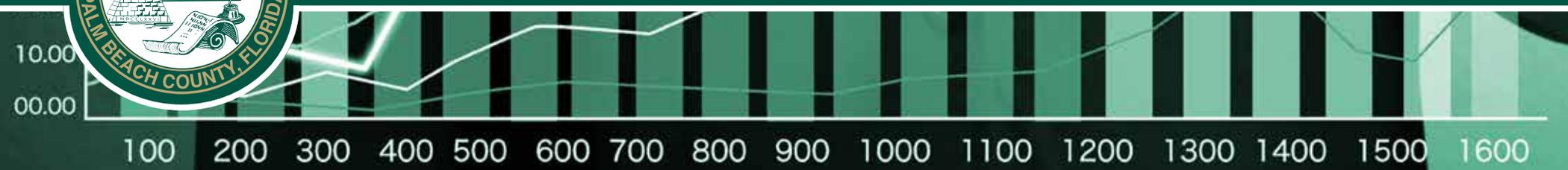


Checks & Balances

Your Guide to County Finances
Palm Beach County, Florida



Prepared by the Clerk & Comptroller for the Fiscal Year Ended
September 30, 2014



MESSAGE FROM CLERK BOCK

Dear Residents,

I am proud to present the Fiscal Year 2014 version of *Checks & Balances: Your Guide to County Finances*, the ninth edition of our award-winning report about Palm Beach County's fiscal health. I thank you for taking this opportunity to better understand how your tax dollars are spent and to learn more about how our County operates.

As Clerk & Comptroller of Palm Beach County, my responsibilities include serving as the County's independent Chief Financial Officer, Auditor and Treasurer. I am dedicated to providing clear, concise information about how taxpayer money is managed, as part of my commitment to increasing transparency and accountability in government.

One way we are achieving this is by incorporating technology throughout all our processes. Technology is an essential component to streamlining procedures and providing outstanding customer service. In 2014, we began automating the payment of county bills, generating a cash rebate of over \$160,000. Additionally, we are partnering with the County to electronically store millions of finance records, eliminating the cost of storage.

Each year, the Clerk & Comptroller's team of skilled finance professionals reviews an array of data that measure the financial strength of Palm Beach County government. In addition to examining how much of your tax money is collected and spent, the team evaluates other key metrics that affect our County's fiscal well-being, such as housing prices and employment rates.

I am pleased to report that, in Fiscal Year 2014, we saw significant economic increases for Palm Beach County. Property tax revenues increased almost \$29 million over the prior fiscal year, a 3.5 percent increase (*see Property Taxes*, page 9). Sales tax increased by \$5.3 million, tourist development tax by \$3.3 million and local option gas tax by \$1.4 million over the prior fiscal year (*see Local Taxes*, page 10).

Checks & Balances: Your Guide to County Finances is one of the many useful financial publications available on our website at www.mypalmbeachclerk.com/countyfinances. For a more in-depth view of County finances, please review our *Comprehensive Annual Financial Report*, which serves as the basis for much of the information you'll find in this edition of *Checks & Balances*.

Thank you for electing me to be your Clerk & Comptroller. I pledge to continue providing the taxpayers of Palm Beach County innovative programs and streamlined processes that support fiscal responsibility and efficiency.

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 understand the necessity of budgeting – knowing how much money is coming in and prioritizing how that money is ultimately spent. Budgets and spending are especially important in government, since every dollar spent comes from taxpayers. Just as you track your personal budget, it is important to have transparency around how your tax money is budgeted and spent.

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

Most of the information in this award-winning report is derived from the Clerk & Comptroller’s *Comprehensive Annual Financial Report* (CAFR) for the fiscal year that ended on September 30, 2014. The CAFR, available at www.mypalmbeachclerk.com/countyfinances, includes more than 200 pages of detailed County financial statements, notes, schedules and reports.

Checks & Balances, which is also known as the *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. The electronic version of *Checks & Balances* contains useful links to other helpful information and reference materials used to create this guide.

Because this is a summary, *Checks & Balances* does not conform to generally accepted accounting principles and reporting requirements for government entities. Additionally, 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 or 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.

*“We are changing the world
with technology.”*

-BILL GATES

TABLE OF CONTENTS

INTRODUCTION

About This Guide 1

YOUR COUNTY

Government in Your County..... 2

About the Clerk & Comptroller 3

Your Community.....4-5

YOUR COUNTY’S FUNDING

County Government Revenue 6

Property Taxes7-9

User Fees..... 10

YOUR COUNTY’S BUDGET

Budget at a Glance..... 11

Select Operating Budgets 12

YOUR COUNTY’S EXPENSES

Where Your Money Goes 13

Capital Assets 14

Reserves 15

YOUR TAX DOLLARS AT WORK

Investments 16-17

Debt..... 18-19

What the County Owns and Owes 20

CONTACT INFORMATION 21

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 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 cannot set public policy or levy taxes like the BOCC. These constitutional officers are audited regularly by the state and are required to follow strict constitutional and statutory guidelines. 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 online through myMinutes at www.mypalmbeachclerk.com/minutes.

MAJOR INITIATIVES FY 2014 PALM BEACH COUNTY

Public safety: Ensuring Palm Beach County’s safety and security continued to be a priority for the Board of County Commissioners in FY 2014. The Sheriff and Fire Rescue requested budgets were fully funded by the BOCC at \$508 million and \$263 million, respectively, net of reserves.

Ending homelessness: The County continues to make significant strides in its “Ten-Year Plan to End Homelessness.” The plan, now at its five-year mark, was reviewed by The National Alliance to End Homelessness. The group concluded that the County has high cooperation among providers, satisfaction among consumers and buy-in for the plan. During the first year of operation, the County’s Homeless Resource Center (the Senator Philip D. Lewis Center) served 2,155 homeless children in 1,130 families, and 3,199 single adults.

Economic development: Palm Beach County Economic Sustainability priorities are driven by the specific economic needs of the County including the need to create jobs and the continued preservation of affordable housing. Palm Beach County serves as a financial resource for business, community redevelopment and housing initiatives through Federal, State and County assistance programs including loans, grants and tax exemptions leveraged by private capital investments.

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.

The Clerk's Division of Inspector General, comprised of its Audit and Public Integrity units, identified more than \$584,000 in potential revenue recoveries and cost avoidance in FY 2014. The Clerk's Guardianship Fraud investigators also discovered more than \$825,000 in unsubstantiated expenditures and missing assets in Palm Beach County court-appointed guardianships and a combined total of over \$3.3 million over the last three years. To learn more about the Clerk's Division of Inspector General, visit www.mypalmbeachclerk.com/ig.

The Clerk's Finance division continues to seek new ways to save taxpayer money by increasing efficiencies and improving processes, as well as keeping a close watch on County spending. In FY 2014, the Payables division questioned more than \$1.7 million in County expenses and rejected nearly \$269,000. The office strives to set an example of fiscal responsibility, reducing its budget overall 30 percent since FY 2007. The Clerk's office also remitted more than \$2.14 million in unspent funds to Palm Beach County in FY 2014.

As the County's Chief Financial Officer, one of the most important duties of the Clerk is providing clear, concise information about County revenue and spending. We are honored that all eight 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 25 consecutive years. The Clerk & Comptroller also received the GFOA's "Distinguished Budget Presentation Award" in FY 2014. It is the highest honor bestowed by the organization. You can find all of the Clerk's financial publications online at www.mypalmbeachclerk.com/countyfinances.

Additionally, as part of our commitment to financial transparency, visit us online to view audits conducted by the Clerk, audits of the office conducted by external entities, and "Clerks in the Sunshine," a section containing Clerk budget information and efficiency reports.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Palm Beach County
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

Your Community

Palm Beach County's Top Five Taxpayers for 2014³

1. Florida Power & Light Company.....	\$77,409,495
2. Town Center at Boca Raton Trust.....	\$7,506,035
3. BellSouth Telecommunications, Inc.	\$5,858,674
4. US Sugar Corporation.....	\$5,183,276
5. Comcast of Florida.....	\$4,954,703

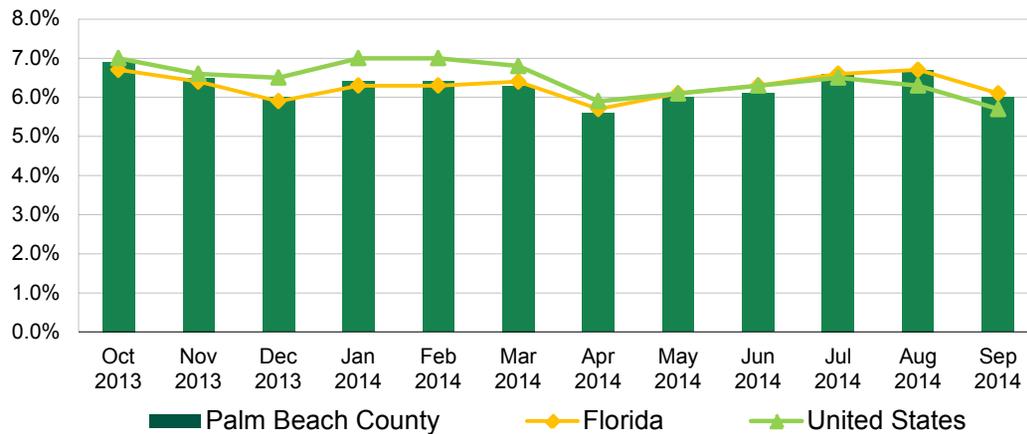
Palm Beach County grew in FY 2014 – both in its tax base and population. The County saw property values increase, with overall tax bills at \$3.14 billion in 2014 – a \$90 million increase from 2013¹. The County's population also grew, with approximately 1.36 million people calling Palm Beach County home in 2014². It is the fifth consecutive year of population growth for Palm Beach County, which remains the third most-populous county in Florida.

¹Source: Constitutional Tax Collector of Palm Beach County

²Source: Bureau of Economic and Business Research, University of Florida

³Source: Constitutional Tax Collector of Palm Beach County

Unemployment Rates FY 2014⁶



The number of jobs also grew in Palm Beach County during FY 2014, with employers adding 12,300 nonagricultural jobs in the West Palm Beach-Boca Raton-Boynton Beach Metro Division, a 2.3 percent increase from a year ago⁴. The sectors adding jobs included Trade, Transportation and Utilities, Retail Trade and Professional and Business Services. Palm Beach County's unemployment rate fell during the fiscal year as did the nation's unemployment rate. The County rate fell 13 percent⁵ to 6 percent whereas the national rate fell 18.6 percent to 5.7 percent. These rates measure the percentage of the workforce that is unemployed and looking for paid employment. The County rate hit a high of 6.9 percent and a low of 5.6 percent during the fiscal year.

⁴Source: Florida Research and Economic Information Database Application

⁵Source: Labor Market Statistics, Local Area Unemployment Statistics. Rates not seasonally adjusted.

⁶Source: Labor Market Statistics, Local Area Unemployment Statistics. Rates not seasonally adjusted.

Palm Beach County's Principal Employers Top Private Employers as of 2013⁷

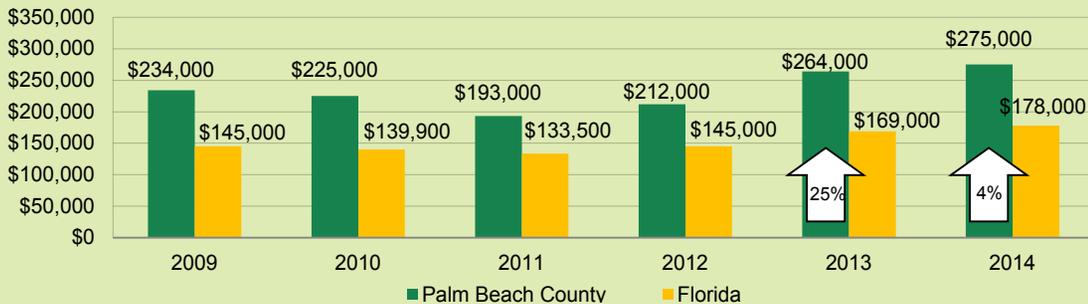
1. Tenet Healthcare.....	6,100
2. NextEra Energy.....	3,804
3. G4S.....	3,000
4. Hospital Corp. of America.....	2,714
5. Bethesda Memorial Hospital.....	2,643

Palm Beach County's growth is changing the makeup of its main industries. While agriculture and tourism are still important parts of the County's economy, the biggest industries in 2014 include health care, energy and security. Of the companies represented in Palm Beach County's top five private employers, two – G4S (Wackenhut Corp.) and Bethesda Memorial Hospital – were not among the County's largest businesses a decade ago.

⁷Business Development Board of Palm Beach County

Your Community

Single-Family Homes Median Sales Price Comparison⁹

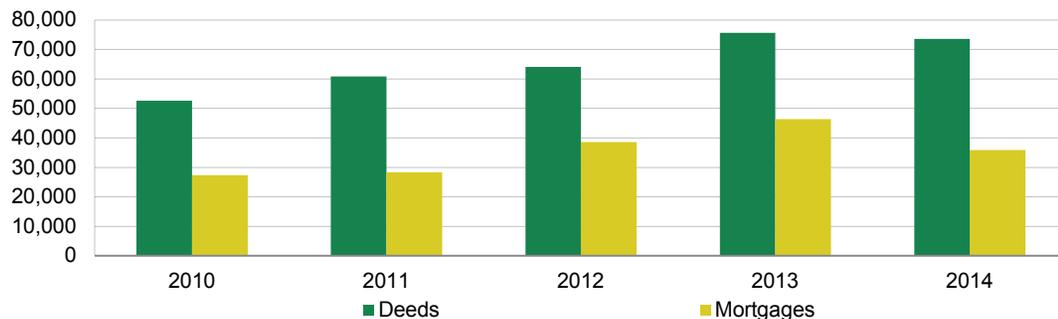


Palm Beach County's real estate market extended the **turnaround** that began in 2013, with numbers improving from the previous year for both median sales price and closed sales. The median sales price for a single-family home rose to \$275,000 in 2014, a 4.2 percent increase from the revised median sales price of \$264,000 for a single-family home in 2013 (originally reported at \$244,000). There were 16,207 sales closed⁸ on single-family homes in Palm Beach County, a 10.9 percent increase from 14,620 closings in 2013.

⁸Source: Realtor Association of the Palm Beaches. Figures are for calendar year.

⁹Source: Florida Realtors. Figures are for calendar year.

Mortgages and Deeds Recorded 2010-2014¹⁰



Another important metric for measuring the health of Palm Beach County real estate is the number of mortgages and deeds recorded in Palm Beach County, as well as the number of new foreclosure lawsuits filed with the Clerk & Comptroller. Mortgages and deeds recorded by the Clerk & Comptroller were down from the prior year, with mortgages falling 22.6 percent to 35,902 and deeds falling 2.7 percent to 73,603. However, a continued positive sign for the County: new foreclosure cases filed in Palm Beach County decreased once again, falling 38.1 percent to 6097, versus 9857 cases filed in FY 2013¹⁰.

¹⁰Source: Clerk & Comptroller, Palm Beach County. Figures are for calendar year.

Residential Building Permits Issued 2006-2014¹¹

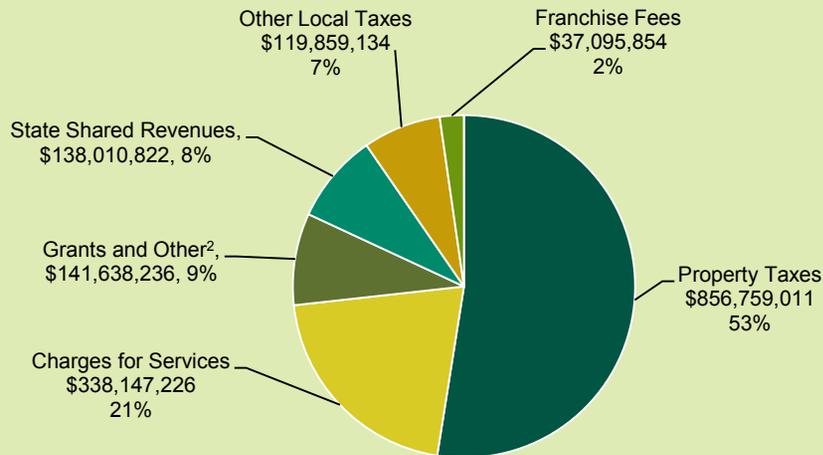


The trend of increasing residential building permits issued reversed itself after 4 years of steadily climbing. There were 3,960 permits issued for single-family and multi-family units in 2014, a 21.6 percent decrease from 5,051 permits in 2013. Most of the decline may be attributed to multi-family units which were down 38 percent. The sharp rise in long-term mortgage rates, high home prices and tight credit criteria contributed to the decline. The total value of all residential permits fell 2 percent.

¹¹Source: Palm Beach County Planning, Zoning and Building Department

County Government Revenue

FY 2014 Governmental Activities Revenues¹ Total \$1,631,510,283

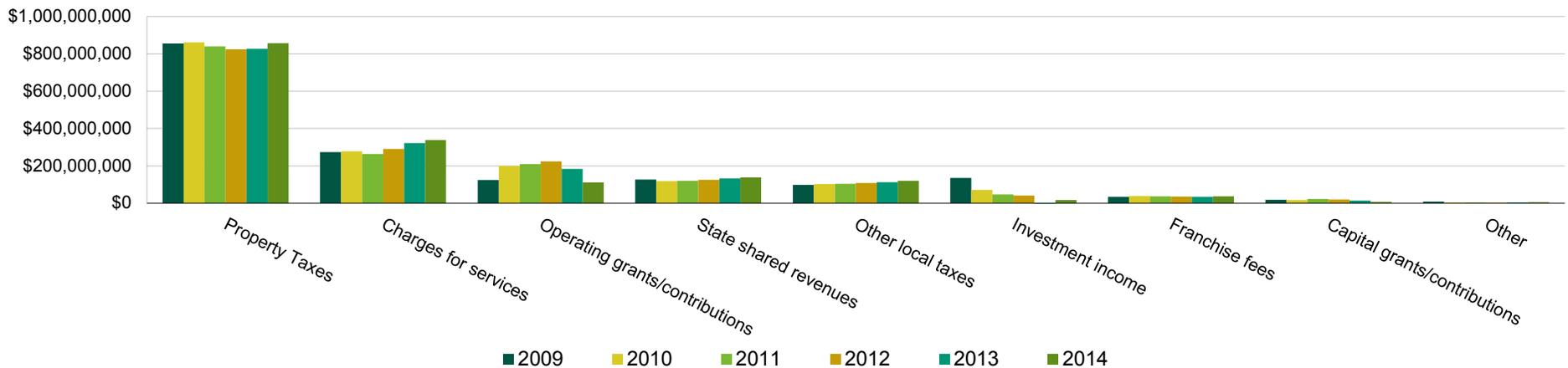


Funding for County government and services comes from many sources, the majority coming from property taxes. Due to higher taxable values, the County saw a 3.5 percent increase in property tax revenue in FY 2014, continuing the growth of the tax base that began in FY 2013. With the continued improvement in FY 2014, the County's property tax revenue is almost even with levels from FY 2009 (see *Property Taxes*, page 9).

The County's other revenue sources continued to rise in FY 2014. Local taxes, which include utility taxes, local option gas taxes and tourist development taxes, increased 7.1 percent; state shared revenues, mainly consisting of sales taxes, increased 4.2 percent; collections for county services such as building permits and golf course fees increased 5.1 percent; and other revenues, including rents and royalties, increased 58 percent.

Seeing significant improvement from the prior fiscal year, investment income rose \$19 million during the 2014 fiscal year, after declining \$6 million the year prior. The improvement may be attributable to a continued restructuring to minimize portfolio volatility and market risk.

Trends in Governmental Activities Revenues FY 2009-FY 2014



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.

²Grants by definition are primarily contributions of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from state and federal governments. Grants are usually made for specified purposes.

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. The Property Appraiser assesses property values in January, which is the first step to determining how much property owners pay in taxes each year.

If you wonder what happens to your money after you pay your tax bill each year, here is a look at the “life cycle” of a tax dollar:

FIRST STOP: TAX COLLECTOR

The Tax Collector mails property tax bills to all property owners in Palm Beach County. Payment of your taxes – either by writing a check or through an escrow account with your mortgage company – is then paid directly to the Tax Collector. Payments can be made from November through March, with property owners receiving larger discounts on their overall tax bill for paying earlier. Taxes are considered delinquent on April 1.

NEXT STOP: LOCAL GOVERNMENTS AND SPECIAL TAXING DISTRICTS

Once the Tax Collector receives payment, the money must then be divided up and sent to each local government or special taxing district. For example, if you live within a city’s limits, part of your tax money goes to the city, Palm Beach County and the Palm Beach County School Board. Additionally, special taxing districts such as the Palm Beach County Health Care District and the Children’s Services Council receive a portion of your tax money. Palm Beach County receives about one-third of your property taxes to fund its operations.

FINAL STOP: CLERK & COMPTROLLER, PALM BEACH COUNTY

While property taxes are distributed directly to other local governments, special taxing districts and the School Board, Palm Beach County’s money is sent directly to the Clerk & Comptroller. As the County’s Chief Financial Officer, Auditor and Treasurer, the Clerk accounts for all County revenues, including property taxes, and invests this money until it is needed to pay bills. The Clerk & Comptroller also audits and pays all of the County’s bills, so long as the request for payment is for a public purpose, is legal, meets the County’s purchasing guidelines, and if there is sufficient funding available to make the payment.

HOW YOUR TAXES ARE CALCULATED

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

IMPORTANT DATES

JANUARY: Property values assessed by Property Appraiser to determine property’s taxable value

JULY: Board of County Commissioners and other taxing entities set millage rates

AUGUST: Property Appraiser mails a notice of proposed taxes, or Truth in Millage (TRIM) notice

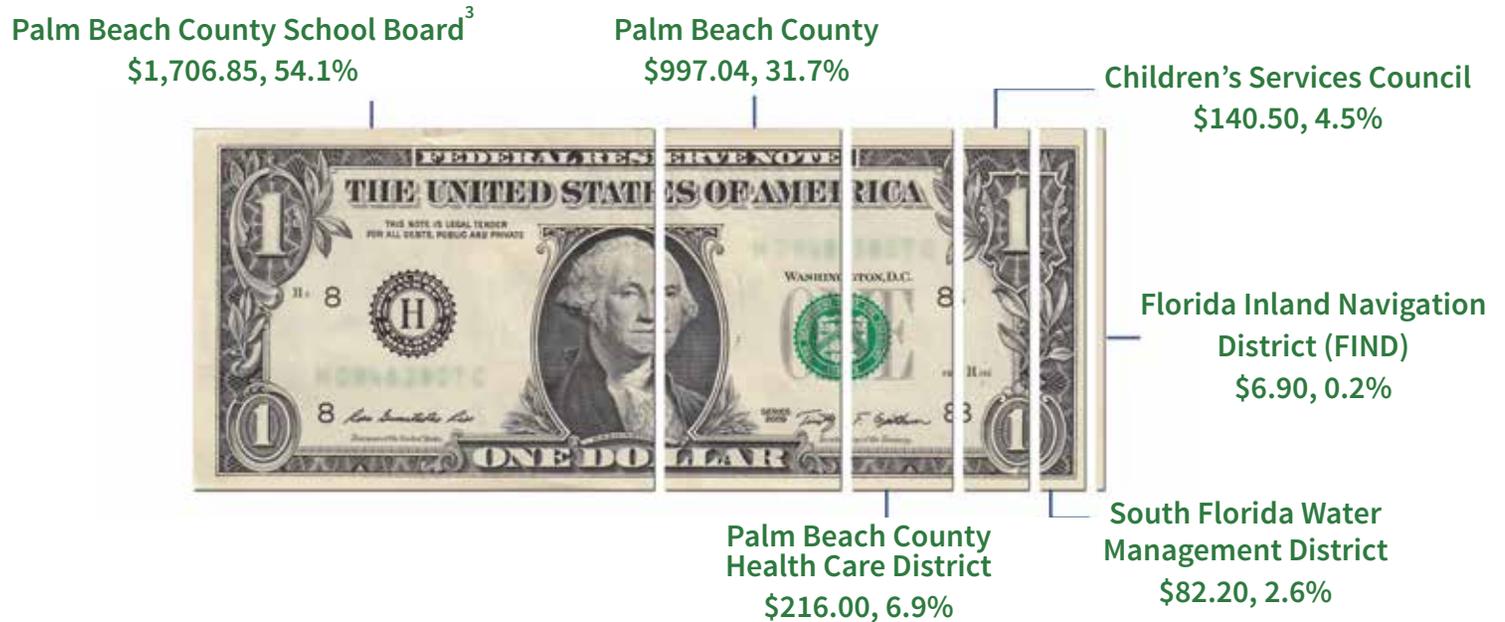
NOVEMBER: Tax Collector mails tax bills to property owners and begins collecting payments



Property Taxes

If you own property in Palm Beach County, your annual tax bill 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 taxing 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: \$3,149.49



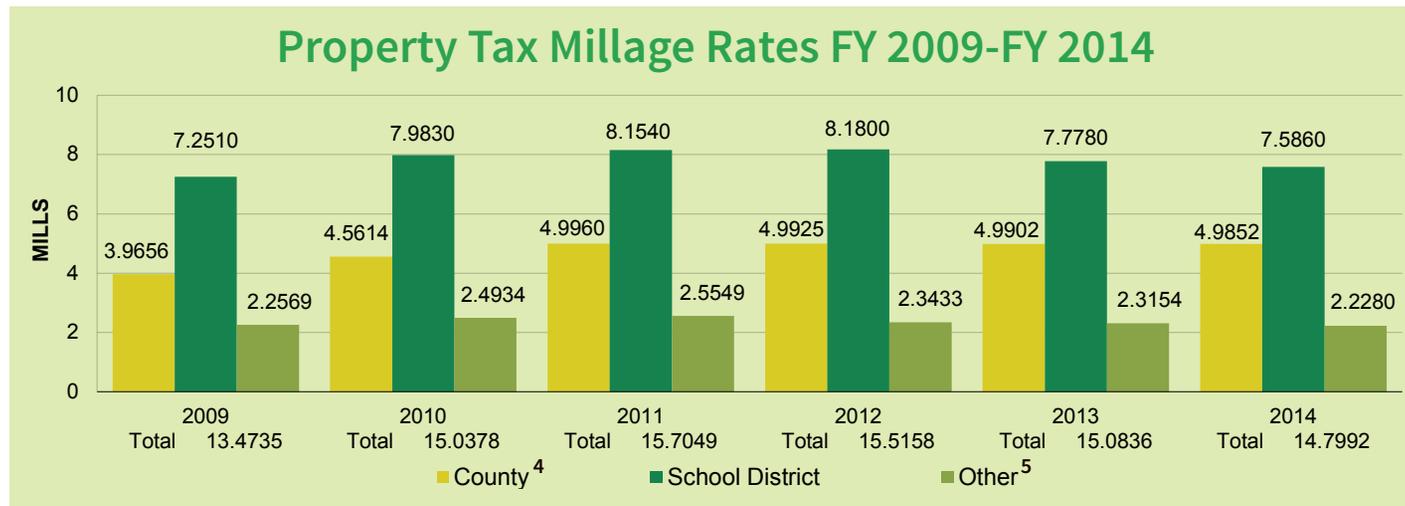
Note: Figures shown in the example do not include municipalities, unincorporated areas or any applicable special districts within. Figures shown are net of applicable exemption amounts.

³The Palm Beach County School Board operating millage rate is set by the Florida Legislature.

Property Taxes

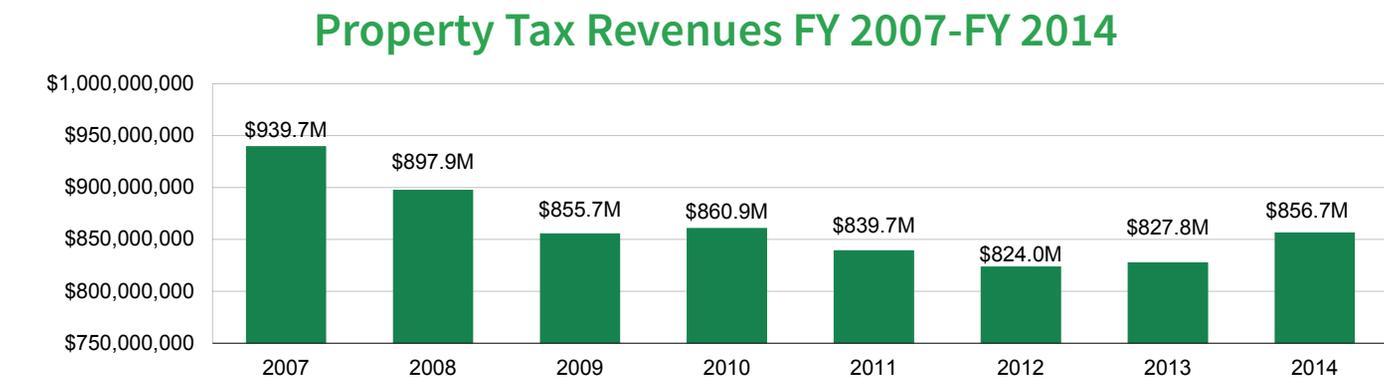
With the improvement in real estate prices and sales boosting property values, the Board of County Commissioners received good news again in FY 2014 – after the trend of declining revenues from property taxes reversed itself in FY 2013, once again the commissioners were able to hold the line on the County’s mileage rate. Commissioners set the operating mileage for FY 2014 at 4.7815, which is the same rate as FY 2013. The approved operating millage rate was 3.2 percent higher than the “rollback rate” of 4.6331. The rollback rate is the millage rate that, excluding any new construction that would add value to the County’s tax base in FY 2014, will provide the same amount of property tax revenue as the prior year.

As a result of the increase in taxable property value, the County’s property tax revenues continued to increase – approximately \$29 million, or 3.5 percent. As shown in the Property Tax Revenues: FY 2007-FY 2014, property tax revenues were \$857 million in FY 2014, compared with \$828 million in FY 2013.



How do rising property values affect my property taxes?

When property values increase, that does not mean all property owners will receive a huge tax bill in return. Under Florida law, the taxable value of a homesteaded property cannot increase by more than 3 percent or by the percent change of the Consumer Price Index, whichever is less. If you sell your home, the state’s “portability” laws allow you to transfer up to \$500,000 of your property’s homesteaded value to your new property anywhere in Florida.



⁴Includes countywide operating millage as well as the millage rate for voter-approved debt.

⁵Other 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

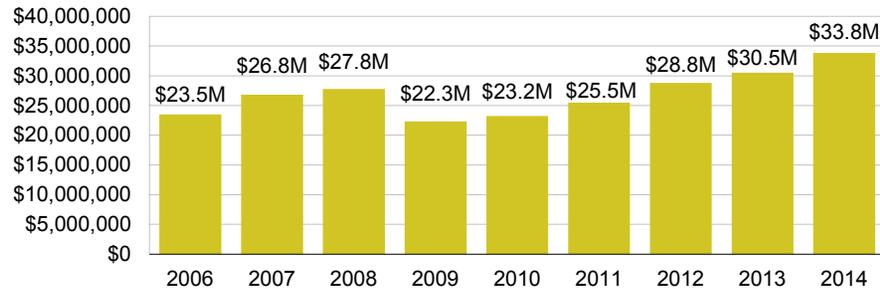
Sales Tax Revenue FY 2006-FY 2014⁶



In addition to property taxes, County government receives income from other user fees and taxes, such as the sales tax paid when you buy clothing, appliances, or cars. Florida's consumer confidence continued to rise throughout 2014. Palm Beach County's sales tax collections increased \$5.3 million over the prior fiscal year, or 7.2 percent. Although it was the fourth consecutive year sales tax collections increased, sales tax collections are down by 0.8 percent since FY 2006.

⁶Source: FY 2014 CAFR

Tourist Development Tax FY 2006-FY 2014⁷



As the economy continued to rebound, Palm Beach County saw Tourist Development Tax receipts hit a record level during FY 2014, increasing \$3.3 million, or 10.8% percent over the prior fiscal year. Contributing factors to the increase in collections include an extremely cold winter in the northern part of the country as well as sporting events and marketing efforts attracting the participation of Florida residents. These "bed taxes" are collected from hotels, motels, and other properties rented to out-of-town visitors and used for tourism-related expenses, the promotion of tourism, culture, film, and sporting events. Airport travel was up, with approximately 5.9 million passengers traveling through Palm Beach International Airport, up 3.5 percent from 5.7 million in FY 2013⁸.

⁷Source: FY 2014 CAFR

⁸Source: Palm Beach International Airport

Local Option Gas Tax Revenue FY 2006-FY 2014¹⁰



Local Option Gas Taxes, the money paid by motorists when they buy gas, increased \$1.4 million over the prior fiscal year for a 3.1 percent gain. The trend toward lower gasoline prices and better mileage on newer vehicles restrained revenue from this source despite gains in miles driven due to the improving local economy. The decline in gasoline prices and the improving economy caused the County's bus system to experience a decline in ridership for the first time in five years. During FY 2014, Palm Tran delivered a total of 11.4 million passenger trips, down 5 percent from FY 2013's 12 million trips⁹.

⁹Source: Palm Tran

¹⁰Source: FY 2014 CAFR

Budget at a Glance

Palm Beach County's total adopted budget, the financial plan for funding all County operations, totaled \$3.945 billion in FY 2014. The County's overall budget decreased by 1.6 percent compared with FY 2013, with some departments decreasing and others increasing their budgets (see *Select Operating Budgets*, page 12).

After three consecutive years of increases, the Board of County Commissioners was able to keep the County's operating millage rate the same as FY 2013, thanks to improving taxable property values. The millage rate is the rate used to calculate your property tax (see *Property Taxes*, pages 7-9). For the third year in a row, commissioners increased the County's reserves by approximately \$47 million in FY 2014, a 5.8 percent increase from FY 2013 (see *Reserves*, page 15).

BUDGET BASICS

- By law, Palm Beach County government must create and approve a balanced budget giving 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. This money may only be used for specifically designated purposes.

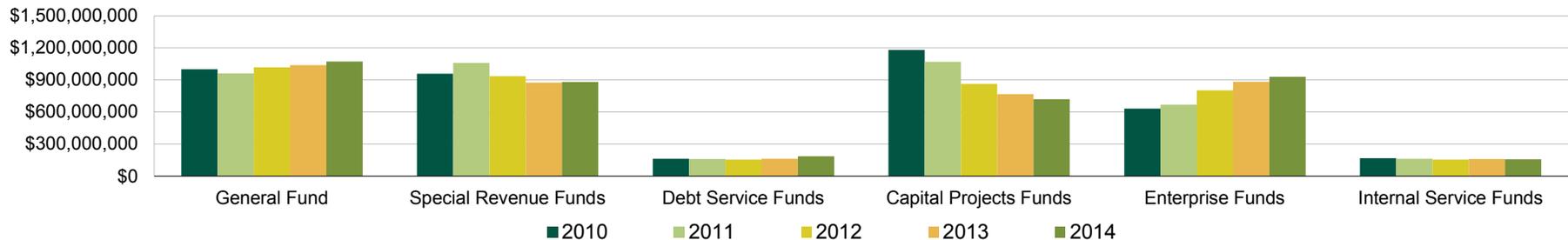
Debt Service Funds: Designated to pay principal and interest on the County's long-term debt.

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 FY 2010-FY 2014



Select Operating Budgets

Palm Beach County, Florida Comparison of Select Operating Budgets Funded by Tax Dollars¹

County Department	FY 2013 Budget	FY 2014 Budget	Percent Change	Average Cost Per Taxpayer ³
Parks and Recreation	\$45,794,143	\$46,472,215	1.5%	\$73.91
Facilities Development and Operations	\$33,144,133	\$32,699,205	-1.3%	\$52.01
Community Services	\$22,428,021	\$23,073,013	2.9%	\$36.70
Engineering and Public Works	\$15,124,343	\$21,398,212	41.5%	\$34.03
Public Safety	\$17,257,162	\$17,787,503	3.1%	\$28.29
Environmental Resource Management	\$8,812,006	\$9,947,300	12.9%	\$15.82
Planning, Zoning and Building	\$8,568,234	\$8,684,093	1.4%	\$13.81
County Attorney	\$3,179,938	\$3,487,730	9.7%	\$5.55
County Commission	\$2,760,147	\$2,864,149	3.8%	\$4.56
County Administration	\$1,393,843	\$1,518,908	9.0%	\$2.42
Risk Management	\$370,061	\$349,859	-5.5%	\$0.56
Metropolitan Planning Organization	\$115,606	\$190,175	64.5%	\$0.30
Dependent Districts				
Fire Rescue	\$200,748,303	\$206,527,990	2.9%	\$328.47
County Library	\$37,417,132	\$38,715,969	3.5%	\$61.58
Constitutional Officers²				
Sheriff	\$407,399,805	\$433,602,297	6.4%	\$689.62
Property Appraiser	\$16,750,000	\$17,077,000	2.0%	\$27.16
Supervisor of Elections	\$10,110,000	\$9,252,989	-8.5%	\$14.72
Clerk & Comptroller	\$11,460,081	\$10,589,198	-7.6%	\$16.84
Tax Collector	\$5,366,000	\$4,166,000	-22.4%	\$6.63

Source: Palm Beach County Annual Budget FY 2014

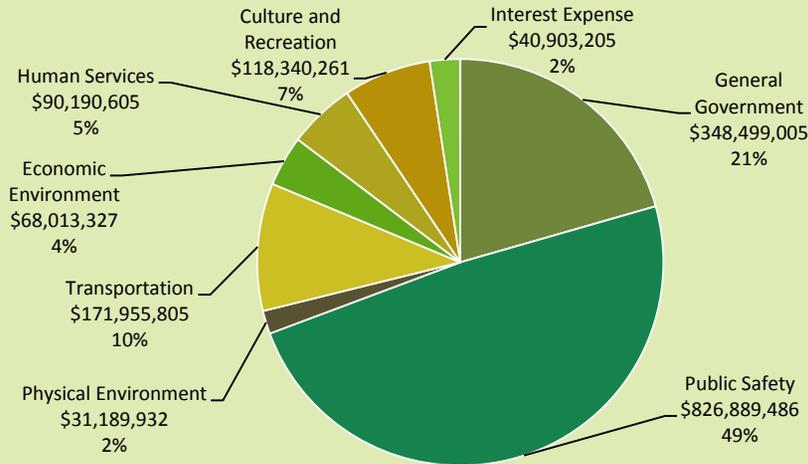
¹Budget amounts reflect only the County taxpayer funded portion of the budget and do not include other revenue sources, such as grants and user fees.

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

³Calculated for FY 2014, "Taxpayer" represents a taxable parcel, of which there are 629,345 as of September 30, 2014. Actual cost dependent upon valuation of parcel.

Where Your Money Goes

FY 2014 Governmental Activities Expenses Total \$1,695,981,626



The cost of running County government increased by approximately \$30 million – or 1.8 percent – in FY 2014. Although some categories increased spending, others decreased expenditures.

The changes, shown in the Trends in Governmental Activities Expenses FY 2009-FY 2014 chart, include:

- **Physical environment:** After increasing \$8.4 million, or 28.9 percent the prior fiscal year due to a significant increase in capital projects related to environmental lands, including the design and construction of beach improvements, spending in this category fell 17.1 percent in FY 2014, or \$6.4 million.
- **General government** expenses increased \$27 million or 8.3 percent in FY 2014 due, in part, to increased spending related to road projects.
- **Public safety** expenses increased \$41 million or 5.2 percent in FY 2014. This can be attributed, in part, to higher costs associated with the operations of the Sheriff's Office and Fire Rescue.
- **Economic environment** expenses decreased \$23 million or 25.3 percent in FY 2014. This decrease is due, in part, to a decline in fiscal activity in the Neighborhood Stabilization Program (NSP). The NSP grant is a special Community Development Block Grant (CDBG) allocation created to address the problem of abandoned and foreclosed properties. There are certain income level limitations and boundary jurisdictions that are excluded.

Trends in Governmental Activities Expenses FY 2009-FY 2014



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

The County's capital assets for its governmental and business-type activities, net of accumulated depreciation, amounted to \$3.798 billion as of September 30, 2014. This investment in capital assets includes a broad range of capital assets, including land, buildings and improvements, improvements other than buildings, equipment, infrastructure, and construction in progress. The County's capital assets for FY 2014 decreased by \$67 million; governmental activities decreased \$73 million and business-type activities increased by \$6 million.

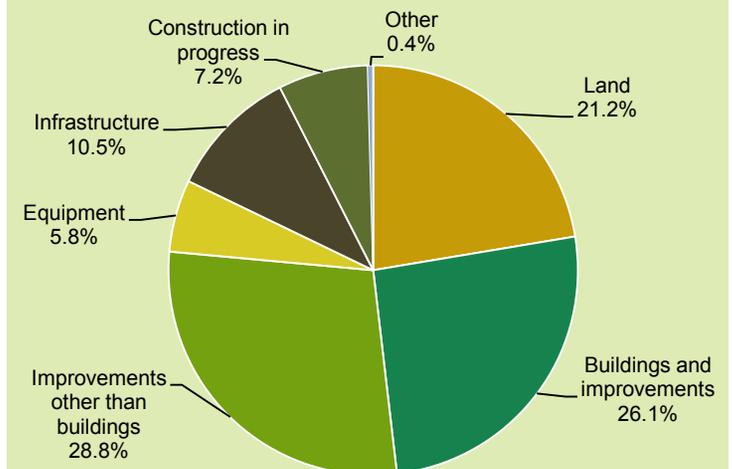
MAJOR EVENTS INVOLVING CAPITAL ASSETS DURING FY 2014 INCLUDE:

- Substantially completed projects during FY 2014 included approximately \$144 million in costs for the County Jail Expansion. Improvements amounting to \$7.2 million were made to Seminole-Pratt Road (Okeechobee/Sycamore) and \$6.4 million to the Acreage Access Road (Persimmon Boulevard to 60th Street).
- Governmental activities Net Capital assets decreased by \$73 million. Major changes included a decrease in land of \$52 million, primarily due to the sale of the Mecca property, an increase in buildings and improvements of \$211 million as well as infrastructure of \$108 million, offset by transfers from construction in progress of \$353 million and the effects of depreciation.
- Business-type activities Net Capital assets increased by \$6 million to \$1.343 billion, primarily attributable to increases in construction in progress of the Water Utilities Department.

Capital Assets, Net Of Accumulated Depreciation At Year-End

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2014	2013	2014	2013	2014	2013
Land	\$688M	\$740M	\$117M	\$116M	\$805M	\$856M
Buildings and improvements	\$760M	\$549M	\$231M	\$239M	\$991M	\$788M
Improvements other than buildings	\$202M	\$192M	\$891M	\$903M	\$1,093M	\$1,095M
Equipment	\$194M	\$191M	\$26M	\$25M	\$220M	\$216M
Infrastructure	\$399M	\$291M	-	-	\$399M	\$291M
Intangible - easement rights	-	-	\$11M	\$11M	\$11M	\$11M
Goodwill	-	-	\$5M	\$5M	\$5M	\$5M
Construction in progress	\$212M	\$565M	\$62M	\$38M	\$274M	\$603M
TOTALS	\$2,455M	\$2,528M	\$1,343M	\$1,337M	\$3,798M	\$3,865M

Capital Assets, Net Total Primary Government September 30, 2014



Reserves

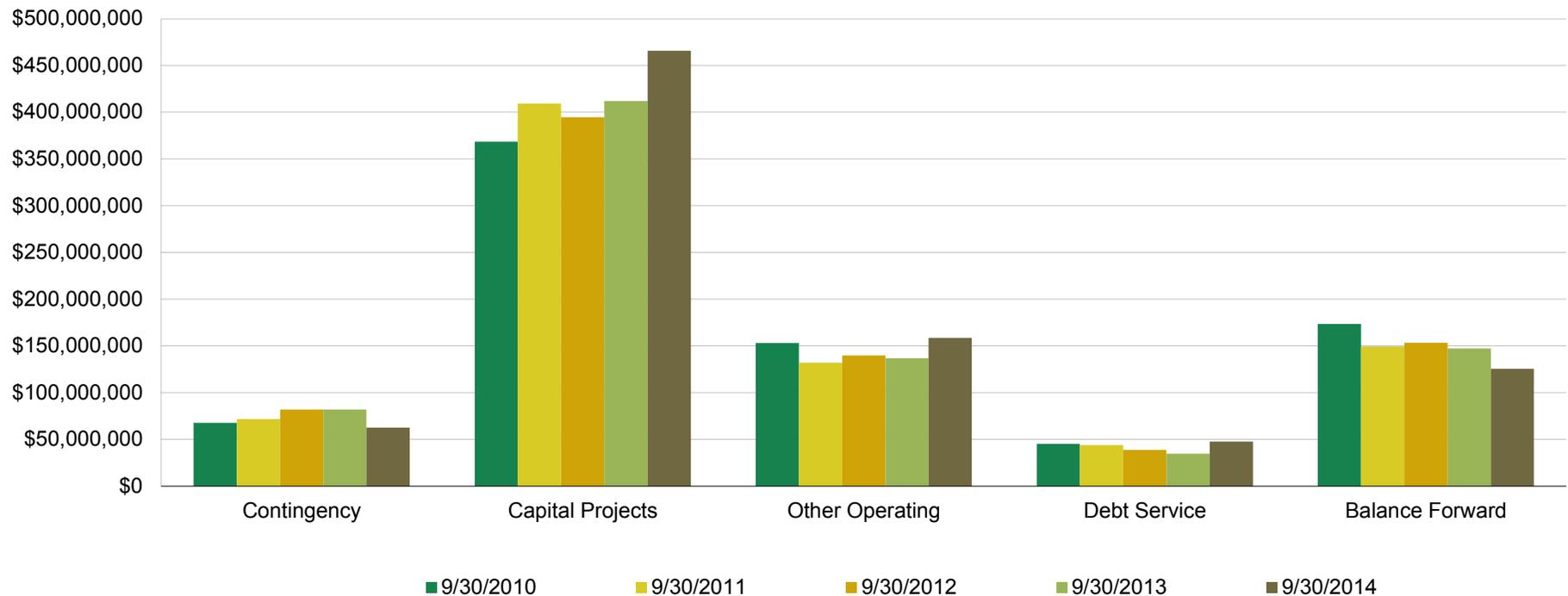
Reserves are funds that are set aside, or “reserved,” to pay for future planned and unanticipated expenses. For the third straight year, the County saw an increase in its reserves in FY 2014, approximately \$47 million or 5.8 percent, compared with FY 2013.

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 FY 2014, the County’s Capital Projects reserves increased by \$53.7 million, or 13.0 percent.

Other Reserves: County leaders budget money in reserves for cash carried over from previous years, contingencies, specific operations and debt payments. While reserves for contingencies went down \$19.5 million and balance brought forward decreased \$22 million, the County increased other operating reserves \$21.9 million and debt service reserves \$13.2 million.

TOTAL RESERVES AS OF SEPTEMBER 30, 2014 = \$860,033,868

Reserve Analysis Fiscal Year Ends 2010-2014



Investments

Your County government pays bills throughout the year. The County receives the majority of its income in December and January, when most 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.

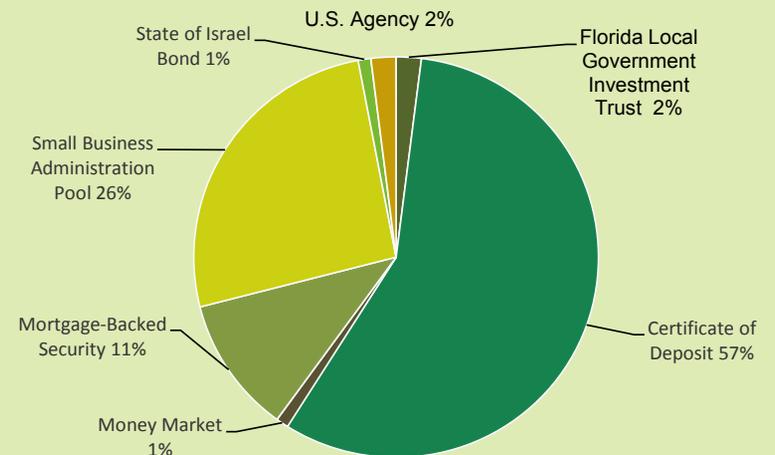
The Clerk & Comptroller's investment objectives, in order of priority, are: safety of taxpayer dollars, sufficient liquidity to meet County financial obligations, and earning the maximum achievable investment income, given prudent safety and liquidity objectives. The County's investment policy statement limits the portfolio to high quality fixed-income securities, bank deposits and cash equivalents. The stock market is not an option.

In response to a continued historically low interest rate environment the Clerk & Comptroller's investment team continued to restructure the portfolio to minimize volatility and preserve principal. The current rate environment limits the yield available to be earned. The portfolio is structured to minimize interest rate and price risk and is generating a predictable interest income stream. The portfolio composition, as of fiscal year end, is shown below.

For the sixth consecutive year, the Centre for Fiduciary Excellence certified the Clerk & Comptroller's investment management and record keeping, the County's investment policy and Investment Policy Committee as adhering to a global standard of fiduciary excellence for investment stewards.

This certification confirms and demonstrates the Clerk & Comptroller's commitment to continuous improvement and excellence in the management of public tax dollars.

Portfolio Allocation as of September 30, 2014



Investments

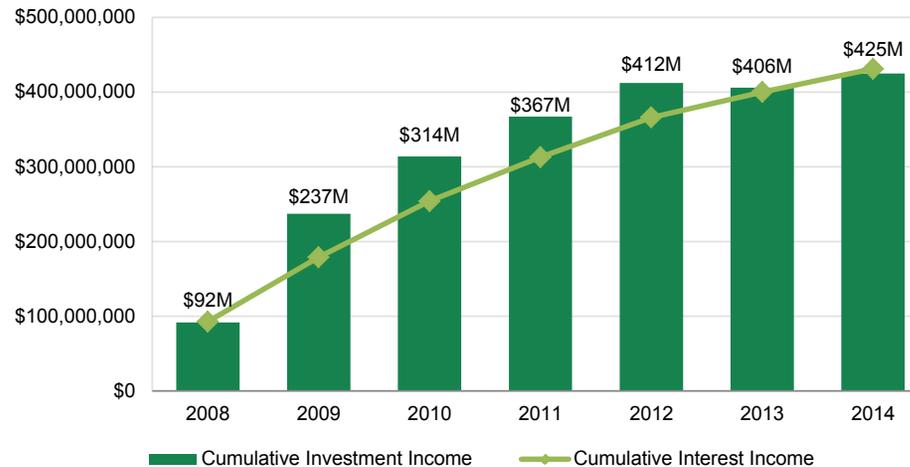
The gradual decline in interest income over the past several years is driven by a combination of economic and monetary policy factors that have kept interest rates at historic lows. This low interest rate environment greatly affects the return that you, the taxpayer, are able to earn on your own savings, retirement and investment accounts. While lower rates benefit the County on the return it must pay for its bond obligations, they limit the amount of investment income earned by the County's portfolio. The County's investment portfolio has generated significant income, as shown in the chart below.

The Clerk & Comptroller's professional investment team actively manages the County's investment portfolio and monitors the financial markets daily to ensure the portfolio structure and strategy takes advantage of opportunities to increase yield, while never losing sight of our top priorities, the safety and liquidity of taxpayer dollars. Strict investment policy guidelines define the investment criteria and are monitored regularly through a rigorous internal control process. Our active management strategy has resulted in \$425 million in investment income over the last seven years.

During FY 2014, the Clerk-managed portfolio earned \$31.1 million in interest income on a portfolio that averaged \$1.5 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.

$$\text{INVESTMENT INCOME} = \text{INTEREST INCOME} \pm \text{CHANGES IN MARKET VALUE}$$

Cumulative Investment Income By Fiscal Year



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 for its General Obligation debt is the highest possible rating and allows the County to borrow money at lower interest rates. This results in lower costs that save taxpayer money. As of September 30, 2014, the County's outstanding debt totaled about \$1.28 billion, a 1.2 percent decrease from FY 2013.

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.

Examples of Outstanding Debt

Project	Original Amount	Balance as of 9/30/14
Criminal Justice projects	\$488.0M	\$192.3M
Biomedical Research Park projects	\$310.3M	\$193.8M
Environmentally sensitive lands	\$173.1M	\$70.6M
Convention Center	\$91.7M	\$74.7M
Parks & Recreation facilities	\$72.1M	\$43.0M

Debt Outstanding FY 2010-FY 2014



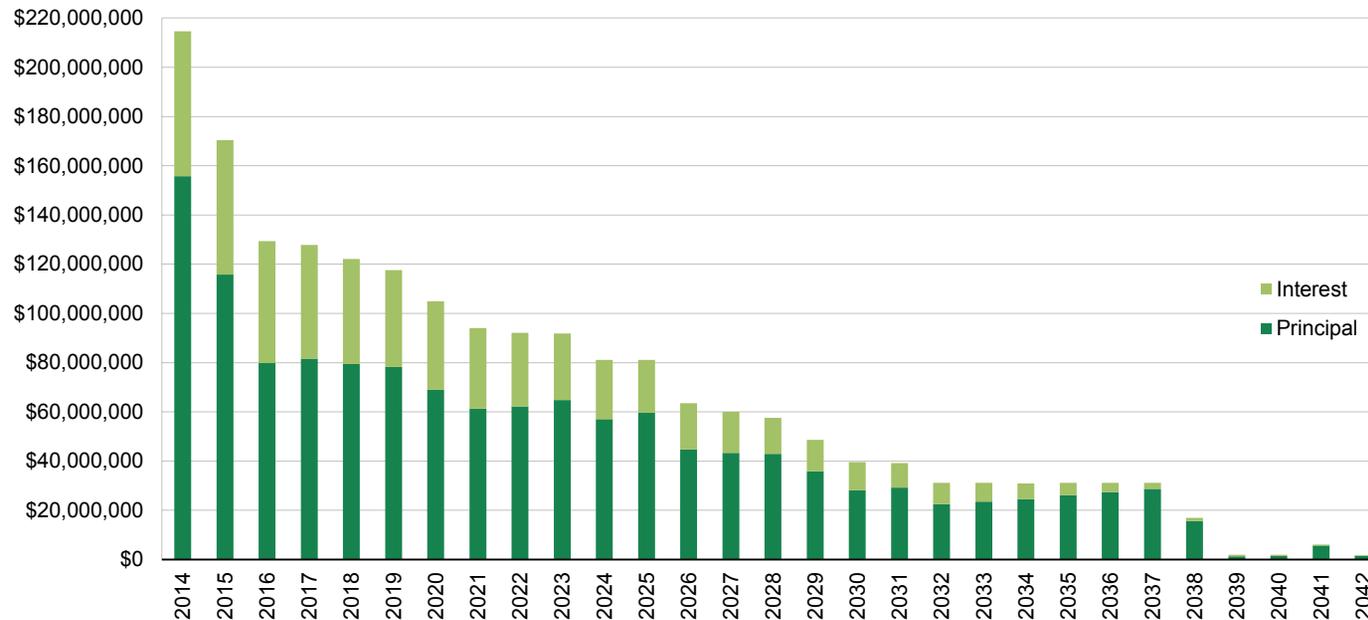
Debt

Decisions made decades ago to issue debt can have a profound impact on the County's current and future financial picture. In FY 2014, the principal and interest payments on countywide debt totaled approximately \$214 million. As shown in the Debt Service Payments FY 2014 - FY 2042 chart below, the next highest payment will come in FY 2015, with scheduled payments totaling \$170 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.

In FY 2014, the County partially refunded two General Obligation debt issues, thereby replacing \$42.5 million of old debt with \$39.9 million of new debt. The refunding decreased the County's future principal and interest payments by approximately \$4 million over 12 years. Additionally, the County issued \$69.8 million of new bonded debt, and also issued \$3.7 million of new HUD (U.S. Dept. of Housing and Urban Development) Loans.

Debt Service Payments FY 2014-FY 2042 (If no new debt is added)



What the County Owns and Owes

THE CONDENSED STATEMENT OF NET POSITION, 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 conclusion of each fiscal year. By the end of FY 2014, the County’s net position had decreased from FY 2013 by nearly \$35 million. The County’s governmental activities were responsible for \$100 million of this decrease, offset by an increase in net position of the County’s business-type activities of \$65 million.

NET POSITION AT A GLANCE

Net Position is the difference between assets and liabilities. It is comprised of three categories:

Net investment in capital assets: 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 not invested in capital assets or restricted.

Condensed Statement of Net Position: September 30, 2014

	Governmental Activities	Business-Type Activities	Total 2014	Total 2013 ¹
Assets				
Current and other assets	\$1,312,480,556	\$497,248,482	\$1,809,729,038	\$1,750,011,983
Capital assets	\$2,454,804,813	\$1,343,354,869	\$3,798,159,682	\$3,864,482,286
Total assets	\$3,767,285,369	\$1,840,603,351	\$5,607,888,720	\$5,614,494,269
Deferred outflows	\$18,202,161	\$9,004,528	\$27,206,689	\$26,992,039
Liabilities				
Current	\$276,043,328	\$52,913,281	\$328,956,609	\$298,590,477
Long-term debt due in more than one year	\$1,275,999,046	\$289,368,680	\$1,565,367,726	\$1,567,882,739
Total liabilities	\$1,552,042,374	\$342,281,961	\$1,894,324,335	\$1,866,473,216
Deferred inflows	\$150,853	\$183,875	\$334,728	\$234,922
Net Position				
Net Investment in capital assets	\$1,578,473,003	\$1,062,570,754	\$2,641,043,757	\$2,709,977,777
Restricted	\$538,405,409	\$88,136,072	\$626,541,481	\$656,873,782
Unrestricted	\$116,415,891	\$356,435,217	\$472,851,108	\$407,926,611
Total net position	\$2,233,294,303	\$1,507,142,043	\$3,740,436,346	\$3,774,778,170

¹2013 Amounts restated for Implementation of GASB Statement No. 65 during FY 2014.

Elected Officials as of September 30, 2014

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.pbctax.com

BOARD OF COUNTY COMMISSIONERS WWW.PBCGOV.COM

District 1 - Hal Valeche
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 - Mary Lou Berger
561.355.2205

District 6 - Jess R. Santamaria*
561.355.6300

District 7 - Priscilla A. Taylor
561.355.2207

**Note: On November 4, 2014, voters elected Melissa McKinlay as commissioner of District 6.*



*Photos on pages 2-5
and page 21 courtesy of
Discover Palm Beach
County.*

*Left:
-CityPlace*



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

www.mypalmbeachclerk.com

The independent Clerk & Comptroller serves a local population of nearly 1.4 million residents from several locations throughout Palm Beach County and online at www.mypalmbeachclerk.com

ONLINE SERVICES:

- County Financial Information
- Court & Official Records Searches
- Traffic Ticket Payments
- Online Foreclosure & Tax Deed Auctions
- myMinutes
- myVAB
- Self Service Court Forms
- Guardianship Fraud Hotline
- Marriage License Information
- Passport Applications
- Domestic Partnership Information
- eRecording & E-Filing of Documents

