

**CITY OF PALM COAST, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For The Year Ended September 30, 2004**

**Prepared by:**

**City of Palm Coast  
Financial Services Department**



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# INTRODUCTORY SECTION

This section contains the following subsections:

- . Table of Contents
- . Letter of Transmittal
- . Certificate of Achievement for Excellence in Financial Reporting
- . Organization Chart
- . List of Principal Officials



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OF THE CITY OF PALM COAST, FLORIDA**

**For The Year Ended September 30, 2004**

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# **LETTER OF TRANSMITTAL**



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April 4, 2005

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Palm Coast:

This report consists of management representations concerning the finances of the City of Palm Coast. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Palm Coast's financial statements have been audited by James Moore & Co., P.L., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Palm Coast for the fiscal year ended September 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of the report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Palm Coast's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

Palm Coast is situated in the eastern portion of Flagler County, mostly east of U.S. Route 1 and north of State Road 100. The community straddles Interstate Highway 95 and extends to the Intercoastal Waterway on the eastern side of the City.

Developed by ITT Corporation, in 1969, the original development plan encompassed 48,000 home sites on approximately 42,000 acres (65.62 square miles) of the 68,000 acres owned by ITT. Paved street and central water and sewer serve all lots developed within the City. An extensive water management system was designed to replenish the area's water table, which includes 26 miles of freshwater canals and 23 miles of saltwater canals.

In 1975, the Flagler County Board of County Commissioners established the Palm Coast Service District, including almost 40,000 acres. Funds for the district were derived primarily from ad valorem taxes and were utilized to provide fire services, fire hydrants, street maintenance and lighting, animal control and emergency services.

In September 1999, the citizenry of Palm Coast voted overwhelmingly by a margin of two to one to incorporate as a council/manager form of government. On December 31, 1999, the City of Palm Coast was officially incorporated. On October 1, 2000, all services were officially transferred from the former Service District to the City of Palm Coast. The five-member City Council is elected at large and serves staggered four-year terms. One member is elected as Mayor. The promulgation and adoption of policy are the responsibility of the Council and the execution of such policy is the responsibility of the council appointed city manager. The City hired its first city manager on April 17, 2000.

The City of Palm Coast currently has a population of 50,484 residents and covers an area of approximately 63 square miles. For fiscal year 2005, property within the City has a taxable value of \$3,107,596,014, an increase of over 29 percent. The City's property tax rate for fiscal year 2005 is \$3.40 per \$1,000 of taxable value.

The City provides a wide range of services including development services, fire services, street construction and maintenance, parks, and recreational activities. Palm Coast contracts with the Flagler County Sheriff for law enforcement services.

### **Economic Outlook**

The City is pursuing commercial and industrial development within its corporate limits. The "Town Center" development has recently begun construction of the infrastructure necessary for the development. Commercial development is expected to begin in mid to late 2006. This development will cover approximately 1,500 acres and will include a downtown commercial area, industrial sites, and multi-family residential housing. A Development of Regional Impact for Palm Coast Park has been approved. Palm Coast Park is a 4,740 acre development located in the northwest portion of the City. This project will also provide property for commercial development along US Highway 1 and space for industrial development and single and multi-family housing. The European Village is near completion. It is a smaller development that combines commercial and residential development. As the City's population nears 60,000, there has been increasing interest shown by retail and restaurant operations, including inquiries about possible mall sites. On January 1, 2004 just under half of the existing commercial and industrial parcels within the city had been developed.

Palm Coast and Flagler County continues to be one of the fastest growing areas in the country. The City issued 4,153 single-family residential building permits during fiscal year 2004 and this trend has continued into 2005. There are currently over 28,000 platted, undeveloped, single-family residential lots within the city. Plans for other developments have been submitted and are currently under review.

### **Future Programs**

In fiscal year 2004, the City completed the purchase of the water and wastewater utility that serves the city and surrounding areas. An expansion of water plant #2 has been completed and the City recently broke ground on the expansion of the wastewater plant. Water plant #3 is being planned west of US Highway 1 within the Palm Coast Park development. Other smaller projects are also underway and the utility has received several inquiries concerning the expansion of services outside the city limits.

The City and the Palm Coast Community Service Corporation have reached an agreement that will bring the services provided by the Service Corporation under the City. This transition is expected to be complete in June 2005 and will provide efficiencies by making one entity responsible for the entire stormwater system. It will also eliminate confusion on the part of citizens when trying to address drainage issues.

Two additional fire stations are in the early planning stages and are expected to be completed in fiscal year 2006. This will bring the number of City fire stations to five.

Indian Trails Sports Complex was completed recently and has already hosted a soccer tournament and little league baseball. Two neighborhood parks are being designed and will be constructed in Seminole Woods and Cypress Knoll.

The City implemented a transportation impact fee effective October 1, 2004. The first major project to be funded will be the widening of Palm Coast Parkway in the area of the I-95 interchange. The four-laning of Belle Terre Parkway north of Palm Coast Parkway is also being planned. Construction on Belle Terre Parkway was scheduled to begin in 2008, however with the continued pace of development it is expected that the capacity needs and the available funding will cause this project to be accelerated.

The city hall space needs analysis has been updated and the design stage is about to begin. Construction is expected to begin in about one year, with completion anticipated for the fall of 2007. A referendum to determine whether the City will issue general obligation bonds to pay for city hall is planned for November 2005.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Coast for its comprehensive annual financial report for the fiscal year ended September 30, 2003. This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Palm Coast also received the GFOA Distinguished Budget Presentation Award for its Fiscal Year 2004 budget document. This is the first time that the City has received this award.

## **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire Finance staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Palm Coast's finances.

Respectfully submitted,

Richard M. Kelton  
City Manager

Ray W. Britt, Jr.  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palm Coast,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting



*Nancy L. Zielke*

President

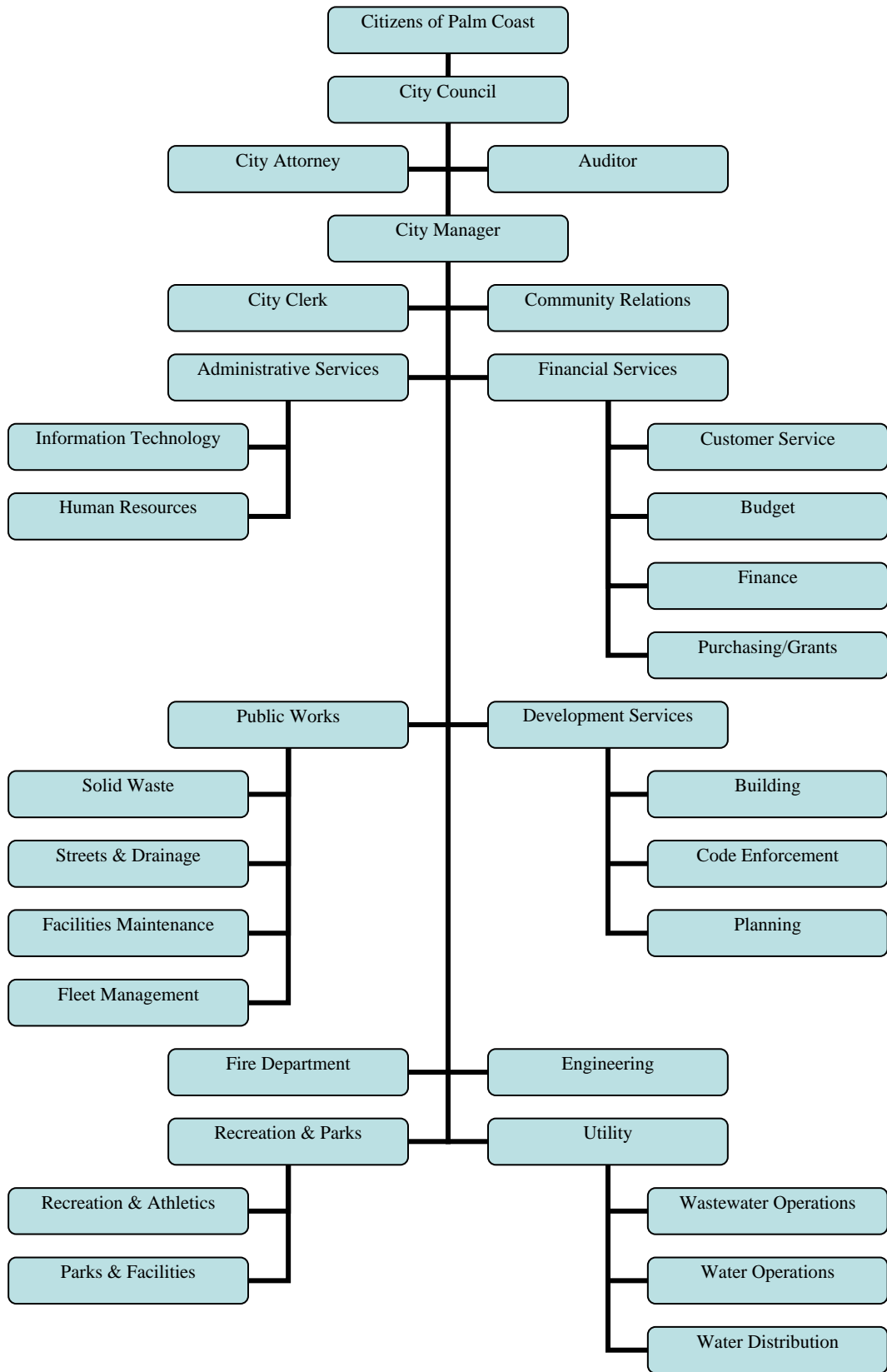
*Jeffrey R. Enos*

Executive Director



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# City of Palm Coast, Florida Organizational Chart



**CITY OF PALM COAST, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2004**

**ELECTED OFFICIALS**

Mayor

Honorable Jim Canfield

City Council Members:

Bill Venne  
Jon Netts  
Mary DiStefano  
Ralph Carter

**CITY OFFICIALS**

City Manager

Richard M. Kelton

City Attorney

William L. Colbert

City Auditor

James Moore & Co., P.L.

Finance Director

Ray W. Britt, Jr.