

Executive Summary





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Summary of Major Budgetary Changes

Fiscal Year 2017 Budget vs. 2018 Budget

- ⇒ The FY 2018 Approved Budget is \$2,121,216 higher than that of FY 2017. This is an increase of 1%.
- ⇒ The FY 2018 Ad Valorem Tax Receipt revenue is budgeted 15% or \$2,652,012 higher than FY 2017. This is due to an increase in property values as well as additional services being funded. To fund these additional services, and to expedite a second phase of a current project, the millage rate has been increased from 4.2450 for 2017 to 4.5937 for 2018.

Additional Services/Projects Funded by Increase:

- 5 Additional Deputies (\$110,535 per deputy)
 - Economic Development Coordinator (\$100,000)
 - Expedite Holland Park Phase II (\$600,000)
 - Additional Streetlights (\$200,000)
 - Executive Search Firm (\$100,000)
- ⇒ Construction of a second Wastewater Treatment Plant began during fiscal year 2016. and is expected to be completed in fiscal year 2018. Therefore, an operating budget is included for Wastewater Treatment Plant 2 for fiscal year 2018.
 - ⇒ Management of the Palm Harbor Golf Course and the Palm Coast Tennis Center have been assumed by the City. Previously the management of both facilities was being managed through a contract with Kemper Sports. This change occurred in late fiscal year 2017.

Budget Overview

FUND	Proposed FY 18
General Fund	\$34,992,438
Special Revenue Funds	
CDBG fund	1,062,981
Police Education Fund	7,750
Special Events Fund	178,545
Development Special Projects Fund	270,836
Old Kings Road Special Assessment Fund	427,030
BAC Fund	16,500
Streets Improvement Fund	5,890,000
SR100 Community Redevelopment Fund	1,863,888
Capital Project Funds	
Park Impact Fee Fund	425,000
Fire Impact Fee Fund	180,000
Transportation Impact Fee Fund	3,095,000
Capital Projects Fund	6,990,000
Enterprise Funds	
Utility Fund	41,267,034
Utility Capital Projects Fund	26,968,346
Solid Waste Fund	8,367,960
Stormwater Management Fund	8,751,546
Building Permits Fund	2,333,000
Information Technology Fund	2,743,647
Internal Services Funds	
Self Insured Health Fund	4,662,752
Fleet Management Fund	4,964,387
Fleet Communication Fund	305,400
Facilities Maintenance Fund	678,599
Subtotal Budget All Funds	\$156,442,639
Less: Interfund Transfers	23,053,119
Total	<u>\$ 133,389,520</u>

Budget Summary

By Fund Type

Fund Type	Estimated Revenue	Operating Expenditures & Contingency	Capital Expenditures	Operating Transfers	Total Expenditures
General Fund	\$ 34,992,438	\$ 34,151,207	\$ 53,000	\$ 788,231	\$ 34,992,438
Special Revenue Funds					
CDBG Fund	1,062,981	456,769	-	606,212	1,062,981
Police Education Fund	7,750	7,750	-	-	7,750
Special Events Fund	178,545	178,545	-	-	178,545
Streets Improvement Fund	5,890,000	2,060,000	3,830,000	-	5,890,000
Development Special Projects Fund	270,836	270,836	-	-	270,836
Neighborhood Stabilization Fund	-	-	-	-	-
OKR Special Assessment Fund	427,030	427,030	-	-	427,030
BAC Fund	16,500	16,500	-	-	16,500
SR100 Community Redevelopment Fund	1,863,888	1,063,888	200,000	600,000	1,863,888
Sub-Total	9,717,530	4,481,318	4,030,000	1,206,212	9,717,530
Capital Project Funds					
Recreation Impact Fee Fund	425,000	115,000	75,000	235,000	425,000
Fire Impact Fee Fund	180,000	180,000	-	-	180,000
Transportation Impact Fee Fund	3,095,000	10,000	2,985,000	100,000	3,095,000
Capital Projects Fund	6,990,000	395,000	6,595,000	-	6,990,000
Sub-Total	10,690,000	700,000	9,655,000	335,000	10,690,000
Enterprise Funds					
Utility Fund	41,267,034	32,296,472	792,100	8,178,462	41,267,034
Utility Capital Projects Fund	26,968,346	1,013,346	25,955,000	-	26,968,346
Solid Waste Fund	8,367,960	8,367,960	-	-	8,367,960
Stormwater Management Fund	8,751,546	6,941,695	1,705,000	104,851	8,751,546
Building Permits & Inspections Fund	2,333,000	2,305,200	-	27,800	2,333,000
Information Technology Fund	2,743,647	2,565,516	162,000	16,131	2,743,647
Sub-Total	90,431,533	53,490,189	28,614,100	8,327,244	90,431,533
Internal Service Funds					
Self Insured Health Fund	4,662,752	4,662,752	-	-	4,662,752
Fleet Management Fund	4,964,387	2,956,487	2,007,900	-	4,964,387
Fleet Communications Fund	305,400	281,400	24,000	-	305,400
Facilities Maintenance Fund	678,599	678,599	-	-	678,599
Sub-Total All Funds	156,442,639	\$ 101,401,952	\$ 44,384,000	\$ 10,656,687	156,442,639
Less: Interfund Charges and Transfers	23,053,119				23,053,119
Total	\$ 133,389,520				\$ 133,389,520

Budget Summary

By Function

	General Fund	Enterprise Funds	Internal Services Funds	Special Revenue Funds	Capital Projects Funds	Total Funds
CASH BALANCES BROUGHT FORWARD	\$ -	\$ 11,781,326	\$ -	\$ 1,481,429	\$ 2,899,508	\$ 16,162,263
ESTIMATED REVENUES						
TAXES: Millage Per \$1,000						
Advalorem Taxes: 4.5937	\$ 19,393,041	\$ 502,590	\$ -	\$ -	\$ 600,000	\$ 20,495,631
Sales, Use, and Fuel Taxes	325,000	-	-	1,937,552	3,050,000	5,312,552
Telecommunication Service Tax	2,373,966	-	-	-	-	2,373,966
Local Business Tax	400,000	-	-	-	-	400,000
Permits, Fees and Special Assessments	831,000	-	-	327,030	-	1,158,030
Intergovernmental Revenue	4,085,947	1,550,000	-	4,531,957	420,116	10,588,020
Charges for Services	6,178,740	61,906,553	24,000	163,545	2,550,000	70,822,838
Fines & Forfeitures	381,000	-	-	4,750	-	385,750
Interest Revenue	85,000	435,470	47,000	-	-	567,470
Miscellaneous Revenues	55,000	10,000	220,000	-	-	285,000
Non Revenues	-	2,107,594	9,968,838	-	-	12,076,432
Transfers from Other Funds	883,744	7,300,000	351,300	1,000,431	1,441,212	10,976,687
Debt Proceeds	-	4,838,000	-	-	-	4,838,000
Total Revenues and other Financing Sources	\$ 34,992,438	\$ 78,650,207	\$ 10,611,138	\$ 7,965,265	\$ 8,061,328	\$ 140,280,376
Total Estimated Revenues and Balances	\$ 34,992,438	\$ 90,431,533	\$ 10,611,138	\$ 9,446,694	\$ 10,960,836	\$ 156,442,639
Less: Interfund Transfers						23,053,119
Net Revenues						\$ 133,389,520
EXPENDITURES/EXPENSES						
General Government	\$ 9,933,411	\$ 2,565,516	\$ -	\$ 340,837	\$ 570,251	\$ 13,410,015
Public Safety	11,987,055	1,833,875	-	7,750	-	13,828,680
Physical Environment	-	64,360,174	-	-	-	64,360,174
Transportation	6,262,754	-	-	5,890,000	3,070,000	15,222,754
Economic Environment	433,447	10,000	-	461,769	-	905,216
Culture/Recreation	5,451,094	-	-	178,545	6,135,000	11,764,639
Internal Service	-	-	9,511,955	-	-	9,511,955
Debt Service	-	12,437,713	-	1,256,681	-	13,694,394
Transfers to Other Funds	788,231	8,327,244	-	1,206,212	655,000	10,976,687
Total Expenditures/Expenses	\$ 34,855,992	\$ 89,534,522	\$ 9,511,955	\$ 9,341,794	\$ 10,430,251	\$ 153,674,514
Reserves	136,446	897,011	1,099,183	104,900	530,585	2,768,125
Total Appropriated Expenditures and Reserves	\$ 34,992,438	\$ 90,431,533	\$ 10,611,138	\$ 9,446,694	\$ 10,960,836	\$ 156,442,639
Less: Interfund Transfers						23,053,119
Net Expenditures						\$ 133,389,520

Budget Summary

By Division

FUND/DIVISION	Actual FY 15	Actual FY 16	Projected FY 17	Proposed FY 18
General Fund				
City Council	\$ 97,005	\$ 100,487	\$ 107,614	\$ 218,815
City Manager	349,058	361,633	367,100	381,009
Communications and Marketing	350,623	331,572	407,006	426,734
Central Services	259,263	340,329	329,718	350,794
Economic Development	255,273	247,178	316,082	433,447
City Clerk	130,965	136,864	147,045	182,286
Human Resources	426,104	455,788	494,436	556,102
Law Enforcement	2,623,433	2,702,136	2,702,137	3,338,578
City Attorney	375,543	426,680	453,284	470,391
Financial Services	716,125	778,122	923,643	938,231
Fire	7,844,398	7,859,396	8,403,235	8,648,477
Construction Management & Engineering	433,312	1,382,093	1,726,645	1,973,900
Tennis Center	257,847	301,304	285,000	292,398
Golf Course	1,536,675	1,610,659	1,605,000	1,546,037
Parks and Recreation	1,016,646	1,153,600	1,474,202	1,613,432
Non-Departmental	612,178	1,346,673	1,065,223	1,249,491
Planning	1,640,951	1,405,345	1,456,595	1,585,015
Code Enforcement	2,039,788	2,003,442	2,248,932	2,343,520
Streets	5,476,269	5,599,304	6,067,131	6,332,254
Facilities Maintenance	636,032	-	-	-
Parks/Facilities	1,244,126	1,504,382	1,636,268	2,111,527
Total General Fund	\$ 28,321,616	\$ 30,046,990	\$ 32,216,296	\$ 34,992,438
Utility Fund				
Utility Customer Service	1,292,798	1,388,941	1,473,817	1,586,297
Utility Administration	1,102,586	695,334	845,178	860,149
Utility Maintenance	638,599	712,442	773,025	903,680
Wastewater Collection	2,466,052	2,670,841	2,956,240	2,879,484
Wastewater Treatment Plant #1	-	1,771,576	1,963,111	1,932,892
Wastewater Treatment Plant #2	-	-	-	899,557
Water Plant #1	975,471	1,088,682	1,222,622	1,340,910
Water Plant #2	1,692,810	1,747,372	2,021,587	2,264,817
Water Plant #3	1,413,584	1,390,106	1,760,037	1,953,776
Water Quality	465,132	458,224	484,137	503,882
Water Distribution	2,699,300	2,954,038	3,296,896	3,678,751
Non-Departmental	20,618,229	21,697,600	23,771,249	22,462,839
Total Utility Fund	\$ 33,364,561	\$ 36,575,154	\$ 40,567,899	\$ 41,267,034

FUND/DIVISION	Actual FY 15	Actual FY 16	Projected FY 17	Proposed FY 18
CDBG Fund	680,084	178,971	505,540	1,062,981
Police Education Fund	9,880	10,000	10,000	7,750
Police Automation Fund	135,000	10,577	-	-
Disaster Reserve Fund	-	-	4,456,200	-
Special Events Fund	189,320	243,528	157,686	178,545
Streets Improvement Fund	11,370,459	7,891,724	5,272,285	5,890,000
Recreation Impact Fee Fund	500,000	243,893	1,290,000	425,000
Fire Impact Fee Fund	-	-	182,800	180,000
Development Special Projects Fund	352,341	-	346,601	270,836
Transportation Impact Fee Fund	188,747	118,904	1,955,000	3,095,000
Neighborhood Stabilization Fund	89,970	-	24,732	-
Old Kings Road Special Assessment Fund	260,625	252,773	420,030	427,030
BAC Fund	17,522	22,500	38,630	16,500
SR100 Community Redevelopment Fund	1,847,995	1,599,596	1,718,318	1,863,888
Capital Projects Fund	10,447,015	3,838,327	7,695,074	6,990,000
Utility Capital Projects Fund	93,383	33,014	30,563,278	26,968,346
Solid Waste Fund	7,239,055	7,349,686	7,803,217	8,367,960
Stormwater Management Fund	5,134,192	6,929,790	8,004,288	8,751,546
Building Permits & Inspections Fund	2,429,062	1,575,210	2,332,000	2,333,000
Golf Course Fund	2,740	-	-	-
Tennis Center Fund	-	-	-	-
Information Technology Fund	2,295,526	2,692,296	2,303,430	2,743,647
Self Insured Health Fund	3,440,231	3,219,813	4,565,750	4,662,752
Fleet Management Fund	3,142,028	3,418,127	4,640,888	4,964,387
Communications Fund	-	6,317	293,400	305,400
Facilities Maintenance Fund	-	575,582	620,643	678,599
Total All Funds	\$ 111,551,353	\$ 106,832,774	\$ 157,983,985	\$ 156,442,639
Less: Interfund Transfers	17,597,233	17,444,655	20,809,480	23,053,119
Total	\$ 93,954,120	\$ 89,388,119	\$ 137,174,505	\$ 133,389,520

Revenues

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. Ad valorem 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. The Flagler County Tax Collector collects and distributes the taxes to each taxing authority. This is considered to be general revenue for general purposes of the government entity.

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.

COMMUNICATIONS SERVICES TAXES: This tax is collected by the State. The tax revenues, less the DOR’s administrative cost deduction are distributed monthly to the appropriate jurisdictions. The tax is charged on telecommunications, video, direct-to-home satellite and related services. This tax may be used for any public purpose.

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.

JUDGMENTS, FINES & FORFEITS: This revenue comes from code enforcement fines, red light camera violations and settlement of criminal cases taken to court. It includes a portion of monetary penalties and recovery of costs incurred by the City.

LOCAL OPTION, USE, AND FUEL TAXES: These are local option taxes, including gas tax and the Small County Surtax collected within the county by retailers and paid to the State. The proceeds are distributed monthly by the Department of Revenue based on a State mandated formula or an inter-local agreement between the cities and the county.

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, vehicle maintenance, facilities maintenance and communications as well as contributions towards the Self Insured Health Fund.

OTHER FINANCING SOURCES: This is most often an appropriation of previous surplus, and proceeds from issuing debt.

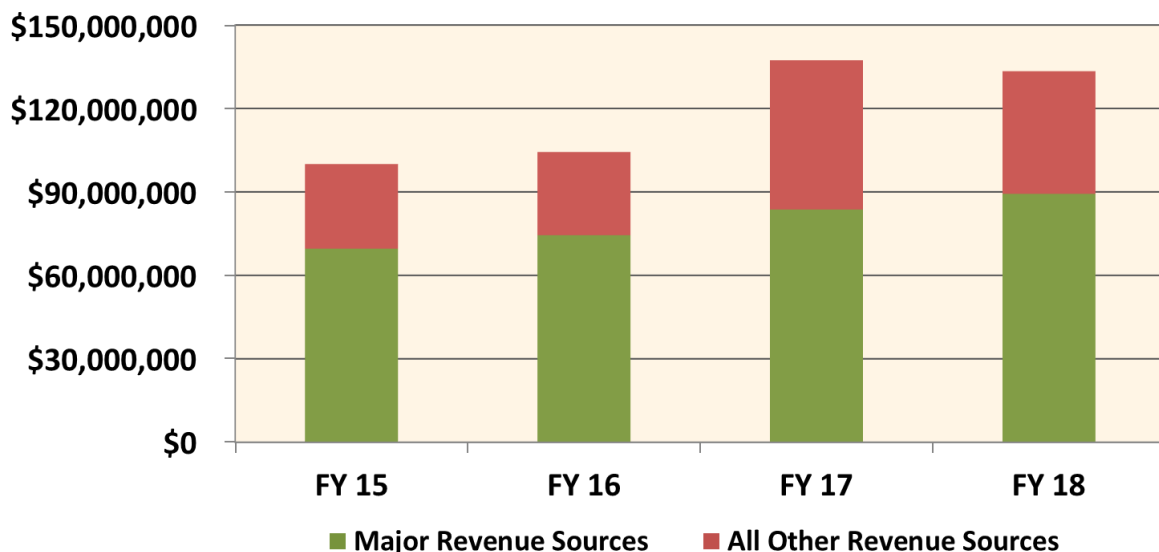
PERMITS, FEES AND SPECIAL ASSESSMENTS: According to Section 205.042, Florida Statutes, a municipality may levy a local business tax receipt for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction. This revenue also includes the Old King’s Road special assessment and animal licenses.

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.

Major Revenue Sources

SOURCE	Actual FY 15	Actual FY 16	Projected FY 17	Proposed FY 18
Ad Valorem Taxes	\$ 15,978,534	\$ 16,938,942	\$ 17,702,201	\$ 20,495,631
Local Option, Use and Fuel Taxes	5,253,461	5,393,953	5,000,000	5,312,552
Telecommunication Service Tax	2,529,845	2,390,508	2,223,000	2,373,966
Half-Cent Sales Tax	1,947,655	2,074,462	2,760,864	2,860,639
Transportation Impact Fees	1,246,201	2,139,002	1,945,000	1,945,000
Water Sales	17,445,894	17,789,590	21,247,359	22,428,543
Wastewater Charges	10,421,240	11,817,305	14,904,509	15,277,121
Water Impact Fee	191,818	697,513	1,425,000	1,758,780
Wastewater Impact Fee	199,766	480,546	1,425,000	2,008,779
Solid Waste Charges	7,349,016	7,634,487	7,799,217	8,367,960
Stormwater Utility Fee	7,047,910	7,076,133	7,240,846	7,270,000
Debt Proceeds	-	-	19,625,000	4,838,000
Appropriated Fund Balance	-	-	9,092,009	16,162,263
All Other Sources	48,000,451	47,348,864	45,731,423	45,343,405
TOTAL	\$ 117,611,791	\$ 121,781,304	\$ 158,121,428	\$ 156,442,639
Less: Interfund Transfers	17,597,233	17,444,655	20,809,480	23,053,119
	\$ 100,014,559	\$ 104,336,649	\$ 137,311,948	\$ 133,389,520

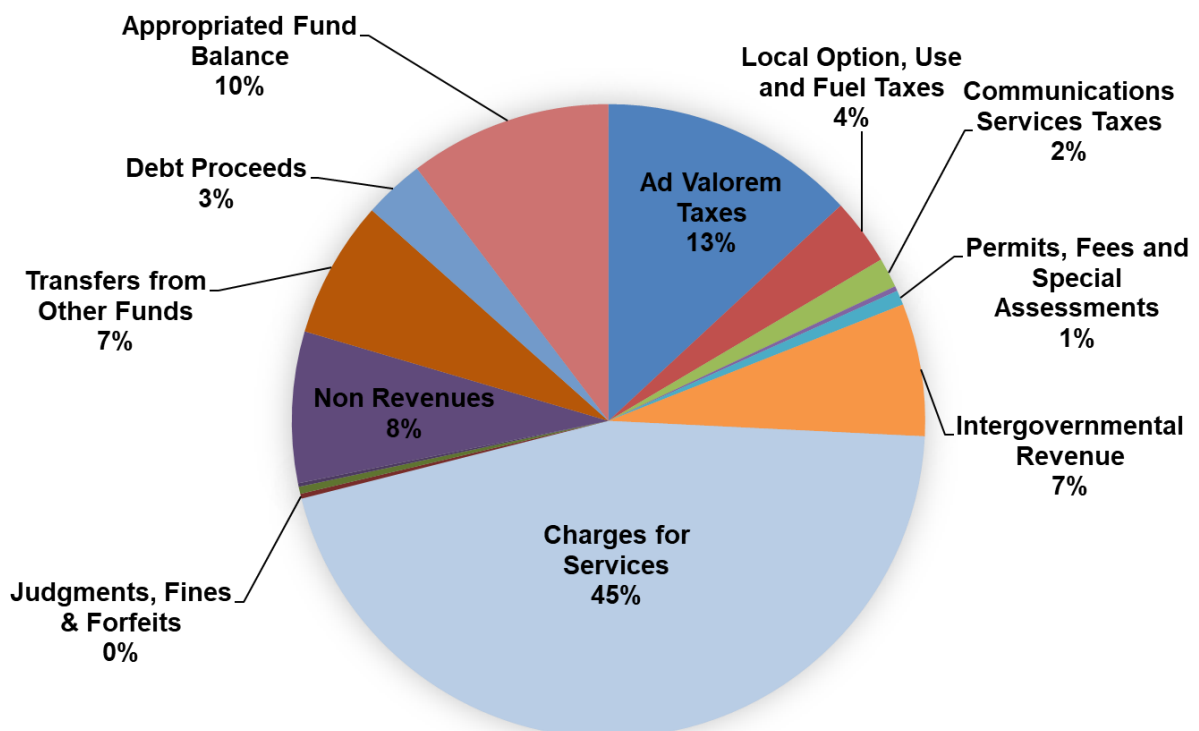
Major Revenue Sources	69,611,340	74,432,440	83,672,996	90,098,971
All Other Revenue Sources	30,403,218	29,904,209	53,638,952	43,290,549
	\$ 100,014,559	\$ 104,336,649	\$ 137,311,948	\$ 133,389,520



Revenues by Source

SOURCE	Actual FY 15	Actual FY 16	Projected FY 17	Proposed FY 18
Ad Valorem Taxes	\$15,978,534	\$16,938,942	\$17,702,201	\$20,495,631
Local Option, Use and Fuel Taxes	5,253,461	5,393,953	5,000,000	5,312,552
Communications Services Taxes	2,529,845	2,390,508	2,223,000	2,373,966
Local Business Tax	448,611	431,683	400,000	400,000
Permits, Fees and Special Assessments	1,204,441	1,270,956	1,132,530	1,158,030
Intergovernmental Revenue	13,336,575	9,575,255	13,468,211	10,588,020
Charges for Services	59,716,286	66,707,965	66,984,767	70,822,838
Judgments, Fines & Forfeits	877,295	574,494	565,750	385,750
Interest and Other Earnings	374,939	703,802	643,200	567,470
Miscellaneous Revenues	294,570	349,091	475,280	285,000
Non Revenues	9,378,565	10,590,943	11,169,591	12,076,432
Transfers from Other Funds	8,218,668	6,853,712	9,639,889	10,976,687
Debt Proceeds	-	-	19,625,000	4,838,000
Appropriated Fund Balance	-	-	9,092,009	16,162,263
TOTAL	\$ 117,611,791	\$ 121,781,304	\$ 158,121,428	\$ 156,442,639
Less: Interfund Transfers	17,597,233	17,444,655	20,809,480	23,053,119
	\$ 100,014,559	\$ 104,336,649	\$ 137,311,948	\$ 133,389,520

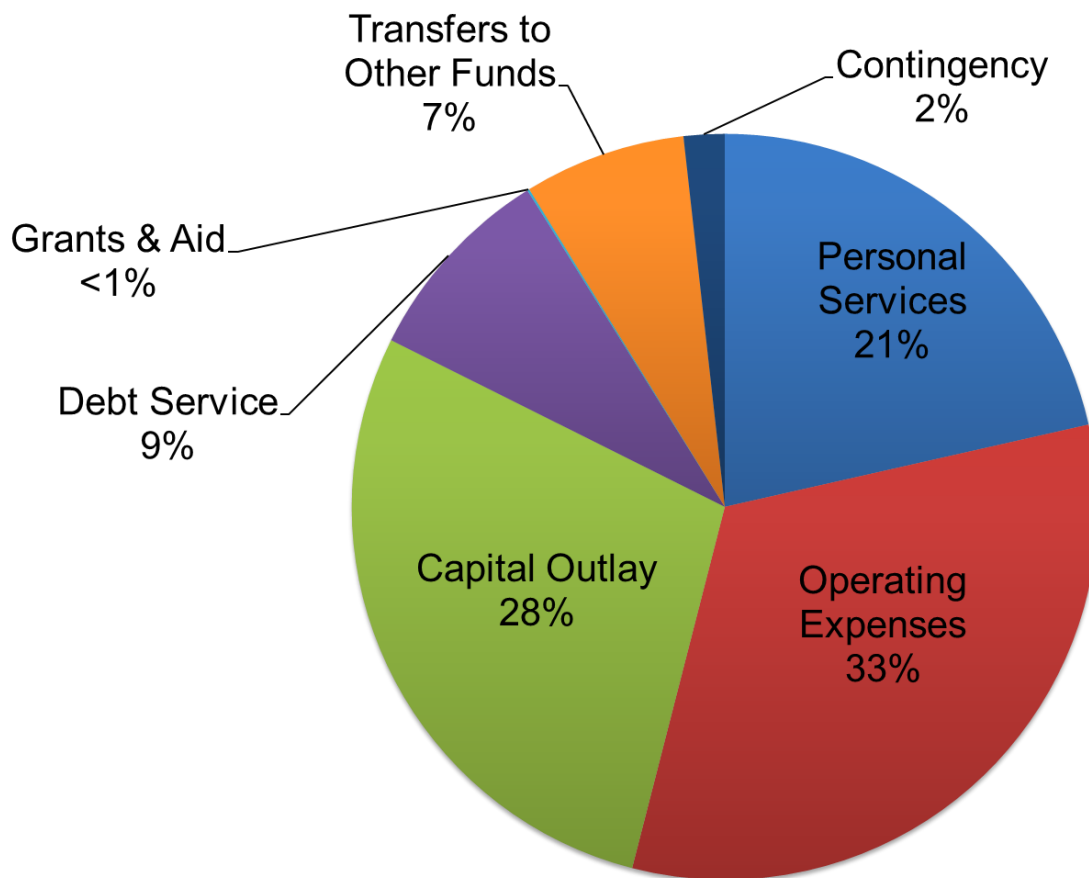
Fiscal Year 2018



Expenditures by Category

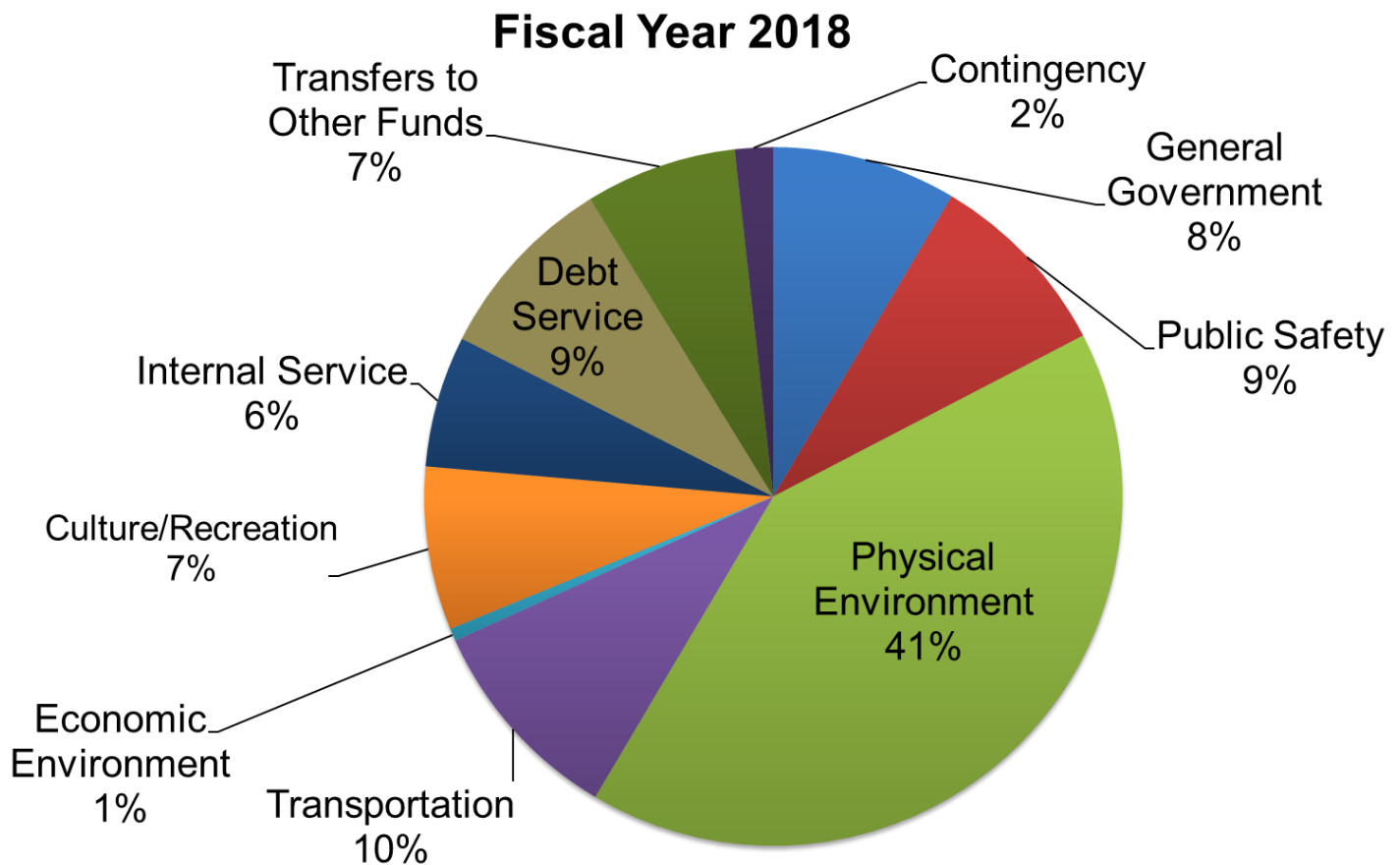
CATEGORY	Actual FY 15	Actual FY 16	Projected FY 17	Proposed FY 18
Personal Services	\$26,025,035	\$31,196,832	\$31,760,857	\$33,574,517
Operating Expenses	49,780,415	50,351,167	49,430,892	50,901,916
Capital Outlay	21,984,289	11,605,895	46,630,279	44,384,000
Debt Service	7,202,418	6,767,339	14,040,441	13,694,394
Grants & Aide	67,783	57,829	118,000	143,000
Transfers to Other Funds	8,218,667	6,853,712	9,639,889	10,976,687
Contingency	-	-	6,501,070	2,768,125
TOTAL	\$113,278,607	\$106,832,774	\$158,121,428	\$156,442,639
Less: Interfund Transfers	17,597,233	17,444,655	20,809,480	23,053,119
	\$95,681,374	\$89,388,119	\$137,311,948	\$133,389,520

Fiscal Year 2018



Expenditures by Function

FUNCTION	Actual FY 15	Actual FY 16	Projected FY 17	Proposed FY 18
General Government	\$17,657,914	\$12,102,698	\$12,135,597	\$13,360,015
Public Safety	11,920,889	12,239,132	12,873,832	13,828,680
Physical Environment	37,311,194	40,682,621	68,636,808	64,360,174
Transportation	17,157,800	13,507,857	11,513,378	15,197,754
Economic Environment	653,950	458,648	882,507	905,216
Culture/Recreation	6,573,515	7,248,682	13,659,221	11,839,639
Internal Service	6,582,259	7,219,840	8,666,890	9,511,955
Debt Service	7,202,418	6,767,339	14,040,441	13,694,394
Transfers to Other Funds	8,218,667	6,605,957	9,639,889	10,976,687
Contingency	-	-	6,072,865	2,768,125
TOTAL	\$113,278,607	\$106,832,774	\$158,121,428	\$156,442,639
Less: Interfund Transfers	\$17,597,233	\$17,444,655	\$20,809,480	\$23,053,119
	\$95,681,375	\$89,388,119	\$137,311,948	\$133,389,520



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 debt service requirement for the year or 105% and 120% when impact fees are included. The City has no other legal debt limits.

Issue	Final Maturity	Original Amount	Outstanding Principal as of 09/30/17
Lease Purchases	2019	\$ 479,015	\$ 33,546
Bank Loans	2025	78,283,000	67,395,000
State Revolving Fund Loans	2030	42,276,165	35,260,626
Utility System Revenue Bonds	2036	89,600,000	81,250,000
Totals		\$ 210,638,180	\$ 183,939,172

Fund	Outstanding Principal as of 09/30/17
Utility Fund	\$ 166,425,400
Stormwater Fund	9,115,226
Information Technology Fund	33,546
SR100 CRA Fund	8,365,000
Totals not including interfund loans:	\$ 183,939,172
Utility interfund loan to the OKR SAD	4,700,616
Total:	\$ 188,639,788

Year	Principal	Interest	Total
2018	\$ 4,893,555	\$ 5,218,239	\$ 10,111,794
2019	8,800,989	5,375,280	14,176,269
2020	9,817,269	5,076,086	14,893,356
2021	10,121,803	4,765,274	14,887,076
2022	10,438,701	4,442,322	14,881,023
2023-2027	52,306,315	17,069,823	69,376,138
2028-2032	49,729,696	8,361,875	58,091,571
2033-2037	36,192,637	1,592,080	37,784,717
2038-2042	1,638,206	8,219	1,646,425
2043-2047	-	-	-
Totals:	\$ 183,939,172	\$ 51,909,197	\$ 235,848,370