

CHECKS & BALANCES

Your Guide to County Finances
Palm Beach County, Florida

MESSAGE FROM CLERK BOCK



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Dear Residents:

Many call it the "Great Recession," but Fiscal Year 2009 was also the year of the "Catch-22." Mortgage interest rates hit record lows, but it was harder than ever for potential home buyers to secure credit. Home prices dropped to affordable levels, but homeowners who bought at the real estate peak couldn't relocate because they were upside down on their mortgages. Tax reforms implemented in FY2008 lowered property taxes for some, but the decreased revenue from taxes forced governments to cut services to residents. Finally, let's not forget the vicious cycle triggered by revenue shortfalls not just in government, but in businesses throughout the County. Layoffs led to record-setting unemployment levels, which contributed to a record-breaking number of foreclosures here in Palm Beach County.

While 2010 appears to be ushering in the start of an economic recovery, County government is still facing financial challenges. In FY2009, Palm Beach County saw a second straight year of decreased revenue due to drops in property taxes and property values, as well as other sources of income. The proper prioritizing of funds and services, while necessary even in good economic times, has become even more critical.

With less money to go around, it is more important than ever that our elected leaders make fiscally responsible decisions while using our tax dollars. It is just as important for you to understand how your tax dollars are managed and spent. The new edition of *Checks & Balances: Your Guide to County Finances* not only provides important and practical financial information, it also empowers you to participate in the decisions of County government and play a key role in its future. This fourth annual easy-to-read guide will highlight many of the financial challenges during the 2009 fiscal year, the impact on your community, and changes in government spending.

As your Clerk & Comptroller, I am committed to transparency in how your tax dollars are spent, and to giving you the tools you need to hold your elected leaders accountable for the financial decisions they make. *Checks & Balances* is one of many useful and award-winning financial publications available on our Web site, www.mypalmbeachclerk.com. Please share your comments, questions or suggested topics for next year by e-mailing me at clerkweb@mypalmbeachclerk.com or by calling (561) 355-2996. It remains my honor and privilege to serve as your Clerk & Comptroller.

Best regards,

A handwritten signature in black ink that reads "Sharon R. Bock".

Sharon R. Bock, Esq., Constitutional Clerk & Comptroller, Palm Beach County

Clerk & Comptroller Sharon R. Bock was elected to the office in 2004. Certified as an Accredited Investment Fiduciary®, she holds a Juris Doctorate and has earned insurance and securities licenses Series 7, 63 and 65. One of Clerk Bock's key priorities is to educate the public about how tax dollars are managed and spent.

About This Guide

More than 200 years ago, President Thomas Jefferson wrote to his treasury secretary about the importance of transparency in government finances. His words are just as true today, as they were then.

"We might hope to see the finances of the Union as clear and intelligible as a merchant's books, so that every member of Congress and every man of any mind in the Union should be able to comprehend them, to investigate abuses, and consequently to control them."

-President Thomas Jefferson to Treasury Secretary Albert Gallatin, 1802*

Checks & Balances: Your Guide to County Finances is produced by the Palm Beach County Clerk & Comptroller's office as a tool

to help residents understand how public funds are managed and spent. Most of the information in this guide is derived from the office's *Comprehensive Annual Financial Report* (CAFR) for the fiscal year that ended on September 30, 2009. The CAFR, which is available at www.mypalmbeachclerk.com, includes more than 200 pages of detailed County financial statements, notes, schedules and reports.

Checks & Balances, which is also called a *Popular Annual Financial Report* (PAFR), includes condensed and simplified information from the CAFR, County budget and other financial reports. This award-winning guide is a recommended practice of the Government Finance Officers Association, the authority on best practices in governmental accounting and financial reporting.

This guide was produced by the Clerk's office using existing in-house resources. The office is committed to cost savings and, therefore, has printed only a limited number of copies at a per unit cost of \$1.16. Citizens are encouraged to view the online edition at www.mypalmbeachclerk.com. The electronic version contains useful links to other helpful information and reference materials.

Because this is a summary, Checks & Balances does not conform with generally accepted accounting principles and reporting requirements for government entities. This guide does not include financial information on the Housing Finance Authority of Palm Beach County, Westgate/Belvedere Homes Community Redevelopment Agency and the Metropolitan Planning Organization of Palm Beach County. Although these organizations receive funding from the County, they are set up by County ordinance or resolution to be entities that are legally separate from the County.

*Source: *A Citizen's Guide to the 2009 Financial Report of the U.S. Government*, U.S. Government Accountability Office

Table of Contents

INTRODUCTION

About This Guide..... [1](#)
 Financial Reporting Recognition [2](#)

YOUR COUNTY

Government in Your County..... [3](#)
 About the Clerk & Comptroller [4](#)
 Your Community [5](#)

YOUR COUNTY'S FUNDING

County Government Revenue [7](#)
 Property Taxes [8](#)
 Economic Factors [10](#)

YOUR COUNTY'S BUDGET

Budget at a Glance..... [11](#)
 Select Operating Budgets [13](#)

YOUR COUNTY'S EXPENSES

Where Your Money Goes [14](#)
 Reserves..... [15](#)

YOUR TAX DOLLARS AT WORK

Investments [16](#)
 Debt..... [18](#)
 What the County Owns and Owes [20](#)

CONTACT INFORMATION [21](#)

Financial Reporting Recognition

The Clerk & Comptroller is committed to providing residents with clear, concise information about County revenue and spending. As part of our culture of continuous improvement, we measure the effectiveness of our financial reporting by asking industry experts to evaluate our financial publications. We are honored that all previous editions of *Checks & Balances: Your Guide to County Finances* have been recognized for excellence while earning the following awards:

- **Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association (GFOA), FY2006, FY2007, FY2008**
- **Palm Award from the Public Relations Society of America's Palm Beach Chapter, 2009**
- **Silver Spotlight Award from the League of American Communications Professionals, 2007**

The *Comprehensive Annual Financial Report (CAFR)*, one of the supporting documents for this guide, is also award-winning, having earned the GFOA's Certificate of Achievement for Excellence in Financial Reporting for an impressive 20 consecutive years.

All Clerk & Comptroller financial publications are online at www.mypalmbeachclerk.com, including the *CAFR*, *Checks & Balances: Your Guide to County Finances*, the *Annual Investment Guide* and the *Annual Debt Guide*. Because financial transparency is a top priority for the office, you will also find online: audits conducted by the Clerk & Comptroller's office, audits of the office conducted by external entities and "Clerks in the Sunshine"—a section containing Clerk budget information and efficiency reports.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**Palm Beach County
Florida**

for the Fiscal Year Ended

September 30, 2008




President

Executive Director

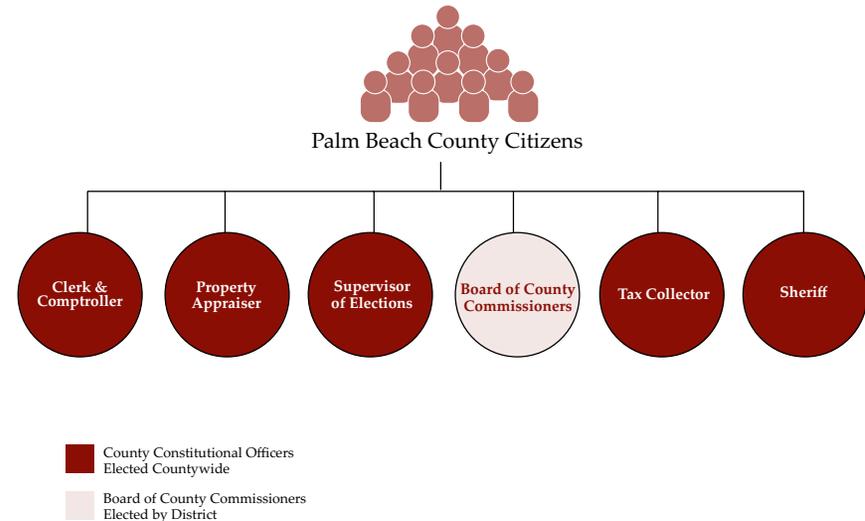
Government in Your County

Established in 1909 as a political subdivision of the State of Florida, Palm Beach County is governed by a Board of County Commissioners (BCC), made up of seven citizens elected in separate districts. These commissioners act as a local legislative body, setting public policy, levying taxes and funding projects, programs and the operations of nearly 30 County departments. A county administrator, appointed by the BCC, carries out the policies and decisions made and approved by the commissioners.

Funded primarily by your property taxes, the County must prepare an annual budget authorizing the spending of public funds. State law requires that the County have a balanced budget that can only be amended throughout the fiscal year with BCC approval at public board meetings.

In addition to the BCC, there are 38 municipalities within Palm Beach County that create their own budgets and have the ability to levy taxes within the municipality.

Voters also elect five independent constitutional officers: Clerk & Comptroller, Property Appraiser, Tax Collector, Sheriff and Supervisor of Elections. The framers of the state constitution intentionally made these offices separate and independent from the rest of County government to ensure that the same entity that decided how to spend your tax dollars (BCC), was not the same entity that paid the County's bills (Clerk & Comptroller, see [page 4](#)), assessed your property's taxable value (Property Appraiser), collected your taxes (Tax Collector), protected its citizens (Sheriff), or oversaw the election process (Supervisor of Elections). Each Constitutional Officer is elected to represent the entire County. Some, such as the Sheriff and Supervisor of Elections, are funded by your property taxes. Others, such as the Clerk, Tax Collector and Property Appraiser, are primarily funded by fees paid by those who use the services of the offices. These offices cannot set policy or levy taxes like the BCC.



Stay Informed

The Clerk's office makes it easier than ever to stay informed about County government. Visit **myMinutes** at www.mypalmbeachclerk.com to search BCC meeting minutes linked directly to video of the meeting.



About The Clerk & Comptroller

The Clerk & Comptroller is a public trustee, responsible for safeguarding public records and public funds. In addition to the roles of Clerk of the Circuit Court, County Recorder and Clerk of the Board of County Commissioners, the Clerk has the following responsibilities:

Chief Financial Officer - Monitor the County budget, revenue, debt and spending. Pay County bills, maintain financial records, and produce required financial statements and reports.

Treasurer - Invest and earn interest income on County funds to reduce the tax burden on residents.

Auditor - Conduct independent risk-based and financial audits, and audit every County expenditure. The office's accountability is ensured through regular, independent audits conducted by 11 different state, local and judicial entities.

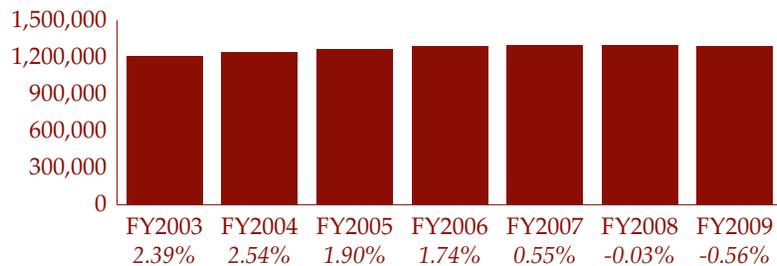
While the Clerk receives some money from County tax dollars to support its comptroller function, up until July 1, 2009, it was primarily a self-supported "fee office." That means, the majority of its funding came from legally mandated fees you pay, for example, when filing court documents or when requesting certified copies of court records. However, during FY2009, the Florida State Legislature changed how the Clerks' court operations are funded across the state. Now, instead of being funded by the fees paid to the office for services, clerks receive a flat appropriation from the State's General Revenue fund.

The funding change led to unprecedented budget cuts for Clerks' offices statewide. While virtually all government agencies faced cuts in FY2009, funding for the Clerk's office in Palm Beach County was slashed by a crippling 20 percent. The office was forced to eliminate 101 positions, 12 percent of its workforce, and cut many customer conveniences. The public has also been impacted in terms of longer lines and case backlogs.

Despite the economic challenges, the Clerk's office remains committed to continuously seeking new ways to increase efficiencies, improve processes and meet performance measures. The office is a recipient of the Florida Governor's Sterling Award for Organizational Performance Excellence and was twice named a finalist for the Best Places to Work Award by the *South Florida Business Journal*. The office's 700 employees are also committed to their communities, having donated more than half a million dollars to charity over the years through a dress-down for charity program and other fundraising initiatives.

Your Community

County Population/Growth Rates FY2003 – FY2009¹



Palm Beach County is Florida’s third most populous county with 1.29 million residents. After years of growth, the County’s population declined for a second consecutive year in FY2009. At \$59,147, the County’s per capita personal income is historically higher than the state and national average.² Per capita personal income measures personal income from salaries, wages, and other sources divided by the population.

¹ Florida Legislature, Office of Economic and Demographic Research

²Data as of 2007, most current year available from U.S. Department of Commerce, Bureau of Economic Analysis.

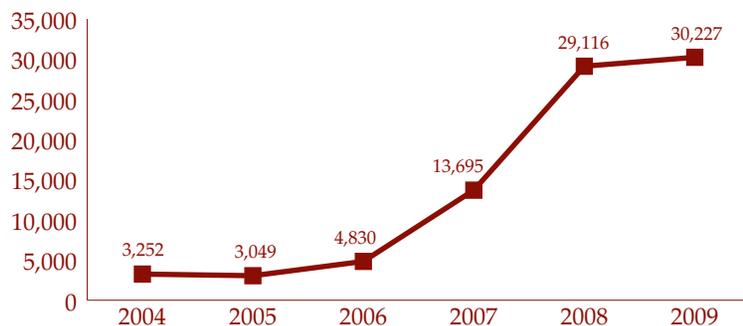
Unemployment Rates FY2009



Even though there were fewer people living in Palm Beach County in FY2009, there was steep competition for limited job openings. For the second consecutive year, the County’s unemployment rate surpassed both the state and national averages. The rate, which measures the percentage of workforce that is unemployed and looking for paid employment, jumped from 7.4 percent in September 2008 to 11.7 percent in September 2009.

Source: Labor Market Statistics, Local Area Unemployment Statistics (rates not seasonally adjusted)

Palm Beach County Foreclosure Case Filings: 2004-2009

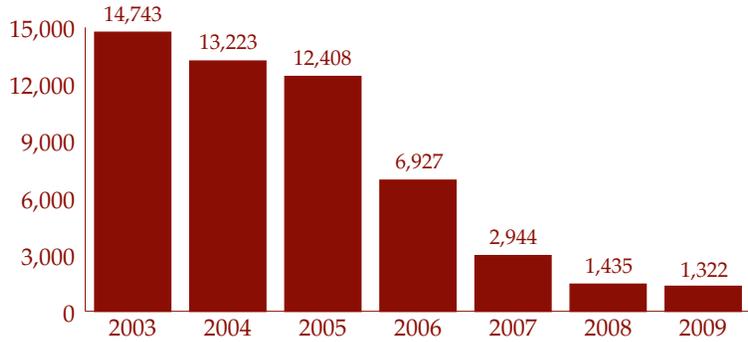


Foreclosures continued to rise in 2009, setting a record with 30,227 new cases filed with the Clerk & Comptroller’s office. While there was a definite increase over 2008, the year showed signs that foreclosures are beginning to level off.

Source: Clerk & Comptroller foreclosure statistics; foreclosure statistics are calendar year

Your Community

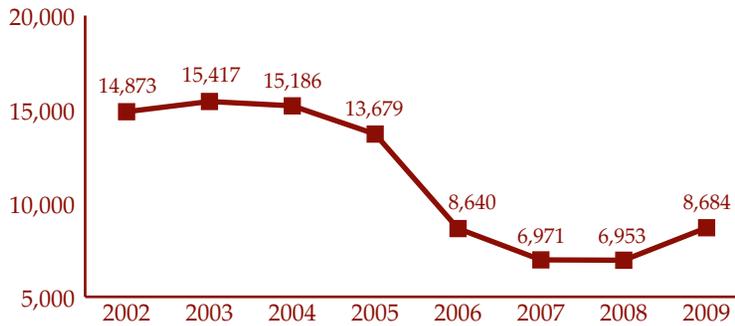
Palm Beach County Residential Permits Issued¹: 2003-2009



New home construction continued to drop in 2009, down nearly 91 percent since the building boom peak in 2003. For local governments, the decrease meant a sharp decline in revenue from building permits. For the local workforce, it meant fewer construction jobs.

Note: Residential permits include both single family and multi-family units. Permit and existing home sales statistics are calendar year. ¹Source: Palm Beach County Planning, Zoning and Building Department.

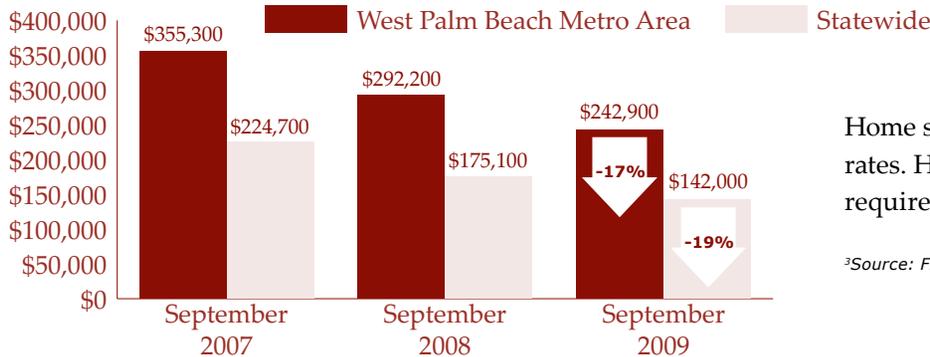
West Palm Beach Area Existing Home Sales²: 2002-2009



While new home construction slowed, the sales of existing homes started to pick up in FY2009, returning to 2006 levels. During the year, the federal government offered tax credit incentives to encourage home-buying.

²Source: Florida Realtors

Single-Family Existing Homes Median Price Comparison³



Home sale prices continued to drop in FY2009 along with mortgage interest rates. However, while it became more affordable to own a home, stricter lending requirements made it harder to secure credit.

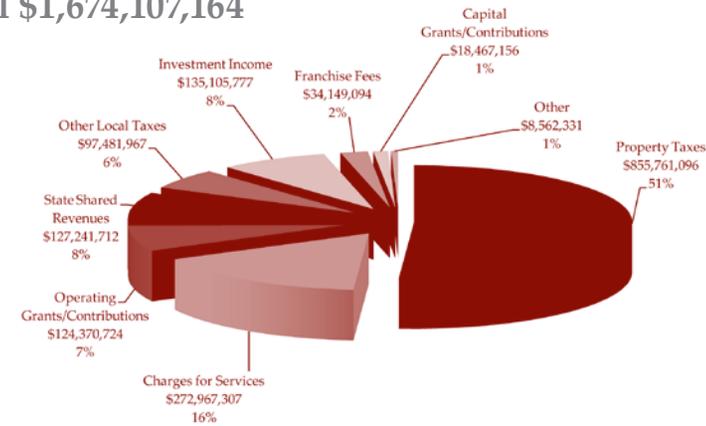
³Source: Florida Association of Realtors and The University of Florida Bergstrom Center

County Government Revenue

After years of unprecedented growth sparked by soaring property values, Palm Beach County faced its second straight year of declining revenue in FY2009. Of the County's \$1.67 billion in total revenue, 51 percent came from your property taxes, also known as ad valorem taxes. Other sources include charges for services (16 percent), operating grants (7 percent) and investment income (8 percent).

Overall, County government generated 2.1 percent less in revenue this year, due to declining property values, tax reform and other factors (see **Economic Factors**, [page 10](#)). As the **Governmental Activities Revenues: FY2005-FY2009** chart shows, almost all sources of revenue dropped during the year, including a 4.7 percent drop in property tax revenue (see **County Property Tax Revenues**, [page 9](#)).

FY2009 Governmental Activities Revenues: Total \$1,674,107,164

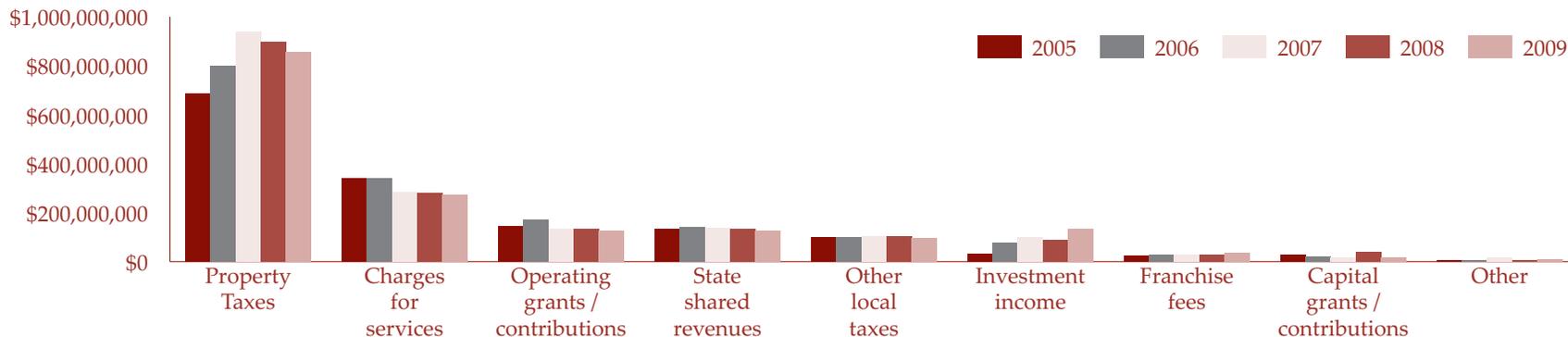


Q. Did Palm Beach County receive "stimulus" money in 2009 and, if so, how was it used?

A: The County received just over \$51 million from the federal government's federal stimulus package announced in February of 2009. Of that, more than \$4 million has been used so far for runway rehabilitation at Palm Beach International Airport, Palm Tran funding, a water utility project in the City of Pahokee, various community improvements, and homeless prevention. It's important to note that this stimulus money is a one-time funding source and will not be available in future years.

Source: Stimulus Grants Transparency Report, Office of Financial Management & Budget, Palm Beach County

Governmental Activities Revenues: FY2005 - FY2009



MORE ONLINE:

Board of County Commissioners
www.pbcgov.com

- Check scheduled public hearings for budget and millage rate

Property Appraiser
www.pbcgov.com/papa

- Calculate your property taxes
- Apply for homestead and other exemptions

Clerk & Comptroller
www.mypalmbeachclerk.com

- File petitions challenging property assessment and exemptions using myVAB

Tax Collector
www.taxcollectorpbc.com

- Ask questions about paying your tax bill

Property Taxes

The BCC and other taxing entities each set a property tax rate, called a “millage rate,” which is then used to calculate your property taxes. A “mill” is equal to \$1 of tax for every \$1,000 of assessed property value.

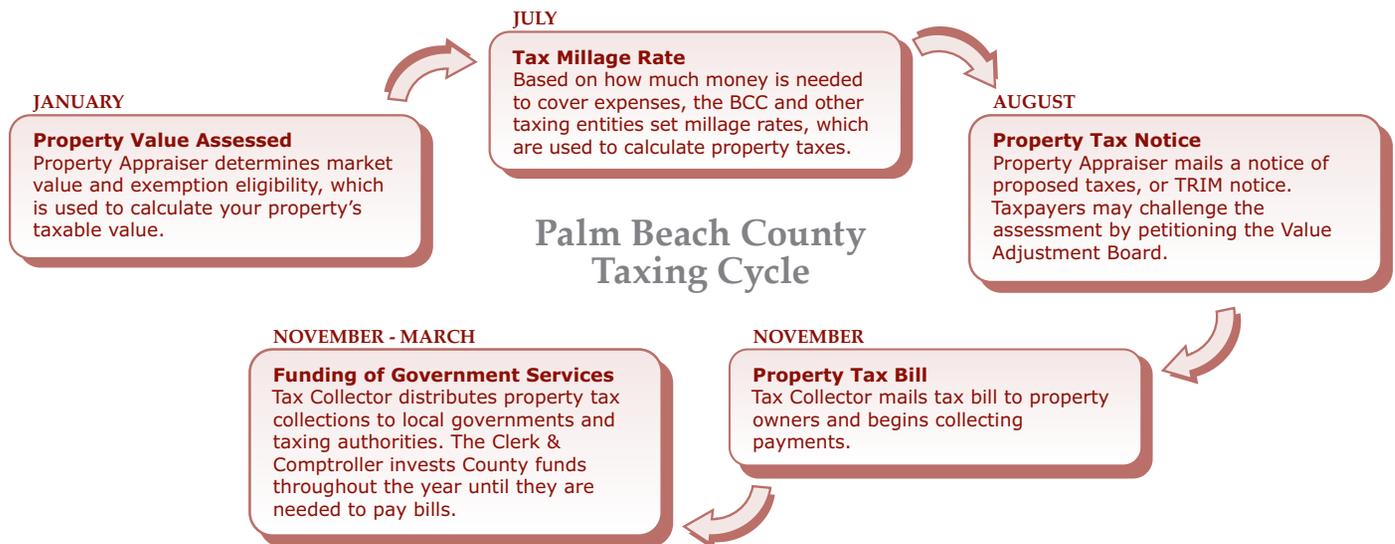
HOW YOUR TAXES ARE CALCULATED

$$[\text{Assessed Value of Property minus Exemption(s)}] \div 1,000 \times \text{Total Millage Rate} = \text{Total Property Tax}$$

As shown in the **Palm Beach County Taxing Cycle** chart, the funding of government each year begins with an assessment of your property’s taxable value. In FY2009, County government had a drop in funding for its second consecutive year (see **County Property Tax Revenues FY2004-FY2009**, [page 9](#)) due to a decrease in property values, tax reform cuts and a decision to not raise the County’s millage rate.

Tax Reform

Considered the largest voter-approved tax cut in Florida’s history, Amendment 1 contributed to a reduction in revenue for the County in FY2009. Many homeowners, though not all, saw a decrease in their property taxes (see Q & A, [page 9](#)).



Property Taxes

Affect of Amendment 1 on Homeowners:

- Homestead exemption doubled to \$50,000, reducing a home's taxable value
- "Portability" established allowing homesteaded homeowners to transfer accrued property tax savings to a new property
- An additional \$25,000 exemption allowed for tangible personal property, such as business computers

For more information please visit the Palm Beach County Property Appraiser at www.pbcgov.com/papa.

Impact of Tax Reform and Economy on County Government:

- \$42.1 million, or 4.7 percent, reduction in property tax revenue
- Allocation of \$48.4 million from reserves to balance the budget*
- 273 positions eliminated*

*Source: Palm Beach County Annual Budget FY2009

Q: The value of my home decreased, so why did the assessed value increase along with my property taxes?

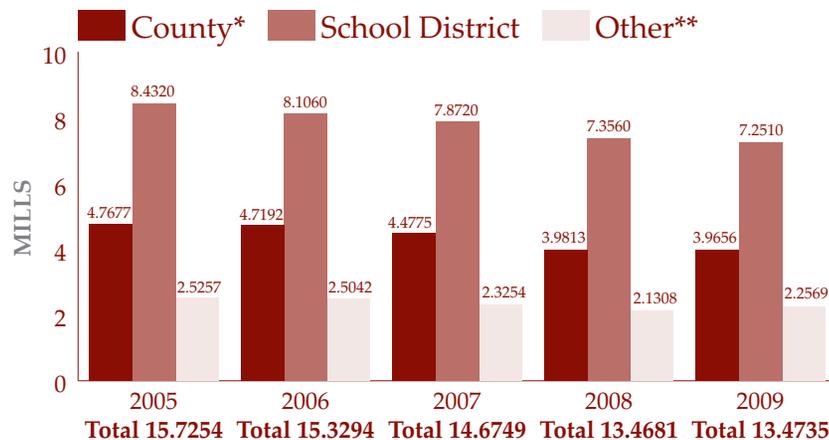
A: Each year, the Property Appraiser's Office assesses the value of your home. Because this assessed value is based on several factors, including recent sale prices of homes in your neighborhood, the value changes from year to year. However, due to a law called "Save Our Homes," the value can never increase by more than 3 percent* in any given year (the percent increase is based on the Consumer Price Index or 3 percent, whichever is lower).

This 3 percent increase cap was good news during the recent real estate "boom" when home prices skyrocketed as it prevented your property's assessed value – and associated property taxes – from increasing by double digits. But since the law allows for the assessed value to increase by as much as 3 percent until it equals the market value, some will still see their property taxes increase even though their property value has dropped. The good news is that the increases will end once the assessed value equals the market value, because the assessed value can never exceed the market value.

*Applies to homestead property only

Source: Florida Department of Revenue and the Palm Beach County Property Appraiser

Property Tax Millage Rates: FY2005 - FY2009



County Property Tax Revenues: FY2004 - FY2009



* Includes countywide operating millage as well as a millage rate for voter-approved debt. ** Other includes the South Florida Water Management District, Children's Services Council, Florida Inland Navigation District, Everglades Construction Project and the Palm Beach County Health Care District



Economic Factors

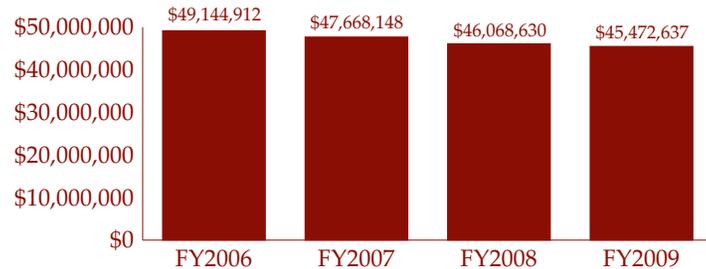
Property taxes aren't the only source of revenue that dropped for Palm Beach County government. High unemployment and other economic factors contributed to the County losing funding sources in other areas as well. Palm Beach County citizens did less of everything, including shopping and traveling.

Palm Beach County Sales Tax Revenue FY2006-FY2009



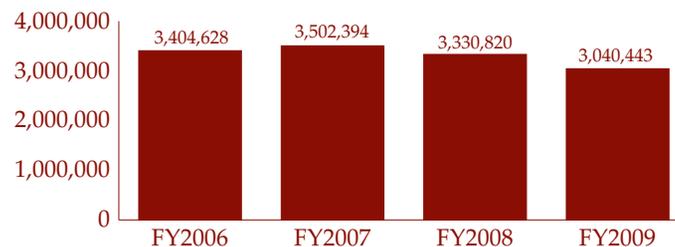
From FY2006 to FY2009, shoppers spent less, contributing to a 19.2 percent decline in Palm Beach County's sales tax revenue. Lower sales tax translates to less money for counties and municipalities to fund services.

Palm Beach County Local Option Gas Tax Revenue FY2006-FY2009



The slow economy also put the brakes on motorists. The County's revenue from gas tax continued to decline in FY2009, a 7.5 percent decrease from 2006.

County Airport Passengers FY2006-FY2009



Palm Beach International Airport saw an 8.7 percent decrease in passengers during the year. Nationally, airline travel dropped 5.5 percent as airlines decreased flights and services, while increasing air fares and baggage prices.

Budget at a Glance

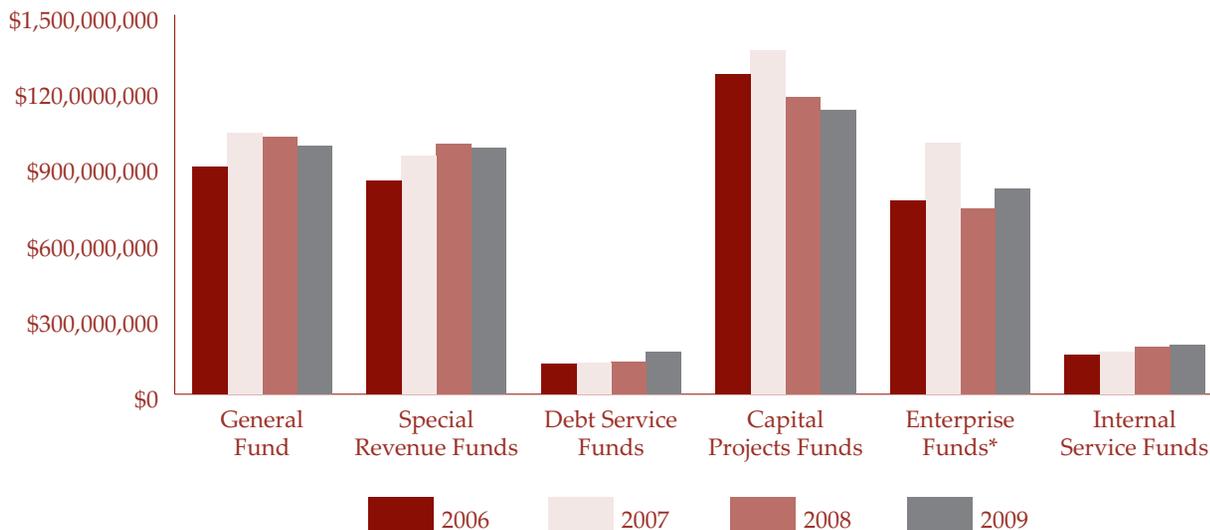
The County's total adopted budget for FY2009 was \$4.25 billion, a \$22.6 million increase over FY2008. The County's budget, which is the financial plan for funding all operations, services and projects, must establish priorities among competing governmental services and budgetary needs.

To balance the budget with FY2009's reduced revenue and without increasing the millage rate, County government took the following actions:

- Utilized reserve funds (see [pages 9](#) and [15](#))
- Used Road Program's Gas Tax to fund mass transit
- Reduced various capital projects
- Increased home security alarm fees

For more information on the County's budget, visit www.co.palm-beach.fl.us/ofmb/budget.

County Budget by Fund Type: FY2006 - FY2009



*The Solid Waste Authority prepares its own budget, but it is included here because it is blended into the County's financial statements.
Source: Palm Beach County Annual Budget FY2006, FY2007, FY2008 and FY2009 and the Solid Waste Authority.

Budget Basics

- By law, Palm Beach County government must create and approve a balanced budget that gives the County the legal authority to spend money on operations, services and projects.
- County department budgets, along with the budgets of constitutional officers, are submitted to the County's Office of Financial Management and Budget.
- The proposed budget is reviewed and revised by the BCC prior to July 15.
- Two public hearings are held before the budget is finalized and adopted at the start of the fiscal year on October 1.

Fund Types

General Fund - Primary operating fund that pays for government operations, such as County administration and human resources.

Special Revenue Funds - Contain money from sources such as library fees, state and federal grants, and tourist development taxes. May only be used for specifically designated purposes.

Debt Service Funds - Pay principal and interest on the County's long-term debt.

Capital Projects Funds - Include money for major projects, such as roads, parks and libraries.

Enterprise Funds - Comprised of user fees from revenue-producing County operations, such as the Department of Airports and the Solid Waste Authority.

Internal Service Funds - Contain money paid by County departments and constitutional officers to receive goods and services from other County departments.



Budget at a Glance

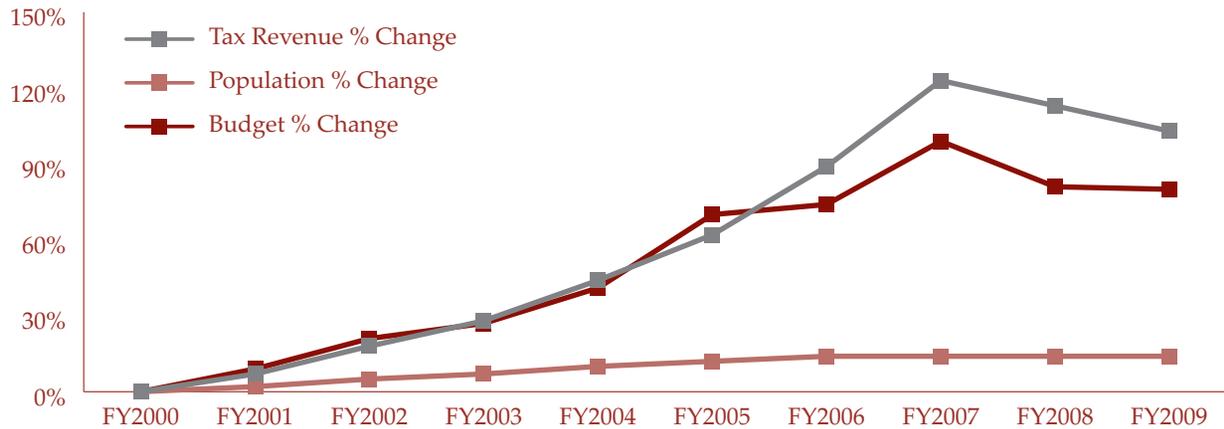
While Palm Beach County is facing declining revenue and budget dollars now, the greater part of this past decade experienced unprecedented growth fueled by a booming housing market. As shown in **Comparison of Adopted Budget, Population and Property Tax Revenue Change FY2000-FY2009**, since 2000, the County's tax revenue grew by 103 percent, more than doubling, while the population increased by 14 percent. Flush with tax revenue from the increase in taxable real estate, the County budgeted the available money, expanding services to the community.

Spending Increases 2000-2009

- General Government - \$185 million to \$301 million, 63 percent increase
- Public Safety - \$312 million to \$689 million, 121 percent increase
- Transportation* - \$28 million to \$129 million, 361 percent increase

* Primarily Palm Tran and road construction

Comparison of Adopted Budget, Population and Property Tax Revenue Change FY2000-FY2009



Select Operating Budgets

Comparison of Select Operating Budgets Funded by Tax Dollars¹

	FY2008 BUDGET	FY2009 BUDGET	PERCENT CHANGE	COST PER TAXPAYER ³
County Department				
County Administration	\$1,926,375	\$1,740,997	-9.6%	\$2.78
County Attorney	\$4,544,937	\$4,536,664	-0.2%	\$7.25
County Commission	\$3,095,803	\$2,952,820	-4.6%	\$4.72
Community Services	\$24,184,807	\$23,081,527	-4.6%	\$36.90
Engineering & Public Works	\$36,546,694	\$33,724,997	-7.7%	\$53.92
Environmental Resource Management	\$12,471,963	\$11,975,464	-4.0%	\$19.15
Facilities Development and Operations	\$43,298,795	\$40,782,025	-5.8%	\$65.20
Parks and Recreation	\$56,670,248	\$53,385,278	-5.8%	\$85.36
Planning, Zoning and Building	\$14,619,588	\$13,496,951	-7.7%	\$21.58
Public Safety	\$23,573,337	\$22,153,621	-6.0%	\$35.42
Constitutional Officers²				
Clerk & Comptroller	\$15,320,704	\$14,696,435	-4.1%	\$23.50
Property Appraiser	\$18,499,837	\$18,620,832	0.7%	\$29.77
Sheriff	\$376,136,200	\$406,308,790	8.0%	\$649.63
Supervisor of Elections	\$11,228,444	\$9,997,168	-11.0%	\$15.98
Tax Collector	\$5,838,901	\$5,838,901	0.0%	\$9.34
Dependent Districts				
County Library	\$46,822,629	\$43,136,980	-7.9%	\$68.97
Fire - Rescue	\$211,530,737	\$215,020,809	1.6%	\$343.79

Source: Palm Beach County Annual Budget FY2009

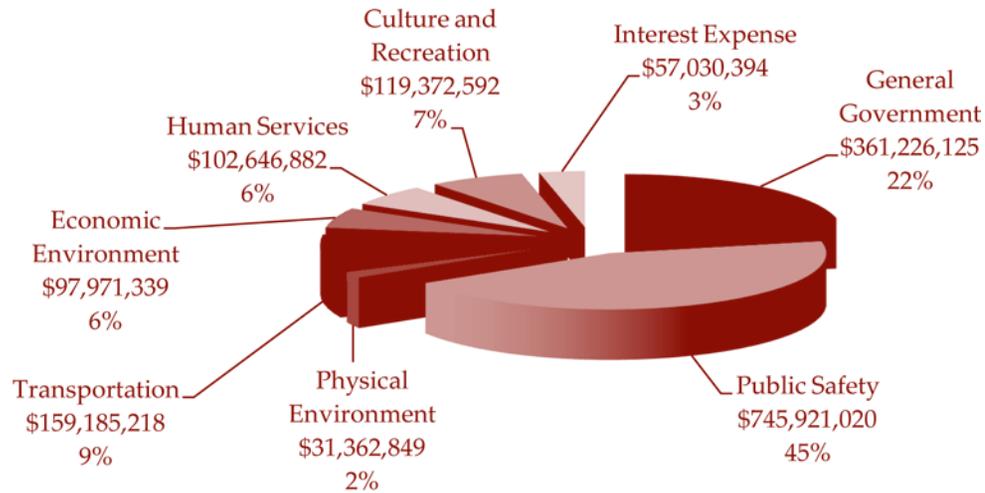
¹ Budget amounts reflect only the County taxpayer funded portion of the budget, and do not include other revenue sources such as grants and user fees.

² Represents portion of budget funded by the Board of County Commissioners.

³ Calculated for FY2009. "Taxpayer" represents a taxable parcel, of which there are 625,448 as of September 30, 2009.

Where Your Money Goes

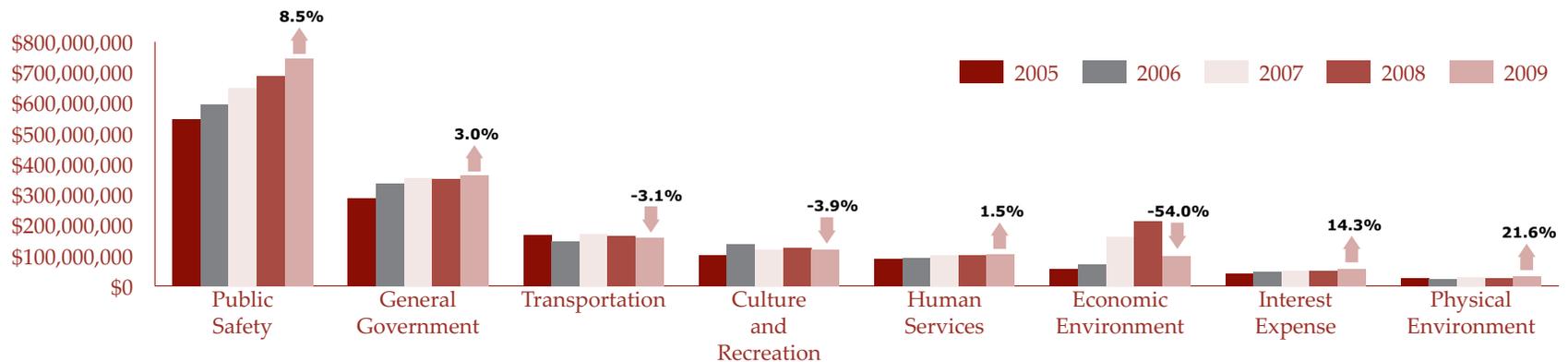
FY2009 Governmental Activities Expenses: \$1,674,716,419



Q: I thought County government needed to cut back. Why did certain expenses increase?

A: While the overall County expenditures decreased in FY2009 by \$42 million, or by 2.4 percent, certain expenses increased during the year as shown in the **Governmental Activities Expenses: FY2005-2009** chart. Public Safety's \$58 million increase was primarily due in part to union-contracted salary increases at the Sheriff's Office and Fire Rescue. Economic Environment expenses decreased by \$115 million primarily due to higher costs recorded in FY2008 related to an almost \$38 million loss from Mecca Farms, the original Scripps site.

Governmental Activities Expenses: FY2005 - FY2009

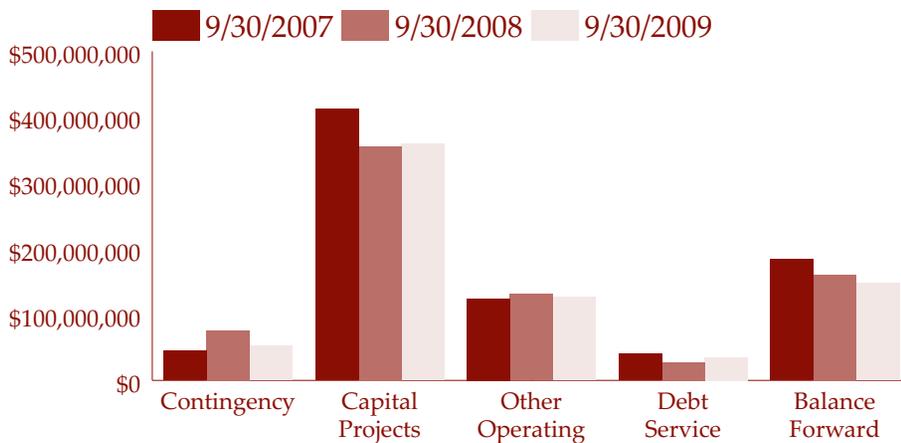


Reserves

For the second year in a row, the County dipped into its reserves to balance the budget and offset revenue shortfalls. In FY2009, the County designated \$359 million in reserves to fund projects including \$249 million for transportation and road improvements.

As of September 30, 2009: Total Reserves = \$720,658,633

Reserve Analysis: Fiscal Year Ends 2007-2009



Source: Office of Finance Management & Budget, Palm Beach County

Q: Why has the County used reserves instead of lowering expenses to balance the budget?

A: While the County has lowered its overall expenses, it also dipped into its reserves during recent fiscal years in order to balance the budget while maintaining the same level of services. During better economic times, the County was able to put aside excess tax revenues into a reserve fund. Now as revenues drop, these reserve funds are used as an alternative to cutting expenses. This is done to preserve programs and services that residents have come to expect from County government. However as reserves are depleted, this "cushion" will no longer be available, forcing the County to cut expenses or increase the tax rate.

RESERVE TYPES

Capital Projects Reserves – While developing the budget, County managers review and evaluate current and future projects and the funding required for them. The Board of County Commissioners may approve money to be set aside, or "reserved," during the fiscal year to fund these projects. During FY2009, the County's reserve balance for capital projects increased \$3.7 million, or about 1 percent.

Other Reserves – The County also budgets dollars for cash carried over from previous years, contingencies, specific operations, and debt service. During FY2009, the County's reserve balances for these other reserve categories decreased \$34.1 million, or about 16 percent.

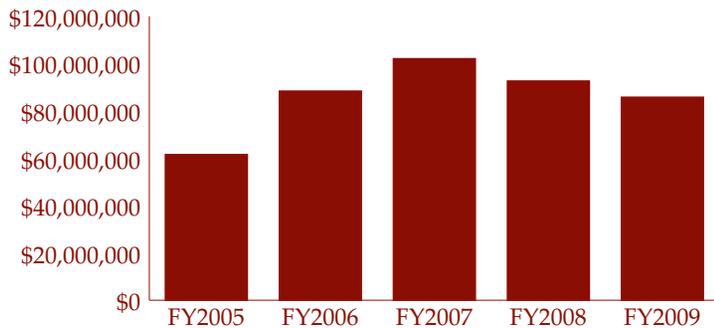


Investments

Your County government pays bills throughout the year, just as you do, but receives the majority of its income during the months of December and January when property owners pay their annual tax bills. As treasurer and custodian of County funds, the Clerk & Comptroller is responsible for investing and earning income on your tax dollars until that money is needed to pay County expenses.

The Clerk’s disciplined portfolio management strategy ensures that there is sufficient liquidity to meet County expenses and that your tax dollars are protected. The Clerk and her staff of experienced investment professionals manage the investment program in accordance with the County Investment Policy and perform ongoing, in-depth research of the markets and the economy to maximize investment earnings. For more investment information, including a monthly portfolio report, please visit www.mypalmbeachclerk.com.

Interest Income: FY2005 - FY2009



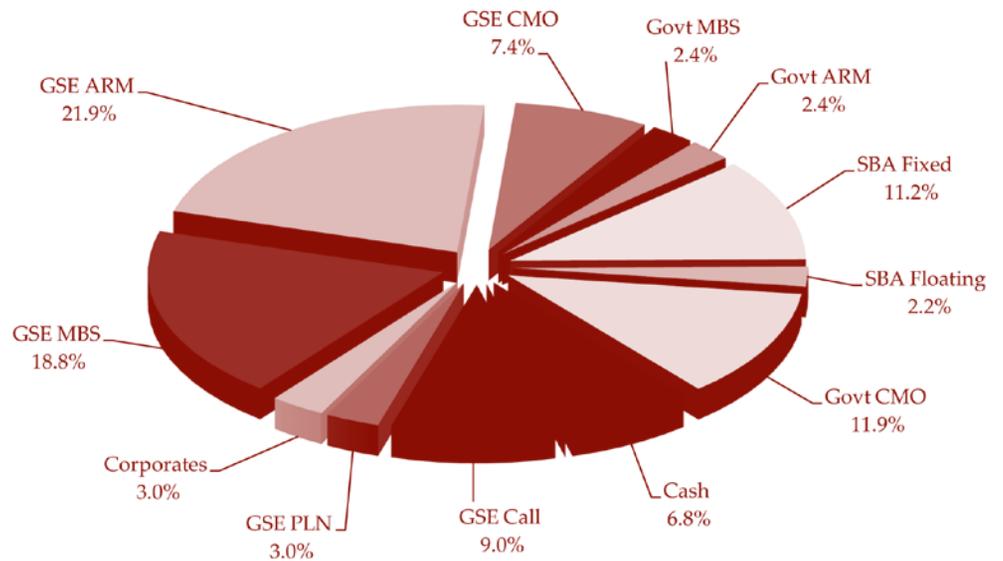
Clerk & Comptroller’s investment portfolio earnings = savings per taxpayer of \$138*

Q: How can the Clerk & Comptroller reassure taxpayers that their money is being safely invested and that investment performance is being maximized?

A: Palm Beach County’s investment portfolio, managed by the Clerk’s office, continued to be secure in FY2009 despite continued financial turmoil in the markets. The Clerk’s team of investment professionals proactively monitors developments in the financial markets daily and takes any necessary precautionary measures to safeguard taxpayers’ money. Despite a volatile market and unprecedented low interest rates during the year, the \$1.9 billion average portfolio earned \$86 million in interest income and \$145 million in investment income (See **Investment Terms**, [page 17](#)).

*Based upon 625,448 parcels on which taxes were paid in Palm Beach County

Portfolio Allocation as of September 30, 2009 - \$1.7 Billion



Investments

While continued low interest rates and declining market conditions may reduce the portfolio yield, only the highest quality investments are made to ensure safety of principal, liquidity and solid earnings. For FY2009, Standard & Poor's reaffirmed the top credit and volatility ratings to the Clerk-managed Palm Beach County investment portfolio. The portfolio received an 'AAAF' Fund Credit Quality Rating – indicating that the portfolio has “extremely strong” protection against losses from credit defaults. It also received a 'S1' Volatility Rating – meaning that it has very low sensitivity to changing market conditions. This independent review and top rating from a reputable third party ensures that the Clerk's office is professionally and prudently managing the portfolio and protecting public funds.

In FY2009, the Centre of Fiduciary Excellence (CEFEX) certified the office's investment management procedures as adhering to a global standard of fiduciary excellence for investment stewards, making the Clerk's office the first county government office in the United States to receive this independent certification. The previous year, the entire investment staff earned the esteemed Accredited Investment Fiduciary (AIF) certification. The AIF and CEFEX provide assurance to the citizens of Palm Beach County that the Clerk's office has demonstrated an objective of continuous improvement and excellence in the management of public tax dollars.

A County investment policy, created by the Clerk & Comptroller and the County's Investment Policy Committee, governs investments and provides guidelines related to risk management and reporting requirements. Find more detailed information about County investments at www.mypalmbeachclerk.com.

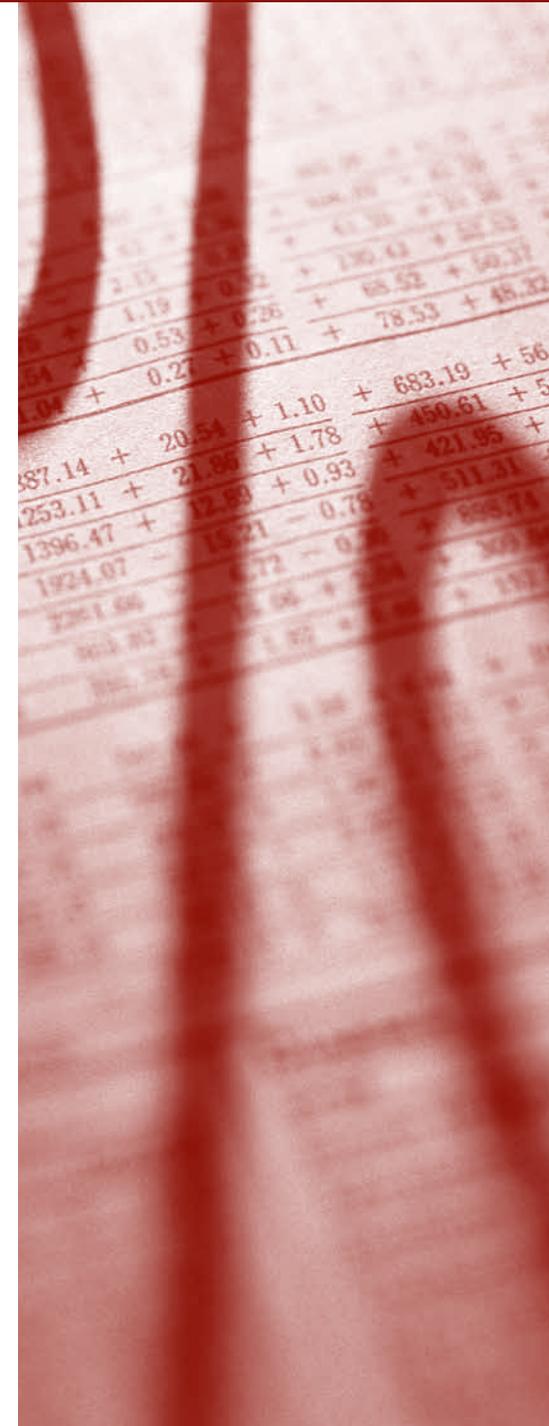
Investment Terms

Interest Income represents the payment of interest, or earnings on fixed income securities.

Investment Income represents interest income plus increases or decreases in the market prices of the securities over a given time period, in this case a year.

Liquidity is the ability to quickly convert investments to cash to meet financial obligations.

Principal is the original amount invested, separate from earnings.



Debt

Palm Beach County borrows money for a project by issuing, or selling, bonds. Investors, which are also called bondholders, purchase the bonds, becoming the County's lenders. The bondholders are paid back by the County much in the same way that you pay back a lender for a home mortgage or a car loan. The County's AAA rating for general obligation bonds allows it to borrow money at lower costs. Outstanding debt totaled more than \$2.2 billion as of September 30, 2009, a 20.8 percent increase over 2008. Of that, about \$525 million* was new long-term debt obligations to fund projects.

New Debt Issued During FY2009

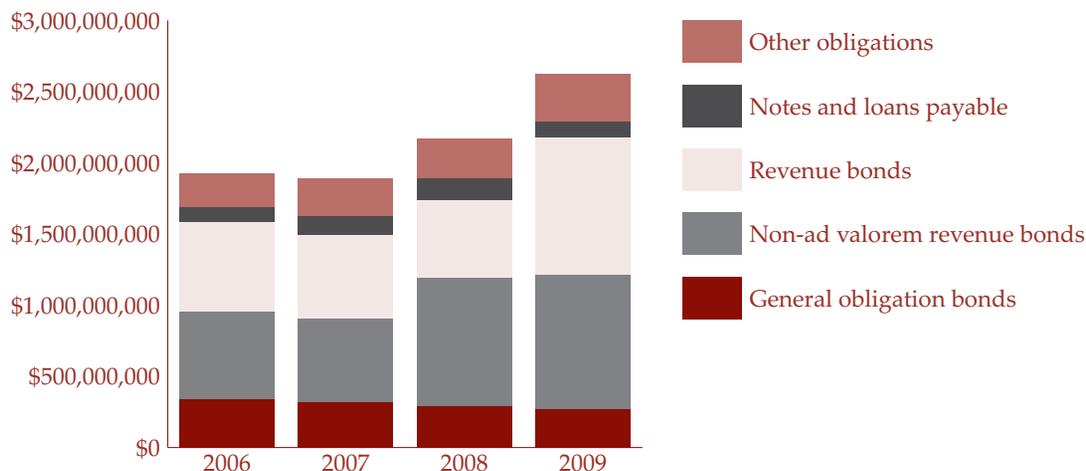
- \$46.3m – Max Planck Biomedical Research Facility
- \$16.1m – Renovations at Four Points and other public buildings
- \$68.1m – Water Utilities – FPL Reclaimed Water Project
- \$131.6m – Solid Waste Authority future landfill and transfer facilities
- \$261.5m – Solid Waste Authority Waste to Energy & Renewable Energy facilities
- \$1.2m – HUD Loans for various community revitalization projects

Select Outstanding Debt (original amount)

- \$89.3m (\$92.9m) - Convention Center
- \$332.3m (\$638.3m) – Criminal Justice projects
- \$78.4m (\$140.9m) - Parks & Recreation facilities
- \$129.2m (\$173.1m) - Environmentally sensitive lands
- \$273.7m (\$316.1m) - Biomedical Research Park projects

Please visit www.mypalmbeachclerk.com for more information about Palm Beach County Debt.

Palm Beach County Debt Outstanding: FY2006 - FY2009



*Includes Solid Waste Authority debt.

Note: The Debt Outstanding chart excludes long-term financial liabilities such as insurance claims payable, which do not require the County to borrow money.

Q: How is the budget affected by borrowing money?

A: Whenever the County borrows money it is making a long-term pledge, or commitment to repay specific amounts in future years. If revenue in those years is less than expected, measures must be taken to balance the budget while ensuring debt payments are made. Possible measures include raising taxes, increasing user fees, using reserve funds, laying off employees or cutting services to citizens. The more debt the County has outstanding, the greater the impact on budget shortfalls.

Debt

Financial decisions made decades ago have a profound impact on the County’s current and future financial position. In FY2009, the principal and interest payments on County-wide debt totaled almost \$215 million, an amount equal to 10 percent of total County revenue. It is an expense that could not be cut just because budget dollars were tight. As **Palm Beach County Debt Service Payments: FY2009-FY2041** shows, the debt service payments are projected at nearly \$290 million for FY2010, barring the addition of any new debt-funded projects.

Change in Debt Issuance

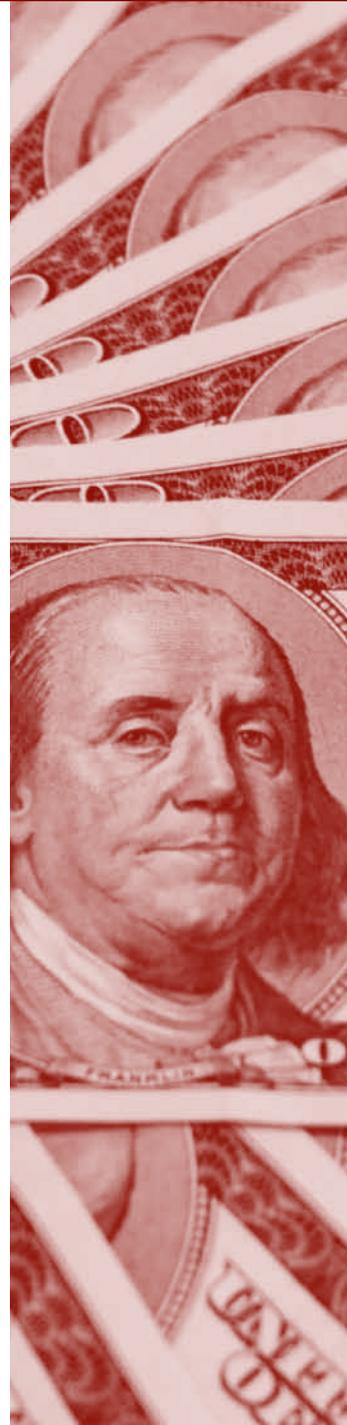
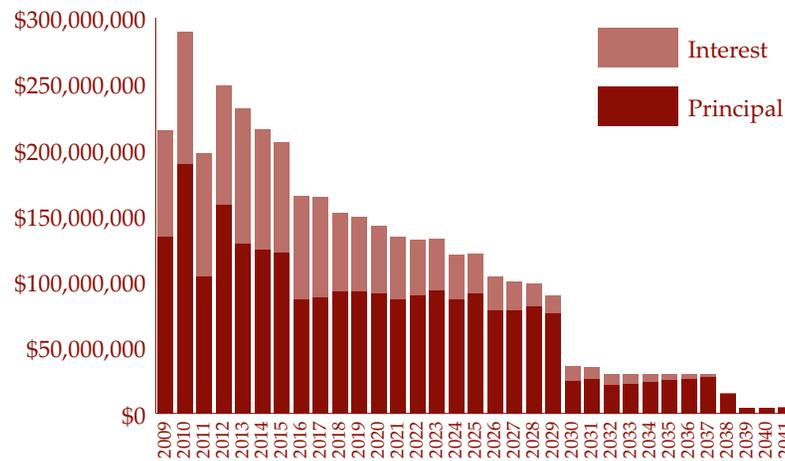
During 2009, Palm Beach County made a historic shift in the manner in which bonds are issued. At the urging of the Clerk & Comptroller and other community leaders, the BCC and the County Administrator agreed to revise the County’s Debt Management Policy.

A major component of the revision was the formation of the County Finance Committee. This committee is comprised of subject matter experts from the County, the Clerk & Comptroller’s office, the Solid Waste Authority as well as a representative from the Palm Beach County School Board. The focus of this highly qualified group is to ensure that transparency and openness are brought into the debt issuance process. This committee has begun work on request for proposals (RFP’s) for bond underwriters and bond counsel, expecting to select professional service providers in FY2010.

In FY2009, the Clerk & Comptroller conducted a review of Palm Beach County Debt practices after a Board of County Commissioner was indicted for abusing bond issuance practices. Please read the complete review at www.mypalmbeachclerk.com.

For the first time in recent history the County will issue debt on a competitive basis by asking investment banking firms to place bids for County debt issues. Bonds will be awarded to the bidder offering the lowest interest cost for the taxpayers of Palm Beach County. Previously bonds issues were negotiated with a rotating list of firms.

Palm Beach County Debt Service Payments: FY2009-FY2041



What the County Owns and Owes

Assets and liabilities are categorized by two types of activities: governmental and business-type. Governmental activities are primarily supported by property tax revenue and include public safety, transportation and human services. Business-type activities provide services and are mostly self-supported through user charges. They include such enterprises as Airports, Water Utilities and the Solid Waste Authority.

Q: How can I tell if the County is financially healthy?

A: The Condensed Statement of Net Assets, or "balance sheet," is a summary of everything the County owns (assets) and owes (liabilities). It provides a snapshot of the County's financial health at the end of each fiscal year. Net assets increased almost 2.2 percent from 2008 to 2009, which is a reflection of the County's overall financial strength. Changes in net assets over time show either an improving or a weakening financial position.

Condensed Statement of Net Assets: September 30, 2009

	GOVERNMENTAL	BUSINESS-TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2009	2008
Assets				
Current and other assets	\$1,735,316,705	\$1,016,631,709	\$2,751,948,414	\$2,412,830,872
Capital assets	\$2,342,125,021	\$1,819,100,355	\$4,161,225,376	\$3,968,133,933
Total assets	\$4,077,441,726	\$2,835,732,064	\$6,913,173,790	\$6,380,964,805
Liabilities				
Current	\$303,351,928	\$178,697,917	\$482,049,845	\$433,031,546
Long-term debt due in more than one year	\$1,387,968,210	\$1,010,756,357	\$2,398,724,567	\$2,001,875,683
Total liabilities	\$1,691,320,138	\$1,189,454,274	\$2,880,774,412	\$2,434,907,229
Net Assets				
Invested in capital assets, net of related debt	\$1,379,604,426	\$1,295,978,868	\$2,675,583,294	\$2,481,840,303
Restricted	\$791,216,501	\$102,511,960	\$893,728,461	\$802,990,515
Unrestricted	\$215,300,661	\$247,786,962	\$463,087,623	\$661,226,758
Total net assets	\$2,386,121,588	\$1,646,277,790	\$4,032,399,378	\$3,946,057,576

Elected officials as of September 30, 2009

Constitutional Officers

Clerk & Comptroller - Sharon R. Bock, Esq.
561.355.2996 | www.mypalmbeachclerk.com

Property Appraiser - Gary R. Nikolits, CFA
561.355.3230 | www.pbcgov.com/papa

Sheriff - Ric L. Bradshaw
561.688.3000 | www.pbso.org

Supervisor of Elections - Susan Bucher
561.656.6200 | www.pbcelections.org

Tax Collector - Anne M. Gannon
561.355.2264 | www.taxcollectorpbc.com

Board of County Commissioners

www.pbcgov.com

District 1 - Karen T. Marcus
561.355.2201

District 2 - Jeff Koons, Chair
561.355.2202

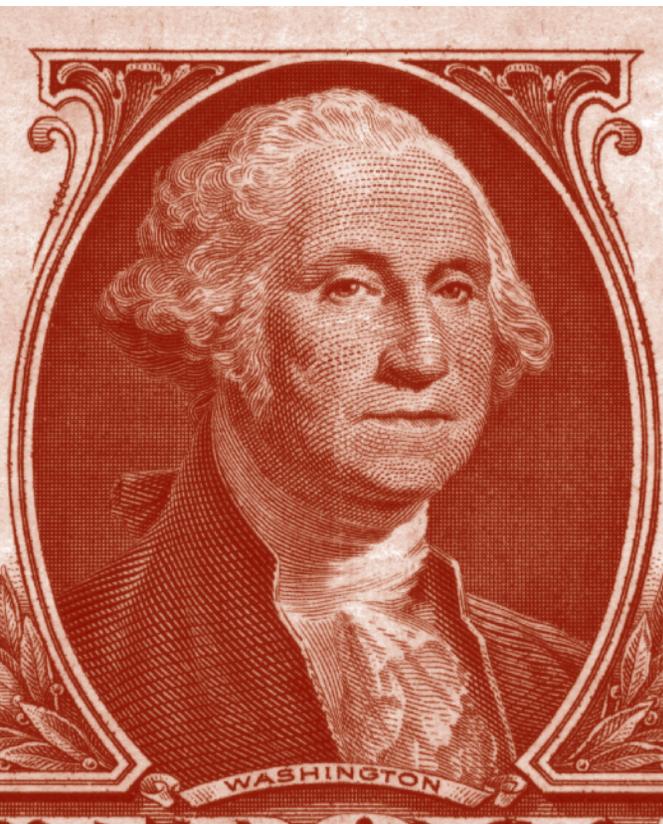
District 3 - Shelley Vana
561.355.2203

District 4 - Steven L. Abrams
561.355.2204

District 5 - Burt Aaronson, Vice Chair
561.355.2205

District 6 - Jess R. Santamaria
561.355.6300

District 7 - Priscilla A. Taylor
561.355.2207





SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

www.mypalmbeachclerk.com

As the third largest of the 67 Clerk's offices in Florida, this independent office serves a local population of nearly 1.3 million residents from several locations throughout Palm Beach County and online at www.mypalmbeachclerk.com.

ONLINE SERVICES:

- [County Financial Information](#)
- [Court & Official Records Searches](#)
- [Traffic Ticket Payments](#)
- [Online Foreclosure Auctions](#)
- [myMinutes](#)
- [myVAB](#)
- [Self Service Court Forms](#)
- [Low-Cost Marriage Information](#)
- [Passport Information & Photos](#)
- [Domestic Partnership Registry](#)