



CHECKS & BALANCES

Your Guide to County Finances
Palm Beach County, Florida



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Dear Residents,

One of the most important aspects of my job as your independently elected Clerk & Comptroller is to guarantee the protection of your tax dollars. As Palm Beach County's accountant, treasurer, auditor and fiscal watchdog, I review all County expenses to ensure that they are reported and spent properly. I also invest all taxpayers' money to maximize potential earnings.

Our focus on County revenue and spending proved especially important during the 2011 fiscal year. While debate over the debt ceiling ensued in Washington, D.C., my office was able to safeguard County funds against a dramatic drop in interest income through our active management of the County's investment portfolio. The stability of that income is critical as it supplements the County's shrinking budget. During fiscal year 2011, we earned \$58.8 million in interest income on the portfolio, resulting in a savings of \$94 per taxpayer in Palm Beach County.

As you can see throughout the pages of this sixth edition of *Checks & Balances: Your Guide to County Finances*, the economic realities that affect our household spending and decision-making also affected County leaders during fiscal year 2011. With County revenues declining from the previous fiscal year, (see **County Government Revenue**, page 7), there was a corresponding drop in County spending (see **Where Your Money Goes**, page 14). However, there also are promising signs, such as the increase in Tourist Development Tax collections (see **User Fees**, page 11) and the increase in existing homes sales (see **Your Community**, pages 5-6).

By reading *Checks & Balances: Your Guide to County Finances*, you are taking an important step toward understanding and participating in Palm Beach County's financial future. You elect a Board of County Commissioners to make important decisions about the quality of your life and the use of your hard-earned money. Let this guide help you to get involved and use the information to evaluate your County government leaders' decisions. You can find information about public hearings on the budget on page 12.

Checks & Balances: Your Guide to County Finances is just one of our many useful and award-winning financial publications available on our website at www.mypalmbeachclerk.com/countyfinances. I consider it an honor and a privilege to serve as your Clerk & Comptroller, and I remain committed to transparency in how your tax dollars are managed, reported and 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., holds a Juris Doctorate, has earned insurance and securities licenses Series 7, 63 and 65 and has been certified as an Accredited Investment Fiduciary®. Elected to office in 2004, one of Clerk Bock's top priorities is to educate the public about how tax dollars are managed and spent.

About This Guide

Where does our 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 annually 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 award-winning guide is derived from the office's *Comprehensive Annual Financial Report* (CAFR) for the fiscal year that ended on September 30, 2011. The CAFR, available at www.mypalmbeachclerk.com/countyfinances, includes more than 200 pages of detailed County financial statements, notes, schedules and reports.

Checks & Balances: Your Guide to County Finances, 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 guide is a recommended practice of the Government Finance Officers Association, the authority on best practices in governmental accounting and financial reporting.

The Clerk & Comptroller's office is committed to cost savings and, therefore, has printed only a limited number of copies of this guide. Citizens are encouraged to view the online edition at www.mypalmbeachclerk.com/countyfinances. This electronic version, for the first time, contains animated charts and graphics, as well as useful links to other helpful information and reference materials.

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

"A popular Government, without popular information, or the means of acquiring it, is but a Prologue to a Farce or a Tragedy; or, perhaps both. Knowledge will forever govern ignorance: And a people who mean to be their own Governors, must arm themselves with the power which knowledge gives."

*-President James Madison to W.T. Barry,
August 4, 1822*

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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 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 residents living in the municipality. There also are more than 80 different entities, known as special districts, within the County that may 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, Sheriff, Supervisor of Elections and Tax Collector. 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. 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.

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 2011, investigations by the audit and public integrity units—all part of the Clerk's Division of Inspector General — identified more than \$843,000 in assessments and public service utility taxes not paid to Palm Beach County government. To learn more about the Clerk's Division of Inspector General, visit www.mypalmbeachclerk.com/inspectorgeneral.aspx.

During 2011, Clerk Bock tasked the Division of Inspector General with taking the office's responsibility for auditing court-appointed guardianship cases to the next level. This initiative was spurred by an upward trend in the number of guardianships in Palm Beach County, which, according to U.S. Census figures, has Florida's fastest growing population in the over-85 age group. The office also launched the Guardianship Fraud Hotline, which gives people the ability to anonymously report potential cases of financial fraud or waste involving court-appointed guardianships over elderly, minor children and incapacitated individuals. For more information about the Guardianship Fraud Hotline or to make a report, visit www.mypalmbeachclerk.com/fraud.

The Clerk's office continuously seeks new ways to increase efficiencies, improve processes and meet performance measures. For the fifth consecutive year, the Clerk's office submitted a budget to County leaders that was lower than the prior year, resulting in an overall 37 percent budget reduction during that time frame. 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 approximately 735 employees also are committed to their communities, having donated more than \$500,000 to local agencies through a dress-down for charity program and other fundraising initiatives. More than 200 citizens volunteered at the Clerk's office in 2011, donating more than 12,000 service hours, which saved taxpayers more than \$266,000.

Clerk & Comptroller FY2011 Fast Facts

Financial Services

- Audited and paid more than **\$1.29 billion** in County bills
- Produced **3,257 pages** of County Commission meeting minutes
- Processed **7,600** petitions for the Value Adjustment Board

Court and Legal Records

- Filed **522,901** new cases
- Processed more than **5.1 million** official documents
- Collected and disbursed **\$350 million** in court and legal records fees, fines and assessments





About the Clerk & Comptroller

Serving Your Best Interest

One of the most important duties of the Clerk & Comptroller, as the independently elected Chief Financial Officer for Palm Beach County, is providing clear, concise information about County revenue and spending. The Clerk & Comptroller's office is the impartial check and balance on how your tax dollars are spent, managed and reported.

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, 2009 and 2010**
- **Palm Award of Excellence from the Public Relations Society of America's Palm Beach Chapter, for the Fiscal Year 2008 and 2010 guides**
- **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 22 consecutive years.

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

- *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, 2010

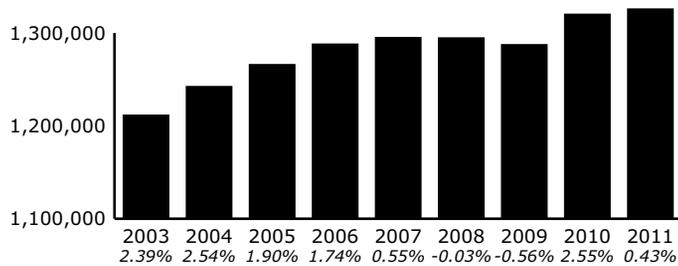


Linda C. Davidson
President

Jeffrey L. Esser
Executive Director

Your Community

**Population/Growth Rates
FY2003-FY2011¹**



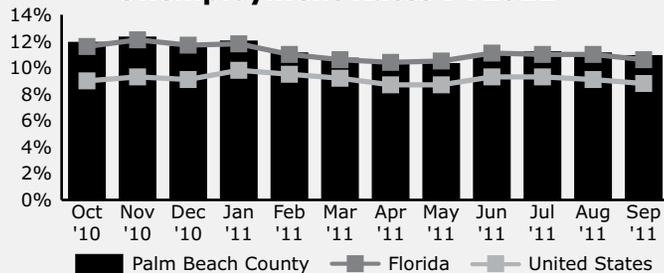
Palm Beach County is the third most populous county in Florida, with more than 1.32 million residents living here in FY2011 – about 5,600 more than FY2010.² The County’s population showed signs of growth in FY2011, after several years of stagnation. While the County’s population grew, the money earned by County residents declined. Palm Beach County’s per capita personal income—which measures personal income from salaries and other sources, divided by the population—was \$57,461, a slight decrease from the previous year.³ Palm Beach County’s per capita personal income is historically higher than the state and national average.

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

²Population for FY2010 was restated to reflect new information provided by the 2010 U.S. Census.

³Data as of 2009, most current year available from U.S. Department of Commerce, Bureau of Economic Analysis.

Unemployment Rates FY2011⁴



Palm Beach County had a possible workforce of 618,909 people at the end of 2011. Of that, 60,029 were out of work.⁵

The unemployment rate in Palm Beach County was slightly higher than Florida’s average, and much higher than the national average in FY2011. The rate, which measures the percentage of the workforce that is unemployed and looking for paid employment, fluctuated between a low of 10.3 percent in April and May 2011, and a high of 12.3 percent in November 2010.

⁴Source: Labor Market Statistics, Local Area Unemployment Statistics. Rates not seasonally adjusted.

⁵Business Development Board, Palm Beach County, Labor Force Trends 2011.

Top Job Growth/Losses 2010-2011⁶

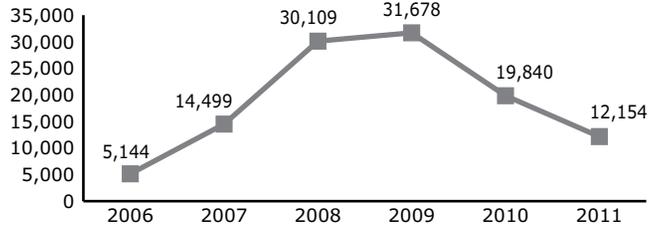
Industry	Percent Change
Education and Health Services	+5.1%
Construction	+4.7%
Manufacturing	+4.6%
Professional and Business Services	+3.9%
Other Services	+0.8%
Financial Activities	+0.3%
Trade, Transportation, and Utilities	-0.3%
Leisure and Hospitality	-2.6%
Information	-3.4%
Local, State and Federal Government	-3.6%

Businesses slowly began to hire employees once again in FY2011. The industries showing the biggest gains in Palm Beach County during 2011 were education and health services, construction and manufacturing, while the biggest declines came in leisure and hospitality, information and government.

⁶Source: Business Development Board, Palm Beach County, Labor Force Trends 2010. Percent change compares December 2011 over December 2010.

Your Community

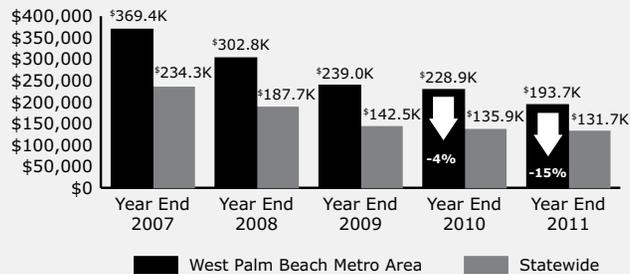
**Foreclosure Case Filings:
2006-2011⁶**



The number of new foreclosure cases in Palm Beach County decreased again in 2011, marking the second consecutive year of decline after five years of record-setting increases in foreclosure filings. There were 12,154 new cases filed in 2011, down 39 percent from the 19,840 new foreclosures filed in 2010. Many banks suspended foreclosures at the end of 2010 to review their pending cases, and the pace of new filings remained slow throughout most of 2011. However, some experts are predicting an uptick in foreclosures for 2012.

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

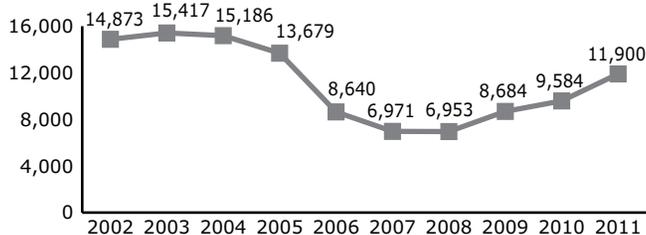
**Single-Family Existing Homes
Median Price Comparison⁷**



Palm Beach County remained a home buyer's market in 2011. Existing home sale prices continued to fall, with the median sale price dropping 15 percent to \$193,700 in 2011. The median price also declined statewide, with prices dropping 3 percent to \$131,700. But with fewer homes available for sale in Palm Beach County, local Realtors are predicting bidding wars that could drive up prices in 2012.

⁷Source: Florida Realtors.

**West Palm Beach Area⁸
Existing Home Sales 2002-2011⁹**



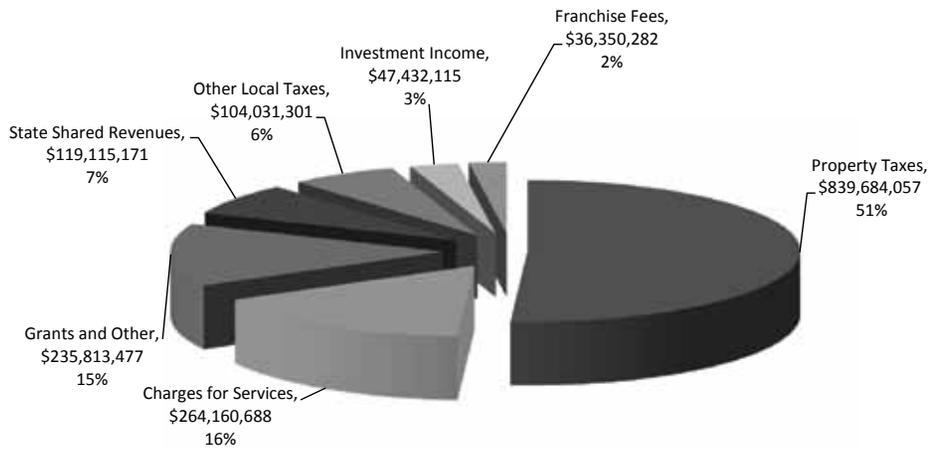
As home prices continued to drop, existing home sales went up for the third straight year in Palm Beach County, increasing by 24 percent in 2011. However, the number of residential building permits issued in 2011 was essentially flat compared with the previous year – a 0.6 percent increase to 1,583 from the 1,573 issued in 2010.

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

⁹Source: Florida Realtors.

County Government Revenue

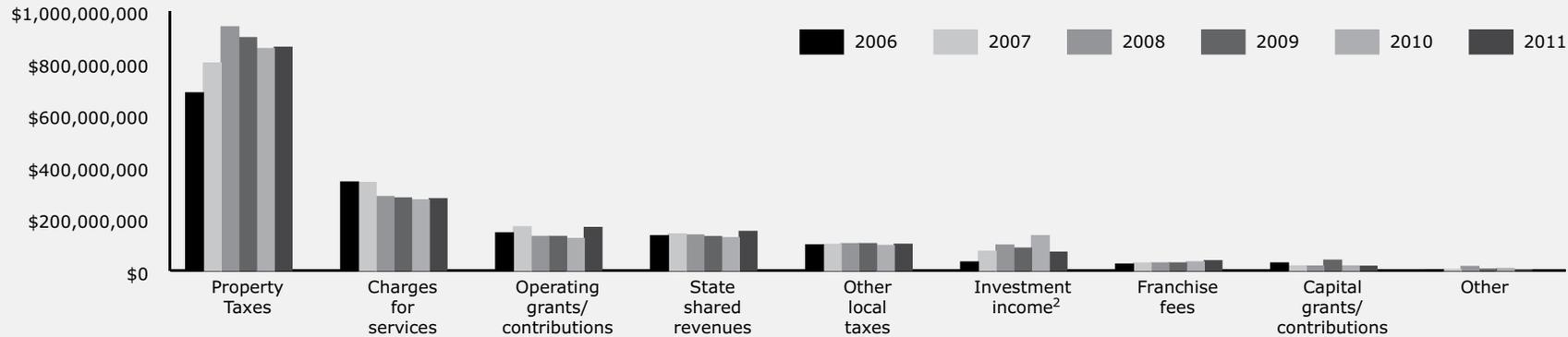
**FY2011 Governmental Activities¹ Revenues
Total \$1,646,587,091**



Funding for County government and the services provided to residents comes from many sources, with the majority coming from your property taxes. After increasing slightly during FY2010, revenue from property taxes dipped again in FY2011, dropping 2.5 percent from the previous year (see **Property Tax Revenues**, page 10).

While Palm Beach County saw less money from the state and from sources such as property taxes and franchise fees in FY2011, there was a 6.7-percent increase in the amount of grant money, which includes an increase in federal money for Palm Tran, the County's public transportation system.

Governmental Activities Revenues FY2006-FY2011



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 and Water Utilities Department, 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.

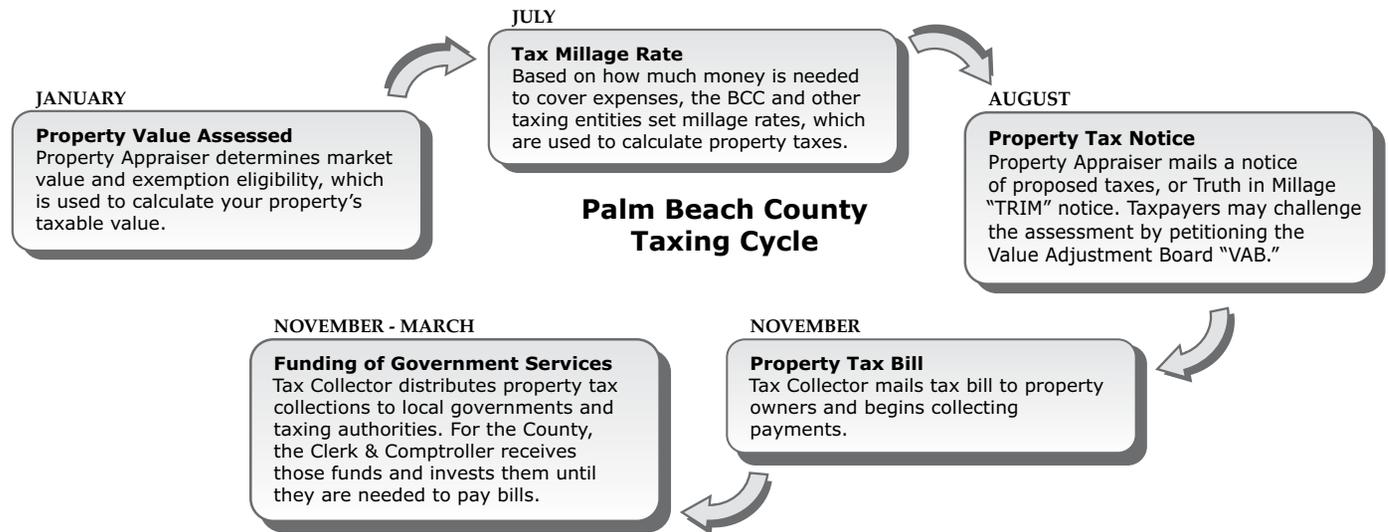
Property Taxes

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.

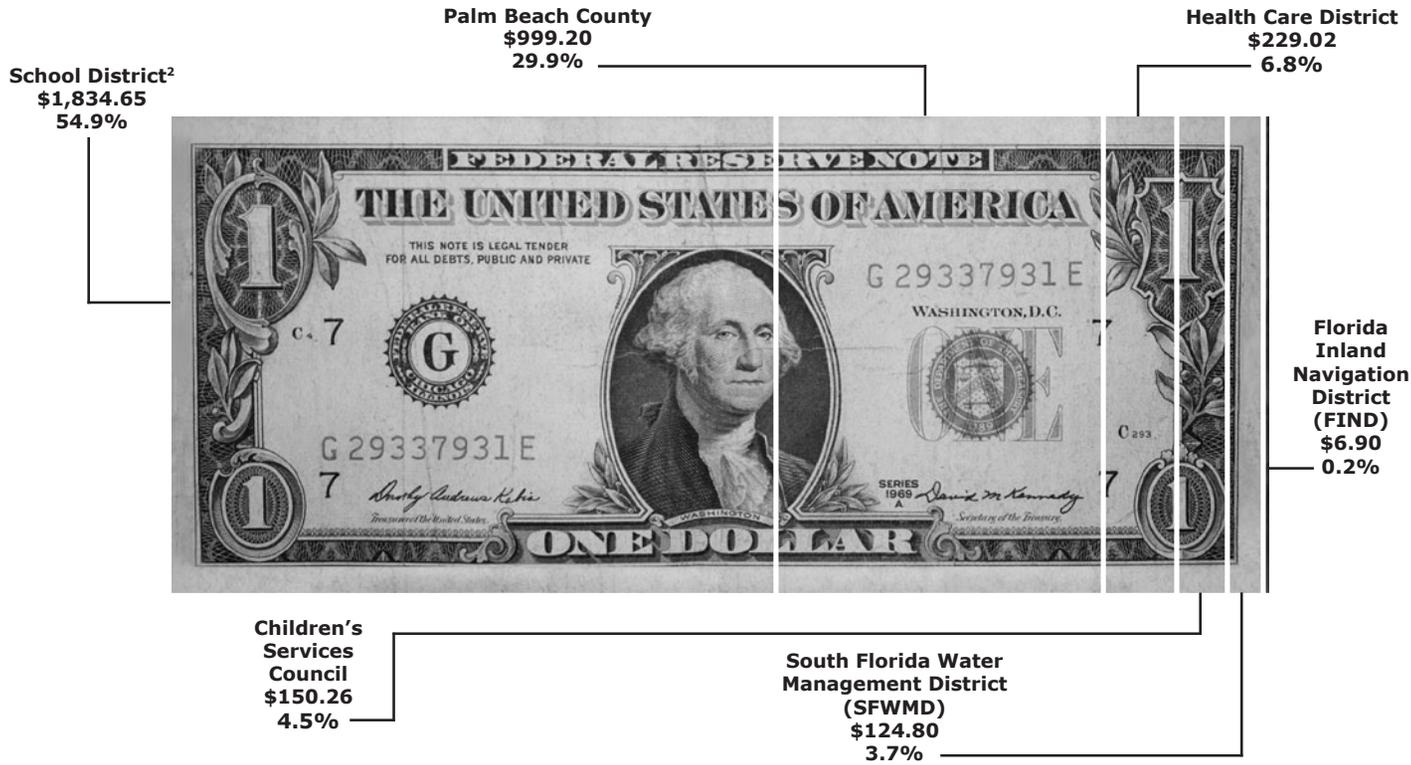


Property Taxes

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 the 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. This illustration shows how every cent of your tax dollar is spent.

Breakdown of Your Property Tax Bill - Countywide Portion¹

Assessed Value of \$250,000
Total Taxes \$3,344.83



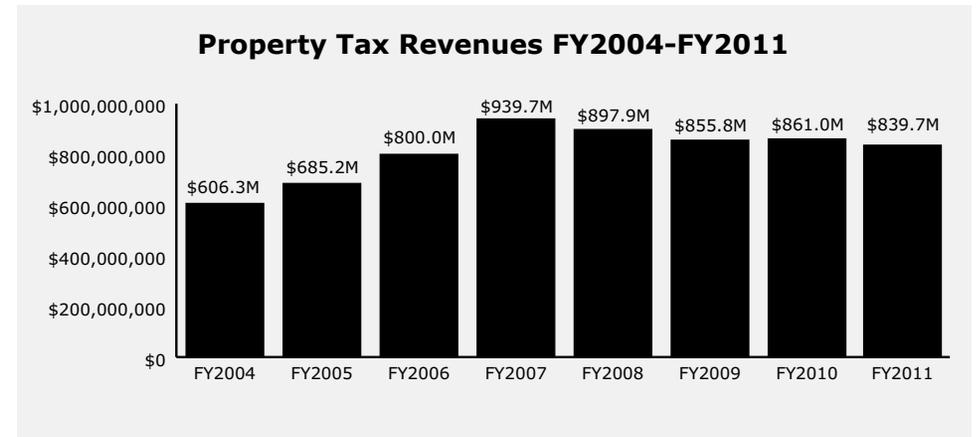
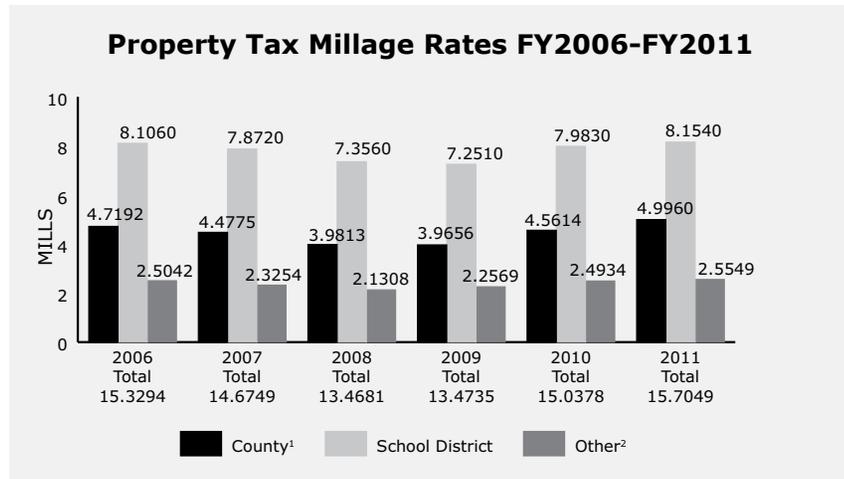
¹Figures shown in the example do not include municipalities, unincorporated areas, and any applicable special districts within.

²The School District operating millage rate is set by the Florida Legislature.

Property Taxes

For the second consecutive year, the Board of County Commissioners voted to increase the County's millage rate to offset a decrease in property tax revenue caused by declining property values. Commissioners approved raising the operating millage by 9.3 percent to 4.7500, after a 15-percent increase in FY2010. The approved operating millage was less than the "rollback rate" of 4.8223. The rollback rate is the millage rate which, exclusive of new construction, will provide the same amount of property tax revenue as the prior year.

Despite the rate increase, the County's property tax collections are down compared with the previous fiscal year. As shown in the **Property Tax Revenues: FY2004-FY2011** chart, property tax collections were \$839.7 million in FY2011, compared with \$861 million in FY2010.

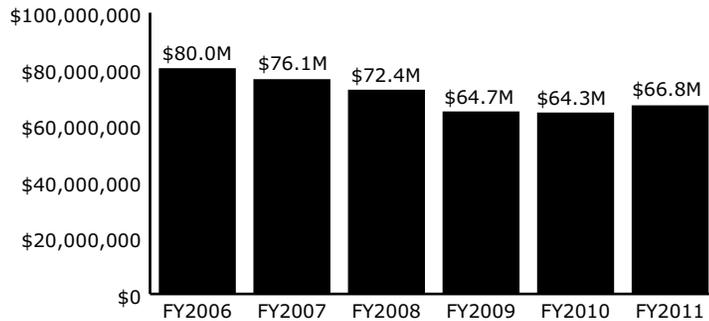


¹Includes countywide operating millage as well as a millage rate for voter-approved debt.

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.

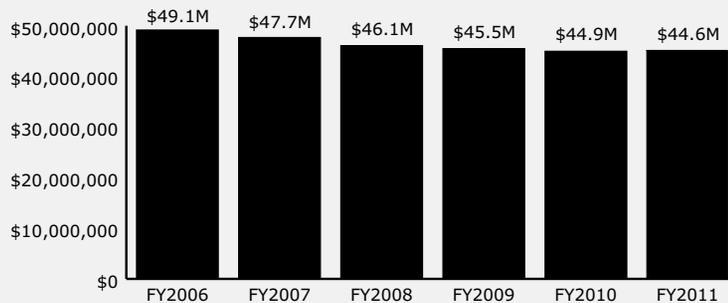
User Fees

Sales Tax Revenue FY2006-FY2011



In addition to property taxes, County government is also funded by other taxes, including the sales tax you pay on items such as clothing, electronics and cars. Despite wavering consumer confidence, Palm Beach County had a 4-percent increase in sales tax collections during FY2011. However, sales tax revenue has decreased by 16.5 percent since FY2006, which means less money for the County and municipalities to pay for services.

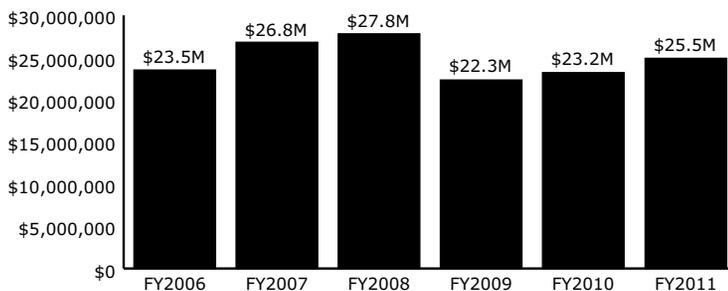
Local Option Gas Tax Revenue FY2006-FY2011



Higher gas prices drove more people out of their cars and onto mass transit, which affected the County's collection of Local Option Gas Taxes – the money paid by motorists when they buy gas. With fewer drivers on the road, this revenue source continued its decline, dropping to \$44.6 million in FY2011 – a 9.2-percent decrease since FY2006. While gas tax collections have dropped, PalmTran set ridership records in FY2011, topping 11 million passenger trips for the first time in its 40-year history.¹ Palm Tran's overall ridership increased 8 percent from FY2010, with an average weekday ridership of 37,708 and an average Saturday ridership of 20,462.

¹Source: Palm Tran

Tourist Development Tax FY2006-FY2011



Tourism in Palm Beach County continued to improve during FY2011, contributing to an increase in the amount of money that County government receives from hotels, motels and other properties rented to out-of-town visitors for the second consecutive year. The County collected \$25.5 million in Tourist Development Taxes in FY2011, a 9.7-percent increase compared with FY2010. 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 each year.

Take Part in the 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.

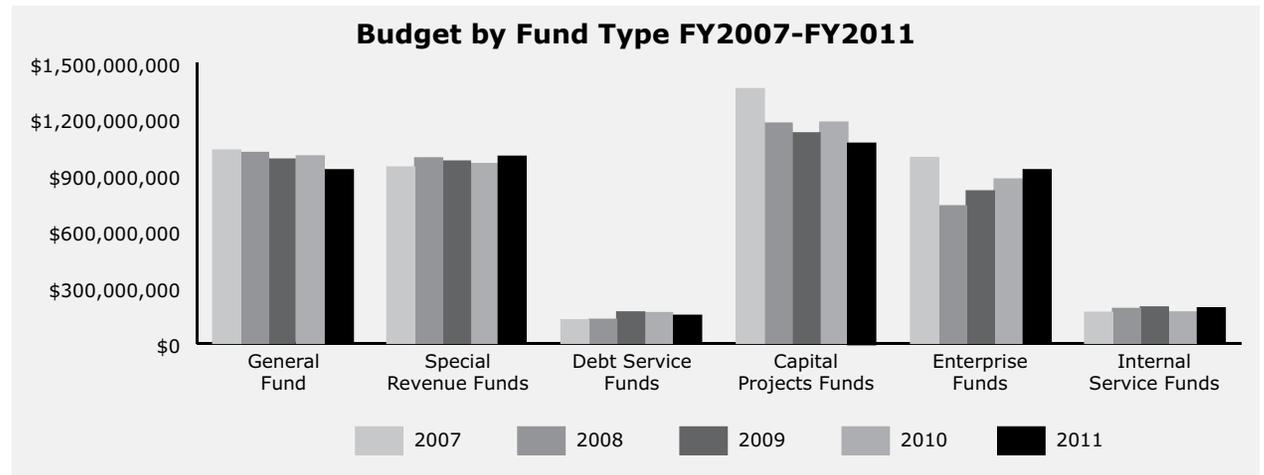
Enterprise Funds – Contain user fees from revenue-producing County operations.

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 \$4.078 billion in FY2011. The County's overall budget decreased by 0.6 percent compared with FY2010. With less revenue coming in, most individual County department budgets decreased compared with the previous fiscal year (see **Select Operating Budgets**, page 13).

For the second consecutive year, the Board of County Commissioners raised the County's millage rate to offset falling revenues. The millage rate 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).



Select Operating Budgets

Comparison of Select Operating Budgets Funded by Tax Dollars¹

County Department	FY2010 Budget	FY2011 Budget ²	Percent Change	Cost Per Taxpayer ³
Parks and Recreation	\$49,901,580	\$47,123,272	-5.6%	\$75.06
Facilities Development and Operations	\$36,063,904	\$35,193,067	-2.4%	\$56.06
Community Services	\$20,643,246	\$19,985,541	-3.2%	\$31.83
Public Safety	\$19,402,873	\$18,958,744	-2.3%	\$30.20
Planning, Zoning and Building	\$12,421,722	\$11,443,134	-7.9%	\$18.23
Engineering & Public Works	\$16,604,306	\$9,299,196	-44.0%	\$14.81
Environmental Resource Management	\$10,037,444	\$9,241,250	-7.9%	\$14.72
County Attorney	\$4,041,768	\$4,102,828	1.5%	\$6.54
County Commission	\$2,742,561	\$2,790,816	1.8%	\$4.45
County Administration	\$1,547,426	\$1,548,656	0.1%	\$2.47
Risk Management	\$364,178	\$375,775	3.2%	\$0.60
Metropolitan Planning Organization	\$60,873	\$58,438	-4.0%	\$0.09
All County Departments	\$257,936,792	\$235,531,205	-8.7%	\$375.18
Dependent Districts				
Fire - Rescue	\$220,368,954	\$204,528,376	-7.2%	\$325.79
County Library	\$37,474,834	\$37,686,348	0.6%	\$60.03
Constitutional Officers⁴				
Sheriff	\$418,218,406	\$399,599,811	-4.5%	\$636.52
Property Appraiser	\$17,162,672	\$17,976,815	4.7%	\$28.64
Clerk & Comptroller	\$12,428,606	\$12,361,632	-0.5%	\$19.69
Supervisor of Elections	\$9,710,270	\$10,664,400	9.8%	\$16.99
Tax Collector	\$4,512,916	\$3,906,555	-13.4%	\$6.22

¹Source: Palm Beach County Annual Budget FY2011.

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 FY2011; "taxpayer" represents a taxable parcel, of which there were 627,790 as of September 30, 2011.

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

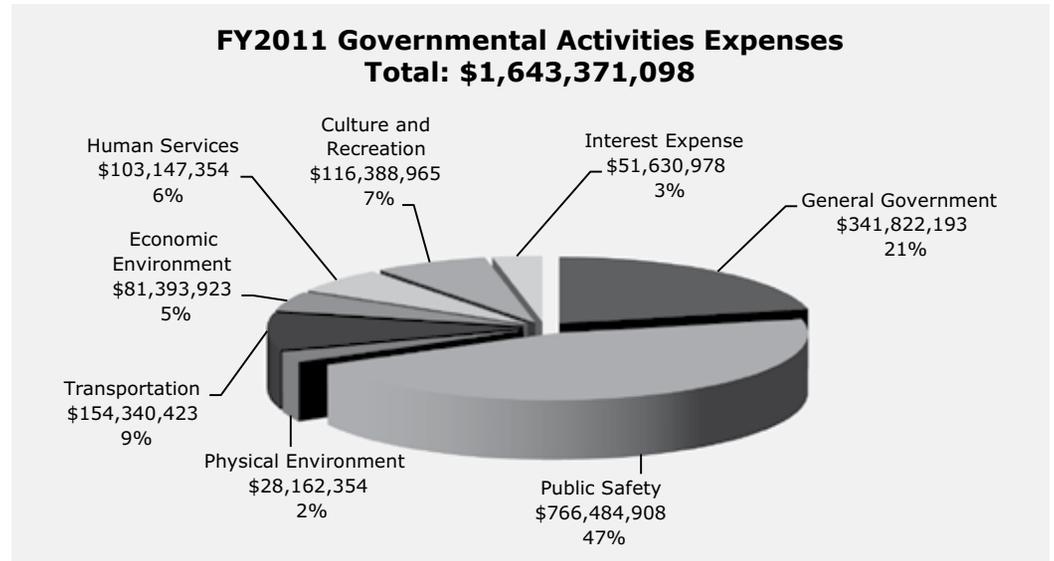


Where Your Money Goes

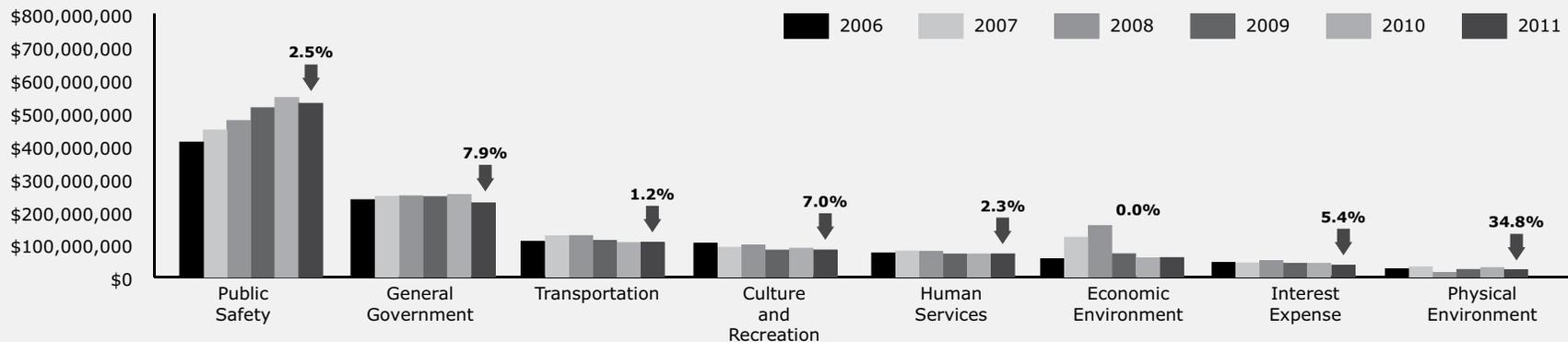
The cost of running County government declined by more than \$80 million – or about 5 percent – in FY2011, after a small increase the previous fiscal year. Spending decreased across all categories in FY2011 except for one, as shown in **Governmental Activities Expenses FY2006–FY2011**.

Among the biggest changes:

- Physical Environment – Decreased 34.8 percent due to dramatic reduction in County capital project funds activity.
- General Government – Decreased 7.9 percent in part because of budget cuts, including the elimination of 180 positions.
- Culture and Recreation – Decreased 7 percent due to elimination of several positions and continued reductions in utilities usage.



Governmental Activities Expenses FY2006–FY2011



Reserves

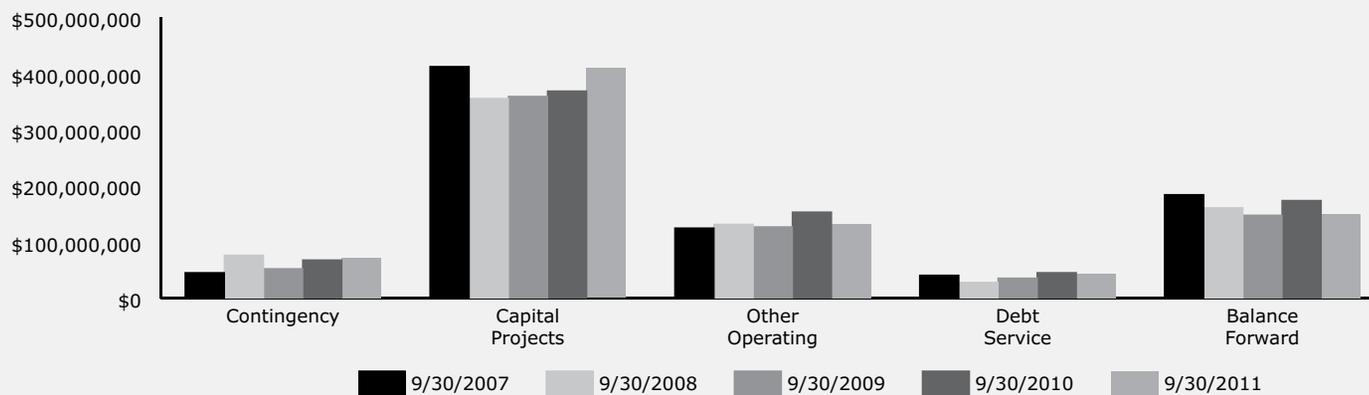
Reserves are funds that are set aside, or “reserved,” to pay for future planned expenses, as well as those that aren’t anticipated. The County used these accounts in FY2008 and FY2009 to help cover expenses, but opted in FY2010 to increase the property tax rate rather than once again tap into reserve accounts (see **Property Taxes**, page 10). In FY2011, the balance in the County’s reserve account dipped, declining by roughly \$2 million, or 0.3 percent.

**Total Reserves as of September 30, 2011 =
\$806,197,317**

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 pay for these projects. During FY2011, the County increased the amount of money set aside for capital projects, raising this reserve balance by \$40.5 million, or about 11 percent.

Other Reserves – The County also budgets dollars for cash carried over from previous years, contingencies, specific operations and debt payments. During FY2011, the County’s reserve balances for these other reserve categories decreased by \$42.6 million, or 9.7 percent.

Reserve Analysis Fiscal Year Ends 2007-2011



Clerk & Comptroller's investment portfolio earnings = savings per taxpayer¹ of \$94

¹Based upon 627,790 parcels on which taxes were paid in Palm Beach County.



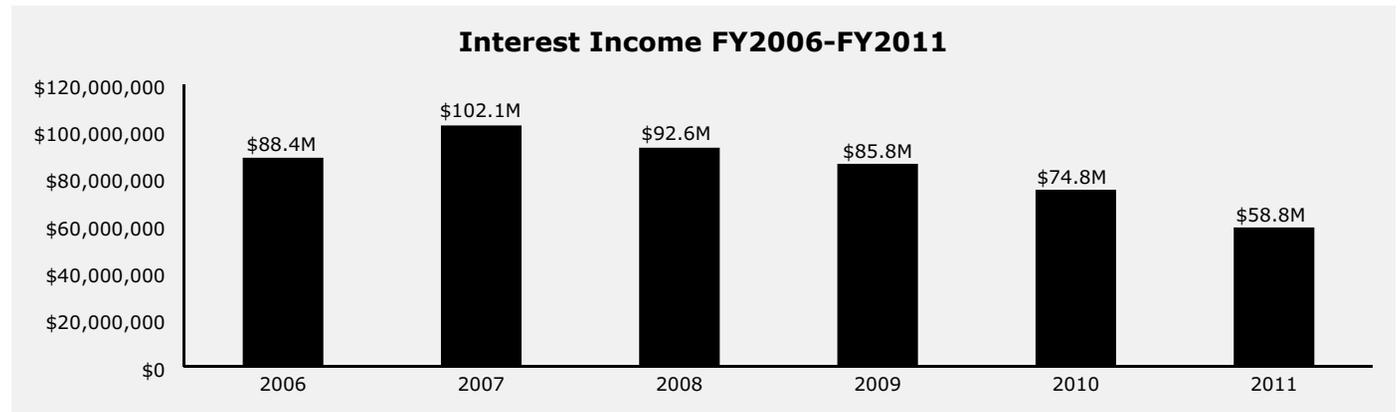
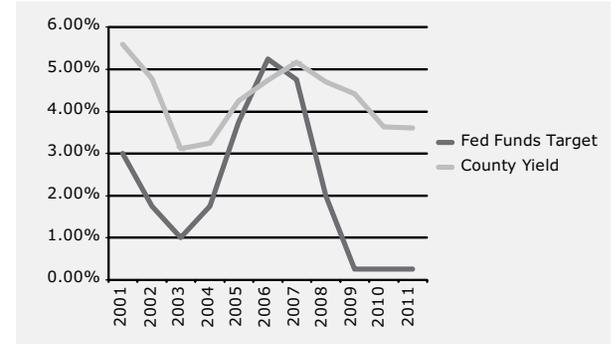
Investments

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.

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.

The drop in interest income in FY2011 compared to FY2010 was driven by the the Federal Reserve's commitment to keep the target Federal Funds rate at the 0.0- to 0.25-percent level until 2014, as well as by the decline in the average size of the portfolio. The Federal Funds rate is the interest rate at which depository institutions lend money held at the Federal Reserve to other depository institutions overnight. This rate affects market rates across the board and heavily influences what you, the taxpayers, are able to earn on your fixed-income investments. It also greatly affects the yeild generated on the County's investment portfolio.

However, despite the weak economy and historically low interest rates during FY2011, the Clerk-managed portfolio was still able to earn \$58.8 million in interest income on a portfolio that averaged \$1.6 billion in size. 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.



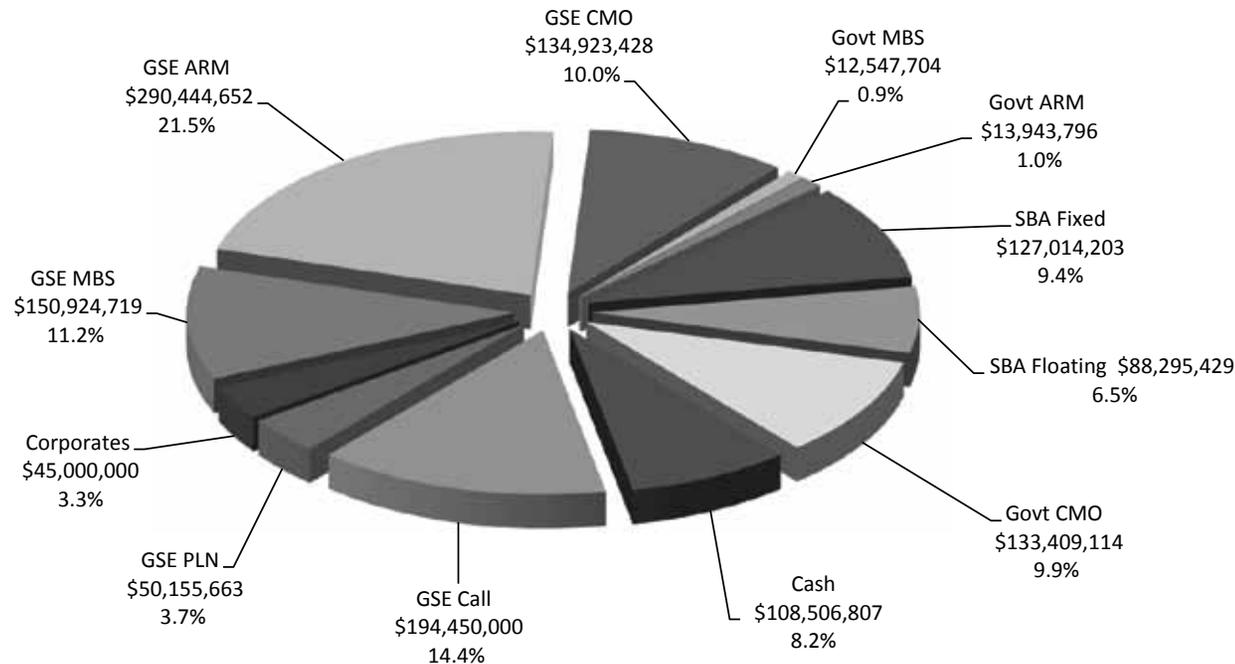
Investments

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, has consistently awarded its highest credit and volatility ratings to the Clerk & Comptroller for the Palm Beach County investment portfolio. The portfolio received an 'AAf' Fund Credit Quality Rating during FY2011, indicating that the portfolio has "very strong" protection against losses from credit defaults. It also maintained a 'S1' Volatility Rating, meaning that it has very low sensitivity to changing market conditions. This independent review and 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 FY2011, 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.

Portfolio Allocation as of September 30, 2011 - \$1.35 Billion





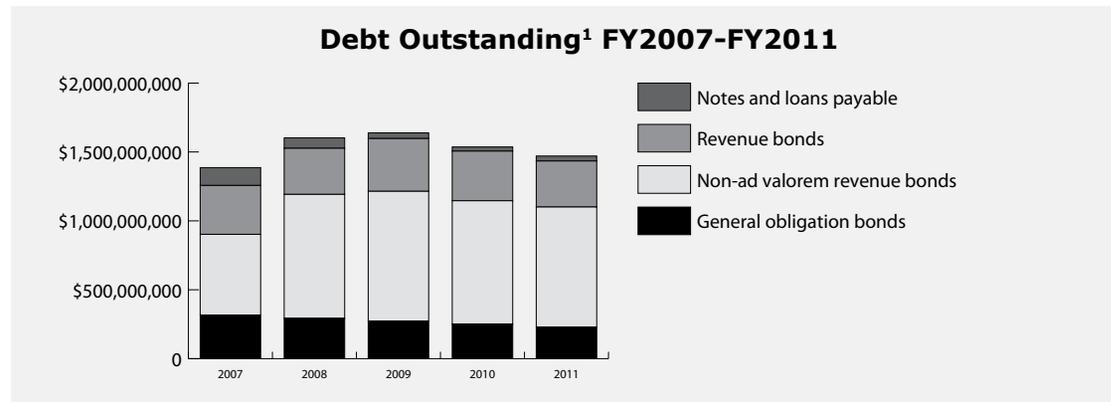
Debt

Palm Beach County borrows money to fund projects or purchases, much like you might take out a mortgage to buy a home or a loan to buy a car. A majority of the County's 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 and become 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. That results in lower costs that save taxpayer money. As of September 30, 2011, the County's outstanding debt totaled about \$1.5 billion,¹ a 4.3-percent decrease over FY2010.

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.

Examples of Outstanding Debt

Project	Original Amount ²	Current Balance
Criminal Justice projects	\$638.3m	\$282.4m
Biomedical Research Park projects	\$316.1m	\$245.7m
Environmentally sensitive lands	\$173.1m	\$107.6m
Convention Center	\$91.7m	\$84.0m
Parks & Recreation facilities	\$139.8m	\$59.2m



¹The Solid Waste Authority is not included beginning in FY2011 due to a change in governmental accounting standards. Debt levels prior to FY2011 in the chart were restated to show levels without Solid Waste Authority.

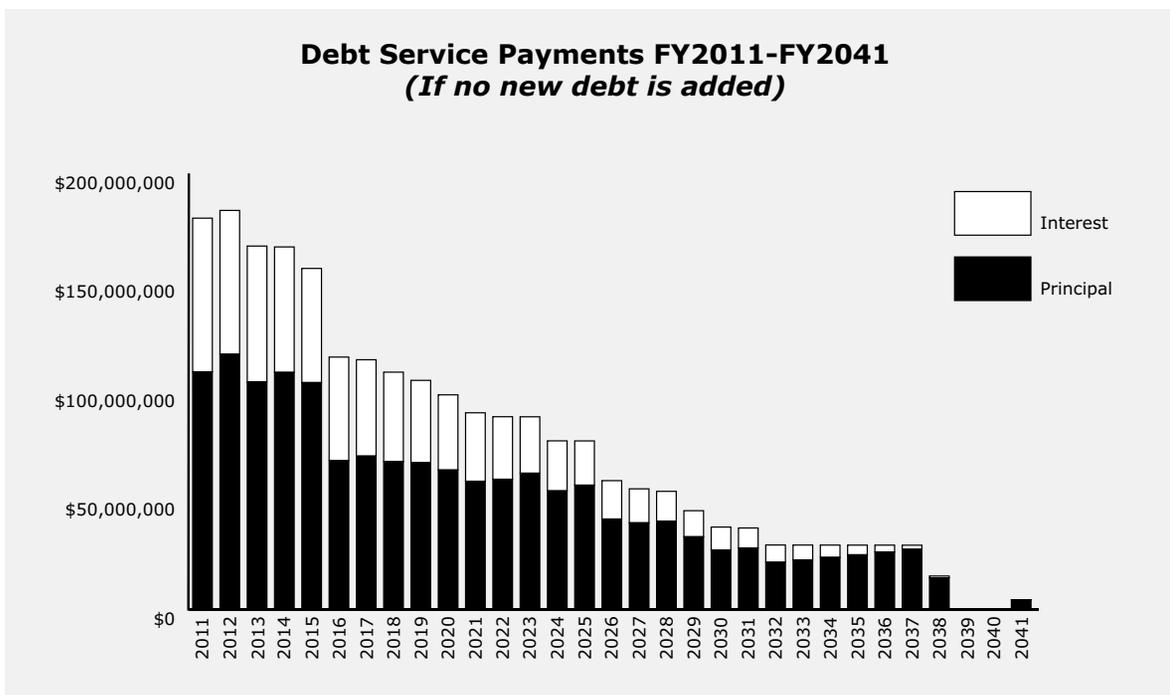
²Some amounts may differ slightly from the prior year due to current year refundings of debt.

Debt

Decisions made decades ago to issue debt can have a profound impact on the County’s current and future financial picture. In FY2011, the principal and interest payments on countywide debt totaled more than \$179 million. As shown in **Debt Service Payments FY2011-FY2041**, the next highest payment will come in FY2012, with scheduled payments totaling \$183 million, barring the issuance of any new debt.

Just as a homeowner keeps a watchful eye for changes in mortgage rates, governments do as well. By refinancing an existing mortgage to take advantage of lower interest rates, a homeowner can reduce the monthly payments and/or total interest paid over the life of the home mortgage. Governments may also take advantage of interest rate reductions by issuing new debt to refinance existing debt. This type of transaction is referred to as a refunding. Governments may also use refundings to escape onerous debt covenants or change the maturity of the debt.

While the County issued \$30,691,407 of new bonded debt during FY2011, they partially refunded three debt issues, replacing \$93,815,000 of old debt with \$91,475,000 of new debt. These refundings decreased the County’s future principal and interest payments by approximately \$35,200,419 over 19 years.



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 FY2011, the County’s net assets had increased by more than \$38 million compared to FY2010. This increase in net assets can be attributed primarily to the County’s business-type activities’ revenues outpacing expenses during FY2011.

Condensed Statement of Net Assets: September 30, 2011

	Governmental Activities	Business-Type Activities	Total 2011	Total 2010 ¹
Assets				
Current and other assets	\$1,446,186,250	\$380,049,898	\$1,826,236,148	\$1,920,641,663
Capital assets	2,499,543,683	1,268,441,434	3,767,985,117	3,734,506,577
Total assets	3,945,729,933	1,648,491,332	5,594,221,265	5,655,148,240
Liabilities				
Current	275,388,604	45,461,922	320,850,526	337,364,579
Long-term debt due in more than one year	1,318,144,048	321,215,662	1,639,359,710	1,722,161,709
Total liabilities	1,593,532,652	366,677,584	1,960,210,236	2,059,526,288
Net Assets				
Invested in capital assets, net of related debt	1,489,989,254	956,542,617	2,446,531,871	2,416,270,749
Restricted	595,555,856	80,426,727	675,982,583	848,244,626
Unrestricted	266,652,171	244,844,404	511,496,575	331,106,577
Total net assets	\$2,352,197,281	\$1,281,813,748	\$3,634,011,029	\$3,595,621,952

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.

¹Amounts have been restated for comparative purposes since the Solid Waste Authority is no longer part of the primary government.

Elected Officials as of September 30, 2011

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 - Paulette Burdick
561.355.2202

District 3 - Shelley Vana
561.355.2203

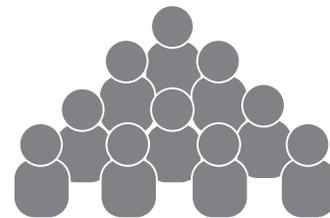
District 4 - Steven L. Abrams
561.355.2204

District 5 - Burt Aaronson
561.355.2205

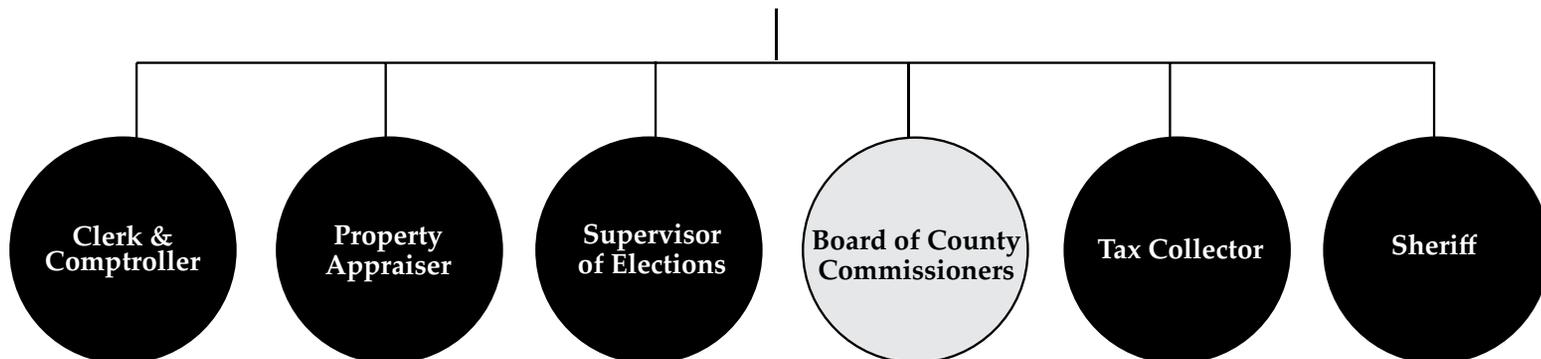
District 6 - Jess R. Santamaria
561.355.6300

District 7 - Priscilla A. Taylor
561.355.2207

-  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 more than 1.3 million residents from five locations throughout Palm Beach County and online at www.mypalmbeachclerk.com.

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- Court & Official Records Searches
- Traffic Ticket Payments
- Online Foreclosure Auctions
- *my*Minutes
- *my*VAB
- Self Service Court Forms
- Guardianship Fraud Hotline
- Marriage License Information
- Passport Information & Photos
- Domestic Partnership Registry



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