



# CHECKS & BALANCES

Your Guide to County Finances  
Palm Beach County, Florida



SHARON R. BOCK

Clerk & Comptroller  
Palm Beach County

**DEAR CITIZENS:**

As your public trustee, I am pleased to present *Checks & Balances: Your Guide to County Finances*, the first-ever citizens' report on [Palm Beach County](#) finances. *Checks & Balances* is for the non-financial reader who wants to understand how tax dollars are managed and spent and has an interest in the County's financial standing and stability. Each year, this guide will deliver Palm Beach County financial information to you in a balanced, objective and easy-to-read format. It will also focus on providing information that is responsive to the interests of County citizens.

During fiscal year 2006, Palm Beach County's overall tax [revenue](#) continued to rise due in large part to an increase in the assessed value of property.

*Checks & Balances* provides highlights of the [County budget](#), information about your property taxes and County demographics. Additionally, it summarizes the County's financial activities, what the [County owns and owes](#), and where our money comes from and goes. The information was drawn from the broader financial data contained in the County's [Comprehensive Annual Financial Report](#).

In my role as [Clerk & Comptroller](#) of Palm Beach County, I hold and safeguard public records and public funds. In that capacity, I am committed to public education and awareness that promote transparency and accountability in County government. I believe that every County resident has the right to play a key role in the County's future and it is my hope that *Checks & Balances* will empower you to do just that.

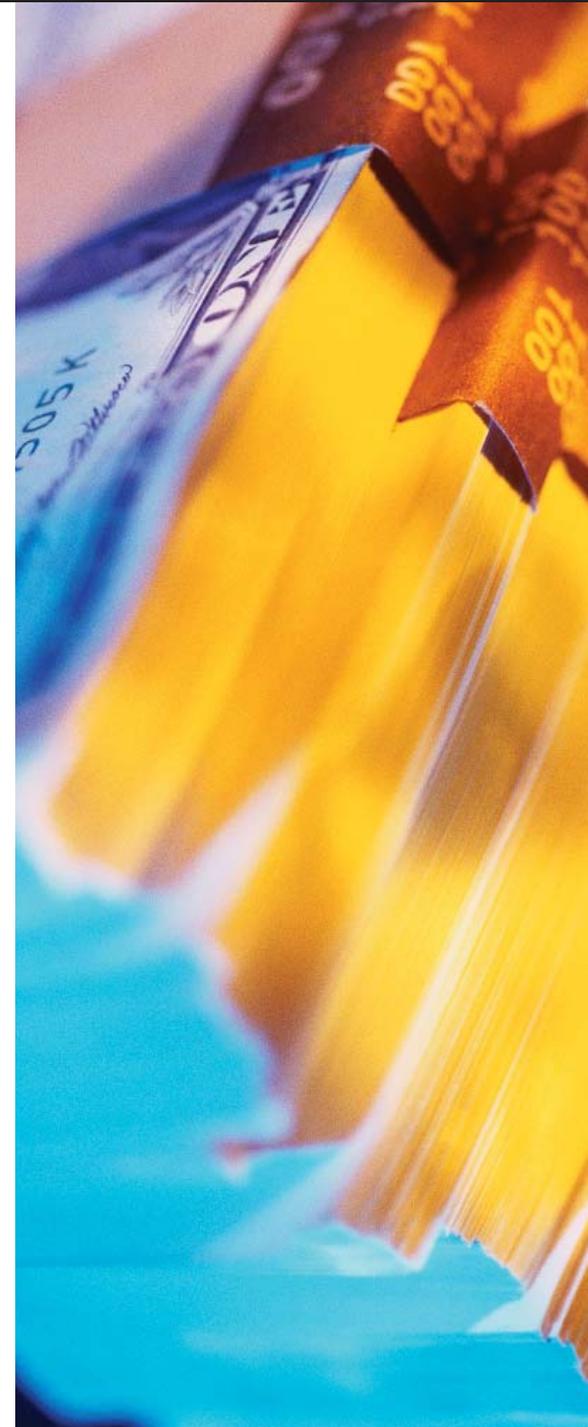
It is an honor and a privilege to serve as your Clerk & Comptroller. If you have questions about the information contained in this guide, please e-mail me at [clerkweb@co.palm-beach.fl.us](mailto:clerkweb@co.palm-beach.fl.us) or call my office at (561) 355-2996.

Best regards,

Sharon R. Bock, Esq.  
Clerk & Comptroller

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## ABOUT THIS GUIDE

*Checks and Balances: Your Guide to County Finances* was produced by the Palm Beach County Clerk & Comptroller's office as a tool to help citizens understand how public funds are managed and spent. Most of the information in this guide was derived from the [\*Palm Beach County, Florida, Comprehensive Annual Financial Report \(CAFR\) for the Fiscal Year Ended September 30, 2006\*](#). The CAFR, which is available at [www.pbcountyclerk.com](http://www.pbcountyclerk.com), includes over 200 pages of detailed financial statements, notes, schedules and reports.

The much shorter *Checks & Balances*, also called a Popular Annual Financial Report (PAFR), contains condensed and simplified information from the CAFR, [county budget](#) and other financial reports. Because this guide is a summary, it does not conform with [generally accepted accounting principles and reporting requirements](#) for governmental entities. It contains financial information on County government operations, including those of the [Board of County Commissioners](#), [Clerk & Comptroller](#), [Property Appraiser](#), [Sheriff](#), [Supervisor of Elections](#) and [Tax Collector](#).

This guide does not include financial information on the [Housing Finance Authority of Palm Beach County](#), [Westgate/Belvedere Homes Community Redevelopment Agency](#) and the [Metropolitan Planning Organization of Palm Beach County](#). Although these organizations receive funding from the County, they are set up by [County ordinance](#) or resolution to be entities that are legally separate from the County.

## YOUR COUNTY GOVERNMENT

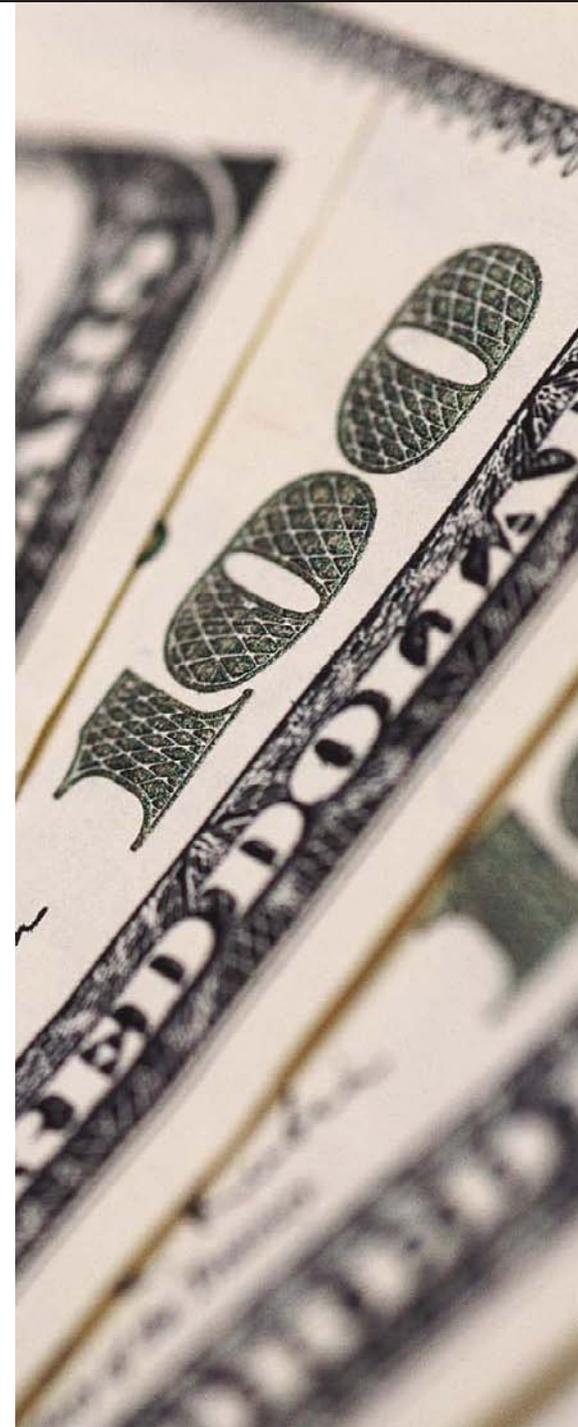
[Palm Beach County](#) was established in 1909 as a political subdivision of the State of Florida. It is governed by a [Board of County Commissioners](#), seven County citizens elected in separate districts. The Board is regulated by [state statutes](#) and a [county charter](#), and has legislative and executive responsibilities. Palm Beach County became a “home rule” charter county on January 1, 1985. The home rule charter provides citizens a process to create, modify and amend local laws. The County Commission appoints a [County Administrator](#) to direct County operations.

The County Commissioners’ main offices are located in the [Palm Beach County Governmental Center](#) at 301 North Olive Avenue in West Palm Beach, where public meetings are held.

County voters also elect five independent Constitutional Officers: [Clerk & Comptroller](#), [Property Appraiser](#), [Sheriff](#), [Supervisor of Elections](#) and [Tax Collector](#). Unlike [County Commissioners](#), each Constitutional Officer is elected to represent the entire County. The [Florida Constitution](#) established these officers as public trustees with direct responsibility to every citizen for the delivery of services defined by [Florida statutes](#) and the constitution.

There are [37 municipalities](#) that account for 15 percent of the County’s 2,268 square miles. Each municipality is governed by a city council or commission elected by the residents of that municipality.

Originally named for its many palm trees and beaches, Palm Beach County has grown into a vibrant and thriving community. It has a strong and diverse economy, with low unemployment and high levels of wealth. In fact, the County’s per capita personal income is consistently well above both the state and national levels.





## ABOUT THE CLERK & COMPTROLLER

The [Clerk & Comptroller](#) is your public trustee, responsible for safeguarding public records and public funds. The [Florida Constitution](#) established the Clerk & Comptroller as a Constitutional Officer, directly elected by and accountable to Palm Beach County citizens. As the third largest of the [67 Clerk's offices](#) in Florida, this independent office serves a local population of over 1.28 million citizens from [seven office locations](#) and has [four primary responsibilities](#):

- Chief Financial Officer, Treasurer & Auditor
- Clerk of the Circuit Court
- County Recorder
- Clerk to the Board Of County Commissioners

In the roles of Chief Financial Officer and Auditor, the Clerk serves as a “watchdog” for the public, providing “checks & balances” on how tax dollars are used.

The Clerk & Comptroller's quarterly publication, [Your Public Trustee](#), contains useful information about Palm Beach County's financial position and the services of the office. To subscribe, visit the office's Web site at [www.pbcountyclerk.com](http://www.pbcountyclerk.com). The site also contains information and convenient online services, including:

- [Traffic Ticket Payments](#)
- [Passport Information](#)
- [Civil & Criminal Records Search](#)
- [Marriage License & Divorce Information](#)
- [Board of County Commissioners Meeting Minutes](#)
- [Domestic Partnership Registry](#)
- [Online Court Forms](#)

As a recipient of the [Governor's Sterling Award for Organizational Performance Excellence](#), the Palm Beach County Clerk & Comptroller's office represents how implementing best business practices in government leads to world-class customer service. The office also received the Professional & Business Forum's Excellence, Values, Integrity and Ethics (EVIE) Award for Corporate Best Practices Not-for-Profit/Government.

[Sharon R. Bock](#) was elected to the office of Clerk & Comptroller in 2004. She holds a Juris Doctorate and earned insurance and securities licenses Series 7, 63, and 65. One of Clerk Bock's key goals since taking office is to educate the public about how their tax dollars are managed and spent.

## CHECKS & BALANCES ON PUBLIC FUNDS

The [Board of County Commissioners](#) and the [Clerk & Comptroller](#) share the fiscal responsibility for Palm Beach County. They are separately elected and hold separate powers according to [Florida law](#). The Board approves the [County budget](#) that goes into effect every year on October 1.

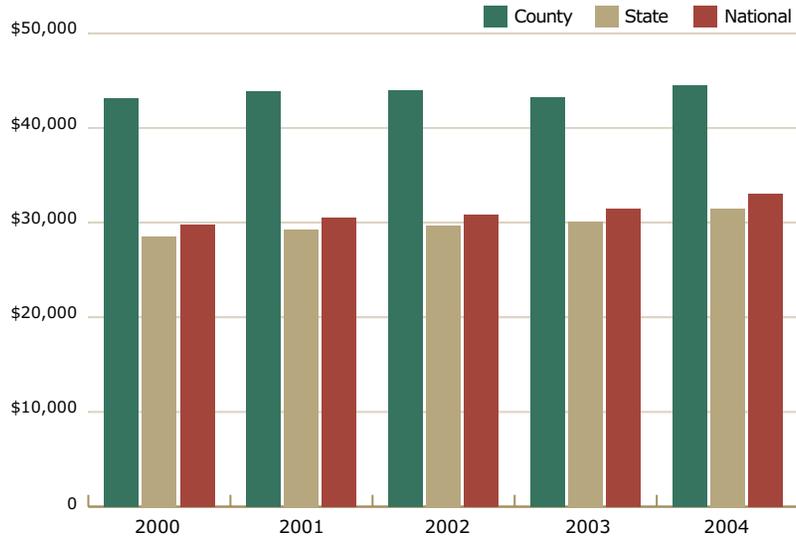
Florida law allows for the amendment of a county budget under certain circumstances and prohibits spending in excess of budgeted amounts. Throughout the fiscal year, it is not unusual for [County departments](#) to request amendments or transfers of funds that were not part of the County's original budget. These include appropriation of the receipt of unanticipated funds, such as those received from grants, transfers from one line item to another within a department and transfers from capital reserves for projects previously approved. These amendments and modifications are presented to the County Commission throughout the year at their regularly scheduled board meetings. Budget changes must be approved by the Commission.

As an independent arm of County government, the Clerk & Comptroller provides unbiased oversight, accounting and auditing of the public's funds. Only the Clerk can disburse these funds. As the County's elected Chief Financial Officer, the Clerk oversees the County budget, [revenue](#), debt and spending. This responsibility to safeguard public funds is so critical that under Florida law, the Clerk is personally liable for any losses due to illegal payments. As Treasurer, the Clerk [invests](#) and earns interest income on County funds to reduce the tax burden on the citizens of Palm Beach County. As [County Auditor](#), the Clerk conducts [performance and financial audits](#), and is responsible for auditing every County expenditure to ensure that it serves a public purpose. The Clerk maintains an accurate and complete set of financial records in order to produce all required financial statements and reports to comply with [state](#) and [federal laws](#) and [generally accepted accounting principles](#).



## COUNTY DEMOGRAPHICS AT A GLANCE

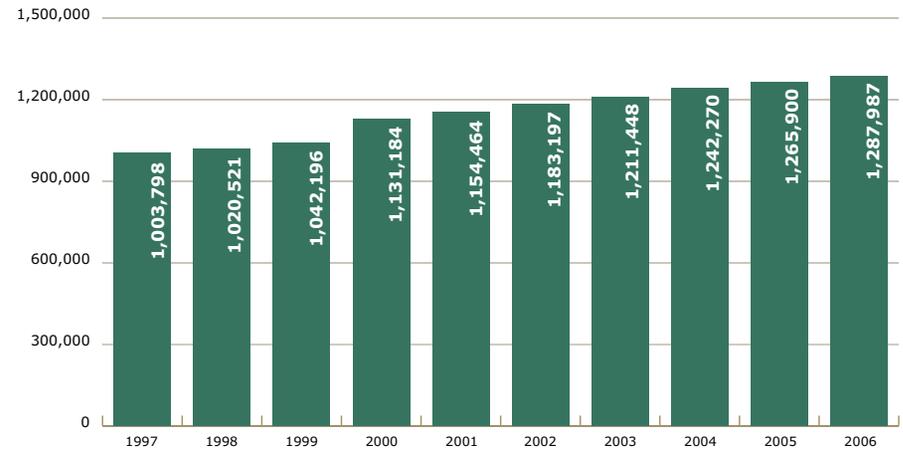
### PER CAPITA PERSONAL INCOME 2000-2004



2004 is the most current year available

Source: *U.S. Department of Commerce, Bureau of Economic Analysis*

### POPULATION HISTORY 1997-2006



Source: *Florida Department of Labor and Employment Security*

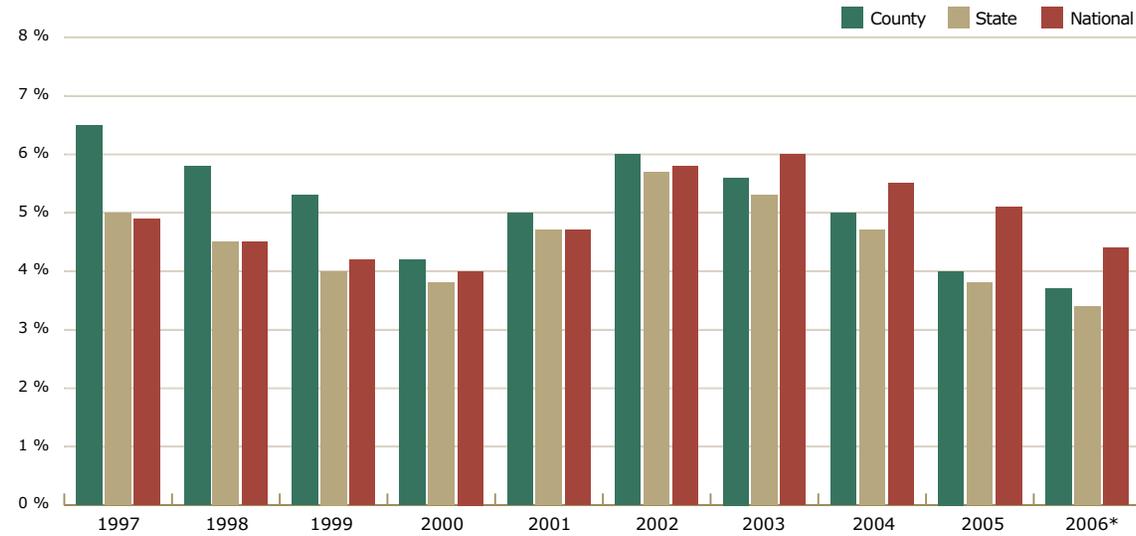
#### During Fiscal Year 2006:

- **6,776,083** passengers used Palm Beach County International Airport.
- **141,639** rounds of golf were played on County golf courses.
- **3,300** lane miles of roads were maintained by the County's engineering and public works departments.

#### County Growth

Palm Beach County is Florida's largest county in area and has an estimated population of **1,287,987**. Growth and development have had a major influence in the County over the last several years. Population has grown by 28% since 1997.

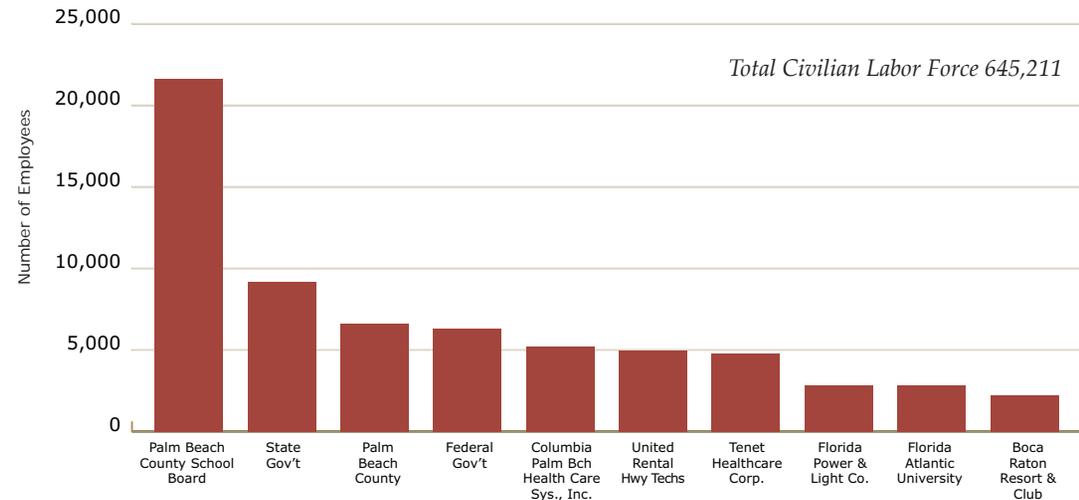
**COUNTY, STATE & NATIONAL  
UNEMPLOYMENT RATES  
1997-2006**



*Rates not seasonally adjusted*

Source: [Florida Agency for Workforce Innovation, Labor Market Statistics, Local Area Unemployment Statistics Program](#), in cooperation with [U.S. Department of Labor, Bureau of Labor Statistics](#)

**TOP 10 EMPLOYERS  
AS OF SEPTEMBER 30, 2006**



Source: [Palm Beach County Business Development Board](#)

The **General Fund** is the primary operating fund of the County. It pays for government operations like [County Administration](#) and [Human Resources](#).

**Special Revenue Funds** contain money from specific sources like [library fees](#), [state and federal grants](#) and [tourist development taxes](#). The use of these funds is dictated by law.

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

**Capital Projects Funds** pay for projects like the building of a library, park or road.

**Enterprise Funds** are used to provide goods or services to the public on a continuing basis. The money in these funds comes from County government enterprises such as the [Airport](#) and [Water Utilities](#). Operated as businesses, they collect user fees.

**Internal Service Funds** are paid by County departments and Constitutional Officers (ex: [Clerk & Comptroller](#), [Tax Collector](#) and [Property Appraiser](#)) to receive goods and services from [County departments](#) like [Fleet Management](#) and [Information Systems Services \(ISS\)](#).

## HOW THE COUNTY BUDGET IS CREATED

The [budget](#) is the County's financial plan to fund services for the benefit of [Palm Beach County](#) citizens. It gives the County government legal authority to spend money during the fiscal year. [County departments](#) and Constitutional Officers submit a budget to the County's [Office of Financial Management and Budget \(OFMB\)](#). The budget is compiled and presented to the Palm Beach County [Board of County Commissioners](#) for review and revisions prior to July 15. Two public hearings are held to elicit citizens' comments before the County Commission approves the budget. The approved budget is effective at the start of the fiscal year on October 1.

The **County Budget Fiscal Years 2005 & 2006** chart shows two years of the County's budget, and itemizes how the funds are allocated to different departments, programs and projects.

### COUNTY BUDGET FISCAL YEARS 2005 & 2006

| FUND CATEGORY           | FUND                        | FY2005                 | FY2006                 |
|-------------------------|-----------------------------|------------------------|------------------------|
| <b>GENERAL FUND</b>     |                             | \$803,015,099          | \$897,520,686          |
| <b>SPECIAL REVENUE</b>  | County Library              | 40,723,423             | 48,108,473             |
|                         | County Transportation Trust | 47,037,702             | 51,017,161             |
|                         | Sales Tax Revenue           | 73,246,144             | 96,609,037             |
|                         | Fire Rescue                 | 207,946,451            | 246,137,465            |
|                         | Palm Tran                   | 85,737,557             | 100,103,514            |
|                         | Tourist Development         | 42,641,063             | 47,203,536             |
|                         | Other Special Revenue       | 236,201,777            | 253,070,605            |
| <b>DEBT SERVICE</b>     |                             | 106,831,658            | 121,405,145            |
| <b>CAPITAL PROJECTS</b> | Environmental Lands         | 74,927,463             | 56,184,230             |
|                         | Fire Rescue                 | 54,168,672             | 68,644,030             |
|                         | General Government          | 630,608,222            | 436,817,957            |
|                         | Libraries                   | 46,650,499             | 56,937,256             |
|                         | Parks and Recreation        | 146,329,641            | 148,868,484            |
|                         | Road Projects               | 448,408,139            | 464,351,063            |
|                         | Other Capital Projects      | 20,019,458             | 33,605,565             |
| <b>ENTERPRISE</b>       | Solid Waste Authority       | 176,481,992            | 173,612,956            |
|                         | Water Utilities             | 357,132,473            | 421,786,662            |
|                         | Airports                    | 194,771,827            | 167,992,376            |
| <b>INTERNAL SERVICE</b> |                             | 150,111,601            | 153,830,444            |
|                         | <b>TOTAL</b>                | <b>\$3,942,990,861</b> | <b>\$4,043,806,645</b> |

*Note: The Solid Waste Authority prepares its own budget, but it is included here since it is blended into the County's financial statements.*

*Source: Palm Beach County Annual Budget FY2005 and 2006 and the Solid Waste Authority*

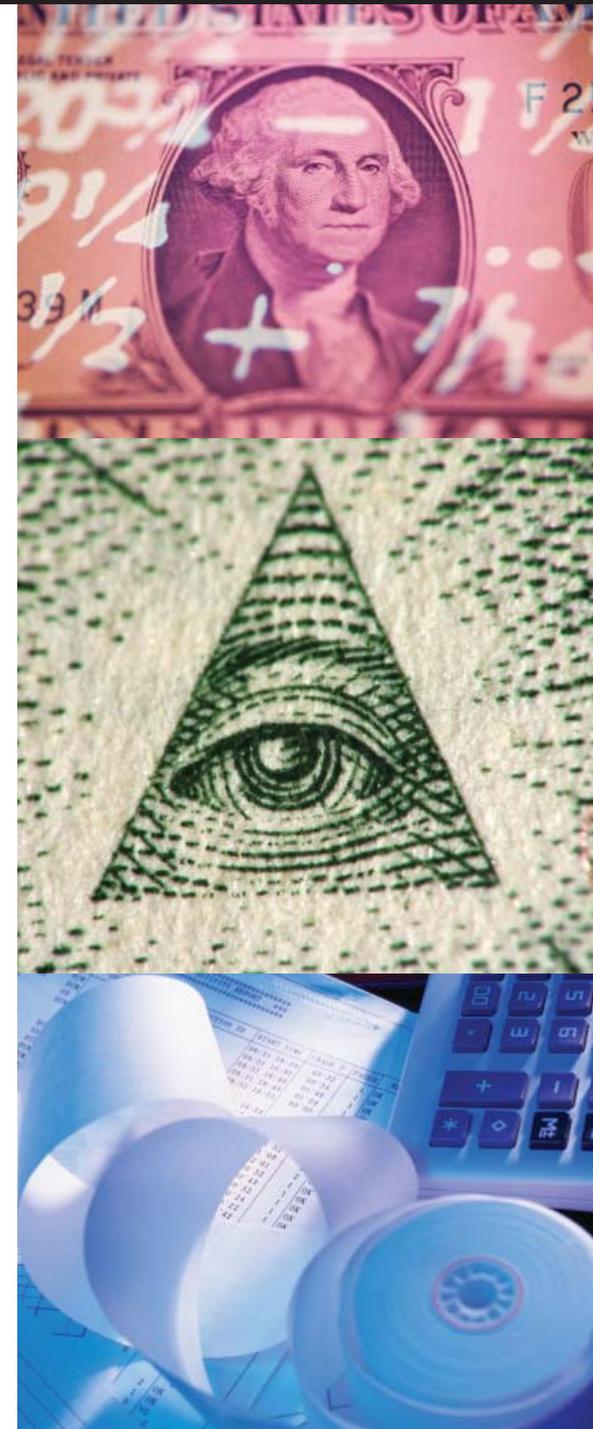
## A CLOSER LOOK AT SELECT COUNTY OPERATING BUDGETS

The General Fund is the primary operating fund of the County, and is used to pay the expenses of day-to-day County operations. It contains [revenue](#) not designated by law for a specific purpose. County operations are directed by a [County Administrator](#) who is appointed by the [Board of County Commissioners](#) to direct the activities of County employees. The County Administrator has executive powers and carries out the policy decisions of the County Commissioners. Under the Administrator's direction, nearly [30 County departments, divisions and offices](#) provide [Palm Beach County](#) residents with services, information and programs. Here are select [County departments' and Constitutional Officers' operating budgets for Fiscal Year 2006](#):

### SELECT COUNTY DEPARTMENTS' & CONSTITUTIONAL OFFICERS' OPERATING BUDGETS FISCAL YEAR 2006

| COUNTY DEPARTMENT                                     | FY06 OPERATING BUDGET        |
|---|------------------------------|
| <a href="#">County Administration</a>                 | \$ 1,716,294                 |
| <a href="#">County Attorney</a>                       | 5,830,310                    |
| <a href="#">County Commission</a>                     | 2,976,623                    |
| <a href="#">Community Services</a>                    | 63,963,256                   |
| <a href="#">Engineering</a>                           | 55,614,225                   |
| <a href="#">Environmental Resource Management</a>     | 32,123,339                   |
| <a href="#">Facilities Development and Operations</a> | 74,955,968                   |
| <a href="#">Housing &amp; Community Development</a>   | 66,977,072                   |
| <a href="#">Information Systems Services</a>          | 31,436,807                   |
| <a href="#">Parks and Recreation</a>                  | 67,971,245                   |
| <a href="#">Planning, Zoning and Building</a>         | 36,691,062                   |
| <a href="#">Public Safety</a>                         | 36,560,426                   |
| <a href="#">Risk Management</a>                       | 91,091,805                   |
| <a href="#">Tourist Development Council</a>           | 38,306,340                   |
| <b>CONSTITUTIONAL OFFICERS</b>                        |                              |
|   | <b>FY06 OPERATING BUDGET</b> |
| <a href="#">Clerk &amp; Comptroller</a>               | \$ 16,400,399                |
| <a href="#">Property Appraiser</a>                    | 16,601,362                   |
| <a href="#">Sheriff</a>                               | 331,843,446                  |
| <a href="#">Supervisor of Elections</a>               | 8,475,593                    |
| <a href="#">Tax Collector</a>                         | 5,296,657                    |

Source: [Palm Beach County Annual Budget FY2006](#)



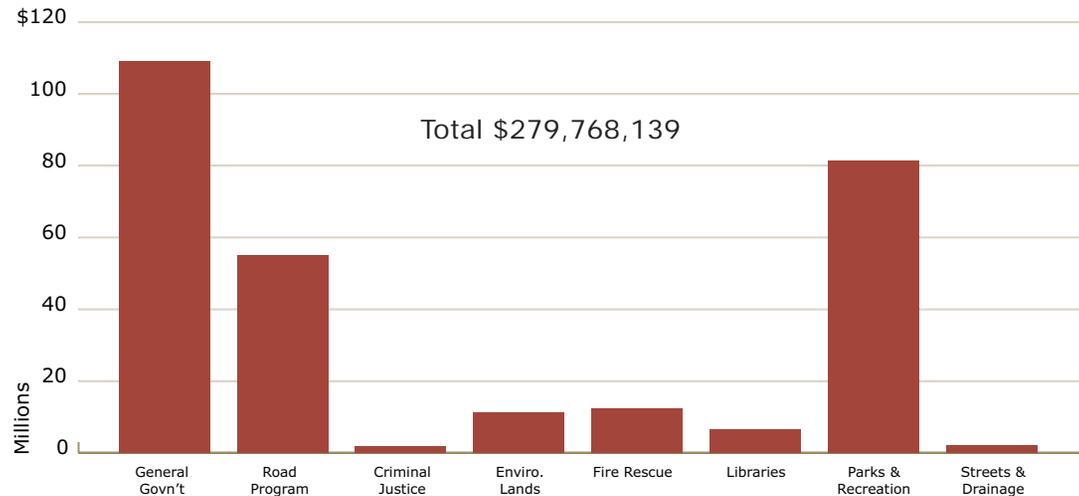
## CAPITAL PROJECTS

[Capital Projects Funds](#) pay for the acquisition or construction of major capital facilities like buildings or roads. These dollars come from a variety of sources, such as property taxes, bonds, impact fees and unspent budget balances from the previous year. The County's business-type activities (i.e. Airports, Water Utilities and the Solid Waste Authority) have their own funds for capital projects.

The chart below shows the categories of expenditures for Capital Projects Funds. Examples of projects that were funded from General Government in 2006 include the County's new office complex ([the Vista Center](#)), the [Scripps Biotech Center](#) and the expansion of the [South County Courthouse](#). New and replacement fire stations are funded out of [Fire Rescue](#). An example of a project funded from [Parks and Recreation](#) is the development of a [new regional golf course](#).



**CAPITAL PROJECTS FUNDS EXPENDITURES  
FISCAL YEAR 2006**

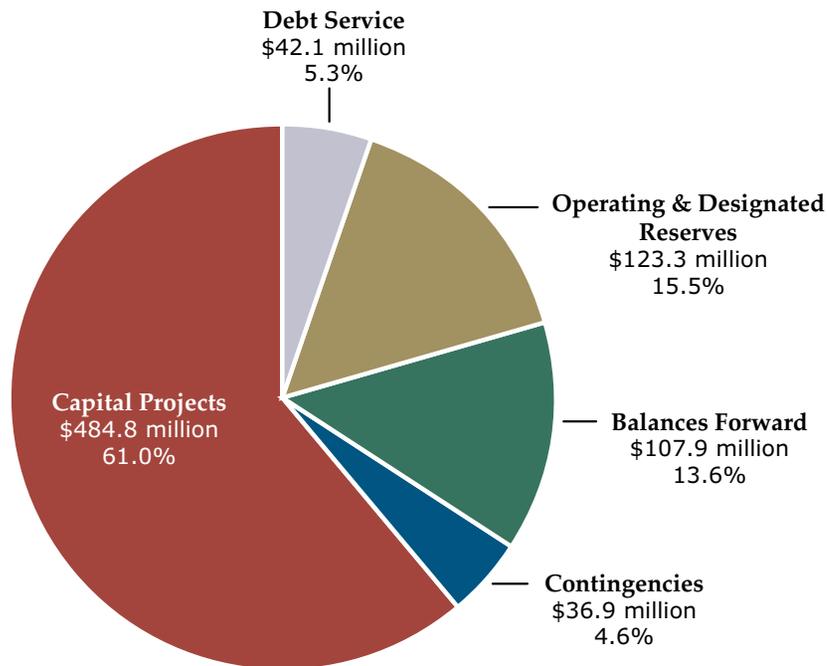


## WHAT ARE RESERVES?

While developing the budget, County managers review and evaluate current and future projects and the funding required for them. Using [revenue](#) from sources such as property taxes, impact fees, bond proceeds and gasoline taxes, the County Commission may approve money to be set aside during the fiscal year to fund these projects. These “reserve” funds are designated for specific purposes such as hurricane disaster relief, major road expansions and improvements, library expansion and beach improvement. In Palm Beach County, budgeted reserves were approximately 20 percent of the County’s annual budget for 2006.

### BUDGETED RESERVES BY TYPE FISCAL YEAR 2006

Total \$794,995,446



Source: [Palm Beach County Annual Budget FY2006](#)



#### Capital Projects

Funds for capital improvement projects.

#### Operating & Designated Reserves

Funds for a variety of specific potential needs such as economic development, tourist development, pollution recovery, or other program costs.

#### Balances Forward

Funds to be carried forward to the next fiscal year to pay operating expenses until property taxes are received.

#### Debt Service

Funds for payments on county debt.

#### Contingencies

Funds for unanticipated needs that may arise during the normal course of County business, such as hurricane recovery. These funds are normally not used for County operations.

## ABOUT YOUR PROPERTY TAXES

The County relies heavily on property tax revenue to fund the services provided to its citizens. In [Palm Beach County](#), property tax, also known as ad-valorem tax, is based on the assessed value of real estate or personal property. The overall property values for Palm Beach County have increased 202 percent since 1997 as seen in the [Property Value and Tax History 1997-2006](#) chart.

The [Property Appraiser](#) determines the value of a property. The [Board of County Commissioners](#) sets a property tax rate called a [millage rate](#). A “mil” is equal to \$1.00 of tax for every \$1,000 of assessed property value. Property tax is calculated as follows:

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

### PROPERTY VALUE AND TAX HISTORY 1997-2006

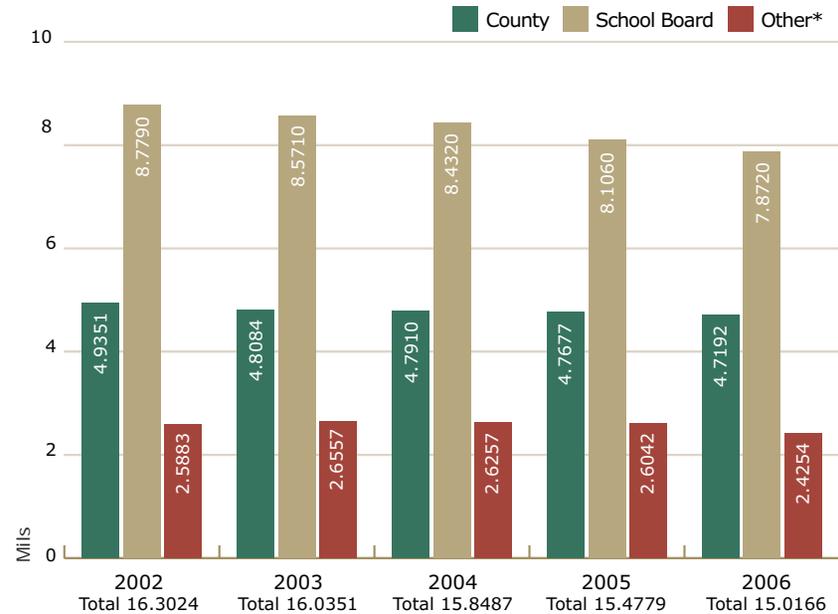
| FISCAL YEAR | TAXABLE VALUE    | TAX COLLECTIONS |
|-------------|------------------|-----------------|
| 1997        | \$45,971,717,000 | \$323,751,501   |
| 1998        | 48,761,691,000   | 360,088,909     |
| 1999        | 52,784,281,000   | 385,369,330     |
| 2000        | 57,120,041,000   | 420,117,483     |
| 2001        | 64,165,829,000   | 449,946,948     |
| 2002        | 72,266,128,000   | 498,180,743     |
| 2003        | 81,814,545,000   | 540,858,347     |
| 2004        | 93,322,608,000   | 605,494,833     |
| 2005        | 110,203,249,000  | 684,361,059     |
| 2006        | 138,734,883,000  | 799,229,729     |

Please visit [www.pbcgov.com/papa](http://www.pbcgov.com/papa) to learn more [about the property appraisal process](#) or to [apply for a homestead exemption](#).

There are numerous other taxing authorities that levy taxes within Palm Beach County, such as the [South Florida Water Management District](#), [Palm Beach County School District](#), [Children’s Services Council](#), the [Health Care District](#) and [various municipalities](#).

The **Countywide Property Tax Millage Rates 2002-2006** chart shows the historical millage rates paid by all Palm Beach County property owners. The chart illustrates that the County’s millage rate has decreased over time. However, property tax revenue has increased due to the rise in property values.

**COUNTY PROPERTY TAX MILLAGE RATES  
2002-2006**



Note: Municipality millage rates are not included here.  
\*Other includes South FL Water Mgt Dist., Children’s Serv. Council, Fla Inland Navigation Dist. (F.I.N.D.), Everglades Construction Proj. & the Palm Beach County Health Care District.  
Source: Palm Beach County Property Appraiser

## YOUR TAX NOTICE

Each year, the [Property Appraiser](#) sends property owners a TRIM (Truth in Millage) Notice that explains any proposed changes in the millage rate of each taxing authority. Taxing authorities are listed in the **red** highlighted section of the sample notice.

The notice also announces public hearings on the proposed millage rates, as seen in the section highlighted in **green**. All taxing authorities are required by law to hold two public hearings to receive comments from the general public and to answer questions on the proposed tax change and budget. Each taxing authority may amend or alter its proposal.

Once the millage rates are set, the [Tax Collector](#) sends each property owner a tax bill. The Tax Collector collects taxes on behalf of all the taxing authorities in the [County](#) and distributes the funds to them. The County receives only those funds collected based on the County's [millage rate](#) (see item circled in **gold** in the sample TRIM notice).

Individual property owners may contest the assessed value of their property by filing a petition with the [Value Adjustment Board \(VAB\)](#). For more information, visit the Property Appraiser's Web site at [www.pbcgov.com/papa](http://www.pbcgov.com/papa) or call (561) 355-6289.

*Note: Residents who live in a city, town or village will also see taxes from their individual municipality listed on their TRIM Notice.*

## SAMPLE TRIM NOTICE

| NOTICE OF PROPOSED PROPERTY TAXES AND PROPOSED OR ADOPTED NON-AD VALOREM ASSESSMENTS |                               |   |   |
|--|-------------------------------|---|---|
| PROPERTY CONTROL NO. XX-XX-XX-XX-XX-XXX-XXXX   |                               | 2006 PROPOSED AD VALOREM TAXES  |   |
| LEGAL DESCRIPTION OF PROPERTY: XXXXXXXXXXXXXXXXXXXX XXXX                             |                               | The taxing authorities which levy property taxes against your property will soon hold PUBLIC HEARINGS to adopt budgets and tax rates for the next year. The purpose of these PUBLIC HEARINGS is to receive opinions from the general public and to answer questions on the proposed tax change and budget PRIOR TO TAKING FINAL ACTION. Each taxing authority may AMEND OR ALTER its proposal at the hearing. |   |
| TAXING AUTHORITY   | YOUR PROPERTY VALUE LAST YEAR | YOUR TAXES THIS YEAR IF PROPOSED BUDGET   | YOUR TAXES THIS YEAR IF PROPOSED BUDGET |
| <b>PB COUNTY</b>   | 673.04                        | 673.09  | 578.23                                  |
| <b>PUBLIC SCHOOLS BY STATE LAW BY LOCAL BOARD</b>                                    | 791.01<br>401.40              | 796.59<br>410.58  | 679.79<br>344.97                        |
| <b>CITY</b>  | 721.65                        | 746.88  | 577.79                                  |
| <b>SFHMD EVERGLADES CONST. PROJ. F.I.N.D.</b>  | 90.29<br>15.12<br>5.82        | 93.45<br>15.65<br>6.03  | 77.12<br>12.93<br>5.01                  |
| <b>CHILD SERV</b>  | 104.16                        | 97.03   | 89.52                                   |
| <b>HEALTH</b>  | 163.34                        | 161.23  | 140.38                                  |
| <b>County DBT</b>  | 40.72                         | 30.92   | 30.92                                   |
| <b>SCHOOL DBT</b>  | 33.58                         | 25.05   | 25.05                                   |
| <b>CITY DBT</b>  | 146.59                        | 104.20  | 104.20                                  |
| <b>TOTAL AD VALOREM PROPERTY TAXES</b>   | <b>3186.72</b>                | <b>3160.70</b>  | <b>2655.93</b>                          |

| YOUR PROPERTY VALUE LAST YEAR | MARKET VALUE   | YOUR PROPERTY VALUE THIS YEAR | EXEMPTIONS APPLIED TO THIS PROPERTY |
|-------------------------------|----------------|-------------------------------|-------------------------------------|
| 239920                        |                | 342210                        | HOMESTEAD                           |
| 176245                        | ASSESSED VALUE | 181532                        |                                     |
| 25000                         | EXEMPTIONS     | 25000                         |                                     |
| 151245                        | TAXABLE VALUE  | 156532                        |                                     |

| 2006 PROPOSED AND/OR ADOPTED NON-AD VALOREM ASSESSMENTS |                  |        |                 |
|---|------------------|--------|-----------------|
| LEVYING AUTHORITY                                       | TELEPHONE NUMBER | RATE   | ASSESSED AMOUNT |
| SOLID WASTE AUTHORITY                                   | (561) 697-2700   | 128.00 | 128.00          |
| LAKE WORTH DRAINAGE DIST.                               | (561) 737-3835   | 33.05  | 33.05           |
| <b>TOTAL NON-AD VALOREM</b>                             |                  |        | <b>161.05</b>   |

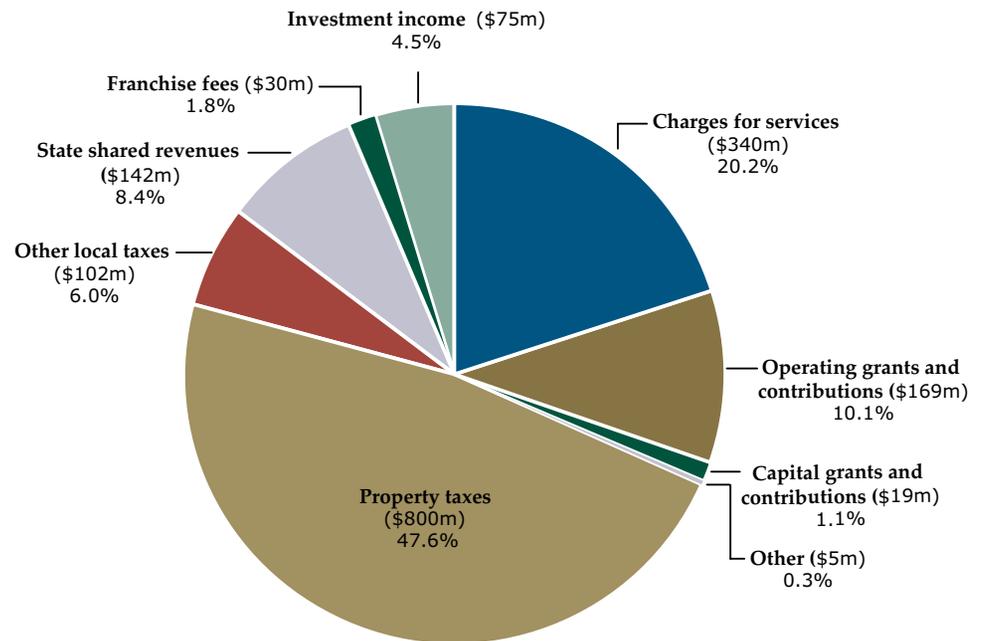


## GOVERNMENTAL REVENUE . . . WHERE THE MONEY CAME FROM

Most of the County's services are paid for primarily by governmental revenue, like property taxes, and charges for services such as County golf course fees, County park admission and public transportation. The **Governmental Funds Revenue Fiscal Year 2006** chart displays all sources of governmental revenue. Revenue from these sources is combined with any balances left over from the previous fiscal year to fund governmental expenditures.

Revenue earned by County enterprises that operate like businesses (i.e. Airports, Water Utilities, and the Solid Waste Authority) is not included in this chart. That revenue is used to fund most of the enterprises' operations. In addition, the County receives excess fees from Constitutional Officers at the end of the fiscal year. Excess fees represent unspent appropriations and charges for services (user fees) that are not needed to fund their operations.

### GOVERNMENTAL FUNDS REVENUE FISCAL YEAR 2006



## GOVERNMENTAL EXPENDITURES . . . WHERE THE MONEY WENT

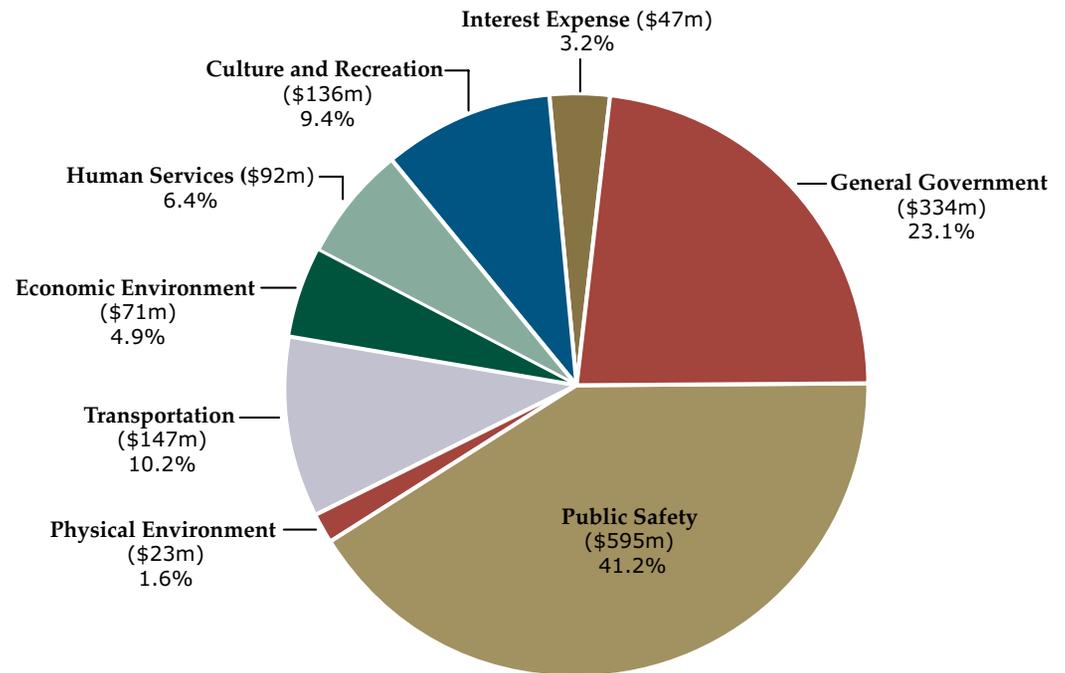
The [budget](#) approved by the [Board of County Commissioners](#) dictates how money will be spent during the fiscal year. [Palm Beach County's](#) spending is broken down into several functions, each of which is responsible for providing services in a particular category. The County's two largest functions are [Public Safety](#) and General Government.

Public Safety provides security for people and property, and includes costs of the [Sheriff](#), [Fire Rescue](#), [Medical Examiner](#), [Consumer Affairs](#), [building inspections](#), and [emergency](#) and disaster relief services.

General Government funds pay for administrative, financial and other activities such as [zoning](#), [budgeting](#) and [purchasing](#).

The **Governmental Funds Expenditures Fiscal Year 2006** chart shows where County funds were spent during fiscal year 2006.

**GOVERNMENTAL FUNDS EXPENDITURES  
FISCAL YEAR 2006**



### 2007 COUNTY BUDGET PRIORITIES:

- Affordable Housing
- Criminal Justice Issues
- Community Revitalization

Source: [Palm Beach County Fiscal Year 2007 Budget Message](#)

Citing juvenile delinquency and crime as major concerns for 2007, [Palm Beach County Commission Chairwoman Addie Greene](#) stated, "We must do something to combat juvenile crime."



## AAA BOND RATING

Like credit scores for individuals, bond ratings are given to local governments to rate their overall creditworthiness. The rating helps creditors or investors assess what level of risk they are taking when they loan money to a government entity. Just as high credit scores help potential homebuyers obtain lower interest rate home loans, a county's high bond rating means lower interest rates and costs when the county borrows money.

Three major bond rating agencies, [Standard & Poor's](#), [Fitch](#) and [Moody's Investors Service](#), assign bond ratings based on the government entity's perceived ability to pay its debts over time. Those ratings are expressed as letters, for example, AAA, Aaa, Aa, A, etc.

Of 3,100 counties nationwide, [Palm Beach County](#) is one of only 22 to earn the highest possible bond rating, [AAA](#), by all three of the major rating agencies. Palm Beach County is the only county in Florida to have earned this designation. Key elements contributing to this exemplary rating include Palm Beach County's well-managed finances, low level of debt in relation to income and reserves, and capital improvement programs.

This stellar bond rating helps all Palm Beach County citizens by allowing the County access to some of the lowest borrowing costs available in the market. This, in turn, leads to lower debt payments to investors and a reduced burden on taxpayers.

Palm Beach County's AAA rating reflects the County's ". . . vibrant and diversifying economic base, sound financial position and moderate debt levels."

~ Fitch Ratings

## LONG-TERM DEBT

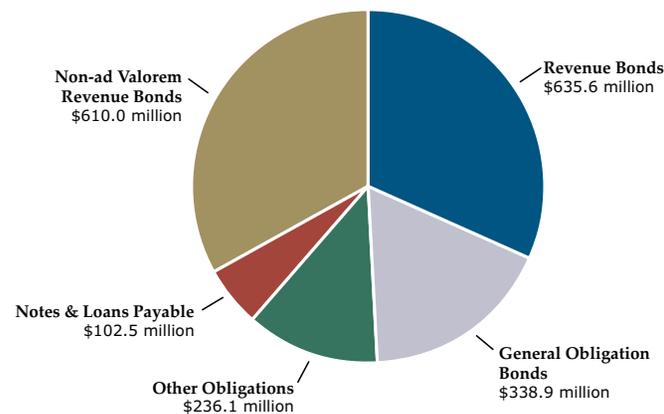
Even with a high level of [revenue](#) and reserves, the [County](#) will issue bonds for the construction of major facilities or equipment purchases in order to spread the cost of the item over the useful life of the asset being purchased. The bond is purchased by an investor, or “bondholder,” and the bondholder is, in effect, the County’s “lender.”

Palm Beach County’s [AAA bond rating](#) signifies the County’s financial strength and perceived ability to pay its debts over time. Therefore, the risk of loaning money to Palm Beach County is relatively low. This lower risk encourages investors to purchase the County’s bonds at lower interest rates, thereby lowering the County’s borrowing costs and reducing the burden on taxpayers.

The County pays the money back to the bondholder over an extended period; much like a citizen does with a home mortgage or car loan. For the duration of the bond, sometimes up to 30 years, the County allocates funds in its annual budget for repayment of the debt. By extending the payment for the item over a long period of time, the burden of paying for these facilities and equipment is spread out to all of the future taxpayers who will benefit, rather than only to those present at the time of construction or acquisition.

The County’s [long-term debt](#) consists mainly of [general obligation bonds](#), non-ad valorem revenue bonds and revenue bonds. As of September 30, 2006, County long-term debt outstanding totaled \$1.92 billion, as shown in the **Long-Term Debt Outstanding as of September 30, 2006** chart.

**LONG-TERM DEBT OUTSTANDING  
AS OF SEPTEMBER 30, 2006**



**General obligation bonds** are issued for the construction of major facilities or equipment purchases. They are legally backed by the full faith and credit of the County and the taxing power of the County supports the repayment of these obligations. General obligation bonds differ from revenue bonds in that they can be repaid from any legally available revenue source (for example, property taxes), whereas revenue bonds can only be repaid from the revenue generated by the bond-financed project. In addition, general obligation bonds must be voted on and approved by the public.

**Non ad-valorem revenue bonds** are issued to finance the construction of revenue-producing projects and may be repaid from County revenue other than property taxes. County gas and sales taxes are examples of revenue sources that may be used to repay these types of debts.

**Revenue bonds** are issued to finance a wide range of projects, including the construction or improvement of a public property or facility. Revenue bonds are repaid from the revenue generated by these public projects. For instance, bonds issued to finance the airport parking garage are repaid by the parking fees that are collected.



**Principal**

The original amount invested, separate from earnings.

**Liquidity**

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

**Market Rate of Return**

The rate of return earned on an investment or on the total portfolio.

**THE COUNTY'S INVESTMENT PORTFOLIO**

Where does the County's investment portfolio come from? When the County takes in revenue, such as property taxes or library, parks and recreation fees, it is deposited into a main bank account. This money is invested until it is needed for County budgeted expenses such as paying vendors and payroll. The money in the investment portfolio is accounted for in that it consists of budgeted revenues to be used for budgeted expenditures.

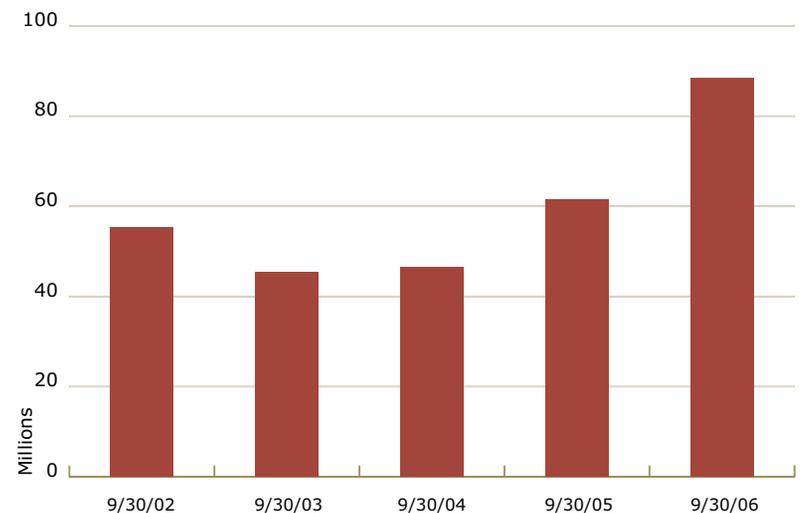
As County Treasurer, the Clerk & Comptroller invests public funds and earns interest income on the investments for the County, thus reducing the tax burden on County taxpayers. In fiscal year 2006, investment income totaled over \$88 million, the equivalent of a property tax savings of approximately \$172 per household countywide.

Safety of principal, liquidity and earning a market rate of return are the priorities for County government investments. The Clerk & Comptroller, along with the Investment Policy Committee (IPC), created the County Investment Policy, a document which governs County investments and provides guidelines related to risk management and reporting requirements.

The Clerk & Comptroller's staff of experienced investment professionals, along with the IPC, continuously evaluate the County's investment policy.

For updates on County investments, visit [www.pbcountyclerk.com](http://www.pbcountyclerk.com) and subscribe to the Clerk & Comptroller's quarterly e-newsletter, *Your Public Trustee: Protecting Public Records & Public Funds.*

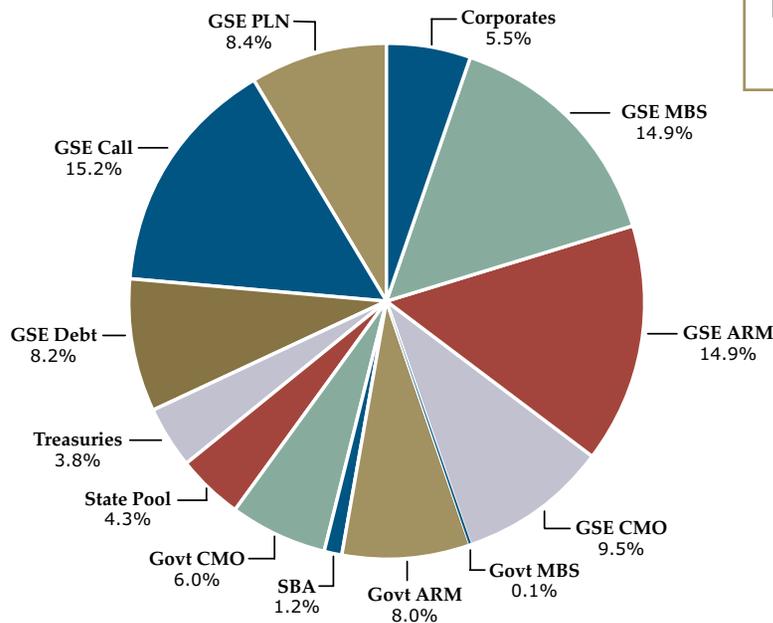
**INVESTMENT INCOME  
FISCAL YEARS 2002-2006**



The Clerk's investment activities are ongoing and the portfolio is diversified into different types of investments to generate the highest possible yield with the least amount of risk. First and foremost, the primary objective of the Investment Policy is to prevent any loss of principal. The second objective, liquidity, must be assured so that cash is available as needed to pay County bills. Although rate of return is the policy's third objective, opportunities for higher investment returns may be bypassed to ensure other investment objectives are met.

The **Portfolio Allocation as of September 30, 2006** chart is a breakdown of the County's portfolio by the types of investments.

**PORTFOLIO ALLOCATION  
AS OF SEPTEMBER 30, 2006**



During fiscal year 2006, the County's investment portfolio averaged **\$1.97 billion.**

**GSE**

Government Sponsored Enterprises (FNMA, FHLMC, FHLB)

**GSE ARM**

Adjustable-rate Mortgage Pool

**GSE MBS**

Fixed-rate Mortgage Pool

**GSE CMO**

Collateralized Mortgage Obligation Structure

**GSE Call**

Callable Debenture

**GSE Debt**

Bullet Maturity Debenture

**GSE PLN**

Prepayment-linked Note Debenture

**Govt ARM**

Full Faith and Credit of U.S. Government Adjustable-rate Mortgage Pool

**Govt MBS**

Full Faith and Credit of U.S. Government Fixed-rate Mortgage Pool

**Govt CMO**

Full Faith and Credit of U.S. Government Collateralized Mortgage Obligation Structure

**SBA**

Full Faith and Credit of U.S. Government Small Business Administration Pool

**Treasury**

United States Treasury Notes - Full Faith and Credit of U.S. Government

**Corporate**

Highly-rated Debenture Notes of Major U.S. Corporations, both fixed-rate and floating-rate

**Current and other assets**

Cash, investments, amounts that are due from state and local governments, and other receivables.

**Capital assets**

Property owned by the County, such as land, buildings, equipment, and County-owned bridges and roads.

**Current liabilities**

Money owed to outside vendors for goods and services received, and amounts that are due to other governments.

**Debt due in more than one year**

Payments for the County's bonds, notes and other obligations due in more than one year.

**Capital assets, net of related debt**

Capital assets, such as a County building, minus any outstanding mortgage, note or other financial obligation that can be attributed to the acquisition, construction, or improvement of the capital asset.

**Restricted net asset**

Equity that must be used for a purpose specified by contracts, laws or governmental regulations.

**Unrestricted net assets**

Operating equity available to meet the County's ongoing obligations to residents, creditors and enterprise fund customers. These funds are not legally restricted for any specific purpose.

**WHAT THE COUNTY OWNS . . . WHAT THE COUNTY OWES**

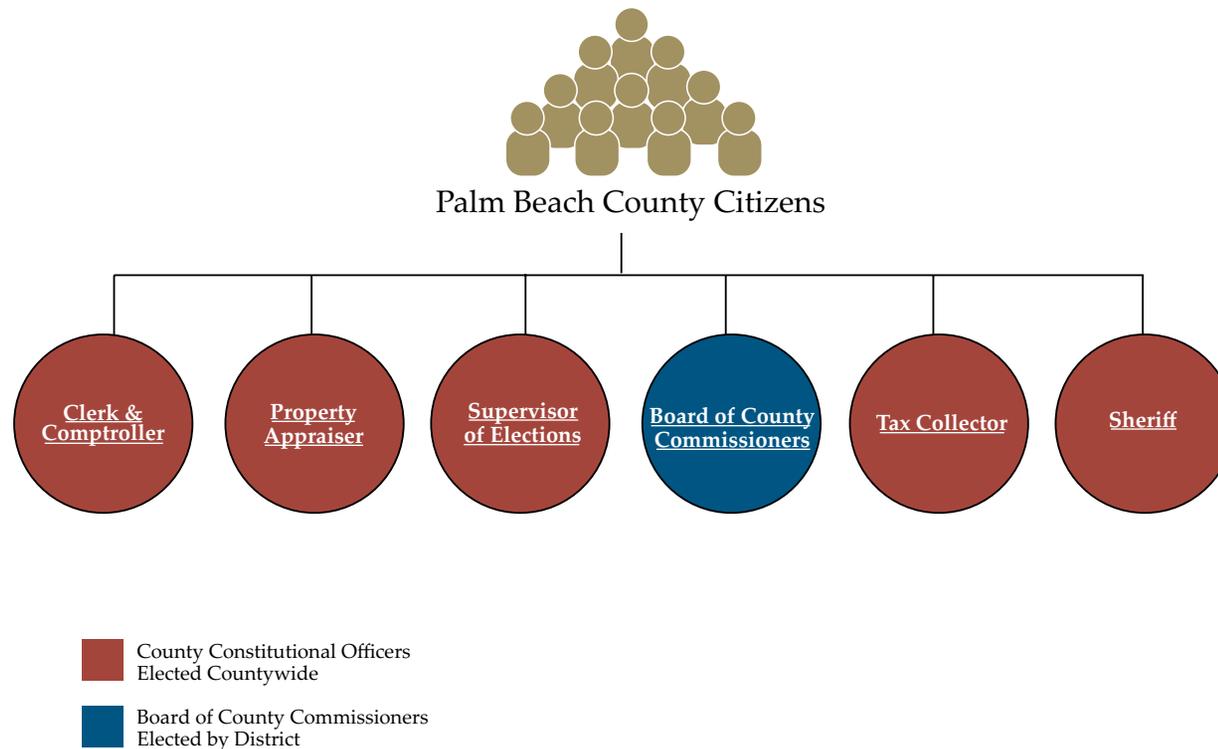
The [County's Statement of Net Assets](#), or [balance sheet](#), is a snapshot of its financial position at the end of the fiscal year. It is a summary of assets, liabilities and net assets - what the County owns and what it owes - including governmental activities and business-type activities. Governmental activities are those that are supported primarily by property tax revenue. Governmental activities include [Public Safety](#), Transportation and Human Services. Business-type activities sell goods and services and are intended to be self-supporting through charges for those goods and services. Examples of business-type activities include the [Airport](#), [Water Utilities](#) and the [Solid Waste Authority](#).

Changes in net assets over time are indicative of an improving or deteriorating financial position. In [Palm Beach County](#), both governmental activities and business-type activities had an increase in net assets from September 30, 2005 to September 30, 2006, reflecting a positive fiscal improvement.

**CONDENSED STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2006**

|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTALS<br>2006         | TOTALS<br>2005         |
|--|----------------------------|-----------------------------|------------------------|------------------------|
| <b>Assets</b>                                      |                            |                             |                        |                        |
| Current and other assets                           | \$1,744,924,784            | \$667,161,482               | \$2,412,086,266        | \$2,158,346,929        |
| Capital assets                                     | 1,872,370,533              | 1,410,544,778               | 3,282,915,311          | 3,034,333,677          |
| <b>Total assets</b>                                | <b>3,617,295,317</b>       | <b>2,077,706,260</b>        | <b>5,695,001,577</b>   | <b>5,192,680,606</b>   |
| <b>Liabilities</b>                                 |                            |                             |                        |                        |
| Current  | 272,941,552                | 113,219,023                 | 386,160,575            | 408,011,542            |
| Long-term debt due in<br>more than one year        | 1,100,598,280              | 647,673,447                 | 1,748,271,727          | 1,571,580,528          |
| <b>Total liabilities</b>                           | <b>1,373,539,832</b>       | <b>760,892,470</b>          | <b>2,134,432,302</b>   | <b>1,979,592,070</b>   |
| <b>Net Assets</b>                                  |                            |                             |                        |                        |
| Invested in capital assets,<br>net of related debt | 1,149,700,254              | 948,165,708                 | 2,097,865,962          | 1,906,824,220          |
| Restricted   | 653,306,181                | 75,198,428                  | 728,504,609            | 792,600,238            |
| Unrestricted                                       | 440,749,050                | 293,449,654                 | 734,198,704            | 513,664,078            |
| <b>Total net assets</b>                            | <b>\$2,243,755,485</b>     | <b>\$1,316,813,790</b>      | <b>\$3,560,569,275</b> | <b>\$3,213,088,536</b> |

## COUNTY GOVERNMENT ORGANIZATIONAL CHART



### Constitutional Officers

Sharon R. Bock, Clerk & Comptroller  
 561.355.2996 | [www.pbcountyclerk.com](http://www.pbcountyclerk.com)

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

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

Arthur W. Anderson, Supervisor of Elections  
 561.656.6200 | [www.pbcelections.org](http://www.pbcelections.org)

Anne M. Gannon, Tax Collector  
 561.355.2264 | [www.pbcgov.com/tax](http://www.pbcgov.com/tax)

### Board of County Commissioners

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

Addie Greene, Chairperson - District 7  
 561.355.2207

Karen Marcus - District 1  
 561.355.2201

Jeff Koons, Vice Chair - District 2  
 561.355.2202

Warren Newell - District 3  
 561.355.2203

Mary McCarty - District 4  
 561.355.2204

Burt Aaronson - District 5  
 561.355.2205

Jess R. Santamaria - District 6  
 561.355.6300

*Elected officials as of January 1, 2007*



SHARON R. BOCK

Clerk & Comptroller  
Palm Beach County

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