

The year '2025' is displayed in a large, bold, blue font. The zero is replaced by the City of Palm Coast logo, which features a stylized palm tree in green and yellow, with the words 'PALM COAST' written in a script font below it, all enclosed in a circular emblem with yellow and blue borders.

# **CITY OF PALM COAST, FLORIDA ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**



**CITY OF PALM COAST, FLORIDA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2025**

**Prepared by:**  
**Finance Department**

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## **Introductory Section**

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## CITY MANAGER'S OFFICE

March 17, 2026

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 (City). 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 Mauldin & Jenkins, LLC 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, 2025, 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.

The independent audit of the financial statements of the City was part of a broader federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are in the compliance section of this 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. The City was developed in 1969 on 68,000 acres formerly owned by the ITT Corporation. The original ITT development plan encompassed 48,000 home sites on approximately 42,000 acres (65.62 square miles). Paved streets 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, consisting of 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 110,330 residents and covers an area of approximately 97 square miles. For fiscal year 2026, property within the City has a taxable value of \$11,005,474,334. This was an increase of approximately 10.34 percent from 2025. The City's property tax rate for fiscal year 2026 is set at the rate of \$4.0893 per \$1,000 of taxable value.

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

## **Economic Outlook**

In 2021-2022, during the annual evaluation of the Strategic Action Plan and through a series of workshops, the City Council adopted four pillars of priority focus areas and associated key initiatives to promote a strong resilient economy, provide safe and reliable services, enhance civic engagement and focus on sustainable environment and infrastructure.

The City's economy continues to steadily improve. All economic indicators are pointing in a positive direction. Real estate values continued to rise in 2025 with the median sales price up 2.82% and with values expected to continue to appreciate in 2026. Single-family permits issued were 1,527, a slight decrease from last year but still a positive number for residential permits issued. Unemployment increased slightly from the previous year but remains relatively low and was reported at 5.4% at the end of 2025.

A particular bright spot has been taxable sales within the City. We have seen over a 41% increase in taxable sales since 2019 and is expected to continue to increase over the coming years. This is mainly due to the addition of several shopping centers and increases in tourists and related spending combined with an increase in population. Taxable sales should continue to grow in 2026 with continued commercial growth, especially development along State Road 100 and in our Town Center.

## **Long-term Financial Planning**

The City Council continues to focus on carrying out its Strategic Action Plan and the related goals, projects, and programs. This plan takes an inside out approach, by strengthening our existing neighborhoods and commercial areas. This past fiscal year, the City's taxable value appreciated approximately 10.34%. As all major economic indicators are trending in a positive direction, we expect the local economy's improvement to accelerate in the coming year and have a positive impact on City revenue sources.

While we continue to project revenues conservatively, the improving economy is expected to continue to have a positive effect on some revenue sources.

The City's Stormwater System consists of swales, freshwater and saltwater canals, control structures, ditches, and lakes. To ensure the adequacy of stormwater rates for the purpose of supporting stormwater operations, maintenance and capital improvements City Council adopted a rate plan with a phased in rate increase approach for fiscal years 2024 through 2028. Without this additional revenue, or shifting funding from existing projects, programs, or services, the City would be limited in its ability to fund additional projects, programs, or services in the future.

To ensure revenues are sufficient to support the operation, maintenance and expansion of the water and sewer utility, in fiscal year 2024 the City completed a water, wastewater and reclaimed water rate study, City Council took action to adopt a schedule to increase water and sewer capacity fees as well as main extension charges that are assessed for new construction. The other various utility rates including monthly base charges and per gallon charges continue to increase as per an adopted annual index.

In the 2026 budget, the Palm Coast City Council has approved a \$330 million bond package to advance major utility infrastructure improvements, including \$283 million in new funding and the potential refinancing of existing bonds to generate cost savings.

The largest investment will fund the expansion and modernization of Wastewater Treatment Plant #1 on Utility Drive, increasing its treatment capacity by more than 50 percent—from 6.8 million to 10.8 million gallons per day—to enhance reliability and performance during high-flow events while maintaining regulatory compliance and protecting public health and local waterways.

The bond also allocates more than \$100 million for raw water supply wells, treatment enhancements, and related systemwide infrastructure upgrades, including the replacement of Pre-Treatment Effluent Pumping (PEP) tanks. Collectively, these projects will strengthen system performance, reduce the risk of service disruptions, and improve overall operational efficiency.

### **Budgetary Level of Control**

The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

### **Future Projects and Programs**

The City has experienced an increase in population year after year and we anticipate this growth to continue. During the past fiscal year, City Council made prudent financial decisions to ensure the City maintains a strong financial position and the ability to fund necessary projects to keep up with growth and maintain aging infrastructure.

The need for infrastructure projects continues to grow as existing infrastructure ages, new development occurs, and the population continues to increase. In the upcoming fiscal year, we will continue rehabilitating our older infrastructure and constructing new infrastructure needed to accommodate anticipated growth. This includes an enhanced stormwater program to rehabilitate the aging system.

In Fiscal Year 2026, the City will invest more than \$230 million in capital improvements related to streets, parks, stormwater drainage, and water and wastewater utility projects.

Major projects for the Fiscal Year 2026 budget include the following:

- Maintenance and Operations Complex
- Stormwater Management:
  - Pipe Inspections and Lining
  - Blare and Colbert Lane Capacity Improvements
  - K-Section – Drainage Improvements
- Water and Wastewater Utility Management:
  - Water Treatment Plant and Water Main Improvements
  - Water Treatment Plant 1, 2 & 3 Upgrades
  - Wastewater Treatment Plant 1 & 2, Expansion

Major projects continued...

- Park Renovations:
  - Graham Swamp Trail Phase 2
  - Waterfront Park
- Fire Stations:
  - #22 Expansion and new Fire Station#26
- Transportation Roadway Expansions:
  - Belle Terre and Whiteview Safety Improvements
  - Old Kings Road North Widening
  - Matanzas Woods Parkway Extension
  - Palm Coast Parkway Extension

## 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, 2024. This is the twenty fourth year that Palm Coast 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 Award for Outstanding Achievement in Popular Annual Financial Reporting for its Fiscal Year 2024 Popular Annual Financial Report. This is the twelfth year that Palm Coast has received this award.

The City of Palm Coast also received the GFOA Distinguished Budget Presentation Award for its Fiscal Year 2025 budget document. This is the twenty second consecutive year that Palm Coast 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 Department 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,

  
Mike McGlothlin (Mar 9, 2026 10:49:21 EDT)  
Mike McGlothlin  
City Manager

  
Helena Alves  
Director of Finance

# City of Palm Coast, Florida

## LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2025

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### ELECTED OFFICIALS

Mayor

Honorable Mike Norris

City Council Members:

Theresa Carli Pontieri  
Ty Miller  
David Sullivan  
Charles Gambaro Jr.

### CITY OFFICIALS

Acting City Manager

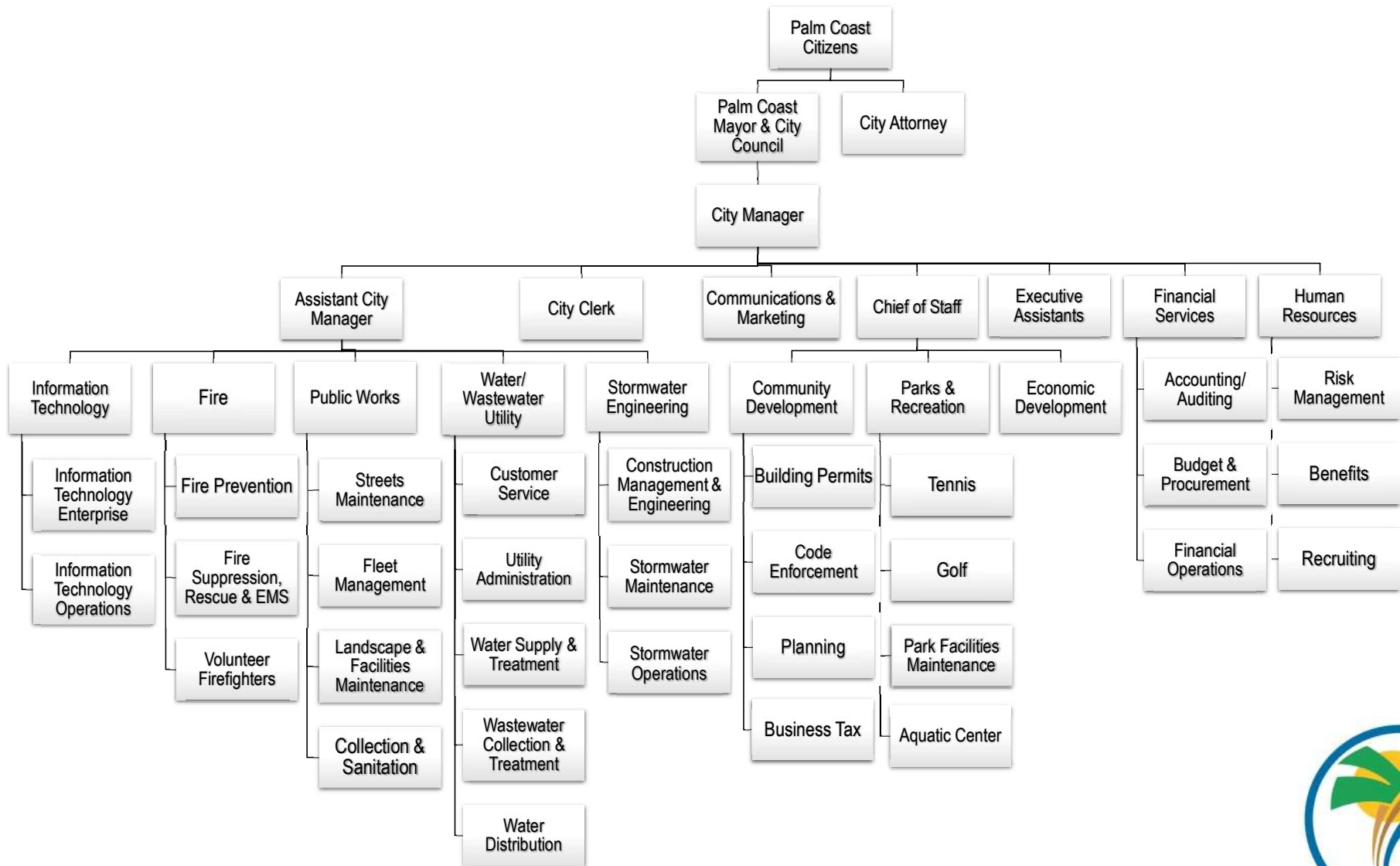
Lauren Johnston

City Attorney

Marcus Duffy

Finance Director

Helena P. Alves





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Palm Coast  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO

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## **Financial Section**

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## Independent Auditor's Report

**Honorable Mayor and Members of  
the City Council  
City of Palm Coast, Florida**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Coast, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Palm Coast, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, Florida Single Audit Act,, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Bradenton, Florida  
March 9, 2026

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Palm Coast, we offer readers of the City of Palm Coast's financial statements this narrative overview and analysis of the financial activities of the City of Palm Coast for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through iv of this report.

The City of Palm Coast management's discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Palm Coast exceeded its liabilities and deferred inflows at the close of fiscal year 2025 by \$880 million. Of this amount, \$134 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$108 million. Approximately \$69 million of the increase was due to increased utility revenue due to growth and related developer contributions, and impact fees. There was a \$2 million increase in the general fund this was a combination of additional interest on securities as well as expenditures finishing the year under budget, there was an increase of \$4.3 million in the transportation impact fee fund due to impact fees collected for project expenditures for roadway extensions that is carries to next fiscal year, an increase of \$2 million in fire impact fees fund is due mainly to transfers of \$1.2 million from the general fund and \$500 thousand from capital projects fund for a new fire station. The recreation impact fee fund increase of \$2.6 million was due to a combination of growth in impact fees collected and planned usage of funds for construction of future capital projects while the \$1.7 million increase in the capital projects fund is planned savings for future projects. The stormwater fund increased by \$5 million primarily due to revenue collected for future infrastructure improvements combined with interest revenue on short term securities. The balance of the increase is attributable to other governmental and proprietary activities.
- As of the close of fiscal year 2025, the City's governmental funds reported combined ending fund balances of \$92.2 million, an increase of \$12.4 million. The increase was primarily due to increased revenues from development related impact fees net of project expenditures combined with departmental budgets expending less for the fiscal year as well as interest earnings.
- At the end of fiscal year 2025, unassigned fund balance in the General Fund was \$24 million which represents approximately 41% of total general fund expenditures for the year.
- The City of Palm Coast's total debt increased by \$10.2 million. The City issued a bank loan in the amount of \$18.4 million for Stormwater equipment and capital improvements, did a drawdown on an existing utility SRF loan, and made all required principal payments during the fiscal year.
- The application of GASB Statement No. 68 resulted in recording of a Net Pension Liability and Asset, as well as related Deferred Inflow and Outflows. The net result of these transactions in the current year was a decrease in unrestricted net position of \$342 thousand.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Palm Coast's basic financial statements. The City of Palm Coast's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Palm Coast's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Palm Coast's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Palm Coast is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Palm Coast that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Palm Coast include general government, public safety, transportation and physical environment, and culture and recreation. The business-type activities of the City of Palm Coast include a water and sewer utility, solid waste collection, stormwater management, building permits, and information technology.

The government-wide financial statements can be found on pages 16 and 17 of this report..

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Palm Coast, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Palm Coast can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Palm Coast maintains 12 individual governmental funds. Seven of the governmental funds are classified as nonmajor and are summarized under this heading in the governmental fund presentation. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, transportation impact fee fund, streets improvement fund, and SR100 CRA fund, which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriation budget for its general, capital projects, transportation impact fee, streets improvement, SR100 CRA, and nonmajor governmental funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

## **Proprietary Funds**

The City of Palm Coast maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Palm Coast uses enterprise funds to account for its water and sewer utility, solid waste collection, stormwater management, building permits, and fiber and cell tower activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Palm Coast's various functions. The City of Palm Coast uses internal service funds to account for its fleet of vehicles, communications, facilities maintenance, information technology (IT) operations, and self-insured health program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, stormwater management, and solid waste collection major funds, as well as, the building permits, and information technology (IT) nonmajor funds. Data from the nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund data for nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report. The internal service funds are also presented in the proprietary fund financial statements, but not included in the totals for proprietary funds. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22 through 26 of this report.

## **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Palm Coast's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City maintains one fiduciary fund, which is the volunteer firefighters' pension fund.

The basic fiduciary fund financial statements can be found on pages 27 and 28 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 93 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes budget and actual comparisons for the general fund and major special revenue funds with adopted budgets. This also includes the City of Palm Coast's progress in funding its obligation to provide pension benefits to the firefighters, select public safety employees, and its Other Postemployment Benefits (OPEB) liability. Required supplementary information can be found on pages 94-104 of this report.

## **GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Palm Coast, assets and deferred outflows exceeded liabilities and deferred inflows by \$880 million at the close of the most recent fiscal year.

Of the net position, 15% falls in the unrestricted category and can be used to meet ongoing obligations to citizens and creditors. Approximately 16% of net position represents resources that are subject to external restrictions. The largest portion of net position, 69%, reflects its investment in capital assets (e.g., land, buildings, and equipment); less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the investment in capital assets is reported net of related debt used to acquire the assets, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City of Palm Coast is able to report positive balances in all three categories of net position for the government as a whole. For the prior fiscal year, all categories were also positive.

**Statement of Net Position  
As of September 30, 2025**

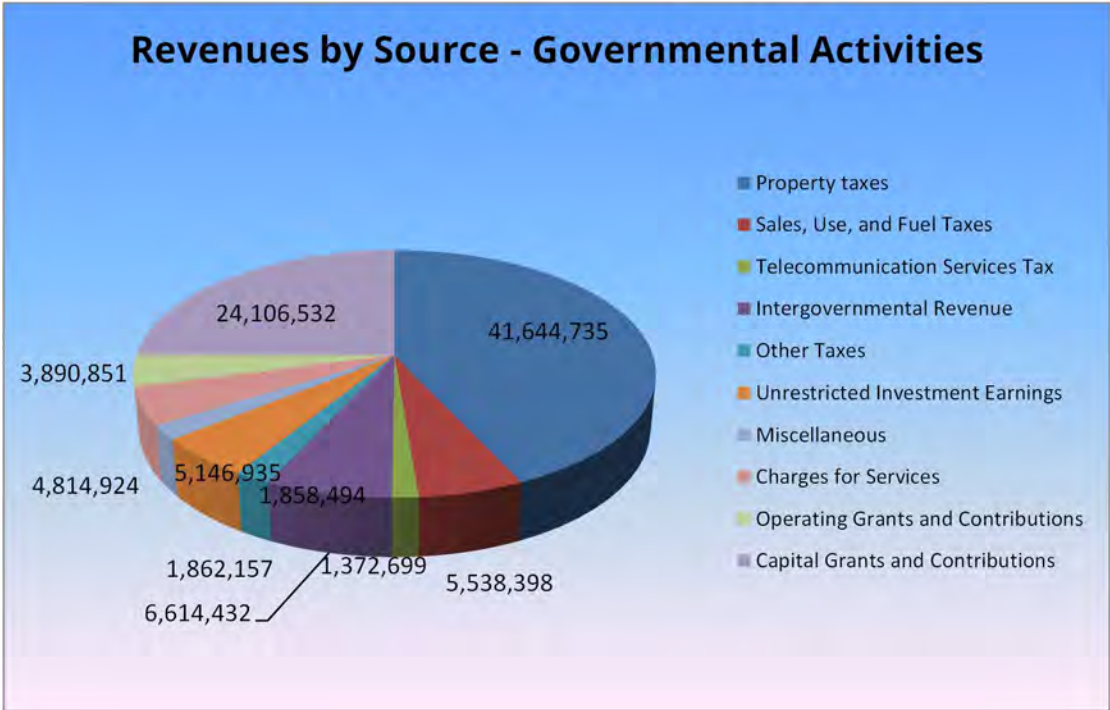
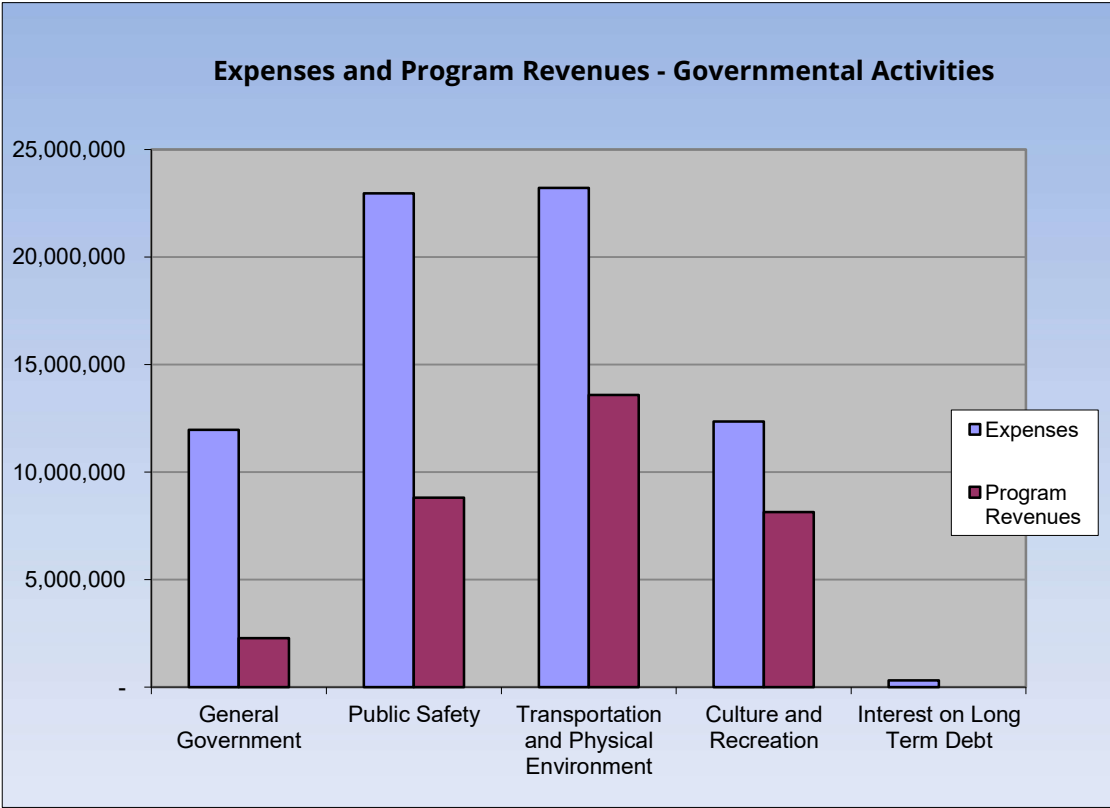
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 142,949,020	\$ 130,053,580	\$ 179,762,079	\$ 146,064,657	\$ 322,711,099	\$ 276,118,237
Capital assets	378,975,422	361,952,641	389,295,751	336,806,681	768,271,173	698,759,322
Total assets	<u>521,924,442</u>	<u>492,006,221</u>	<u>569,057,830</u>	<u>482,871,338</u>	<u>1,090,982,272</u>	<u>974,877,559</u>
Deferred outflows	928,437	876,024	1,811,858	2,158,633	2,740,295	3,034,657
Other liabilities	26,940,970	29,683,620	7,943,744	7,771,156	34,884,714	37,454,776
Long-term liabilities	9,102,378	9,556,072	164,549,063	153,893,851	173,651,441	163,449,923
Total liabilities	<u>36,043,348</u>	<u>39,239,692</u>	<u>172,492,807</u>	<u>161,665,007</u>	<u>208,536,155</u>	<u>200,904,699</u>
Deferred inflows	2,166,989	2,276,980	3,367,539	3,617,754	5,534,528	5,894,734
Net position:						
Net investment in						
capital assets	376,251,432	358,697,726	229,538,347	188,079,366	605,789,779	546,777,092
Restricted	55,344,208	44,965,947	84,298,479	57,450,004	139,642,687	102,415,951
Unrestricted	53,046,902	47,701,900	81,172,516	74,217,840	134,219,418	121,919,740
Total net position	<u>\$ 484,642,542</u>	<u>\$ 451,365,573</u>	<u>\$ 395,009,342</u>	<u>\$ 319,747,210</u>	<u>\$ 879,651,884</u>	<u>\$ 771,112,783</u>

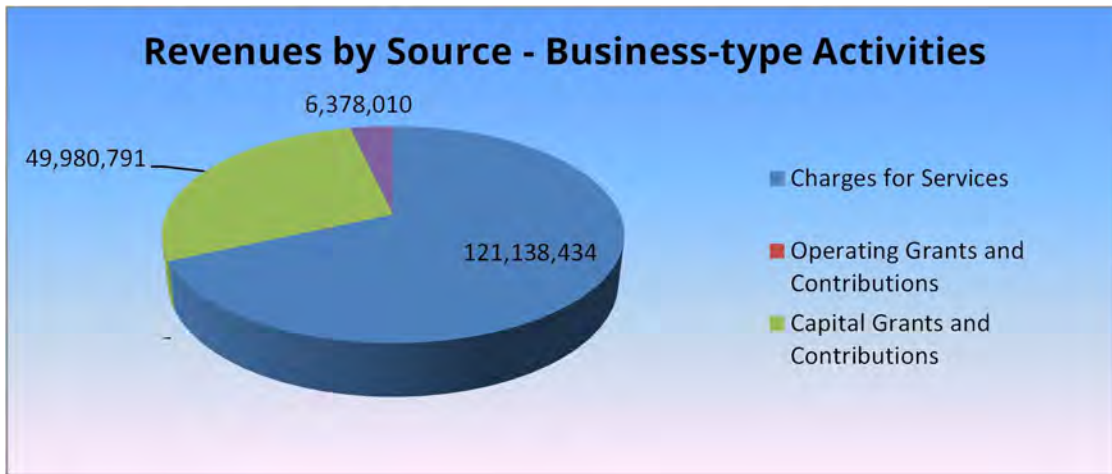
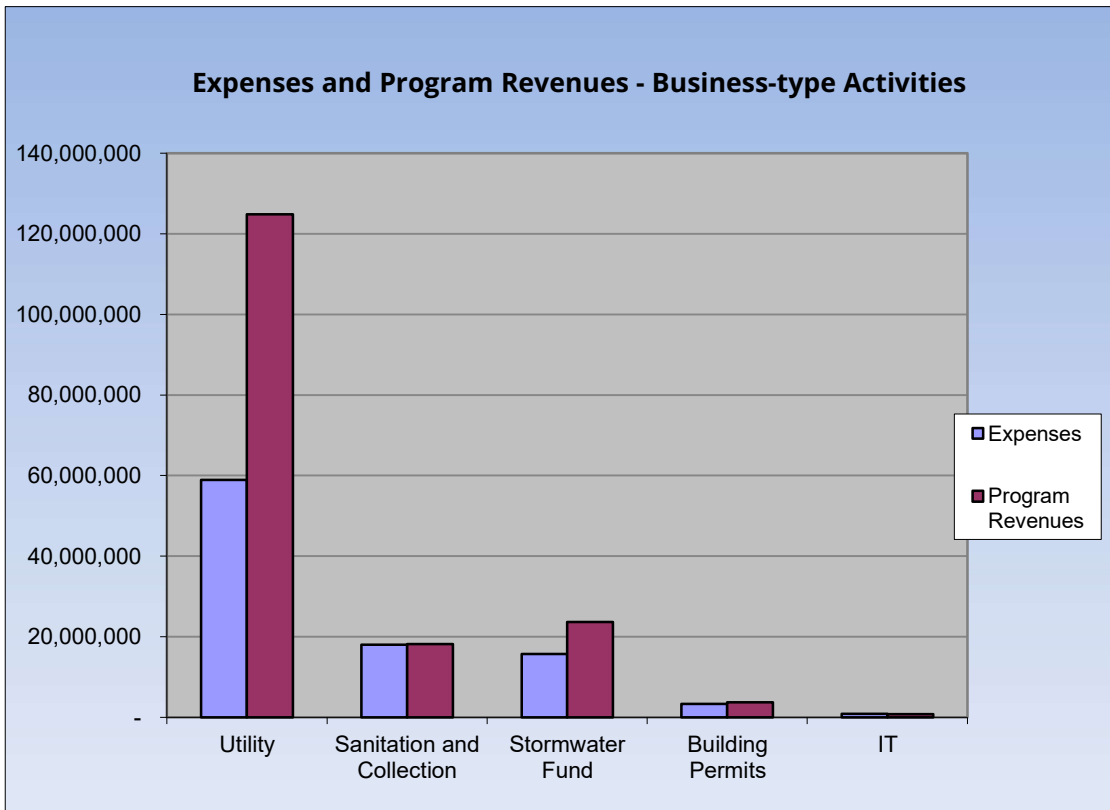
**Governmental Activities**

Governmental activities increased the City's net position by \$33.3 million during the current fiscal year. Factors include revenues in excess of expenses in the general fund, interest earnings, and accumulation of impact fees. Long-term liabilities decreased \$454 thousand due to principal payments made during the, a decrease in net pension liability and offset by an increase in Subscription-based information technology arrangements (SBITA) payable. Other liabilities decreased by \$2.7 million primarily due to reduction in unearned revenue as ARPA funds were expended. Governmental activities unrestricted net position increased by \$5 million, primarily due to revenues in excess of expenses in the General Fund and increase in committed funds for future construction in capital projects funds. Restricted net position increased by \$10 million primarily due to transfers for future capital projects. Capital grants and contributions decreased \$847 thousand primarily due to federal and state grants received in previous fiscal year. Operating grants and contributions increased \$142 thousand primarily due to increase in State funding received. Property taxes increased by \$4.4 million due to increases in taxable value throughout the City. Other revenue decreased \$877 thousand mainly due to the decrease in investment earnings from previous year.

**Statement of Activities**  
**As of September 30, 2025**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenues:						
Program revenues:						
Charges for services	\$ 4,814,924	\$ 4,430,145	\$ 121,138,434	\$ 106,528,384	\$ 125,953,358	\$ 110,958,529
Operating grants and contributions	3,890,851	3,748,848	-	-	3,890,851	3,748,848
Capital grants and contributions	24,106,532	24,953,649	49,980,791	34,148,349	74,087,323	59,101,998
General revenues:						
Property taxes	41,644,735	37,289,138	529,222	527,724	42,173,957	37,816,862
Other taxes	10,401,282	9,875,543	-	-	10,401,282	9,875,543
Intergovernmental	6,614,432	6,519,906	-	-	6,614,432	6,519,906
Other	7,005,429	7,882,368	5,848,788	5,967,729	12,854,217	13,850,097
Total revenues	<u>98,478,185</u>	<u>94,699,597</u>	<u>177,497,235</u>	<u>147,172,186</u>	<u>275,975,420</u>	<u>241,871,783</u>
Operating expenses:						
General government	11,954,416	9,720,522	-	-	11,954,416	9,720,522
Public safety	22,961,208	23,187,338	-	-	22,961,208	23,187,338
Transportation and physical environment	23,210,932	21,637,138	-	-	23,210,932	21,637,138
Culture and recreation	12,340,664	11,023,057	-	-	12,340,664	11,023,057
Utility	-	-	58,898,925	53,440,529	58,898,925	53,440,529
Sanitation and collection	-	-	17,981,813	16,608,670	17,981,813	16,608,670
Stormwater	-	-	15,653,049	13,355,610	15,653,049	13,355,610
Building permits	-	-	3,323,359	3,091,097	3,323,359	3,091,097
Information technology	-	-	798,418	880,846	798,418	880,846
Interest on long-term debt	313,536	336,645	-	-	313,536	336,645
Total operating expenses	<u>70,780,756</u>	<u>65,904,700</u>	<u>96,655,564</u>	<u>87,376,752</u>	<u>167,436,320</u>	<u>153,281,452</u>
Increase in net position before transfers	27,697,429	28,794,897	80,841,671	59,795,434	108,539,100	88,590,331
Transfers	<u>5,579,539</u>	<u>(1,282,237)</u>	<u>(5,579,539)</u>	<u>1,282,237</u>	<u>-</u>	<u>-</u>
Change in net position	33,276,968	27,512,660	75,262,132	61,077,671	108,539,100	88,590,331
Net position, beginning	451,365,574	423,852,914	319,747,210	258,669,539	771,112,784	682,522,453
Net position, ending	<u>\$ 484,642,542</u>	<u>\$ 451,365,574</u>	<u>\$ 395,009,342</u>	<u>\$ 319,747,210</u>	<u>\$ 879,651,884</u>	<u>\$ 771,112,784</u>





## Business-type Activities

Business-type activities increased the City of Palm Coast's net position by \$75 million. The increase in net position was attributable to an approximately \$69 million increase in the utility fund. The increase was mainly due to capital grants and contributions received, impact fees collected, increase to customer base, and interest earnings. Utility expenses also increased due to the increases in cost. Stormwater net position increased approximately \$5 million for the year due to increase in revenue rates for capacity projects and necessary maintenance pursuant to Council's focus on improving the Stormwater system. The net results of these activities above were the primary drivers of business-type activities unrestricted net position increasing by approximately \$7 million. The increase of \$27 million in restricted net position was primarily related to impact fees collected and used as well as renewal and replacement capital funds used for improvement projects of the utility system.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

### **Governmental Funds**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$24 million, with an additional \$5 million committed for disaster reserve. The total fund balance stood at \$31.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to fund expenditures. Unassigned fund balance represents approximately 35.5% of total General Fund budgeted expenditures for fiscal year 2026 and 38% of total budgeted expenditures for fiscal year 2025.

The fund balance of the City of Palm Coast's General Fund increased by \$2 million during the current fiscal year.

Property taxes collected increased \$4.4 million as a result of a 13.66% increase in property values net of a decrease in millage rate of 0.0677. There were also planned fund balance transfers from general fund to capital projects. These factors combined with ongoing cost savings programs with operating departments were the primary driver for the increase in fund balance.

The capital projects fund has a total fund balance of \$22.3 million, an increase of \$1.7 million. This increase is primarily due to use of appropriated fund balance and transfers to fund future projects, mainly the design and construction of the Maintenance Operations Complex. The transportation impact fee total fund balance was \$17.6 million, an increase of \$4.3 million. This is due to impact fees collected for project expenditures for roadway extension. The streets improvement fund balance was \$7 million, representing an increase of \$251 thousand, the increase is primarily due to the planned expenditures for street pavement projects as per the road improvements master plan. The SR100 CRA fund balance was \$41 thousand, a decrease of \$575 thousand primarily due to funds expended for planned capital projects. The other governmental funds had a total fund balance of \$13.7 million. This represents an increase of \$4.7 million during the current fiscal year primarily due to the accumulation of impact fees in the various funds and a transfer from the General Fund.

### **Proprietary Funds**

The City of Palm Coast's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the utility fund was \$48 million at the end of the year, with the total fund balance at \$326 million. The unrestricted net position increased \$1.8 million for the year. This was partially due to revenues exceeding expenses for the year, combined with the annual index rate increase and increased customer sales from growth.

The unrestricted net position of the solid waste fund was \$2.8 million, which represents an increase of \$268 thousand. The increase is due to planned increase of fund balance. Unrestricted net position of the stormwater fund was \$18.2 million, which represents an increase of \$3.6 million. This increase for the year is due to increase in revenue rates for capacity projects and necessary maintenance pursuant to Council's focus on improving the Stormwater system.

Unrestricted net position in the building permits fund was \$1.9 million, which represents an increase of \$ 223 thousand. The increase is due to revenues in excess of expenditures.

Unrestricted net position in the information technology fund (IT) was \$2.2 million, which represents an increase of \$257 thousand. This change is due primarily to revenues in excess of expenditures for planned future capital improvements.

## **FUND BALANCE POLICY COMPLIANCE**

### **Governmental Funds**

The general fund adjusted unassigned fund balance exceeds the policy minimum of ten percent of the following year's budgeted expenditures. The City Council has chosen to leave this excess in place to hedge against unanticipated future revenue decreases, and the need for future infrastructure investment. During the next year's budget discussion transfers to capital projects will be determined by City Council as per policy.

### **Proprietary Funds**

The utility and stormwater fund unrestricted net position exceeds the policy minimum of ten percent of the following year's budgeted expenses. The City Council has chosen to leave this excess in place to hedge against unanticipated future revenue decreases, and to apply excess funds towards additional capital improvements. The solid waste fund unrestricted net position exceeds the policy minimum of ten percent. These amounts are being used to hedge against uncollectible accounts and to provide working capital.

### **Internal Service Funds**

The fleet and self-insured health fund unrestricted net position exceeds the policy minimums. Amounts above this floor are in place to hedge against unanticipated future expense increases.

Additional information relating to the fund balance policy can be found in Note 17 on pages 92 and 93 of this report.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budgeted expenses totaled an increase of \$2 million, mainly due to a budget amendment approved by Council to provide additional funds to the Streets Improvement and Capital Project funds.

### **Final Budget Compared to Actual Results**

Final amended revenues exceeded the expenditure budget by \$2 million. The primary driver is due to additional revenues received in the amount of \$276 thousand and ongoing cost savings program, with operating departments coming in under budget for the year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City of Palm Coast's investment in capital assets as of September 30, 2025, amounts to \$768.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, equipment, construction in progress and right-to-use leased equipment and SBITA's. This investment increased by \$69.5 million for the current fiscal year. The overall increase is due to road expansions, bridge rehabilitation, utility infrastructure, park expansions, offset by regular depreciation expense for the fiscal year.

Additional information on the City of Palm Coast's capital assets can be found in Note 6 on pages 50 and 51 of this report:

#### Capital Assets (Net of Accumulated Depreciation) As of September 30, 2025

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 116,598,032	\$ 116,570,077	\$ 14,514,747	\$ 14,514,747	\$ 131,112,779	\$ 131,084,824
Building and improvements other than buildings	68,539,525	68,026,011	108,793,848	77,183,804	177,333,373	145,209,815
Infrastructure	130,981,780	131,669,927	230,718,023	195,488,659	361,699,803	327,158,586
Equipment	23,501,980	21,731,303	1,809,056	1,738,328	25,311,036	23,469,631
Construction in progress	39,035,933	23,846,031	33,222,799	47,594,773	72,258,732	71,440,804
Right-to-use leased equipment	-	-	237,278	286,370	237,278	286,370
SBITA	318,172	109,292	-	-	318,172	109,292
Total debt	<u>\$ 378,975,422</u>	<u>\$ 361,952,641</u>	<u>\$ 389,295,751</u>	<u>\$ 336,806,681</u>	<u>\$ 768,271,173</u>	<u>\$ 698,759,322</u>

### Long-Term Debt

The City of Palm Coast owes \$54.5 million in revenue bonds, including premiums, used for the purchase and expansion of the utility system. There are State Revolving Fund loans and bank loans totaling \$107 million primarily for utility and stormwater improvements. The City also has a CRA revenue loan for redevelopment costs with a balance of \$2.4 million at year-end. The remainder of the long-term debt is made up of compensated absences, an unfunded total OPEB liability, a net pension liability, and leases and SBITA liabilities. The total long term debt of the City is \$173.6 million.

#### Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Loans from other governments	\$ -	\$ -	\$ 51,921,206	\$ 49,407,583	\$ 51,921,206	\$ 49,407,583
Loans from financial institutions	2,409,809	3,145,809	55,258,000	41,884,000	57,667,809	45,029,809
Revenue bonds, net	\$ -	\$ -	54,510,000	59,945,000	54,510,000	59,945,000
Net pension liability	1,037,549	1,521,607	\$ -	\$ -	1,037,549	1,521,607
OPEB liability	1,369,806	1,201,029	3,809	3,601	1,373,615	1,204,630
Compensated absences	3,971,033	3,578,517	2,605,517	2,355,273	6,576,550	5,933,790
Leases payable	\$ -	\$ -	250,531	298,393	250,531	298,393
SBITA payable	314,181	109,106	\$ -	\$ -	314,181	109,106
Total debt	<u>\$ 9,102,378</u>	<u>\$ 9,556,068</u>	<u>\$ 164,549,063</u>	<u>\$ 153,893,850</u>	<u>\$ 173,651,441</u>	<u>\$ 163,449,918</u>

Additional information on the City of Palm Coast's long-term debt can be found in Note 10 on pages 56 through 65 of this report.

## **NEXT YEAR'S BUDGET AND RATES**

During the current fiscal year, unassigned fund balance in the General Fund increased to \$24 million. The available fund balance, as a percentage of next year's budgeted expenditures and transfers out is approximately 35.5%.

The City Council approved a millage rate of 4.0893 mills for fiscal year 2026. Of the total millage, .0502 mills will be dedicated to the stormwater fund. The balance of 4.0391 mills is assigned to the general fund. Market values of properties have continued to increase. The increase in taxable value was approximately 10.34%. New construction added approximately 5.49% to the taxable value, therefore the City had a net 4.85% increase in taxable property value for the year.

The water and sewer rates increased for fiscal year 2026 as a result of a rate study performed in 2025. The water and sewer rates increased by an adjustment of 8% for all customers effective October 1, 2025. These rate increases are necessary to cover anticipated increases in operating costs and capital needs. As a result of these actions, Fitch rated the City's bond rating as AA.

The City Council adopted a policy of having new development help fund its impact on infrastructure in the community through impact fees. These fees were increased in May of 2024 for water and wastewater utility as per a rate study completed during that fiscal year and will continue to increase for the next three years. All other impact fees were increased October 1, 2025 based on a rate studies done during fiscal year 2025.

The fiscal year 2026 budget includes over \$230 million invested in new and replacement infrastructure City-wide. This investment includes roadway expansions, refurbished recreational facilities, bridge rehabilitation, stormwater control structure replacements, and utility infrastructure expansion and replacements.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City of Palm Coast's financial condition and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information you may contact the City of Palm Coast as follows:

City of Palm Coast  
Financial Services  
160 Lake Avenue  
Palm Coast, FL 32164

Telephone (386) 986-2360  
E-mail: [finance@palmcoastgov.com](mailto:finance@palmcoastgov.com)

## **Basic Financial Statements**

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**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in pooled cash and investments	\$ 128,901,218	\$ 66,436,224	\$ 195,337,442
Accounts receivables, net	4,580,419	16,513,332	21,093,751
Leases receivable	352,883	3,781,311	4,134,194
Due from other governments	7,084,476	3,148,921	10,233,397
Prepaid items	437,755	228,516	666,271
Inventory	18,966	453,971	472,937
Restricted cash and investments			
Equity in pooled cash and investments	-	89,199,804	89,199,804
Net pension asset	1,573,303	-	1,573,303
Capital assets			
Non-depreciable	155,633,965	47,737,546	203,371,511
Depreciable, net	223,341,457	341,558,205	564,899,662
<b>Total assets</b>	<b>521,924,442</b>	<b>569,057,830</b>	<b>1,090,982,272</b>
<b>Deferred outflows of resources</b>			
Deferred loss on refunding	-	1,810,548	1,810,548
Deferred outflows - pensions	457,189	-	457,189
Deferred outflows - OPEB	471,248	1,310	472,558
Total deferred outflows of resources	928,437	1,811,858	2,740,295
<b>Liabilities</b>			
Accounts payable and other current liabilities	12,681,561	5,790,190	18,471,751
Due to other governments	2,081,332	114,601	2,195,933
Internal balances	11,649,588	(11,649,588)	-
Customer deposits	375,954	5,997,254	6,373,208
Unearned revenue	152,535	-	152,535
Payable from restricted assets			
Accrued bond interest payable	-	420,917	420,917
Accrued loan interest payable	-	79,334	79,334
Accounts payable	-	5,677,761	5,677,761
Contracts payable	-	1,513,275	1,513,275
Noncurrent liabilities			
Due within one year	1,829,493	10,614,861	12,444,354
Due in more than one year	7,272,885	153,934,202	161,207,087
Total liabilities	36,043,348	172,492,807	208,536,155
<b>Deferred inflows of resources</b>			
Deferred inflows - leases	331,235	3,366,147	3,697,382
Deferred inflows - pensions	1,334,992	-	1,334,992
Deferred inflows - OPEB	500,762	1,392	502,154
Total deferred inflows of resources	2,166,989	3,367,539	5,534,528
<b>Net position</b>			
Net investment in capital assets	376,251,432	229,538,347	605,789,779
Restricted for			
Construction	15,865,979	60,910,406	76,776,385
Debt service	-	7,917,015	7,917,015
Renewal and replacements	-	15,471,058	15,471,058
Public safety	9,985,553	-	9,985,553
Parks and recreation	5,715,370	-	5,715,370
Transportation construction and maintenance	23,614,838	-	23,614,838
Redevelopment	41,433	-	41,433
Grants	121,035	-	121,035
Unrestricted	53,046,902	81,172,516	134,219,418
Total net position	<b>\$ 484,642,542</b>	<b>\$ 395,009,342</b>	<b>\$ 879,651,884</b>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Charges for	Operating	Capital	Governmental		Business-Type
		Services	Grants and Contributions	Grants and Contributions			
<b>Functions/programs</b>							
<b>Governmental activities</b>							
General government	\$ 11,954,416	\$ 1,211,905	\$ 696,386	\$ 365,550	\$ (9,680,575)	\$ (9,680,575)	
Public safety	22,961,208	313,667	6,860	8,491,662	(14,149,019)	(14,149,019)	
Transportation and physical environment	23,210,932	260,147	3,169,368	10,157,300	(9,624,117)	(9,624,117)	
Culture and recreation	12,340,664	3,029,205	18,237	5,092,020	(4,201,202)	(4,201,202)	
Interest on long-term debt	313,536	-	-	-	(313,536)	(313,536)	
<b>Total governmental activities</b>	<b>70,780,756</b>	<b>4,814,924</b>	<b>3,890,851</b>	<b>24,106,532</b>	<b>(37,968,449)</b>	<b>(37,968,449)</b>	
<b>Business-type activities</b>							
Utility	58,898,925	75,115,243	-	49,735,001	-	65,951,319	
Sanitation and collection	17,981,813	18,180,807	-	-	-	198,994	
Stormwater	15,653,049	23,414,277	-	245,790	-	8,007,018	
Building permits	3,323,359	3,678,442	-	-	-	355,083	
Information technology	798,418	749,665	-	-	-	(48,753)	
Total business-type activities	96,655,564	121,138,434	-	49,980,791	-	74,463,661	
<b>Total primary government</b>	<b>\$ 167,436,320</b>	<b>\$ 125,953,358</b>	<b>\$ 3,890,851</b>	<b>\$ 74,087,323</b>	<b>(37,968,449)</b>	<b>36,495,212</b>	
<b>General revenues</b>							
Property taxes				41,644,735	529,222	42,173,957	
Sales and use taxes				5,538,398	-	5,538,398	
Telecommunication service tax				3,000,727	-	3,000,727	
Franchise taxes				1,372,699	-	1,372,699	
Other local taxes				489,458	-	489,458	
Intergovernmental revenue, unrestricted				6,614,432	-	6,614,432	
Unrestricted investment earnings				5,146,935	5,833,075	10,980,010	
Miscellaneous				1,858,494	15,713	1,874,207	
Transfers				5,579,539	(5,579,539)	-	
Total general revenues and transfers				71,245,417	798,471	72,043,888	
<b>Change in net position</b>				33,276,968	75,262,132	108,539,100	
<b>Net position, beginning of year</b>				451,365,574	319,747,210	771,112,784	
<b>Net position, end of year</b>				<b>\$ 484,642,542</b>	<b>\$ 395,009,342</b>	<b>\$ 879,651,884</b>	

The accompanying notes to financial statements are an integral part of this statement.

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	General Fund	Capital Projects Fund	Transportation Impact Fee Fund	Streets Improvement Fund	SR 100 CRA Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in pooled cash and investments	\$ 33,868,441	\$ 25,065,560	\$ 18,809,680	\$ 7,243,907	\$ 41,726	\$ 16,902,361	\$ 101,931,675
Accounts receivable, net	881,423	-	-	-	-	-	881,423
Special assessment receivable, net	-	-	-	-	-	3,691,691	3,691,691
Prepaid items	350,535	-	-	-	-	-	350,535
Lease receivable	352,883	-	-	-	-	-	352,883
Due from other governments	1,494,958	970,592	888,282	387,202	-	3,335,993	7,077,027
Total assets	<u>\$ 36,948,240</u>	<u>\$ 26,036,152</u>	<u>\$ 19,697,962</u>	<u>\$ 7,631,109</u>	<u>\$ 41,726</u>	<u>\$ 23,930,045</u>	<u>\$ 114,285,234</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 607,537	\$ 3,690,517	\$ 2,054,022	\$ 660,211	\$ 293	\$ 2,857,476	\$ 9,870,056
Accrued liabilities	1,317,801	-	-	-	-	-	1,317,801
Due to other funds	-	-	-	-	-	-	-
Due to other governments	2,078,332	-	-	-	-	3,000	2,081,332
Unearned revenue	-	-	-	-	-	152,535	152,535
Customer deposits	375,954	-	-	-	-	-	375,954
Advances from other funds	-	-	-	-	-	3,691,691	3,691,691
Total liabilities	<u>4,379,624</u>	<u>3,690,517</u>	<u>2,054,022</u>	<u>660,211</u>	<u>293</u>	<u>6,704,702</u>	<u>17,489,369</u>
<b>Deferred inflows of resources</b>							
Unavailable revenue - special assessments	-	-	-	-	-	3,557,102	3,557,102
Unavailable revenue - taxes	-	-	-	-	-	-	-
Unavailable revenue - charges for services	-	-	-	-	-	-	-
Unavailable revenue - fines and forfeitures	676,080	-	-	-	-	-	676,080
Unavailable revenue - lease related	331,235	-	-	-	-	-	331,235
Total deferred inflows of resources	<u>1,007,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,557,102</u>	<u>4,564,417</u>
<b>Fund balances</b>							
<b>Nonspendable</b>							
Prepays	350,535	-	-	-	-	-	350,535
<b>Restricted for:</b>							
Public safety	-	-	-	-	-	9,985,553	9,985,553
Parks and recreation	5,000	-	-	-	-	5,710,370	5,715,370
Transportation construction and maintenance	-	-	17,643,940	5,970,898	-	-	23,614,838
Grants	-	-	-	-	-	121,035	121,035
Redevelopment	-	-	-	-	41,433	-	41,433
Construction	-	15,865,979	-	-	-	-	15,865,979
<b>Committed for:</b>							
Disaster	5,024,449	-	-	-	-	-	5,024,449
Construction	-	6,479,656	-	1,000,000	-	-	7,479,656
Assigned	2,149,435	-	-	-	-	-	2,149,435
Unassigned	24,031,882	-	-	-	-	(2,148,717)	21,883,165
Total fund balances	<u>31,561,301</u>	<u>22,345,635</u>	<u>17,643,940</u>	<u>6,970,898</u>	<u>41,433</u>	<u>13,668,241</u>	<u>92,231,448</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,948,240</u>	<u>\$ 26,036,152</u>	<u>\$ 19,697,962</u>	<u>\$ 7,631,109</u>	<u>\$ 41,726</u>	<u>\$ 23,930,045</u>	<u>\$ 114,285,234</u>

The accompanying notes to financial statements are an integral part of this statement.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

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<b>Total fund balances for governmental funds</b>	\$ 92,231,448
Amounts reported for governmental activities in the statement of net position are	
Capital assets and right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	357,045,524
Net pension liability (asset) of the defined benefit pension plans and related deferred outflows and inflows that are not due and payable in the current period and, therefore, are not reported in the funds.	
Firefighters' Retirement System	1,101,910
Florida Retirement System (FRS)	(1,443,959)
Total Other Post-Employment Benefits (OPEB) liability and related deferred outflows and inflows in accordance with GASB Statement No. 75 that are not due and payable in the current period and, therefore, are not reported in the funds.	(1,399,320)
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable in the funds.	4,233,182
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are reported with governmental activities.	38,574,521
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,700,764)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 484,642,542</u></u>

**The accompanying notes to financial statements are an integral part of this statement.**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Transportation Impact Fee Fund</b>	<b>Streets Improvement Fund</b>	<b>SR 100 CRA Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>							
Taxes	\$ 45,476,594	\$ 5,538,398	\$ -	\$ 2,206,264	\$ 1,895,204	\$ -	\$ 55,116,460
Licenses and permits	468,006	-	-	-	-	-	468,006
Intergovernmental revenues	5,927,423	-	501,924	912,254	-	10,679,835	18,021,436
Charges for services	7,166,398	-	-	-	-	-	7,166,398
Special assessments	5,000	-	-	-	-	327,590	332,590
Fines and forfeitures	710,697	-	-	-	-	8,257	718,954
Impact fees	-	-	6,957,089	-	-	5,392,260	12,349,349
Investment earnings	1,852,466	846,225	594,586	250,049	48,475	617,255	4,209,056
Miscellaneous	1,142,399	360,550	-	-	-	-	1,502,949
Total revenues	<u>62,748,983</u>	<u>6,745,173</u>	<u>8,053,599</u>	<u>3,368,567</u>	<u>1,943,679</u>	<u>17,025,197</u>	<u>99,885,198</u>
<b>Expenditures</b>							
Current							
General government	15,418,417	6,491	-	-	-	672,690	16,097,598
Transportation and physical environment	10,730,787	46,568	139,334	3,355,938	175,407	21,250	14,469,284
Public safety	23,176,098	-	-	-	-	68,710	23,244,808
Culture and recreation	9,010,935	82,122	-	-	-	60,709	9,153,766
Capital outlay							
General government	-	10,078,630	-	-	-	-	10,078,630
Public safety	87,497	842,242	-	-	-	8,638,123	9,567,862
Transportation and physical environment	57,275	-	3,524,567	761,422	-	118,256	4,461,520
Culture and recreation	10,266	1,484,586	-	-	-	1,635,257	3,130,109
Debt service							
Principal	-	-	-	-	736,000	-	736,000
Interest and other	-	-	-	-	108,357	192,848	301,205
Total expenditures	<u>58,491,275</u>	<u>12,540,639</u>	<u>3,663,901</u>	<u>4,117,360</u>	<u>1,019,764</u>	<u>11,407,843</u>	<u>91,240,782</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,257,708</u>	<u>(5,795,466)</u>	<u>4,389,698</u>	<u>(748,793)</u>	<u>923,915</u>	<u>5,617,354</u>	<u>8,644,416</u>
<b>Other financing sources (uses)</b>							
Transfers in	1,338,061	8,503,568	-	1,000,000	1,015,191	6,059,531	17,916,351
Transfers out	(3,605,821)	(963,511)	(133,076)	-	(2,514,592)	(6,990,981)	(14,207,981)
Total other financing sources (uses)	<u>(2,267,760)</u>	<u>7,540,057</u>	<u>(133,076)</u>	<u>1,000,000</u>	<u>(1,499,401)</u>	<u>(931,450)</u>	<u>3,708,370</u>
<b>Change in fund balances</b>	<u>1,989,948</u>	<u>1,744,591</u>	<u>4,256,622</u>	<u>251,207</u>	<u>(575,486)</u>	<u>4,685,904</u>	<u>12,352,786</u>
<b>Fund balances, beginning of year</b>	<u>29,571,353</u>	<u>20,601,044</u>	<u>13,387,318</u>	<u>6,719,691</u>	<u>616,919</u>	<u>8,982,337</u>	<u>79,878,662</u>
<b>Fund balances, end of year</b>	<u>\$ 31,561,301</u>	<u>\$ 22,345,635</u>	<u>\$ 17,643,940</u>	<u>\$ 6,970,898</u>	<u>\$ 41,433</u>	<u>\$ 13,668,241</u>	<u>\$ 92,231,448</u>

The accompanying notes to financial statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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**Net change in fund balances – total governmental funds** \$ 12,352,786

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 27,238,121	
Less current year depreciation and amortization	<u>(12,646,002)</u>	14,592,119

The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net position.

Donations and trade-ins	723,515
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Revenues in the statement of activities that do not provide current financial resources are not reported Change in revenue collections expected after 60 days	(261,802)
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The issuance of long-term debt (i.e. bonds, notes, leases, and subscriptions) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of those differences in the treatment of long-term debt and related items.

	736,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Firefighters' Retirement System	374,751
Florida Retirement System (FRS)	427,453

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Change in total OPEB liability and deferred items	(73,306)
Change in compensated absences	(245,010)

Internal service funds are used by management to charge the cost of certain activities, such as the costs of the central garage, to individual funds. The net revenue of the internal service funds is reported with governmental activities.

	<u>4,650,462</u>
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**Change in net position of governmental activities** \$ 33,276,968

**The accompanying notes to financial statements are an integral part of this statement.**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2025**

	Utility Fund	Sanitation and Collection Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>Assets</b>						
Current assets						
Equity in pooled cash and investments	\$ 44,522,272	\$ 3,199,507	\$ 14,505,194	\$ 4,209,251	\$ 66,436,224	\$ 26,969,543
Accounts receivable, net	9,385,305	2,350,410	4,777,444	173	16,513,332	7,305
Due from other governments	2,834,767	-	230,124	84,030	3,148,921	7,449
Inventories	453,971	-	-	-	453,971	18,966
Prepaid items	119,504	51,780	42,043	15,189	228,516	87,220
Lease receivable	-	-	-	233,244	233,244	-
Restricted current assets						
Cash with fiscal agent	5,885,917	-	-	-	5,885,917	-
<b>Total current assets</b>	<b>63,201,736</b>	<b>5,601,697</b>	<b>19,554,805</b>	<b>4,541,887</b>	<b>92,900,125</b>	<b>27,090,483</b>
Noncurrent assets						
Restricted noncurrent assets:						
Debt service	2,196,334	-	335,015	-	2,531,349	-
Impact fees	46,985,407	-	-	-	46,985,407	-
Renewal and replacements	17,071,531	-	-	-	17,071,531	-
Advances to other funds	3,691,691	-	-	-	3,691,691	-
Loan proceeds for construction	-	-	16,725,600	-	16,725,600	-
Lease receivable	-	-	-	3,548,067	3,548,067	-
Capital assets, non-depreciable	43,742,538	-	3,859,257	135,751	47,737,546	-
Capital assets, net	294,468,996	-	45,548,927	1,540,282	341,558,205	21,929,898
<b>Total noncurrent assets</b>	<b>408,156,497</b>	<b>-</b>	<b>66,468,799</b>	<b>5,224,100</b>	<b>479,849,396</b>	<b>21,929,898</b>
<b>Total assets</b>	<b>471,358,233</b>	<b>5,601,697</b>	<b>86,023,604</b>	<b>9,765,987</b>	<b>572,749,521</b>	<b>49,020,381</b>
<b>Deferred outflows of resources</b>						
Deferred loss on refunding	1,810,548	-	-	-	1,810,548	-
Deferred outflows - OPEB	-	-	-	1,310	1,310	-
<b>Total deferred outflows of resources</b>	<b>1,810,548</b>	<b>-</b>	<b>-</b>	<b>1,310</b>	<b>1,811,858</b>	<b>-</b>

(Continued)

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2025**

	Utility Fund	Sanitation and Collection Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>Liabilities</b>						
Current liabilities						
Accounts payable	\$ 1,329,192	\$ 2,813,374	\$ 546,281	\$ 158,600	\$ 4,847,447	\$ 396,510
Claims payable	-	-	-	-	-	916,089
Due to other governments	90,194	-	-	24,407	114,601	-
Loans payable	3,283,693	-	521,956	-	3,805,649	-
Compensated absences	841,064	8,696	301,551	143,334	1,294,645	280,967
Accrued liabilities	572,014	11,161	243,308	115,787	942,270	170,632
Interest payable	-	-	473	-	473	10,473
SBITA payable	-	-	-	-	-	88,836
Lease payable	-	-	49,567	-	49,567	-
Customer deposits	5,997,254	-	-	-	5,997,254	-
Current liabilities payable from restricted assets:						
Current maturities of bonds payable	5,465,000	-	-	-	5,465,000	-
Accrued bond interest payable	420,917	-	-	-	420,917	-
Accrued loan interest payable	77,396	-	1,938	-	79,334	-
Accounts payable	4,218,432	-	1,459,329	-	5,677,761	-
Contract payable	1,437,672	-	75,603	-	1,513,275	-
Total current liabilities	<u>23,732,828</u>	<u>2,833,231</u>	<u>3,200,006</u>	<u>442,128</u>	<u>30,208,193</u>	<u>1,863,507</u>
Noncurrent liabilities						
Compensated absences	845,046	-	286,685	179,141	1,310,872	399,111
Total OPEB liability	-	-	-	3,809	3,809	-
Bonds payable	49,045,000	-	-	-	49,045,000	-
Loans payable	73,414,201	-	29,959,356	-	103,373,557	-
SBITA payable	-	-	-	-	-	225,345
Lease payable	-	-	200,964	-	200,964	-
Total noncurrent liabilities	<u>123,304,247</u>	<u>-</u>	<u>30,447,005</u>	<u>182,950</u>	<u>153,934,202</u>	<u>624,456</u>
Total liabilities	<u>147,037,075</u>	<u>2,833,231</u>	<u>33,647,011</u>	<u>625,078</u>	<u>184,142,395</u>	<u>2,487,963</u>
<b>Deferred inflows of resources</b>						
Lease related	-	-	-	3,366,147	3,366,147	-
Deferred inflows - pension	-	-	-	-	-	-
Deferred inflows - OPEB	-	-	-	1,392	1,392	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,367,539</u>	<u>3,367,539</u>	<u>-</u>
<b>Net position</b>						
Net investment in capital assets	209,185,974	-	18,676,340	1,676,033	229,538,347	21,841,062
Restricted for						
Construction	45,719,738	-	15,190,668	-	60,910,406	-
Renewal and replacement	15,471,058	-	-	-	15,471,058	-
Debt service	7,583,938	-	333,077	-	7,917,015	-
Unrestricted	48,170,998	2,768,466	18,176,508	4,098,647	73,214,619	24,691,356
Total net position	<u>\$ 326,131,706</u>	<u>\$ 2,768,466</u>	<u>\$ 52,376,593</u>	<u>\$ 5,774,680</u>	<u>387,051,445</u>	<u>\$ 46,532,418</u>
Adjustment to reflect the consolidation of internal service fund activities					7,957,897	
<b>Total net position of business-type activities</b>					<u>\$ 395,009,342</u>	

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Utility Fund	Sanitation and Collection Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>Operating revenues</b>						
Charges for services						
Water sales	\$ 43,836,390	\$ -	\$ -	\$ -	\$ 43,836,390	\$ -
Wastewater charges	29,467,263	-	-	-	29,467,263	-
Solid waste charges	-	18,180,807	-	-	18,180,807	-
Stormwater charges	-	-	23,414,277	-	23,414,277	-
Building permit and inspection charges	-	-	-	3,678,442	3,678,442	-
Information technology charges	-	-	-	749,665	749,665	6,264,614
Fiber and cell tower charges	-	-	-	-	-	-
Miscellaneous	1,811,590	-	-	15,713	1,827,303	-
Risk management	-	-	-	-	-	9,179,353
Fleet management	-	-	-	-	-	12,451,317
Total operating revenues	<u>75,115,243</u>	<u>18,180,807</u>	<u>23,414,277</u>	<u>4,443,820</u>	<u>121,154,147</u>	<u>27,895,284</u>
<b>Operating expenses</b>						
Administrative	8,894,409	-	-	-	8,894,409	21,205,269
Water system	15,102,505	-	-	-	15,102,505	-
Wastewater system	14,471,131	-	-	-	14,471,131	-
Solid waste system	-	17,984,730	-	-	17,984,730	-
Stormwater system	-	-	12,720,987	-	12,720,987	-
Building permits and inspections	-	-	-	3,365,539	3,365,539	-
Fiber and cell tower	-	-	-	515,244	515,244	-
Depreciation/amortization	19,043,548	-	2,311,921	283,155	21,638,624	4,796,931
Total operating expenses	<u>57,511,593</u>	<u>17,984,730</u>	<u>15,032,908</u>	<u>4,163,938</u>	<u>94,693,169</u>	<u>26,002,200</u>
<b>Operating income</b>	<u>17,603,650</u>	<u>196,077</u>	<u>8,381,369</u>	<u>279,882</u>	<u>26,460,978</u>	<u>1,893,084</u>
<b>Nonoperating revenues (expenses)</b>						
Investment earnings	4,265,860	72,351	1,245,050	249,814	5,833,075	937,879
Interest/amortization expense	(1,858,528)	-	(988,723)	-	(2,847,251)	(12,331)
Intergovernmental revenue	-	-	245,790	-	245,790	-
Property taxes	-	-	529,222	-	529,222	-
Other	-	-	-	-	-	845,517
Total nonoperating revenues, net	<u>2,407,332</u>	<u>72,351</u>	<u>1,031,339</u>	<u>249,814</u>	<u>3,760,836</u>	<u>1,771,065</u>
Income before contributions and transfers	20,010,982	268,428	9,412,708	529,696	30,221,814	3,664,149
<b>Capital grants and contributions</b>	49,735,001	-	-	-	49,735,001	-
<b>Transfers</b>						
Transfers in	2,789,254	-	-	-	2,789,254	1,871,169
Transfers out	(3,995,672)	-	(4,181,381)	(191,740)	(8,368,793)	-
Total transfers	<u>(1,206,418)</u>	<u>-</u>	<u>(4,181,381)</u>	<u>(191,740)</u>	<u>(5,579,539)</u>	<u>1,871,169</u>
<b>Change in net position</b>	<u>68,539,565</u>	<u>268,428</u>	<u>5,231,327</u>	<u>337,956</u>	<u>74,377,276</u>	<u>5,535,318</u>
<b>Total net position (deficit), beginning of year</b>	<u>257,592,141</u>	<u>2,500,038</u>	<u>47,145,266</u>	<u>5,436,724</u>		<u>40,997,100</u>
<b>Total net position, end of year</b>	<u>\$ 326,131,706</u>	<u>\$ 2,768,466</u>	<u>\$ 52,376,593</u>	<u>\$ 5,774,680</u>		<u>\$ 46,532,418</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.					884,856	
<b>Changes in net position of business-type activities</b>					<u>\$ 75,262,132</u>	

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Utility Fund	Sanitation and Collection Fund	Stormwater Fund	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>Cash flows from operating activities</b>						
Cash received from customers	\$ 74,507,314	\$ 18,155,213	\$ 22,934,087	\$ 4,265,922	\$ 119,862,536	\$ -
Cash received from other	-	-	-	-	-	845,517
Cash received for interfund services	-	-	-	-	-	27,951,931
Cash paid to suppliers for goods and services	(22,004,951)	(17,410,690)	(7,326,270)	(1,005,639)	(47,747,550)	(8,053,885)
Cash paid to employees for services and benefits	(15,273,477)	(225,965)	(5,823,945)	(2,750,117)	(24,073,504)	(12,712,364)
Net cash provided (used in) by operating activities	37,228,886	518,558	9,783,872	510,166	48,041,482	8,031,199
<b>Cash flows from noncapital financing activities</b>						
Transfer to other funds	(3,995,672)	-	(4,181,381)	(191,740)	(8,368,793)	-
Transfer from other funds	2,789,254	-	-	-	2,789,254	1,871,169
Advances to other funds	165,260	-	-	-	165,260	-
Net cash provided by (used in) noncapital financing activities	(1,041,158)	-	(4,181,381)	(191,740)	(5,414,279)	1,871,169
<b>Cash flows from capital and related financing activities</b>						
Acquisition and construction of capital assets	(43,897,073)	-	(5,288,521)	(141,601)	(49,327,195)	(6,094,574)
Cash received from sale of capital assets	-	-	-	-	-	(12,331)
Lease payments received	-	-	235,207	-	235,207	-
Loan proceeds	-	-	18,392,000	-	18,392,000	-
Loan principal payments	(6,106,729)	-	(1,832,649)	-	(7,939,378)	-
Payments on lease liability	-	-	(47,862)	-	(47,862)	-
Interest paid	(1,888,560)	-	(989,946)	-	(2,878,506)	-
Property tax proceeds	-	-	529,222	-	529,222	-
Subscription payments	-	-	-	-	-	-
Impact fees and contributions	26,345,997	-	-	-	26,345,997	-
Net cash provided by (used in) capital and related financing activities	(25,546,365)	-	10,997,451	(141,601)	(14,690,515)	(6,106,905)
<b>Cash flows from investing activities</b>						
Sale of investments	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-
Interest received	4,265,860	72,351	1,245,050	249,814	5,833,075	937,879
Net cash provided by investing activities	4,265,860	72,351	1,245,050	249,814	5,833,075	937,879
<b>Net change</b>	14,907,223	590,909	17,844,992	426,639	33,769,763	4,733,342
<b>Cash and investments, beginning of year</b>	101,754,238	2,608,598	13,720,817	3,782,612	121,866,265	22,440,630
<b>Cash and investments, end of year</b>	<u>\$ 116,661,461</u>	<u>\$ 3,199,507</u>	<u>\$ 31,565,809</u>	<u>\$ 4,209,251</u>	<u>\$ 155,636,028</u>	<u>\$ 27,173,972</u>
<b>Cash and cash equivalents classified as</b>						
Cash and investments	\$ 44,522,272	\$ 3,199,507	\$ 14,505,194	\$ 4,209,251	\$ 66,436,224	\$ 26,969,543
Restricted cash and investments	72,139,189	-	335,015	-	72,474,204	-
Total cash and investments	<u>\$ 116,661,461</u>	<u>\$ 3,199,507</u>	<u>\$ 14,840,209</u>	<u>\$ 4,209,251</u>	<u>\$ 138,910,428</u>	<u>\$ 26,969,543</u>

(Continued)

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Utility Fund	Sanitation and Collection Fund	Stormwater Fund	Nonmajor Enterprise Funs	Total	Governmental Activities - Internal Service Funds
<b>Reconciliation of operating income to net cash provided by operating activities</b>						
Operating income	\$ 17,603,650	\$ 196,077	\$ 8,381,369	\$ 279,882	\$ 26,460,978	\$ 1,893,084
Adjustment to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	19,043,548	-	2,311,921	283,155	21,638,624	4,796,931
Refunding	346,718	-	-	-	346,718	-
Cash received from other	-	-	-	-	-	845,517
Change in operating assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	(961,243)	(25,594)	(480,190)	(173)	(1,467,200)	56,377
Leases receivable	-	-	-	-	-	-
Due from other governments	-	-	-	(84,030)	(84,030)	270
Prepays	20,635	13,250	3,293	2,852	40,030	24,183
Inventory	8,980	-	-	-	8,980	18,309
Lease receivable	-	-	-	178,441	178,441	-
Deferred outflows - OPEB	-	-	-	57	57	-
Increase (decrease) in liabilities:						
Accounts payable	546,927	327,605	(591,772)	106,128	388,888	(59,106)
Accrued liabilities	94,457	5,522	76,035	24,954	200,968	23,539
Unearned revenue	-	-	-	(22,270)	(22,270)	-
Due to other governments	3,813	-	-	(6,065)	(2,252)	-
Due to other funds	-	-	-	-	-	274,326
Compensated absences payable	168,087	1,698	83,216	(2,758)	250,243	147,506
Customer deposits	353,314	-	-	-	353,314	-
Interest payable	-	-	-	-	-	10,263
Deferred inflows - leases	-	-	-	(249,866)	(249,866)	-
Deferred inflows - pension	-	-	-	-	-	-
Deferred inflows - OPEB	-	-	-	(349)	(349)	-
Net pension liability	-	-	-	-	-	-
Total OPEB liability	-	-	-	208	208	-
Net cash provided by (used in) operating activities	<u>\$ 37,228,886</u>	<u>\$ 518,558</u>	<u>\$ 9,783,872</u>	<u>\$ 510,166</u>	<u>\$ 48,041,482</u>	<u>\$ 8,031,199</u>
<b>Noncash investing, capital, and financing activities</b>						
Amortization of deferred loss on refunding	\$ 572,014	\$ -	\$ -	\$ -	\$ 572,014	\$ -
Non-cash contributions	24,800,498	-	-	-	24,800,498	-
Total non-cash investing, capital, and financing activities	<u>\$ 25,372,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,372,512</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2025**

	<b>Firefighters' Retirement System Fund</b>
<b>Assets</b>	
Investments, at fair value	
External investment pools	\$ 13,135,032
Total investments	<u>13,135,032</u>
Contributions receivable	<u>288,720</u>
Total assets	<u>\$ 13,423,752</u>
<b>Net position</b>	
Restricted for pension benefits	\$ 13,423,752
Total liabilities and net position	<u>\$ 13,423,752</u>

**The accompanying notes to financial statements are an integral part of this statement.**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Firefighters' Retirement System Fund</b>
<b>Additions</b>	
Contributions	
City	\$ 4,635,100
Employees	705,213
State of Florida	864,179
Total contributions	<u>6,204,492</u>
Investment income	
Interest and dividends	920,898
Less: investment expense	(17,611)
Net investment income	<u>903,287</u>
Total additions	<u>7,107,779</u>
<b>Deductions</b>	
Pension benefits	648,296
Administrative expenses	61,798
Total deductions	<u>710,094</u>
Change in net position	6,397,685
Net position, restricted for pension benefits	
Beginning of year	<u>7,026,067</u>
End of year	<u><u>\$ 13,423,752</u></u>

**The accompanying notes to financial statements are an integral part of this statement.**

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## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

The *City of Palm Coast, Florida* (the "City") was incorporated December 31, 1999, under the laws of the State of Florida. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (fire and law enforcement), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services. The accompanying financial statements include all those separately administered departments and funds for which the City has financial accountability. There are no potential component units or related organizations of the City, except for the State Road 100 CRA.

The SR100 CRA was created on June 15, 2004, by City Ordinance 2004-13, pursuant to Florida Statute 163.387, to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support redevelopment in the designated community redevelopment area. Since the City is financially accountable for the activities of the CRA, its governing board is the same, and its relationship to the CRA is significant, the CRA is reported as blended component unit in the City's financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

##### ***Government-Wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Internal service funds are incorporated into the governmental activities column.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The pension trust fund is reported as a separate financial statement, and is not included in the government-wide financial statements.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

##### ***Government-Wide Financial Statements (Continued)***

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu of taxes and other charges between the government's water and sewer, stormwater, building permits, and information technology functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### ***Fund Financial Statements***

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund accounts for resources accumulated and payments made for the acquisition of land and construction of major capital facilities.

The transportation impact fee capital project fund is used to track impact fees collected for the purpose of funding expenditures for the expansion of road capacity.

The streets improvement special revenue fund is used to account for a portion of state revenue sharing and a local option gas tax that is restricted for transportation expenditures. This revenue is primarily used for road operations, maintenance, improvements, and to resurface city streets.

The SR100 CRA special revenue fund accounts for the tax increment financing and related expenditures of the State Road 100 community redevelopment area.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

##### ***Fund Financial Statements (Continued)***

The government reports the following major proprietary funds:

The utility enterprise fund accounts for revenues and expenses related to activities in the government's treatment and distribution of water, pumping of sewage, collection of sewage and treatment of sewage.

The stormwater management fund accounts for revenues and expenses related to the maintenance and capital improvements of the stormwater system.

The sanitation and collection enterprise fund accounts for revenues and expenses related to the collection and removal of solid waste.

Additionally, the government reports the following fund types:

The internal service funds account for a self-insured employee medical insurance program, information technology operations, and fleet management services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The pension trust fund accounts for the activities of the Firefighters' Retirement System, which accumulates resources for pension benefit payments to qualified firefighters.

During the course of operations, the City has activity between funds for various purposes. Any remaining balances at year-end are reported as due from/to or advances from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the government-wide financial statements. Balances between funds in both the governmental activities and business-type activities are presented so that only the net amount appears as internal balances on the statement of net position. Further, certain activities occur involving transfers of resources between funds. These are reported as gross transfers in the fund financial statements, but as net transfers in the government-wide financial statements after certain eliminations.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

##### ***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, lease liabilities, claims and judgments, are recorded only when payment is due. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension funds are reported using the economic resources measurement focus and the accrual basis of accounting.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

##### ***Measurement Focus and Basis of Accounting (Continued)***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing activities. The principal operating revenues of the City's enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

##### ***Budgetary Basis of Accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund, capital projects fund, and special revenue funds. The budget includes a portion of the prior year's fund balance as a budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenue over expenditures. The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

If, during the year, revenues in excess of those estimated in the budget are available for appropriation, City Council may make supplemental appropriations for the year in an amount not to exceed the excess.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders and contracts). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

##### ***Cash, Cash Equivalents, and Investments***

The City's cash and cash equivalents are cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of the acquisition. Investments are reported at fair value (generally based on quoted market prices) except for amounts in the Florida Prime investment pool and the Florida Palm Investment Trust Fund. See Note 4 for additional details.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

##### ***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables consist primarily of amounts due from other governments, as well as utility, sanitation and collection, stormwater, and fiber optic system usage billings. All general fund receivables are deemed collectible, and an allowance for doubtful accounts has been set up in the utility, sanitation and collection, and stormwater funds for 7%, 7%, and 16%, respectively, of the outstanding receivable amounts. Under Florida law, the assessment and collection of all county, municipal, and school district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate up to 10 mills.

##### ***Inventories***

Inventories are valued at cost using the first-in/first-out (FIFO) method for the fleet management fund, and the utility fund. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time inventory is used. No required minimum levels of inventory are maintained.

##### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in governmental funds are recognized using the consumption method.

##### ***Fair Value Measurements***

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

## Notes To Financial Statements

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Assets**

Certain proceeds of the utility enterprise fund revenue bonds are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Other enterprise fund restricted assets include accumulated impact fees, accumulated renewal and replacement funds, intergovernmental receivables and debt service requirements; their use is limited by state statute and various regulatory authorities.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 9). Contributed assets are valued at their estimated acquisition value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Land and construction in progress are not depreciated. Depreciation/amortization on other assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	20-50
Improvements other than buildings	7-30
Infrastructure	15-100
Equipment	5-20
Right-to-use leased equipment	5-20
Subscription-based IT arrangements (SBITA)	2-3

**Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has various items related to pensions and Other Post-Employment Benefits, in this category. Also, a deferred loss on refunding is reported in the proprietary funds statement of net position and the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has four items that qualify for reporting in this category. The first item is unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: taxes, special assessments, fines and forfeitures, and charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also, a deferred gain on refunding is reported in the proprietary funds statement of net position and the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has items related to pensions and Other Post-Employment Benefits as well as leases in this category.

#### **Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied. However, for the Utility renewal and replacement funds, unrestricted net position is depleted before restricted net position.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **Fund Balance**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are not in spendable form (such as prepaid expenses and advances due from other funds) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or as delegated to the City Manager.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is established by the City Council through adoption or amendment of the budget and through delegation to the City Manager by passage of a resolution.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Leases**

The City leases a trailer for the Stormwater Department and determines if an arrangement is a lease at inception. The City recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the City's right to use an underlying asset for the lease term and lease liabilities represent the City's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The City also leases various facilities to telecommunications companies, who provide wireless phone and Internet access to the public. The City recognizes expected future revenues as a receivable and related deferred inflows.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancellable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is less than \$5,000.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the City's incremental borrowing rate (IBR), which will be the rate utilized for the subsequent year.

The City's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### **Program Revenues**

Amounts reported as program revenues included: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) operating grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Notes To Financial Statements**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes**

Property taxes attach as an enforceable lien on real property and are levied per the following calendar:

Valuation Date: January 1, 2024

Property Appraiser prepares the assessment roll with values as of January 1, 2024, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations. July 1, 2024

City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year. September 2024

Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy Date). September 2024

A Notice of Taxes is mailed to each property owner on the assessment roll. November 1, 2024

Taxes are paid November 2024 through March 2025, with the following applicable discounts:

November 1, 2024 through March 31, 2025

<b>Month Paid</b>	<b>Discount (%)</b>
November	4
December	3
January	2
February	1
March	0

All unpaid taxes on real and tangible personal property become delinquent. April 1, 2025

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April and May 2025

Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien Date). June 1, 2025

A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes. June 1, 2025

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Compensated Absences**

Employees may accumulate vacation and sick leave with certain limitations as to the number of hours of accumulation. General employees are paid 100% of their accumulated vacation pay and sick leave when they terminate up to a maximum of 320 hours for vacation and 320 hours for sick leave (448 hours each for fire department personnel), as long as they are not dismissed with cause or fail to meet the ten-day notice requirement for voluntary resignations. The related liability for this policy is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

#### **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility, sanitation and collection, stormwater and other proprietary funds along with internal service funds are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Subscription-Based Information Technology Arrangements (SBITAs)**

The City has entered into SBITAs involving a GIS enterprise system used to map areas within the city for stormwater, utility, disaster preparedness, right of ways, and more as well as an enterprise resource planning (ERP) software system. The City recognizes intangible right-to-use (RTU) assets and corresponding liabilities for all SBITAs that are not considered short-term. RTU assets represent the City's right to use an underlying intangible asset for the agreement term and liabilities represent the City's obligation to make payments arising from the SBITA. RTU assets and liabilities are recognized at the agreement commencement date based on the present value of payments over the SBITA term.

Basis of classification – SBITAs where the maximum possible agreement term(s) is non-cancelable by both parties, and more than 12 months are not considered short-term.

Discount rate – Unless explicitly stated in the agreement, known by the City, or the City is able to determine the rate implicit within the agreement, the discount rate used to calculate SBITA right-to-use assets will be the City's incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year.

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

The City's SBITAs do not contain any material residual value guarantees or material restrictive covenants.

#### Recently Issued and Adopted Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for current and subsequent fiscal years. Management has not determined what, if any, impact implementation of pronouncements that become effective beyond the current fiscal year will have on the City's financial statements:

1. GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The objective of GASB 101 is to better meet the information of financial statement users by updating recognition and measurement guidance for compensated absences. The effective date for implementation is fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
2. GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The effective date for implementation is fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
3. GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
4. GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. The objective of GASB 104 is to provide users of government financial statements with essential information about certain types of capital assets. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Notes To Financial Statements

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$357,045,524 difference are as follows:

Land	\$ 116,598,032
Construction in progress	39,035,933
Buildings and other improvements	104,820,469
Less: Accumulated depreciation	(36,716,144)
Infrastructure	292,099,250
Less: Accumulated depreciation	(161,117,470)
Equipment	4,456,663
Less: Accumulated depreciation	<u>(2,131,209)</u>
 <i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	 <u><u>\$ 357,045,524</u></u>

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of fleet, information technology, and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$38,574,521 difference are as follows:

Net position of the internal service funds	\$ 46,532,418
Less: internal payable representing charges in excess of cost to business-type activities - prior years	(7,073,041)
Less: internal payable representing charges in excess of cost to business-type activities - current year	<u>(884,856)</u>
 <i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	 <u><u>\$ 38,574,521</u></u>

**Notes To Financial Statements**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (Continued)**

A final element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds." The details of this \$5,700,764 difference are as follows:

Loans payable	\$ (2,409,809)
Compensated absences	<u>(3,290,955)</u>
<i>Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u><u>\$ (5,700,764)</u></u>

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." Also, the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. "This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$736,000 difference are as follows:

Principal payments:	
SR100 CRA Revenue Note	<u>\$ 736,000</u>
<i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u><u>\$ 736,000</u></u>

## Notes To Financial Statements

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### NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### **Compliance with Finance-Related Legal and Contractual Provision**

The City has no material violations of finance-related legal and contractual provisions.

#### **Deficit Fund Balance**

The OKR Special Assessment special revenue fund had a deficit fund balance of \$2,148,717. This fund incurred construction expenditures in excess of current revenues and transfers. The deficit will be reduced through collections of annual assessment revenues.

### NOTE 4. DEPOSITS AND INVESTMENTS

#### **Deposits**

At year-end, the carrying amount of the City's deposits was \$21,590,797 and the bank balance was \$21,592,683. All bank deposits were fully covered by federal depository insurance and by deposits held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories". Included in the carrying amount of the City deposits is \$7,248 in petty cash.

#### **Investments**

The City follows guidelines of Florida Statute Section 218.415, which allows the following investments: The Local Government Surplus Funds Trust Fund; Intergovernmental Investment Pools; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; Interest bearing time deposits or savings accounts in qualified public depositories; Direct obligations of the U.S. Treasury; Federal Agencies and instrumentalities; Supranational bonds; Commercial paper; Corporate bonds; Asset Backed Securities (ABS); Agency Mortgage Backed Securities (MBS); and Municipal Bonds.

**Notes To Financial Statements**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of September 30, 2025, the City has the following investments:

Investment Type	Fair Value	Percentage of Total	Average Maturities
Florida Prime LGIP	\$ 82,549,825	31.40%	39 Days
Intergovernmental Investment Pool-FL PALM	89,724,083	34.12%	40 Days
Money Market	196,570	0.07%	1 Day
U.S. Treasuries	45,305,715	17.23%	1-5 Years
Corporate bonds	33,077,974	12.58%	1-6 Years
Agency Mortgage Backed Securities	8,704,734	3.31%	1-10 Years
Foreign issues	3,380,300	1.29%	1-5 Years
Totals	<u>\$ 262,939,201</u>		

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2025:

*Fixed Income Securities* - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of the issuers with similar credit ratings.

Notes To Financial Statements

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

The following table summarizes the assets and liabilities of the City for which fair values are determined on a recurring bases as of September 30, 2025:

Investment	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 45,305,715	\$ 45,305,715	\$ -	\$ -
Corporate bonds	33,077,974	-	33,077,974	-
Agency Mortgage Backed Securities	8,704,734	-	8,704,734	-
Municipal Bonds	3,380,300	-	3,380,300	-
Total investments at fair value level	<u>\$ 90,468,723</u>	<u>\$ 45,305,715</u>	<u>\$ 45,163,008</u>	<u>\$ -</u>

**Investments Measured at Net  
Asset Value (NAV)**

SBA Florida Prime	\$ 82,549,825
FL PALM	89,724,083
Money Market	196,570
Total investments measured at NAV	<u>172,470,478</u>
Total investments	<u>\$ 262,939,201</u>

The City's investments in the Florida Local Government Surplus Funds Trust Fund Investment Pool (Florida PRIME), a Securities and Exchange Commission rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool is administered by the State Board of Administration (SBA) pursuant to section 218.405 of the Florida Statutes.

## Notes To Financial Statements

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### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

#### Investments (Continued)

The pool invests in short-term, high-quality fixed income securities. To be considered high-quality, the security must be rated highest in the short-term rating category by one or more nationally recognized statistical ratings organizations, or deemed to be of comparable quality by the investment manager. Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in the fund at amortized cost. The account balance of this fund is considered to be the fair value of this investment. As of September 30, 2025, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Florida PRIME. The occurrence of an event that has a material impact on liquidity or operations of the trust fund can cause limits on contributions or withdrawals. During the fiscal year there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value. Separate financial statements for the pool are available by contacting the Florida State Board of Administration.

The Florida Public Assets for Liquidity Management ("FL PALM") fund was established December 3, 2009, pursuant to an Agreement and Declaration of Trust by and among the Florida School Board Association, Inc. ("FSBA"), the Florida Association of District School Superintendents, Inc. ("FADSS") and the School Boards which had agreed to become Signatory Public Agencies of the Fund. The Fund is a common law trust organized under the laws of the State of Florida (the "State"). The Fund is an investment opportunity for State school districts, political subdivisions of the State or instrumentalities of political subdivisions of the State. The FL PALM is an external investment pool that is not registered with the Securities Exchange Commission (SEC) but operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 allows funds to use amortized cost to maintain a constant net asset value of \$1 per share. There are no restrictions or fees to withdrawal from this pool. As of September 30, 2025, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to FL PALM.

*Interest Rate Risk.* The City's investment policy limits the maturities of operating funds to a maximum of 24 months. Bond reserves, construction funds, and other non-operating funds ("core funds") cannot exceed maturities of ten years. Longer maturities, not to exceed 30 years, may be used in special circumstances. The maximum length to maturity for an investment in any U.S. Government Agency or Federal Instrumentality ("GSE") security is ten years from the date of purchase.

## Notes To Financial Statements

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### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

#### **Investments (Continued)**

*Credit Risk.* The City's investment policy allows investment in high grade corporate notes with a minimum "A" rating by any two Nationally Recognized Statistical Ratings Organizations (NRSROs). Commercial paper is required to have a rating of "A-1" by Standard and Poor's and Prime-1 by Moody's. Supranational requirements are that the U.S. is a shareholder and voting member with a long-term debt rating of "AAA" category, or a short-term debt rating of "A-1" or higher, by any two NRSROs at the time of purchase. Asset-Backed securities carry a minimum rating requirement of "AAA" by any two NRSROs. Municipal securities carry a minimum rating requirement of "A" by any two NRSROs, for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt. As of September 30, 2025, the City's investments in U.S. Treasury and Government Agencies were rated "AA+/Aaa", commercial paper rated "A-1/P-1", corporate, asset-backed and municipal bonds rated between "AAA/Aaa" and "BBB+/Baa3" by Standard & Poor's or Moody's, and supranationals were rated "AAA" by Standard and Poor's or "Aaa" by Moody's.

*Concentrations of Credit Risk.* The City's investment policy has established asset allocation and issuer limits on various investments, which are designed to reduce concentration of credit risk of the City's investment portfolio.

Cash with fiscal agent as of September 30, 2025, totaled \$5,885,917. This amount represents the semi-annual utility bond principal and interest payments on deposit with the distributing agent.

Notes To Financial Statements

**NOTE 5. RECEIVABLES**

Amounts other than lease receivables are aggregated into single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables, including applicable allowances for uncollectible accounts:

	<b>Accounts Receivable</b>	<b>Special Assessments Receivable</b>	<b>Allowance</b>	<b>Net Total Receivables</b>
<b>Governmental Activities</b>				
General	\$ 881,423	\$ -	\$ -	\$ 881,423
Nonmajor Governmental Funds	-	3,691,691	-	3,691,691
	<u>\$ 881,423</u>	<u>\$ 3,691,691</u>	<u>\$ -</u>	<u>\$ 4,573,114</u>
	<b>Accounts Receivable</b>	<b>Special Assessments Receivable</b>	<b>Allowance</b>	<b>Net Total Receivables</b>
<b>Business-Type Activities</b>				
Utility Fund	\$ 10,019,652	\$ -	\$ (634,347)	\$ 9,385,305
Solid Waste Fund	2,508,795	-	(158,385)	2,350,410
Stormwater Fund	5,761,998	-	(984,554)	4,777,444
Nonmajor Proprietary Funds	2,329	-	(2,156)	173
Internal Service Funds	7,305	-	-	7,305
	<u>\$ 18,300,079</u>	<u>\$ -</u>	<u>\$ (1,779,442)</u>	<u>\$ 16,520,637</u>

The special assessments receivable is the amount due from property owners within the Old Kings Road Special Assessment District (see Note 15). The amount due as of September 30, 2025, represents the balance remaining on the financing of the expansion and realignment of Old Kings Road.

Notes To Financial Statements

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2025:

	<b>Balance October 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance September 30</b>
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 116,570,077	\$ 27,955	\$ -	\$ -	\$ 116,598,032
Construction in progress	23,846,031	21,479,913	-	(6,290,011)	39,035,933
Total capital assets, not being depreciated	<u>140,416,108</u>	<u>21,507,868</u>	<u>-</u>	<u>(6,290,011)</u>	<u>155,633,965</u>
Capital assets, being depreciated					
Buildings and improvements other than buildings	101,608,998	4,308,615	-	-	105,917,613
Infrastructure	284,303,276	1,519,139	-	6,290,011	292,112,426
Equipment	44,431,942	6,720,588	(4,314,572)	-	46,837,958
SBITA	843,044	409,504	(843,044)	-	409,504
Total capital assets, being depreciated	<u>431,187,260</u>	<u>12,957,846</u>	<u>(5,157,616)</u>	<u>6,290,011</u>	<u>445,277,501</u>
Less accumulated depreciation for					
Buildings and improvements other than buildings	(33,582,987)	(3,795,101)	-	-	(37,378,088)
Infrastructure	(152,633,349)	(8,497,297)	-	-	(161,130,646)
Equipment	(22,700,639)	(4,949,911)	4,314,572	-	(23,335,978)
SBITA	(733,752)	(200,624)	843,044	-	(91,332)
Total accumulated depreciation	<u>(209,650,727)</u>	<u>(17,442,933)</u>	<u>5,157,616</u>	<u>-</u>	<u>(221,936,044)</u>
Total capital assets, being depreciated, net	<u>221,536,533</u>	<u>(4,485,087)</u>	<u>-</u>	<u>6,290,011</u>	<u>223,341,457</u>
Governmental activities capital assets, net	<u>\$ 361,952,641</u>	<u>\$ 17,022,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,975,422</u>
<b>Business-Type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 14,514,747	\$ -	\$ -	\$ -	\$ 14,514,747
Construction in progress	47,594,773	49,130,791	-	(63,502,765)	33,222,799
Total capital assets, not being depreciated	<u>62,109,520</u>	<u>49,130,791</u>	<u>-</u>	<u>(63,502,765)</u>	<u>47,737,546</u>
Capital assets, being depreciated					
Buildings and improvements other than buildings	159,871,817	-	-	38,452,596	198,324,413
Infrastructure	343,726,005	24,800,498	-	25,007,216	393,533,719
Equipment	3,044,179	196,405	(628,693)	42,953	2,654,844
Right-to-use leased equipment	433,646	-	-	-	433,646
Total capital assets, being depreciated	<u>507,075,647</u>	<u>24,996,903</u>	<u>(628,693)</u>	<u>63,502,765</u>	<u>594,946,622</u>
Less accumulated depreciation for					
Buildings and improvements other than buildings	(82,688,013)	(6,842,552)	-	-	(89,530,565)
Infrastructure	(148,237,346)	(14,578,350)	-	-	(162,815,696)
Equipment	(1,305,851)	(168,630)	628,693	-	(845,788)
Right-to-use leased equipment	(147,276)	(49,092)	-	-	(196,368)
Total accumulated depreciation	<u>(232,378,486)</u>	<u>(21,638,624)</u>	<u>628,693</u>	<u>-</u>	<u>(253,388,417)</u>
Total capital assets, being depreciated, net	<u>274,697,161</u>	<u>3,358,279</u>	<u>-</u>	<u>63,502,765</u>	<u>341,558,205</u>
Business-type activities capital assets, net	<u>\$ 336,806,681</u>	<u>\$ 52,489,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,295,751</u>

**Notes To Financial Statements**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

Depreciation/amortization expense was charged to the functions/programs as follows:

**Governmental Activities**

General government	\$ 433,217
Public safety	357,096
Transportation and physical environment	8,699,607
Culture and recreation	3,156,082
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	4,796,931
Total depreciation and amortization expense, governmental activities	<u>\$ 17,442,933</u>

**Business-Type Activities**

Utility	\$ 19,043,548
Stormwater	2,311,921
Building permits	390
Information technology	282,765
Total depreciation and amortization expense, business-type activities	<u>\$ 21,638,624</u>

**NOTE 7. ACCRUED LIABILITIES**

Accrued liabilities totaling \$1,317,801 reported by the general fund as of September 30, 2025, represent accrued salaries and related employee benefits.

**NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Utility Fund	OKR Special Assessment Fund	Expansion and realignment of road	3,691,691

The Utility Fund loan is a working capital loan made to the OKR Special Assessment Fund upon its creation. This balance is not scheduled to be collected in the subsequent year.

Notes To Financial Statements

**NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

	Transfers In								Total
	General Fund	Capital Projects Fund	Streets Improvement Fund	SR100 CRA Fund	Fleet Fund	IT Operations Fund	Utility Fund	Non-Major Governmental Fund	
<b>Transfers Out</b>									
General Fund	\$ -	\$1,500,000	\$ 1,000,000	\$ 1,015,191	\$ 32,455	\$ 58,175	\$ -	\$ -	\$ 3,605,821
Utility Fund	1,134,431	2,650,000	-	-	166,241	45,000	-	-	3,995,672
Transportation Impact Fee Fund	-	-	-	-	-	-	-	133,076	133,076
Capital Projects Fund	-	-	-	-	-	-	-	963,511	963,511
SR100 CRA Fund	-	-	-	-	-	-	287,374	2,227,218	2,514,592
Stormwater Fund	155,943	2,500,000	-	-	1,508,848	16,590	-	-	4,181,381
Nonmajor Governmental	23,696	1,853,568	-	-	41,961	1,899	2,501,880	2,567,977	6,990,981
Nonmajor Proprietary	23,991	-	-	-	-	-	-	167,749	191,740
<b>Total</b>	<b>\$1,338,061</b>	<b>\$8,503,568</b>	<b>\$ 1,000,000</b>	<b>\$ 1,015,191</b>	<b>\$1,749,505</b>	<b>\$ 121,664</b>	<b>\$2,789,254</b>	<b>\$ 6,059,531</b>	<b>\$22,576,774</b>

Transfers from the General Fund are generally made to establish reserves for future capital expenditures, possible emergency related expenditures, and to move unrestricted general fund revenues to finance various programs that are accounted for in other funds in accordance with budgetary authorizations. Additionally in fiscal year 2025, General Fund reserve transfer was made to the fire impact fee fund for the purpose of funding new fire stations. The general fund also transferred ARPA funds to the stormwater fund for the London Waterway project. The transfers to the Capital Projects Fund are for funding of the new public works fleet facility. Transfers to the CRA Fund represent base property tax collections within the redevelopment area and to fund capital expenditures. Other transfers from the Utility Fund, Stormwater Fund, Nonmajor Governmental and Nonmajor Proprietary Funds are in lieu of tax transfers, maintenance transfers, and to establish reserves for future capital expenditures. The transfer from the Transportation Impact Fee Fund to Nonmajor Governmental Funds are impact fee collections related to the Old Kings Road Special Assessment District. Transfers to the Fleet Fund are to purchase new additions to the Fleet from the various responsible departments. Transfers to the IT Operations Fund are to purchase software and computer equipment for the various departments.

**NOTE 9. LEASES, SBITAS AND AGREEMENTS**

**Interlocal Agreements**

The City maintains an interlocal agreement with the Flagler County Sheriff for law enforcement services. The agreement provides for additional services above the base level of service provided by the Sheriff on a county-wide basis. For 2025, the total cost was \$8,996,489.

**Notes To Financial Statements**

**NOTE 9. LEASES, SBITAS AND AGREEMENTS (CONTINUED)**

**Lease Receivable - City as Lessor**

The City leases various facilities to telecommunications companies, who provide wireless phone and Internet access to the public. The leases are for a five-year period, with renewal options for an additional five years. Annual lease payments increase by the U.S. Consumer Price Index or 3% to 4%, whichever is greater. In 2023, the City entered into a concession agreement with a vendor to provide food services at the golf course. The lease is for a five-year period, with three additional five-year extensions. Annual lease payments will increase by 3%.

The City recognized lease-related revenue during the year ended September 30, 2025 as follows:

<u>Lease-Related Revenue</u>	<u>Year Ending September 30</u>
Lease Revenue	
Infrastructure	\$ 267,089
Building	19,018
Total Lease Revenue	<u>286,107</u>
Interest Revenue	99,013
Total	<u>\$ 385,120</u>

Future minimum amounts under non-cancellable operating leases to be received as of September 30, 2025, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 210,186	\$ 94,501	\$ 304,687
2027	226,123	89,636	315,759
2028	242,846	84,403	327,249
2029	260,387	78,784	339,171
2030	278,783	72,759	351,542
2031-2035	1,702,443	257,788	1,960,231
2036-2040	1,102,900	56,150	1,159,050
2041-2043	72,396	2,133	74,529
Totals	<u>\$ 4,096,064</u>	<u>\$ 736,154</u>	<u>\$ 4,832,218</u>

Amounts reported above do not include interest receivable of \$38,130.

Notes To Financial Statements

**NOTE 9. LEASES, SBITAS AND AGREEMENTS (CONTINUED)**

**Lease Payable - City as Lessee**

The City leases a trailer for the Stormwater Department, a lease agreement recognized under GASB87. A right-to-use asset was added to the City’s capital asset records for the asset which is included in the equipment class. As of September 30, 2025, the value of the right to use assets was \$433,646 and the accumulated amortization was \$196,368. The estimated incremental borrowing rate applied to the leases is 2.308%. The details of the lease are as follows:

In fiscal year 2018-2019, the City entered into a lease agreement with Williams Scotsman, Inc. as lessee for a Willscot trailer valued at \$433,646, which was last renewed in fiscal year 2021-2022. A right-to-use asset was added to the City’s capital assets in that amount. The accumulated amortization as of September 20, 2025 was \$196,368. The equipment has a ten-year estimated useful life. As of September 30, 2025, the present value of the future minimum lease payments was \$250,531.

The lease expense for the right-to-use assets for the year ended September 30, 2025, is as follows:

<b>Lease Expense</b>	<b>Year Ending September 30</b>
Amortization expense by class of underlying asset	
Equipment	\$ 49,092
Interest on lease liabilities	6,189
<b>Total</b>	<b>\$ 55,281</b>

The principal and interest requirements to maturity for the lease liability as of September 30, 2025, is as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 49,567	\$ 5,159	\$ 54,726
2027	50,724	4,002	54,726
2028	51,908	2,818	54,726
2029	53,120	1,606	54,726
2030	45,212	392	45,604
<b>Totals</b>	<b>\$ 250,531</b>	<b>\$ 13,977</b>	<b>\$ 264,508</b>

Notes To Financial Statements

**NOTE 9. LEASES, SBITAS AND AGREEMENTS (CONTINUED)**

**Subscription-Based Information Technology Arrangements (SBITAs)**

The City entered into subscription arrangements for a GIS enterprise system used to map areas within the city for stormwater, utility, disaster preparedness, right of ways, and more, an enterprise resource planning (ERP) software system, and a cloud based human resource management software in the Information Technology internal services fund. The total beginning value of the right-to-use assets for SBITAs on September 30, 2025, was \$843,044 and had accumulated depreciation of \$843,044. The details of the SBITAs are below.

In 2021, the City entered into a three-year SBITA for the use of a GIS enterprise system valued at \$108,536. A RTU asset was recorded in the Information Technology internal service fund in that amount. The SBITA expired in fiscal year 2025. In 2025, the City entered into a new three-year SBITA for the use of the GIS enterprise system valued at \$167,432. A RTU asset was recorded in the Information Technology internal service fund in that amount. The accumulated depreciation as of September 30, 2025, was \$51,160. The discount rate applied to the SBITA was 4.50%. The GIS system is amortized over the estimated life of the associated contract. The present value of the future minimum agreement payable on September 30, 2025, was \$109,551.

In 2022, the City entered into a three-year SBITA for the use of an ERP software system valued at \$734,507. A RTU asset was recorded in the Information Technology internal service fund in that amount. The SBITA expired in fiscal year 2025.

In 2025, the City entered into a five-year SBITA for the use of a Human Resource Management Software valued at \$242,072. A RTU asset was recorded in the Information Technology internal service fund in that amount. The accumulated depreciation as of September 30, 2025, was \$40,345. The discount rate applied to the SBITA was 4.50%. The Human Resource Management Software is amortized over the estimated life of the associated contract. The present value of the future minimum agreement payable on September 30, 2025, was \$204,629.

SBITA expenses for the RTU assets for the year ended September 30, 2025, is as follows:

<b>SBITA Expense</b>	<b>Year Ending September 30</b>
Amortization expense by class of underlying asset	
SBITA	\$ 200,624
Interest on SBITA liabilities	12,331
Total	<u>\$ 212,955</u>

Notes To Financial Statements

**NOTE 9. LEASES, SBITAS AND AGREEMENTS (CONTINUED)**

**Subscription-Based Information Technology Arrangements (SBITAs) (Continued)**

The principal and interest requirements to maturity for the SBITA liability as of September 30, 2025, is as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 88,836	\$ 14,138	\$ 102,974
2027	106,732	10,140	116,872
2028	56,370	5,338	61,708
2029	62,242	2,801	65,043
Totals	<u>\$ 314,180</u>	<u>\$ 32,417</u>	<u>\$ 346,597</u>

**NOTE 10. LONG-TERM DEBT**

**A. Governmental Activities**

**SR100 CRA Redevelopment Revenue Note, Series 2014**

During year ended September 30, 2014, the City entered into an agreement with Ameris Bank for the purpose of purchasing properties and performing infrastructure improvements within the redevelopment area. The original loan principal of \$5,839,000 was payable annually at an interest rate of 4.44% through October 1, 2028. The loan was modified in January of 2017, which decreased the interest rate to 3.45%.

Annual debt service requirements to maturity for the loan are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	769,000	83,145	852,145
2028	803,000	56,615	859,615
2029	837,809	28,911	866,720
	<u>\$ 2,409,809</u>	<u>\$ 168,671</u>	<u>\$ 2,578,480</u>

The 2026 principal payment was made on this loan during the year ended September 30, 2025, leaving a principal balance \$2,409,809 payable at the end of the fiscal year. Interest due on 10/01 was also paid during the fiscal year, therefore no interest accrual is necessary for the government-wide financial statements.

Notes To Financial Statements

**NOTE 10. LONG-TERM DEBT (CONTINUED)**

**B. Business Activities**

**Utility System Long-Term Debt**

**Stormwater Revenue Note, Series 2024**

On July 27, 2021, the City issued debt to finance stormwater equipment and improvements. Proceeds and issuance costs were included in the debt issue and brought the total debt issued to \$18,392,000. The interest rate on these bonds is 3.83%. This debt will be paid over the next 20 from stormwater revenues.

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ -	\$ 678,982	\$ 678,982
2027	722,000	651,330	1,373,330
2028	751,000	622,567	1,373,567
2029	780,000	592,693	1,372,693
2030	809,000	561,708	1,370,708
2031-2035	4,535,000	2,300,451	6,835,451
2036-2040	4,591,000	1,425,718	6,016,718
2041-2042	5,540,000	440,335	5,980,335
	<u>\$ 17,728,000</u>	<u>\$ 7,273,784</u>	<u>\$ 25,001,784</u>

**Utility System Refunding Revenue Bonds, Series 2021**

On July 27, 2021, the City issued debt to partially advance refund the Utility System Refunding Revenue Bonds Series 2013. Refunded proceeds and issuance costs were included in the bond issue and brought the total debt issued to \$62,715,000. The interest rate on these bonds is 1.65%. This debt will be paid over the next 15 years of the original 30 years term from water and wastewater revenues.

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 5,465,000	\$ 841,834	\$ 6,306,834
2027	5,515,000	793,742	6,308,742
2028	5,575,000	734,180	6,309,180
2029	5,645,000	665,050	6,310,050
2030	5,725,000	583,762	6,308,762
2031-2035	24,765,000	1,421,049	26,186,049
2036-2037	1,820,000	61,298	1,881,298
	<u>\$ 54,510,000</u>	<u>\$ 5,100,915</u>	<u>\$ 59,610,915</u>

## Notes To Financial Statements

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### NOTE 10. LONG-TERM DEBT (CONTINUED)

#### B. Business Activities (Continued)

##### **Utility System Improvement and Refunding Revenue Bonds, Series 2013**

On July 9, 2013, the City issued debt to refinance the Series 2003 bonds and to finance the construction costs related to water treatment plant expansions and other infrastructure improvements. Refinancing proceeds, construction costs, and issuance costs were included in the bond issue and brought the total debt issued to \$89,600,000. The interest rate on these bonds ranges from 2.0% - 5.0%. This debt was partially refunded with the Utility System improvement and Refunding Revenue Bonds, Series 2021, and will be paid over the next 15 years or the original 30-year term from water and wastewater revenues.

##### **Disposition of Revenue in order of Priority**

Gross revenues are first deposited in the Utility Fund for payment of operation and maintenance costs. Net revenues (revenues after payment of operating and maintenance costs) are then first transferred to Debt Service Reserve for the purposes of interest payments, parity contract obligations payments, principal payments, redemption of term bonds, and subordinated debt payments.

Net revenues are then applied to the utility capital projects account for renewal, replacement and improvement, in an amount at least equal to one-twelfth of 5% of gross revenues received during the immediately preceding fiscal year. In addition, the City Council has designated an additional 5% of gross revenues (for a total of 10%) be applied for renewal, replacement and improvement.

Any remaining net revenues after the above items are funded are considered surplus and may be used for any lawful purpose of the City.

##### **Bank Loans**

During year ended September 30, 2016, the City executed an agreement with Ameris Bank to borrow funds in order to refinance the Series 2007 Utility Revenue Bonds. These bonds were originally used to finance a water treatment plant and related infrastructure. The original loan principal of \$40,193,000 was payable annually at an interest at a rate of 2.48% payable semi-annually through October 2037. The loan was modified in December of 2021, which decreased the interest rate to 1.75%. The interest reduction resulted in projected cash flow savings of \$363,204 over the remaining life of the loan, with net present value savings of \$343,008.

Notes To Financial Statements

**NOTE 10. LONG-TERM DEBT(CONTINUED)**

**B. Business Activities (Continued)**

**Bank Loans (Continued)**

Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ -	\$ 413,735	\$ 413,735
2027	1,969,000	379,278	2,348,278
2028	2,001,000	344,260	2,345,260
2029	2,040,000	308,560	2,348,560
2030	2,075,000	272,248	2,347,248
2031-2035	10,919,000	794,693	11,713,693
2036-2037	4,638,000	40,932	4,678,932
	<u>\$ 23,642,000</u>	<u>\$ 2,553,706</u>	<u>\$ 26,195,706</u>

The 2026 principal payment was made during the year ended September 30, 2025, leaving a principal balance of \$23,642,000 payable at the end of the fiscal year.

During year ended September 30, 2017, the City executed an agreement with CenterState Bank (now SouthState) to borrow funds in order to refinance four of its State Revolving Fund loans: WW90302S originally used for the purpose of lift station and force main improvements, WW90303S originally used for the purpose of wastewater treatment facilities improvements, WW903050 originally used for the purpose of biosolids, reclaimed water and aerobic digestion improvements and WW903080 originally used for the purpose of construction of water reuse facilities. The City was able to reduce the interest rates applicable to the various SRF loans from a range of 2.54% - 2.71% to a rate of 2.35%. The interest rate reduction resulted in projected cashflow savings of \$164,970 over the remaining life of the loan, with net present value savings of \$130,081.

The loan principal of \$17,163,000 with interest at a rate of 2.35% was payable semi-annually through June 2028. The loan was modified in December of 2021, which decreased the interest rate to 1.45%. The interest reduction resulted in projected cash flow savings of \$2,197,808 over the remaining life of the loan, with net present value savings of \$1,915,913.

Notes To Financial Statements

**NOTE 10. LONG-TERM DEBT(CONTINUED)**

**B. Business Activities (Continued)**

**Bank Loans (Continued)**

Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 1,698,000	\$ 41,209	\$ 1,739,209
2027	790,000	20,199	810,199
2028	801,000	8,707	809,707
	<u>\$ 3,289,000</u>	<u>\$ 70,115</u>	<u>\$ 3,359,115</u>

**State Revolving Fund Loans**

During the year ended September 30, 2021, the City executed an agreement with the Florida Department of Environmental Protection to borrow through the State Revolving Fund loan program, for the purpose of constructing an expansion to its wastewater treatment plant #2 (WW180431). The loan was amended in fiscal year ending September 30, 2025 with an additional \$4.6 million. The agreement allows the City to borrow up to \$32,115,100 at an interest rate of 0.0%. The loan is payable semi-annually in the amount of \$844,008 commencing on August 15, 2026 for a period of 20 years.

<b>Description</b>	<b>Interest Rate</b>	<b>Disbursable Amount</b>	<b>Amount Funded</b>	<b>Repayment Date</b>	<b>Semi-Annual Payment</b>	<b>Term (Years)</b>
Expansion of Wastewater Plant #2	0.00%	\$ 32,115,100	\$ 28,099,919	8/15/2026	\$ 844,008	20

During the year ended September 30, 2020, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$1,401,340 at an interest rate of .17% through the State Revolving Fund loan program, for the purpose of designing an expansion to its wastewater treatment plant #2 (WW180430). The loan is payable semi-annually in the amount of \$37,039 for a period of 20 years.

Notes To Financial Statements

**NOTE 10. LONG-TERM DEBT(CONTINUED)**

**State Revolving Fund Loans (Continued)**

Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 70,219	\$ 3,859	\$ 74,078
2027	70,458	3,620	74,078
2028	70,698	3,381	74,079
2029	70,938	3,140	74,078
2030	71,180	2,899	74,079
2031-2035	359,548	10,844	370,392
2036-2040	365,707	4,684	370,391
2041-2043	73,890	188	74,078
	<u>\$ 1,152,638</u>	<u>\$ 32,615</u>	<u>\$ 1,185,253</u>

During the year ended September 30, 2016, the City executed an agreement with the Florida Department of Environmental Protection to borrow through the State Revolving Fund loan program, for the purpose of constructing a second wastewater treatment plant and related infrastructure (WW180420). Per the agreement, principal of \$30,257,801 is payable semi-annually in the amount of \$825,193 including interest at a rate of 0.67% through April 2038. Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 1,515,475	\$ 145,015	\$ 1,660,490
2027	1,525,645	134,912	1,660,557
2028	1,535,884	124,741	1,660,625
2029	1,546,192	114,502	1,660,694
2030	1,556,569	93,818	1,650,387
2031-2035	7,940,950	310,982	8,251,932
2036-2038	4,893,622	57,538	4,951,160
	<u>\$ 20,514,337</u>	<u>\$ 981,508</u>	<u>\$ 21,495,845</u>

**Notes To Financial Statements**

**NOTE 10. LONG-TERM DEBT(CONTINUED)**

**State Revolving Fund Loans (Continued)**

Environmental Protection to borrow up to \$4,285,694 at an interest rate of 2.55% through the State Revolving Fund loan program, for the purpose of stormwater drainage improvements and swale rehabilitation (SW903040) program, payable from pledged revenues of the stormwater utility. On August 10, 2007, the loan amount was amended to \$4,847,060 with the additional principal bearing an interest rate of 2.43%. On June 7, 2010 the loan principal was amended a second time to \$4,822,150. The loan principal is payable semi-annually in the amount of \$151,585 including interest at a rate of 2.5282% through August 15, 2026.

Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 297,503	\$ 5,667	\$ 303,170
	<u>\$ 297,503</u>	<u>\$ 5,667</u>	<u>\$ 303,170</u>

During the year ended September 30, 2009, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$3,798,642 at an interest rate of 3.14% through the State Revolving Fund loan program, for the purpose of stormwater drainage improvements and swale rehabilitation (SW903070) program, payable from pledged revenues of the stormwater utility. In January 2012, the total amount of the loan was modified to \$2,875,904, payable in semi-annual installments of \$91,316, at an interest rate of 3.14%, maturing in March 2030.

Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 159,986	\$ 22,645	\$ 182,631
2027	165,049	17,582	182,631
2028	170,273	12,359	182,632
2029	175,661	6,971	182,632
2030	89,904	1,412	91,316
	<u>\$ 760,873</u>	<u>\$ 60,969</u>	<u>\$ 821,842</u>

Notes To Financial Statements

**NOTE 10. LONG-TERM DEBT(CONTINUED)**

**State Revolving Fund Loans (Continued)**

During the year ended September 30, 2021, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$1,621,830 at an interest rate of 0% through the State Revolving Fund loan program, for the purpose of construction of section E canal drainage improvements (SW180400). The loan was subsequently modified for a total borrowing of \$1,264,054. The loan is payable semi-annually in the amount of \$32,234 commencing on March 15, 2023 for a period of 20 years.

Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 64,467	\$ -	\$ 64,467
2027	64,467	-	64,467
2028	64,467	-	64,467
2029	64,467	-	64,467
2030	64,467	-	64,467
2031-2035	322,334	-	322,334
2036-2040	322,334	-	322,334
2041-2042	128,933	-	128,933
	<u>\$ 1,095,936</u>	<u>\$ -</u>	<u>\$ 1,095,936</u>

**Bank Loans**

During the year ended September 30, 2020, the City issued the Stormwater Revenue Note Series 2019A with CenterState (now SouthState) Bank to purchase equipment to enhance the stormwater program in the amount of \$1,240,000. The loan principal and interest are payable annually from pledged revenues of the stormwater utility at an interest rate of 2.37% through October 1, 2029.

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ -	\$ 12,632	\$ 12,632
2027	128,000	9,599	137,599
2028	132,000	6,470	138,470
2029	135,000	3,271	138,271
2030	138,000	-	138,000
	<u>\$ 533,000</u>	<u>\$ 31,972</u>	<u>\$ 564,972</u>

Notes To Financial Statements

**NOTE 10. LONG-TERM DEBT(CONTINUED)**

**Bank Loans (Continued)**

During the year ended September 30, 2020, the City issued the Stormwater Revenue Note Series 2019B with CenterState (now SouthState) Bank for the purpose of stormwater infrastructure improvements in the amount of \$4,111,000. The loan principal and interest are payable annually from pledged revenues of the stormwater utility at an interest rate of 2.48% through October 1, 2039.

Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ -	\$ 76,533	\$ 76,533
2027	187,000	71,895	258,895
2028	192,000	67,134	259,134
2029	197,000	62,248	259,248
2030	201,000	57,263	258,263
2031-2035	1,084,000	207,030	1,291,030
2036-2040	1,225,000	62,248	1,287,248
	<u>\$ 3,086,000</u>	<u>\$ 604,351</u>	<u>\$ 3,690,351</u>

The 2026 principal payment was made on both loans during the year ended September 30, 2025, leaving a principal balance of \$533,000 and \$3,086,000 payable respectively at the end of the fiscal year.

During the year ended September 30, 2023, the City issued the Stormwater Revenue Note Series 2022 with SouthState Bank for the purpose of stormwater infrastructure improvements in the amount of \$8,000,000. The loan principal and interest are payable annually from pledged revenues of the stormwater utility at an interest rate of 2.59% through October 1, 2041.

Annual debt service requirements to maturity for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ -	\$ 180,782	\$ 180,782
2027	360,000	171,458	531,458
2028	370,000	161,875	531,875
2029	375,000	152,163	527,163
2030	385,000	142,191	527,191
2031-2035	2,085,000	551,929	2,636,929
2036-2040	2,370,000	260,036	2,630,036
2041-2042	1,035,000	13,598	1,048,598
	<u>\$ 6,980,000</u>	<u>\$ 1,634,032</u>	<u>\$ 8,614,032</u>

Notes To Financial Statements

**NOTE 10. LONG-TERM DEBT(CONTINUED)**

**Changes in Long-Term Debt**

During the year ended September 30, 2025, the following changes in long-term debt occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Direct placements:					
ST100 CRA Loans	\$ 3,145,809	\$ -	\$ (736,000)	\$ 2,409,809	\$ -
SBITA payable	109,106	409,504	(204,429)	314,181	88,836
Compensated absences	3,578,517	392,516 *	-	3,971,033	1,714,457
Total OPEB liability	1,201,029	205,439	(36,662)	1,369,806	26,200
Net pension liability	1,521,607	563,189	(1,047,247)	1,037,549	-
Total governmental activities	<u>\$ 9,556,068</u>	<u>\$ 1,570,648</u>	<u>\$ (2,024,338)</u>	<u>\$ 9,102,378</u>	<u>\$ 1,829,493</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 59,945,000	\$ -	\$ (5,435,000)	\$ 54,510,000	\$ 5,465,000
Total revenue bonds	59,945,000	-	(5,435,000)	54,510,000	5,465,000
Direct placements:					
State Revolving Fund Loans	49,407,583	4,598,623	(2,085,000)	51,921,206	2,107,649
Bank and Other Loans	41,884,000	18,392,000	(5,018,000)	55,258,000	1,698,000
Total OPEB liability	3,601	4,588	(4,380)	3,809	-
Compensated absences	2,355,273	250,244 *	-	2,605,517	1,294,645
Lease liability	298,393	-	(47,862)	250,531	49,567
Total business-type activities	<u>\$ 153,893,850</u>	<u>\$ 23,245,455</u>	<u>\$ (12,590,242)</u>	<u>\$ 164,549,063</u>	<u>\$ 10,614,861</u>

\* Presented net in accordance with GASB 101, *Compensated Absences*

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$680,078 of internal service fund compensated absences are included in the above amounts. For governmental activities, net pension liability and total other post-employment benefit obligations (OPEB) are generally liquidated by the General Fund.

## Notes To Financial Statements

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### NOTE 11. RETIREMENT PLANS

#### **Defined Contribution Plan**

The City maintains a single employer defined contribution plan. All full-time employees are eligible to participate. The name of the plan is the City of Palm Coast 401(a) Pension Plan. The plan is administered by a third-party administrator, Prudential. The authority to establish and amend benefits rests with the City Council. Under this plan, the City contributes a certain percentage of employees' eligible wages based upon their job classification as determined by City Council. For the fiscal year ended September 30, 2025, general employees received a 10% contribution, with department directors receiving 13% and special risk employees receiving 17.5%. Employees do not participate in the plan funding. Pension contributions are subject to a five-year vesting schedule. Withdrawals from the plan may be made due to retirement, attainment of age 59 ½, separation from service, disability, or death. For the period ended September 30, 2025, contributions to this plan totaled \$3,846,601, with no employer liability outstanding. Plan forfeitures are used to pay administrative expenses, or reallocated to employee accounts.

#### **Deferred Compensation Program**

The City offers its employees a voluntary deferred compensation program created in accordance with Internal Revenue Code (IRC) section 457 and Chapter 112.215 Florida Statutes. The City offers a matching contribution program of up to 2% of eligible wages. During the year ended September 30, 2025, the City complied with the requirements of IRC Section 457 and all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. City contributions to this plan totaled \$705,646.

#### **Firefighters' Retirement System**

##### **Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Palm Coast Firefighters' Retirement System (the Plan) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Notes To Financial Statements

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**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Firefighters' Retirement System (Continued)**

**Plan Description and Administration**

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of Two appointees of City Council; Two Firefighters elected by the members of the department; and a fifth member elected by the other four and appointed by Council (as a ministerial duty).

Full Time: The aggregate number of years, and fractional parts of years of service earned while employed as a Full-Time Firefighter with the Palm Coast Fire Department after January 19, 2025. Solely for purposes of vesting or eligibility for retirement, credited service for Full-Time Members includes the aggregate number of years and fractional parts of years of service earned while employed as a Full-time Firefighter with the Palm Coast Fire Department before January 19, 2025.

Volunteer: Total years and fractional parts of years of service with the City as Volunteer Firefighter. Credited Service is based on "Length of Service Award Pension Program-Qualification Criteria."

**Membership**

The Plan provides retirement, termination, disability and death benefits.

Inactive plan members and beneficiaries	
currently receiving benefits	28
Inactive plan members entitled to but	
not receiving benefits	8
Active plan members	99
Total	<u>135</u>

Notes To Financial Statements

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NOTE 11. RETIREMENT PLANS (CONTINUED)

**Firefighters' Retirement System (Continued)**

**Benefits Provided**

Membership in the Plan consisted of the following at October 1, 2024, the date of the latest actuarial valuation:

*Normal Retirement*

Full-Time **Date:** Earlier of age 55 with the completion of ten years of Credited Service, or the completion of 25 years of Credited Service, regardless of age.

**Benefit:** 3% of AFC for each year of Credited Service. Credited Service for determination of the accrued benefit begins January 19, 2025.

**Form of Benefit:** Ten-Year Certain and Life thereafter (options available).

Volunteer **Date:** of age 62 with the completion of five years of Credited Service, age 55 with the completion of ten years of Credited Service, or age 52 with the completion of 25 years of Credited Service.

**Benefit Accrual Rate:** Less than ten Years: \$85 monthly benefit accrual (for each year of credited service). At least ten Years: \$100 monthly benefit (for each year of credited service).

**Form of Benefit:** Ten-Year Certain and Life thereafter (options available).

Early Retirement **Date:** Age 50 with the completion of ten years of credited service.

**Benefit Amount:** Accrued benefit, reduced 3% per year from Age 55 (or 62 for Volunteers).

## Notes To Financial Statements

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**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Firefighters' Retirement System (Continued)**

*Disability Benefits*

Eligibility	Ten years of Credited Service for Full-Time Firefighters and five years of Credited Service for Volunteer Firefighters.
Benefit	Accrued benefit paid to Beneficiary for ten years, beginning at the Member's Normal Retirement Date (unreduced) or Early Retirement Date (reduced).
Post-Retirement	According to option selected, if any.

*Deferred Retirement Option Program*

Eligibility	Available for Full-Time Firefighters for a period up to 60 months following attainment of Normal Retirement eligibility. Interest crediting is based on the plan's net-of-fees investment performance.
DROP Balance	The DROP balance as of September 30, 2025 is \$0.

Notes To Financial Statements

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**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Firefighters' Retirement System (Continued)**

**Contributions**

Contributions from the State to the plan are reported as revenues and expenditures in the general fund before being reported in the pension fund. The amount recorded for the period ended September 30, 2025, was \$864,179. Contributions from the City for the period ended September 30, 2025 was \$212,917.

**Net Pension (Asset)**

The City's net pension (asset) was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The components of the net pension (asset) as of September 30, 2025, were as follows:

**Actuarial Assumptions**

The total pension liability (asset) was determined by an actuarial valuation as of Oct 1, 2024, updated to September 30, 2025, using the following actuarial assumptions:

Inflation	2.5%
Salary Increase	Service Based (Full-Time Only)
Discount Rate	7.00%
Investment rate of return	7.00%

Mortality rates healthy lives were based on the PubS.H-2010 for employees, set forward one year for females and PubS.H-2010 (below median) for employees, set forward one year for males. Mortality rates disabled lives were based on 80% PubG.H-2010 for disabled retirees/20% PubS.H-2010 for disabled retirees.

The most recent actuarial experience study used to review the other significant assumptions was dated November 11, 2020.

Notes To Financial Statements

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Firefighters' Retirement System (Continued)**

**Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. For 2025 the inflation rate assumption of the investment advisor was 2.5%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 (see discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	25%	7.20%
U.S. Small Cap Equity	14%	8.50%
International Equity	21%	8.20%
Core Real Estate	10%	6.40%
Core Bonds	15%	2.50%
Core Plus	15%	2.80%
Total	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Plan Member contributions will be made at the current contribution rate and that City contribution, if any, will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Notes To Financial Statements

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Firefighters' Retirement System (Continued)**

**Changes in the Net Pension Liability (Asset)**

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
Balances at October 1, 2024	\$ 5,722,245	\$ 7,026,067	\$ (1,303,822)
Changes for the year			
Service cost	1,132,701	-	1,132,701
Interest on total pension liability	436,076	-	436,076
Actuarial gains/(losses), net	73,043	-	73,043
Change in assumptions	125,571	-	125,571
Contributions - buy back	5,009,109	5,009,109	-
Contributions - employer	-	212,917	(212,917)
Contributions - employee	-	118,287	(118,287)
Contributions - state	-	864,179	(864,179)
Net investment income	-	903,287	(903,287)
Benefit payments	(648,296)	(648,296)	-
Administrative expenses	-	(61,798)	61,798
Net changes	6,128,204	6,397,685	(269,481)
Balances at September 30, 2025	<u>\$ 11,850,449</u>	<u>\$ 13,423,752</u>	<u>\$ (1,573,303)</u>

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Total Pension Liability (1% Decrease) 6.0%	Total Pension Liability (Current Rate) 7.0%	Total Pension Liability (1% Increase) 8.0%
\$ (835,333)	\$ (1,573,303)	\$ (2,169,079)

**Pension Plan Fiduciary Net Position**

The plan does not issue a separate financial report. Information about the plan's fiduciary net position is available on pages 27 and 28 of this report.

**Notes To Financial Statements**

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Firefighters' Retirement System (Continued)**

**Pension Expense, Deferred Outflows and Inflows of Resources**

For the year ended September 30, 2025, the City recognized pension expense (benefit) of \$702,345. On September 30, 2025, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 107,634	\$ -
Differences between Expected and Actual Experience	109,852	243,620
Net difference between projected and actual investment earnings	-	445,259
<b>Total</b>	<b>\$ 217,486</b>	<b>\$ 688,879</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30</b>	<b>Amount</b>
2026	\$ (3,283)
2027	(224,902)
2028	(223,588)
2029	(76,368)
2030	28,374
Thereafter	28,374
<b>Total</b>	<b>\$ (471,393)</b>

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of September 30, 2025:

Notes To Financial Statements

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Firefighters' Retirement System (Continued)**

**Investments**

Investments are reported at fair value (generally based on quoted market prices). Plan assets are invested in the Florida Municipal Pension Trust Fund (FMTPF) administered by the Florida League of Cities. This fund is an external investment pool and is reported at fair value.

The total invested with the Florida Municipal Pension Trust Fund (FMTPF) as of September 30, 2025, was \$13,135,032. The Plan's investment in the Florida Municipal Pension Trust Fund (FMTPF), a Securities and Exchange Commission rule 2a7-like external investment pool, are beneficial interests in shares of portfolios, not the individual securities held within each portfolio.

*Interest Rate Risk.* The FMTPF includes the following fixed income funds.

<b>Fixed Income Fund</b>	<b>Effective Duration (Years)</b>	<b>Weighted Average Maturity (Years)</b>
FMIvT Broad Market High Quality Bond	5.56	7.10
FMIvT Core Plus Fixed Income	5.52	5.76

*Credit Risk.* The Broad Market High Quality Bond fund is rated AAF/S4 by Fitch, the Core plus Fixed Income Fund is not rated. There are also a number of equity portfolios within the investment pool which are not rated.

*Concentrations.* The Plan did not hold investments in any one organization that represent 5% or more of the Plan's Fiduciary Net Position.

*Rate of Return.* For the year ended September 30, 2025, the annual money-weighted rate of return on Plan investments, net of investment expense, was 10.42%. The money-weighted rate of return expresses investment performance, not of investment expenses, adjusted for changing amounts actually invested.

The plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

Notes To Financial Statements

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Firefighters' Retirement System (Continued)**

**Investments (Continued)**

The following table summarizes the assets and liabilities of the Plan for which fair values are determined on a recurring bases as of September 30, 2025:

Investment Type	Fair Value	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Broad Market High Quality Bond	\$ 2,101,605	\$ -	\$ 2,101,605	\$ -
Core Plus Fixed Income	1,943,985	-	-	1,943,985
Diversified Large Cap	3,336,298	-	3,336,298	-
Diversified Small to Mid Cap	1,720,689	-	1,720,689	-
International Equity	2,863,437	-	2,863,437	-
Core Real Estate	1,063,938	-	-	1,063,938
Total investments at fair value level	\$ 13,029,952	\$ -	\$ 10,022,029	\$ 3,007,923
Uninvested Cash	105,080			
Total investments	\$ 13,135,032			

**Reserves**

During the year ended September 30, 2015, the City established a reserve amount per Ordinance 2015-02, and further revised per Ordinance 2015-10 and further revised per Ordinance 2017-21. The reserve was established at 20% of the September 30, 2013, Excess State Monies Reserve of \$1,505,738, plus any future premium tax revenues in excess of \$200,000. This reserve can be used to supplement the defined benefit funding in the event that fire insurance premium tax contributions are insufficient to pay the actuarially determined current costs and amortized unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

## Notes To Financial Statements

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### NOTE 11. RETIREMENT PLANS (CONTINUED)

#### Florida Retirement System

##### General Information

Select City employees participate in the Florida Retirement System (FRS). Former Flagler County and Palm Coast Service District employees hired as transfers during the 2000 and 2001 fiscal years had a one-time option to remain a member of the FRS. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

##### Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service.

## Notes To Financial Statements

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### NOTE 11. RETIREMENT PLANS (CONTINUED)

#### Florida Retirement System (Continued)

##### Plan Benefits

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

## Notes To Financial Statements

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### NOTE 11. RETIREMENT PLANS (CONTINUED)

#### Florida Retirement System (Continued)

##### Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025, respectively, were as follows: Regular—13.63% and 14.03%; Special Risk Administrative Support—39.82% and 39.48%; Special Risk—32.79% and 35.19%; Senior Management Service—34.52% and 33.24%; Elected Officers'—58.68% and 54.57%; and DROP participants—21.13% and 22.02%. These employer contribution rates include 2.0% HIS Plan subsidy for the periods October 1, 2024 through September 30, 2025.

The City's contributions, to the FRS Pension Plan totaled \$172,783 for the fiscal year ended September 30, 2025.

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the City reported a liability of \$859,247 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025.

The City's proportionate share of the net pension liability was based on the City's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was .002768627%, which was a decrease of 0.000544629% from its proportionate share measured as of June 30, 2024.

**Notes To Financial Statements**

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the fiscal year ended September 30, 2025, the City recognized a reduction to pension expense of \$89,950. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 91,777	\$ -
Change of assumptions	99,781	-
Net difference between projected and actual earnings on Pension Plan investments	-	143,460
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	-	327,236
District Pension Plan contributions subsequent to the measurement date	42,508	-
Total	<u>\$ 234,066</u>	<u>\$ 470,696</u>

The deferred outflows of resources related to the Pension Plan, totaling \$42,508 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<b>Fiscal Year Ending September 30:</b>	<b>Amount</b>
2026	\$ (808,122)
2027	143,582
2028	214,875
2029	170,527
Total	<u>\$ (279,138)</u>

Notes To Financial Statements

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions**

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.4%
Salary Increase	3.5%, average, including inflation
Investment Rate of Return	6.7%, net of pension plan expense, including inflation

Mortality rates were based on the PUB-2010 base table with Projection Scale MP-2021.

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation <sup>(1)</sup></u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
Total	<u>100.0%</u>			
Assumed inflation - mean			2.4%	1.5%

<sup>(1)</sup> As outlined in the Pension Plan's investment policy

**Notes To Financial Statements**

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.7%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.7%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.7%) or one percentage point higher (7.7%) than the current rate:

	<b>1% Decrease (5.70%)</b>	<b>Current Discount Rate (6.70%)</b>	<b>1% Increase (7.70%)</b>
District's proportionate share of the net pension liability	\$ 1,511,385	\$ 859,247	\$ 312,943

**Pension Plan Fiduciary Net Position**

Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

**Health Insurance Subsidy Plan (HIS)**

**Plan Description**

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

## Notes To Financial Statements

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### NOTE 11. RETIREMENT PLANS (CONTINUED)

#### Health Insurance Subsidy Plan (HIS) (Continued)

##### Plan Benefits

For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment for each year of creditable service completed at the time of retirement of \$7.50, for the period October 1, 2024 through September 30, 2025, with a minimum HIS payment of \$45, for the period October 1, 2024 through September 30, 2025, and a maximum HIS payment of \$225, for the period October 1, 2024 through September 30, 2025 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

##### Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution for the period October 1, 2024 through September 30, 2025 was 2.0%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled \$12,830 for the fiscal year ended September 30, 2025.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the City reported a liability of \$178,302 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's proportionate share of the net pension liability was based on the City's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was .001391086%, which was a decrease of 0.000208035% from its proportionate share measured as of June 30, 2024.

**Notes To Financial Statements**

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Health Insurance Subsidy Plan (HIS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the fiscal year ended September 30, 2025, the City recognized a reduction to pension expense of \$50,613. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,064	\$ 283
Change of assumptions	1,578	43,127
Net difference between projected and actual earnings on HIS Plan investments	-	148
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	-	131,859
District HIS Plan contributions subsequent to the measurement date	2,905	-
Total	<u>\$ 5,547</u>	<u>\$ 175,417</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,905 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<b>Fiscal Year Ending September 30:</b>	<b>Amount</b>
2026	\$ (38,114)
2027	(45,632)
2028	(38,419)
2029	(30,789)
2030	(19,821)
Total	<u>\$ (172,775)</u>

Notes To Financial Statements

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Health Insurance Subsidy Plan (HIS) (Continued)**

**Actuarial Assumptions**

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.4%
Salary Increase	3.5%, average, including inflation
Municipal Bond Rate	5.20%

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

**Discount Rate**

The discount rate used to measure the total pension liability was 5.20%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

	<b>1% Decrease (4.20%)</b>	<b>Current Discount Rate (5.20%)</b>	<b>1% Increase (6.20%)</b>
District's proportionate share of the net pension liability	\$ 513,603	\$ 455,459	\$ 406,694

Notes To Financial Statements

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Health Insurance Subsidy Plan (HIS) (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

**Summarized Pension Amounts for Financial Statement Presentation**

Amounts reported on the Government-wide statement of net position related to the preceding defined benefit pension note disclosures are summarized as follows:

	<b>Net Pension Asset</b>	<b>Deferred Outflows related to Pensions</b>	<b>Deferred Intflows related to Pensions</b>	<b>Net Pension Liability</b>
Volunteer Firefighters Pension Plan	\$ (1,573,303)	\$ 217,486	\$ 688,879	\$ -
Florida Retirement System (FRS)	-	234,066	470,696	859,247
FRS HIS Plan	-	5,637	175,417	178,302
Totals	<u>\$ (1,573,303)</u>	<u>\$ 457,189</u>	<u>\$ 1,334,992</u>	<u>\$ 1,037,549</u>

Pension expenses reported for the fiscal year were (\$191,229) and (\$50,613) for the Florida Retirement System and the Florida Retirement System HIS plan, respectively. The Firefighters’ Retirement System reported pension expense of \$702,345.

**NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Plan Description and Summary of Benefits**

The City provides retirees with the option to purchase health insurance from the City’s single employer, experience rated health insurance plan (Plan) that provides medical benefits to active and eligible retirees at the City’s group rate as mandated by Florida Statute 112.0801. This requirement creates an implicit rate subsidy benefit for the retirees’ participation. Retirees are required to pay the full amount of the health insurance premium during their eligibility period. The plan does not issue a separate publicly available financial report.

Inactive Plan Members, Dependent Spouses, or	5
Beneficiaries Currently Receiving Benefits	69
Total Members	<u>74</u>

Notes To Financial Statements

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

**Funding Policy**

The City does not have a dedicated Trust to pay retiree healthcare benefits. The City has followed the pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses plus any addition to the reserve for accrued costs incurred but not yet reported, as determined as part of the insurance contract. The contribution requirements of Plan members are established annually by the City. The City pays any remaining required amounts after contributions of plan members are taken into account. Currently, retired members pay the full premium associated with the coverage elected; no direct City subsidy is applicable; however there is an implicit cost outlined below. Spouses and other dependents are also eligible for coverage, and the member is responsible for payment of the applicable premiums.

State of Florida law prohibits the City from separately rating retirees and active employees. The City therefore assigns both groups equal, blended-rate premiums. Although both groups are assigned the same blended rate premiums, GAAP requires actuarial liabilities to be calculated using age-adjusted premiums approximating claim costs for retirees separate from active members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

**Total OPEB Liability**

The measurement date is September 30, 2024.

The measurement period for the OPEB expense is October 1, 2023 to September 30, 2024. The reporting period is October 1, 2024 to September 30, 2025.

The Sponsor’s Total OPEB Liability was measured as of September 30, 2024.

**Actuarial Assumptions**

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	4.00%
Discount Rate	4.06%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	51

**Notes To Financial Statements**

**NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Actuarial Assumptions (Continued)**

Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2021. Rates are based on those outlined in the July 1, 2023 Florida Retirement System (FRS) actuarial valuation report.

**Discount Rate**

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consist of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**Changes in Total OPEB Liability**

Balances at September 30, 2023	\$ 1,204,630
Changes for the year:	
Service cost	45,116
Interest	59,875
Changes of assumptions	105,036
Benefit payments	(41,042)
Net changes	<u>168,985</u>
Balances at September 30, 2024	<u><u>\$ 1,373,615</u></u>

Changes in assumptions reflect a change in the discount rate from 4.87% for the reporting period ended September 30, 2024, to 4.06% for the reporting period ended September 30, 2025. Also reflected assumption changes are updated health care costs and premiums, updated mortality rates, and updated retirement rates.

Notes To Financial Statements

**NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Sensitivity of the Total OPEB Liability to changes in the Discount Rate**

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	<b>1% Decrease (3.06%)</b>	<b>Current Discount Rate (4.06%)</b>	<b>1% Increase (5.06%)</b>
Total OPEB liability	\$ 1,518,939	\$ 1,373,615	\$ 1,245,457

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease (3.00 - 6.00%)</b>	<b>Healthcare Cost Trend Rates (4.00 - 7.00%)</b>	<b>1% Increase (5.00 - 8.00%)</b>
Total OPEB liability	\$ 1,120,092	\$ 1,373,615	\$ 1,570,277

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2025, the City recognized OPEB expense of \$119,787. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 47,613	\$ 300,215
Change of assumptions and other inputs	378,380	201,939
City contributions subsequent to the measurement date	46,565	-
	<u>\$ 472,558</u>	<u>\$ 502,154</u>

**Notes To Financial Statements**

**NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The deferred outflows of resources related to the total OPEB liability, totaling \$46,565 resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2026. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

<b>Fiscal Year Ending</b>	<b>Amount</b>
<b>September 30:</b>	
2026	\$ 6,296
2027	6,292
2028	(24,246)
2029	(39,201)
2030	(33,561)
Thereafter	8,259
Total	<u>\$ (76,161)</u>

**NOTE 13. PREPAID WATER AND SEWER IMPACT FEES**

The original developers of the City of Palm Coast collected impact fees to establish utility infrastructure. These amounts are considered a prepayment of current impact fees and are subtracted from the total impact fees due when a building lot is developed. As of September 30, 2025, the amount of prepaid impact fees is estimated to be \$9,014,175.

**NOTE 14. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

The City is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the City; such loss has been accrued in the accompanying financial statements. No such losses have been accrued as of September 30, 2025. No litigation where loss to the City is reasonably possible and estimable exists as of September 30, 2025. However, the remote possibility exists of losses as it relates to a class action lawsuit related to the legality of red light cameras fines charged prior to July 1, 2010. The outcome of these and remaining claims cannot be determined at this time.

**Notes To Financial Statements**

**NOTE 14. RISK MANAGEMENT (CONTIUED)**

**Self Insurance Program**

The City is also exposed to risks for losses related to health and other medical benefits it provides to its employees. A self insurance program was created July 1, 2010 to handle these risks. The Self Insured Health Fund (internal service fund) was established to account for medical insurance claims of City employees and their covered dependents. Under this program, the fund provides the employee with an unlimited lifetime maximum benefit. Retention limits of \$175,000 for specific claims have been set. Commercial insurance for specific loss claims in excess of the coverage provided by the fund is supplied by Florida Blue at a monthly rate of up to \$119 per participating employee, and \$5.98 in the aggregate. The City has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing, and paying claims. Settled claims have not exceeded the excess insurance limits.

All funds of the City that carry employees participate in the program and make payments to the Self Insured Health Fund based on actuarial estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs.

A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As a result, a liability of \$916,089 is reported in the fund at September 30, 2025.

Changes in the fund's claims liability amount for fiscal years 2024 and 2025 were:

<b>Changes in Claims Liability</b>	<b>2024</b>	<b>2025</b>
Beginning fiscal year liability	\$ 697,215	\$ 641,763
Current year claims and changes in estimates	7,806,838	7,892,691
Claim payments	(7,862,290)	(7,618,365)
Balance at fiscal year-end	<u>\$ 641,763</u>	<u>\$ 916,089</u>

## Notes To Financial Statements

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### **NOTE 15. OLD KINGS ROAD SPECIAL ASSESSMENT**

During the fiscal year ended September 30, 2013, property owners within the Old King's Road Special Assessment District agreed to a repayment schedule for an interfund loan used to realign and widen a portion of Old King's Road. The interfund loan will be repaid from amounts levied against property owners within the district starting in fiscal year 2014. Those amounts, including interest, are 100% pledged to pay the scheduled principal and interest payments on the special assessment interfund loan. In the event that a deficiency exists because of unpaid or delinquent special assessments, the City can only utilize foreclosure proceeds to satisfy the special assessment. No other government resources can be used to cover any deficiencies. The interfund loan has an interest rate of 5%, with a 30-year amortization. The first three years of the agreement call for interest only, with the principal amortized over the remaining 26 years. The principal and any interest accrued can be paid in full at any time. The balance on the interfund loan was \$3,691,691 as of September 30, 2025.

In addition to the special assessment revenue, any transportation impact fees generated from this district are transferred to this fund to accumulate towards the next phase of the road widening project.

### **NOTE 16. COMMUNITY REDEVELOPMENT AREA (CRA)**

The City has established the State Road 100 Community Redevelopment Area special revenue fund to account for revenues and expenditures related to the SR100 community redevelopment area. The financial results of the CRA are presented as a blended component unit through use of a special revenue fund.

For the fiscal year ended September 30, 2025, the fund received \$1,895,204 in property tax revenue, a \$1,015,191 transfer from the general fund, and \$48,475 in investment income. The transfer included the City portion of the tax increment. Expenditures for the fiscal year were \$175,407 in administrative costs, transfers out totaling \$2,514,592 and \$844,357 for debt service.

## Notes To Financial Statements

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### NOTE 17. FUND BALANCE POLICY

The City has enacted a policy establishing minimum levels of unassigned fund balance and unrestricted net position. The details of this policy are outlined below.

#### **General Fund**

Adjusted unassigned fund balance (includes nonspendable advances to other funds less next fiscal year appropriations, if any), at year end, will be between 10% and 20% of the following year's budgeted expenditures. Adjusted unassigned fund balance over 20% may be transferred to the Disaster Reserve to meet funding goals, or to the Capital Projects Fund, if necessary. If the adjusted unassigned fund balance is below 10% at year-end, a plan must be developed using increased revenues or a reduction in expenditures to return the adjusted unassigned fund balance to 10% or greater within three years. If economic conditions cause a temporary loss of revenue, the adjusted unassigned fund balance may be used to help alleviate the effects of the loss of revenue. If the adjusted unassigned fund balance exceeds 10% of the following year's budgeted General Fund expenditures, up to 50% of the amount over the 10% minimum may be used to offset the shortfall. At no time should the adjusted unassigned fund balance be used to offset a structural deficit since these types of deficiencies are considered to be permanent.

#### **Utility Fund**

Unrestricted net position, at year-end, will be between 10% and 20% of the following year's budgeted expenses. Unrestricted net position over 20% may be assigned to a rate stabilization fund or transferred to the Utility Capital Projects Fund for utility system renewal and replacement. If the unrestricted net position is below 10% at year-end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to 10% or greater within three years.

#### **Stormwater Management Fund**

Unrestricted net position, at year-end, will be between 10% and 20% of the following year's budgeted expenses excluding capital expenditures. Unrestricted net position over 20% may be assigned for future system capital projects. If the unrestricted net position balance is below 10% at year-end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to 10% or greater within three years.

#### **Sanitation and Collection Fund**

Unrestricted net position, at year-end, will be between 10% and 20% of the following year's budgeted operating expenses. Unrestricted net position over 20% may be assigned to a rate stabilization fund. If the unrestricted net position is below ten percent at year-end, a plan must be developed using increased revenues or a reduction in expenses to return the unrestricted net position to 10% or greater within three years.

## Notes To Financial Statements

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### NOTE 17. FUND BALANCE POLICY (CONTINUED)

#### **Disaster Reserve**

The Disaster Reserve is committed fund balance within the General Fund. This balance at year end will be at least 0.02% of the just value of all property in the City on July 1 of that year. If this balance is below the minimum amount at year-end, an additional amount should be committed from the General Fund unassigned fund balance in an amount sufficient to increase the Disaster Reserve above the minimum amount, within two years. The Disaster Reserve can be used to address specific and non-routine, unanticipated expenditures arising out of a hurricane, tornado, other major weather related events, and/or other massive infrastructure failures or other disasters, whether man-made or caused by nature, using emergency procedures as provided for in the City's Purchasing Policy.

#### **Self Insured Health Fund**

The Self Insured Health Fund unrestricted net position, at year end, will be a minimum of three months claims in order to be considered actuarially sound by the Florida Office of Insurance Regulation. Amounts in excess of this floor can be used to hedge against future cost increases. If the unrestricted net position is below this floor, a plan must be developed using increased premiums and/or a reductions in benefits to return unrestricted net position to the minimum level within three years.

#### **Fleet Fund**

The Fleet Fund unrestricted net position, at year-end, will be a minimum of the total expected Fleet replacement cost divided by the average life of the Fleet. Amounts in excess of this floor can be used to hedge against future cost increases and Fleet expansion. If the unrestricted net position is below this floor, a plan must be developed using increased internal lease charges to return unrestricted net position to the minimum level within three years.

#### **Other Funds**

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

### NOTE 18. SUBSEQUENT EVENTS

The City evaluated subsequent events through March 9, 2026, the date the financial statements were available to be issued.

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## **Required Supplementary Information**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 44,880,904	\$ 45,091,933	\$ 45,476,594	\$ 384,661
Licenses and permits	452,000	495,000	468,006	(26,994)
Intergovernmental revenues	5,993,425	7,711,419	5,927,423	(1,783,996)
Charges for services	6,638,269	7,076,762	7,166,398	89,636
Special assessments	-	-	5,000	5,000
Fines and forfeitures	645,278	645,278	710,697	65,419
Investment earnings	228,048	1,261,693	1,852,466	590,773
Miscellaneous	147,305	191,133	1,142,399	951,266
Total revenues	<u>58,985,229</u>	<u>62,473,218</u>	<u>62,748,983</u>	<u>275,765</u>
<b>Expenditures:</b>				
Current				
General government				
Mayor and council	402,283	452,283	451,884	399
City administration	4,086,206	3,796,864	3,195,007	601,857
City attorney	670,000	815,235	712,702	102,533
Financial services	2,164,343	2,094,593	1,916,207	178,386
Community development	8,364,463	8,125,026	7,560,917	564,109
Non-departmental	2,122,195	1,923,021	1,581,700	341,321
Total general government	<u>17,809,490</u>	<u>17,207,022</u>	<u>15,418,417</u>	<u>1,788,605</u>
Public safety:				
Fire	14,323,821	14,445,104	14,179,609	265,495
Law enforcement	8,996,489	8,996,489	8,996,489	-
Total public safety	<u>23,320,310</u>	<u>23,441,593</u>	<u>23,176,098</u>	<u>265,495</u>
Transportation and physical environment:				
Streets and drainage	9,837,227	11,684,827	10,730,787	954,040
Culture and recreation:	9,205,147	9,202,137	9,010,935	191,202
Capital outlay				
General government	-	-	-	-
Public safety	89,000	93,577	87,497	6,080
Transportation and physical environment	10,000	77,340	57,275	20,065
Culture and recreation	-	10,266	10,266	-
Total expenditures	<u>60,271,174</u>	<u>61,716,762</u>	<u>58,491,275</u>	<u>3,225,487</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,285,945)</u>	<u>756,456</u>	<u>4,257,708</u>	<u>5,014,164</u>
<b>Other financing sources (uses)</b>				
Insurance proceeds	-	-	-	-
Transfers in	1,347,554	1,339,365	1,338,061	1,304
Transfers out	(1,111,869)	(3,605,821)	(3,605,821)	-
Contingency	1,050,260	1,510,000	-	1,510,000
Total other financing uses, net	<u>1,285,945</u>	<u>(756,456)</u>	<u>(2,267,760)</u>	<u>1,511,304</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>1,989,948</u>	<u>1,989,948</u>
<b>Fund balances, beginning of year</b>	<u>29,571,353</u>	<u>29,571,353</u>	<u>29,571,353</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 29,571,353</u>	<u>\$ 29,571,353</u>	<u>\$ 31,561,301</u>	<u>\$ 1,989,948</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – STREETS IMPROVEMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,999,675	\$ 2,029,675	\$ 2,206,264	\$ 176,589
Intergovernmental revenues	898,404	898,404	912,254	13,850
Investment earnings	50,000	180,000	250,049	70,049
Total revenues	<u>2,948,079</u>	<u>3,108,079</u>	<u>3,368,567</u>	<u>260,488</u>
<b>Expenditures:</b>				
Current				
Transportation and physical environment:	7,283,958	3,429,978	3,355,938	74,040
Capital outlay				
Transportation and physical environment:	775,000	768,948	761,422	7,526
Total expenditures	<u>8,058,958</u>	<u>4,198,926</u>	<u>4,117,360</u>	<u>81,566</u>
<b>Deficiency of revenues over expenditures</b>	<u>\$ (5,110,879)</u>	<u>\$ (1,090,847)</u>	<u>\$ (748,793)</u>	<u>\$ 342,054</u>
<b>Other financing sources</b>				
Transfers in	-	1,000,000	1,000,000	-
Contingency	5,110,879	90,847	-	90,847
Total other financing sources	<u>5,110,879</u>	<u>1,090,847</u>	<u>1,000,000</u>	<u>90,847</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>251,207</u>	<u>251,207</u>
<b>Fund balances, beginning of year</b>	<u>6,719,691</u>	<u>6,719,691</u>	<u>6,719,691</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 6,719,691</u>	<u>\$ 6,719,691</u>	<u>\$ 6,970,898</u>	<u>\$ 251,207</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – SR100 CRA FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,895,205	\$ 1,895,205	\$ 1,895,204	\$ (1)
Investment earnings	30,000	40,000	48,475	8,475
Total revenues	<u>1,925,205</u>	<u>1,935,205</u>	<u>1,943,679</u>	<u>8,474</u>
<b>Expenditures:</b>				
Current				
Transportation and physical environment:	690,271	208,363	175,407	32,956
Debt service				
Principal	736,000	736,000	736,000	-
Interest and other	108,539	108,360	108,357	3
Total expenditures	<u>1,534,810</u>	<u>1,052,723</u>	<u>1,019,764</u>	<u>32,959</u>
<b>Excess of revenues over expenditures</b>	<u>390,395</u>	<u>882,482</u>	<u>923,915</u>	<u>41,433</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,015,191	1,015,191	1,015,191	-
Transfers out	(2,046,793)	(2,514,592)	(2,514,592)	-
Contingency	641,207	616,919	-	616,919
Total other financing sources (uses)	<u>(390,395)</u>	<u>(882,482)</u>	<u>(1,499,401)</u>	<u>616,919</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(575,486)</u>	<u>(575,486)</u>
<b>Fund balances, beginning of year</b>	<u>616,919</u>	<u>616,919</u>	<u>616,919</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 616,919</u>	<u>\$ 616,919</u>	<u>\$ 41,433</u>	<u>\$ (575,486)</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS - FIREFIGHTERS' RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending	9/30/2025*	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
<b>Total pension liability</b>										
Service cost	\$ 1,132,701	\$ 130,967	\$ 127,773	\$ 161,942	\$ 76,093	\$ 78,352	\$ 83,162	\$ 135,458	\$ 132,449	\$ 97,464
Interest on total pension liability	436,076	268,709	245,848	230,227	168,229	183,686	189,732	184,393	170,580	169,505
Share plan allocation	-	627,364	476,591	150,085	108,197	71,791	47,471	63,091	32,597	129,180
Changes of benefit terms	-	618,133	-	804,065	-	-	-	-	-	-
Differences between expected and actual experience	73,043	(365,427)	15,015	123,710	4,133	(35,681)	(123,444)	(45,171)	23,865	(57,517)
Change of assumptions	125,571	-	-	-	-	160,053	-	-	-	185,644
Contributions - buy back	5,009,109	-	-	-	-	-	-	-	-	-
Benefit payments	(648,296)	(412,333)	(562,487)	(180,397)	(246,132)	(306,287)	(250,668)	(167,751)	(162,594)	(513,703)
<b>Net change in total pension liability</b>	<b>6,128,204</b>	<b>867,413</b>	<b>302,740</b>	<b>1,289,632</b>	<b>110,520</b>	<b>151,914</b>	<b>(53,747)</b>	<b>170,020</b>	<b>196,897</b>	<b>10,573</b>
<b>Total pension liability - beginning</b>	<b>5,722,245</b>	<b>4,854,832</b>	<b>4,552,092</b>	<b>3,262,460</b>	<b>3,151,940</b>	<b>3,000,026</b>	<b>3,053,773</b>	<b>2,883,753</b>	<b>2,686,856</b>	<b>2,676,283</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 11,850,449</b>	<b>\$ 5,722,245</b>	<b>\$ 4,854,832</b>	<b>\$ 4,552,092</b>	<b>\$ 3,262,460</b>	<b>\$ 3,151,940</b>	<b>\$ 3,000,026</b>	<b>\$ 3,053,773</b>	<b>\$ 2,883,753</b>	<b>\$ 2,686,856</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 212,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - state	864,179	827,364	676,591	350,085	308,197	271,790	247,471	263,091	232,597	273,487
Contributions - employee	118,287	-	-	-	-	-	-	-	-	-
Contributions - buy back	5,009,109	-	-	-	-	-	-	-	-	-
Net investment income	903,287	1,081,349	430,275	(763,224)	895,545	247,483	217,265	290,058	458,612	262,259
Benefit payments	(648,296)	(412,333)	(562,487)	(180,397)	(246,132)	(306,287)	(250,668)	(167,751)	(162,594)	(513,703)
Administrative expenses	(61,048)	(35,337)	(32,804)	(33,527)	(44,459)	(27,793)	(29,343)	(29,020)	(25,393)	(29,092)
<b>Net change in plan fiduciary net position</b>	<b>6,398,435</b>	<b>1,461,043</b>	<b>511,575</b>	<b>(627,063)</b>	<b>913,151</b>	<b>185,193</b>	<b>184,725</b>	<b>356,378</b>	<b>503,222</b>	<b>(7,049)</b>
<b>Plan fiduciary net position - beginning</b>	<b>7,025,317</b>	<b>5,564,274</b>	<b>5,052,699</b>	<b>5,679,762</b>	<b>4,766,611</b>	<b>4,581,418</b>	<b>4,396,693</b>	<b>4,040,315</b>	<b>3,537,093</b>	<b>3,544,142</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 13,423,752</b>	<b>\$ 7,025,317</b>	<b>\$ 5,564,274</b>	<b>\$ 5,052,699</b>	<b>\$ 5,679,762</b>	<b>\$ 4,766,611</b>	<b>\$ 4,581,418</b>	<b>\$ 4,396,693</b>	<b>\$ 4,040,315</b>	<b>\$ 3,537,093</b>
<b>City's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (1,573,303)</b>	<b>\$ (1,303,072)</b>	<b>\$ (709,442)</b>	<b>\$ (500,607)</b>	<b>\$ (2,417,302)</b>	<b>\$ (1,614,671)</b>	<b>\$ (1,581,392)</b>	<b>\$ (1,342,920)</b>	<b>\$ (1,156,562)</b>	<b>\$ (850,237)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	113.28%	122.77%	114.61%	111.00%	174.09%	151.23%	152.71%	143.98%	140.11%	131.64%
<b>Covered payroll</b>	\$ 2,365,744	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>City's net pension liability (asset) as a percentage of covered payroll</b>	-66.50%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

\* In 2025, the Plan shifted from a volunteer plan to include full-time firefighters

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FIREFIGHTERS' RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Actuarially determined contribution	\$ 864,180	\$ 140,193	\$ 176,301	\$ 82,235	\$ 86,230	\$ 91,485	\$ 149,747	\$ 146,847	\$ 109,250	\$ 117,326
Contributions in relation to the actuarially determined contribution	1,077,096	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	144,307
Contribution deficiency (excess)	\$ (212,916)	\$ (59,807)	\$ (2,470)	\$ -	\$ 6	\$ -	\$ -	\$ 5	\$ (15,711)	\$ -
Covered payroll	\$ 2,365,744	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	45.53%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Notes to the Schedule:**

Valuation date: October 1, 2023

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Interest rate: 6.00%

Assumptions: All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2023 Actuarial Valuation Report and the November 8, 2024 Actuarial Impact Statement for the City of Palm Coast Firefighters' Retirement System and Trust Fund prepared by Foster & Foster Actuaries and Consultants.

**REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PENSION INVESTMENT RETURNS  
 FIREFIGHTERS' RETIREMENT SYSTEM PENSION PLAN**

Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Annual money-weighted rate of return, net of investment expenses	10.42%	19.85%	8.99%	-13.59%	19.22%	5.57%	5.08%	7.30%	13.21%	8.02%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of the FRS net pension liability	0.002768627%	0.003313256%	0.003341694%	0.003968454%	0.004404615%
District's proportionate share of the FRS net pension liability	\$ 859,247	\$ 1,281,723	\$ 1,014,589	\$ 941,318	\$ 189,033
District's covered - employee payroll	676,765	725,306	870,498	1,199,828	993,768
District's proportionate share of the FRS net pension liability as a percentage of its covered - employee payroll	126.96%	176.71%	116.55%	78.45%	19.02%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the FRS net pension liability	0.006340460%	0.007883000%	0.009484700%	0.009844600%	0.009986700%
District's proportionate share of the FRS net pension liability	\$ 1,009,202	\$ 845,084	\$ 720,484	\$ 706,854	\$ 587,769
District's covered - employee payroll	949,316	1,026,905	986,553	936,957	962,685
District's proportionate share of the FRS net pension liability as a percentage of its covered - employee payroll	106.31%	82.29%	73.03%	75.44%	61.06%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%

**Notes to the Schedule:**

The amounts presented for each fiscal year were determined as of June 30.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of the HIS net pension liability	0.001391086%	0.001599121%	0.002055695%	0.002493489%	0.002557893%
District's proportionate share of the HIS net pension liability	\$ 178,302	\$ 239,884	\$ 326,473	\$ 264,100	\$ 313,764
District's covered - employee payroll	676,765	639,850	803,144	923,303	920,554
District's proportionate share of the HIS net pension liability as a percentage of its covered - employee payroll	26.35%	37.49%	40.65%	28.60%	34.08%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	5.50%	4.80%	4.12%	4.81%	3.56%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the HIS net pension liability	0.002865193%	0.003620878%	0.004357290%	0.004357276%	0.004380861%
District's proportionate share of the HIS net pension liability	\$ 349,835	\$ 405,140	\$ 461,181	\$ 465,900	\$ 510,571
District's covered - employee payroll	994,428	1,211,164	1,423,164	1,388,870	1,352,403
District's proportionate share of the HIS net pension liability as a percentage of its covered - employee payroll	35.18%	33.45%	32.41%	33.55%	37.75%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%

**Notes to the Schedule:**

The amounts presented for each fiscal year were determined as of June 30.

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS –  
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required FRS contribution	\$ 172,783	\$ 206,170	\$ 218,131	\$ 212,408	\$ 217,204
FRS contributions in relation to the contractually required FRS contribution	172,783	206,170	218,131	212,408	217,204
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 637,889	\$ 639,850	\$ 818,123	\$ 884,997	\$ 913,743
FRS contributions as a percentage of covered - employee payroll	27.09%	32.22%	26.66%	24.00%	23.77%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required FRS contribution	\$ 254,800	\$ 295,920	\$ 345,629	\$ 336,187	\$ 306,073
FRS contributions in relation to the contractually required FRS contribution	254,800	295,920	345,629	336,187	306,073
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 964,922	\$ 1,108,967	\$ 1,411,714	\$ 1,405,980	\$ 1,408,009
FRS contributions as a percentage of covered - employee payroll	26.41%	26.68%	24.48%	23.91%	21.74%

**Notes to the Schedule:**

The amounts presented for each fiscal year were determined as of June 30.

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS –  
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required HIS contribution	\$ 12,830	\$ 12,797	\$ 14,344	\$ 14,691	\$ 15,168
HIS contributions in relation to the contractually required HIS contribution	12,830	12,797	14,344	14,691	15,168
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 637,889	\$ 639,850	\$ 818,123	\$ 884,997	\$ 913,743
HIS contributions as a percentage of covered - employee payroll	2.01%	2.00%	1.75%	1.66%	1.66%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required HIS contribution	\$ 16,018	\$ 18,409	\$ 23,434	\$ 23,339	\$ 23,373
HIS contributions in relation to the contractually required HIS contribution	16,018	18,409	23,434	23,339	23,373
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 964,922	\$ 1,108,967	\$ 1,411,714	\$ 1,405,980	\$ 1,408,009
HIS contributions as a percentage of covered - employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%

**Notes to the Schedule:**

The amounts presented for each fiscal year were determined as of June 30.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

Reporting period ending Measurement date	9/30/2025 9/30/2024	9/30/2024 9/30/2023	9/30/2023 9/30/2022	9/30/2022 9/30/2021	9/30/2021 9/30/2020	9/30/2020 9/30/2019	9/30/2019 9/30/2018	9/30/2018 9/30/2017
Service cost	\$ 45,116	\$ 92,890	\$ 128,545	\$ 113,396	\$ 87,908	\$ 73,430	\$ 75,634	\$ 78,295
Interest	59,875	60,460	34,582	28,156	37,634	29,608	23,674	18,191
Differences between expected and actual experience	-	(375,269)	-	16,835	-	156,776	-	-
Changes in assumptions and other inputs	105,036	262,759	(262,498)	(43,410)	138,024	87,540	(25,491)	(25,291)
Benefit payments	(41,042)	(21,393)	(19,900)	(25,466)	(23,689)	(14,222)	(13,108)	(12,193)
Net change in total OPEB liability	168,985	19,447	(119,271)	89,511	239,877	333,132	60,709	59,002
Total OPEB liability - beginning	1,204,630	1,185,183	1,304,454	1,214,943	975,066	641,934	581,225	522,223
Total OPEB liability - ending	<u>\$ 1,373,615</u>	<u>\$ 1,204,630</u>	<u>\$ 1,185,183</u>	<u>\$ 1,304,454</u>	<u>\$ 1,214,943</u>	<u>\$ 975,066</u>	<u>\$ 641,934</u>	<u>\$ 581,225</u>
Covered employee payroll	\$ 5,678,666	\$ 5,460,256	\$ 24,746,973	\$ 23,795,166	\$ 22,888,095	\$ 22,007,785	\$ 20,718,160	\$ 19,155,104
City's total OPEB liability as a percentage of covered employee payroll	24.19%	22.06%	4.79%	5.48%	5.31%	4.43%	3.10%	3.03%

**Notes to the Schedule:**

Covered Employee Payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2025.

*Changes of assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2025:	4.06%
Fiscal Year Ending September 30, 2024:	4.87%
Fiscal Year Ending September 30, 2023:	4.77%
Fiscal Year Ending September 30, 2022:	2.43%
Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%

*Benefit Payments.* The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2025. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits to the OPEB plan.

The schedule will present 10 years of information once it is accumulated.

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## **Combining and Individual Fund Statements and Schedules**

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## MAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Capital Projects Fund** - This fund accounts for small county surtax, a portion of property taxes and grant revenues for the construction of public safety, recreational, and transportation related public projects.

**Transportation Impact Fee Fund** - This fund accounts for impact fees collected for the purpose of funding expenditures for the expansion of road capacity.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Police Education Fund** - This fund accounts for the costs of educational expenses for police officers. Revenues come from fines and forfeitures.

**Neighborhood Stabilization Fund** - This fund accounts for the acquisition and rehabilitation of homes for sale and lease to individuals and families as part of the grant under the Neighborhood Stabilization Program.

**Old Kings Road Special Assessment Fund** - This fund accounts for the collection and disbursement of special assessments for the widening and realignment of Old Kings Road.

**CDBG Fund** - This fund accounts for Community Development Block Grant programs. These include housing rehab programs, and an annual entitlement grant.

**American Rescue Plan Fund** - This fund accounts for funds received from the federal government initiated by section 602 and 603 of the Emergency Legislative Package. This is in response to the public health emergency and its negative economic impacts. Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

### Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Recreation Impact Fee Fund** - This fund accounts for fees collected from new development for the purpose of funding capital costs related to park land acquisition and improvements, and to track the related expenditures.

**Fire Impact Fee Fund** - This fund accounts for fees collected from new development for the purpose of funding capital costs related to expanding fire services, and to track the related expenditures.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,082,858	\$ 5,082,858	\$ 5,538,398	\$ 455,540
Investment earnings	300,000	600,000	846,225	246,225
Miscellaneous	-	-	360,550	360,550
Total revenues	<u>5,382,858</u>	<u>5,682,858</u>	<u>6,745,173</u>	<u>1,062,315</u>
<b>Expenditures</b>				
Current				
General government	-	-	6,491	(6,491)
Transportation and physical environment	50,000	50,000	46,568	3,432
Culture and recreation	-	95,450	82,122	13,328
Capital outlay				
General government	14,952,999	10,637,132	10,078,630	558,502
Public safety	810,000	842,242	842,242	-
Culture and recreation	2,460,000	1,437,869	1,484,586	(46,717)
Total expenditures	<u>18,272,999</u>	<u>13,062,693</u>	<u>12,540,639</u>	<u>522,054</u>
<b>Deficiency of revenues under expenditures</b>	<u>(12,890,141)</u>	<u>(7,379,835)</u>	<u>(5,795,466)</u>	<u>1,584,369</u>
<b>Other financing sources (uses)</b>				
Transfer in	7,256,064	8,503,568	8,503,568	-
Transfer out	(809,944)	(1,123,733)	(963,511)	160,222
Contingency	6,444,021	-	-	-
Total other financing sources (uses)	<u>12,890,141</u>	<u>7,379,835</u>	<u>7,540,057</u>	<u>160,222</u>
<b>Change in fund balance</b>	-	-	1,744,591	1,744,591
<b>Fund balance, beginning of year</b>	<u>20,601,044</u>	<u>20,601,044</u>	<u>20,601,044</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 20,601,044</u>	<u>\$ 20,601,044</u>	<u>\$ 22,345,635</u>	<u>\$ 1,744,591</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – TRANSPORTATION IMPACT FEE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ 17,086,285	\$ 4,652,544	\$ 501,924	\$ (4,150,620)
Impact fees	3,956,410	5,884,975	6,957,089	1,072,114
Investment earnings	155,000	405,000	594,586	189,586
Other revenue	-	-	-	-
Total revenues	<u>21,197,695</u>	<u>10,942,519</u>	<u>8,053,599</u>	<u>(2,888,920)</u>
<b>Expenditures</b>				
Current				
Transportation and physical environment	50,000	281,420	139,334	142,086
Capital outlay				
Transportation and physical environment	21,892,695	10,630,780	3,524,567	7,106,213
Total expenditures	<u>21,942,695</u>	<u>10,912,200</u>	<u>3,663,901</u>	<u>7,248,299</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(745,000)</u>	<u>30,319</u>	<u>4,389,698</u>	<u>4,359,379</u>
<b>Other financing sources (uses)</b>				
Transfer out	(100,000)	(140,000)	(133,076)	6,924
Contingency	845,000	109,681	-	(109,681)
Total other financing sources (uses)	<u>745,000</u>	<u>(30,319)</u>	<u>(133,076)</u>	<u>(102,757)</u>
<b>Change in fund balance</b>	-	-	4,256,622	4,256,622
<b>Fund balance, beginning of year</b>	<u>13,387,318</u>	<u>13,387,318</u>	<u>13,387,318</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 13,387,318</u>	<u>\$ 13,387,318</u>	<u>\$ 17,643,940</u>	<u>\$ 4,256,622</u>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	Special Revenue Funds				
	Police Education Fund	Neighborhood Stabilization Fund	OKR Special Assessment Fund	Community Development Block Grant Fund	American Rescue Plan Fund
<b>Assets</b>					
Equity in pooled cash and investments	\$ 5,881	\$ 121,035	\$ 1,403,044	\$ 75,873	\$ -
Special assessment receivable, net	-	-	3,691,691	-	-
Due from other governments	-	-	39,909	95,097	-
Total assets	<u>\$ 5,881</u>	<u>\$ 121,035</u>	<u>\$ 5,134,644</u>	<u>\$ 170,970</u>	<u>\$ -</u>
<b>Liabilities and fund balances</b>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 34,568.00	\$ 18,435.00	\$ -
Due to other governments	3,000	-	-	-	-
Unearned revenue	-	-	-	152,535	-
Advances from other funds	-	-	3,691,691	-	-
Total liabilities	<u>3,000</u>	<u>-</u>	<u>3,726,259</u>	<u>170,970</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue - special assessments	-	-	3,557,102	-	-
Fund balances					
Restricted for:					
Public safety	2,881	-	-	-	-
Parks and recreation	-	-	-	-	-
Grants	-	121,035	-	-	-
Unassigned	-	-	(2,148,717)	-	-
Total fund balances	<u>2,881</u>	<u>121,035</u>	<u>(2,148,717)</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 5,881</u>	<u>\$ 121,035</u>	<u>\$ 5,134,644</u>	<u>\$ 170,970</u>	<u>\$ -</u>

<b>Capital Projects Funds</b>		
<b>Recreation Impact Fee Fund</b>	<b>Fire Impact Fee Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 5,408,261	\$ 9,888,267	\$ 16,902,361
-	-	3,691,691
325,000	2,875,987	3,335,993
<u>\$ 5,733,261</u>	<u>\$ 12,764,254</u>	<u>\$ 23,930,045</u>
\$ 22,891.00	\$2,781,582.00	\$ 2,857,476
-	-	3,000
-	-	152,535
-	-	3,691,691
<u>22,891</u>	<u>2,781,582</u>	<u>6,704,702</u>
-	-	3,557,102
-	9,982,672	9,985,553
5,710,370	-	5,710,370
-	-	121,035
-	-	(2,148,717)
<u>5,710,370</u>	<u>9,982,672</u>	<u>13,668,241</u>
<u>\$ 5,733,261</u>	<u>\$ 12,764,254</u>	<u>\$ 23,930,045</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Special Revenue Funds				
	Police Education Fund	Neighborhood Stabilization Fund	OKR Special Assessment Fund	Community Development Block Grant Fund	American Rescue Plan Fund
<b>Revenues</b>					
Intergovernmental revenue	\$ -	\$ -	\$ 38,870	\$ 703,246	\$ 5,237,606
Special assessments	-	-	327,590	-	-
Fines and forfeitures	8,257	-	-	-	-
Impact fees	-	-	-	-	-
Investment earnings	276	-	61,032	-	-
Miscellaneous	-	-	-	-	-
Total revenues	8,533	-	427,492	703,246	5,237,606
<b>Expenditures</b>					
Current					
General government	-	-	-	672,690	-
Transportation and physical environment	-	-	21,250	-	-
Public safety	12,000	-	-	6,860	-
Culture and recreation	-	-	-	-	-
Capital outlay					
Transportation and physical environment	-	-	118,256	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service					
Interest and other	-	-	192,848	-	-
Total expenditures	12,000	-	332,354	679,550	-
Excess (deficiency) of revenues over (under) expenditures	(3,467)	-	95,138	23,696	5,237,606
<b>Other financing sources (uses)</b>					
Transfers in	-	-	133,076	-	-
Transfers out	-	-	-	(23,696)	(5,237,606)
Total other financing sources (uses)	-	-	133,076	(23,696)	(5,237,606)
<b>Net change in fund balance</b>	(3,467)	-	228,214	-	-
Fund balances, beginning	6,348	121,035	(2,376,931)	-	-
Fund balances, ending	\$ 2,881	\$ 121,035	\$ (2,148,717)	\$ -	\$ -

<b>Capital Projects Funds</b>		
<b>Recreation Impact Fee Fund</b>	<b>Fire Impact Fee Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 325,000	\$ 4,375,113	\$ 10,679,835
-	-	327,590
-	-	8,257
4,044,484	1,347,776	5,392,260
173,146	382,801	617,255
-	-	-
<u>4,542,630</u>	<u>6,105,690</u>	<u>17,025,197</u>
-	-	672,690
-	-	21,250
-	49,850	68,710
60,709	-	60,709
-	-	118,256
-	8,638,123	8,638,123
1,635,257	-	1,635,257
-	-	192,848
<u>1,695,966</u>	<u>8,687,973</u>	<u>11,407,843</u>
<u>2,846,664</u>	<u>(2,582,283)</u>	<u>5,617,354</u>
1,481,550	4,444,905	6,059,531
(1,729,679)	-	(6,990,981)
<u>(248,129)</u>	<u>4,444,905</u>	<u>(931,450)</u>
2,598,535	1,862,622	4,685,904
3,111,835	8,120,050	8,982,337
<u>\$ 5,710,370</u>	<u>\$ 9,982,672</u>	<u>\$ 13,668,241</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - POLICE EDUCATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 10,000	\$ 9,000	\$ 8,257	\$ (743)
Investment earnings	-	200	276	76
Total revenues	10,000	9,200	8,533	(667)
<b>Expenditures</b>				
Current				
Public safety	10,000	12,000	12,000	-
Total expenditures	10,000	12,000	12,000	-
<b>Deficiency of revenues under expenditures</b>	-	(2,800)	(3,467)	(667)
<b>Other financing sources</b>				
Contingency	-	2,800	-	(2,800)
Total other financing sources	-	2,800	-	(2,800)
<b>Change in fund balance</b>	-	-	(3,467)	(3,467)
<b>Fund balance, beginning of year</b>	6,348	6,348	6,348	-
<b>Fund balance, end of year</b>	\$ 6,348	\$ 6,348	\$ 2,881	\$ (3,467)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - NEIGHBORHOOD STABILIZATION FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
Current				
General government	\$ 121,035.00	\$ -	\$ -	\$ -
Total expenditures	121,035	-	-	-
<b>Deficiency of revenues under expenditures</b>	(121,035)	-	-	-
<b>Other financing sources</b>				
Contingency	121,035	-	-	-
Total other financing sources	121,035	-	-	-
<b>Change in fund balance</b>	-	-	-	-
<b>Fund balance, beginning of year</b>	121,035	121,035	121,035	-
<b>Fund balance, end of year</b>	\$ 121,035	\$ 121,035	\$ 121,035	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND DEFICIT  
 BUDGET AND ACTUAL – OKR SPECIAL ASSESSMENT FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ 323,000	\$ 323,000	\$ 327,590	\$ 4,590
Intergovernmental revenue	500,000	138,061	38,870	(99,191)
Investment earnings	15,000	45,000	61,032	16,032
Total revenues	<u>838,000</u>	<u>506,061</u>	<u>427,492</u>	<u>(78,569)</u>
<b>Expenditures</b>				
Current				
Transportation and physical environment	50,000	50,000	21,250	28,750
Capital outlay				
Transportation and physical environment	1,250,000	389,427	118,256	271,171
Debt service	-	-	-	-
Interest and other	323,000	323,000	192,848	130,152
Total expenditures	<u>1,623,000</u>	<u>762,427</u>	<u>332,354</u>	<u>430,073</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(785,000)</u>	<u>(256,366)</u>	<u>95,138</u>	<u>351,504</u>
<b>Other financing sources</b>				
Transfers in	100,000	140,000	133,076	(6,924)
Contingency	685,000	116,366	-	(116,366)
Total other financing sources	<u>785,000</u>	<u>256,366</u>	<u>133,076</u>	<u>(123,290)</u>
<b>Change in fund balance</b>	-	-	228,214	228,214
<b>Fund deficit, beginning of year</b>	<u>(2,376,931)</u>	<u>(2,376,931)</u>	<u>(2,376,931)</u>	<u>-</u>
<b>Fund deficit, end of year</b>	<u>\$ (2,376,931)</u>	<u>\$ (2,376,931)</u>	<u>\$ (2,148,717)</u>	<u>\$ 228,214</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - CDBG FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 756,000	\$ 905,359	\$ 703,246	\$ (202,113)
Total revenues	756,000	905,359	703,246	(202,113)
<b>Expenditures</b>				
Current				
General government	731,000	873,499	672,690	200,809
Public safety	-	6,860	6,860	-
Total expenditures	731,000	880,359	679,550	200,809
<b>Excess of revenues over expenditures</b>	25,000	25,000	23,696	(1,304)
<b>Other financing uses</b>				
Transfers out	(25,000)	(25,000)	(23,696)	1,304
Total other financing uses	(25,000)	(25,000)	(23,696)	1,304
<b>Change in fund balance</b>	-	-	-	-
<b>Fund deficit, beginning of year</b>	-	-	-	-
<b>Fund deficit, end of year</b>	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL – AMERICAN RESCUE PLAN ACT FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 6,718,662	\$ 3,460,094	\$ 5,237,606	\$ 1,777,512
Total revenues	6,718,662	3,460,094	5,237,606	1,777,512
<b>Excess of revenues over expenditures</b>	6,718,662	3,460,094	5,237,606	1,777,512
<b>Other financing sources (uses)</b>				
Transfers out	(6,718,662)	(5,237,605)	(5,237,606)	(1)
Contingency	-	1,777,511	-	(1,777,511)
Total other financing sources (uses)	(6,718,662)	(3,460,094)	(5,237,606)	(1,777,512)
<b>Change in fund balance</b>	-	-	-	-
<b>Fund deficit, beginning of year</b>	-	-	-	-
<b>Fund deficit, end of year</b>	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – RECREATION IMPACT FEE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 979,698	\$ 1,108,848	\$ 325,000	\$ (783,848)
Impact fees	2,722,161	3,130,161	4,044,484	914,323
Investment earnings	-	110,000	173,146	63,146
Total revenues	<u>3,701,859</u>	<u>4,349,009</u>	<u>4,542,630</u>	<u>193,621</u>
<b>Expenditures</b>				
Current				
Culture and recreation	50,000	60,415	60,709	(294)
Capital outlay				
Public safety	2,628,471	4,200,687	1,635,257	2,565,430
Total expenditures	<u>2,678,471</u>	<u>4,261,102</u>	<u>1,695,966</u>	<u>2,565,136</u>
<b>Excess of revenues over expenditures</b>	<u>1,023,388</u>	<u>87,907</u>	<u>2,846,664</u>	<u>(2,371,515)</u>
<b>Other financing sources (uses)</b>				
Transfers in	860,184	1,641,772	1,481,550	(160,222)
Transfers out	(1,982,175)	(1,729,679)	(1,729,679)	-
Total other financing sources (uses)	<u>(1,121,991)</u>	<u>(87,907)</u>	<u>(248,129)</u>	<u>(160,222)</u>
<b>Change in fund balance</b>	(98,603)	-	2,598,535	2,758,757
<b>Fund balance, beginning of year</b>	<u>3,111,835</u>	<u>3,111,835</u>	<u>3,111,835</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,013,232</u>	<u>\$ 3,111,835</u>	<u>\$ 5,710,370</u>	<u>\$ 2,758,757</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – FIRE IMPACT FEE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 5,000,000	\$ 5,000,000	\$ 4,375,113	\$ (624,887)
Impact fees	784,386	1,265,032	1,347,776	82,744
Investment earnings	50,000	270,000	382,801	112,801
Total revenues	<u>5,834,386</u>	<u>6,535,032</u>	<u>6,105,690</u>	<u>(429,342)</u>
<b>Expenditures</b>				
Current				
Culture and recreation	30,000	49,850	49,850	-
Capital outlay				
Public safety	16,150,000	10,930,086	8,638,123	2,291,963
Total expenditures	<u>16,180,000</u>	<u>10,979,936</u>	<u>8,687,973</u>	<u>2,291,963</u>
<b>Deficiency of revenues under expenditures</b>	<u>(10,345,614)</u>	<u>(4,444,904)</u>	<u>(2,582,283)</u>	<u>(2,721,305)</u>
<b>Other financing sources</b>				
Transfers in	4,087,420	4,444,904	4,444,905	1
Contingency	6,258,194	-	-	-
Total other financing sources	<u>10,345,614</u>	<u>4,444,904</u>	<u>4,444,905</u>	<u>1</u>
<b>Change in fund balance</b>	-	-	1,862,622	1,862,622
<b>Fund balance, beginning of year</b>	<u>8,120,050</u>	<u>8,120,050</u>	<u>8,120,050</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 8,120,050</u>	<u>\$ 8,120,050</u>	<u>\$ 9,982,672</u>	<u>\$ 1,862,622</u>

## **NONMAJOR ENTERPRISE FUNDS**

Enterprise Funds account for the functions that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges, or where the City has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Building Permits Fund** - This fund accounts for the operations and enforcement of State and local building regulations financed primarily by user fees.

**Information Technology (IT) Fund** - This fund accounts for the fiber optic network and wireless communications provided to external users and is financed by user fees.

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**COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
SEPTEMBER 30, 2025**

	<b>Building Permits Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Equity in pooled cash and investments	\$ 2,265,496	\$ 1,943,755	\$ 4,209,251
Accounts receivable - net	60	113	173
Lease receivable	-	233,244	233,244
Prepaid items	12,449	2,740	15,189
Due from other governments	-	84,030	84,030
Total current assets	<u>2,278,005</u>	<u>2,263,882</u>	<u>4,541,887</u>
Noncurrent assets:			
Lease receivable	-	3,548,067	3,548,067
Capital assets, non-depreciable	-	135,751	135,751
Capital assets, net	5,460	1,534,822	1,540,282
Total noncurrent assets	<u>5,460</u>	<u>5,218,640</u>	<u>5,224,100</u>
Total assets	<u>2,283,465</u>	<u>7,482,522</u>	<u>9,765,987</u>
<b>Deferred outflows of resources</b>			
OPEB related	1,310	-	1,310
Total deferred outflows of resources	<u>1,310</u>	<u>-</u>	<u>1,310</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	5,094	153,506	158,600
Due to other governments	24,407	-	24,407
Compensated absences	134,331	9,003	143,334
Accrued liabilities	111,236	4,551	115,787
Interest payable	-	-	-
Total current liabilities	<u>275,068</u>	<u>167,060</u>	<u>442,128</u>
Noncurrent liabilities:			
Total OPEB liability	3,809	-	3,809
Compensated absences	141,696	37,445	179,141
Total noncurrent liabilities	<u>145,505</u>	<u>37,445</u>	<u>182,950</u>
Total liabilities	<u>420,573</u>	<u>204,505</u>	<u>625,078</u>
<b>Deferred inflows of resources</b>			
OPEB related	1,392	-	1,392
Lease related	-	3,366,147	3,366,147
Total deferred inflows of resources	<u>1,392</u>	<u>3,366,147</u>	<u>3,367,539</u>
<b>Net position</b>			
Investment in capital assets	5,460	1,670,573	1,676,033
Unrestricted	1,857,350	2,241,297	4,098,647
Total net position	<u>\$ 1,862,810</u>	<u>\$ 3,911,870</u>	<u>\$ 5,774,680</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Building Permits Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>Operating revenues</b>			
Charges for services			
Building permit and inspection charges	\$ 3,678,442	\$ -	\$ 3,678,442
Fiber and cell tower charges	-	749,665	749,665
Miscellaneous	-	15,713	15,713
Total operating revenues	<u>3,678,442</u>	<u>765,378</u>	<u>4,443,820</u>
<b>Operating expenses</b>			
Building permits and inspections	3,365,539	-	3,365,539
Fiber and cell tower	-	515,244	515,244
Depreciation and amortization	390	282,765	283,155
Total operating expenses	<u>3,365,929</u>	<u>798,009</u>	<u>4,163,938</u>
Operating income (loss)	<u>312,513</u>	<u>(32,631)</u>	<u>279,882</u>
<b>Nonoperating revenues</b>			
Investment income (loss)	83,674	166,140	249,814
Intergovernmental revenue	-	-	-
Interest/amortization expense	-	-	-
Other	-	-	-
Total nonoperating revenues	<u>83,674</u>	<u>166,140</u>	<u>249,814</u>
Income before transfers	<u>396,187</u>	<u>133,509</u>	<u>529,696</u>
<b>Transfers</b>			
Transfers out	<u>(167,749)</u>	<u>(23,991)</u>	<u>(191,740)</u>
Total transfers	<u>(167,749)</u>	<u>(23,991)</u>	<u>(191,740)</u>
<b>Change in net position</b>	<u>228,438</u>	<u>109,518</u>	<u>337,956</u>
<b>Total net position, beginning of year</b>	<u>1,634,372</u>	<u>3,802,352</u>	<u>5,436,724</u>
<b>Total net position, end of year</b>	<u>\$ 1,862,810</u>	<u>\$ 3,911,870</u>	<u>\$ 5,774,680</u>

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Building Permits Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 3,678,382	\$ 587,540	\$ 4,265,922
Cash paid to suppliers	(812,157)	(193,482)	(1,005,639)
Cash paid to employees	(2,542,038)	(208,079)	(2,750,117)
Net cash provided by operating activities	<u>324,187</u>	<u>185,979</u>	<u>510,166</u>
<b>Cash flows from noncapital financing activities</b>			
Transfer to other funds	(167,749)	(23,991)	(191,740)
Net cash used in noncapital financing activities	<u>(167,749)</u>	<u>(23,991)</u>	<u>(191,740)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(5,850)	(135,751)	(141,601)
Net cash used in capital and related financing activities	<u>(5,850)</u>	<u>(135,751)</u>	<u>(141,601)</u>
<b>Cash flows from investing activities</b>			
Interest received	83,674	166,140	249,814
Net cash provided by investing activities	<u>83,674</u>	<u>166,140</u>	<u>249,814</u>
<b>Net change in cash and investments</b>	234,262	192,377	426,639
<b>Cash and investments, beginning of year</b>	<u>2,031,234</u>	<u>1,751,378</u>	<u>3,782,612</u>
<b>Cash and investments, end of year</b>	<u>\$ 2,265,496</u>	<u>\$ 1,943,755</u>	<u>\$ 4,209,251</u>
<b>Cash and investments classified as</b>			
Cash and investments	<u>\$ 2,265,496</u>	<u>\$ 1,943,755</u>	<u>\$ 4,209,251</u>
Restricted cash and cash equivalents	-	3,548,067	3,548,067
Total cash and cash equivalents	<u>\$ 2,265,496</u>	<u>\$ 5,491,822</u>	<u>\$ 7,757,318</u>

(Continued)

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Building Permits Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ 312,513	\$ (32,631)	\$ 279,882
Adjustment to reconcile operating loss to net cash provided by operating activities:			
Depreciation	390	282,765	283,155
Change in operating assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(60)	(113)	(173)
Prepays	1,922	930	2,852
Due from other governments	-	(84,030)	(84,030)
Lease receivable	-	178,441	178,441
Deferred outflows - OPEB	57	-	57
Increase (decrease) in liabilities:			
Accounts payable	(7,867)	113,995	106,128
Accrued liabilities	27,224	(2,270)	24,954
Due to other governments	(6,065)	-	(6,065)
Due to other funds	-	-	-
Compensated absences payable	(3,786)	1,028	(2,758)
Unearned revenue	-	(22,270)	(22,270)
Deferred inflows - lease	-	(249,866)	(249,866)
Deferred inflows - OPEB	(349)	-	(349)
Total OPEB liability	208	-	208
Net cash provided by (used in) operating activities	<u>\$ 324,187</u>	<u>\$ 185,979</u>	<u>\$ 510,166</u>

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Fleet Management Fund** - This fund is used to account for the leasing of motor vehicles and heavy equipment to other departments as well as related maintenance and replacement costs.

**Self Insured Health Fund** - This fund accounts for the management and allocation of costs associated with the self-insured health benefits program for eligible employees and their dependents.

**Information Technology Fund** - This fund accounts for the information technology allocation to City departments.

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**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2025**

	<b>Self Insured Health Fund</b>	<b>Information Technology</b>	<b>Fleet Fund</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Equity in pooled cash and investments	\$ 4,031,147	\$ 3,107,893	\$ 19,830,503	\$ 26,969,543
Accounts receivable - net	6,755	-	550	7,305
Inventories	-	-	18,966	18,966
Prepaid items	-	46,733	40,487	87,220
Due from other governments	-	3,300	4,149	7,449
Total current assets	<u>4,037,902</u>	<u>3,157,926</u>	<u>19,894,655</u>	<u>27,090,483</u>
Noncurrent assets:				
Capital assets, net	-	379,883	21,550,015	21,929,898
Total noncurrent assets	<u>-</u>	<u>379,883</u>	<u>21,550,015</u>	<u>21,929,898</u>
Total assets	<u>4,037,902</u>	<u>3,537,809</u>	<u>41,444,670</u>	<u>49,020,381</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	26,691	203,346	166,473	396,510
Claims payable	916,089	-	-	916,089
Compensated absences	-	173,849	107,118	280,967
Accrued liabilities	-	100,999	69,633	170,632
Interest payable	-	10,473	-	10,473
SBITA payable	-	88,836	-	88,836
Total current liabilities	<u>942,780</u>	<u>577,503</u>	<u>343,224</u>	<u>1,863,507</u>
Noncurrent liabilities:				
SBITA payable	-	225,345	-	225,345
Compensated absences	-	307,424	91,687	399,111
Total noncurrent liabilities	<u>-</u>	<u>532,769</u>	<u>91,687</u>	<u>624,456</u>
Total liabilities	<u>942,780</u>	<u>1,110,272</u>	<u>434,911</u>	<u>2,487,963</u>
<b>Net position</b>				
Net investment in capital assets	-	291,047	21,550,015	21,841,062
Unrestricted	3,095,122	2,136,490	19,459,744	24,691,356
Total net position	<u>\$ 3,095,122</u>	<u>\$ 2,427,537</u>	<u>\$ 41,009,759</u>	<u>\$ 46,532,418</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Self Insured Health Fund</b>	<b>Information Technology</b>	<b>Fleet Fund</b>	<b>Total</b>
<b>Operating revenues</b>				
Charges for services				
Risk management	\$ 9,179,353	\$ -	\$ -	\$ 9,179,353
Information technology	-	6,264,614	-	6,264,614
Fleet management	-	-	12,451,317	12,451,317
Total operating revenues	<u>9,179,353</u>	<u>6,264,614</u>	<u>12,451,317</u>	<u>27,895,284</u>
<b>Operating expenses</b>				
Administrative	8,707,128	6,291,440	6,206,701	21,205,269
Depreciation and amortization	-	223,578	4,573,353	4,796,931
Total operating expenses	<u>8,707,128</u>	<u>6,515,018</u>	<u>10,780,054</u>	<u>26,002,200</u>
Operating income (loss)	<u>472,225</u>	<u>(250,404)</u>	<u>1,671,263</u>	<u>1,893,084</u>
<b>Nonoperating revenues</b>				
Investment income (loss)	149,675	95,973	692,231	937,879
Interest/amortization expense	-	(12,331)	-	(12,331)
Other	-	-	845,517	845,517
Total nonoperating revenues	<u>149,675</u>	<u>83,642</u>	<u>1,537,748</u>	<u>1,771,065</u>
Income (loss) before transfers	<u>621,900</u>	<u>(166,762)</u>	<u>3,209,011</u>	<u>3,664,149</u>
<b>Transfers</b>				
Transfers in	-	121,664	1,749,505	1,871,169
Total transfers	<u>-</u>	<u>121,664</u>	<u>1,749,505</u>	<u>1,871,169</u>
<b>Change in net position</b>	<u>621,900</u>	<u>(45,098)</u>	<u>4,958,516</u>	<u>5,535,318</u>
<b>Total net position (deficit), beginning of year</b>	<u>2,473,222</u>	<u>2,472,635</u>	<u>36,051,243</u>	<u>40,997,100</u>
<b>Total net position, end of year</b>	<u>\$ 3,095,122</u>	<u>\$ 2,427,537</u>	<u>\$ 41,009,759</u>	<u>\$ 46,532,418</u>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Self Insured Health Fund</b>	<b>Information Technology</b>	<b>Fleet Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>				
Cash received for interfund services	\$ 9,180,560	\$ 6,319,284	\$ 12,452,087	\$ 27,951,931
Cash from other	-	-	845,517	845,517
Cash paid to suppliers	15,561	(3,301,717)	(4,767,729)	(8,053,885)
Cash paid to employees	(8,432,802)	(2,722,840)	(1,556,722)	(12,712,364)
Net cash provided by operating activities	<u>763,319</u>	<u>294,727</u>	<u>6,973,153</u>	<u>8,031,199</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	-	121,664	1,749,505	1,871,169
Net cash used provided by noncapital financing activities	<u>-</u>	<u>121,664</u>	<u>1,749,505</u>	<u>1,871,169</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	-	(9,528)	(6,085,046)	(6,094,574)
Cash received from sale of capital assets	-	(12,331)	-	(12,331)
Subscription payments	-	(204,429)	-	(204,429)
Net cash used in capital and related financing activities	<u>-</u>	<u>(226,288)</u>	<u>(6,085,046)</u>	<u>(6,311,334)</u>
<b>Cash flows from investing activities</b>				
Interest received	149,675	95,973	692,231	937,879
Net cash provided by investing activities	<u>149,675</u>	<u>95,973</u>	<u>692,231</u>	<u>937,879</u>
<b>Net change in cash and investments</b>	912,994	286,076	3,329,843	4,528,913
<b>Cash and investments, beginning of year</b>	<u>3,118,153</u>	<u>2,821,817</u>	<u>16,500,660</u>	<u>22,440,630</u>
<b>Cash and investments, end of year</b>	<u>\$ 4,031,147</u>	<u>\$ 3,107,893</u>	<u>\$ 19,830,503</u>	<u>\$ 26,969,543</u>
<b>Cash and investments classified as</b>				
Cash and investments	<u>\$ 4,031,147</u>	<u>\$ 3,107,893</u>	<u>\$ 19,830,503</u>	<u>\$ 26,969,543</u>

(Continued)

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Self Insured Health Fund</b>	<b>Information Technology</b>	<b>Fleet Fund</b>	<b>Total</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ 472,225	\$ (250,404)	\$ 1,671,263	\$ 1,893,084
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	223,578	4,573,353	4,796,931
Other	-	-	845,517	845,517
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	1,207	54,670	500	56,377
Due from other governments	-	-	270	270
Prepays	-	-	24,183	24,183
Inventory	-	-	18,309	18,309
Increase (decrease) in liabilities:				
Accounts payable	15,561	125,401	(200,068)	(59,106)
Accrued liabilities	-	19,695	3,844	23,539
Due to other governments	-	-	-	-
Claims payable	274,326	-	-	274,326
Compensated absences payable	-	111,524	35,982	147,506
Interest payable	-	10,263	-	10,263
Net cash provided by (used in) operating activities	<u>\$ 763,319</u>	<u>\$ 294,727</u>	<u>\$ 6,973,153</u>	<u>\$ 8,031,199</u>

## Statistical Section

This part of the City of Palm Coast's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Contents

#### Financial Trends (Pages 126 – 130) (Tables 1 – 4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.

#### Revenue Capacity (Pages 131 – 135) (Tables 5 – 9)

These schedules contain information to help the reader assess the City's most significant sources of revenue.

#### Debt Capacity (Pages 136 – 139) (Tables 10 – 13)

These schedules contain information to help the reader assess the affordability of the City's current level of debt and the City's ability to issue debt in the future.

#### Demographics and Economic Information (Pages 140 and 141) (Tables 14 and 15)

These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### Operating Information (Pages 142 – 144) (Tables 16 – 18)

These schedules contain information regarding the number of employees, the operating indicators, and the capital assets used in the various functions and programs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

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**Schedule 1**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities										
Net investment in capital assets	\$ 317,474,371	\$ 330,790,898	\$ 325,234,671	\$ 320,293,833	\$ 318,406,337	\$ 322,861,188	\$ 331,376,902	\$ 338,416,406	\$ 358,697,726	\$ 376,251,432
Restricted	5,537,610	7,954,237	10,380,209	20,215,344	21,279,462	24,760,020	37,340,992	40,352,387	44,926,283	55,344,208
Unrestricted	16,599,453	15,460,677	18,980,907	23,371,095	29,593,644	35,558,783	40,618,726	45,084,121	47,741,564	53,046,902
Total governmental activities net position	<u>\$ 339,611,434</u>	<u>\$ 354,205,812</u>	<u>\$ 354,595,787</u>	<u>\$ 363,880,272</u>	<u>\$ 369,279,443</u>	<u>\$ 383,179,991</u>	<u>\$ 409,336,620</u>	<u>\$ 423,852,914</u>	<u>\$ 451,365,573</u>	<u>\$ 484,642,542</u>
Business-type activities										
Net investment in capital assets	\$ 72,761,895	\$ 84,435,596	\$ 83,318,005	\$ 87,229,370	\$ 101,583,856	\$ 115,345,393	\$ 120,319,349	\$ 151,376,398	\$ 188,079,366	\$ 229,538,347
Restricted	14,009,367	15,456,945	21,774,289	24,459,578	25,558,922	36,465,940	53,330,263	48,231,754	57,450,004	84,298,479
Unrestricted	25,308,480	25,844,539	31,029,417	35,078,778	38,826,694	39,249,158	46,701,251	59,061,387	74,217,840	81,172,516
Total business-type activities net position	<u>\$ 112,079,742</u>	<u>\$ 125,737,080</u>	<u>\$ 136,121,711</u>	<u>\$ 146,767,726</u>	<u>\$ 165,969,472</u>	<u>\$ 191,060,491</u>	<u>\$ 220,350,863</u>	<u>\$ 258,669,539</u>	<u>\$ 319,747,210</u>	<u>\$ 395,009,342</u>
Primary government										
Net investment in capital assets	\$ 390,236,266	\$ 415,226,494	\$ 408,552,676	\$ 407,523,203	\$ 419,990,193	\$ 438,206,581	\$ 451,696,251	\$ 489,792,804	\$ 546,777,092	\$ 605,789,779
Restricted	19,546,977	23,411,182	32,154,498	44,674,922	46,838,384	61,225,960	90,671,255	88,584,141	102,376,287	139,642,687
Unrestricted	41,907,933	41,305,216	50,010,324	58,449,873	68,420,338	74,807,941	87,319,977	104,145,508	121,959,404	134,219,418
Total primary government net position	<u>\$ 451,691,176</u>	<u>\$ 479,942,892</u>	<u>\$ 490,717,498</u>	<u>\$ 510,647,998</u>	<u>\$ 535,248,915</u>	<u>\$ 574,240,482</u>	<u>\$ 629,687,483</u>	<u>\$ 682,522,453</u>	<u>\$ 771,112,783</u>	<u>\$ 879,651,884</u>

**Schedule 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental activities:</b>										
General government	\$ 3,471,694	\$ 5,435,785	\$ 5,956,629	\$ 6,642,183	\$ 7,149,206	\$ 11,229,978	\$ 8,011,828	\$ 9,155,865	\$ 9,720,522	\$ 11,954,416
Public safety	11,013,862	11,332,196	12,187,040	12,636,325	13,391,373	13,579,443	17,843,411	19,999,882	23,187,338	22,961,208
Transportation and physical environment	17,579,791	21,427,067	20,028,562	17,229,235	21,314,827	20,273,231	21,609,665	23,078,078	21,637,138	23,210,932
Culture and recreation	6,136,059	6,202,008	7,000,755	7,503,004	7,449,374	7,867,389	9,106,759	10,596,107	11,023,057	12,340,664
Interest on long-term debt	578,231	523,790	484,548	461,489	436,890	409,920	384,661	373,082	336,646	313,536
Total governmental activities expenses	<u>\$ 38,779,637</u>	<u>\$ 44,920,846</u>	<u>\$ 45,657,534</u>	<u>\$ 44,472,236</u>	<u>\$ 49,741,670</u>	<u>\$ 53,359,961</u>	<u>\$ 56,956,324</u>	<u>\$ 63,203,014</u>	<u>\$ 65,904,701</u>	<u>\$ 70,780,756</u>
<b>Business-type activities:</b>										
Utility	31,562,957	33,063,660	37,488,776	39,575,224	40,835,726	42,430,005	44,761,380	49,252,925	53,440,529	58,898,925
Solid Waste	7,349,686	7,680,586	8,433,184	8,559,838	8,756,625	9,132,145	11,078,167	15,354,772	16,608,670	17,981,813
Stormwater	6,473,450	5,554,569	6,659,088	7,684,611	8,795,629	9,879,087	10,509,526	11,421,834	13,355,610	15,653,049
Building Permits & Inspections	1,516,413	1,592,586	1,759,634	1,845,080	2,375,314	2,574,502	2,707,992	3,028,633	3,091,097	3,323,359
Information Technology	985,726	705,729	665,967	528,999	593,411	671,142	720,585	774,010	880,846	798,418
Total business-type activities expenses	<u>47,888,232</u>	<u>48,597,130</u>	<u>55,006,649</u>	<u>58,193,752</u>	<u>61,356,705</u>	<u>64,686,881</u>	<u>69,777,650</u>	<u>79,832,174</u>	<u>87,376,752</u>	<u>96,655,564</u>
Total primary government expenses	<u>\$ 86,667,869</u>	<u>\$ 93,517,976</u>	<u>\$ 100,664,183</u>	<u>\$ 102,665,988</u>	<u>\$ 111,098,375</u>	<u>\$ 118,046,842</u>	<u>\$ 126,733,974</u>	<u>\$ 143,035,188</u>	<u>\$ 153,281,453</u>	<u>\$ 167,436,320</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 687,827	\$ 1,013,720	\$ 1,201,790	\$ 1,254,073	\$ 1,247,763	\$ 1,329,866	\$ 1,501,189	\$ 1,323,363	\$ 1,106,336	\$ 1,211,905
Public safety	232,048	148,114	80,103	78,536	56,154	176,618	159,577	206,091	278,389	313,667
Transportation and physical environment	173,143	146,937	162,769	162,071	163,749	216,015	184,758	247,242	312,529	260,147
Culture and recreation	1,683,747	1,635,056	1,665,539	1,894,765	1,507,981	2,119,841	2,517,441	2,463,115	2,732,891	3,029,205
Operating grants and contributions	2,411,183	7,078,147	4,254,944	3,154,598	5,088,333	4,379,320	4,545,259	5,030,503	3,748,848	3,890,851
Capital grants and contributions	7,143,389	18,889,042	4,553,519	5,833,497	5,673,147	12,943,345	27,546,190	9,524,515	24,953,649	24,106,532
Total governmental activities program revenues	<u>12,331,337</u>	<u>28,911,016</u>	<u>11,918,664</u>	<u>12,377,540</u>	<u>13,737,127</u>	<u>21,165,005</u>	<u>36,454,414</u>	<u>18,794,829</u>	<u>33,132,642</u>	<u>32,812,307</u>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Utility	37,357,134	38,085,170	38,381,854	41,743,231	45,068,882	48,824,504	53,571,183	59,001,075	65,107,834	75,115,243
Solid Waste	7,634,486	7,727,089	8,363,015	8,670,086	8,803,389	9,189,558	11,277,367	15,231,906	17,051,794	18,180,807
Stormwater	7,038,305	7,228,213	7,422,747	9,932,424	11,004,869	12,748,444	14,479,496	15,706,647	20,386,281	23,414,277
Building Permits & Inspections	2,031,003	2,291,570	2,330,705	2,408,796	2,269,619	550,496	3,523,612	2,158,193	3,184,081	3,678,442
Information Technology and Communication	584,703	706,236	623,497	704,712	639,219	708,931	890,172	762,719	798,394	749,665
Operating grants and contributions	-	-	1,560,284	92,023	50,790	-	-	351,663	-	-
Capital grants and contributions	5,121,164	6,368,010	6,162,184	7,498,356	13,235,638	21,770,381	18,508,821	23,045,772	34,148,349	49,980,791
Total business-type activities program revenues	<u>59,766,795</u>	<u>62,406,288</u>	<u>64,844,286</u>	<u>71,049,628</u>	<u>81,072,406</u>	<u>93,792,314</u>	<u>102,250,651</u>	<u>116,257,975</u>	<u>140,676,733</u>	<u>171,119,225</u>
Total primary government program revenues	<u>\$ 72,098,132</u>	<u>\$ 91,317,304</u>	<u>\$ 76,762,950</u>	<u>\$ 83,427,168</u>	<u>\$ 94,809,533</u>	<u>\$ 114,957,319</u>	<u>\$ 138,705,065</u>	<u>\$ 135,052,804</u>	<u>\$ 173,809,375</u>	<u>\$ 203,931,532</u>

(Continued)

**Schedule 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (26,448,300)	\$ (16,009,830)	\$ (33,738,870)	\$ (32,094,696)	\$ (36,004,543)	\$ (32,194,956)	\$ (20,501,910)	\$ (44,408,185)	\$ (32,772,059)	\$ (37,968,449)
Business-type activities	11,878,563	13,809,158	9,837,637	12,855,876	19,715,701	29,105,433	32,473,001	36,425,801	53,299,981	74,463,661
Total primary government net expense	<u>\$ (14,569,737)</u>	<u>\$ (2,200,672)</u>	<u>\$ (23,901,233)</u>	<u>\$ (19,238,820)</u>	<u>\$ (16,288,842)</u>	<u>\$ (3,089,523)</u>	<u>\$ 11,971,091</u>	<u>\$ (7,982,384)</u>	<u>\$ 20,527,922</u>	<u>\$ 36,495,212</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 17,592,210	\$ 18,380,759	\$ 21,066,081	\$ 23,392,377	\$ 25,507,009	\$ 27,202,252	\$ 29,413,435	\$ 35,058,990	\$ 37,289,138	\$ 41,644,735
Sales and use taxes	2,749,805	2,878,973	3,111,226	3,189,999	3,280,872	4,060,294	4,841,388	5,048,022	5,228,758	5,538,398
Telecommunication services tax	2,390,508	2,221,345	2,297,782	2,265,385	2,344,031	2,411,162	2,549,111	2,659,409	2,854,514	3,000,727
Franchise taxes	731,563	790,697	839,511	952,955	1,008,344	1,029,726	1,120,108	1,389,779	1,302,361	1,372,699
Other local taxes	431,683	400,099	426,105	520,733	470,029	473,320	485,774	508,144	489,910	489,458
Intergovernmental revenue, non-program	4,299,085	4,463,316	4,704,629	4,799,363	4,578,298	5,254,442	5,847,983	6,375,395	6,519,906	6,614,432
Unrestricted investment earnings	245,858	172,268	287,570	1,465,960	1,295,940	92,074	(1,277,496)	4,458,576	6,954,122	5,146,935
Miscellaneous	70,507	70,126	187,331	181,612	466,849	734,286	739,706	1,190,338	928,246	1,858,494
Gain (Loss) on sale of capital assets	213,336	245,261	(21,047)	-	-	-	-	-	-	-
Transfers	1,157,742	981,364	832,828	4,610,797	2,452,342	4,837,948	2,938,530	2,235,826	(1,282,237)	5,579,539
Total governmental activities	<u>29,882,297</u>	<u>30,604,208</u>	<u>33,732,016</u>	<u>41,379,181</u>	<u>41,403,714</u>	<u>46,095,504</u>	<u>46,658,539</u>	<u>58,924,479</u>	<u>60,284,718</u>	<u>71,245,417</u>
Business-type activities:										
Property Taxes	363,863	418,442	502,590	520,000	521,556	523,121	524,669	526,225	527,724	529,222
Unrestricted investment earnings	460,402	411,102	612,838	1,880,936	1,416,091	300,413	(768,768)	3,600,916	5,967,729	5,833,075
Other income	21,765	-	-	-	740	-	-	1,560	-	15,713
Transfers	(1,157,742)	(981,364)	(832,828)	(4,610,797)	(2,452,342)	(4,837,948)	(2,938,530)	(2,235,826)	1,282,237	(5,579,539)
Total business-type activities	<u>(311,712)</u>	<u>(151,820)</u>	<u>282,600</u>	<u>(2,209,861)</u>	<u>(513,955)</u>	<u>(4,014,414)</u>	<u>(3,182,629)</u>	<u>1,892,875</u>	<u>7,777,690</u>	<u>798,471</u>
Total primary government	<u>\$ 29,570,585</u>	<u>\$ 30,452,388</u>	<u>\$ 34,014,616</u>	<u>\$ 39,169,320</u>	<u>\$ 40,889,759</u>	<u>\$ 42,081,090</u>	<u>\$ 43,475,910</u>	<u>\$ 60,817,354</u>	<u>\$ 68,062,408</u>	<u>\$ 72,043,888</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 3,433,997	\$ 14,594,378	\$ (6,854)	\$ 9,284,485	\$ 5,399,171	\$ 13,900,548	\$ 26,156,629	\$ 14,516,294	\$ 27,512,659	\$ 33,276,968
Business-type activities	11,566,851	13,657,338	10,120,237	10,646,015	19,201,746	25,091,019	29,290,372	38,318,676	61,077,671	75,262,132
Total primary government	<u>\$ 15,000,848</u>	<u>\$ 28,251,716</u>	<u>\$ 10,113,383</u>	<u>\$ 19,930,500</u>	<u>\$ 24,600,917</u>	<u>\$ 38,991,567</u>	<u>\$ 55,447,001</u>	<u>\$ 52,834,970</u>	<u>\$ 88,590,330</u>	<u>\$ 108,539,100</u>

City of Palm Coast, Florida

**Schedule 3**

**Fund Balances - Governmental Funds**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund										
Nonspendable	\$ 233,082	\$ 190,280	\$ 193,824	\$ 182,786	\$ 9,285	\$ 28,222	\$ 194,515	\$ 332,212	\$ 386,925	\$ 350,535
Restricted	33,918	11,596	11,695	7,398	6,760	5,000	5,000	18,110	-	5,000
Committed	2,244,922	2,826,717	2,744,058	2,861,815	3,315,327	3,420,646	3,297,449	5,485,856	5,802,095	5,024,449
Assigned	-	-	-	-	3,353,244	3,700,000	750,000	875,000	1,033,650	2,149,435
Unassigned	6,398,133	6,784,518	7,943,802	10,338,267	13,031,941	15,213,289	18,755,123	20,716,806	22,348,683	24,031,882
Total general fund	<u>\$ 8,910,055</u>	<u>\$ 9,813,111</u>	<u>\$ 10,893,379</u>	<u>\$ 13,390,266</u>	<u>\$ 19,716,557</u>	<u>\$ 22,367,157</u>	<u>\$ 23,002,087</u>	<u>\$ 27,427,984</u>	<u>\$ 29,571,353</u>	<u>\$ 31,561,301</u>
All Other Governmental Funds										
Unreserved, reported in:										
Restricted	\$ 5,503,692	\$ 7,942,641	\$ 10,368,514	\$ 20,207,946	\$ 21,272,702	\$ 24,760,020	\$ 37,340,992	\$ 39,624,835	\$ 43,623,211	\$ 55,339,208
Committed	5,432,117	2,139,299	2,992,575	3,399,168	3,399,169	5,287,314	9,258,816	8,614,644	9,061,029	7,479,656
Unassigned, reported in:										
Special revenue funds	(4,404,763)	(4,219,829)	(3,989,766)	(3,679,073)	(3,271,857)	(3,042,693)	(2,892,472)	(2,614,036)	(2,376,931)	(2,148,717)
Total all other governmental funds	<u>\$ 6,531,046</u>	<u>\$ 5,862,111</u>	<u>\$ 9,371,323</u>	<u>\$ 19,928,041</u>	<u>\$ 21,400,014</u>	<u>\$ 27,004,641</u>	<u>\$ 43,707,336</u>	<u>\$ 45,625,443</u>	<u>\$ 50,307,309</u>	<u>\$ 60,670,147</u>

City of Palm Coast, Florida

Schedule 4

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes	\$ 25,987,934	\$ 26,835,224	\$ 30,010,630	\$ 32,568,291	\$ 34,783,057	\$ 37,603,718	\$ 40,774,435	47,383,637	49,991,221	55,116,460
Licenses and permits	211,822	196,332	179,458	194,762	216,086	294,024	496,746	514,560	366,294	468,006
Intergovernmental revenues	8,391,343	10,153,064	7,728,828	6,756,429	8,515,442	12,237,811	9,298,354	10,644,876	18,686,471	18,021,436
Charges for services	4,872,149	5,417,506	6,160,086	5,849,169	5,711,244	6,625,327	6,677,850	6,668,237	7,215,845	7,166,398
Special assessments	327,571	333,148	333,494	333,120	336,329	318,322	332,644	331,279	331,959	332,590
Fines and forfeitures	574,371	614,849	589,441	669,127	556,719	561,399	576,409	625,561	573,185	718,954
Impact fees	2,790,609	3,112,084	3,303,542	3,792,555	4,243,367	7,715,512	10,948,570	7,285,050	11,351,657	12,349,349
Contributions	5,492	-	-	-	-	-	-	-	-	-
Investment Earnings (loss)	176,120	129,682	189,814	1,019,437	992,789	72,008	(1,068,643)	3,761,654	5,766,895	4,209,056
Miscellaneous	70,507	70,126	187,331	181,612	218,213	87,255	39,425	193,910	146,413	1,502,949
Total revenues	<u>\$ 43,407,918</u>	<u>\$ 46,862,015</u>	<u>\$ 48,682,624</u>	<u>\$ 51,364,502</u>	<u>\$ 55,573,246</u>	<u>\$ 65,515,376</u>	<u>\$ 68,075,790</u>	<u>\$ 77,408,764</u>	<u>\$ 94,429,940</u>	<u>\$ 99,885,198</u>
<b>Expenditures</b>										
Current:										
General government	8,459,094	9,608,481	10,311,850	9,710,617	10,020,480	14,387,633	12,007,325	13,632,565	15,514,711	16,097,598
Public safety	10,556,903	10,856,575	11,832,751	12,290,526	12,694,880	13,903,797	16,355,713	19,575,448	12,568,276	23,244,808
Transportation and physical environment	7,247,764	10,376,683	9,475,669	6,744,326	10,311,107	10,260,129	11,864,216	13,382,924	20,757,899	14,469,284
Culture and recreation	4,798,642	4,843,405	5,186,516	5,686,109	5,461,224	5,924,606	6,747,070	8,071,546	8,332,641	9,153,766
Capital outlay	10,231,758	10,537,734	7,302,868	4,650,191	8,506,891	15,493,513	5,057,348	16,067,986	26,774,263	27,238,121
Debt Service:										
Principal	641,000	660,000	680,000	701,000	722,000	744,000	767,000	790,000	815,000	736,000
Interest and Other	578,231	523,790	484,548	461,489	436,890	409,922	384,661	358,448	330,593	301,205
Total expenditures	<u>42,513,392</u>	<u>47,406,668</u>	<u>45,274,202</u>	<u>40,244,258</u>	<u>48,153,472</u>	<u>61,123,600</u>	<u>53,183,333</u>	<u>71,878,917</u>	<u>85,093,383</u>	<u>91,240,782</u>
Excess of revenues over (under) expenditures	894,526	(544,653)	3,408,422	11,120,244	7,419,774	4,391,776	14,892,457	5,529,847	9,336,557	8,644,416
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets	-	8,000	685,630	-	-	-	-	-	-	-
Transfers In	2,747,133	3,209,669	2,980,417	6,618,206	3,776,633	7,330,297	7,118,626	6,328,214	10,836,297	17,916,351
Transfers Out	(1,944,391)	(2,438,895)	(2,484,989)	(4,684,845)	(3,398,143)	(3,471,846)	(4,673,458)	(5,509,056)	(13,347,619)	(14,207,981)
Total other financing sources (uses)	<u>802,742</u>	<u>778,774</u>	<u>1,181,058</u>	<u>1,933,361</u>	<u>378,490</u>	<u>3,858,451</u>	<u>2,445,168</u>	<u>819,158</u>	<u>(2,511,322)</u>	<u>3,708,370</u>
Net change in fund balances	<u>\$ 1,697,268</u>	<u>\$ 234,121</u>	<u>\$ 4,589,480</u>	<u>\$ 13,053,605</u>	<u>\$ 7,798,264</u>	<u>\$ 8,250,227</u>	<u>\$ 17,337,625</u>	<u>\$ 6,349,005</u>	<u>\$ 6,825,235</u>	<u>\$ 12,352,786</u>
Debt Service as a percentage of noncapital expenditures	3.78	3.21	3.07	3.27	2.92	2.53	2.39	2.06	1.96	1.62

City of Palm Coast, Florida

Schedule 5

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended September 30,	Total Assessed Valuation <sup>(1)</sup>	Tax Exempt Properties <sup>(2)</sup>	Save Our Homes Exemptions <sup>(3)</sup>	Other Exemptions <sup>(4)</sup>	Total Exempt	Real Property Taxable Valuation	Personal Property Taxable Valuation	Centrally Assessed Property	Taxable Assessed Value	Total District Tax Rate	Percentage of Taxable Value to Assessed Value
2016	5,949,512,576	546,210,768	547,596,078	726,086,615	1,819,893,461	3,963,342,656	160,738,000	5,538,459	4,129,619,115	4.25	69.41%
2017	6,240,393,212	588,723,842	565,856,493	761,359,117	1,915,939,452	4,152,336,238	165,967,084	6,150,438	4,324,453,760	4.25	69.30%
2018	6,559,135,582	567,166,886	580,856,977	798,534,033	1,946,557,896	4,442,817,514	163,274,489	6,485,683	4,612,577,686	4.59	70.32%
2019	7,006,951,463	564,644,902	598,837,736	844,886,531	2,008,369,169	4,816,215,371	175,840,880	6,526,043	4,998,582,294	4.69	71.34%
2020	7,472,157,264	512,230,200	618,152,014	889,369,861	2,019,752,075	5,268,506,484	177,344,579	6,554,123	5,452,405,186	4.69	72.97%
2021	7,982,514,992	588,766,230	652,114,806	922,906,893	2,163,787,929	5,639,191,076	173,062,696	6,473,291	5,818,727,063	4.61	72.89%
2022	8,646,880,635	592,849,575	678,529,776	978,861,538	2,250,240,889	6,195,932,427	194,051,642	6,655,677	6,396,639,746	4.61	73.98%
2023	10,205,200,339	793,330,305	710,910,464	1,055,547,865	2,559,788,634	7,427,861,199	210,334,477	7,216,029	7,645,411,705	4.61	74.92%
2024	11,377,280,932	709,972,214	740,062,277	1,165,149,221	2,615,183,712	8,494,417,480	256,210,956	11,468,784	8,762,097,220	4.26	77.01%
2025	12,776,949,728	748,691,555	777,484,257	1,277,056,420	2,803,232,232	9,660,684,742	303,541,173	9,491,581	9,973,717,496	4.19	78.06%

Source: Flagler County Property Appraiser

Note:

- (1) The Flagler County Property Appraiser shall assess all property at market or just value. In arriving at just valuation as required under s. 4 Article VII of the State Constitution, the Property Appraiser takes into consideration the factors listed in Section 193.011, Florida Statutes.
- (2) Governmental and Institutional exemptions.
- (3) "Save Our Homes" (FS 193.155), limits annual increases in property value assessments on real property qualifying for and receiving Homestead Exemption and includes \$25,000 Homestead exemptions.
- (4) Other exemptions include additional \$25,000 homestead exemption, Disability, Widows/Widowers, Agricultural, land taxes, and Age 65 & older.
- (5) Information on estimated actual value is not provided because it cannot be reasonably estimated based on assessed values.

City of Palm Coast, Florida

**Schedule 6**

**Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years**

*(rate per \$1,000 of assessed value)*

Fiscal Year	City Direct Rates <sup>(1)</sup>			Overlapping Rates <sup>(2)</sup>		
	General Purposes	Capital Purposes	Total	School District	East Flagler Mosquito Control District	Florida Inland Navigation District
2016	4.0828	0.1622	4.2450	7.2550	0.2376	0.0320
2017	4.1120	0.1330	4.2450	6.9520	0.2395	0.0320
2018	4.3461	0.2476	4.5937	6.6390	0.2403	0.0320
2019	4.5912	0.1077	4.6989	6.4100	0.2518	0.0320
2020	4.5912	0.1077	4.6989	6.2020	0.2458	0.0320
2021	4.6053	0.0937	4.6989	6.0020	0.2375	0.0320
2022	4.5384	0.0716	4.6100	5.8650	0.2575	0.0320
2023	4.5384	0.0716	4.6100	5.5460	0.2975	0.0320
2024	4.1942	0.0628	4.2570	5.4030	0.3250	0.0288
2025	4.1339	0.0554	4.1893	5.3650	0.3250	0.0288

Source: Flagler County Tax Collector

**Note:**

(1) The tax rate is limited to \$10.00 per thousand by the State of Florida. Any additional amount requires a majority vote of the city's residents.

(2) Overlapping rates are those local and county governments that apply to property owners within the City of Palm Coast.

City of Palm Coast, Florida

Schedule 7

Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
FLORIDA POWER & LIGHT COMPANY	\$ 202,227,060	1	2.028%	\$ 73,684,924	1	1.704%
EBSCO INTEGRA WOODS LLC	38,300,000	2	0.384%	17,380,000	3	0.402%
POINTE GRAND PALM COAST LLC	30,849,818	3	0.309%			-
WILTON RESIDENCES LLC	25,652,931	4	0.257%			-
PINE LAKES ACQUISITIONS LLC	22,100,000	5	0.222%			
BRANCH ISLAND WALK ASSOCIATES	21,600,000	6	0.217%	16,430,200	4	0.380%
PALM COAST LANDING OWNER LLC	20,600,000	7	0.207%	20,763,307	2	0.480%
TEG AT BROOKHAVEN LLC	20,000,000	8	0.201%			-
BC TUSCAN RESERVE LLC	16,200,000	9	0.162%			-
CUBESMART L P	13,466,714	10	0.135%			-
BELLSOUTH TELECOMMUNICATIONS	-		-	13,404,811	5	1.704%
FLORIDA LANDMARK COMMUNITIES	-		-	13,259,280	6	0.307%
PALM COAST MEDICAL SPECIALISTS	-		-	10,701,518	7	0.247%
BRIGHTHOUSE NETWORKS	-		-	10,568,571	8	0.244%
CELEBRITY RESORTS OF PALM COAST	-		-	10,346,400	9	0.239%
PALMCOAST WATERCHASE LLC	-		-	9,988,000	10	0.231%
	<u>\$ 410,996,523</u>		<u>4.121%</u>	<u>\$ 196,527,011</u>		<u>5.938%</u>

Source: Flagler County Property Appraiser

City of Palm Coast, Florida

Schedule 8

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>(2)</sup>	Total Collections to Date	
		Amount	Percentage of Levy <sup>(1)</sup>		Amount	Percentage of Levy
2016	\$ 17,583,231	\$ 16,901,139	96.12%	\$ -	\$ 16,901,139	96.12%
2017	18,449,374	17,680,005	95.83%	-	17,680,005	95.83%
2018	21,197,632	20,428,875	96.37%	19,925	20,448,800	96.47%
2019	23,507,564	22,629,676	96.27%	6,072	22,635,748	96.29%
2020	25,619,203	24,710,816	96.45%	14,828	24,725,644	96.51%
2021	27,376,801	26,355,699	96.27%	19,683	26,375,382	96.34%
2022	29,565,642	28,421,208	96.13%	14,916	28,436,124	96.18%
2023	35,296,473	33,932,231	96.13%	-	33,932,231	96.13%
2024	37,235,830	35,931,884	96.50%	12,907	35,944,791	96.53%
2025	41,721,406	40,265,494	96.51%	13,258	40,278,752	96.54%

Source: Flagler County Property Appraiser

Note:

(1) Taxes are levied on November 1 of each year. Taxes are due by March 31 of the following year. Taxes paid prior to March 31 receive discounts of up to 4%. See Note 1 of the financial statements for more details.

(2) Details relating to collections in subsequent years is unavailable. Subsequent collections have been applied to fiscal years based on an estimate of collections.

Schedule 9

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Taxable Assessed Value of Property	Percentage Taxable Assessed Value of Property	Personal Income (thousands of dollars)	Estimated Population	Percentage of Personal Income <sup>(d)</sup>	Per Capita <sup>(d)</sup>
	SRF/Bank Loan <sup>(c)</sup>	SBITA Payable	Utility Revenue Bonds <sup>(a)</sup>	Utility SRF Loan <sup>(b)</sup>	Stormwater SRF/Bank Loan <sup>(b)</sup> Leases	IT Capital Leases							
2016	\$ 9,025,000	-	\$ 89,473,487	\$ 62,815,651	\$ 10,212,258	\$ 50,517	\$ 171,576,913	\$ 4,129,619,115	4.15%	\$ 4,380,834	81,184	3.92%	2,113
2017	8,365,000	-	86,078,817	81,854,682	9,115,226	33,546	185,447,271	4,324,456,760	4.29%	-	82,760	-	2,241
2018	7,685,000	-	82,564,998	81,395,802	7,991,320	15,897	179,653,017	4,612,577,686	3.89%	4,800,969	84,575	3.74%	2,124
2019	6,984,000	-	78,923,071	76,780,625	6,839,265	-	169,526,961	4,995,651,282	3.39%	5,179,684	86,768	3.27%	1,954
2020	6,261,809	-	75,144,144	73,026,993	10,748,777	-	165,181,723	5,452,170,314	3.03%	5,473,063	89,437	3.02%	1,847
2021	5,517,809	-	74,527,475	69,239,217	9,454,084	-	158,738,585	5,826,214,849	2.72%	5,993,452	92,866	2.65%	1,709
2022	4,750,809	-	70,298,885	66,331,431	16,995,387	-	158,376,512	6,413,371,450	2.47%	6,812,858	96,504	2.32%	1,641
2023	3,960,809	485,176	65,175,000	70,089,852	15,406,272	-	155,117,109	7,656,501,768	2.03%	7,639,215	101,737	2.03%	1,525
2024	3,145,809	109,106	59,945,000	77,369,624	14,220,353	-	154,789,892	8,746,964,994	1.77%	8,388,319	106,193	1.85%	1,458
2025	2,409,809	314,181	54,510,000	76,697,894	30,481,312	-	164,413,196	9,959,039,986	1.65%	9,922,129	110,330	1.66%	1,490

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. Population estimates by the Bureau of Economic and Business Research, University of Florida.

(a) The City purchased the local water and wastewater utility on October 30, 2003, issuing revenue bonds to fund the purchase. During fiscal year 2007, the City issued an additional \$49,840,000 in bonds to fund a new water treatment plant. During fiscal year 2013, the City refinanced the 2003 utility revenue bonds, and issued an additional \$21 million in new bond debt.

(b) The City obtained an SRF and bank loans to fund the expansion of the wastewater treatment plant, water distribution infrastructure and stormwater system improvements.

(c) The City obtained a bank loan in the amount of \$4,000,000 during fiscal year 2010 to fund land purchases and improvements in the SR100 CRA. This loan was refinanced during fiscal year 2013, including an additional \$2,088,000 in new loan for improvements in the SR100 CRA. During fiscal year 2014, the City refinanced a SR100 CRA interfund loan with a local bank in the amount of \$5,839,000.

(d) Personal income data is for Flagler County. See Demographic and Economic Statistics on page 151 for personal income and population data. Personal income data is not available for 2017.

City of Palm Coast, Florida

Schedule 10

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding		Taxable Assessed Value of Property	Percentage Taxable Assessed Value of Property	Estimated Population	Per Capita
	Local Government Pooled Loan	Total				
2016	-	-	\$ 4,129,619,115	-	81,184	-
2017	-	-	4,324,456,760	-	82,760	-
2018	-	-	4,612,577,686	-	84,575	-
2019	-	-	4,995,651,282	-	86,768	-
2020	-	-	5,452,170,314	-	89,437	-
2021	-	-	5,826,214,849	-	92,866	-
2022	-	-	6,413,371,450	-	96,504	-
2023	-	-	7,656,501,768	-	101,737	-
2024	-	-	8,746,964,994	-	106,193	-
2025	-	-	9,959,039,986	-	110,330	-

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. Population estimates from the Bureau of Economic and Business Research, University of Florida.

City of Palm Coast, Florida

Schedule 11

Direct and Overlapping Governmental Activities Debt

As of September 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>(a)</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Flagler County General Obligation Bonds, Series 2015	\$ 15,110,000	60.28	\$ 9,108,308
Flagler County Refunding Limited Tax General Obligation Bonds, Series 2016	4,410,000	60.28	2,658,348
<b>Other debt</b>			
Flagler County School Board District Certificates of Participation	20,487,604	53.36	10,932,185
Flagler County School Board District Revenue Bonds	670,000	53.36	357,512
Flagler County Notes Payable	18,794,211	53.36	10,028,591
Flagler County Refunding Capital Improvement Revenue Bonds, Series 2015	22,345,000	53.36	11,923,292
Subtotal, overlapping debt			45,008,236
<b>City Direct Debt, including Leases and SBITAs</b>			<u>2,498,645</u>
<b>Total Direct and overlapping debt</b>			<u>\$ 47,506,881</u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Flagler County Property Appraiser. Debt outstanding data provided by each governmental unit.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Palm Coast. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental units' taxable value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This same formula is used for other overlapping debt.

**Schedule 12**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

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The Constitution of the State of Florida,  
Florida Statutes 200.181 and the City of Palm Coast Charter  
sets no legal debt margin

City of Palm Coast, Florida

**Schedule 13**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Utility Revenue Bonds							Coverage
	Utility Service Charges <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Rate Stabilization Transfers To/(From) <sup>(3)</sup>	Net Available Revenue	Debt Service			
					Principal	Interest		
2016	\$ 37,487,422	\$ 16,636,758	\$ -	\$ 20,850,664	\$ 4,801,000	\$ 5,308,376	2.06	
2017	38,188,199	18,384,360	-	19,803,839	4,414,000	4,762,556	2.16	
2018	38,572,424	22,097,569	-	16,474,855	4,591,000	4,573,764	1.80	
2019	42,364,833	22,393,666	-	19,971,167	4,780,000	4,376,556	2.18	
2020	45,482,462	24,068,365	-	21,414,097	4,983,000	4,169,487	2.34	
2021	48,852,277	25,435,490	-	23,416,787	5,812,000	2,641,079	2.77	
2022	53,287,873	28,451,421	-	24,836,452	6,872,000	1,827,155	2.86	
2023	60,056,558	32,255,334	-	27,801,224	7,097,000	1,598,479	3.20	
2024	67,138,561	34,750,768	-	32,387,793	7,336,000	1,358,570	3.73	
2025	76,965,108	38,468,045	-	38,497,063	7,400,000	1,289,432	4.43	

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City purchased the local water and wastewater utility on October 30, 2003, issuing revenue bonds to fund the purchase.

(1) Gross revenues include operating revenue of the system and interest earnings. Interest earnings from construction funds are excluded.

(2) Operating expenses include operating and administrative expenses of the system.

(3) Transfers to the rate stabilization account decrease net revenues, and transfers from the rate stabilization account increase net revenues, per the bond resolution.

**Schedule 14**  
**Demographic and Economic Statistics,**  
**Last Ten Calendar Years**

Calendar Year	Population	Personal Income <sup>(a)</sup> (Thousands of Dollars)	Per Capita Personal Income <sup>(a)</sup>	School Enrollment	Unemployment Rate
2016	82,760	\$ 4,380,834	\$ 40,447	12,855	5.50%
2017	84,575	4,800,969	43,444	12,814	4.70%
2018	86,768	5,179,684	46,220	12,829	4.00%
2019	89,018	5,473,063	47,558	12,844	3.80%
2020	89,437	5,993,452	50,599	12,809	7.80%
2021	92,866	6,812,858	56,336	12,946	4.40%
2022	96,504	7,639,215	60,291	12,853	3.20%
2023	101,737	8,388,319	63,819	13,131	4.00%
2024	106,193	9,123,047	66,716	13,331	4.40%
2025	110,330	9,922,129	69,745	13,503	5.40%

**Sources:** Population estimates by the Bureau of Economic and Business Research, University of Florida. Personal income data per the U.S. Bureau of Economic Analysis. School enrollment data is from the Flagler County School Board. Unemployment rates are from the Bureau of Labor Statistics. Estimated 2025 based on 2024 amounts.

(a) Personal income data is for Flagler County.

City of Palm Coast, Florida

Schedule 15

Principal Employers

Current Year and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage of Total County Employment <sup>(a)</sup>	Employees	Rank	Percentage of Total County Employment <sup>(a)</sup>
Flagler County Schools	2,184	1	3.90%	1,741	1	4.27%
Advent Health Palm Coast (previously Florida Hospital-Flagler)	1,713	2	3.06%	1,057	2	2.59%
ALSW LLC	1,075	3	1.92%	-	-	-
Publix Supermarkets	863	4	1.54%	690	5	1.69%
Hammock Beach Resort	661	5	1.18%	467	6	1.14%
City of Palm Coast	591	6	1.06%	413	7	1.01%
Flagler County Board	535	7	0.96%	280	9	0.69%
Walmart	452	8	0.81%			
Flagler County Sheriffs Office	377	9	0.67%	270	10	0.66%
Target	186	10	0.33%			
Palm Coast Data	-	-		721	4	1.77%
Bloomin' Brands	-	-		290	8	0.71%
Boston Whaler (previously Sea Ray Boats)	-	-		740	3	1.81%
Total	<u>8,637</u>		<u>15.43%</u>	<u>6,669</u>		<u>16.34%</u>

Source: Flagler County Chamber of Commerce, Florida Research and Economic database for civilian workforce, and Career Source.

Note:

(a) Statistics relating to total city employment are unavailable. The City of Palm Coast represents approximately 80% of the total population of Flagler County.

**Schedule 16**

**Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years**

Full-Time-Equivalent Employees as of September 30,										
Function/Program	2016	2017	2018	2019	2020 (b)	2021	2022	2023	2024	2025
General Government										
City Administration	15	15	17	19	16	16	16	20	23	23
City Attorney	1	1	1	1	1	1	1	1	-	-
City Clerk	2	2	2	2	3	3	2	2	-	-
Financial Services	8	9	9	9	14	15	16	17	15	15
Information Tech and Communications	-	-	-	-	-	-	-	-	-	-
Community Development	40	40	41	41	39	43	44	44	47	47
Building and Code Enforcement	-	-	-	-	-	-	-	-	-	-
Fire	58	58	58	58	60	63	66	69	75	75
Law Enforcement	-	-	-	-	-	-	-	-	-	-
Streets and Facilities	67	70	75	77	57	56	51	53	58	59
Engineering	-	-	-	-	-	-	-	-	-	-
Construction Management and Engineering	16	19	20	11	9	6	7	8	8	8
Recreation and Athletics	21	21	21	19	29	32	35	37	37	37
Water and Wastewater Utility <sup>(1)</sup>	120	125	128	143	148	146	153	160	163	166
Stormwater Management <sup>(2)</sup>	27	27	27	37	48	48	53	59	68	78
Solid Waste	-	-	-	-	-	-	-	2	2	3
Golf Course	-	-	10	10	2	2	3	3	3	3
Building Permits	17	17	18	20	24	24	25	26	26	26
Information Technology Operations	11	11	13	14	15	16	19	21	23	24
Information Technology Enterprise	-	-	-	1	1	1	1	1	1	1
Southern Recreation Center (previously Tennis Center)	-	-	4	4	1	1	1	2	3	3
Aquatic Center	-	-	-	8	2	2	2	2	2	2
Fleet Management	6	7	7	10	10	11	13	14	15	15
Facilities Management	4	2	2	4	4	5	12	12	6	6
<b>Total</b>	<b>413</b>	<b>424</b>	<b>453</b>	<b>488</b>	<b>483</b>	<b>491</b>	<b>520</b>	<b>553</b>	<b>575</b>	<b>591</b>

Source: City Budget

Notes: A full-time employee is scheduled to work 2,080 hours per year, including vacation and sick leave. Fire employees (not including administrative positions) are scheduled to work 2,756 hours per year, including vacation and sick leave. Full-time-equivalent employment is calculated by dividing total labor hours by 2,756 for Fire, and 2,080 for all other employees.

(1) The City purchased the local water and wastewater utility on October 30, 2003.

(2) The City and the Palm Coast Community Service Corporation (PCCSC) merged during fiscal year 2005 creating the Stormwater Management department.

(b) Budget and Procurement Office was moved from Administration to Financial Services.  
Parks Maintenance was moved from Streets to Parks and Recreation.

**Schedule 17**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Building Permits Issued										
Residential	484	633	777	905	1148	2104	1859	1604	1898	1584
Commercial	114	84	66	108	20	16	17	26	107	127
Other	9,269	12,432	13,447	12,064	13,106	15,571	15,505	15,159	12,385	13,171
Total	9,867	13,149	14,290	13,077	14,274	17,691	17,381	16,789	14,390	14,882
Building Inspections	28,912	37,611	43,502	43,365	52,320	73,242	91,938	103,527	93,613	89,984
Code Violations										
Total Code Violations	16,135	17,079	17,769	18,145	15,229	17,673	17,474	17,528	16,386	16,578
Code Violations Cleared	15,473	16,677	17,372	17,785	15,147	17,468	16,932	17,445	15,096	16,428
Expenditures per Cleared Violation	\$129	\$145	\$143	\$149	\$176	\$149	\$165	\$173	\$209	\$209
Fire and Rescue										
Total Calls <sup>(7)</sup>	9,592	10,182	9,934	10,449	10,895	12,598	13,290	14,305	16,699	17,821
Fire Calls <sup>(6)</sup>	166	154	129	144	133	155	268	156	150	173
EMS Calls	6,204	6,873	6,808	5,775	5,285	6,173	8,285	7,430	8,570	8,935
% Responses under 5 Minutes <sup>(5)</sup>	-	-	-	45%	43%	48%	29%	62%	N/A	N/A
% Responses under 7 Minutes <sup>(5)</sup>	66%	61%	61%	77%	76%	82%	65%	65%	72%	73%
Public Works										
Refuse Collection (Annual Tons)	32,058	32,981	35,732	35,169	44,972	45,767	49,055	53,095	47,600	50,839
Recycle Collection (Annual Tons) <sup>(3)</sup>	5,188	5,037	4,735	4,640	6,285	4,863	5,693	5,479	5,181	5,268
Street Rehabilitation (Expenditures per capita)	\$69	\$72	\$40	\$17	\$43	\$35	\$36	\$45	\$33	\$37
Potholes Repaired	38	40	174	229	136	187	156	264	241	616
Parks and Recreation										
Developed Park Acres/1000 population	9.33	9.15	8.95	8.72	8.46	8.15	7.95	8.09	7.79	7.67
Recreation Program Expenditures/1000 population <sup>(4)</sup>	\$40,762	\$37,762	\$37,682	\$41,581	\$36,756	\$38,685	\$41,764	\$48,989	\$48,798	\$50,274
Total Recreation Revenues/1000 population <sup>(4)</sup>	\$20,741	\$19,061	\$19,082	\$21,224	\$15,142	\$21,379	\$24,414	\$22,489	\$24,151	\$25,586
Engineering and Stormwater <sup>(1)</sup>										
Freshwater Canal Maintenance -										
100% Annual Service Required	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Existing Swale Service -										
2% of Existing Swales Regraded Annually	4%	4%	4%	2%	2%	5%	5%	4%	3%	6%
Hazardous Drainage Conditions Resolved -										
100% Repaired in 24 Hours	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Water <sup>(2)</sup>										
New Connections	618	715	932	950	1619	2319	2254	1846	1782	1923
Peak Daily Water Demand (Million gallons per day)	10.25	9.22	9.71	11.15	11.08	11.31	11.01	10.82	12.58	12.24
Wastewater <sup>(2)</sup>										
Peak Daily Wastewater Treated (Million gallons per day)	6.83	7.14	13.5	10.14	12.51	10.8	17.07	13.94	16.85	17.01

Sources: Various City departments

**Notes:**

- (1) The City and the Palm Coast Community Service Corporation (PCCSC) merged during fiscal year 2005 creating the Stormwater Management department.
- (2) The City purchased the local water and wastewater utility on October 30, 2003.
- (3) Starting in 2015, yard waste is being recycled and included in these totals.
- (4) Starting in 2015, the golf course and tennis center were merged with the Parks and Recreation Department.
- (5) Starting in 2016 the response time reporting has been changed from 5 minutes to 7 minutes.
- (6) Starting in 2017 the Fire calls include all fire related calls.
- (7) Starting in 2024, total calls are reported.

City of Palm Coast, Florida

**Schedule 18**

**Capital Asset Statistics by Function/Program**

**Last Ten Fiscal Years**

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fire and Rescue										
Stations	5	5	5	5	5	5	5	5	5	5
Apparatus	20	20	20	20	20	14	14	14	14	14
Public Works										
Streets (miles)	1,169	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176
Traffic Signals	53	53	53	53	62	62	62	62	62	63
Fleet Size	220	231	235	248	256	276	279	287	305	309
Parks and Recreation										
Acreage <sup>(3)</sup>	1,275	1,275	1,011	1,011	1,011	1,011	1,011	1,011	1,071	1,068
Playgrounds	8	8	8	8	8	8	8	8	8	8
Athletic Fields	22	25	25	25	25	26	26	26	26	26
Community Centers	1	1	1	1	1	1	1	1	1	1
Stormwater <sup>(1)</sup>										
Swales (miles)	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222
Drainage ditches (miles)	172	172	177	177	177	177	177	177	177	177
Canals (miles)	84	84	84	84	84	84	84	84	84	84
Water control structures	31	31	31	31	31	31	31	31	31	31
Water <sup>(2)</sup>										
Water Mains (miles)	721	721	733	733	750	750	750	800	830	830
Fire Hydrants	3,826	3,826	3,860	3,860	3,902	3,978	3,993	4,066	4,174	4,296
Permitted Groundwater Supply Capacity SJRWMD (millions of gallons per day)	11.025	11.025	11.025	11.025	11.025	11.025	11.025	11.025	11.025	11.025
Permitted Capacity by DEP (millions of gallons per day)	15.38	15.38	16.58	16.58	16.58	16.58	16.58	16.58	16.58	16.58
Wastewater <sup>(2)</sup>										
Sewers (miles)	633	633	635	635	640	646	650	800	800	800
Treatment Capacity (millions of gallons per day)	6.83	6.83	8.83	8.83	8.83	8.83	8.83	8.8	8.83	10.83

Sources: Various City departments

Notes:

(1) The City and the Palm Coast Community Service Corporation (PCCSC) merged during fiscal year 2005 creating the Stormwater Management department.

(2) The City purchased the local water and wastewater utility on October 30, 2003.

(3) In fiscal year 2023, a GIS detailed mapping was performed and total acreage was adjusted from 2018 to 2023.

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## **Other Reports**

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Federal/State Agency, Pass-Through Grantor/Program Title/State Project	AL/CSFA Number	Contract Grant Number	Expenditures	Passed Through to Subrecipients
<b>Federal Expenditures</b>				
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant (CDBG) Entitlement/Grant Program	14.218	N/A	\$ 696,386	\$ -
Community Development Block Grant (CDBG) CARES Program	14.218	N/A	6,860	-
Total U.S. Department of Housing and Urban Development			703,246	-
<b>U.S. Department of Transportation</b>				
Passed through the Florida Department of Transportation				
Highway Planning and Construction	20.205	N/A	257,195	-
Passed through the Florida Department of Environmental Protection				
Recreational Trails Program	20.219	N/A	325,000	-
Total U.S. Department of Transportation			582,195	-
<b>U.S. Department of Treasury</b>				
Direct				
Coronavirus State and Local Fiscal Recover Funds	21.027	ARPA_FS22 Replacement	2,735,725	-
Coronavirus State and Local Fiscal Recover Funds	21.027	ARPA_OKR Force Main	2,501,880	-
Passed through Flagler County				
Coronavirus State and Local Fiscal Recover Funds	21.027	ARPA_Wastewater Extension	2,912,936	-
Total U.S. Department of Treasury			8,150,541	-
<b>U.S. Department of Homeland Security</b>				
Passed through Florida Division of Emergency Management				
Hazard Mitigation Grant Program	97.039	N/A	10,500	-
Assistance to Firefighters - Paramedic Training	97.044	N/A	33,048	-
Total U.S. Department of Homeland Security			43,548	-
Total Expenditures of Federal Awards			\$ 9,479,530	\$ -
<b>State Financial Assistance</b>				
Florida Department of Environmental Protection				
Stormwatre_P-1 Weir Replacement	37.039	N/A	\$ 245,790	\$ -
Sewer Forcemain from Malacompra to Marineland	37.039	N/A	554,543	-
SRF - WWTP#2 EXPANSION Construction	37.077	N/A	4,598,623	-
Total Florida Department of Environmental Protection			5,398,956	-
Florida Department of Financial Services				
Local Government Fire Service Grants - Fire Station #26	43.009	N/A	4,375,113	-
Total Florida Department of Financial Services			4,375,113	-
Florida Department of Transportation				
OKR Phase II-Construction	55.039	N/A	-	-
OKR Phase II-Design	55.039	N/A	38,870	-
Matanzas Woods Pakway Extnsion W PH-2	55.039	N/A	244,729	-
Total Florida Department of Transportation			283,599	-
Total Expenditures of State Financial Assistance			\$ 10,057,668	\$ -

NOTES:

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant awards and state financial assistance activity of the City of Palm Coast, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Section 215.97, Florida Statutes. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the fiscal year ended September 30, 2025.

**Note 3 - De Minimis Indirect Cost Rate Election**

The City did not elect to use the allowable de minimis cost rate as covered in Section 200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

**Note 4 - Non-Cash Assistance**

The City did not receive non-cash assistance during the year ended September 30, 2025.

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## Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Honorable Mayor and Members of  
the City Council  
City of Palm Coast, Florida**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Coast, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 9, 2026.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bradenton, Florida  
March 9, 2026



# Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

**Honorable Mayor and Members of  
the City Council  
City of Palm Coast, Florida**

## **Report on Compliance for Each Major Federal Program and State Project**

### ***Opinion on Each Major Federal Program and State Project***

We have audited the City of Palm Coast, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2025. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

### ***Basis for Opinion on Each Major Federal Program and State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs and state projects.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Bradenton, Florida  
March 9, 2026

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**SECTION I  
SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
Material weaknesses identified?  yes  no

Significant deficiencies identified not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal and State Programs**

Internal control over major federal or state programs:  
Material weaknesses identified?  yes  no

Significant deficiencies identified not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major federal/state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.550, Rules of the Auditor General?  yes  no

Identification of major federal programs and state projects:

AL Number	Name of Federal Program or Cluster
21.027	U.S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds
CSFA Number	Name of State Project
39.039	Statewide Water Quality Restoration Projects
43.009	Local Government Fire Service Grants

Dollar threshold used to distinguish between  
Type A and Type B federal programs: \$1,000,000  
Type A and Type B state projects: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted.

# City of Palm Coast, Florida

## **SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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None noted.



## Independent Auditor's Management Letter

**Honorable Mayor and Members of  
the City Council  
City of Palm Coast, Florida**

### **Report on the Financial Statements**

We have audited the financial statements of the City of Palm Coast, Florida (the "City"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 9, 2026.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated March 9, 2026, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial report requiring correction.

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is included in Note 1 to the financial statements.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Property Assessed Clean Energy (PACE) Programs**

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

## **Special District Component Units**

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, require us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor and Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 9, 2026

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## Independent Accountant's Report

**Honorable Mayor and Members of  
the City Council  
City of Palm Coast, Florida**

We have examined the City of Palm Coast, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 9, 2026

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