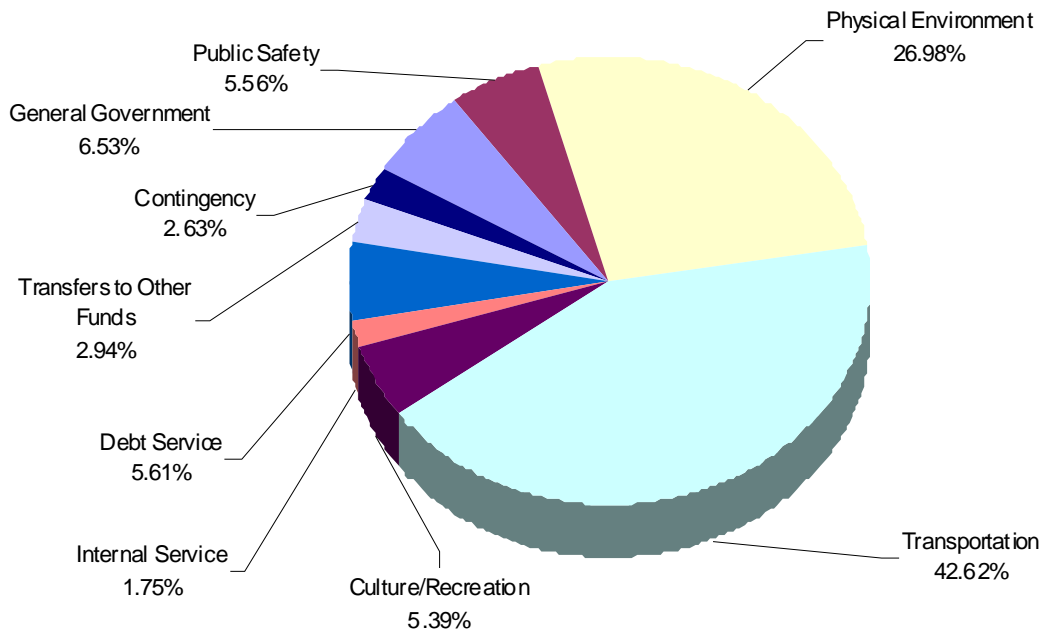
EXPENDITURES BY CATEGORY



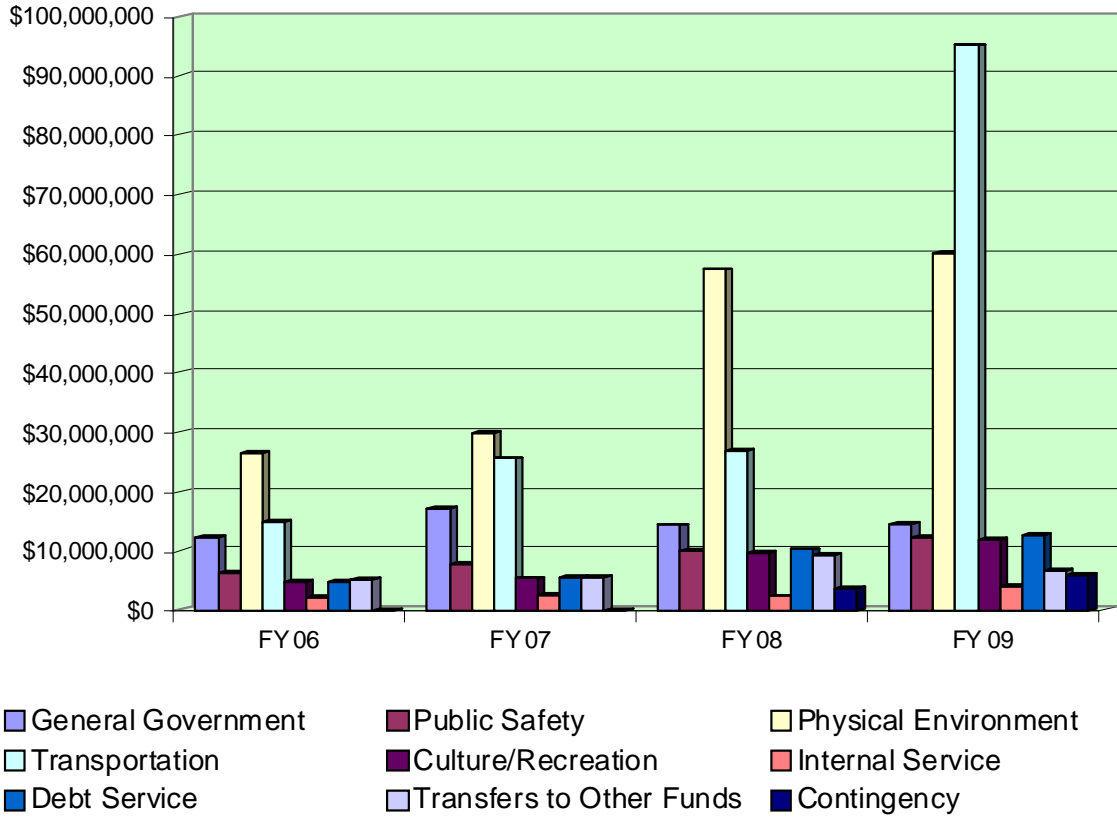
EXPENDITURES BY FUNCTION

FUNCTION	Actual FY 06	Actual FY 07	Projected FY 08	Proposed FY 09
General Government	\$12,117,988	\$17,246,636	\$14,294,499	\$14,565,751
Public Safety	6,293,339	7,785,458	9,943,595	12,408,452
Physical Environment	26,339,100	29,811,647	57,275,888	60,189,470
Transportation	14,685,987	25,538,718	26,824,143	95,078,565
Culture/Recreation	4,883,708	5,279,720	9,499,662	12,026,955
Internal Service	2,204,784	2,654,056	2,337,709	3,895,642
Debt Service	4,677,068	5,338,526	10,187,432	12,513,747
Transfers to Other Funds	5,184,288	5,353,810	9,179,003	6,559,478
Contingency	-	-	3,777,893	5,859,263
TOTAL	76,386,262	99,008,571	143,319,824	223,097,323
Less: Interfund Transfers	7,900,626	7,892,278	12,367,960	9,654,558
NET TOTAL EXPENDITURES	\$ 68,485,636	\$ 91,116,293	\$ 130,951,864	\$ 213,442,765

FISCAL YEAR 2009



EXPENDITURES BY FUNCTION



PERSONNEL BY DEPARTMENT

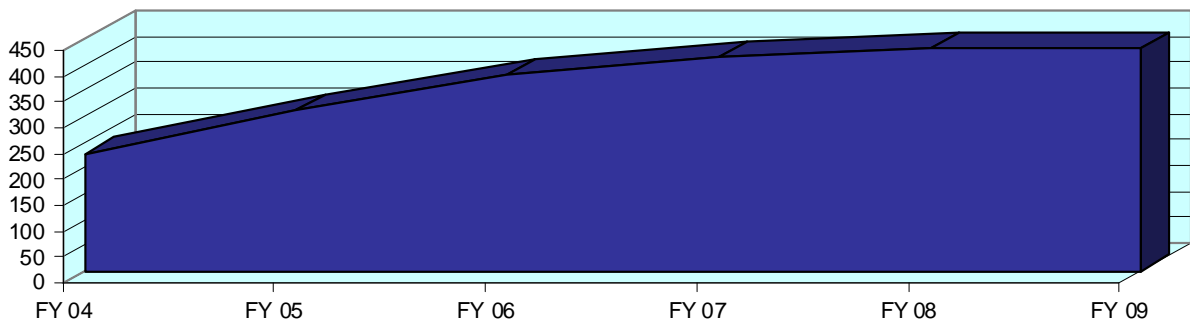
DEPARTMENT	FY04	FY05	FY06	FY07	FY08	PROPOSED FY09	CHANGE
GENERAL FUND							
Mayor and Council	-	-	-	-	-	-	-
City Manager	3.50	3.50	3.50	3.50	3.50	3.50	-
Community Relations	-	3.00	4.00	4.00	6.00	6.00	-
Purchasing and Contracts Management	-	-	-	-	5.00	5.00	-
Facilities Maintenance	-	-	-	-	3.00	2.00	(1.00)
City Clerk	1.00	3.00	4.00	5.00	4.00	4.00	-
Personnel Management	-	-	-	-	4.00	3.00	(1.00)
Law Enforcement	-	-	1.00	1.00	1.00	1.00	-
City Attorney	-	-	-	1.00	1.00	1.00	-
General Services/Financial Services	10.00	15.00	15.00	17.00	10.00	9.00	(1.00)
Information Technology and Communications	2.00	7.00	12.00	13.50	14.50	14.50	-
Community Development	16.00	14.00	17.00	19.00	66.00	62.00	(4.00)
Building and Code Administration	20.80	54.50	53.50	51.00	-	-	-
Fire	36.00	37.00	44.00	48.00	72.00	67.00	(5.00)
Public Works	34.00	37.00	55.00	55.00	46.00	46.00	-
Engineering	-	-	6.00	7.00	17.00	17.00	-
Recreation & Parks	17.13	23.03	31.63	40.40	38.80	38.80	-
Capital Projects	15.60	10.00	7.00	8.00	-	-	-
TOTAL GENERAL FUND	156.03	207.03	253.63	273.40	291.80	279.80	(12.00)
UTILITY FUND	67.00	81.00	101.00	112.00	115.50	115.50	-
SOLID WASTE FUND	-	2.00	2.00	2.00	-	-	-
STORMWATER MANAGEMENT FUND	-	16.00	17.00	20.00	18.00	30.00	12.00
TENNIS CENTER FUND	-	-	-	-	3.00	3.00	-
FLEET MANAGEMENT FUND	4.00	4.00	5.00	5.00	3.00	3.00	-
FULL-TIME EQUIVALENT POSITIONS	227.03	310.03	378.63	412.40	431.30	431.30	-

PERSONNEL BY DEPARTMENT PER 1,000 POPULATION

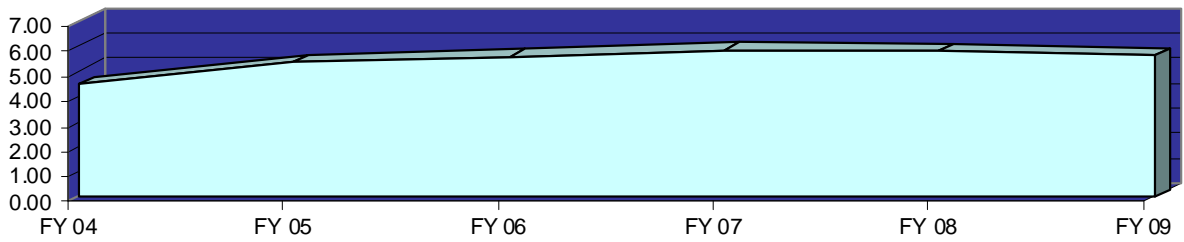
DEPARTMENT	FY 04	FY 05	FY 06	FY 07	FY 08	PROPOSED FY 09
Population	50,484	58,216	67,832	70,376	74,590	76,648
GENERAL FUND						
Mayor and Council	-	-	-	-	-	-
City Manager	0.07	0.06	0.05	0.05	0.05	0.05
Community Relations	-	0.05	0.06	0.06	0.08	0.08
Purchasing and Contracts Management	-	-	-	-	0.07	0.07
Facilities Maintenance	-	-	-	-	0.04	0.03
City Clerk	0.02	0.05	0.06	0.07	0.05	0.05
Personnel Management	-	-	-	-	0.05	0.04
Law Enforcement	-	-	0.01	0.01	0.01	0.01
City Attorney	-	-	-	0.01	0.01	0.01
General Services/Financial Services	0.20	0.26	0.22	0.24	0.13	0.12
Information Technology and Communications	0.04	0.12	0.18	0.19	0.19	0.19
Community Development	0.32	0.24	0.25	0.27	0.88	0.81
Building and Code Administration	0.41	0.94	0.79	0.72	-	-
Fire	0.71	0.64	0.65	0.68	0.97	0.87
Public Works	0.67	0.64	0.81	0.78	0.62	0.60
Engineering	-	-	0.09	0.10	0.23	0.22
Recreation & Parks	0.34	0.40	0.47	0.57	0.52	0.51
Capital Projects	0.31	0.17	0.10	0.11	-	-
TOTAL GENERAL FUND	3.09	3.57	3.74	3.86	3.90	3.66
UTILITY FUND	1.33	1.39	1.49	1.59	1.55	1.51
SOLID WASTE FUND	-	0.03	0.03	0.03	-	-
STORMWATER MANAGEMENT FUND	-	0.27	0.25	0.28	0.24	0.39
TENNIS CENTER FUND	-	-	-	-	0.04	0.04
FLEET MANAGEMENT FUND	0.08	0.07	0.07	0.07	0.04	0.04
FULL-TIME EQUIVALENT POSITIONS	4.50	5.33	5.58	5.83	5.77	5.64

PERSONNEL

TOTAL



PER 1,000 POPULATION



PERSONNEL PAY PLAN

This plan has a salary range established for each position in the City with the exception of the City Manager. The pay plan includes an annual adjustment that occurs each year on January 1, based on the prior June 30 Consumer Price Index (CPI). Merit increases are also available up to 10%, but the departmental average merit increase may not exceed 4%. Because of the weak economy and declining revenues, the pay adjustments for fiscal year 2009 were reduced to half of normal adjustment. The CPI was 5% on June 30 so the annual adjustment on January 1 will be 2.5%. Merit increases are capped at 5% for 2009 with the departmental average being limited to 2%.

Below is the pay scale for FY2008. The amounts shown are annual salaries. In the detail section of this budget there is a Personnel Roster for each department. The pay grade for each position is shown on this roster.

Pay Grade	Minimum	1st Quartile	Mid-Point	3rd Quartile	Maximum
2	\$ 21,054	\$ 23,852	\$ 26,651	\$ 29,449	\$ 32,248
4	23,210	26,291	29,372	32,453	35,534
5	24,443	27,652	30,861	34,071	37,280
6	25,675	29,064	32,453	35,842	39,231
7	26,907	30,476	34,045	37,614	41,183
8	28,243	31,991	35,740	39,488	43,237
9	29,680	33,619	37,537	41,465	45,393
10	31,118	35,252	39,385	43,519	47,653
11	32,659	36,998	41,337	45,676	50,015
12	34,302	38,846	43,391	47,935	52,481
13	36,048	40,823	45,599	50,374	55,150
14	38,615	43,725	48,834	53,943	59,053
15	41,285	46,754	52,223	57,692	63,161
16	44,161	50,015	55,869	61,723	67,577
17	47,242	53,507	59,771	66,036	72,301
18	50,528	57,230	63,931	70,632	77,333
19	54,123	61,286	68,450	75,613	82,776
20	57,923	65,574	73,225	80,876	88,527
22	70,041	79,310	88,579	97,847	107,116
23	77,025	88,579	100,133	111,686	123,240

LONG-TERM DEBT

The City of Palm Coast has limited debt, both because of City Charter restrictions and a pay-as-you-go philosophy of the City Council. The City Charter states that “unfunded multiyear contracts, the repayment of which: extends in excess of 36 months; or exceeds \$15 million” must be approved by the electorate of the City.

The rate covenant for the Utility System Revenue Bonds provides that net revenues must be sufficient to pay 110% of the bond service requirement for the year or 105% and 120% when impact fees are included.

The City has no other legal debt limits.

Long-Term Debt Outstanding

Issue	Final Maturity	Original Amount	Principal Outstanding At 09/30/2008
CDBG Loan	2011	\$ 324,953	\$ 99,702
State Revolving Fund Loans	2028	37,907,455	36,106,561
Utility System Revenue Bonds	2036	146,490,000	140,845,000
Totals		<u>\$ 184,722,408</u>	<u>\$ 177,051,263</u>

Total Long-Term Debt

Year	Principal	Interest	Total
2009	\$ 3,407,555	\$ 7,578,530	\$ 10,986,085
2010	4,507,953	7,490,181	11,998,134
2011	4,672,859	7,388,724	12,061,583
2012	4,797,897	7,250,212	12,048,109
2012	4,949,923	7,106,733	12,056,656
2014-2018	27,539,000	32,747,943	60,286,943
2019-2023	33,639,974	26,864,589	60,504,563
2024-2028	38,552,322	19,554,769	58,107,091
2029-2033	37,743,780	11,713,908	49,457,688
2034-2036	17,240,000	3,235,537	20,475,537
Totals	<u>\$ 177,051,263</u>	<u>\$ 130,931,126</u>	<u>\$ 307,982,389</u>