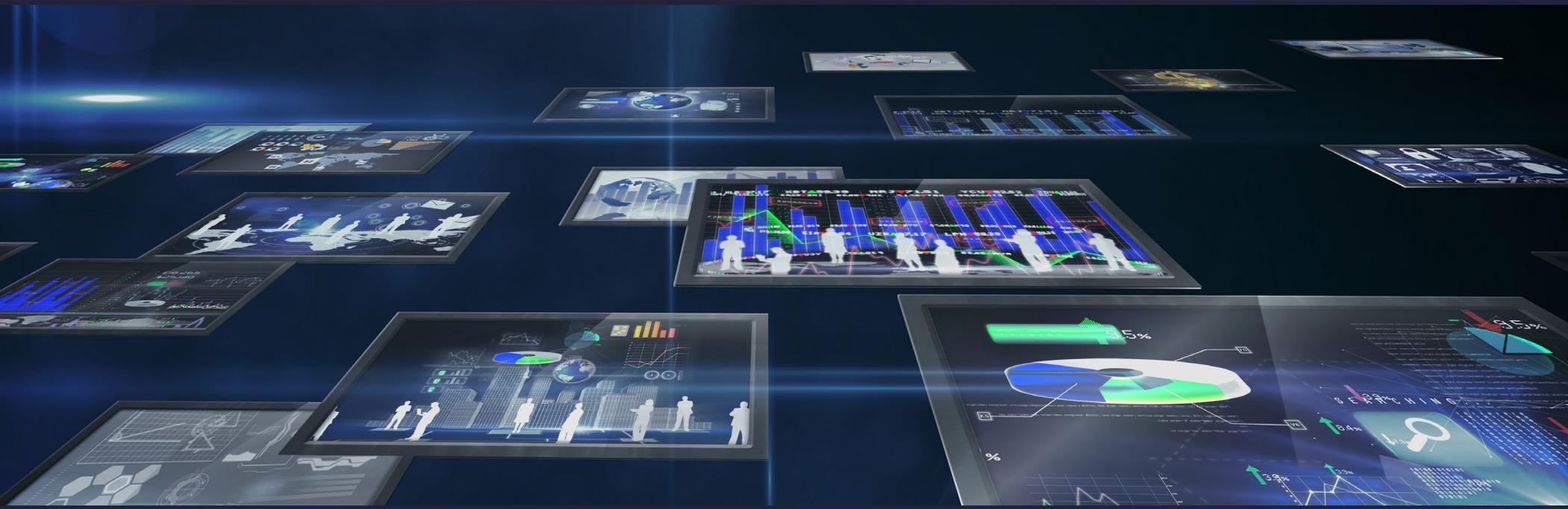


Checks & Balances

Your Guide to County Finances
Palm Beach County, Florida



Prepared by the Clerk & Comptroller, Palm Beach County
Fiscal Year Ended September 30, 2015

MESSAGE FROM CLERK BOCK

Dear Residents,

As your independently elected Clerk & Comptroller for Palm Beach County, my responsibilities include serving as the County's Chief Financial Officer, Auditor and Treasurer. I am committed to examining how your tax dollars are spent, educating the public about County financial matters and promoting transparency and accountability in County government.

Annually, my office'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 (see *County Government Revenue*, page 6 and *Where Your Money Goes*, page 13), the team evaluates other important metrics that affect our County's fiscal well-being, such as housing prices and employment rates (See *Your Community*, pages 4 and 5).

Checks & Balances: Your Guide to County Finances provides highlights of the County budget, information about your property taxes and County demographics. It 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*.

It is my honor and privilege to serve as your Clerk & Comptroller. Thank you for reading the Fiscal Year 2015 version of *Checks & Balances*, our tenth award-winning edition, and for taking an interest in how your tax dollars are 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 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 is why, for the tenth 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, 2015. 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.

*“Financial literacy is just as important
in life as the other basics.”*

-JOHN W. ROGERS, JR.

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Government in Your County

Established in 1909 as a political subdivision of the state of Florida, Palm Beach County is governed by a Board of County Commissioners (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).

MAJOR INITIATIVES FY 2015 PALM BEACH COUNTY



Homelessness: The County continues to make significant strides in its “Ten-Year Plan to End Homelessness.” The plan, now at its six-year mark, outlines the various strategies and timelines to target homelessness and the lack of affordable housing in the County. The Senator Philip D. Lewis Center served 747 homeless children in 510 families, and 1,987 single adults during its second year of operation.



Spring Training Baseball Stadium: The County approved allocating \$135 million for a stadium complex to house the Washington Nationals’ and Houston Astros’ spring training operations, beginning in February 2017. The stadium is expected to not only produce more jobs, but also lure more tourists who spend money in local hotels, restaurants and other businesses.



Youth Services: For FY 2015, the County created a new Youth Services Department. The Department’s mission is to administer initiatives of the Board of County Commissioners to ensure the healthy growth, development, education and transition of youth to young adulthood and the workforce. The new Department also consolidated various youth-related services previously administered by other County departments.

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 investment 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.

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 *Checks & Balances: Your Guide to County Finances* has earned the award for Outstanding Achievement in Popular Annual Financial Reporting each year since its Fiscal Year 2006 debut.

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 26 consecutive years. The Clerk & Comptroller also received the GFOA's "Distinguished Budget Presentation Award" in Fiscal Years 2014 and 2015. 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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emery". The signature is written in a cursive style with a prominent 'J' and 'E'.

Executive Director/CEO



Your Community

Palm Beach County's Top Five Taxpayers for 2015¹

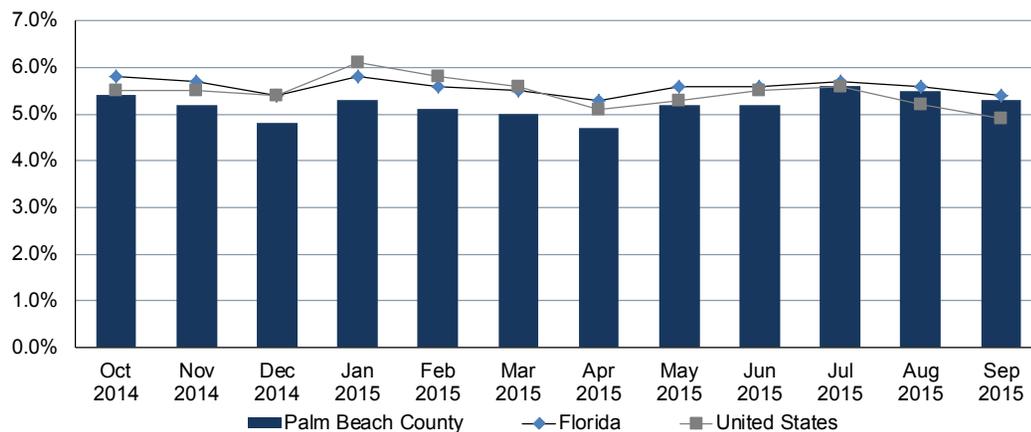
1. Florida Power & Light Company..... \$102,893,652
2. Town Center at Boca Raton Trust..... \$8,240,225
3. Garden Venture LLC (PGA Mall).....\$ 5,506,996
4. US Sugar Corporation \$5,321,919
5. BellSouth Telecommunications, Inc. \$5,201,778

Florida Power & Light was the County's top taxpayer in 2015, with bills totaling more than \$102.9 million, followed by Town Center at Boca Raton Trust and Garden Venture LLC (PGA Mall)¹. The County's population has continued to grow for the sixth consecutive year, with approximately 1.38 million people calling Palm Beach County home in 2015². Palm Beach County 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

Unemployment Rates FY 2015³



The number of jobs grew in Palm Beach County during FY 2015, with employers adding 9,900 nonagricultural jobs in the West Palm Beach-Boca Raton-Boynton Beach Metro Division, a 1.7 percent increase from a year ago⁴. The sectors adding jobs included Trade, Transportation and Utilities, Professional and Business Services and Leisure and Hospitality. Palm Beach County's unemployment rate fell during the fiscal year to 5.3 percent, and the nation's unemployment rate dropped to 4.9 percent. These rates measure the percentage of the workforce that is unemployed and looking for paid employment.

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

⁴Source: Florida Research and Economic Information Database Application

Palm Beach County's Principal Employers Top Private Employers as of 2014⁵

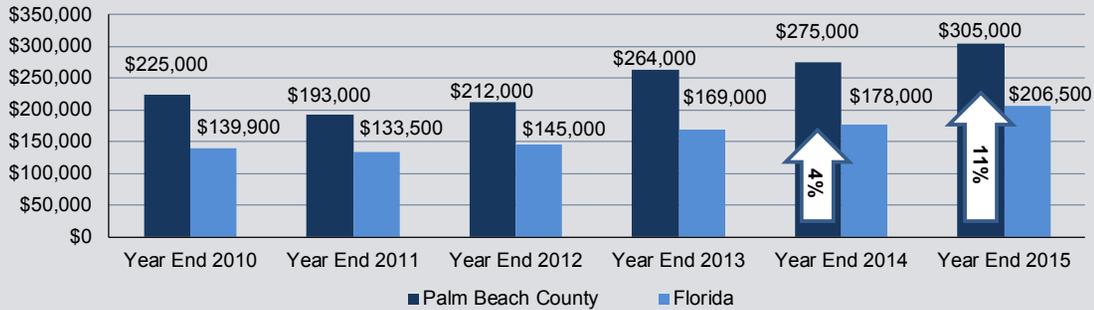
1. Tenet Healthcare 6,100
2. NextEra Energy..... 3,854
3. Hospital Corporation of America 2,714
4. Florida Atlantic University 2,655
5. Bethesda Memorial Hospital 2,600

More than 52,000 companies supply products and services in Palm Beach County⁵. Of the top five employers in the County, three are in the healthcare industry: Tenet Healthcare, Hospital Corporation of America (includes JFK, Palms West and West Palm hospitals) and Bethesda Memorial Hospital.

⁵Business Development Board of Palm Beach County

Your Community

Median Sales Price Comparison⁶ Single-Family Homes



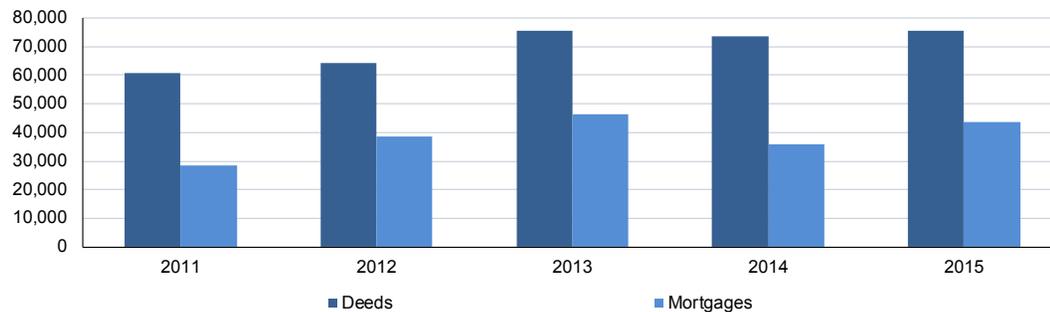
Palm Beach County's real estate market extended the **turnaround** that began in 2012. The median sales price for a single-family home rose to \$305,000 in 2015, an 11 percent increase from \$275,000 in 2014. There were 18,389 sales closed⁷ on single-family homes in Palm Beach County, a 13.5 percent increase from 2014.

Median sales price is the preferred summary statistic for price activity because, unlike average sales price, median sales price is not sensitive to high sales prices for small numbers of homes that may not be characteristic of the market area.

⁶Source: Florida Realtors. Figures are for calendar year.

⁷Source: Realtor Association of the Palm Beaches. Figures are for calendar year.

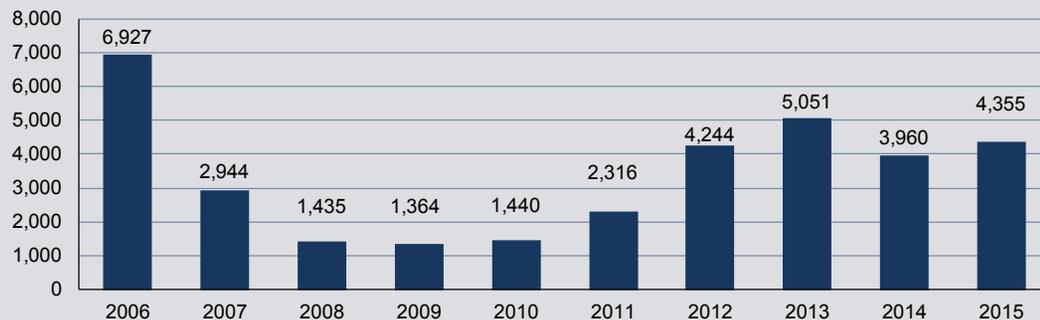
Mortgages and Deeds Recorded 2011-2015⁸



Another important metric for measuring the health of real estate in the county is the number of mortgages and deeds recorded, as well as the number of new foreclosure lawsuits filed. Mortgages and deeds recorded by the Clerk & Comptroller were up from the prior year, with mortgages increasing 21.2 percent and deeds increasing 2.7 percent. Another positive sign is that new foreclosure cases filed in Palm Beach County decreased once again, falling 20 percent from the prior year.

⁸Source: Clerk & Comptroller, Palm Beach County. Figures are for calendar year.

Residential Building Permits Issued 2006-2015⁹



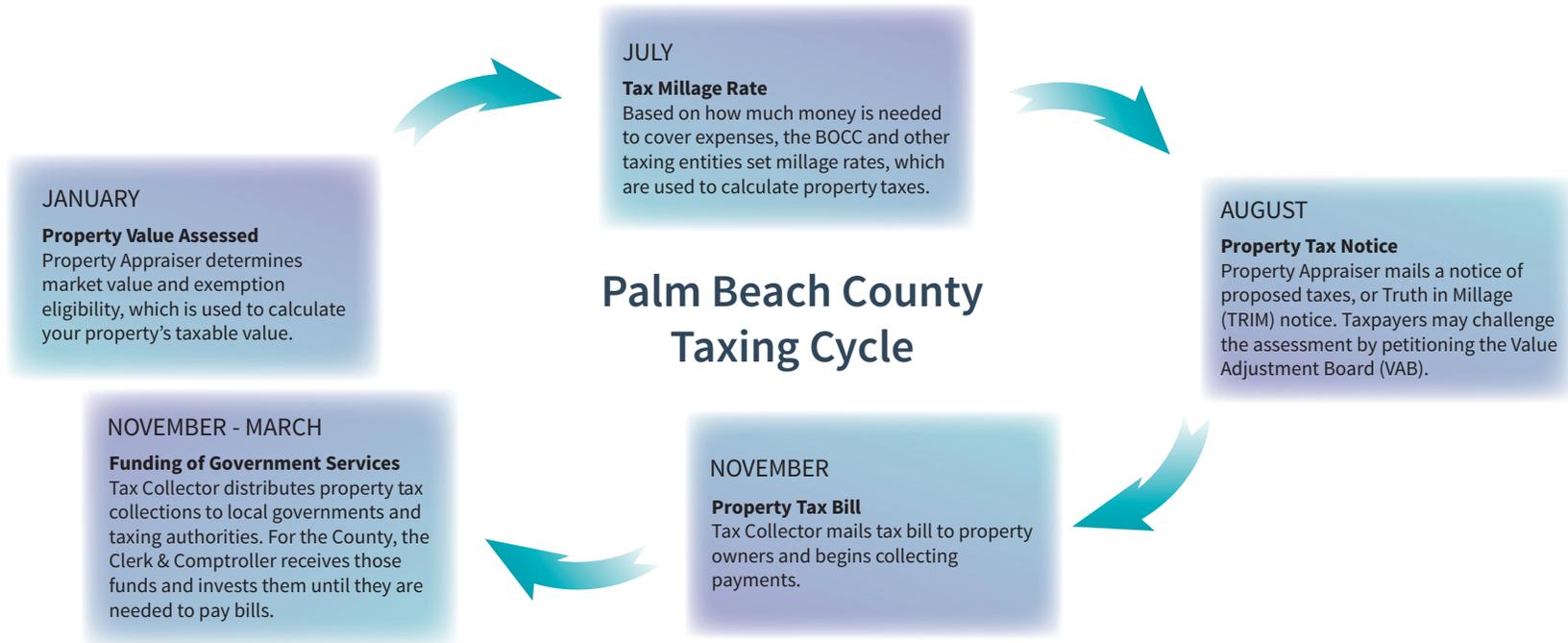
After falling last year for the first time in four years, **residential building permits issued increased in FY 2015**. There were 4,355 permits issued for single-family and multi-family units last year, a 10 percent increase from 2014. Loosening credit criteria, wage gains and continued low interest rates contributed to the increase.

⁹Source: Palm Beach County Planning, Zoning and Building Department

Note: Residential permits include both single-family and multi-family units.

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. As shown in the Palm Beach County taxing cycle chart, the funding of government each year starts with an assessment of your property’s taxable value at the beginning of the calendar year.



HOW YOUR PROPERTY TAXES ARE CALCULATED

$$[\text{ASSESSED VALUE OF PROPERTY} - \text{EXEMPTION(S)}] \div 1,000 \times \text{TOTAL MILLAGE RATE} = \text{TOTAL PROPERTY TAX}$$



Property Taxes

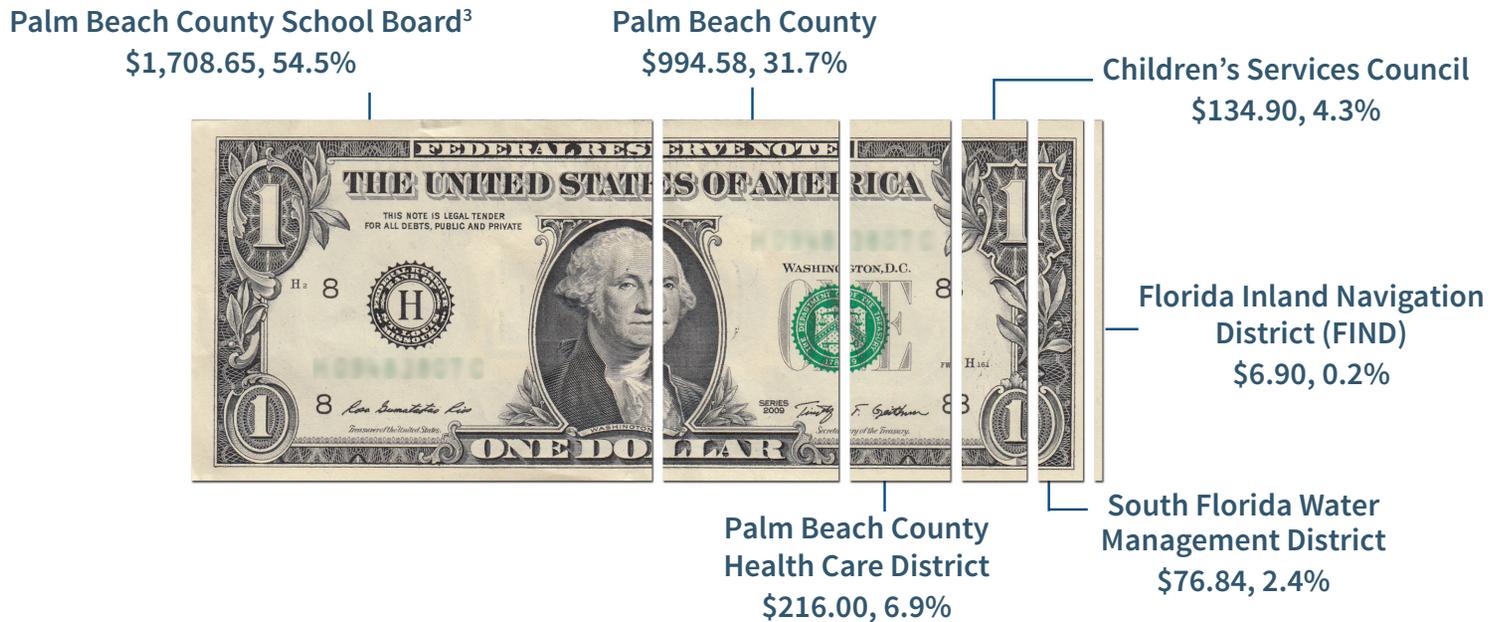
If you own property in Palm Beach County, your annual tax bill funds much more than County government. Other agencies – including the Palm Beach County School Board, Children's Services Council and the Health Care District – each establish a millage rate, which is reflected in your annual tax bill. You 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: \$3,137.87



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.

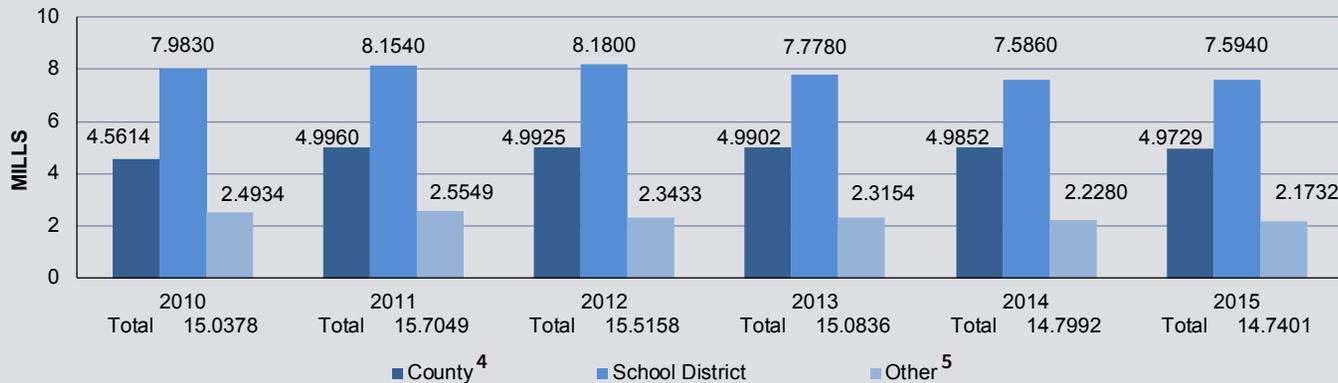
³The Palm Beach County School Board operating millage rate is set by the Florida Legislature.

Property Taxes

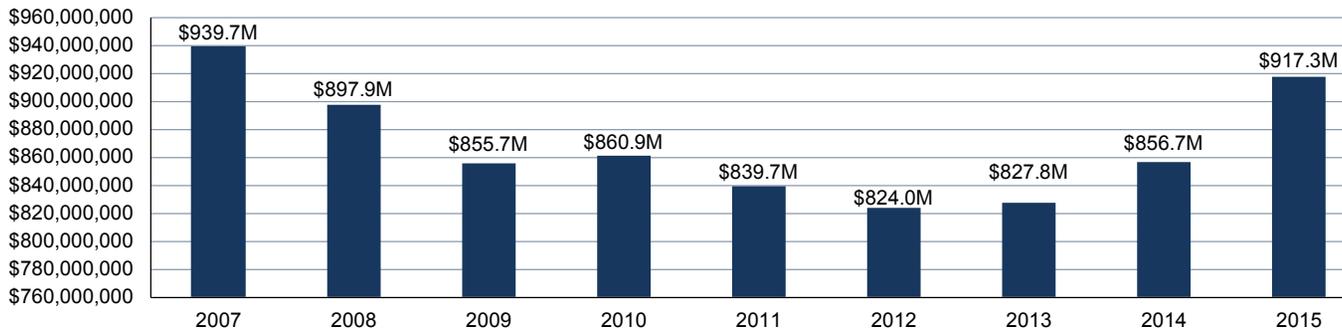
In FY 2015, the Board of County Commissioners once again were able to hold the line on the County's millage rate. Commissioners set the operating millage for FY 2015 at 4.7815, which is the same rate as FY 2014. The approved operating millage rate was 6 percent higher than the "rollback rate" of 4.508. The rollback rate is the millage rate that, excluding any new construction that would add value to the County's tax base in FY 2015, 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 were up 7 percent. As shown below in Property Tax Revenues FY 2007 - FY 2015, property tax revenues were \$917 million in FY 2015, compared with \$857 million in FY 2014.

Property Tax Millage Rates FY 2010-FY 2015



Property Tax Revenues FY 2007-FY 2015



HOW DO RISING PROPERTY VALUES AFFECT MY PROPERTY TAXES?

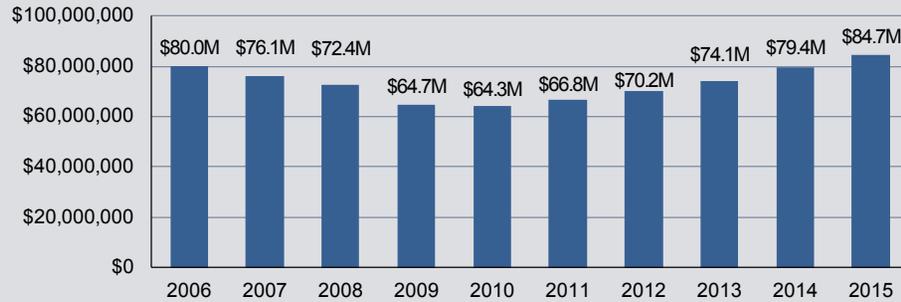
When property values increase, that does not mean all property owners will receive a huge tax bill in return. Under Florida law, the taxable value of a homesteaded property cannot increase by more than 3 percent or by the percent change of the Consumer Price Index, whichever is less. If you sell your 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

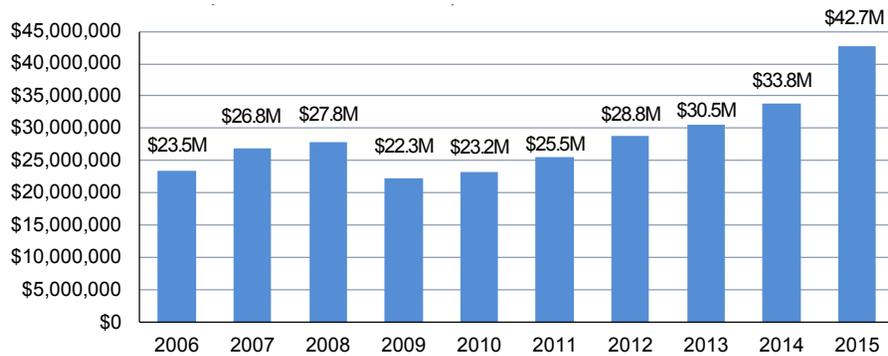
Sales Tax Revenue FY 2006-FY 2015⁶



In addition to property taxes, County government receives income from other user fees and taxes, such as sales tax. With Florida's consumer confidence rising throughout 2015, Palm Beach County's sales tax collections increased 6.6 percent over the prior fiscal year. It was the fifth consecutive year of increases, and sales tax collections are up overall 5.8 percent since FY 2006.

⁶Source: FY 2015 CAFR

Tourist Development Tax FY 2006-FY 2015⁷

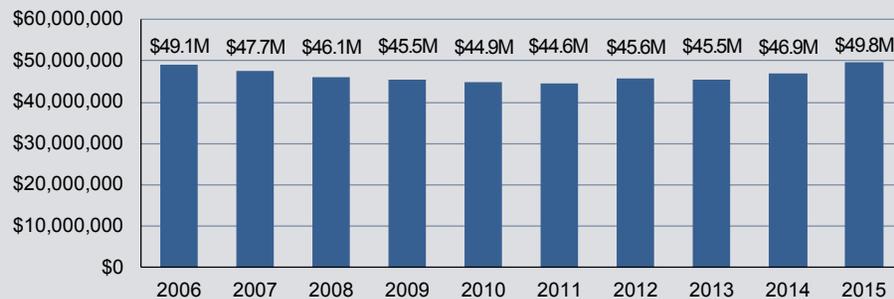


As the economy continued to rebound, Palm Beach County experienced an exceptional year for tourism. Tourist Development Tax receipts hit a record level during FY 2015, increasing 26.3 percent over the prior fiscal year. Contributing factors include an additional one cent Bed Tax for seven months of the fiscal year as well as sporting events and marketing efforts attracting participation. These "bed taxes" are for tourism-related expenses, culture, film and sporting events. Airport travel was up 5 percent, with approximately 6.2 million passengers traveling through Palm Beach International Airport⁸.

⁷Source: FY 2015 CAFR

⁸Source: Palm Beach International Airport

Local Option Gas Tax Revenue FY 2006-FY 2015⁹



Local Option Gas Taxes, the money paid by motorists when they buy gas, was up 6 percent over the prior fiscal year. 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 6 percent decline in ridership, to a total of 10.7 million trips versus 11.4 million in FY 2014¹⁰.

⁹Source: FY 2015 CAFR

¹⁰Source: Palm Tran

Budget at a Glance

Palm Beach County's total adopted budget, the financial plan for funding all County operations, totaled \$3.970 billion in FY 2015. The County's overall budget increased by 0.6 percent compared with FY 2014, with some departments decreasing and others increasing their budgets (see *Select Operating Budgets*, page 12).

For the fourth year in a row, the Board of County Commissioners was able to keep the County's operating millage rate the same as the previous Fiscal Year's, thanks to improving taxable property values. The millage rate is the rate used to calculate your property tax (see *Property Taxes*, pages 7-9). After three years of increasing reserves, the County saw a decrease in its reserves in FY 2015, approximately \$58 million or 6.8 percent, compared with FY 2014 (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.

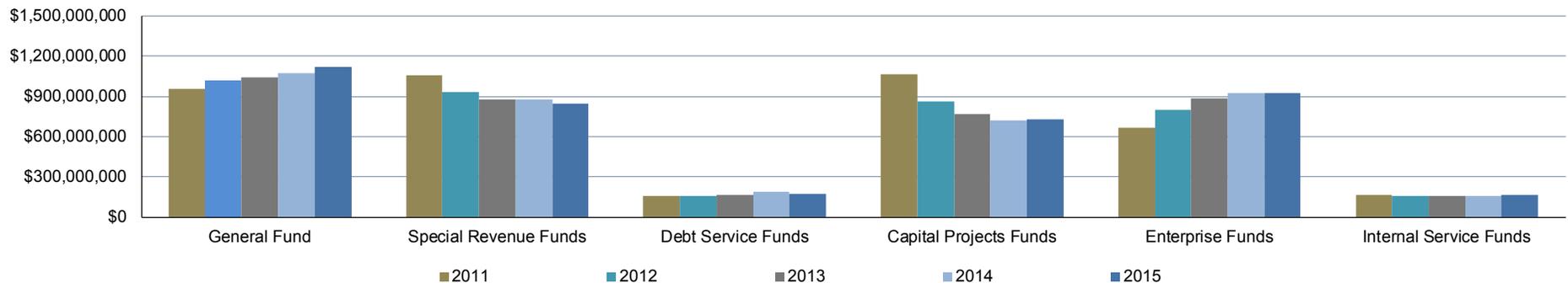
Debt Service Funds: Designated to pay principal and interest on the County's long-term debt.

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 2011-FY 2015



Select Operating Budgets

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

County Department	FY 2014 Budget	FY 2015 Budget	Percent Change	Average Cost Per Taxpayer ³
Parks and Recreation	\$46,472,215	\$48,851,581	5.1%	\$77.46
Facilities Development and Operations	\$32,699,205	\$34,464,772	5.4%	\$54.65
Community Services	\$23,073,013	\$15,552,814	-32.6%	\$24.66
Engineering and Public Works	\$21,398,212	\$23,916,402	11.8%	\$37.92
Public Safety	\$17,787,503	\$14,633,482	-17.7%	\$23.20
Environmental Resource Management	\$9,947,300	\$10,212,072	2.7%	\$16.19
Planning, Zoning and Building	\$8,684,093	\$8,191,080	-5.7%	\$12.99
County Attorney	\$3,487,730	\$3,914,069	12.2%	\$6.21
County Commission	\$2,864,149	\$3,284,740	14.7%	\$5.21
County Administration	\$1,518,908	\$1,683,770	10.9%	\$2.67
Risk Management	\$349,859	\$385,975	10.3%	\$0.61
Metropolitan Planning Organization	\$190,175	\$160,546	-15.6%	\$0.25
Dependent Districts				
Fire Rescue	\$206,527,990	\$222,939,405	7.9%	\$353.48
County Library	\$38,715,969	\$41,552,138	7.3%	\$65.88
Constitutional Officers²				
Sheriff	\$433,602,297	\$461,878,258	6.5%	\$732.33
Property Appraiser	\$17,077,000	\$17,671,398	3.5%	\$28.02
Supervisor of Elections	\$8,852,989	\$8,819,250	-0.4%	\$13.98
Clerk & Comptroller	\$10,589,198	\$12,509,506	18.1%	\$19.83
Tax Collector	\$4,166,000	\$4,374,300	5.0%	\$6.94

Source: Palm Beach County Annual Budget FY 2015

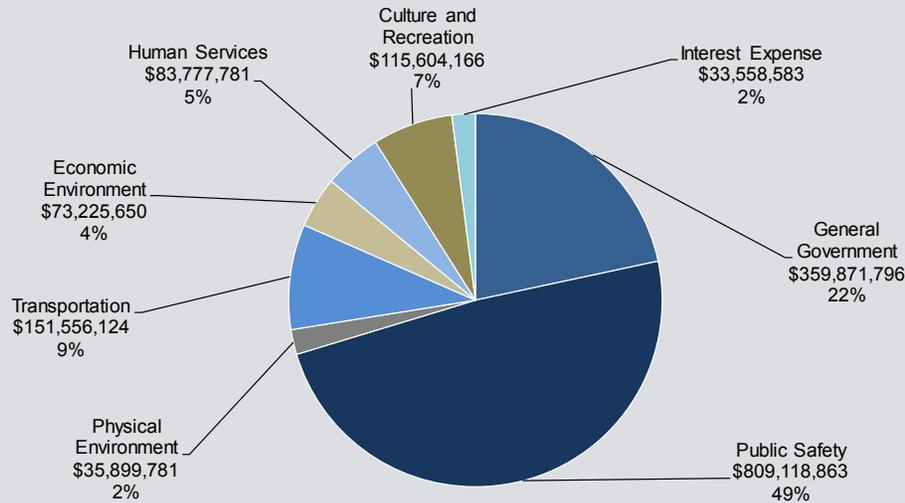
¹Budget amounts reflect only the County taxpayer funded portion of the budget and do not include other revenue sources, such as grants and user fees.

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

³Calculated for FY 2015, "Taxpayer" represents a taxable parcel, of which there are 630,701 as of September 30, 2015. Actual cost dependent upon valuation of parcel.

Where Your Money Goes

FY 2015 Governmental Activities Expenses Total \$1,662,612,744

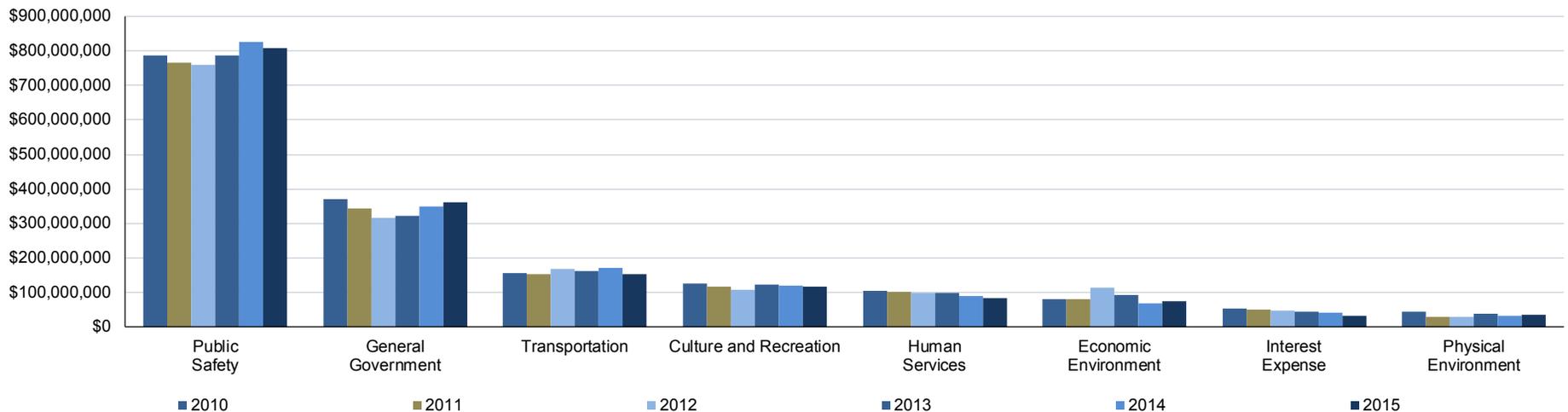


Governmental activities expenses were \$1,662,612,744 for FY 2015. Palm Beach County and its independently elected constitutional officers provide a full range of services, including law enforcement, fire protection, conservation and resource management, public improvements, human services, parks, recreation and cultural facilities, planning and zoning, transportation, economic development, property assessment, tax collection, financial reporting, investment management, official record keeping and court-related support functions. The County also operates two enterprise activities: the Department of Airports and the Water Utilities Department.

Highlights include:

- 3% increase – general government expenses due to some additional road projects
- 12% decrease – transportation expenses due in part to some increases in fuel efficiencies of the County's fleet vehicles and lower overall fuel prices
- Since FY 2010 – interest expense has decreased \$20 million due to overall lower levels of debt and lower debt borrowing costs

Trends in Governmental Activities Expenses FY 2010-FY 2015



Capital Assets

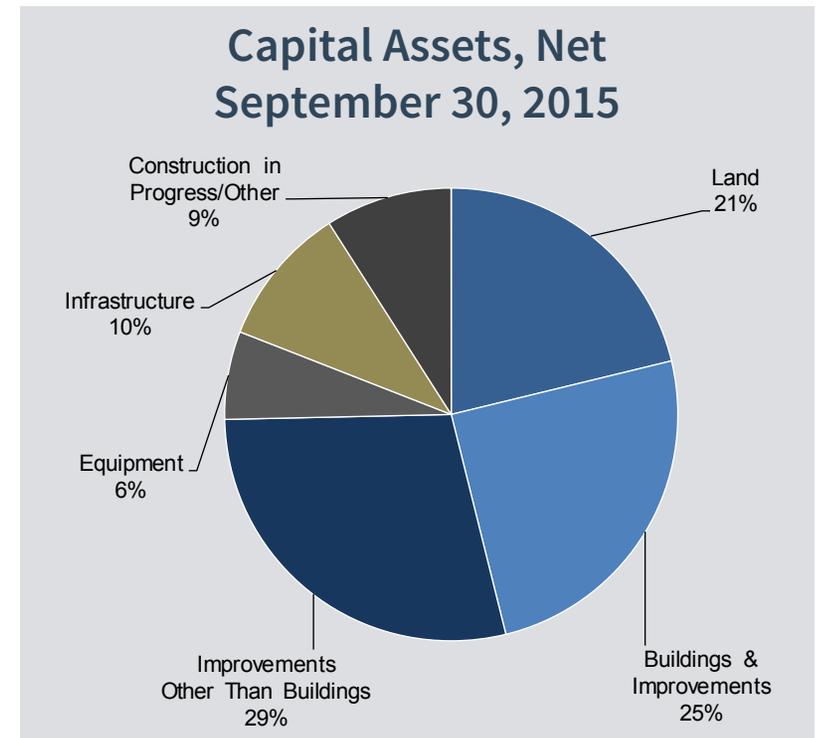
The County's capital assets at September 30, 2015, were \$3.829 billion, which was an increase of \$36 million over the prior fiscal year. Governmental activities were responsible for a \$15 million decrease, while the County's business-type activities (Water Utilities and Airports) rose by \$51 million.

MAJOR CAPITAL ASSET EVENTS DURING THE FISCAL YEAR INCLUDE THE FOLLOWING:

- The overall decrease in governmental activities capital assets was due to current year depreciation exceeding current year additions. Specifically, buildings and improvements decreased \$24 million; infrastructure decreased \$15 million, offset by increases to equipment of \$20 million.
- The Water Utilities Department constructed additional raw water wells for \$7.8 million and the Northern Region Operations Center for \$4.9 million. Also, construction in progress increased. This relates to the County assuming the Glades Utility Authority several years ago and the department continuing to repair and replace infrastructure in order to improve the water quality in the cities of Belle Glade, South Bay and Pahokee.
- The Department of Airports spent \$45.9 million on capital items, which included the ongoing construction of a new baggage handling system at a total cost of \$30 million. This should be complete in 2016. Major projects completed this fiscal year involved airfield, parking garage and terminal improvements, including \$7 million for the North County Airport wetlands and \$1.2 million for the General Aviation Security System.

Capital Assets, Net Of Accumulated Depreciation At Year-End

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2015	2014	2015	2014 ¹	2015	2014 ¹
Land	\$689M	\$688M	\$123M	\$117M	\$812M	\$805M
Buildings and Improvements	\$736M	\$760M	\$218M	\$231M	\$954M	\$991M
Improvements Other Than Buildings	\$191M	\$202M	\$901M	\$891M	\$1,092M	\$1,093M
Equipment	\$214M	\$194M	\$27M	\$26M	\$241M	\$220M
Infrastructure	\$384M	\$399M	-	-	\$384M	\$399M
Intangible - Easement Rights	-	-	\$11M	\$11M	\$11M	\$11M
Construction in Progress	\$226M	\$212M	\$109M	\$62M	\$335M	\$274M
TOTALS	\$2,440M	\$2,455M	\$1,389M	\$1,338M	\$3,829M	\$3,793M



¹ FY 2014 adjusted for reclassification of Goodwill to Deferred Outflows.

Reserves

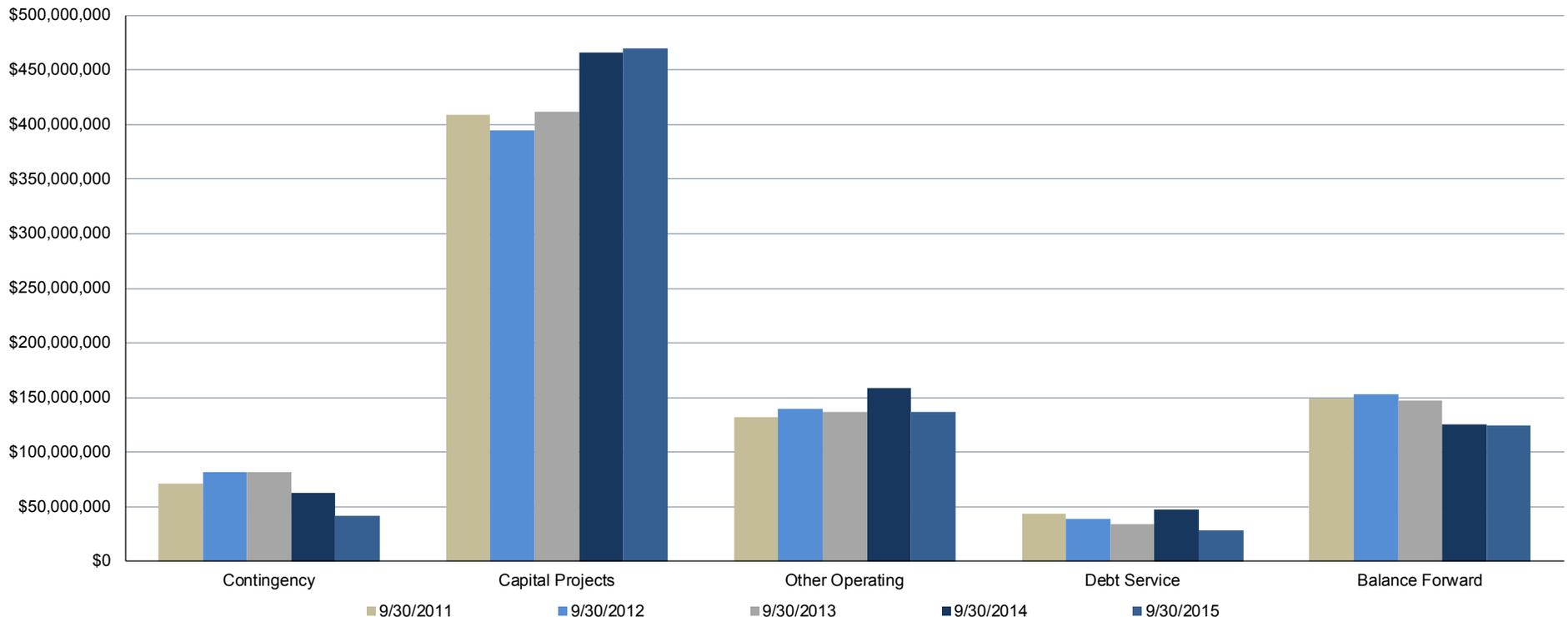
Reserves are funds that are set aside, or “reserved,” to pay for future planned and unanticipated expenses. After three years of increasing reserves, the County saw a decrease in its reserves in FY 2015, approximately \$58 million or 6.8 percent, compared with FY 2014.

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 2015, the County’s Capital Projects reserves increased by \$3.8 million, or 0.8 percent.

Other Reserves: County leaders budget money in reserves for cash carried over from previous years, contingencies, specific operations and debt payments. Each of these reserves decreased in 2015, with contingency reserves down \$20.8 million, balance brought forward down \$863 thousand, other operating reserves down \$21.2 million and debt service reserves down \$19.2 million.

TOTAL RESERVES AS OF SEPTEMBER 30, 2015 = \$801,765,311

Reserve Analysis Fiscal Year Ends 2011-2015



Investments

The County receives the majority of its income between 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 these tax dollars until they are needed to pay County expenses.

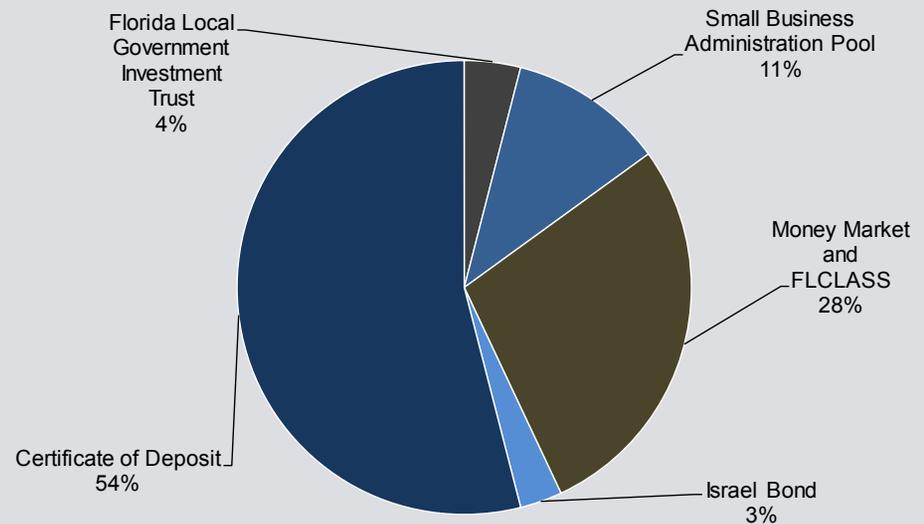
The Clerk & Comptroller's investment objectives, in order of priority, are: safety of taxpayer dollars, sufficient liquidity to meet county financial obligations and earning the maximum achievable investment income, given prudent safety and liquidity objectives. The County's investment policy statement 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 continues to invest in assets that minimize volatility and preserve principal, such as bank deposits and time deposits. The current rate environment limits the yield available to be earned. The portfolio is structured to minimize interest rate and price risk while generating a predictable interest income stream. The portfolio composition, as of fiscal year end, is shown below.

For the seventh consecutive year, the Centre for Fiduciary Excellence certified the Clerk & Comptroller's investment management and record keeping, the County Investment Policy and the Investment Policy Committee as adhering to a global standard of 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, 2015



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. 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. However, the County's investment portfolio has consistently generated significant income, as shown in the chart below.

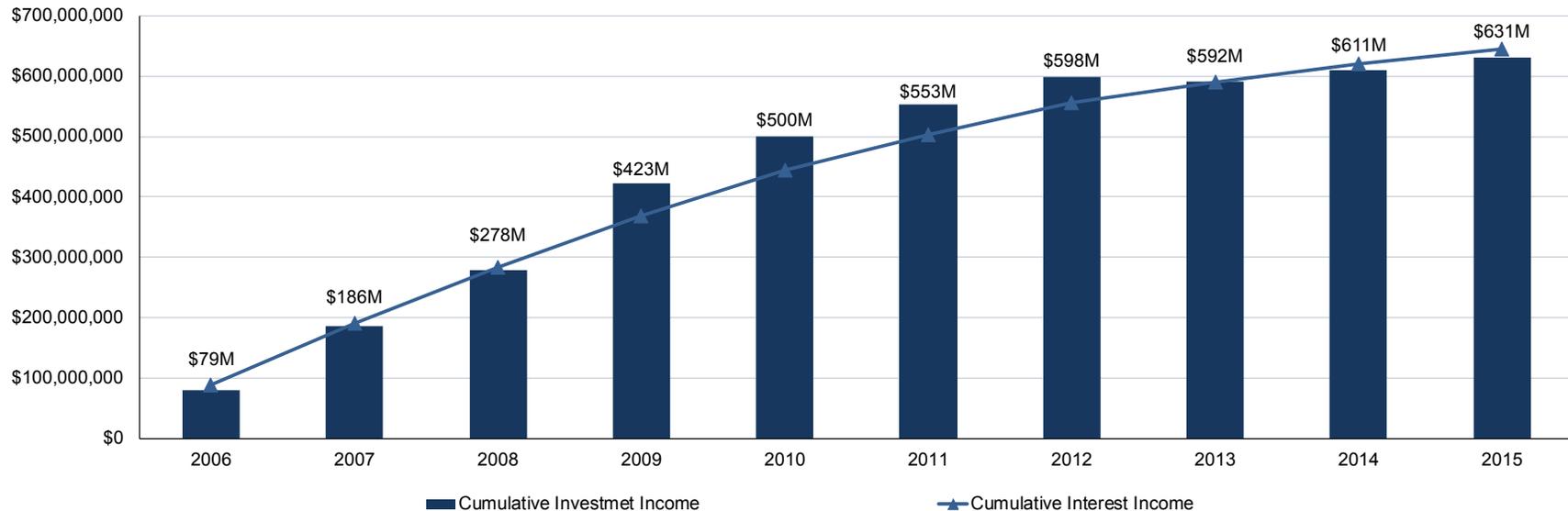
The Clerk & Comptroller's professional investment team:

- Ensures the investment policy's top priorities are achieved - safety, liquidity and market rate of return
- Invests within strict investment policy guidelines that define the investment criteria
- Actively manages the County's investment portfolio
- Monitors the financial markets daily to take advantage of opportunities to increase yield
- Produced earnings of \$631 million of investment income over the last ten years

During FY 2015, the Clerk-managed portfolio earned \$20 million of investment 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.

INVESTMENT INCOME = INTEREST INCOME + CHANGES IN MARKET VALUE

Cumulative Investment Income By Fiscal Year



Debt

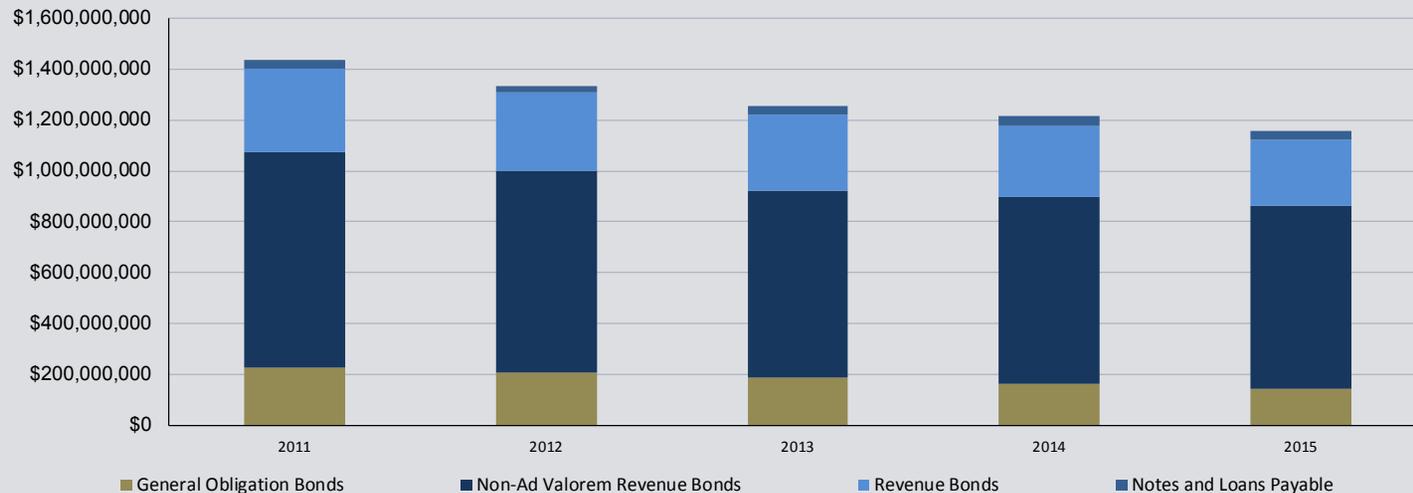
Palm Beach County borrows money to fund projects or purchases, much like you might take out a mortgage to buy a home or a loan to buy a car. A majority of the County's debt is in the form of bonds. These bonds are sold or "issued", allowing the County to spread repayment over a long period of time, sharing 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, the highest possible rating, allows it to borrow money at lower interest rates, which result in lower costs saving taxpayer money. As of September 30, 2015, the County's outstanding debt totaled approximately \$1.16 billion, a 4.6 percent decrease from FY 2014.

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 9/30/15
Criminal Justice Projects	\$209.3M	\$164.8M
Biomedical Research Park Projects	\$255.6M	\$167.7M
Environmentally Sensitive Lands	\$127.5M	\$57.0M
Convention Center	\$130.7M	\$127.6M
Parks & Recreation Facilities	\$62.2M	\$37.3M

Debt Outstanding FY 2011-FY 2015



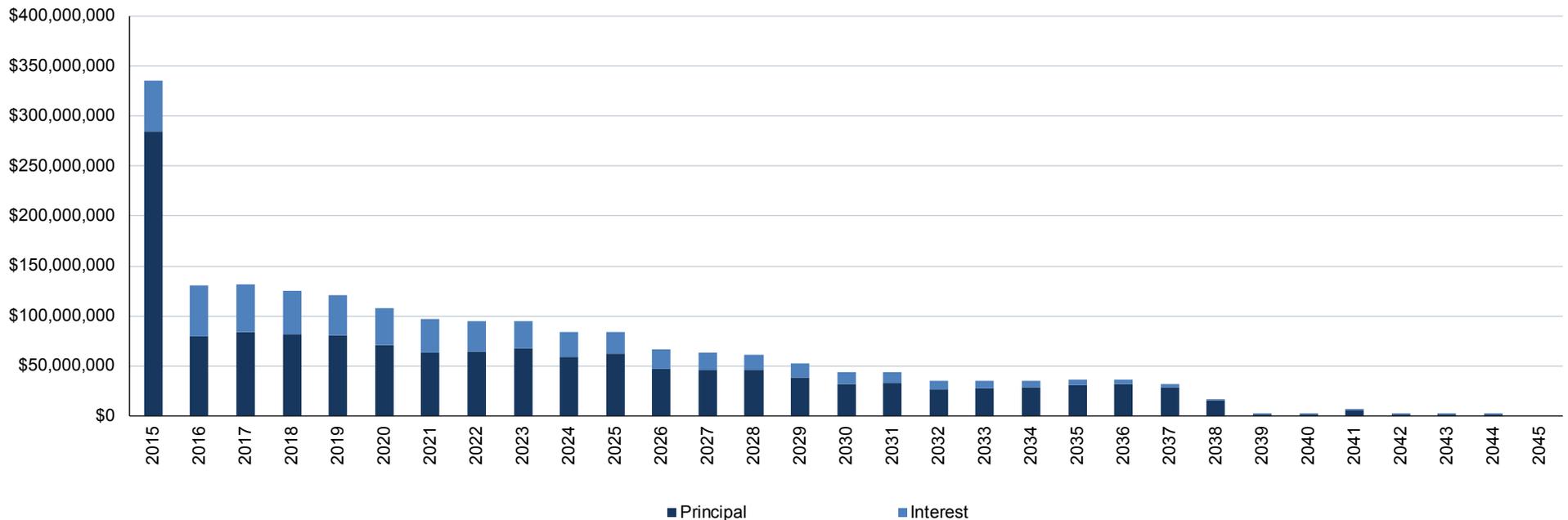
Debt

Decisions made decades ago to issue debt can have a profound impact on the County's current and future financial picture. By refinancing existing debt, the County can take advantage of lower interest rates.

Highlights during fiscal year 2015 include:

- Principal and interest payments totaled \$335 million.
- Refunded six Non-Ad Valorem bonds totaling \$144 million and replaced with \$136 million of new debt. This decreased future principal and interest payments by approximately \$20 million over the next 14 years.
- Issued \$63 million of new Non-Ad Valorem debt for the Convention Center Garage and Airport Building Renovation.
- Issued \$2 million of new HUD Loans.
- Water Utilities partially refunded revenue bond debt, replacing \$25 million of old debt with \$27 million of new debt. This decreased Water Utilities future principal and interest payments by approximately \$5 million over the next 21 years.

Debt Service Payments FY 2015-FY 2045 (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 2015, the County’s net position had increased from FY 2014 by just over \$171 million. The County’s governmental activities were responsible for \$94 million of this increase and the County’s business-type activities were responsible for \$77 million of this increase.

NET POSITION AT A GLANCE

Net Position is the difference between assets/deferred outflows less liabilities/deferred inflows. It is comprised of three categories:

Net investment in capital assets: Represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire these assets.

Restricted: Represents amounts that are not available for use by the County because they are subject to external restrictions on how they may be used. These external restrictions include those imposed by grantors, contributors, laws and/or regulations of other governments.

Unrestricted: Represents the remaining net position available for the County to use for operations. Deficit balances resulted from the implementation of GASB Statement 68 which required the County to records its proportionate share of pension liabilities for its defined benefit retirement plans.

Condensed Statement of Net Position: September 30, 2015

	Governmental Activities	Business-Type Activities	Total 2015	Total 2014 ¹
Assets				
Current and Other Assets	\$1,335,694,354	\$517,582,079	\$1,853,276,433	\$1,809,729,038
Capital Assets	\$2,440,079,242	\$1,389,058,081	\$3,829,137,323	\$3,792,990,899
Total Assets	\$3,775,773,596	\$1,906,640,160	\$5,682,413,756	\$5,602,719,937
Deferred Outflows	\$292,868,097	\$22,578,202	\$315,446,299	\$101,185,873
Liabilities				
Current	\$235,663,842	\$59,301,971	\$294,965,813	\$328,768,811
Long-term Debt Due in More than One Year	\$1,283,301,839	\$278,594,903	\$1,561,896,742	\$1,565,367,726
Net Pension Liability	\$643,229,409	\$21,123,788	\$664,353,197	\$420,568,904
Total Liabilities	\$2,162,195,090	\$359,020,662	\$2,521,215,752	\$2,314,705,441
Deferred Inflows	\$285,332,805	\$10,000,833	\$295,333,638	\$379,125,014
Net Position				
Net Investment in Capital Assets	\$1,610,129,282	\$1,127,828,939	\$2,737,958,221	\$2,641,043,757
Restricted	\$538,929,027	\$82,068,022	\$620,997,049	\$626,541,481
Unrestricted	(\$527,944,511)	\$350,299,906	(\$177,644,605)	(\$257,509,883)
Total Net Position	\$1,621,113,798	\$1,560,196,867	\$3,181,310,665	\$3,010,075,355

¹2014 Amounts restated for Implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 during FY 2015.

Elected Officials as of September 30, 2015

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 R. 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 - Melissa McKinlay
561.355.2206

District 7 - Priscilla A. Taylor
561.355.2207



Photos on pages 2-5 & 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 seven locations throughout Palm Beach County and online at www.mypalmbeachclerk.com

ONLINE SERVICES:

- County Financial Information
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- 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

