

CHECKS & BALANCES

Your Guide to County Finances
Palm Beach County, Florida



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Dear Residents,

Since my election in 2004 as your independent Clerk & Comptroller, I have dedicated my time to educating and informing Palm Beach County citizens about how your tax dollars are managed and spent. Factors such as the value of your home, your property taxes and where those tax dollars go have a profound effect on your personal bottom line. My goal is to give you the information and knowledge you need to hold your County government leaders accountable for their financial decisions.

By reading this fifth annual citizens' report, you are taking steps toward participating in the financial future of Palm Beach County. On the pages of this guide, you will learn important information about County finances including: where government expenses grew, despite a shrinking pool of money to fund operations (See **Where Your Money Goes**, page 14); what the County's budget increase meant for your property taxes (See **Property Taxes**, page 10); how you can participate in the budget process (See **Budget at a Glance**, page 12); and if indicators reflect the beginning of an economic recovery (See **Your Community**, pages 5-6 and **User Fees**, page 11).

As the County's Chief Financial Officer, Accountant and Auditor, I report at the end of each fiscal year on the County's financial health. This guide takes a retrospective look at County government's financial activities during the 2010 fiscal year, which provides a springboard for financial plans in the next budget year and beyond. In life, evaluating your past helps you make better decisions in the future. As an informed taxpayer, you can help ensure the same holds true in government.

Checks & Balances: Your Guide to County Finances is one of many useful and award-winning financial publications available on our website at www.mypalmbeachclerk.com/countyfinancereports.aspx. I consider it a privilege and honor to serve as your Clerk & Comptroller, and I remain committed to transparency in how your tax dollars are spent.

Best regards,

A handwritten signature in black ink that reads "Sharon R. Bock". The signature is fluid and cursive.

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

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

About This Guide

Whether it's your own household budget, or your local government's spending, we all want more information about our money. Where does my money go? It's a natural question to ask, especially in difficult economic times. We want to know how much is coming in, how much is budgeted and how our money is actually spent. This transparency is especially important in government.

Checks & Balances: Your Guide to County Finances is produced by the Palm Beach

County Clerk & Comptroller's office as a tool to help you 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, 2010. The CAFR, available at www.mypalmbeachclerk.com/countyfinancereports.aspx, 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*, 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 prepared by the Clerk & Comptroller 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 \$1.12. Citizens are encouraged to view the online edition at www.mypalmbeachclerk.com/countyfinancereports.aspx. This 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.

"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

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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 and executive body, setting public policy, levying taxes and funding projects, programs and the operations for nearly 30 County departments. An appointed county administrator carries out the policies and decisions made and approved by the commissioners. The BCC is regulated by state statutes and a County charter that voters approved in 1984. The County operates under a “home rule” charter, which means that citizens can create, modify or amend local laws.

Budget Process

Funded primarily by your property taxes, the County must prepare an annual budget authorizing the spending of public funds. State law requires the County to have a balanced budget that can only be amended throughout the year with BCC approval at public board meetings (see **Budget at a Glance**, page 12). The fiscal year (FY) for the budget begins on October 1 and ends 12 months later on September 30.

In addition to the BCC, there are 38 municipalities within Palm Beach County that create their own budgets and have the ability to tax citizens residing in the municipality. There are also more than 80 different entities, known as special districts, within the County that may also levy taxes or assessments.

Constitutional Check and Balance

Voters also elect five independent constitutional officers who are a check and balance on the BCC. They are the Clerk & Comptroller, Property Appraiser, Tax Collector, Sheriff and Supervisor of Elections. The framers of the Florida Constitution intentionally made these offices separate and independent from the rest of County government. This ensures that the same entity that decides how to spend your tax dollars (BCC), is not the same entity that pays the County’s bills (Clerk & Comptroller), assesses your property’s taxable value (Property Appraiser), collects your taxes (Tax Collector), protects its citizens (Sheriff), or oversees the election process (Supervisor of Elections). While commissioners represent separate districts, each constitutional officer is elected to represent citizens throughout the entire County. Some, such as the Sheriff and Supervisor of Elections, are funded by your property taxes. Others, such as the Clerk & Comptroller, Tax Collector and Property Appraiser, are primarily funded by fees paid by those who use the services provided. These offices, audited regularly by the state, follow strict constitutional and statutory guidelines. They cannot set public policy or levy taxes like the BCC.

Stay Informed

The Clerk & Comptroller makes it easy to stay informed about County government and decisions of the Board of County Commissioners. Detailed meeting minutes linked to video of BCC meetings are available through **myMinutes** at www.mypalmbeachclerk.com/minutes.aspx.

About the Clerk & Comptroller

The Clerk & Comptroller's office, established in 1838 by the Florida Constitution, is charged with safeguarding your 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 as County Comptroller:

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 - Manage the County investment portfolio to earn interest income on taxpayer funds.

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.

Since 2005, the Clerk & Comptroller's Finance, Audit Services and Public Integrity Units have saved taxpayers an estimated \$20 million in unauthorized, duplicate or questionable expenses. During 2010, investigations by the Audit and Public Integrity Units—all part of the Clerk's Division of Inspector General (IG)—identified more than \$820,000 in assessments and public service utility taxes not paid to Palm Beach County government. The Clerk & Comptroller's IG Division received its certification as an Accredited Office of Inspector General in 2011, becoming the first accredited IG office in Palm Beach County and the tenth in Florida. The accreditation by the Commission for Florida Law Enforcement Accreditation underscores the office's commitment to utilizing best practices, further assuring the protection of taxpayer dollars.

The Clerk's office continuously seeks 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 roughly 750 employees are also committed to their communities, having donated more than half a million dollars to charity through a dress-down for charity program and other fundraising initiatives. More than 300 citizens volunteered at the Clerk's office in 2010, donating nearly 15,000 service hours, which saved taxpayers an estimated \$309,658.

Clerk & Comptroller FY2010 Fast Facts

Financial Services

- Audited and paid more than **\$1.34 billion** in County bills
- Produced **3,469 pages** of County Commission meeting minutes
- Processed **10,885** petitions for the Value Adjustment Board

Court and Legal Records

- Filed **527,912** new cases
- Processed more than **5.1 million** official documents
- Collected and disbursed **\$370 million** in court and legal records fees, fines and assessments





About the Clerk & Comptroller

Serving Your Best Interest

As the elected Chief Financial Officer for Palm Beach County, one of the most important duties of the Clerk & Comptroller is providing clear, concise information about County revenue and spending. The office is the impartial check and balance on how your tax dollars are spent, managed and reported. County government “in the sunshine” is ensured through this independent role.

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), Fiscal Years 2006, 2007, 2008 and 2009**
- **Palm Award of Excellence 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 21 consecutive years.

All Clerk & Comptroller financial publications are available at www.mypalmbeachclerk.com/countyfinancereports.aspx:

- *CAFR*
- *Annual Investment Guide*
- *Checks & Balances: Your Guide to County Finances*
- *Annual Debt Guide*

Financial transparency is a top priority for our office. Visit us online to view audits conducted by the Clerk & Comptroller, 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**

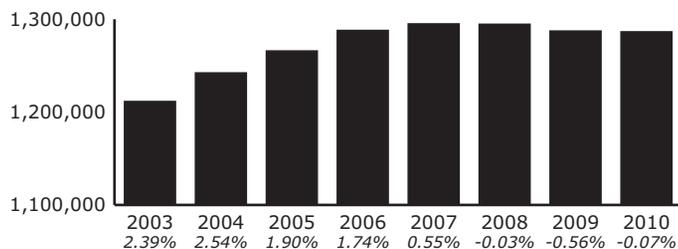
for the Fiscal Year Ended
September 30, 2009



[Signature]
President
Jeffrey L. Esser
Executive Director

Your Community

**Population/Growth Rates
FY2003-FY2010¹**

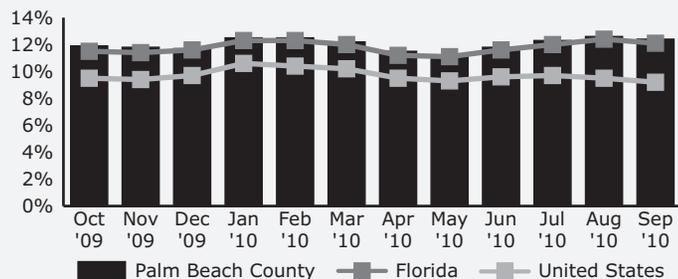


Palm Beach County is the third most populous county in Florida with more than 1.28 million residents living here in FY2010, about 880 fewer people than the previous year. The County has experienced population declines for the past three consecutive years, on the heels of years of growth. The County’s per capita personal income—which measures personal income from salaries and other sources, divided by the population—is historically higher than the state and national average. At \$58,358, the per capita personal income dropped slightly over the previous year.²

¹Source for population: Bureau of Economic and Business Research, University of Florida.

²Data as of 2008, most current year available from U.S. Department of Commerce, Bureau of Economic Analysis.

Unemployment Rates FY2010³



Palm Beach County had a possible workforce of 623,320 people at the end of FY2010; out of that, more than 77,000 were out of work.⁴ The unemployment rate in Palm Beach County outpaced both the state and national average for the third consecutive year. The rate, which measures the percentage of the workforce that is unemployed and looking for paid employment, fluctuated between a low of 11.2 percent in May 2010 and a high of 12.6 percent in August 2010.

³Source: Labor Market Statistics, Local Area Unemployment Statistics. Rates not seasonally adjusted.

⁴Business Development Board, Palm Beach County, Labor Force Trends 2010.

Top Job Growth/Losses 2009-2010⁵

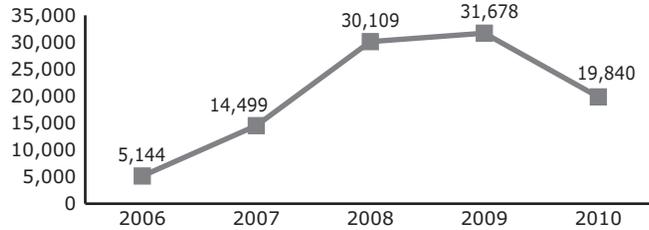
Industry	Percent Change
General Merchandise Stores	+6.7%
Professional and Technical Services	+5.8%
Education and Health Services	+4.3%
Retail Trade	+3.7%
Trade, Transportation and Utilities	+3.4%
Finance and Insurance	-4.2%
Federal Government	-4.8%
Goods Producing	-10.8%
Construction	-16.5%
Specialty Trade Contractors	-18.8%

Despite the high unemployment numbers, Palm Beach County experienced job growth during FY2010 in select industries. Those with employment gains included retail, health services and transportation. The industries with the biggest employment losses included construction, specialty contractors, finance and insurance.

⁵Source: Business Development Board, Palm Beach County, Labor Force Trends 2010. Percent change compares September 2010 over September 2009.

Your Community

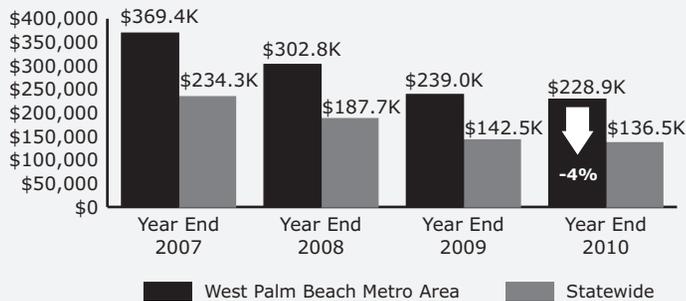
**Foreclosure Case Filings:
2006-2010⁶**



After five years of record-setting increases in foreclosure filings in Palm Beach County, the number of new foreclosure cases decreased during 2010. The 19,840 new cases filed represented a 37 percent decrease from the 31,678 new foreclosures filed in 2009. There was still an unprecedented number of homes in some stage of foreclosure during the year despite the decrease in filings, a situation that continued to stall the once thriving construction and financial services industries.

⁶Source: Clerk & Comptroller of Palm Beach County. Figures are for the calendar year.

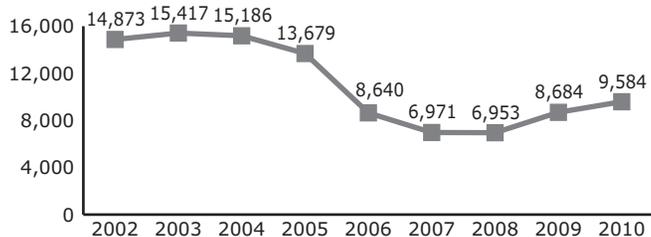
**Single-Family Existing Homes
Median Price Comparison⁷**



With so many foreclosed properties on the market, existing home sale prices continued to fall, though the decrease was not as steep as in previous years. The decline was good news for those wanting to buy a home, as housing became more affordable. The median sale price for existing single-family homes in Palm Beach County dropped by 4 percent to \$228,900 in 2010. The median price also declined statewide by 4 percent, to \$136,500.

⁷Source: Florida Association of Realtors and the University of Florida Bergstrom Center.

**West Palm Beach Area⁸
Existing Home Sales 2002-2010⁹**



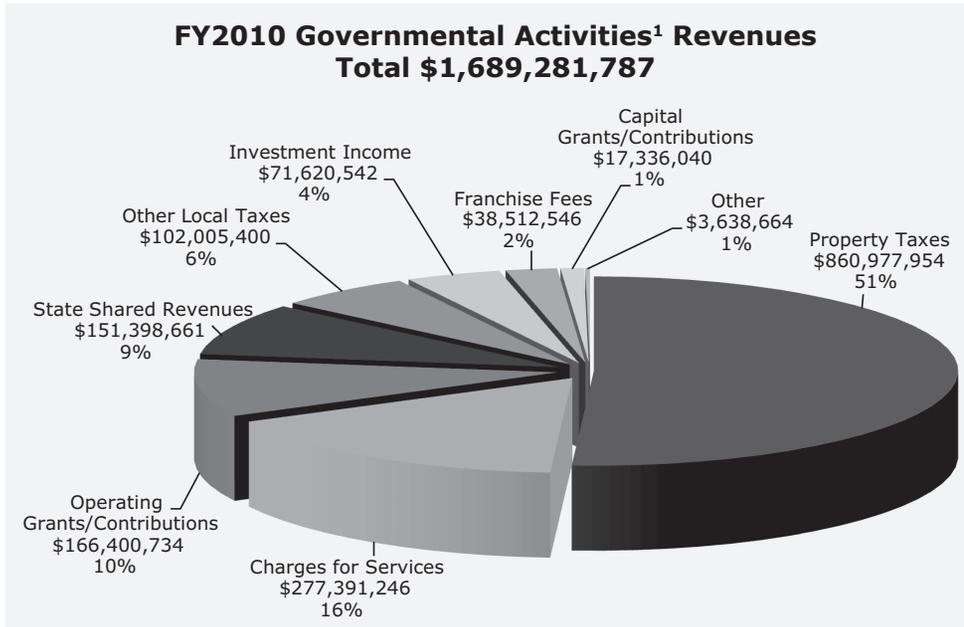
With home prices declining, existing home sales increased for the second straight year in Palm Beach County—a 10 percent jump in sales from 2009 to 2010. Similarly, the construction of new homes showed signs of picking up, as measured by a 20 percent increase in residential building permits—the first increase in six years.¹⁰

⁸West Palm Beach metropolitan statistical area includes all of Palm Beach County.

⁹Source: Florida Realtors.

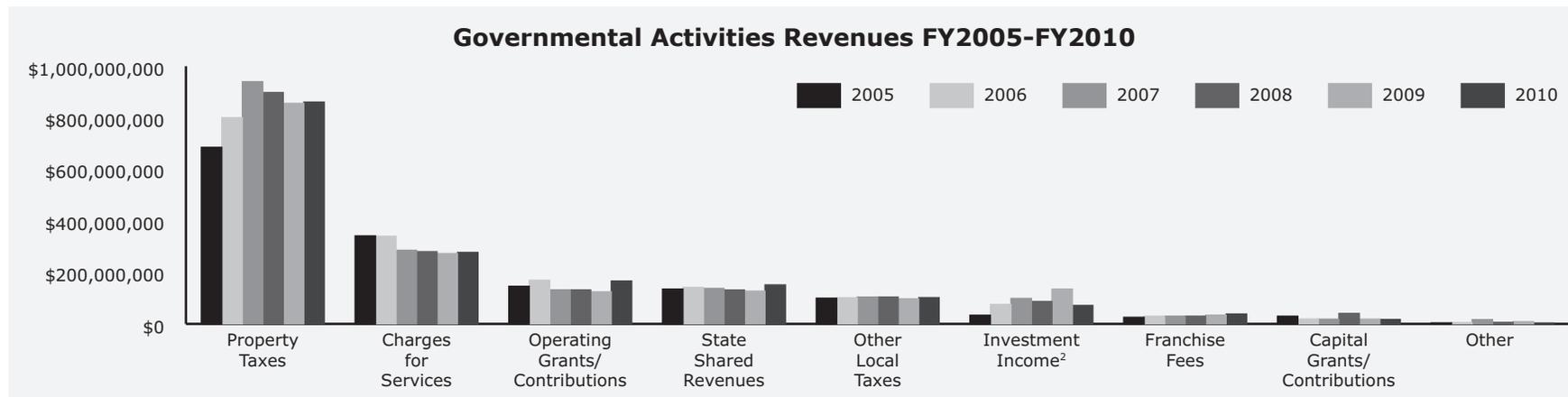
¹⁰Source: Palm Beach County Planning, Zoning and Building Department.

County Government Revenue



Funding for County government and the services provided to residents comes from many sources, with the majority coming from your property taxes. After a decline during the past two years, revenue from property taxes held steady in FY2010, with a less than 1 percent increase over the previous year (see **Property Tax Revenues**, page 10).

County government also received more revenue in other areas, including grants and contributions, where a 34 percent increase resulted from several large state community revitalization grants and federal funding through the American Recovery and Reinvestment Act.



¹Governmental activities represent those that are supported primarily by taxes and intergovernmental revenues. They exclude the business-type activities of the County, such as the Department of Airports, Water Utilities Department and the Solid Waste Authority, which are intended to recover all or most of their costs through user fees and charges.

²Investment income includes interest income plus increases or decreases in the market prices of the investments.

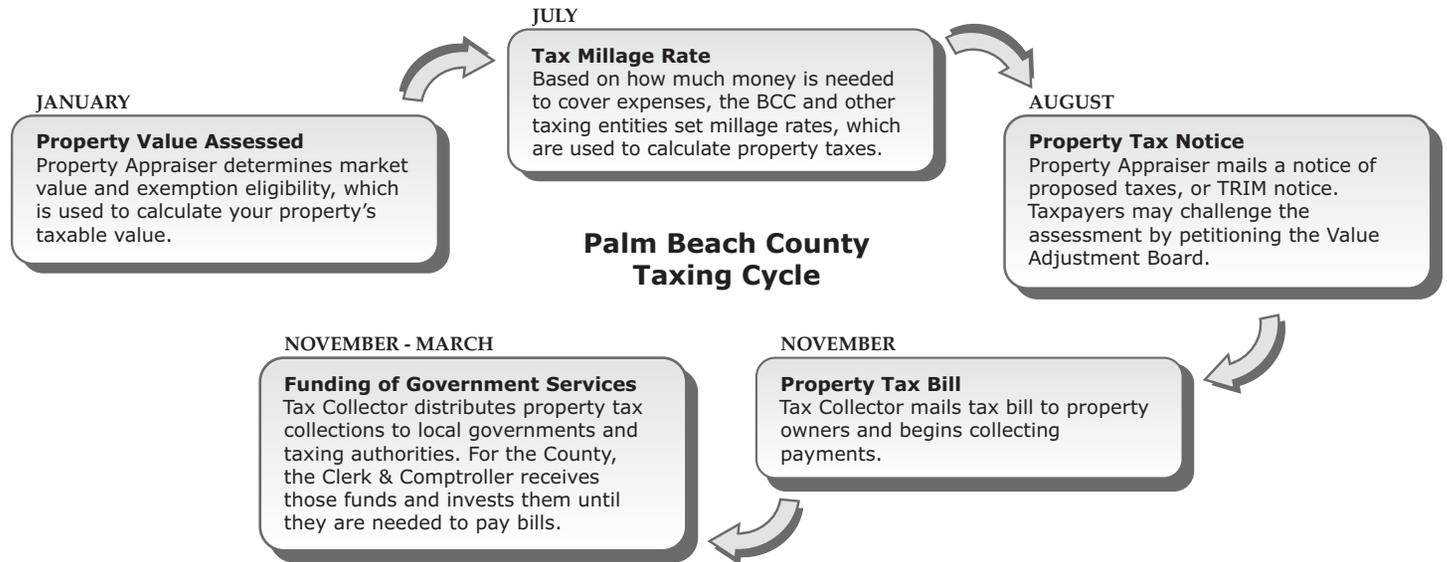
Property Taxes

The Board of County Commissioners and other taxing entities each set a property tax rate, called a "millage rate," which is used to calculate your overall property taxes. A "mill" is equal to \$1 of tax for every \$1,000 of assessed property value.

HOW YOUR TAXES ARE CALCULATED

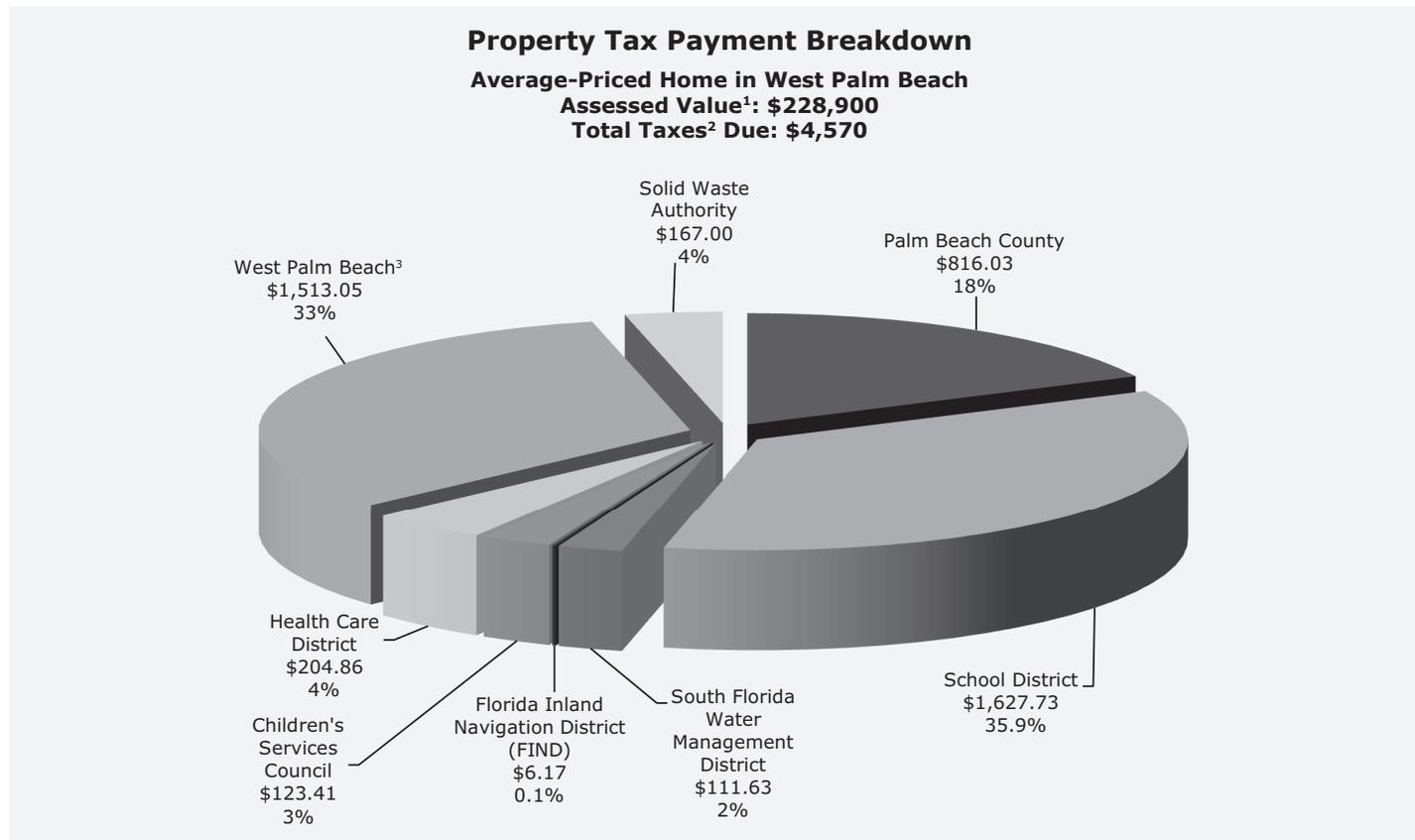
$$[\text{Assessed Value of Property minus Exemption(s)}] \div 1,000 \times \text{Total Millage Rate} = \text{Total Property Tax}$$

As shown in the **Palm Beach County Taxing Cycle** chart, the funding of government each year starts with an assessment of your property's taxable value at the beginning of the calendar year.



Property Taxes

If you're a homeowner, the property tax bill you pay each year funds much more than County government. Several other entities, such as the School District, Children's Services Council and Health Care District, each establish a millage rate. Depending on where you live, you may pay taxes or assessments to these and other "special districts" as well as a municipality. The **Property Tax Payment Breakdown** chart shows the various taxes that a person with an average-priced home in West Palm Beach would pay.



¹ Amount represents average price of a single-family home in West Palm Beach as reported by the Florida Association of Realtors and the University of Florida Bergstrom Center.

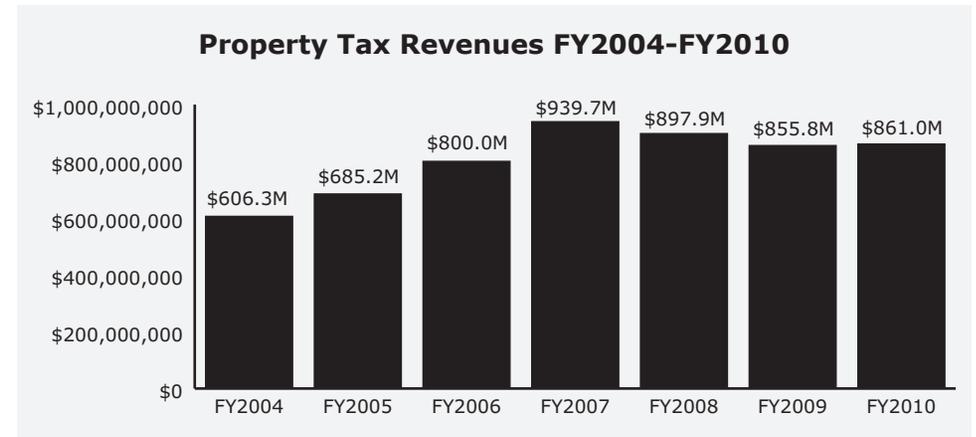
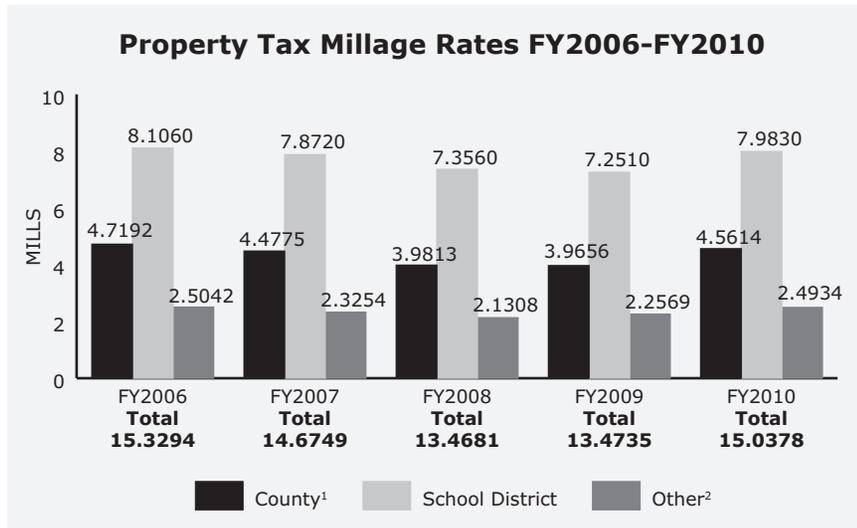
² Calculated taxes are based on a home within the City of West Palm Beach with the stated assessed value and applicable exemptions.

³ Municipalities and special districts have their own millage rate, so the percentages shown in the example will differ depending on where you live.



Property Taxes

To offset a decrease in property tax revenue caused by a drop in property values, the Board of County Commissioners voted to increase the County's millage rate by 15 percent. The countywide operating millage of 4.344 approved for FY2010 was what's considered a "rollback rate." When property values decline, a rollback rate allows governments to set the millage rate at a level that lets them collect the same amount in taxes as the previous year. As shown in the **Property Tax Revenues: FY2004-FY2010** chart, this millage rate increase resulted in a .06 percent increase in property tax revenue in FY2010. Property tax collections were nearly \$861 million, compared to approximately \$856 million in FY2009.

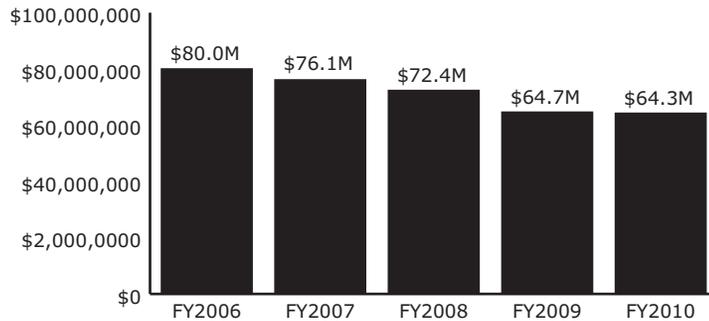


¹Includes countywide operating millage as well as a millage rate for voter-approved debt.

²Other 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.

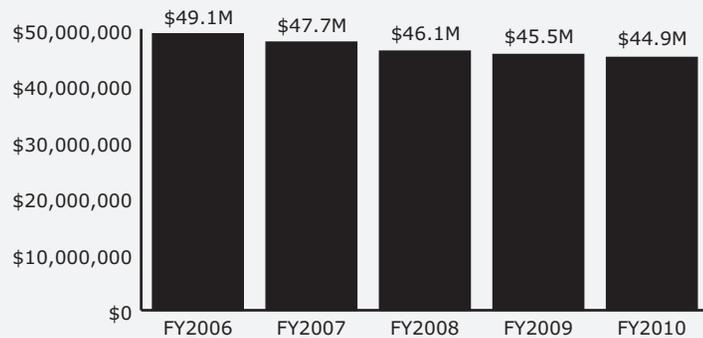
User Fees

Sales Tax Revenue FY2006-FY2010



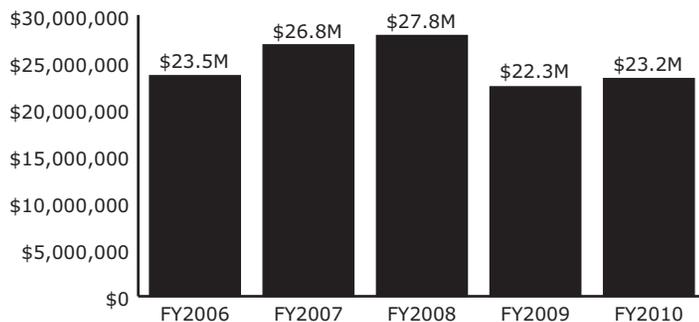
In addition to property taxes, County government is also funded by other taxes, including the sales tax you pay when buying items such as appliances, clothes and cars. With consumer confidence continuing to lag, people held back on making purchases, causing a decline in sales tax revenue in Palm Beach County in FY2010. Since FY2006, sales tax revenue has decreased by 19.7 percent, which means less money for the County and municipalities to pay for services.

Local Option Gas Tax Revenue FY2006-FY2010



The economy put the brakes on another funding source—the collection of Local Option Gas Taxes, which are the taxes you pay when filling up your gas tank. With motorists driving less, this revenue source continued its decline, dropping to \$44.9 million in FY2010, an 8.5 percent decrease since FY2006. Locally, fewer people took to the skies, with nearly 5.9 million passengers using Palm Beach International Airport in FY2010, a 3.2 percent decline over 2009.¹ Nationally, airline traffic was up slightly. ¹Source: Palm Beach County Department of Airports.

Tourist Development Tax FY2006-FY2010



Overall, tourism showed some growth during FY2010, increasing the amount of money County government received from area hotels, motels and other properties rented to visitors. Collections of Tourist Development Taxes increased by \$873,000, or about 4 percent, compared with the previous year. That money is used for tourism-related expenses including debt payments on the Palm Beach County Convention Center and Roger Dean Stadium as well as the promotion of tourism, culture, film and sporting events.

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.
- The proposed budget is reviewed and revised by the Board of County Commissioners prior to July 15.

Participate in Budget Process

- A series of budget workshops and two public hearings are held before the budget is finalized and adopted at the start of the fiscal year on October 1. For the dates of these meetings, please visit www.pbcgov.com.

Fund Types

General Fund – Primary operating fund that pays for government operations.

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

Debt Service Funds – Designated to 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.

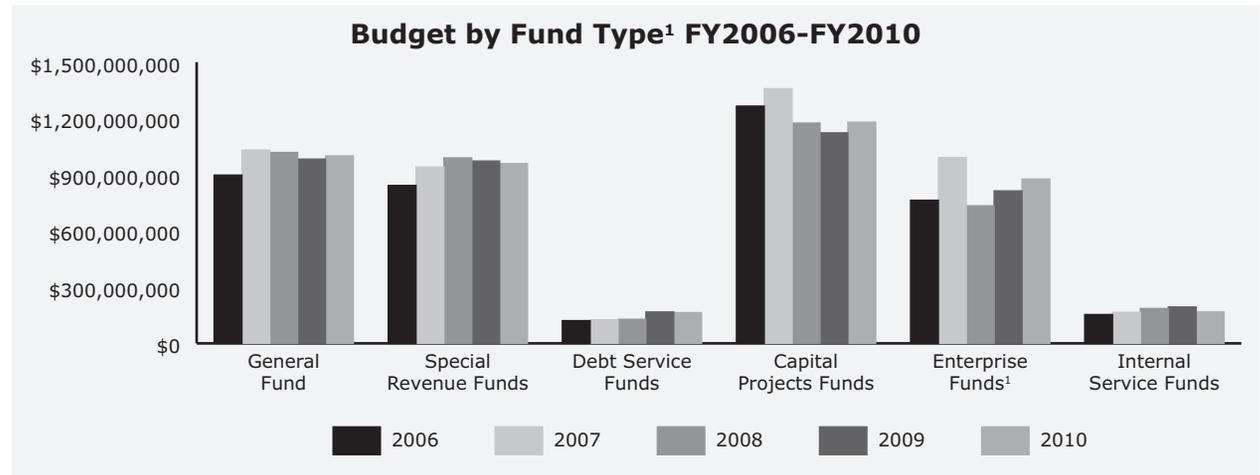
Enterprise Funds – Contain user fees from revenue-producing County operations.

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

Budget at a Glance

Palm Beach County's total adopted budget, which is the financial plan for funding all operations, totaled \$4.3 billion in FY2010. While many individual departmental budgets decreased (see **Select Operating Budgets**, page 13), the County's overall budget increased 2.2 percent over FY2009. This was in part due to budgeting for capital projects, such as \$134 million for a jail expansion. Enterprise funds also saw budgeted increases because of various Water Utilities Department capital improvements.

The Board of County Commissioners offset the budget increase by raising the millage rate, which is the rate that's used to calculate your property tax (see **Property Taxes**, pages 8-10). In previous years, the County kept the millage rate the same and instead took money from reserves to balance the budget (see **Reserves**, page 15).



¹The Solid Waste Authority prepares its own budget but is included here because it is blended into the County's financial statements.

Select Operating Budgets

Comparison of Select Operating Budgets Funded by Tax Dollars¹

County Department	FY2009 Budget	FY2010 Budget ²	Percent Change	Cost Per Taxpayer ³
Parks and Recreation	\$53,385,278	\$49,901,580	-6.5%	\$79.60
Facilities Development and Operations	\$40,782,025	\$36,063,904	-11.6%	\$57.53
Engineering & Public Works	\$33,724,997	\$20,697,765	-38.6%	\$33.02
Community Services	\$23,081,527	\$20,643,246	-10.6%	\$32.93
Public Safety	\$22,153,621	\$19,402,873	-12.4%	\$30.95
Planning, Zoning and Building	\$13,496,951	\$12,421,722	-8.0%	\$19.81
Environmental Resource Management	\$11,975,464	\$10,037,444	-16.2%	\$16.01
County Attorney	\$4,536,664	\$4,041,768	-10.9%	\$6.45
County Commission	\$2,952,820	\$2,742,561	-7.1%	\$4.37
County Administration	\$1,740,997	\$1,547,426	-11.1%	\$2.47
Risk Management	\$305,957	\$364,178	19.0%	\$0.58
Metropolitan Planning Organization	\$47,349	\$60,873	28.6%	\$0.10
All County Departments	\$319,998,411	\$299,505,086	-6.4%	\$477.74
Dependent Districts				
Fire - Rescue	\$215,020,809	\$220,368,954	2.5%	\$351.51
County Library	\$43,136,980	\$37,474,834	-13.1%	\$59.78
Constitutional Officers⁴				
Sheriff	\$406,308,790	\$418,218,406	2.9%	\$667.10
Property Appraiser	\$18,620,832	\$17,162,672	-7.8%	\$27.38
Clerk & Comptroller	\$14,696,435	\$12,428,606	-15.4%	\$19.82
Supervisor of Elections	\$9,997,168	\$9,028,270	-9.7%	\$14.40
Tax Collector	\$5,838,901	\$4,512,916	-22.7%	\$7.20

¹Source: Palm Beach County Annual Budget FY2010.

²Budget amounts reflect only the County taxpayer funded portion of the budget and do not include other revenue sources such as grants and user fees.

³Calculated for FY2010; "taxpayer" represents a taxable parcel, of which there were 626,918 as of September 30, 2010.

⁴Represents portion of budget funded by the Board of County Commissioners.



Where Your Money Goes

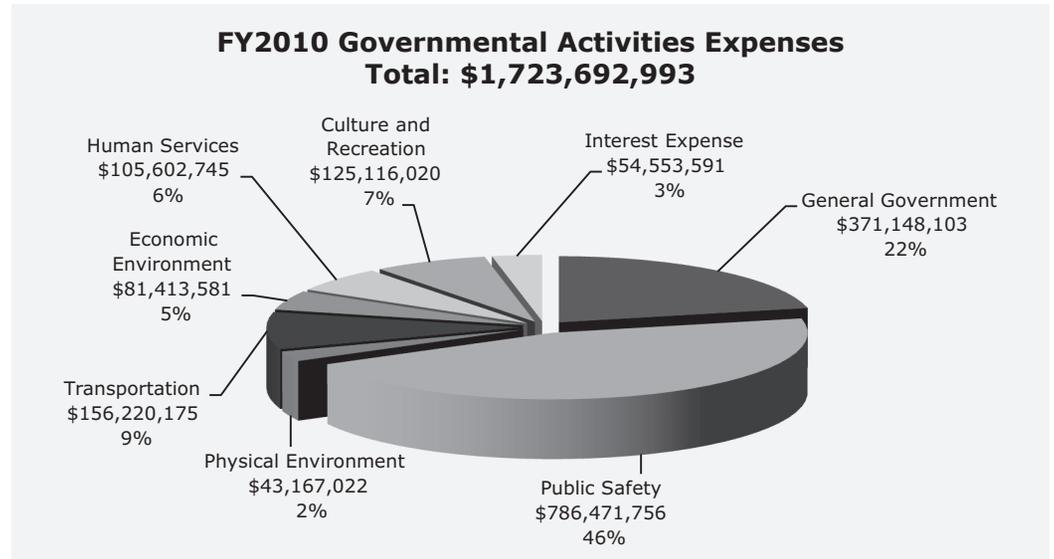
After a slight decline the previous year, the cost of running County government increased by \$49 million, or 3 percent, in FY2010. As shown in **Governmental Activities Expenses FY2005 – FY2010**, spending changes include:

Increases

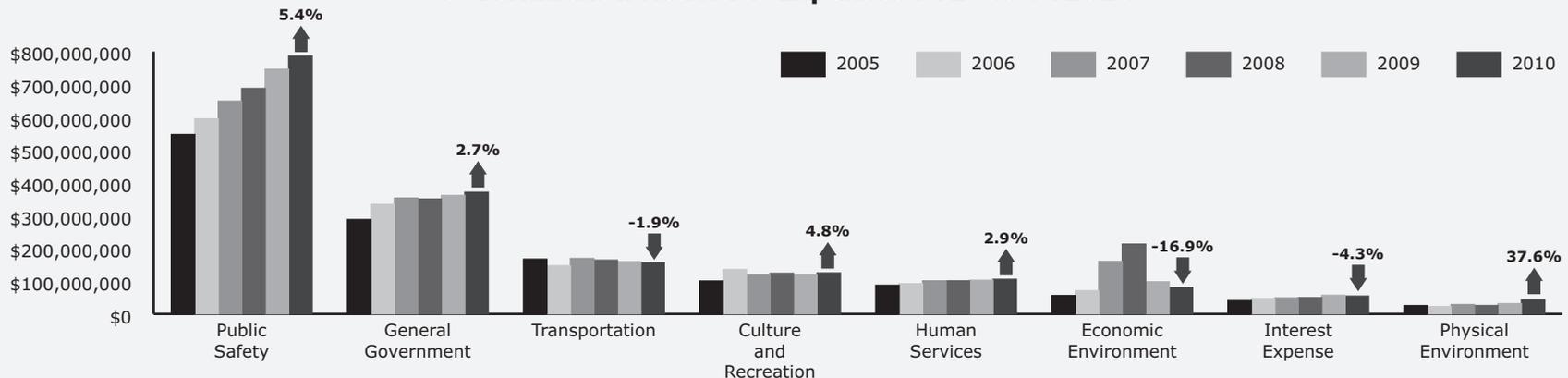
- Public Safety – Primarily due to an increase in operating costs of the Sheriff's Office.
- Physical Environment – In part due to the acquisition of environmentally sensitive ecological sites as well as beach renourishment efforts.

Decreases

- Transportation – Primarily because of more stable fuel prices and operating costs.
- Economic Environment – Reduced financial payments related to the Scripps project at Florida Atlantic University.



Governmental Activities Expenses FY2005-FY2010



Reserves

Reserves are funds that are set aside, or “reserved,” to pay for future planned, or unanticipated, expenses. While County revenues have declined in recent years, the importance of maintaining reserve funds has become increasingly apparent.

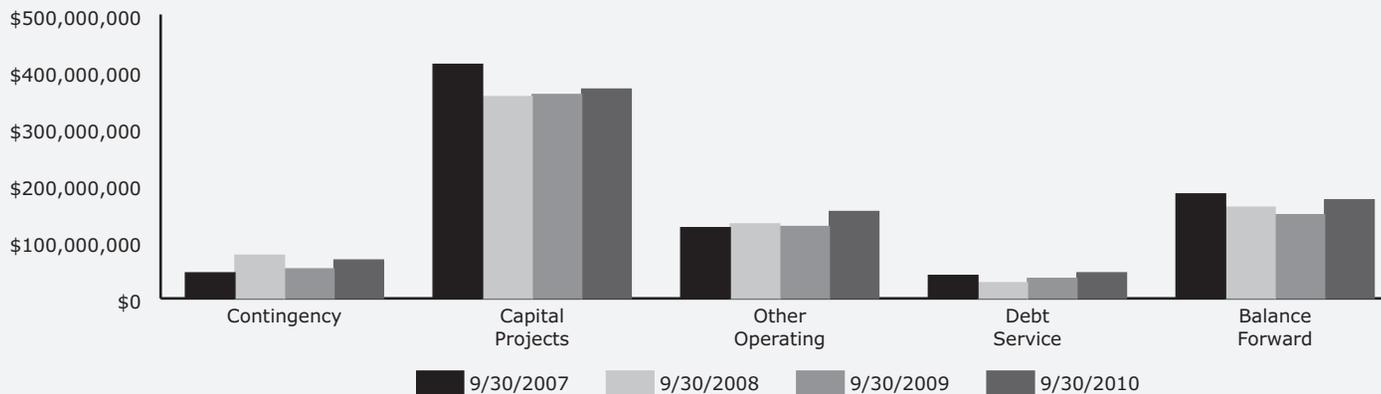
In the two years leading up to FY2010, the County dipped into reserves to balance the budget when faced with insufficient funds to cover expenses. However, in FY2010, the reserve balances increased by approximately \$87.5 million, or 12 percent, because the County used other means to offset revenue shortfalls (see **Property Taxes**, page 10).

**Total Reserves as of September 30, 2010 =
\$808,239,631**

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 reserved during the fiscal year to fund these projects. During FY2010, the County increased the amount of money set aside for capital projects, raising this reserve balance by \$9.5 million, or about 3 percent.

Other Reserves – The County also budgets dollars for cash carried over from previous years, contingencies, specific operations and debt payments. During FY2010, the County’s reserve balances for these other reserve categories increased by \$78 million, or about 22 percent.

Reserve Analysis Fiscal Year Ends 2007-2010



Investment Terms

Interest Income - Represents the payment of interest, or earnings, on bonds.

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

Liquidity - The ability to quickly convert investments to cash to meet financial obligations.

Principal - The original amount invested, separate from earnings.



Investments

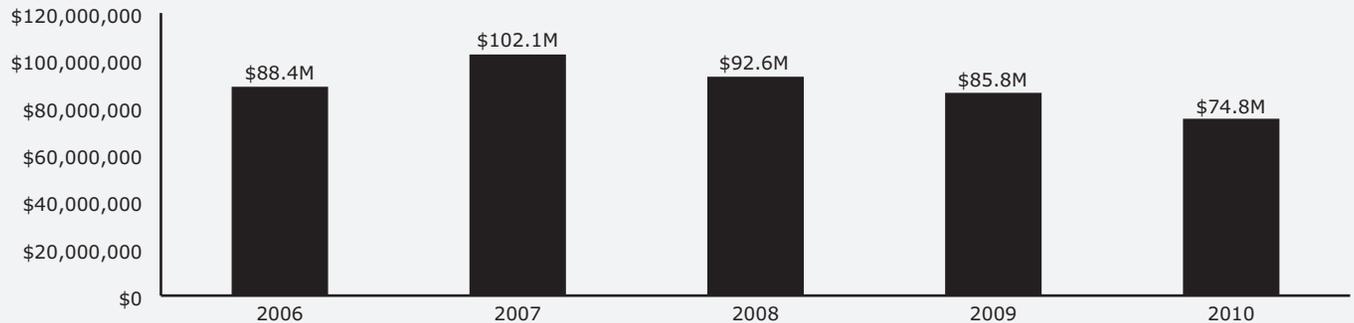
Your County government pays bills throughout the year, just as you do, but receives the majority of its income during the months of December and January when property owners pay their annual tax bills. As Treasurer and custodian of County funds, the Clerk & Comptroller is responsible for investing your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

Clerk & Comptroller's investment portfolio earnings = savings per taxpayer¹ of \$121

¹Based upon 626,918 parcels on which taxes were paid in Palm Beach County

The Clerk & Comptroller's nationally recognized portfolio management strategy ensures that your tax dollars are protected while earning the maximum rate of return possible and providing sufficient liquidity to meet County expenses throughout the year. Despite a weak economy and unprecedented low interest rates during FY2010, the Clerk-managed portfolio averaged \$1.8 billion in FY2010 and earned \$77.1 million in investment income, which includes \$74.8 million in interest income. A County investment policy provides guidelines related to risk management, reporting and investment requirements. For more investment information, including a monthly portfolio report, please visit www.mypalmbeachclerk.com/investments.aspx.

Interest Income FY2006-FY2010

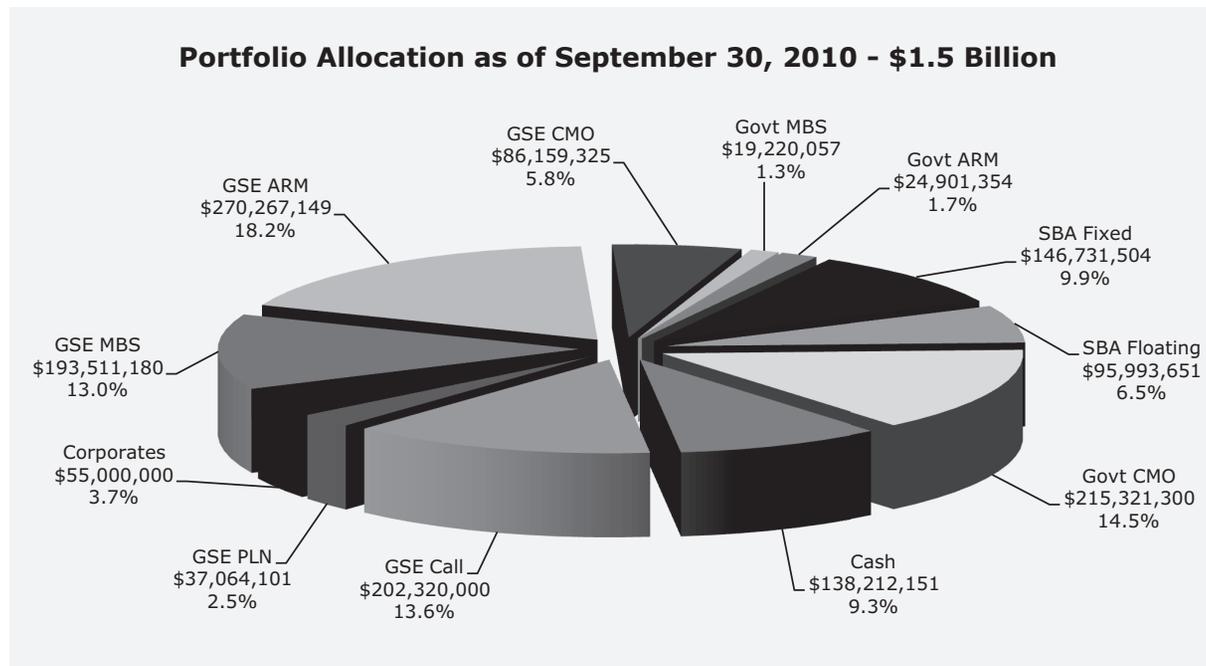


Investments

The Clerk & Comptroller's in-house investment professionals proactively monitor developments in the financial markets daily and take any necessary precautionary steps to safeguard taxpayers' money. While low interest rates and declining market conditions reduce the portfolio yield, the safety of public funds is our first and foremost concern. As a result, only the highest quality investments are made to ensure safety of principal, easy liquidity and solid earnings.

Standard & Poor's, one of the major rating agencies, once again awarded the top credit and volatility ratings to the Clerk & Comptroller for the Palm Beach County investment portfolio in FY2010. 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 assures the public that the Clerk & Comptroller is professionally and prudently managing the portfolio and protecting your tax dollars.

Additionally, in FY2010, the Centre for Fiduciary Excellence certified the office's investment management procedures, the County Investment Policy and the County Investment Policy Committee as adhering to a global standard of fiduciary excellence for investment stewards. This certification is another assurance to citizens that the Clerk & Comptroller is committed to continuous improvement and excellence in the management of public tax dollars.



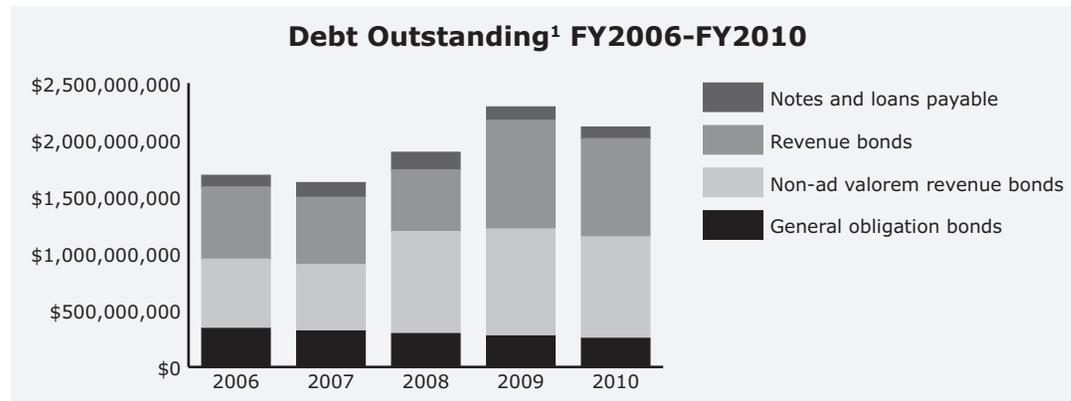


Debt

Just as you may take out a mortgage or loan to buy a home or car, Palm Beach County borrows money to fund projects or purchases. A majority of the debt is in the form of bonds, which are sold or “issued,” allowing the County to spread repayment over a long period of time—sharing the cost with current and future taxpayers. Investors, called bondholders, purchase the bonds, becoming the County’s lenders who must be paid back. The County’s AAA bond rating, the highest possible rating, allows it to borrow money at lower interest rates, which results in lower costs—saving taxpayer money. As of September 30, 2010, the County’s outstanding debt totaled more than \$2.1 billion¹, a 7.7 percent decrease over FY2009. This decrease is directly attributable to the County issuing no new bonds during the year.

Examples of Outstanding Debt

Project	Original Amount	Current Balance
Criminal Justice projects	\$638.3m	\$307.9m
Biomedical Research Park projects	\$316.1m	\$259.9m
Environmentally sensitive lands	\$173.1m	\$118.7m
Convention Center	\$92.9m	\$87.7m
Parks & Recreation facilities	\$140.9m	\$69.7m



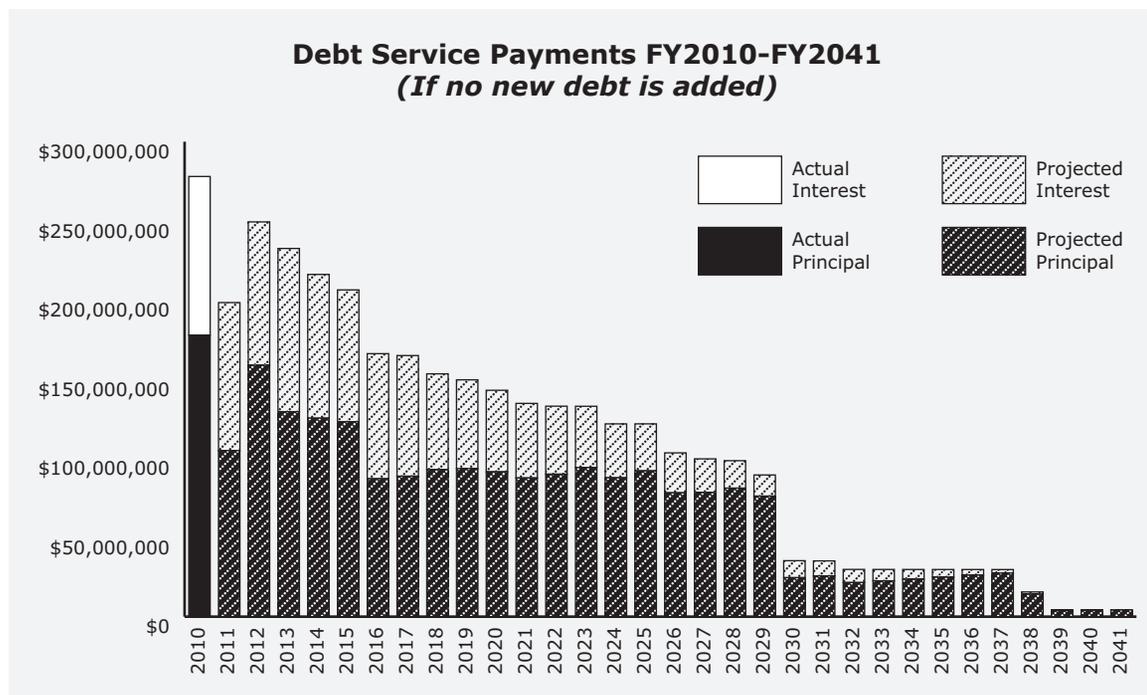
¹Debt outstanding includes the Solid Waste Authority (SWA). It is anticipated that in FY2011, financial information for the SWA may not be included in debt outstanding reporting due to a change in government accounting standards.

Debt

Decisions made decades ago to issue debt have a profound impact on the County's current and future financial position. In FY2010, the principal and interest payments on countywide debt totaled more than \$278 million, an amount equal to 13 percent of total County revenue. As shown in **Debt Service Payments FY2010-FY2041**, the next highest payment will come in FY2012, with scheduled payments totaling nearly \$250 million barring the issuance of any new debt.

At the urging of the Clerk & Comptroller and other community leaders, the County revised its Debt Management Policy in late FY2009, agreeing to issue debt on a competitive basis. Going forward, any new bonds must be awarded to the bidder offering the lowest interest cost for taxpayers. This replaced the previous practice of distributing bonds to a rotating list of firms. While no new bonds were issued in FY2010, the County refinanced some existing debt using this new method.

For more information on County debt, including how it is managed, the impact on your tax dollars and effect on the County's financial health, please read our *Annual Debt Guide* at www.mypalmbeachclerk.com/debt.aspx.



What the County Owns and Owes

The **Condensed Statement of Net Assets**, or “balance sheet,” is a summary of everything the County owns (assets) and owes (liabilities). It also provides a snapshot of the County’s financial health at the end of each fiscal year. By the end of FY2010, the County’s net assets had decreased by more than \$11 million over FY2009. This decrease in net assets can be attributed to County expenses outpacing revenues.

Condensed Statement of Net Assets: September 30, 2010

	Governmental Activities	Business-Type Activities	Total 2010	Total 2009
Assets				
Current and other assets	\$1,566,988,312	\$904,406,800	\$2,471,395,112	\$2,751,948,414
Capital assets	2,442,459,294	1,875,376,713	4,317,836,007	4,161,225,376
Total assets	4,009,447,606	2,779,783,513	6,789,231,119	6,913,173,790
Liabilities				
Current	303,896,972	102,158,094	406,055,066	482,049,845
Long-term debt due in more than one year	1,354,841,504	1,007,645,526	2,362,487,030	2,398,724,567
Total liabilities	1,658,738,476	1,109,803,620	2,768,542,096	2,880,774,412
Net Assets				
Invested in capital assets, net of related debt	1,450,011,423	1,279,889,595	2,729,901,018	2,675,583,294
Restricted	775,130,243	100,822,222	875,952,465	893,728,461
Unrestricted	125,567,464	289,268,076	414,835,540	463,087,623
Total net assets	\$2,350,709,130	\$1,669,979,893	\$4,020,689,023	\$4,032,399,378

Net Assets at a Glance

Invested in capital assets, net of related debt - The difference between amount paid for capital assets, such as buildings, and any debt used to acquire those assets, such as loans or mortgages.

Restricted - Funds that are not available for use by the County because they must be used for a specific purpose or project as required by a law or regulation.

Unrestricted - The remaining balance available for use that is not invested in capital assets or restricted.

Elected Officials as of September 30, 2010

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 -Vacant¹
561.355.2202

District 3 – Shelley Vana
561.355.2203

District 4 - Steven L. Abrams
561.355.2204

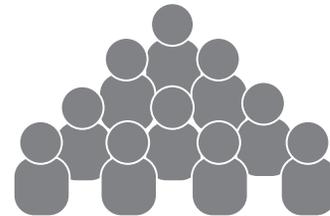
District 5 - Burt Aaronson
561.355.2205

District 6 - Jess R. Santamaria
561.355.6300

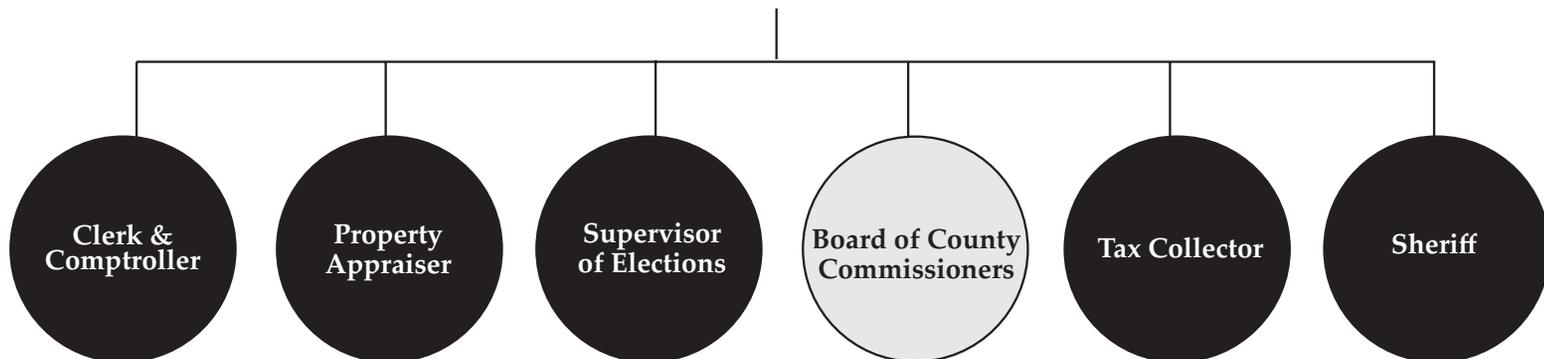
District 7 - Priscilla A. Taylor
561.355.2207

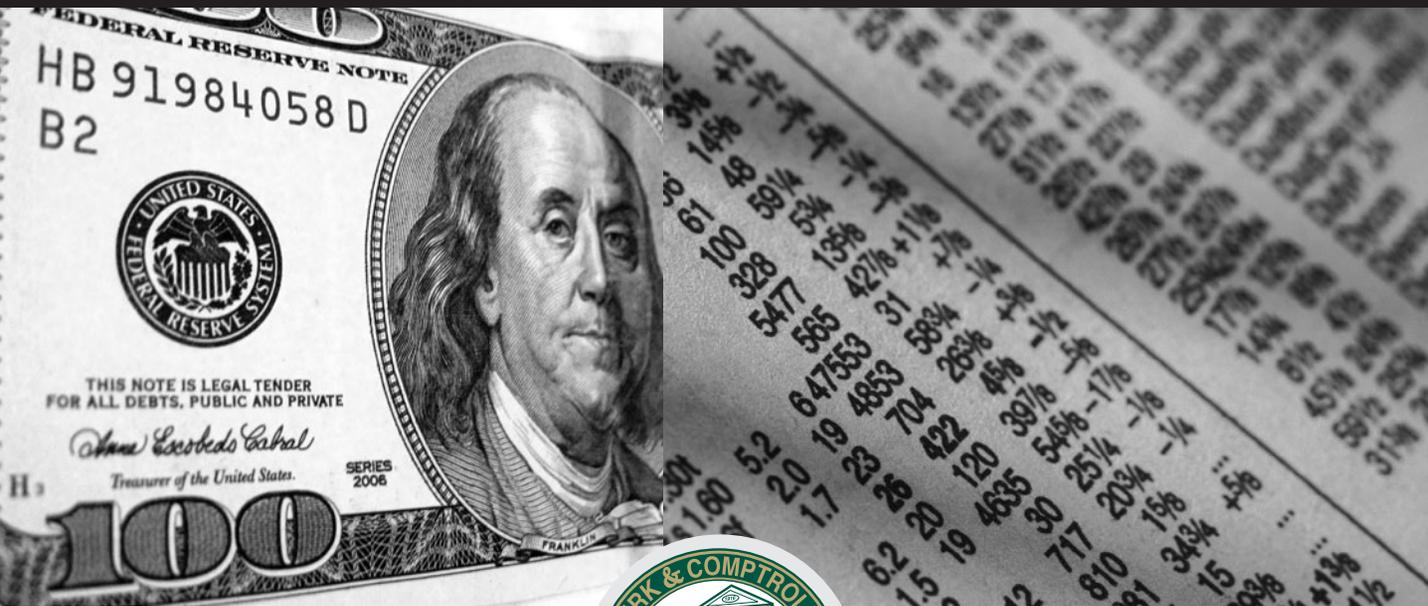
¹Seat filled by Paulette Burdick on November 16, 2010.

-  County Constitutional Officers
Elected Countywide
-  Board of County Commissioners
Elected by District



Palm Beach County Citizens





SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

www.mypalmbeachclerk.com

The independent Clerk & Comptroller 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
- *my*Minutes
- *my*VAB
- Self Service Court Forms
- Marriage Licence Information
- Passport Information & Photos
- Domestic Partnership Registry



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