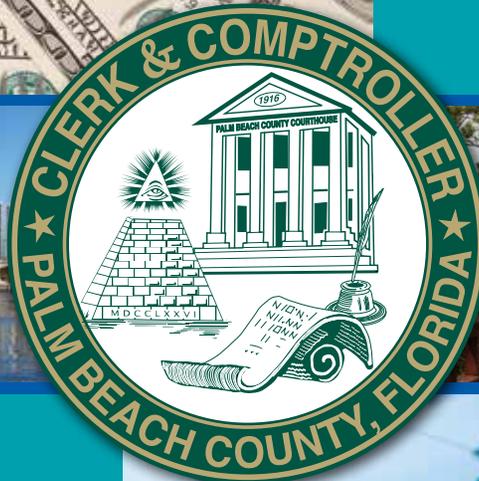




# Checks & Balances

Your Guide to County Finances  
Palm Beach County, Florida



Prepared by the Clerk & Comptroller  
for the Fiscal Year Ended  
September 30, 2012

Dear Residents,

Since 2004, it has been my privilege to serve as your independently elected Clerk & Comptroller of Palm Beach County. As Comptroller, my duties include being the County's Constitutional Chief Financial Officer, Auditor and Treasurer. During these past eight years, I have dedicated myself to providing you with information about how your tax dollars are managed and spent as part of my commitment to increasing transparency and accountability in government.

I thank you for taking an active role in your government by reading my office's seventh annual citizen's report on the county's financial standing, *Checks & Balances: Your Guide to County Finances*. The strength of our democracy is an informed citizenry, and by reading this report you are taking a step in helping keep our community strong.

This report looks back on Fiscal Year 2012, which is the foundation for our future financial plans. It's vital that we perform an in-depth review of our County's financial decision-making annually, and report the impact of those decisions to our community.

During the past year, we experienced unprecedented economic challenges – locally, statewide and nationally. However, in 2012, we began to see indications – which are reflected in this publication – that an economic turnaround is beginning. These indicators, from tourist development tax, gas tax and sales tax collections (see User Fees, page 10) to the rise in median home prices and real estate sales closings (see Your Community, page 5) can be found throughout this document, along with a wealth of other information about the County's finances.

*Checks & Balances: Your Guide to County Finances* is just one of our many useful, award-winning financial publications available on our website at [www.mypalmbeachclerk.com/countyfinances](http://www.mypalmbeachclerk.com/countyfinances). For a more in-depth view of County finances, please review our Comprehensive Annual Financial Report, as well as previous issues of *Checks & Balances*.

Thank you for granting me the pleasure of serving as your Clerk & Comptroller. I am honored to serve, and remain committed to ensuring transparency in how your tax dollars are managed, reported and spent.

Best regards,



Sharon R. Bock, Esq.

Constitutional Clerk & Comptroller, Palm Beach County



Sharon R. Bock  
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

We all know how important it is to pay attention to our money – how much is coming in, how much is budgeted and how it’s actually spent. “Following the money” is especially important in government, since every dollar that comes to and is spent by government comes from taxpayers.

That’s why, for the seventh consecutive year, the Palm Beach County Clerk & Comptroller’s office presents *Checks & Balances: Your Guide to County Finances*. This annual guide is an excellent tool to help you understand how public money is managed and spent.

Most of the information in this award-winning report is derived from our office’s *Comprehensive Annual Financial Report (CAFR)* for the fiscal year that ended on September 30, 2012. The CAFR, available at [www.mypalmbeachclerk.com/countyfinances](http://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 (GFOA), the authority on best practices in governmental accounting and financial reporting.

As part of its commitment to cost savings, the Clerk & Comptroller’s office has printed a limited number of copies of this guide. Citizens are encouraged to view the online edition at [www.mypalmbeachclerk.com/countyfinances](http://www.mypalmbeachclerk.com/countyfinances). This electronic version 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 Statutes, County ordinance or resolution to be entities that are legally separate from the County.

*“Educate and inform the whole mass of the people... They are the only sure reliance for the preservation of our liberty.”*  
 – Thomas Jefferson to James Madison, 1787

<b>TABLE OF CONTENTS</b>	
<b>INTRODUCTION</b>	
About This Guide .....	1
<b>YOUR COUNTY</b>	
Government in Your County .....	2
About the Clerk & Comptroller .....	3
Your Community.....	4-5
<b>YOUR COUNTY’S FUNDING</b>	
County Government Revenue .....	6
Property Taxes .....	7-9
User Fees.....	10
<b>YOUR COUNTY’S BUDGET</b>	
Budget at a Glance.....	11
Select Operating Budgets .....	12
<b>YOUR COUNTY’S EXPENSES</b>	
Where Your Money Goes .....	13
Capital Assets.....	14
Reserves .....	15
<b>YOUR TAX DOLLARS AT WORK</b>	
Investments .....	16-17
Debt.....	18-19
What the County Owns and Owes .....	20
<b>CONTACT INFORMATION .....</b>	<b>21</b>

# 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 (BOCC), 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 more than 30 County departments. An appointed County administrator carries out the policies and decisions made and approved by the commissioners. The BOCC 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

The County must prepare an annual budget authorizing the spending of public money, which comes primarily from your property taxes. State law requires the County to have a balanced budget that can only be amended throughout the year with BOCC approval at public board meetings (see Budget at a Glance, page 11). The fiscal year (FY) for the budget begins on October 1 and ends on September 30.

In addition to the BOCC, 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 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 BOCC. They are the Clerk & Comptroller, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. The framers of the Florida Constitution intentionally made these countywide offices separate and independent from the rest of County government to ensure that the entity that decides how to spend your tax dollars (BOCC) 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). These offices, audited regularly by the state, follow strict constitutional and statutory guidelines. They cannot set public policy or levy taxes like the BOCC. The Sheriff and Supervisor of Elections are funded by your property taxes, while the Clerk & Comptroller, Tax Collector and Property Appraiser are primarily funded by user fees.

As the independent Clerk to the Board of County Commissioners, the Clerk & Comptroller makes it easy to stay informed about County government and BOCC decisions. Detailed meeting minutes linked to video of BOCC meetings are available through myMinutes online at [www.mypalmbeachclerk.com/minutes](http://www.mypalmbeachclerk.com/minutes).

## MAJOR INITIATIVES FY2012 PALM BEACH COUNTY

- **Implementing voter-approved ethics laws by charter:** In 2010, voters approved creating a Commission on Ethics and an Inspector General for Palm Beach County. Ethics laws are now in place for the County and all 38 municipalities.
- **Addressing homelessness in Palm Beach County:** The first Homeless Resource Center – the Senator Philip D. Lewis Center – opened on July 2, 2012. The County and the Homeless Coalition of Palm Beach County teamed up to advocate and educate on behalf of the homeless, and to focus on affordable permanent housing for those served through the Lewis Center.
- **Convention Center hotel:** The Board of County Commissioners approved a \$27 million subsidy to build a hotel adjacent to the Palm Beach County Convention Center. Construction on the 400-room Hilton Hotel is scheduled to begin by May 2014.

## About the Clerk & Comptroller

The Clerk & Comptroller's office, established in 1838 by the Florida Constitution as an independently elected officer, 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 all County expenditures. 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 2012, investigations by the audit and public integrity units—all part of the Clerk's Division of

Inspector General—identified more than \$1.8 million in potential revenue recoveries and cost avoidance to Palm Beach County, including more than \$1 million in gas tax money that was owed to the County. The Clerk's Guardianship Fraud investigators also discovered more than \$820,000 in questionable spending by court-appointed guardians. To learn more about the Clerk's Division of Inspector General, visit [www.mypalmbeachclerk.com/inspectorgeneral.aspx](http://www.mypalmbeachclerk.com/inspectorgeneral.aspx).

The Clerk's office continuously seeks new ways to increase efficiencies, improve processes and meet performance measures. For the sixth consecutive year, the Clerk's office submitted a budget to County leaders that was lower than the prior year, resulting in an overall 34 percent budget reduction since FY2007.

As the County's independent Chief Financial Officer, one of the most important duties of the Clerk & Comptroller is providing clear, concise information about County revenue and spending. We are honored that all six previous editions of *Checks & Balances: Your Guide to County Finances* earned the award for Outstanding Achievement in Popular Annual Financial Reporting.

The *Comprehensive Annual Financial Report* (CAFR), one of the supporting documents for this guide, has received the *GFOA's Certificate of Achievement for Excellence in Financial Reporting* for an impressive 23 consecutive years.

You can find all of the Clerk & Comptroller's financial publications online at [www.mypalmbeachclerk.com/countyfinances](http://www.mypalmbeachclerk.com/countyfinances).

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, 2011



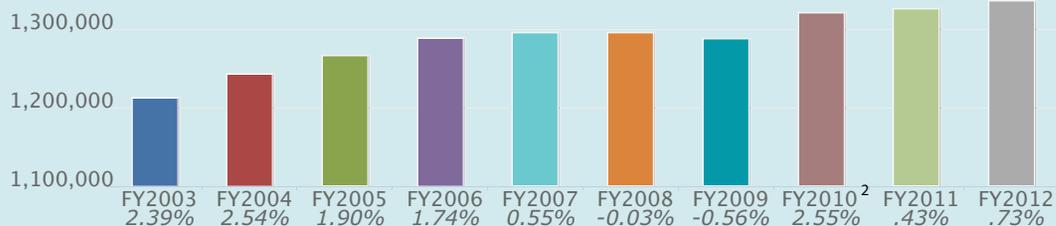
Christopher P. Merrill  
President

Jeffrey L. Caser  
Executive Director

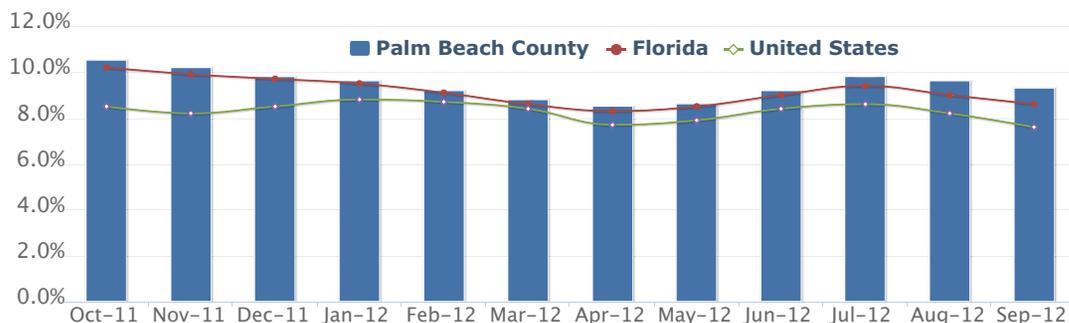


# Your Community

Population/Growth Rates FY2003–FY2012<sup>1</sup>



Unemployment Rates FY2012<sup>4</sup>



## PALM BEACH COUNTY'S TOP TAXPAYERS<sup>6</sup>

Florida Power & Light.....	\$75,124,056.73
BellSouth Telecommunications.....	\$ 7,250,377.39
Town Center at Boca Raton Trust.....	\$6,956,090.53
US Sugar Corporation.....	\$5,162,481.25
Gardens Venture (Gardens Mall) .....	\$4,584,592.87
Breakers Palm Beach.....	\$4,391,085.39
Panthers BRHC (Boca Raton Resort and Club).....	\$3,448,827.66
Okeelanta Corp.....	\$3,428,665.66
Comcast of Florida.....	\$3,283,730.94
Phillips Point II.....	\$2,966,932.90

**Palm Beach County remained Florida's third most-populous county in FY2012**, with nearly 1.34 million residents—about 9,600 more than FY2011. County population grew for the third straight year, ending a period 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 \$53,500, a slight decrease from the previous year.<sup>3</sup> Palm Beach County's per capita personal income is historically higher than the state and national average.

Palm Beach County had a possible workforce of 617,298 people at the end of 2012. Of that, 49,601 were out of work.<sup>5</sup>

**The County's unemployment rate dipped in FY2012**, but was higher than Florida's average and the national average throughout the entire fiscal year. The rate, which measures the percentage of the workforce that is unemployed and looking for paid employment, fluctuated between a low of 8.5 percent in April 2012, and a high of 10.5 percent in October 2011.

<sup>1</sup>Source for population: Bureau of Economic and Business Research, University of Florida.

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

<sup>3</sup>Data as of 2011, the most current available from U.S. Department of Commerce, Bureau of Economic Analysis. Data revised for 2009 and 2010.

<sup>4</sup>Source: Labor Market Statistics, Local Area Unemployment Statistics. Rates not seasonally adjusted.

<sup>5</sup>Business Development Board, Palm Beach County, Labor Force Trends December 2012.

<sup>6</sup>Source: Constitutional Tax Collector of Palm Beach County.

# Your Community

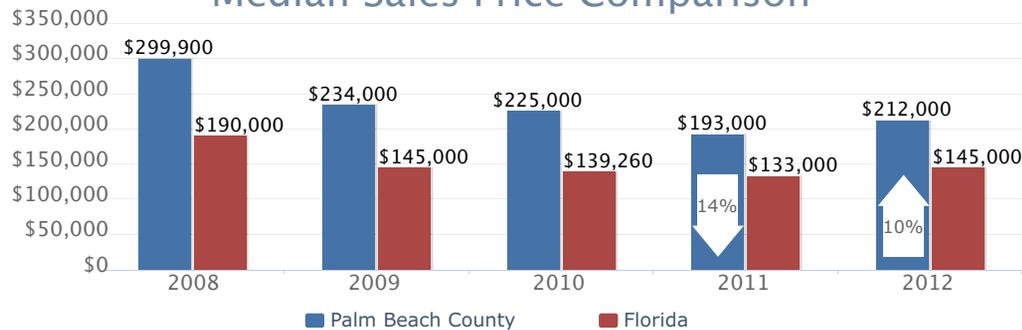
## Palm Beach County Foreclosure Case Filings: 2006–2012<sup>7</sup>



Palm Beach County's new foreclosure cases increased in 2012, ending two consecutive years of declining numbers in new cases filed with the Clerk & Comptroller's office. There were 15,419 new cases filed in 2012, a 27 percent increase from 12,154 new cases filed in 2011. While the number of new cases in 2012 is far from the record levels reached in 2008 and 2009, the courts once again saw an increase in foreclosure cases, with banks more actively pursuing cases against delinquent borrowers after holding off from filing foreclosure notices for part of 2010 and 2011.

<sup>7</sup>Source: Clerk & Comptroller of Palm Beach County. Figures are for the calendar year.

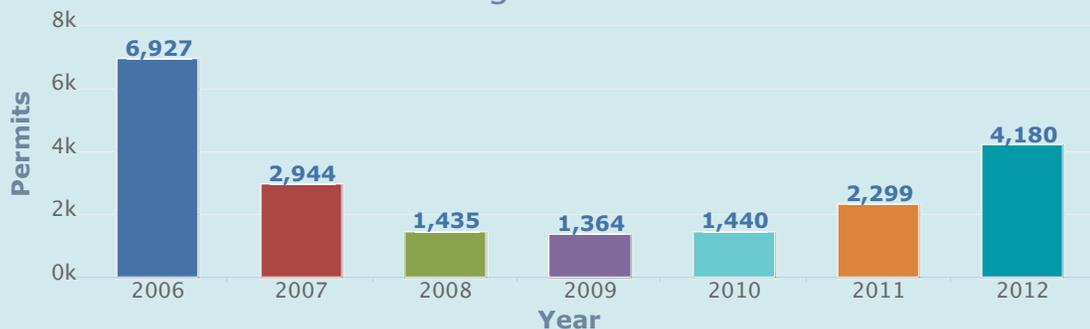
## Single-Family Homes Median Sales Price Comparison<sup>8</sup>



The real estate market in Palm Beach County showed more signs of a turnaround in 2012, with more sales closing and median prices rising. There were 13,668 sales closed on single-family homes in Palm Beach County in 2012: a 10 percent increase from 12,441 closings in 2011. The increase in sales correlated with an increase in price – the median sales price in 2012 for Palm Beach County single-family homes was \$212,000, a 10 percent increase from \$193,000 in 2011. The rise in both home sales and prices is expected to continue throughout 2013.

<sup>8</sup>Source: Florida Realtors.

## Palm Beach County, Florida Residential Building Permits FY2006 – FY2012<sup>9</sup>

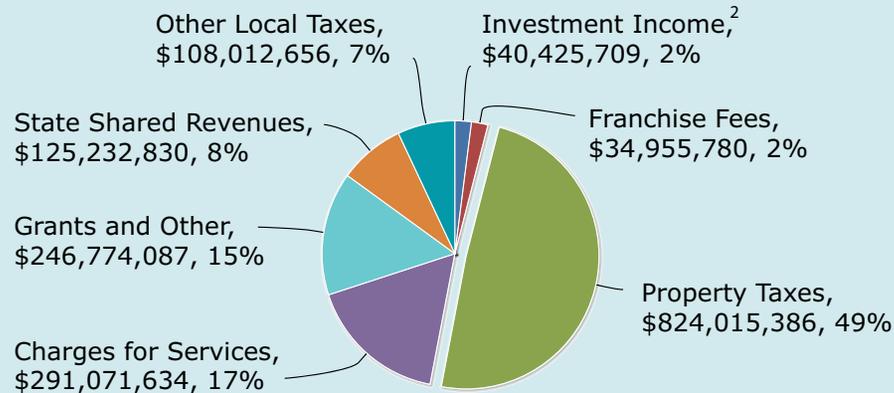


Another positive sign for Palm Beach County's housing market is shown by the number of residential building permits issued throughout 2012. The county saw an 82 percent increase in permits for single-family and multi-family units, with 4,180 issued in 2012, compared with 2,299 issued in 2011. The spike in residential permits resulted in Palm Beach County seeing its highest number of permits issued since 2006.

<sup>9</sup>Source: Palm Beach County Planning, Zoning and Building Department.

# County Government Revenue

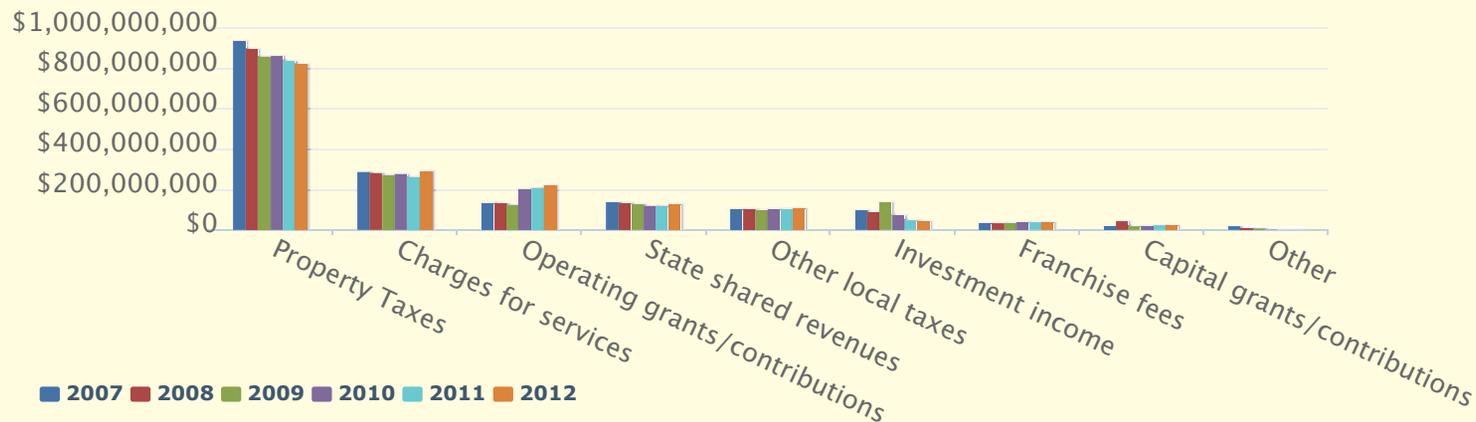
## FY2012 Governmental Activities Revenues<sup>1</sup> Total \$1,670,488,082



Funding for County government and the services provided to residents comes from many sources, with the majority of that money coming from your property taxes. The County continued to see less revenue from property taxes in FY2012, with a 1.9 percent decrease from FY2011 and a 12.3 percent decrease since FY2007, when property tax revenue collections peaked with the rise in real estate prices (see Property Tax Revenues, page 9).

A closer look at Palm Beach County's revenue picture shows some bright spots in FY2012. Though the County once again received less money in property taxes and franchise fees, there were increases in revenue from other sources, including a 10.2 percent increase in charges for services due in part to additional residential impact fees collected, and a 6.6 percent increase in operating grants resulting from additional Community Development Block Grants received in FY2012.

## Governmental Activities Revenues FY2007–FY2012



<sup>1</sup>Governmental 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.

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



# Property Taxes

If you own property in Palm Beach County, the tax bill you pay each year funds much more than County government. Other agencies – including the Palm Beach County School Board, Children's Services Council and the Health Care District – each establish a millage rate, which is reflected in your annual tax bill. You may also pay taxes to a municipality, and to “special districts” such as the South Florida Water Management District or Florida Inland Navigation District. This illustration shows how your tax dollar is divided.

## Breakdown of Your Property Tax Bill

Countywide Portion

Assessed Value of \$250,000

Total Taxes \$3,307.66

Palm Beach County School Board,  
\$1,840.50, 55.7%

Palm Beach County,  
\$998.50, 30.2%

Children's Services Council,  
\$149.50, 4.5%



Florida Inland Navigation  
District (FIND),  
\$6.90, 0.2%

Health Care District, \$225.00, 6.8%

South Florida Water  
Management District,  
\$87.26, 2.6%

*Note: Figures shown in the example do not include municipalities, unincorporated areas, and any applicable special districts within. Figures shown are also net of applicable exemption amounts.*

*The Palm Beach County School Board operating millage rate is set by the Florida Legislature.*



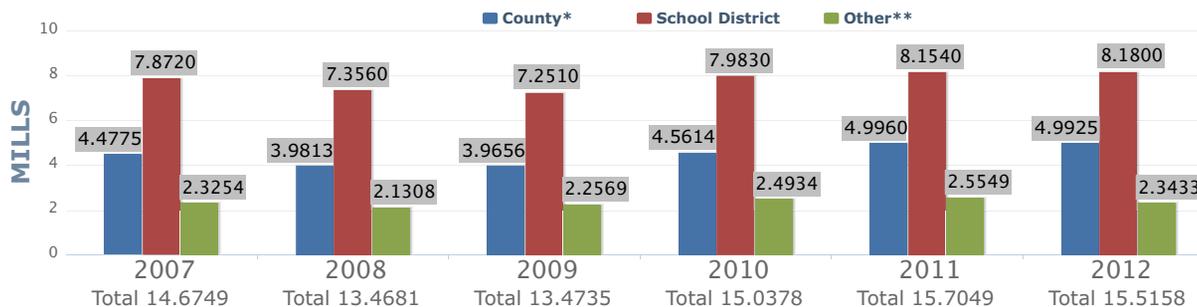
# Property Taxes

Faced with another year of dwindling revenues from property taxes, the Board of County Commissioners voted for the third consecutive year to raise the County's millage rate in FY2012 – but only by a fraction of a percent from FY2011. Commissioners set the operating millage for FY2012 at 4.7815, a 0.66 percent increase from the FY2011 millage of 4.7500. The approved operating millage was less than the “rollback rate” of 4.8751. The rollback rate is the millage rate that, excluding any new construction that would add value to the

County's tax base, will provide the same amount of property tax revenue as the prior year.

For the second consecutive year, the County's property tax collections were down compared with the previous fiscal year. As shown in the Property Tax Revenues: FY2005-FY2012 chart, property tax collections were \$824 million in FY2012, compared with \$839.7 million in FY2011.

### Property Tax Millage Rates FY2007–FY2012



### Property Tax Revenues FY2005–FY2012

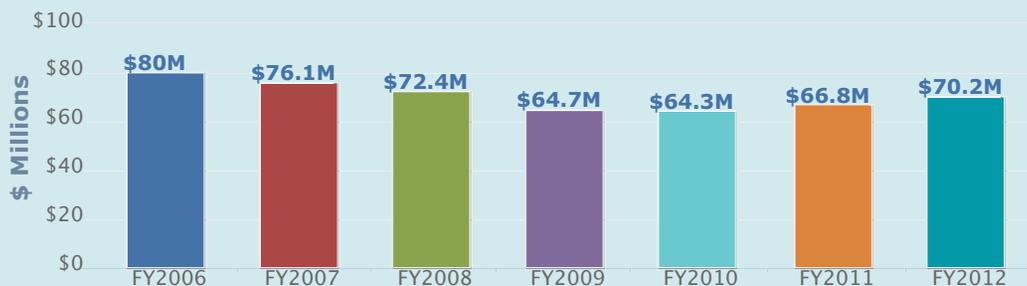


\*Includes countywide operating millage as well as a millage rate for voter-approved debt.

\*\*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.

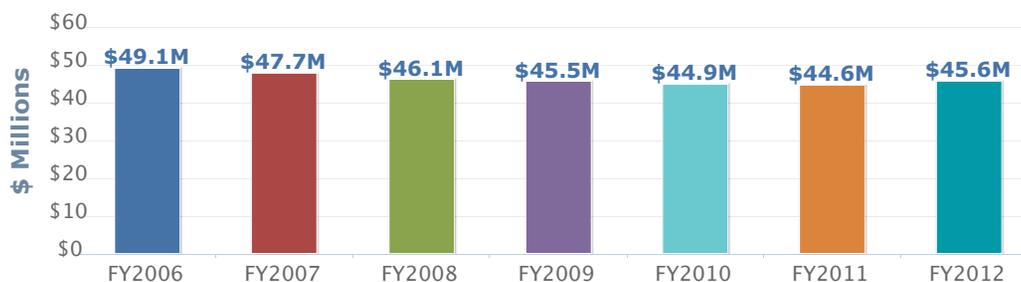
## User Fees

### Sales Tax Revenue FY2006–FY2012



While property taxes are the primary source of income for County government, it also receives money from other taxes, such as the sales tax you pay on clothing, electronics and cars. Though consumer confidence rose and fell many times throughout 2012, Palm Beach County's sales tax collections increased by 5.1 percent from FY2011 to FY2012 – the third consecutive year that sales tax collections have increased. However, the County's sales tax collections are down 12.3 percent since FY2006.

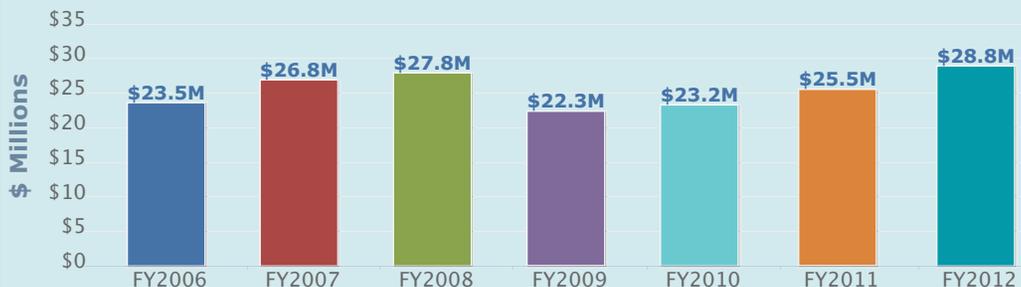
### Local Option Gas Tax Revenue FY2006–FY2012



Palm Beach County's drivers got back behind the wheel in FY2012, with the collection of Local Option Gas Taxes – the money paid by motorists when they buy gas – increasing for the first time since FY2006. The County took in \$45.6 million in gas taxes in FY2012, a 2.3 percent increase from FY2011. While the gas tax revenue is higher than in previous fiscal years, overall collections are down 7.1 percent since FY2006, as higher gas prices continued to push many people in Palm Beach County to use mass transit. PalmTran set ridership records in FY2012, with nearly 11.6 million passenger trips – a 4.1 percent increase from FY2011<sup>1</sup>.

<sup>1</sup>Source: Palm Tran

### Tourist Development Tax FY2006–FY2012



It was a strong showing for tourism in Palm Beach County during FY2012, with the County seeing a 13.1 percent increase in the money it receives from hotels, motels and other properties that are rented to out-of-town visitors. The County collected \$28.8 million in Tourist Development Taxes in FY2012, its highest amount in the past seven fiscal years. Tourist Development Tax 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 at a Glance

Palm Beach County's total adopted budget, which is the financial plan for funding all County operations, totaled \$3.925 billion in FY2012. The County's overall budget decreased by 3.8 percent compared with FY2011. Accordingly, many County department budgets decreased compared with the previous fiscal year (see **Select Operating Budgets**, page 12).

For the third consecutive year, the Board of County Commissioners raised the County's millage rate to offset falling revenues. The millage rate is the rate used to calculate your property tax (see **Property Taxes**, pages 7-9). While County Commissioners in previous years kept the millage rate the same and instead took money from reserves to balance the budget, in recent years they opted against tapping into the County's emergency funds as those balances dropped (see **Reserves**, page 15).

## 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.

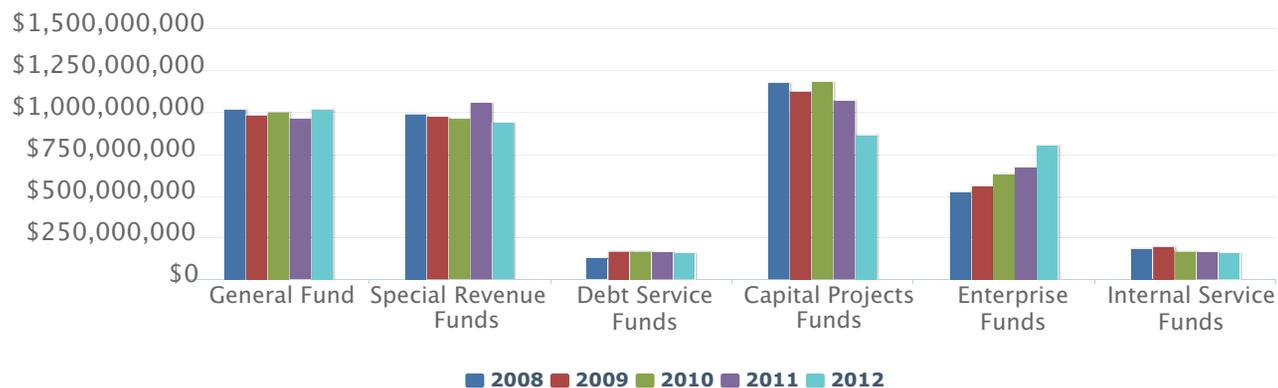
## TAKE PART IN THE BUDGET PROCESS

- 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](http://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. This money 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 by Fund Type FY2008–FY2012



# Select Operating Budgets

## PALM BEACH COUNTY, FLORIDA COMPARISON OF SELECT OPERATING BUDGETS FUNDED BY TAX DOLLARS<sup>1</sup>

County Department	FY2011 Budget	FY2012 Budget <sup>2</sup>	Percent Change	Cost Per Taxpayer <sup>3</sup>
Parks and Recreation	\$47,123,270	\$44,531,238	-5.5%	\$70.86
Facilities Development and Operations	\$35,193,067	\$33,665,914	-4.3%	\$53.57
Community Services	\$19,985,541	\$18,976,388	-5.0%	\$30.20
Public Safety	\$18,958,744	\$17,573,641	-7.3%	\$27.96
Engineering & Public Works	\$10,049,196	\$10,919,944	8.7%	\$17.38
Planning, Zoning and Building	\$11,443,134	\$10,384,750	-9.2%	\$16.52
Environmental Resource Management	\$9,241,250	\$8,249,947	-10.7%	\$13.13
County Attorney	\$4,102,828	\$3,880,134	-5.4%	\$6.17
County Commission	\$2,790,816	\$2,762,360	-1.0%	\$4.40
County Administration	\$1,548,656	\$1,426,287	-7.9%	\$2.27
Risk Management	\$375,775	\$367,789	-2.1%	\$0.59
Metropolitan Planning Organization	\$58,438	\$56,500	-3.3%	\$0.09
<b>All County Departments</b>	<b>\$236,281,203</b>	<b>\$224,868,219</b>	<b>-4.8%</b>	<b>\$357.81</b>
<b>Dependent Districts</b>				
Fire-Rescue	\$204,528,377	\$198,690,096	-2.9%	\$316.16
County Library	\$37,686,348	\$37,048,595	-1.7%	\$58.95
<b>Constitutional Officers<sup>2</sup></b>				
Sheriff	\$399,599,811	\$398,828,191	-0.2%	\$634.62
Property Appraiser	\$17,976,815	\$16,277,210	-9.5%	\$25.90
Supervisor of Elections	\$10,664,400	\$12,012,340	12.6%	\$19.11
Clerk & Comptroller	\$12,361,632	\$11,570,761	-6.4%	\$18.41
Tax Collector	\$3,906,555	\$3,326,378	-14.9%	\$5.29

Source: Palm Beach County Annual Budget FY2012.

<sup>1</sup>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.

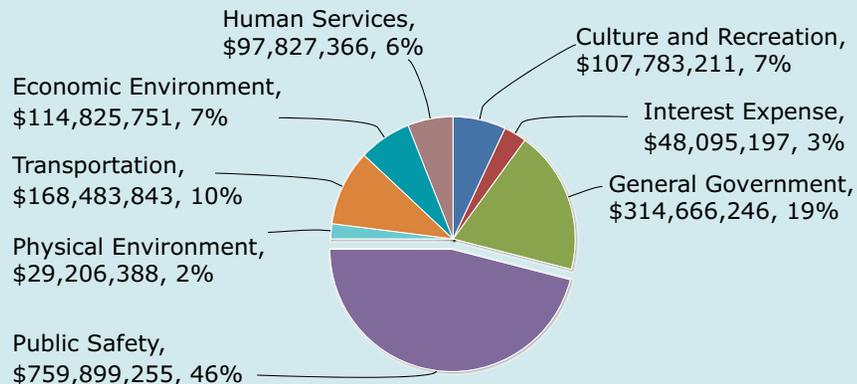
<sup>2</sup>Represents portion of budget funded by the Board of County Commissioners.

<sup>3</sup>Calculated for FY2012; "Taxpayer" represents a taxable parcel, of which there were 628,456 as of 9/30/2012.



# Where Your Money Goes

## FY2012 Governmental Activities Expenses Total \$1,640,787,257



The cost of running County government declined by nearly \$2.6 million – or less than 1 percent – in FY2012, the second straight year that expenses have dropped. Spending decreased across most categories in FY2012, though there were some increases.

**The changes, shown in the Governmental Activities Expenses FY2007-FY2012 chart (bottom left) include:**

- Economic environment – Increased \$34 million, or 41 percent, from the previous fiscal year. This was the result of receiving more Community Block Development Grants, which in turn were spent in FY2012 to fund housing programs and capital improvement projects.
- Transportation – Increased \$14 million, or 9 percent, from the previous fiscal year, due in part to higher expenditures within the County's bus system, Palm Tran.
- General Government – Decreased \$28 million, or 8 percent, from the previous fiscal year. This was attributed to continued budget reductions and decreased spending on certain capital projects.

## Governmental Activities Expenses FY2007-FY2012



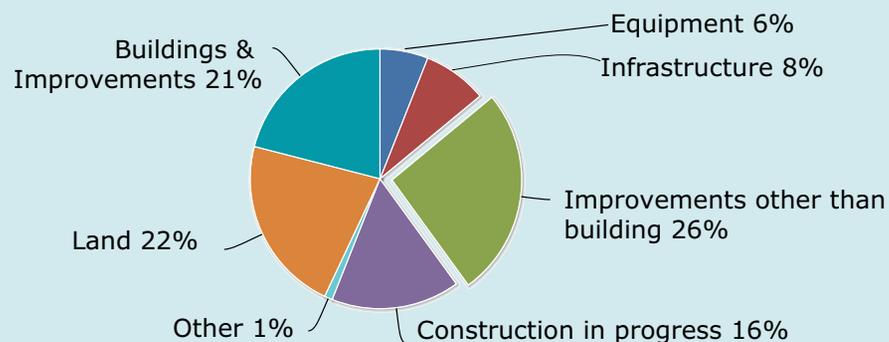
Palm Beach County and its independently elected constitutional officers provide a full range of services, including law enforcement, fire protection, conservation and resource management, public improvements, human services, parks, recreation and cultural facilities, planning and zoning, transportation, economic development, property assessment, tax collection, financial reporting, investment management, official recordkeeping and court-related support functions. The County also operates two enterprise activities: the Department of Airports and the Water Utilities Department.

## Capital Assets

Capital assets are the things the County owns – from vehicles to heavy equipment to buildings – that it needs to do its daily business. Capital assets can also include land, infrastructure such as roads, and improvements to both, as well as routine maintenance and upkeep to protect the taxpayers'

investments. As of September 30, 2012, the County's capital assets amounted to \$3.788 billion. The total increase in the County's capital assets for FY2012 was just under 1 percent, or \$20 million, which includes a \$28 million increase for governmental activities and an \$8 million decrease for business-type activities.

### CAPITAL ASSETS, NET Total Primary Government–September 30, 2012



### MAJOR EVENTS INVOLVING CAPITAL ASSETS DURING FY2012 INCLUDE:

- \$131.7 million for the jail expansion project, \$12.8 million for improvements to 45th Street and Jog Road to Haverhill Road, and \$2.3 million for the Main Library expansion.
- \$10 million in improvements to Water Treatment Plant #2 and \$2.8 million in improvements to the Southern Region Water Reclamation Facility.
- \$26.5 million spent by the Department of Airports on capital activities, including runway and taxiway improvements, as well as parking garage rehabilitation.

### PALM BEACH COUNTY, FLORIDA

#### CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION YEAR-END (IN MILLIONS)

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2012	2011	2012	2011	2012	2011
Land	\$ 740	\$ 739	\$ 115	\$ 114	\$ 855	\$ 853
Buildings & improvements	561	564	238	250	799	814
Improvements other than buildings	167	162	819	823	986	985
Equipment	197	194	26	27	223	221
Infrastructure	303	323	-	-	303	323
Intangible - easement rights	-	-	12	11	12	11
Leasehold interest	-	-	4	6	4	6
Goodwill	-	-	6	6	6	6
Construction in progress	560	518	40	31	600	549
<b>TOTALS</b>	<b>\$ 2,528</b>	<b>\$ 2,500</b>	<b>\$ 1,260</b>	<b>\$ 1,268</b>	<b>\$ 3,788</b>	<b>\$ 3,768</b>

## Reserves

Reserves are funds that are set aside, or “reserved,” to pay for future planned expenses, as well as to cover those that aren’t anticipated. After several years in which the County saw its reserve account balances fluctuate, in FY2012 the County saw an increase in reserves of about \$2.5 million, or 0.3 percent.

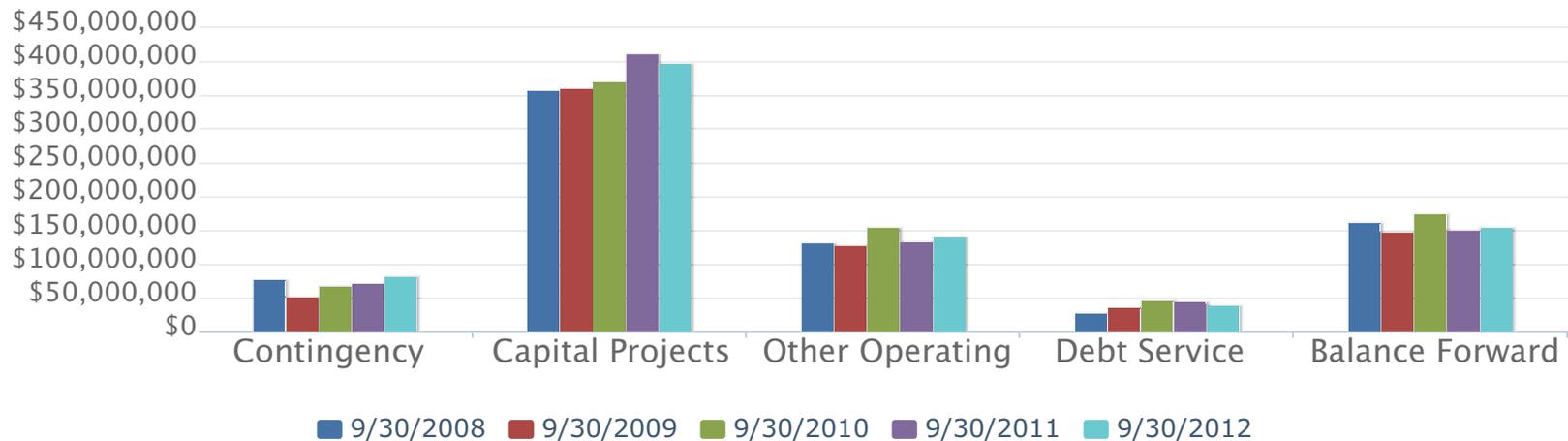
**Capital Projects Reserves** – While developing the budget, County managers review and evaluate current and future projects and the funding required for them. The Board of County Commissioners may approve money to be reserved

during the fiscal year to pay for these projects. During FY2012, the County’s Capital Projects reserves decreased by \$14.5 million, or 3.5 percent.

**Other Reserves** – County leaders also budget money in reserves for cash carried over from previous years, contingencies, specific operations and debt payments. During FY2012, the County’s reserve balances for these other reserve categories increased by \$17.0 million, or 4.3 percent.

**TOTAL RESERVES AS OF SEPTEMBER 30, 2012 = \$808,696,277**

### Reserve Analysis Fiscal Year Ends 2008–2012



## Investments

Your County government pays bills throughout the year, just as you do, but receives the majority of its income in 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 investment objectives, in order of priority, are: safety of taxpayer dollars; sufficient liquidity to meet County financial obligations; and earning the maximum achievable investment income, given prudent safety and liquidity objectives.

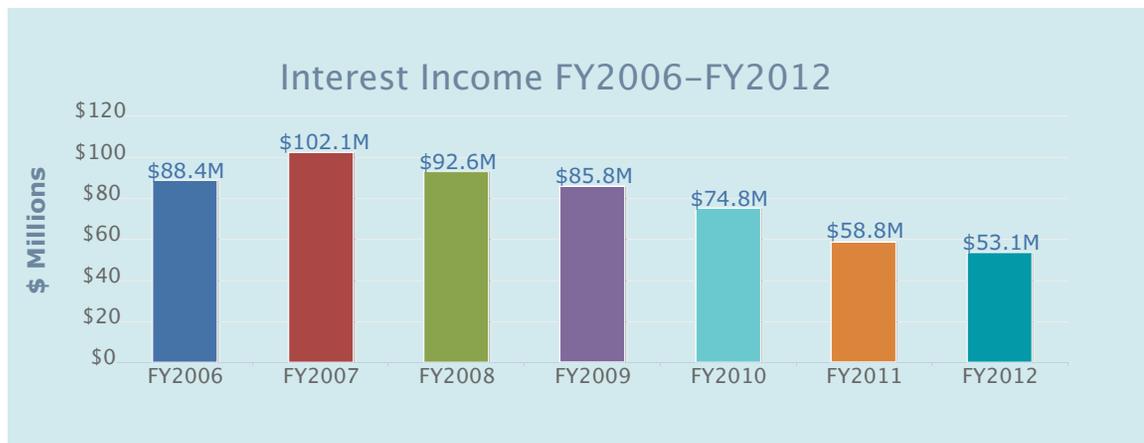
The change in interest income in FY2012 compared to FY2011 was driven by the Federal Reserve's (the Fed) commitment to keeping interest rates at historical lows. Interest rates set by the Fed affect market rates and activity across the globe. Fed policy also greatly affects the return that you, the taxpayers, are able to earn on your own savings, retirement and investment accounts. These same Fed policies and market forces directly influence the yield generated on the County's investment portfolio.

During FY2012, the Clerk-managed portfolio earned \$53.1 million in interest income on a portfolio that averaged \$1.4 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](http://www.mypalmbeachclerk.com/investments).

### Clerk & Comptroller's

investment portfolio earnings = savings per taxpayer<sup>1</sup> of \$84

<sup>1</sup>Based upon 628,456 parcels on which taxes were paid in Palm Beach County.



### PBC Portfolio Yield vs. Fed Funds Target 9/30/2002 – 9/30/2012



## Investments

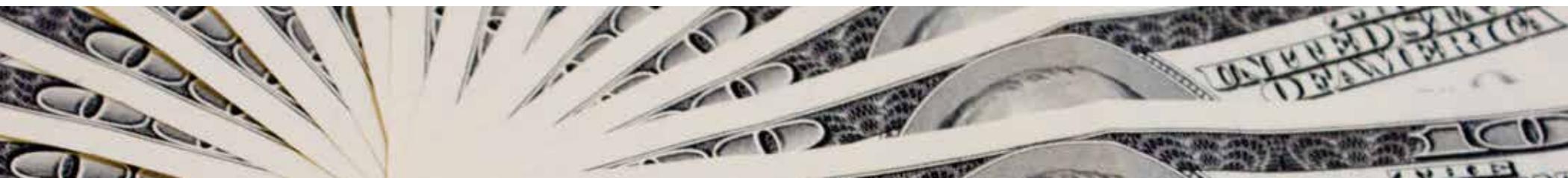
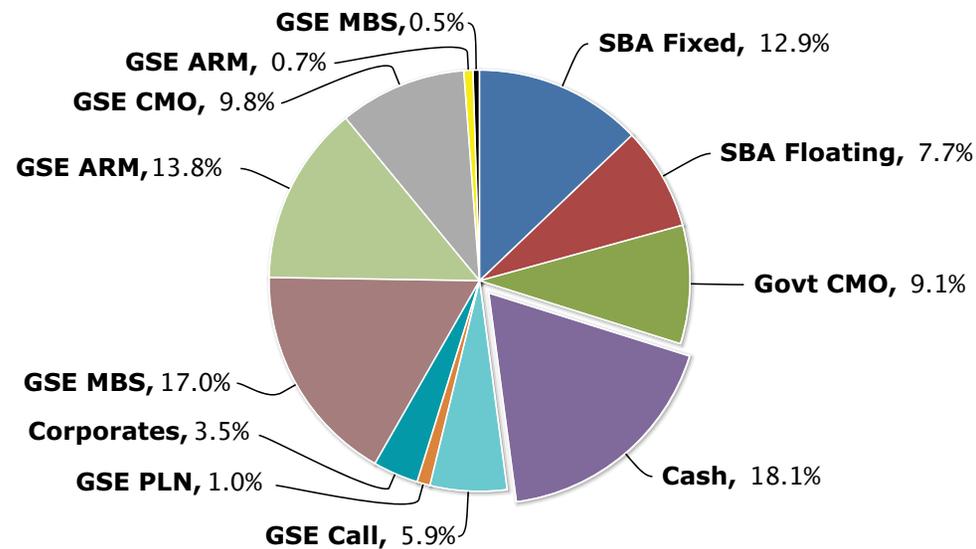
The Clerk & Comptroller's professional investment team monitors the financial markets daily to ensure portfolio structure and strategy take advantage of opportunities to increase yield, while never losing sight of our number one priority – safety and liquidity of taxpayer dollars. Strict investment policy guidelines define the high quality investment criteria followed by our team, and also are monitored regularly through a robust internal control process.

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 FY2012, 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.

For the fourth consecutive year, the Centre for Fiduciary Excellence certified the office's investment record keeping, the County's investment policy, the County Investment Policy Committee and investment management 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, 2012 \$1.375 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. These bonds 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

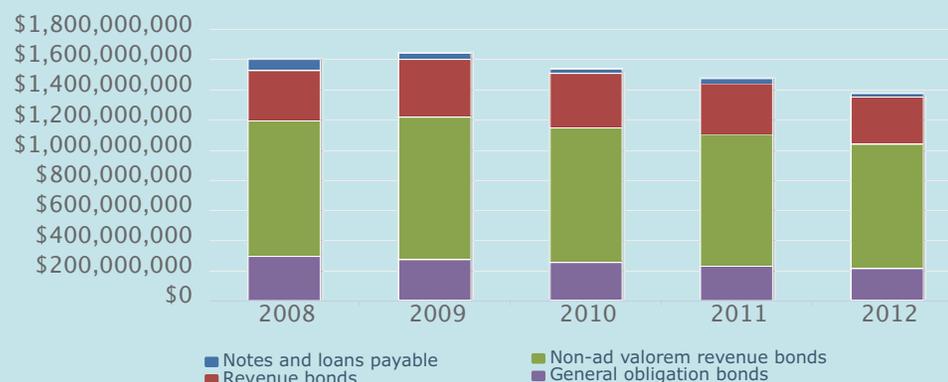
money at lower interest rates, which results in lower costs that save taxpayer money. As of September 30, 2012, the County's outstanding debt totaled about \$1.37 billion, a 6.7 percent decrease over FY2011.

For more information on County debt, including how it is managed and its effect on the County's financial health, please read our Annual Debt Guide at [www.mypalmbeachclerk.com/debt](http://www.mypalmbeachclerk.com/debt).

### EXAMPLES OF OUTSTANDING DEBT

Project	Original Amount <sup>1</sup>	Current Balance
Criminal Justice projects	\$520.8m	\$254.0m
Biomedical Research Park projects	\$310.3m	\$225.1m
Environmentally sensitive lands	\$173.1m	\$95.9m
Convention Center	\$91.7m	\$81.3m
Parks & Recreation facilities	\$82.4m	\$54.0m

### Debt Outstanding FY2008–FY2012



<sup>1</sup>Some amounts may differ slightly from the prior year due to current year refundings of debt.

## Debt

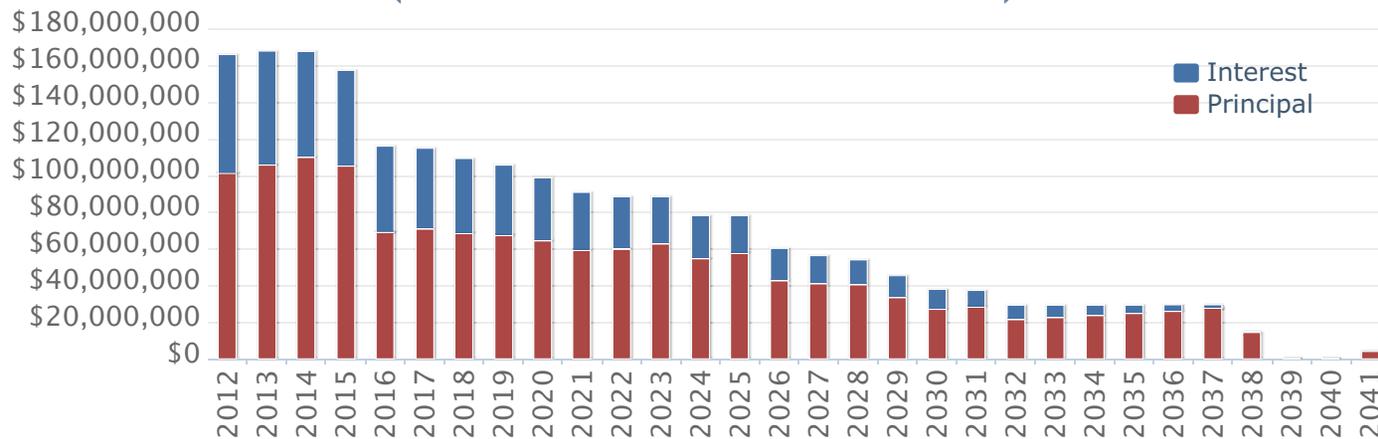
Decisions made decades ago to issue debt can have a profound impact on the County's current and future financial picture. In FY2012, the principal and interest payments on countywide debt totaled approximately \$166 million. As shown in the Debt Service Payments FY2012-FY2041 chart below, the next highest payment will come in FY2014, with scheduled payments totaling \$168 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 no new bonded debt during FY2012, they refunded a long-term Bond Anticipation Note and partially refunded three debt issues, thereby replacing \$171,745,760 of old debt with \$163,189,340 of new debt. These refundings decreased the County's future principal and interest payments by approximately \$8,745,508 over 15 years.

### Debt Service Payments FY2012–FY2041 (If no new debt is added)



# 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 FY2012, the County’s net assets had increased by nearly \$75 million from FY2011. This increase in net assets can be attributed primarily to the revenue from the County’s business-type activities — specifically the Water Utilities Department — outpacing expenses in FY2012.

## 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.

### CONDENSED STATEMENT OF NET ASSETS: SEPTEMBER 30, 2012

	Governmental Activities	Business-Type Activities	Total 2012	Total 2011
<b>Assets</b>				
Current and other assets	\$1,387,520,340	\$419,272,475	\$1,806,792,815	\$1,826,236,148
Capital assets	2,528,418,725	1,259,541,040	3,787,959,765	3,767,985,117
Total assets	3,915,939,065	1,678,813,515	5,594,752,580	5,594,221,265
<b>Liabilities</b>				
Current	258,153,659	47,178,935	305,332,594	320,850,526
Long-term debt due in more than one year	1,278,718,773	301,886,903	1,580,605,676	1,639,359,710
Total liabilities	1,536,872,432	349,065,838	1,885,938,270	1,960,210,236
<b>Net Assets</b>				
Invested in capital assets, net of related debt	1,546,566,514	962,437,487	2,509,004,001	2,446,531,871
Restricted	607,934,453	80,734,828	688,669,281	675,982,583
Unrestricted	224,565,666	286,575,362	511,141,028	511,496,575
Total net assets	\$2,379,066,633	\$1,329,747,677	\$3,708,814,310	\$3,634,011,029



# Elected Officials as of September 30, 2012

## CONSTITUTIONAL OFFICERS

**Clerk & Comptroller - Sharon R. Bock, Esq.**  
561.355.2996 | [www.mypalmbeachclerk.com](http://www.mypalmbeachclerk.com)

**Property Appraiser - Gary R. Nikolits, CFA**  
561.355.3230 | [www.pbcgov.com/papa](http://www.pbcgov.com/papa)

**Sheriff - Ric L. Bradshaw**  
561.688.3000 | [www.pbso.org](http://www.pbso.org)

**Supervisor of Elections - Susan Bucher**  
561.656.6200 | [www.pbcelections.org](http://www.pbcelections.org)

**Tax Collector - Anne M. Gannon**  
561.355.2264 | [www.taxcollectorpbc.com](http://www.taxcollectorpbc.com)

## BOARD OF COUNTY COMMISSIONERS

[www.pbcgov.com](http://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

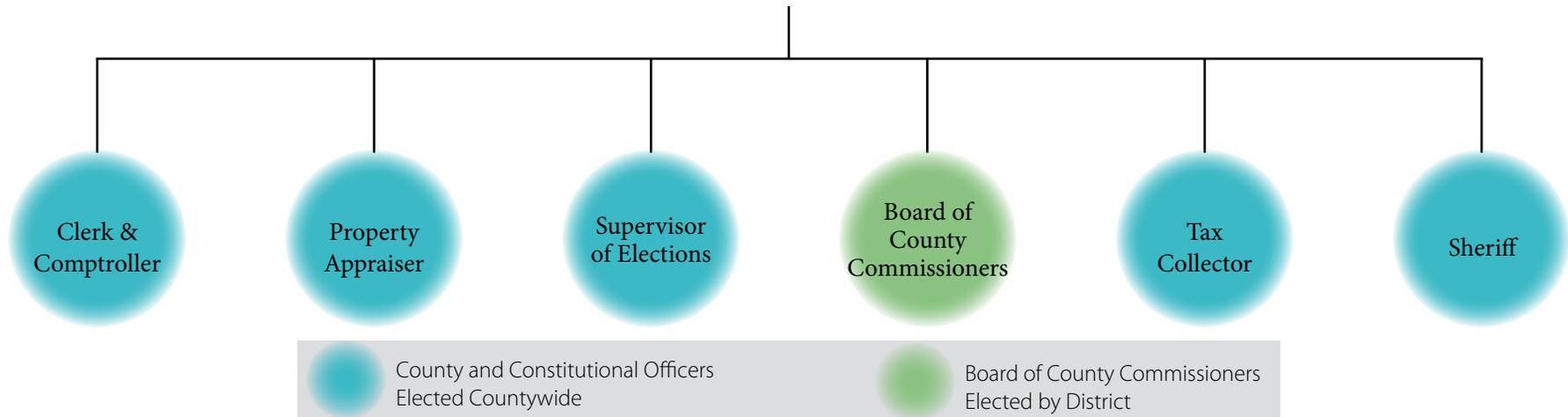
**District 5 - Burt Aaronson\***  
561.355.2205

**District 6 - Jess R. Santamaria**  
561.355.6300

**District 7 - Priscilla A. Taylor**  
561.355.2207



### PALM BEACH COUNTY CITIZENS



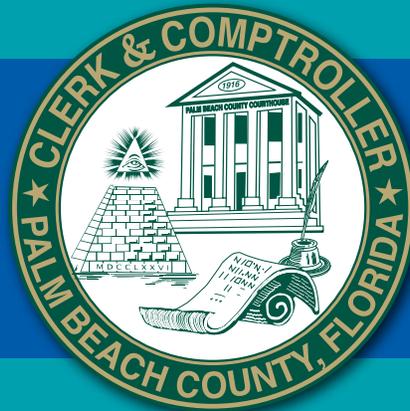
*\*Please note: On November 6, 2012, voters elected Hal Valeche as commissioner of District 1, and Mary Lou Berger as commissioner of District 5.*

**SHARON R. BOCK**  
Clerk & Comptroller  
Palm Beach County

[www.mypalmbeachclerk.com](http://www.mypalmbeachclerk.com)



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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](http://www.mypalmbeachclerk.com)

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- myMinutes
- myVAB
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- Passport Information & Photos
- Domestic Partnership Registry