

# **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.**

## **FIVE YEAR GOALS**

**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 – 2011**

### **TOP PRIORITY**

1. Street Valley Gutters and Pipe Replacement Program
2. Rehabilitate 25 Miles of Swales and Address Complaints within 6 Months
3. Water Reuse System Master Plan
4. Community Redevelopment Area for the Northeast Section
5. Stormwater System Hydraulic Modeling
6. 50 Miles of Streets Resurfaced
7. Video Cameras/Emergency Phones for Parks and Paths
8. Stormwater Utility Ordinance
9. Neighborhood Signs and City Gateway
10. Community Center Concept Plan
11. City Economic Development and Incentive Policy

### **HIGH PRIORITY**

1. Coquina Coast Saltwater Desalination Project
2. Matanzas Woods Interchange
3. FiberNET Expansion
4. Accessible Police Substation
5. Commercial Areas Strategy
6. Old Kings Road 4-Laning North of Palm Coast Parkway
7. City Hall
8. Beachside Sewer System
9. Pre-Permitting and Speculative Building Ordinance
10. Roberts Road Business Park Strategy

# **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.

## **Fund Balance**

The General Fund Unassigned fund balance, at year end, will be between ten percent and twenty percent of the following year's budgeted expenditures. Unassigned fund balance over twenty percent will be transferred to the Disaster Reserve Fund, if necessary to meet the fund balance goal, or to the Capital Projects Fund. If the Unassigned fund balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenditures to return the Unassigned fund balance to ten percent or greater within three years.

## **FINANCIAL POLICIES**

The Utility Fund Unassigned fund balance, at year end, will be between ten percent and twenty percent of the following year's budgeted expenses. Unassigned fund balance over twenty percent will be assigned to a rate stabilization fund or transferred to the Utility Capital Projects Fund for utility system renewal and replacement. If the Unassigned fund balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the Unassigned fund balance to ten percent or greater within three years.

The Stormwater Fund Unassigned fund balance, at year end, will be between ten percent and twenty percent of the following year's budgeted expenses excluding capital expenditures. Unassigned fund balance over twenty percent will be assigned for future system capital projects. If the Unassigned fund balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the Unassigned fund balance to ten percent or greater within three years.

The Solid Waste Fund Unassigned fund balance, at year end, will be between five percent and ten percent of the following year's budgeted operating expenses. Unassigned fund balance over ten percent will be assigned to a rate stabilization fund. If the Unassigned fund balance is below five percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the Unassigned fund balance to five percent or greater within three years.

The Tennis Center Fund and the Golf Course Fund Unassigned fund balances, at year end, will be between five percent and ten percent of the following year's budgeted operating expenses. Unassigned fund balance over ten percent will be assigned for future capital projects including renewal and replacements. If the Unassigned fund balance is below five percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the Unassigned fund balance to ten percent or greater within three years.

The Disaster Reserve Fund Unassigned fund balance, at year end, will be at least two one hundredths percent (0.02%) of the just value of all property in the City on July 1 of that year. If the Unassigned fund balance is below the minimum amount at year end, a transfer should be made from the General Fund in an amount sufficient to increase the fund balance above the minimum amount, within two years.

All other funds, including Special Revenue Funds, Capital Project Funds, and Internal Service Funds do not have a fund balance requirement. Fund balances in these funds are dictated by revenue sources and a schedule of capital projects.

### **Investment**

The purpose of this policy is to set forth the investment objectives and parameters for the management of the funds of the City of Palm Coast, (hereinafter "City"). These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

## FINANCIAL POLICIES

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all cash and investments held or controlled by the City and shall be identified as “general operating funds” of the City with the exception of the City’s Pension Funds and funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Additionally, any future revenues, which have statutory investment requirements conflicting with this Investment Policy and funds held by state agencies (e.g., Department of Revenue), are not subject to the provisions of this policy.

The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

From time to time, securities may be traded for other similar securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security:

- A. The yield has been increased, or
- B. The maturity has been reduced or lengthened, or
- C. The quality of the investment has been improved.

The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodical cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

Investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

In accordance with the City’s Charter, the responsibility for providing oversight and direction in regard to the management of the investment program resides with the City Manager. The management responsibility for all City funds in the investment program and investment transactions is delegated to the City’s Finance Director. The Finance Director shall establish written procedures for the operation of the investment portfolio and a system of internal accounting and daily procedures for investment trades and to regulate the activities of employees.

The standard of prudence to be used by investment officials shall be the “Prudent Person” standard and shall be applied in the context of managing the overall investment program. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectation are reported to the City Council in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The “Prudent Person” rule states the following:

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Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

While the standard of prudence to be used by investment officials who are officers or employees is the “Prudent Person” standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of “Prudent Expert”. The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose to the City Clerk, in accordance with the appropriate state statutes governing conflicts of interest, any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City’s investment program.

The Finance Director shall establish a system of internal controls and operational procedures that are in writing and made a part of the City’s operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation, by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and “delivery vs. payment” procedures. No person may engage in an investment transaction except as authorized under the terms of this policy.

Independent auditors as a normal part of the annual financial audit for the City shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

The Finance Director and appropriate staff shall annually complete a minimum 8 hours of continuing education in subjects or courses of study related to investment practices and products.

Authorized City staff and Investment Advisors shall only purchase securities from financial institutions, which are Qualified Institutions by the City or institutions designated as “Primary Securities Dealers” by the Federal Reserve Bank of New York. Authorized City staff and Investment Advisors shall only enter into repurchase agreements with financial institutions that are Qualified Institutions and Primary Securities Dealers as designated by the Federal Reserve Bank of New York. The Finance Director and/or the Investment Advisors shall maintain a list of



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financial institutions and broker/dealers that are approved for investment purposes and only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- 1) regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- 2) Capital of no less than \$10,000,000;
- 3) registered as a dealer under the Securities Exchange Act of 1934;
- 4) member of the National Association of Dealers (NASD);
- 5) registered to sell securities in Florida; and
- 6) the firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.
- 7) Public Depositories qualified by the Treasurer of the State of Florida, in accordance with Chapter 280, Florida Statutes.

All brokers, dealers and other financial institutions deemed to be Qualified Institutions shall be provided with current copies of the City's Investment Policy. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the City transacts business.

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds should have maturities of no longer than twenty-four (24) months.

Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed ten (10) years.

From time to time the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating, capital needs or to satisfy debt obligations but in no event shall exceed thirty (30) years.

The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.

After the Finance Director has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) Qualified Institutions and/or Primary Dealers must be contacted and asked to provide bids/offers on securities in questions. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

- A. Telerate Information System
- B. Bloomberg Information Systems
- C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing

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- D. Daily market pricing provided by the City's custodian or their correspondent institutions

The Finance Director shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Finance Director, competitive bidding would inhibit the selection process.

Examples of when the City may use this method include:

1. When time constraints due to unusual circumstances preclude the use of the competitive bidding process
2. When no active market exists for the issue being traded due to the age or depth of the issue
3. When a security is unique to a single dealer, for example, a private placement
4. When the transaction involves new issues or issues in the "when issued" market

Overnight sweep investments or repurchase agreements will not be bid, but may be placed with the City's depository bank relating to the demand account for which the sweep investments or repurchase agreement was purchased.

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the City's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Finance Director or designee may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the City's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City. The Finance Director or designee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

The allocation limits and security types do not apply to the investment of debt proceeds. These investments shall be governed by the debt covenant included in the debt instrument.

- A. The Florida Local Government Surplus Funds Trust Fund ("SBA")
  1. Investment Authorization  
The Finance Director may invest in the SBA.
  2. Portfolio Composition  
A maximum of 100% of available funds may be invested in the SBA.
- B. United States Government Securities
  1. Purchase Authorization  
The Finance Director may invest in direct negotiable obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:

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- Cash Management Bills
- Treasury Securities – State and Local Government Series (“SLGS”)
- Treasury Bills
- Treasury Notes
- Treasury Bonds
- Treasury Strips
- 2. Portfolio Composition
  - A maximum of 100% of available funds may be invested in the United States Government Securities.
- 3. Maturity Limitations
  - The maximum length to maturity of any direct investment in the United States Government Securities is ten (10) years from the date of purchase.
- C. United States Government Agencies
  - 1. Purchase Authorization
    - The Finance Director may invest in bonds, debentures, notes or callable issued or guaranteed by the United States Governments agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to the following:
      - Government National Mortgage Association (GNMA)
        - GNMA guaranteed mortgage-backed bonds
        - GNMA guaranteed pass-through obligations
      - United States Export – Import Bank
        - Direct obligations or fully guaranteed certificates of beneficial ownership
      - Farmer Home Administration
        - Certificates of beneficial ownership
      - Federal Financing Bank
        - Discount notes, notes and bonds
      - Federal Housing Administration Debentures
      - General Services Administration
      - United States Maritime Administration Guaranteed
        - Title XI Financing
      - New Communities Debentures
        - United States Government guaranteed debentures
      - United States Public Housing Notes and Bonds
        - United States Government guaranteed public housing notes and bonds
      - United States Department of Housing and Urban Development
        - Project notes and local authority bonds
  - 2. Portfolio Composition
    - A maximum of 75% of available funds may be invested in United States Government agencies.
  - 3. Limits on Individual Issuers
    - A maximum of 50% of available funds may be invested in individual United States Government agencies.
  - 4. Maturity Limitations

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The maximum length to maturity for an investment in any United States Government agency security is ten (10) years from the date of purchase.

- D. Federal Instrumentalities (United States Government sponsored agencies)
  - 1. Purchase Authorization

The Finance Director may invest in bonds, debentures or notes which may be subject to call, issued or guaranteed as to principal and interest by United States Government sponsored agencies (Federal Instrumentalities) which are non-full faith and credit agencies limited to the following:

    - Federal Farm Credit Bank (FFCB)
    - Federal Home Loan Bank or its district banks (FHLB)
    - Federal National Mortgage Association (FNMA)
    - Federal Home Loan Mortgage Corporation (Freddie-Macs)
    - Student Loan Marketing Association (Sallie-Mae)
  - 2. Portfolio Composition

A maximum of 80% of available funds may be invested in Federal Instrumentalities.
  - 3. Limits on Individual Issuers

A maximum of 40% of available funds may be invested in any one issuer.
  - 4. Maturity Limitations

The maximum length to maturity for an investment in any Federal Instrumentality security is ten (10) years from the date of purchase.
- E. Interest Bearing Time Deposit or Saving Accounts
  - 1. Purchase Authorization

The Finance Director may invest in non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and in national banks organized under the laws of the United States and doing business and situated in the State of Florida. Additionally, the bank shall not be listed with any recognized credit watch information service.
  - 2. Portfolio Composition

A maximum of 25% of available funds may be invested in non-negotiable interest bearing time certificates of deposit.
  - 3. Limits on Individual Issuers

A maximum of 15% of available funds may be deposited with any one issuer.
  - 4. The maximum maturity on any certificate shall be no greater than one (1) year from the date of purchase.
- F. Repurchase Agreements
  - 1. Purchase Authorization
    - a. The Finance Director may invest in repurchase agreements composed of only those investments based on the requirements set forth by the City's Master Repurchase Agreement. All firms are required to sign the Master Repurchase Agreement prior to the execution of a repurchase agreement transaction.

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- b. A third party custodian with whom the City has a current custodial agreement shall hold the collateral for all repurchase agreements with a term longer than one (1) business day. A clearly marked receipt that shows evidence of ownership must be supplied to the Finance Director and retained.
    - c. Securities authorized for collateral are negotiable direct obligations of the United States Government, Government Agencies, and Federal Instrumentalities with maturities under five (5) years and must have a market value for the principal and accrued interest of 102 percent of the value and for the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Finance Director.
  - 2. Portfolio Composition  
A maximum of 50% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements.
  - 3. Limits on Individual Issuers  
A maximum of 25% of available funds may be invested with any one institution.
  - 4. Limits on Maturities  
The maximum length to maturity of any repurchase agreement is 90 days from the date of purchase.
- G. Commercial Paper
  - 1. Purchase Authorization  
The Finance Director may invest in commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). Additionally, the company shall not be listed with any recognized credit watch information service.
  - 2. Portfolio Composition  
A maximum of 30% of available funds may be directly invested in prime commercial paper.
  - 3. Limits on Individual Issuers  
A maximum of 10% of available funds may be invested with any one issuer.
  - 4. Maturity Limitations  
The maximum length to maturity for prime commercial paper shall be 180 days from the date of purchase.
- H. High Grade Corporate Notes
  - 1. Purchase Authorization  
The Finance Director may invest in corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum "Aa" by Moody's and a minimum long term debt rating of "AA" by Standard & Poor's. Additionally, the company shall not be listed with any recognized credit watch information service.

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2. Portfolio Composition  
A maximum of 15% of available funds may be directly invested in corporate notes.
  3. Limits on Individual Issuers  
A maximum of 5% of available funds may be invested with any one issuer.
  4. Maturity Limitations  
The maximum length to maturity for corporate notes shall be 3 years from the date of purchase.
- I. Bankers' acceptances
1. Purchase Authorization  
The Finance Director may invest in Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" Standard & Poor's. Additionally, the bank shall not be listed with any recognized credit watch information service.
  2. Portfolio Composition  
A maximum of 30% of available funds may be directly invested in Bankers' acceptances.
  3. Limits on Individual Issuers  
A maximum of 10% of available funds may be invested with any one issuer.
  4. Maturity Limitations  
The maximum length to maturity for Bankers' acceptances shall be 180 days from the date of purchase.
- J. State and/or Local Government Taxable and/or Tax-Exempt Debt
1. Purchase Authorization  
The Finance Director may invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.
  2. Portfolio Composition  
A maximum of 20% of available funds may be invested in taxable and tax-exempt debts.
  3. Maturity Limitations  
A maximum length to maturity for an investment in any state or local government debt security is three (3) years from the date of purchase.
- K. Registered Investment Companies (Mutual Funds)
1. Investment Authorization  
The Finance Director may invest in shares in open-end and no-load fixed-income securities mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and invest in securities permitted by this policy.

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2. Portfolio Composition  
A maximum of 50% of available funds may be invested in mutual funds excluding one (1) business day overnight sweep agreements.
  3. Limits of Individual Issuers  
A maximum of 25% of available funds may be invested with any one mutual fund.
  4. Rating Requirements  
The mutual funds shall be rated “AAm” or “AAm-G” or better by Standard & Poor’s, or the equivalent by another national rating agency.
  5. Due Diligence Requirements  
A thorough investigation of any mutual market fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director that will contain a list of due diligence considerations that deal with the major aspects of any investment pool/fund. A current prospectus must be obtained.
- L. Intergovernmental Investment Pool
1. Investment Authorization  
The Finance Director may invest in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.
  2. Portfolio Composition  
A maximum of 25% of available funds may be invested in intergovernmental investment pools.
  3. Due Diligence Requirements  
A thorough review of any investment pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director that will contain a list of questions that covers the major aspects of any investment pool/fund.

Investment in any derivative products or the use of reverse repurchase agreements requires specific City Council approval prior to their use. If the City Council approves the use of derivative products, the Finance Director shall develop sufficient understanding of the derivative products and have the expertise to manage them. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. If the City Council approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the Finance Director has sufficient resources and expertise to manage them.

In order to assist in the evaluation of the portfolios’ performance, the City will use performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow the City to measure its returns against other investors in the same markets.

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- A. Investment performance of funds designated as short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on State Board of Administration's Local Government Surplus Funds Trust Fund book rate of return. Investments of current operating funds should have maturities of no longer than twenty-four (24) months.
- B. Investment performance of funds designated as core funds and other non-operating funds that have a longer-term investment horizon will be compared to an index comprised of U. S. Treasury or Government securities. The appropriate index will have a duration and asset mix that approximates the portfolios and will be utilized as a benchmark to be compared to the portfolios' total rate of return. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") should have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed ten (10) years.

The Finance Director shall provide the City Manager with a "Quarterly Investment Report" that summarizes but not limited to the following:

- A. Recent market conditions, economic developments and anticipated investment conditions.
- B. The investment strategies employed in the most recent quarter.
- C. A description of all securities held in investment portfolios at quarter-end.
- D. The total rate of return for the quarter and year-to-date versus appropriate benchmarks.
- E. Any areas of policy concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31.

On an annual basis, the Finance Director shall submit to the City Council a written report on all invested funds. The annual report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, earned income, the book value, the market value, the yield on each investment.

The annual report will show performance on both a book value and total rate of return basis and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB Statement 31. Investment reports shall be available to the public.

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchase by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States



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which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

The custodian shall accept transaction instructions only from those persons who have been duly authorized by the City Manager and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, unless by such a duly authorized person.

The custodian shall provide the Finance Director with safekeeping statements that provide detail information on the securities held by the custodian. On a monthly basis, the custodian will also provide reports that list all securities held for the City, the book value of holdings and the market value as of month-end.

Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

# **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**

February 26, 2010	Budget process initiated by Finance.
February 26	MUNIS budget system opened for Department line-item entries.
March 29	Departments submit additional program, personnel, fleet requests to Finance for FY 2011.
March 29	Departments submit technology requests to Information Technology & Communications for FY 2011.
April 5	FY 2011 Revenue Estimates prepared by Finance.
April 26	Capital Improvement Program project requests submitted to Finance. (MUST BE IN CONFORMANCE WITH COMP PLAN)
April 26	MUNIS budget system closed for Department line-item entries. Note: Personal services/internal transfers will be projected by Finance.
May 10 - 21	Finance reviews budget requests and Capital Improvement Program (CIP) with department heads. (COPY OF CIP SENT TO COMMUNITY DEVELOPMENT FOR COMP PLAN REVIEW)
June 7	Finance submits the preliminary budget to the City Manager and department heads.
June 14 - 25	City Manager meets with department heads to discuss departmental needs and requests, including the Capital Improvement Program.
July 27	Budget workshop – General Fund.
August 3	Establish proposed Millage Rate (TRIM Rate). (MUST BE DONE PRIOR TO AUGUST 4).
August 10	Budget workshop – Enterprise funds.
August 16	Property Appraiser distributes “Trim Notices” with date and time of first Public Hearing on Millage Rate.
August 31	Budget workshop – Special Revenue and Capital funds.
September 7	Public Hearing to tentatively adopt Millage Rate and Budget. (FINAL ADOPTION MUST BE ADVERTISED WITHIN 15 DAYS).
September 18	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 21	Public Hearing to adopt final Millage Rate Resolution and Budget Resolution.
September 24	Forward a copy of the Millage Rate Resolution to the Property Appraiser and the Tax Collector.
October 21 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 2011 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 impact fee funds, grant funds, a community redevelopment 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. Other funds include Solid Waste, Stormwater Management, Golf Course, Tennis Center and Information Technology and Communications. The Building Permits & Inspections Fund was added during fiscal year 2010.

#### 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. City policy is to maintain General Fund reserves between 10% and 20% of the annual budget. The estimated unreserved-undesignated fund equity for the beginning of fiscal year 2011 will be 11%.

### **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 \$31.5 million. The General Fund is estimated to decrease by \$6.9 million. However, \$6 million of this decrease is the result of moving the Building Permits & Inspections Department to its own fund. The Building Permits & Inspections Fund is expected to decrease by \$2.7 million. This is being caused by a reduction in permit fees designed to reduce the surplus balance. The Utility Capital Projects Fund is expected to decrease by \$13 million, accounting for about forty percent of the reduction. This is due to capital expenditures on several large projects. Decreases in fund balance in the Streets Improvement Fund (\$3.8 million), Old Kings Road Special Assessment Fund (\$1.7 million), and the Capital Projects Fund (\$5.6 million) are all due to construction projects scheduled for fiscal years 2010 and 2011.

## COMPUTATION OF ESTIMATED FUND BALANCES

Fund Title	Available Fund Balance 09/30/2009	Estimated Fund Balance 09/30/2010	Net Annual Revenues (Expenditures) 09/30/2011	Estimated Fund Balance 09/30/2011
General Fund	\$ 9,812,657	\$ 2,856,807	\$ 105,107	\$ 2,961,914
CDBG Fund	-	-	-	-
Police Education Fund	40,977	49,077	6,400	55,477
Police Automation Fund	213,351	244,651	25,500	270,151
Disaster Reserve Fund	2,130,077	2,168,577	32,400	2,200,977
Recycling Revenue Fund	245,294	228,494	8,500	236,994
Streets Improvement Fund	4,101,752	987,452	(717,700)	269,752
Park Impact Fee Fund	1,345,918	400,018	354,900	754,918
Fire Impact Fee Fund	-	67,993	76,300	144,293
Development Special Projects Fund	1,458,203	1,531,703	23,800	1,555,503
Transportation Impact Fee Fund	-	-	1,854,100	1,854,100
Neighborhood Stabilization Fund	-	175,127	421,600	596,727
Old Kings Road Special Assessment Fund	1,731,060	-	-	-
SR100 Community Redevelopment Fund	208,474	2,091,774	(1,155,653)	936,121
Capital Projects Fund	7,271,801	5,933,329	(4,268,400)	1,664,929
Utility Fund	8,451,537	6,784,082	(429,245)	6,354,837
Utility Capital Projects Fund	14,355,044	9,749,812	(8,414,378)	1,335,434
Solid Waste Fund	397,384	620,255	61	620,316
Stormwater Management Fund	-	412,746	270,835	683,581
Building Permits & Inspections	5,959,595	4,505,682	(1,203,472)	3,302,210
Golf Course Fund	561,257	239,857	1,397	241,254
Tennis Center Fund	14,018	14,479	-	14,479
Information Technology & Communications Fund	-	570,612	(284,977)	285,635
Fleet Management Fund	1,780,860	1,111,587	1,098,042	2,209,629
Total	\$ 60,079,259	\$ 40,744,114	\$ (12,194,883)	\$ 28,549,231



## BUDGET SUMMARY

Fund Type	Estimated Revenue	Operating Expenditures & Contingency	Capital Expenditures	Operating Transfers	Total Expenditures
General Fund	\$ 26,396,689	\$ 25,746,173	\$ 40,500	\$ 610,016	\$ 26,396,689
Special Revenue Funds					
CDBG Fund	-	-	-	-	-
Police Education Fund	55,400	55,400	-	-	55,400
Police Automation Fund	270,100	270,100	-	-	270,100
Disaster Reserve Fund	2,200,900	2,200,900	-	-	2,200,900
Recycling Revenue Fund	306,900	306,900	-	-	306,900
Streets Improvement Fund	6,463,900	375,000	6,088,900	-	6,463,900
Park Impact Fee Fund	366,900	354,900	12,000	-	366,900
Fire Impact Fee Fund	76,300	76,300	-	-	76,300
Development Special Projects Fund	1,164,900	1,164,900	-	-	1,164,900
Transportation Impact Fee Fund	6,804,100	1,854,100	4,950,000	-	6,804,100
Neighborhood Stabilization Fund	2,290,500	2,290,500	-	-	2,290,500
OKR Special Assessment Fund	50,000,000	-	46,000,000	4,000,000	50,000,000
SR100 Community Redevelopment Fu	3,265,416	1,715,416	1,550,000	-	3,265,416
Capital Projects Fund	8,983,500	-	8,983,500	-	8,983,500
Sub-Total	82,248,816	10,664,416	67,584,400	4,000,000	82,248,816
Enterprise Funds					
Utility Fund	31,345,250	28,528,115	539,785	2,277,350	31,345,250
Utility Capital Projects Fund	23,576,000	71,000	23,505,000	-	23,576,000
Solid Waste Fund	7,745,800	7,745,800	-	-	7,745,800
Stormwater Management Fund	7,378,200	4,517,489	2,816,711	44,000	7,378,200
Building Permits & Inspections Fund	1,512,072	1,512,072	-	-	1,512,072
Golf Course Fund	1,492,200	1,474,200	-	18,000	1,492,200
Tennis Center Fund	304,208	303,208	-	1,000	304,208
Information Tech & Comm Fund	2,810,927	2,495,727	315,200	-	2,810,927
Sub-Total	76,164,657	46,647,611	27,176,696	2,340,350	76,164,657
Internal Service Funds					
Fleet Management Fund	3,673,297	2,871,427	801,870	-	3,673,297
Sub-Total All Funds	188,483,459	\$ 85,929,627	\$ 95,603,466	\$ 6,950,366	188,483,459
Less: Interfund Charges and Transfers	12,595,813				12,595,813
Total	<u>\$ 175,887,646</u>				<u>\$ 175,887,646</u>

## BUDGET SUMMARY

	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total Funds
CASH BALANCES BROUGHT FORWARD	\$ -	\$ 11,084,500	\$ 10,832,072	\$ -	\$ 21,916,572
ESTIMATED REVENUES					
TAXES: Millage Per \$1,000					
Ad Valorem Taxes: 3.5000	15,048,300	-	-	-	15,048,300
Sales, Use, and Fuel Taxes	335,000	4,014,300	-	-	4,349,300
Telecommunication Service Tax	2,854,500	-	-	-	2,854,500
Local Business Tax	389,300	-	-	-	389,300
Permits, Fees and Special Assessments	804,500	-	372,400	-	1,176,900
Intergovernmental Revenue	1,912,900	8,796,000	-	-	10,708,900
Charges for Services	3,251,561	1,499,100	49,422,713	216,100	54,389,474
Fines & Forfeitures	583,200	447,500	-	-	1,030,700
Interest Revenue	306,100	339,900	646,200	50,500	1,342,700
Miscellaneous Revenue	34,500	1,582,500	202,400	-	1,819,400
Non Revenues	-	-	2,317,750	3,327,697	5,645,447
Transfers from Other Funds	876,828	4,485,016	1,509,522	79,000	6,950,366
Proceeds from Debt	-	50,000,000	10,861,600	-	60,861,600
Total Revenues and Other Financing Sources	26,396,689	71,164,316	65,332,585	3,673,297	166,566,887
Total Estimated Revenues and Balances	\$ 26,396,689	\$ 82,248,816	\$ 76,164,657	\$ 3,673,297	188,483,459
Less: Interfund Transfers and Charges					12,595,813
Total					<u>\$ 175,887,646</u>
EXPENDITURES/EXPENSES					
General Government	\$ 8,069,448	\$ 1,300,000	\$ 2,810,927	\$ -	\$ 12,180,375
Public Safety	10,136,204	370,000	1,512,072	-	12,018,276
Physical Environment	-	70,000	48,309,153	-	48,379,153
Transportation	5,206,560	65,644,900	6,365,606	-	77,217,066
Economic Development	-	1,693,800	-	-	1,693,800
Culture/Recreation	2,269,354	744,500	1,776,011	-	4,789,865
Internal Service	-	-	-	2,575,255	2,575,255
Debt Service	-	679,369	12,278,245	-	12,957,614
Transfers to Other Funds	610,016	4,000,000	2,340,350	-	6,950,366
Total Expenditures/Expenses	26,291,582	74,502,569	75,392,364	2,575,255	178,761,770
Reserves	105,107	7,746,247	772,293	1,098,042	9,721,689
Total Appropriated Expenditures and Reserves	\$ 26,396,689	\$ 82,248,816	\$ 76,164,657	\$ 3,673,297	188,483,459
Less: Interfund Transfers and Charges					12,595,813
Total					<u>\$ 175,887,646</u>

# BUDGET SUMMARY

FUND/DEPARTMENT	Actual FY 08	Actual FY 09	Projected FY 10	Proposed FY 11
General Fund				
City Council	\$ 76,429	\$ 81,032	\$ 85,200	\$ 88,377
City Manager	551,901	525,986	462,100	352,569
Community Relations	514,455	416,192	258,412	229,476
Purchasing and Contracts Management	326,844	325,893	329,500	290,724
Economic Development	-	2,092	238,000	330,081
City Clerk	299,207	220,305	197,350	165,586
Human Resources	308,060	287,655	287,030	283,789
Law Enforcement	2,296,016	2,425,413	2,599,911	2,599,863
City Attorney	553,936	395,346	342,500	341,077
Financial Services	784,924	762,234	763,065	763,068
Information Technology and Communications	2,657,785	2,415,021	-	-
Community Development				
Building Permits and Inspections	1,820,103	1,470,474	-	-
Planning	1,510,825	1,418,485	1,500,469	1,566,156
Code Enforcement	1,917,067	2,058,077	2,025,949	2,219,803
Total Community Development	5,247,995	4,947,036	3,526,418	3,785,959
Fire	5,776,517	7,164,672	7,901,267	7,536,341
Public Works				
Streets	4,986,977	4,903,805	5,468,242	5,206,560
Facilities Maintenance	457,526	709,356	741,358	740,592
Parks/Facilities	891,291	997,622	1,090,453	999,231
Total Public Works	6,335,794	6,610,783	7,300,053	6,946,383
Engineering	1,101,465	1,221,634	1,315,743	548,150
Recreation/Athletics	1,113,345	1,011,198	1,183,582	1,270,123
Non-Departmental	894,044	978,620	6,835,621	865,123
Total General Fund	28,838,717	29,791,112	33,625,752	26,396,689

## BUDGET SUMMARY

FUND/DEPARTMENT	Actual FY 08	Actual FY 09	Projected FY 10	Proposed FY 11
CDBG Fund	58,053	3,201	-	-
Police Education Fund	-	24,000	49,000	55,400
Police Automation Fund	-	-	244,600	270,100
Disaster Reserve Fund	211,027	755,379	2,168,900	2,200,900
Recycling Revenue Fund	21,210	63,164	118,900	306,900
Streets Improvement Fund	5,767,342	6,208,305	9,425,200	6,463,900
Park Impact Fee Fund	1,683,561	1,323,725	2,275,000	366,900
Fire Impact Fee Fund	1,900,357	1,249,553	281,900	76,300
Development Special Projects Fund	6,680	-	1,531,700	1,164,900
Transportation Impact Fee Fund	11,126,240	11,837,827	10,878,000	6,804,100
Neighborhood Stabilization Fund	-	5,856	2,308,200	2,290,500
Old Kings Road Special Assessment Fund	-	3,311,503	2,181,100	50,000,000
SR100 Community Redevelopment Fund	1,256,222	1,246,087	5,446,300	3,265,416
Capital Projects Fund	11,904,636	3,558,148	6,063,900	8,983,500
Utility Fund				
Utility Customer Service	1,120,693	1,135,115	1,140,804	1,094,576
Utility Administration	1,304,081	1,302,988	1,291,703	1,204,686
Utility Maintenance	766,489	730,641	671,740	598,781
Wastewater Collection	2,437,972	2,401,258	2,437,034	2,319,639
Wastewater Treatment	1,867,103	1,881,268	1,722,739	1,819,722
Water Plant #1	1,843,366	1,857,114	1,807,263	1,836,723
Water Plant #2	1,503,157	1,454,783	1,309,600	1,419,383
Water Plant #3	344,346	883,270	1,055,509	1,064,998
Water Quality	445,751	459,566	443,399	426,963
Water Distribution	3,850,519	3,595,264	3,140,637	2,968,066
Non-Departmental	13,587,833	19,392,884	15,824,427	16,591,713
Total Utility Fund	29,071,310	35,094,151	30,844,855	31,345,250
Utility Capital Projects Fund	2,160,256	2,160,256	8,555,000	23,576,000
Solid Waste Fund	7,413,209	6,948,593	7,724,600	7,745,800
Stormwater Management Fund	3,342,674	4,079,982	11,833,700	7,378,200
Building Permits & Inspections Fund	-	-	1,714,913	1,512,072
Golf Course Fund	31,989	4,584,218	2,510,400	1,492,200
Tennis Center Fund	226,647	242,969	281,800	304,208
Information Technology & Comm Fund	-	-	3,281,781	2,810,927
Fleet Management Fund	3,037,020	2,851,112	4,457,077	3,673,297
Total All Funds	108,057,150	115,339,141	147,802,578	188,483,459
Less: Interfund Transfers	11,912,125	12,621,707	13,633,854	12,595,813
Total	\$ 96,145,025	\$ 102,717,434	\$ 134,168,724	\$ 175,887,646

## 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.

**LOCAL OPTION, 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.

**COMMUNICATIONS SERVICES TAXES:** 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.

**PERMITS, FEES AND SPECIAL ASSESSMENTS:** 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.

**JUDGMENTS, FINES & FORFEITS:** 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 AND OTHER EARNINGS:** 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.

<b><u>Revenue Source</u></b>	<b><u>Forecast Methodology</u></b>
Ad Valorem Taxes	Approved millage multiplied by tax roll, less 3.41% for assumed non-collection and/or discounts taken for early payment.
Local Option, Use, and Fuel Taxes	State's forecast (based on city and county population and lane miles), adjusted for historical trend analysis.
Communications Services Taxes	State's forecast adjusted for historical trend analysis.
Permits, Fees and Special Assessments	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.
Judgments, Fines & Forfeits	Historical trend analysis.
Interest and Other Earnings	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 11 major revenue sources that account for 38 percent of the City's estimated revenues for fiscal year 2011. Debt proceeds account for another 35 percent and appropriated fund balance another 12 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 11 major revenue sources.

**AD VALOREM TAXES:** There had been an average decrease in property values of over 4% over the past three years which included an increase in value three years ago and decreases for the past two years. For 2011, there was a decrease in taxable value of about 16%. This makes three consecutive years of declines in property values. The decline is expected to slow in 2012 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.

**COMMUNICATIONS SERVICES TAXES:** Increases in this revenue have averaged about 4% over the past 3 years. With the slowing population growth we should see an increase of about 1% to 2% per year going forward.

**TRANSPORTATION IMPACT FEES:** Permits issued have declined over the past three years and as a result impact fees have also been declining. All construction related revenues are expected to level off at these lower levels for the next one to three years.

**HALF-CENT SALES TAX:** This revenue source has declining slightly for the past 3 years. However, fiscal year 2010 saw a small increase from 2009. We expect to see continued improvement over the next few years and should see increases of 1% to 2%.

**WATER AND WASTEWATER SALES:** This is a revenue source related to the utility system. It is expected that this revenue source will increase by 1% to 3% annually.

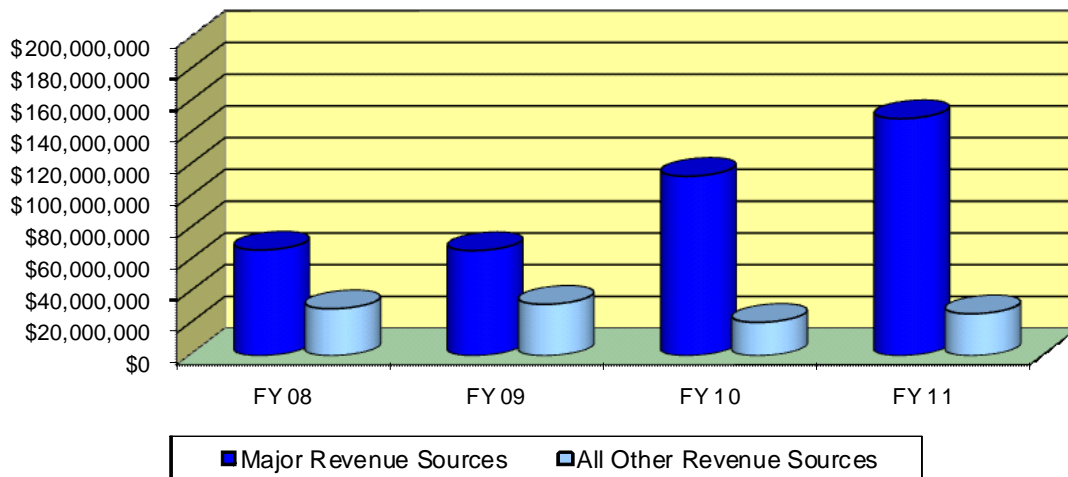
**WATER AND WASTEWATER IMPACT FEES:** Like transportation impact fees this revenue source is expected to level off.

**SOLID WASTE CHARGES:** This is a charge is expected to mirror the population growth of about 1% to 2%.

**STORMWATER FEES:** This fee is charged on developed and undeveloped property. A 1% to 2% growth rate is anticipated.

## MAJOR REVENUE SOURCES

SOURCE	Actual FY 08	Actual FY 09	Projected FY 10	Proposed FY 11
Ad Valorem Taxes	\$20,184,340	\$17,602,781	\$18,000,800	\$15,048,300
Local Infrastructure Surtax	2,458,212	2,422,436	1,371,400	2,412,600
Communications Services Taxes	2,728,469	3,210,370	2,827,600	2,854,500
Half-Cent Sales Tax	1,939,723	1,829,577	1,848,200	1,850,000
Transportation Impact Fee	2,610,810	1,024,914	840,000	1,026,100
Water Sales	14,478,993	16,143,425	16,869,000	17,727,700
Wastewater Charges	8,648,904	10,028,514	10,203,500	10,464,600
Water Impact Fee	1,325,736	748,297	1,283,800	1,240,800
Wastewater Impact Fee	1,371,846	706,613	1,144,000	1,128,300
Solid Waste Charge	7,278,358	7,498,306	7,724,600	7,745,800
Stormwater Management Fee	3,598,820	5,050,067	5,170,800	5,170,800
Debt Proceeds	-	-	10,474,900	60,861,600
Appropriated Fund Balance	-	-	34,365,623	21,916,572
All Other Sources	41,520,565	45,059,832	34,678,355	39,035,787
<b>TOTAL</b>	<b>108,144,776</b>	<b>111,325,132</b>	<b>146,802,578</b>	<b>188,483,459</b>
Less: Interfund Transfers	11,912,125	12,621,707	13,633,854	12,595,813
<b>TOTAL NET REVENUE</b>	<b>\$ 96,232,651</b>	<b>\$ 98,703,425</b>	<b>\$ 133,168,724</b>	<b>\$ 175,887,646</b>

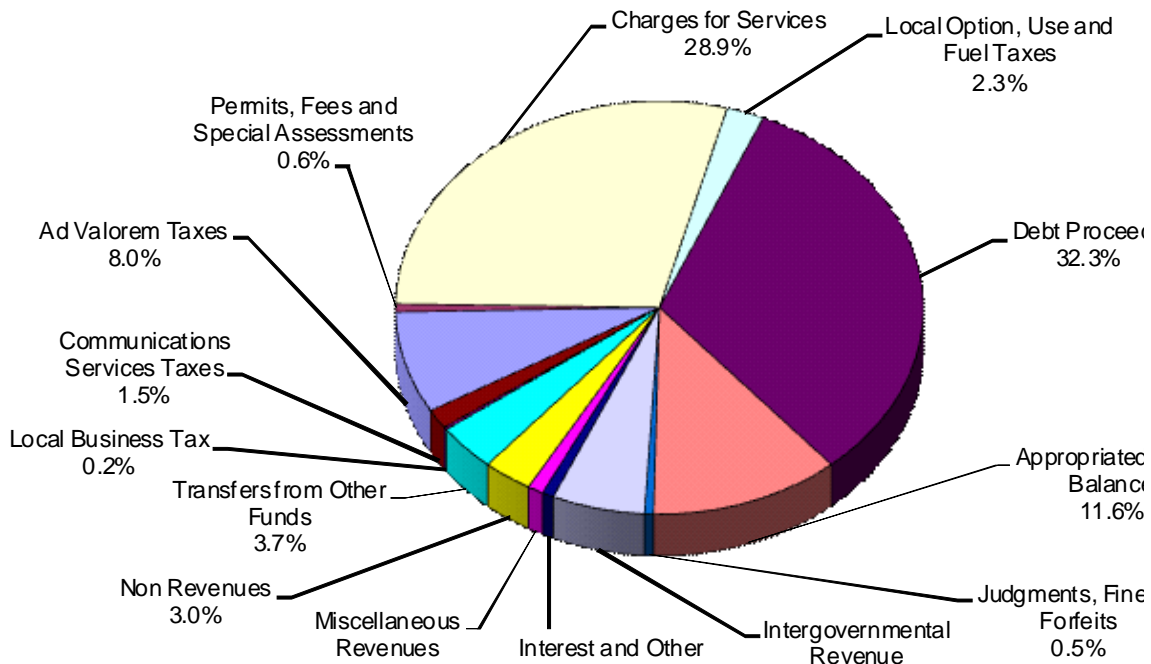




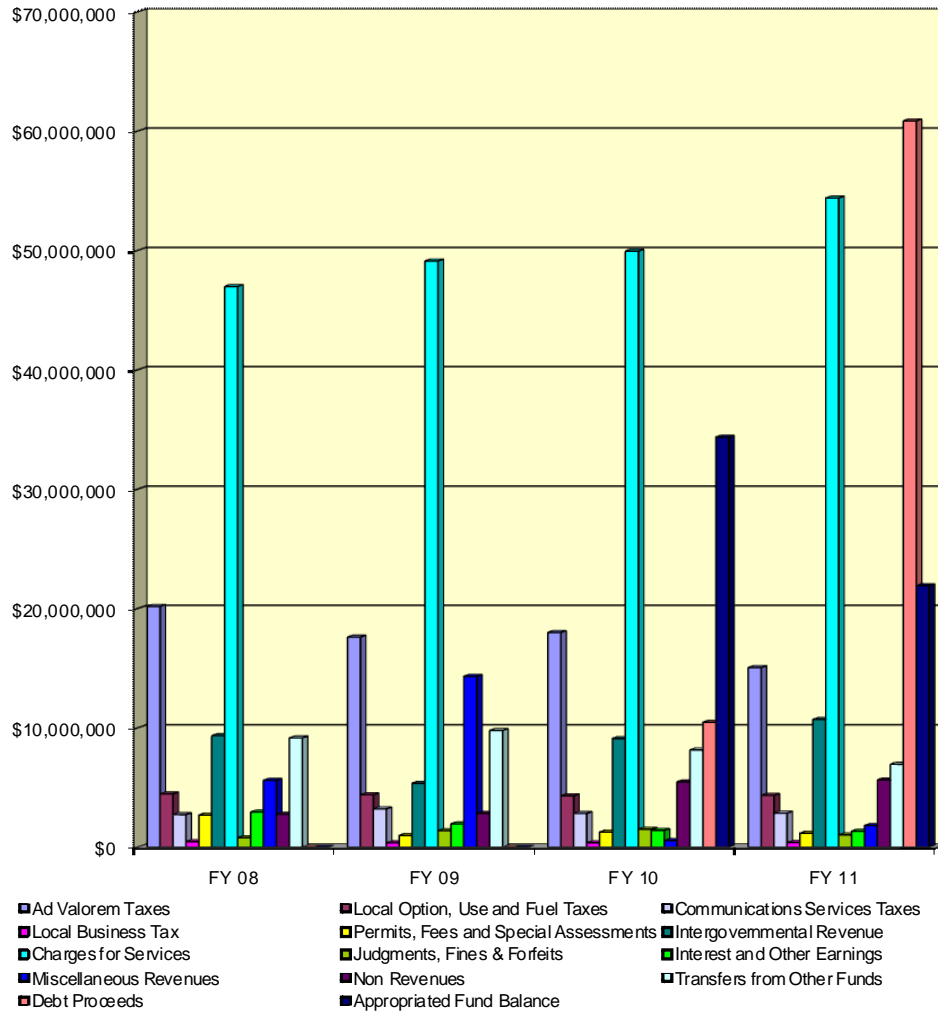
## REVENUES BY SOURCE

SOURCE	Actual FY 08	Actual FY 09	Projected FY 10	Proposed FY 11
Ad Valorem Taxes	\$ 20,184,340	\$ 17,602,781	\$ 18,000,800	\$ 15,048,300
Local Option, Use and Fuel Taxes	4,463,628	4,394,639	4,308,200	4,349,300
Communications Services Taxes	2,728,469	3,210,370	2,827,600	2,854,500
Local Business Tax	474,256	358,300	379,300	389,300
Permits, Fees and Special Assessments	2,698,050	995,513	1,269,600	1,176,900
Intergovernmental Revenue	9,346,880	5,356,587	9,106,600	10,708,900
Charges for Services	46,986,427	49,114,623	49,946,201	54,389,474
Judgments, Fines & Forfeits	804,796	1,398,510	1,513,200	1,030,700
Interest and Other Earnings	2,944,440	1,950,134	1,414,900	1,342,700
Miscellaneous Revenues	5,601,365	14,321,968	561,800	1,819,400
Non Revenues	2,753,640	2,832,428	5,475,785	5,645,447
Transfers from Other Funds	9,158,485	9,789,279	8,158,069	6,950,366
Debt Proceeds	-	-	10,474,900	60,861,600
Appropriated Fund Balance	-	-	34,365,623	21,916,572
<b>TOTAL</b>	<b>108,144,776</b>	<b>111,325,132</b>	<b>147,802,578</b>	<b>188,483,459</b>
Less: Interfund Transfers	11,912,125	12,621,707	13,633,854	12,595,813
<b>NET TOTAL REVENUE</b>	<b>\$ 96,232,651</b>	<b>\$ 98,703,425</b>	<b>\$ 134,168,724</b>	<b>\$ 175,887,646</b>

## FISCAL YEAR 2011



# REVENUES BY SOURCE



# PROPERTY INFORMATION

## PROPERTY VALUES, MILLAGE RATES, AND AD VALOREM RECEIPTS FISCAL YEAR 2001 THROUGH FISCAL YEAR 2011

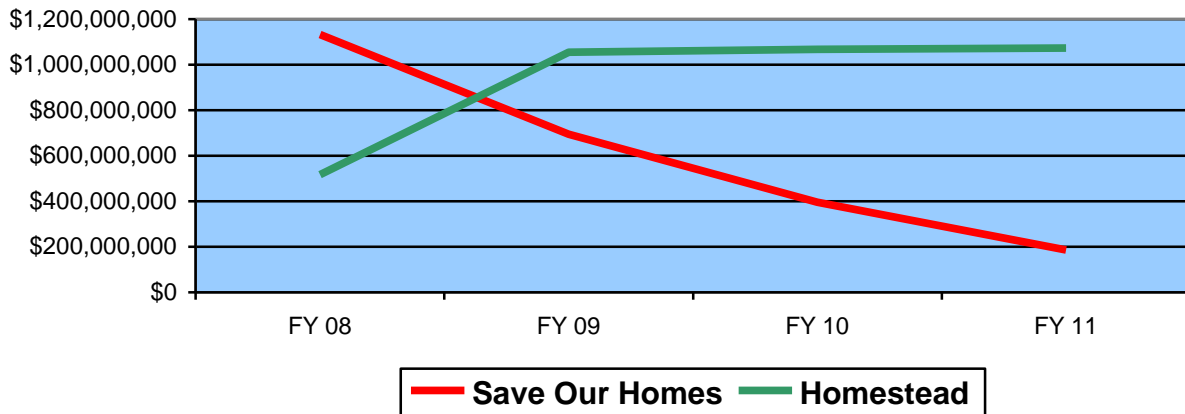
Fiscal Year	Gross Taxable Valuations (1)	Change from Previous Year	% Change	Millage Levy	Change from Previous Year	% Change	Ad Valorem Tax Revenues	Change from Previous Year	% Change
2011	\$ 4,466,504,753	\$ (780,493,434)	-14.88%	3.5000	0.0000	0.00%	\$ 15,048,300	\$ (2,952,500)	-16.40%
2010	\$ 5,246,998,187	(884,966,982)	-14.43%	3.5000	0.5377	18.15%	\$ 18,000,800	398,019	2.26%
2009	6,131,965,169	(877,912,252)	-12.52%	2.9623	-0.00004	0.00%	17,602,781	(2,581,559)	-12.79%
2008	7,009,877,421	769,882,932	12.34%	2.96234	-0.28766	-8.85%	20,184,340	580,534	2.96%
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, 2010

Class of Property	Number of Parcels	Just Value	Assessed Value	Exempt	Taxable Value	Taxable Value Per Parcel
Residential Vacant Land	18,414	\$ 344,865,249	\$ 344,697,934	\$ 253,246	\$ 344,444,688	\$ 18,706
Residential Single Family	30,882	4,265,161,027	4,167,215,082	1,187,027,306	2,980,187,776	96,502
Residential Mobile Homes	2	91,065	63,297	22,958	40,339	20,170
Residential Other	2,634	360,721,316	359,071,561	30,997,364	328,074,197	124,554
Commercial Vacant Land	274	139,545,837	128,883,397	246,827	128,636,570	469,477
Commercial Other	726	373,587,035	373,587,035	10,322,497	363,264,538	500,364
Industrial Vacant Land	54	12,018,764	12,018,764	-	12,018,764	222,570
Industrial Other	42	32,822,165	32,822,165	142,580	32,679,585	778,085
Agriculture	90	84,260,704	9,752,656	64,000	9,688,656	107,652
Institutional	74	74,519,213	74,519,213	42,291,532	32,227,681	435,509
Government	830	323,857,469	323,457,728	323,424,728	33,000	40
Other Real Property	314	45,313,789	44,828,972	1,334,976	43,493,996	138,516
Personal Property	-	320,164,935	320,164,935	132,468,543	187,696,392	
Centrally Assessed Property	-	4,177,099	4,177,099	158,528	4,018,571	
<b>TOTAL</b>	<b>54,336</b>	<b>\$ 6,381,105,667</b>	<b>\$ 6,195,259,838</b>	<b>\$ 1,728,755,085</b>	<b>\$ 4,466,504,753</b>	<b>\$ 82,202</b>

## VALUE OF EXEMPTIONS

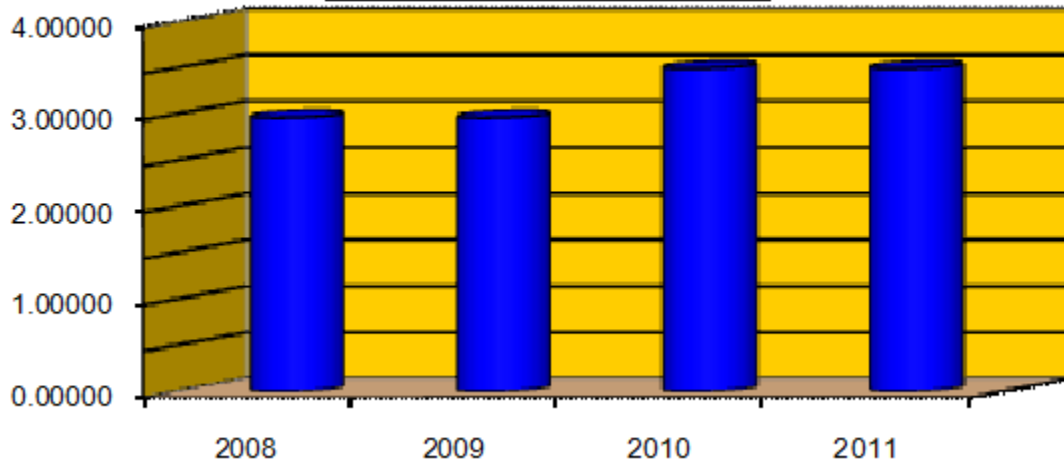


## PROPERTY VALUE AND MILLAGE RATES

### ASSESSED VALUE



### MILLAGE RATES



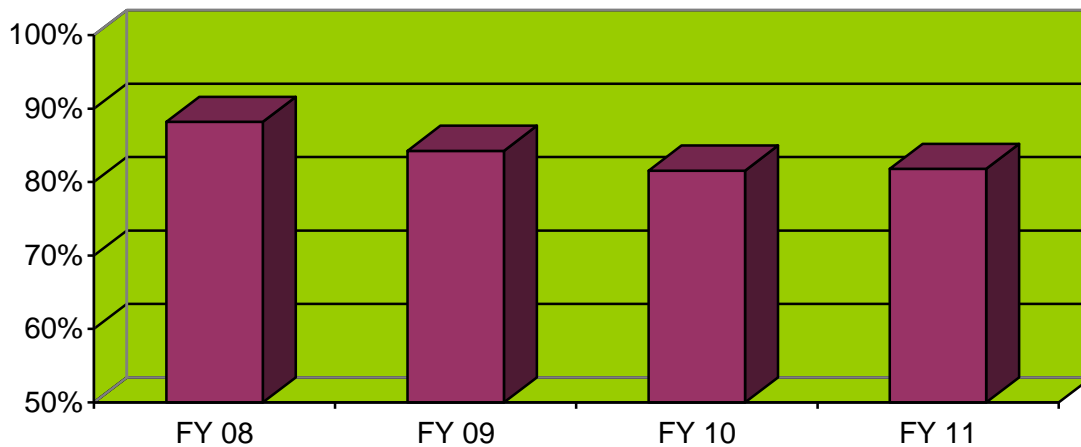
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## PROPERTY VALUE PER CAPITA

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%
2010	5,246,998,187	-14.43%	73,910	-0.91%	70,992	-13.64%
2011	4,466,504,753	-14.88%	74,067	0.21%	60,304	-15.06%

## RESIDENTIAL PROPERTY AS A % OF ALL PROPERTY

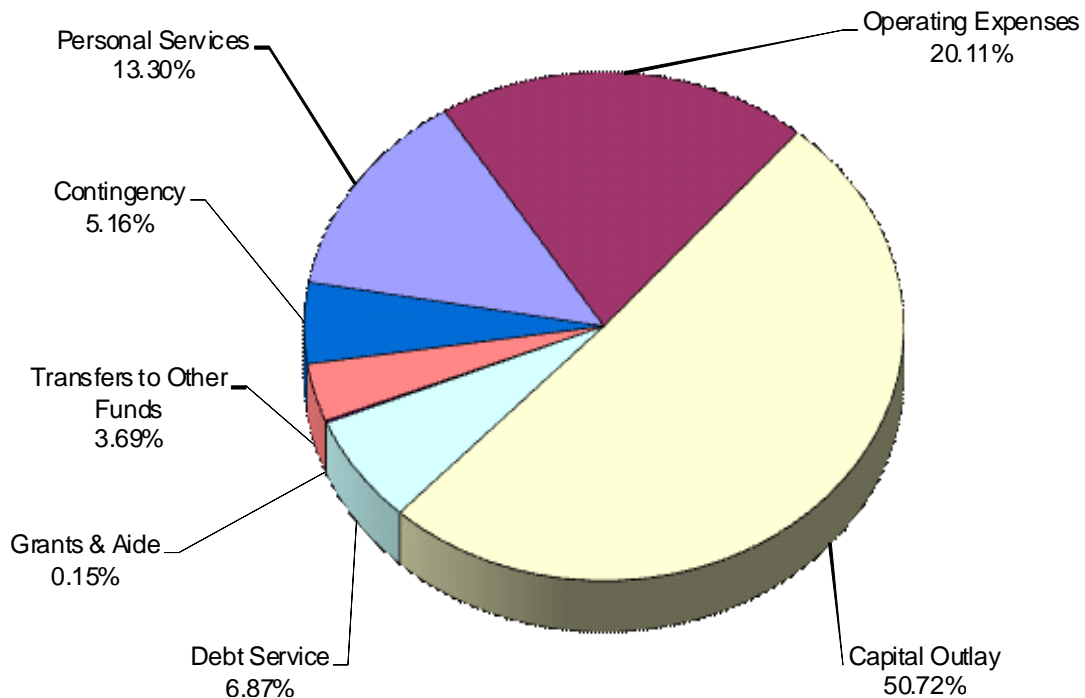


A declining percentage of residential property value compared to total property value within the city would indicate that residential is carrying less of the tax burden for city operations. Palm Coast had been experiencing a decline in the ratio of residential property. However, 2011 shows a slight increase.

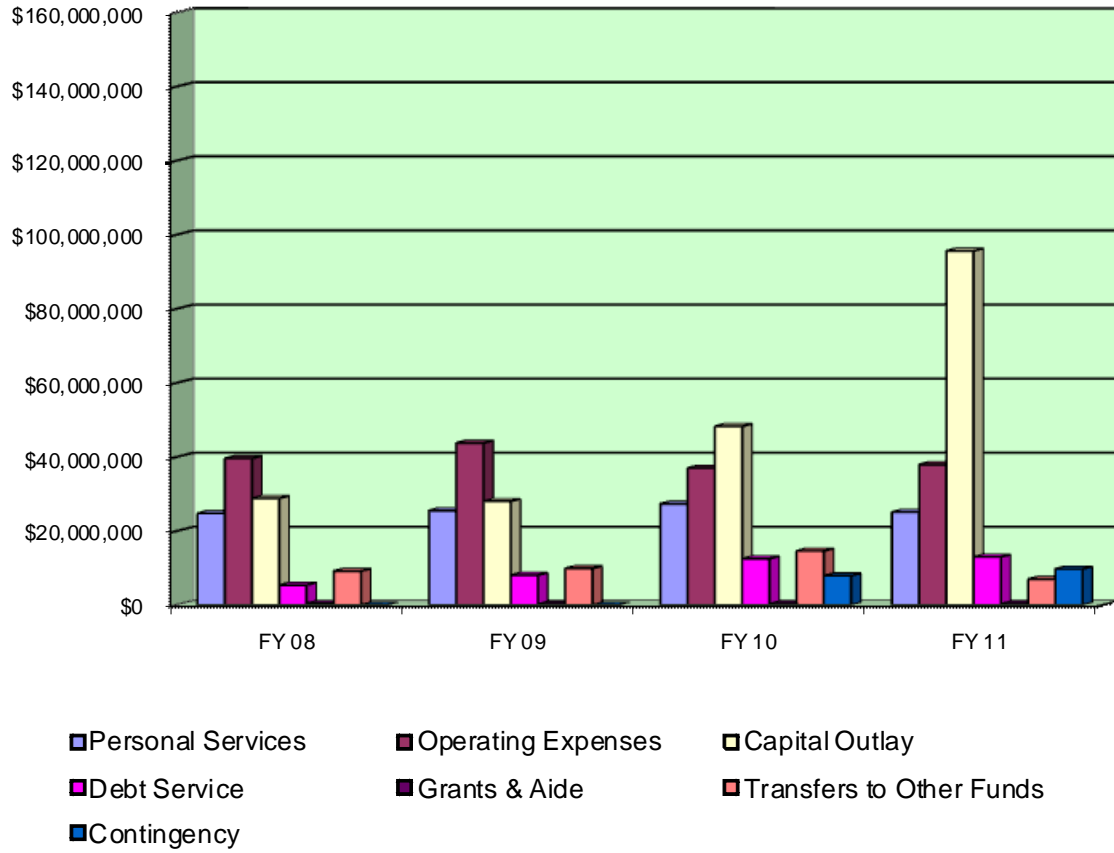
## EXPENDITURES BY CATEGORY

CATEGORY	Actual FY 08	Actual FY 09	Projected FY 10	Proposed FY 11
Personal Services	\$ 24,744,284	\$ 25,479,643	\$ 27,304,200	\$ 25,064,334
Operating Expenses	39,576,666	43,732,835	36,965,018	37,906,690
Capital Outlay	28,797,728	27,990,102	48,240,825	95,603,466
Debt Service	5,374,117	8,054,800	12,507,211	12,957,614
Grants & Aide	405,870	229,500	293,000	279,300
NonOperating Expenses	-	-	-	-
Transfers to Other Funds	9,158,485	9,852,261	14,585,862	6,950,366
Contingency	-	-	7,906,462	9,721,689
TOTAL	108,057,150	115,339,141	147,802,578	188,483,459
Less: Interfund Transfers	11,912,125	12,621,707	13,633,854	12,595,813
NET TOTAL EXPENDITURES	\$ 96,145,025	\$ 102,717,434	\$ 134,168,724	\$ 175,887,646

## FISCAL YEAR 2011



## EXPENDITURES BY CATEGORY

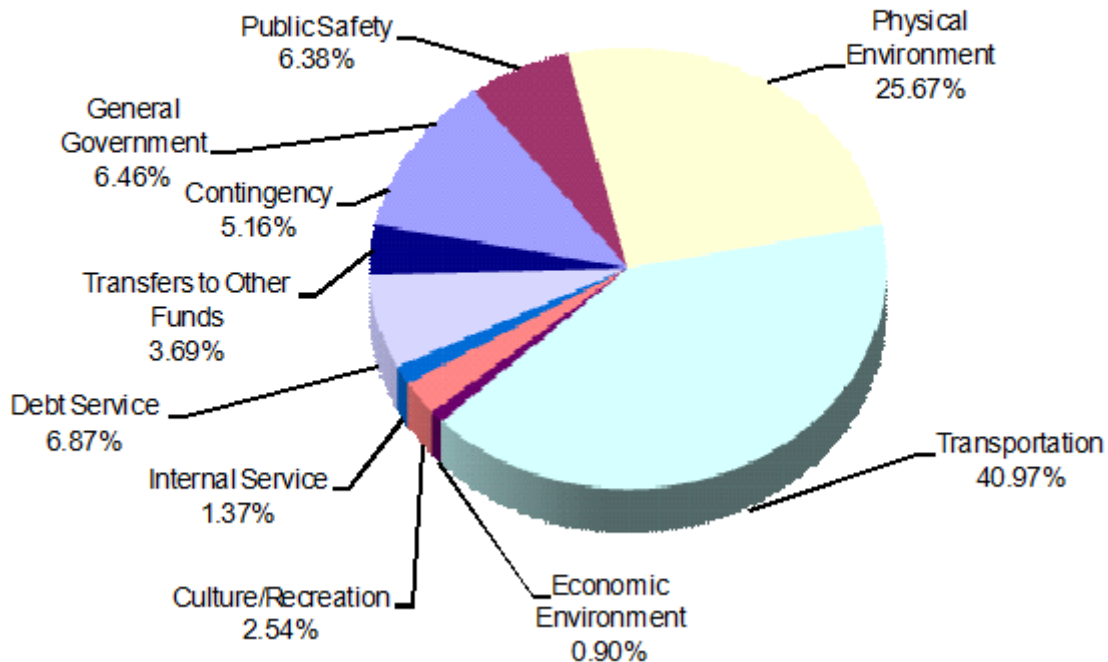




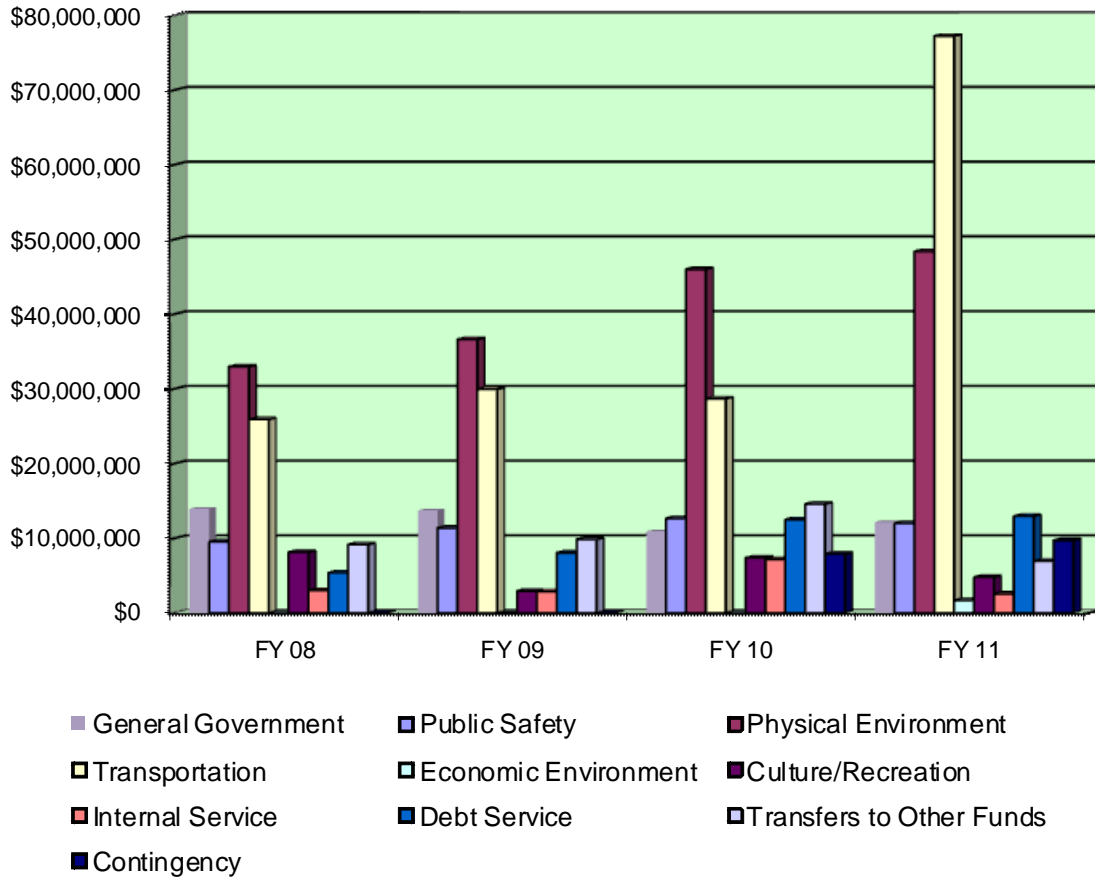
## EXPENDITURES BY FUNCTION

FUNCTION	Actual FY 08	Actual FY 09	Projected FY 10	Proposed FY 11
General Government	\$13,933,563	\$13,713,078	\$10,918,576	\$12,180,375
Public Safety	9,554,675	11,387,493	12,661,391	12,018,276
Physical Environment	32,957,728	36,603,322	46,004,714	48,379,153
Transportation	25,914,876	29,937,650	28,681,242	77,217,066
Economic Environment	-	5,856	-	1,693,800
Culture/Recreation	8,126,686	2,933,569	7,368,874	4,789,865
Internal Service	3,037,020	2,851,112	7,168,246	2,575,255
Debt Service	5,374,117	8,054,800	12,507,211	12,957,614
Transfers to Other Funds	9,158,485	9,852,261	14,585,862	6,950,366
Contingency	-	-	7,906,462	9,721,689
<b>TOTAL</b>	<b>108,057,150</b>	<b>115,339,141</b>	<b>147,802,578</b>	<b>188,483,459</b>
Less: Interfund Transfers	11,912,125	12,621,707	13,633,854	12,595,813
<b>NET TOTAL EXPENDITURES</b>	<b>\$ 96,145,025</b>	<b>\$ 102,717,434</b>	<b>\$ 134,168,724</b>	<b>\$ 175,887,646</b>

### FISCAL YEAR 2011



## EXPENDITURES BY FUNCTION



## PERSONNEL BY DEPARTMENT

DEPARTMENT	FY 06	FY 07	FY 08	FY 09	FY 10	PROPOSED FY 11	CHANGE
GENERAL FUND							
Mayor and Council	-	-	-	-	-	-	-
City Manager	3.50	3.50	3.50	3.50	3.00	2.00	(1.00)
Community Relations	4.00	4.00	6.00	6.00	3.50	2.38	(1.12)
Purchasing and Contracts Management	-	-	5.00	5.00	5.00	4.00	(1.00)
Economic Development	-	-	-	-	2.00	1.25	(0.75)
City Clerk	4.00	5.00	4.00	4.00	2.50	1.50	(1.00)
Personnel Management	3.00	4.00	4.00	3.00	3.00	3.00	-
Law Enforcement	1.00	1.00	1.00	1.00	-	-	-
City Attorney	-	1.00	1.00	1.00	0.50	0.50	-
Financial Services	13.00	13.00	10.00	9.00	9.00	8.00	(1.00)
Planning	17.00	19.00	19.00	17.00	16.50	15.15	(1.35)
Code Enforcement	19.00	19.50	23.00	25.00	25.00	26.30	1.30
Fire	44.00	48.00	72.00	67.00	67.00	66.00	(1.00)
Streets	52.00	52.00	46.00	50.00	50.30	45.30	(5.00)
Facilities Maintenance	3.00	3.00	3.00	2.00	2.00	2.00	-
Parks Maintenance	10.00	12.00	12.00	12.00	12.00	12.00	-
Engineering	6.00	7.00	17.00	17.00	17.45	3.20	(14.25)
Recreation & Athletics	21.63	28.40	26.80	27.30	25.30	23.90	(1.40)
Capital Projects	7.00	8.00	-	-	-	-	-
TOTAL GENERAL FUND	208.13	228.40	253.30	249.80	244.05	216.48	(27.57)
UTILITY FUND	101.00	112.00	115.50	115.50	115.20	113.20	(2.00)
SOLID WASTE FUND	2.00	2.00	-	-	-	-	-
STORMWATER MANAGEMENT FUND	17.00	20.00	18.00	30.00	29.55	35.55	6.00
BUILDING PERMITS & INSPECTIONS	34.50	31.50	24.00	20.00	18.00	15.40	(2.60)
TENNIS CENTER FUND	-	-	3.00	3.00	4.00	-	(4.00)
INFORMATION TECHNOLOGY & COMM	12.00	13.50	14.50	14.50	14.50	12.50	(2.00)
FLEET MANAGEMENT FUND	5.00	5.00	3.00	3.00	3.00	3.00	-
FULL-TIME EQUIVALENT POSITIONS	379.63	412.40	431.30	435.80	428.30	396.13	(32.17)

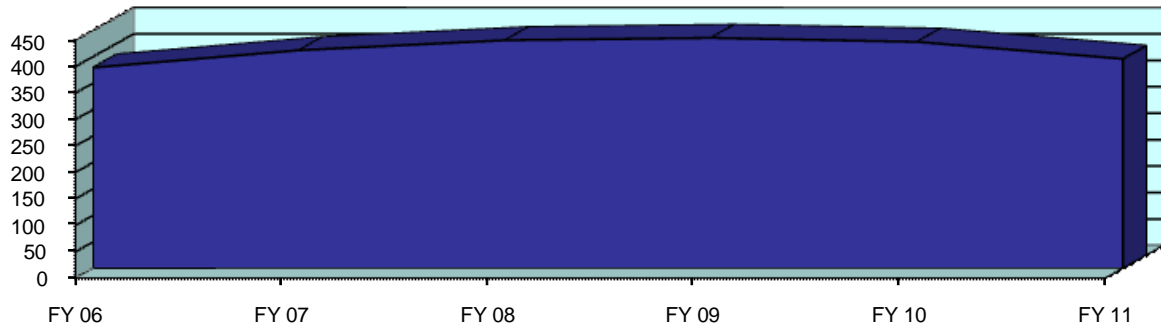
# PERSONNEL BY DEPARTMENT

## PER 1,000 POPULATION

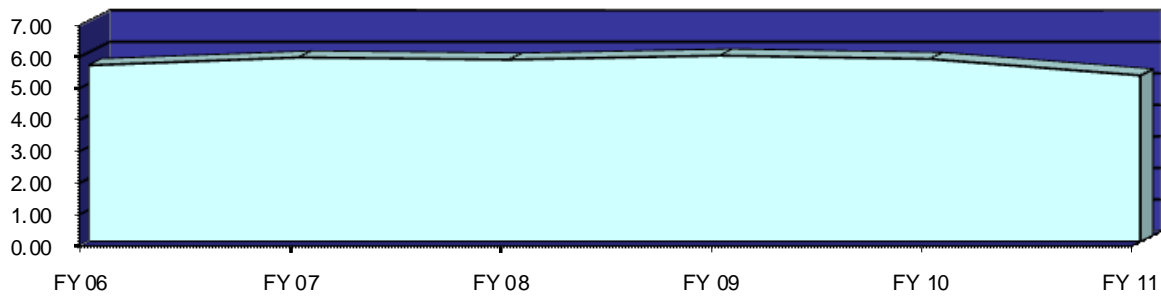
DEPARTMENT	FY 06	FY 07	FY 08	FY 09	FY 10	PROPOSED FY 11
Population	67,832	70,376	74,590	73,910	74,067	75,373
GENERAL FUND						
Mayor and Council	-	-	-	-	-	-
City Manager	0.05	0.05	0.05	0.05	0.04	0.03
Community Relations	0.06	0.06	0.08	0.08	0.05	0.03
Purchasing and Contracts Management	-	-	0.07	0.07	0.07	0.05
Economic Development	-	-	-	-	0.03	0.02
City Clerk	0.06	0.07	0.05	0.05	0.03	0.02
Personnel Management	0.04	0.06	0.05	0.04	0.04	0.04
Law Enforcement	0.01	0.01	0.01	0.01	-	-
City Attorney	-	0.01	0.01	0.01	0.01	0.01
Financial Services	0.19	0.18	0.13	0.12	0.12	0.11
Planning	0.25	0.27	0.25	0.23	0.22	0.20
Code Enforcement	0.28	0.28	0.31	0.34	0.34	0.35
Fire	0.65	0.68	0.97	0.91	0.90	0.88
Streets	0.77	0.74	0.62	0.68	0.68	0.60
Facilities Maintenance	0.04	0.04	0.04	0.03	0.03	0.03
Parks Maintenance	0.15	0.17	0.16	0.16	0.16	0.16
Engineering	0.09	0.10	0.23	0.23	0.24	0.04
Recreation & Athletics	0.32	0.40	0.36	0.37	0.34	0.32
Capital Projects	0.10	0.11	-	-	-	-
TOTAL GENERAL FUND	3.06	3.23	3.39	3.38	3.30	2.89
UTILITY FUND	1.49	1.59	1.55	1.56	1.56	1.50
SOLID WASTE FUND	0.03	0.03	-	-	-	-
STORMWATER MANAGEMENT FUND	0.25	0.28	0.24	0.41	0.40	0.47
Building Permits and Inspections	0.51	0.45	0.32	0.27	0.24	0.20
TENNIS CENTER FUND	-	-	0.04	0.04	0.05	-
INFORMATION TECHNOLOGY & COMMUNICAT	0.18	0.19	0.19	0.20	0.20	0.17
FLEET MANAGEMENT FUND	0.07	0.07	0.04	0.04	0.04	0.04
FULL-TIME EQUIVALENT POSITIONS	5.59	5.84	5.77	5.90	5.79	5.27

# 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). Because of the weak economy and declining revenues, there will be no merit increases for fiscal year 2011. The annual pay plan adjustment for 2011 will be 1.1% but only employees whose current pay falls below the average wage for Flagler County will actually receive the increase. At the present time, about 100 employees fall into this category.

Below is the pay scale for FY2010. 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	\$ 21,817	\$ 24,615	\$ 27,414	\$ 30,212	\$ 33,012
4	24,051	27,133	30,214	33,295	36,376
5	25,329	28,538	31,748	34,957	38,167
6	26,606	29,995	33,384	36,773	40,163
7	27,883	31,452	35,021	38,589	42,160
8	29,267	33,015	36,764	40,512	44,262
9	30,756	34,685	38,613	42,541	46,470
10	32,246	36,380	40,514	44,647	48,782
11	33,843	38,182	42,521	46,860	51,200
12	35,546	40,090	44,635	49,179	53,725
13	37,355	42,131	46,906	51,681	56,458
14	40,015	45,125	50,234	55,343	60,454
15	42,782	48,251	53,720	59,189	64,659
16	45,763	51,617	57,302	63,324	69,179
17	48,955	55,220	61,485	67,756	74,015
18	52,360	59,062	65,763	72,464	79,166
19	56,086	63,249	70,412	77,576	84,740
20	60,024	67,675	75,326	82,977	90,629
22	72,581	81,850	91,119	100,388	109,657
23	79,819	91,372	102,926	114,480	126,523

## 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 09/30/2010
CDBG Loan	2011	\$ 324,953	\$ 25,930
Lease Purchases	2013	648,583	391,491
Bank Loans	2025	13,000,000	13,000,000
State Revolving Fund Loans	2028	41,753,688	33,471,232
Utility System Revenue Bonds	2036	146,490,000	135,920,000
Totals		<u>\$ 202,217,224</u>	<u>\$ 182,808,653</u>

### Total Long-Term Debt

Year	Principal	Interest	Total
2011	\$5,025,453	\$7,495,630	\$12,521,083
2012	5,675,579	7,513,446	13,189,025
2013	5,768,670	7,314,715	13,083,385
2014	5,948,063	7,104,617	13,052,680
2015	6,161,327	6,856,608	13,017,935
2016-2020	34,763,843	30,115,439	64,879,282
2021-2025	41,230,236	21,862,519	63,092,755
2026-2030	37,460,482	13,096,633	50,557,115
2031-2035	34,910,000	4,195,194	39,105,194
2036-2040	5,865,000	131,031	5,996,031
Totals	<u>\$ 182,808,653</u>	<u>\$ 105,685,831</u>	<u>\$ 288,494,485</u>