

# **Palm Beach County, Florida**

Single Audit Report  
September 30, 2013

**PALM BEACH COUNTY, FLORIDA**

**SINGLE AUDIT REPORT**

**Fiscal Year Ended September 30, 2013**

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## Independent Auditor's Report

Honorable Chair and Members of  
the Board of County Commissioners  
Palm Beach County, Florida

Honorable Ric L. Bradshaw  
Sheriff

Honorable Sharon R. Bock  
Clerk and Comptroller

Honorable Susan Bucher  
Supervisor of Elections

Honorable Gary R. Nikolits  
Property Appraiser

Honorable Anne Gannon  
Tax Collector

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida (the "County"), as of and for the year ended September 30, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Solid Waste Authority, the Westgate Belvedere Homes Community Redevelopment Agency, and the Housing Finance Authority, discretely presented component units, which collectively represent 99% of the total assets and 99% of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Solid Waste Authority, Westgate Belvedere Homes Community Redevelopment Agency, and Housing Finance Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules – General Fund, Fire Rescue Special Revenue Fund and Community & Social Development Special Revenue Fund, and the schedules of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

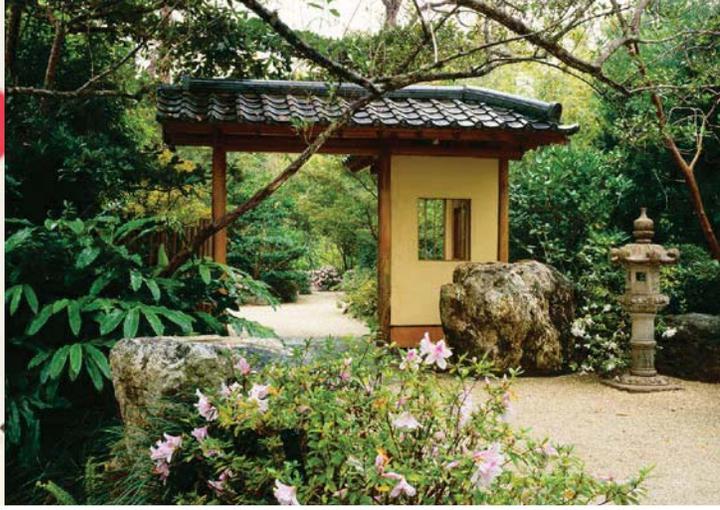
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General of the State of Florida*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards and state financial assistance has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, under a separate cover, our report dated March 27, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*McGladrey LLP*

West Palm Beach, Florida  
March 27, 2014



# Management's Discussion & Analysis

The Management's Discussion and Analysis subsection provides a narrative introduction to and overview and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements, as well as an analysis of Palm Beach County's overall financial position and results of operations.



**Statement of Financial Position**

Year Ending		
Dec. 31	Dec. 31	
5,621,456	5,963,548	5.74%
3,856,987	3,965,214	2.73%
561,248	621,547	9.70%
325,687	411,258	20.81%
125,487	131,487	4.56%
425,698	411,547	-3.44%
91,258	92,547	1.39%
<b><u>11,007,821</u></b>	<b><u>11,597,148</u></b>	5.08%
1,254,789	1,354,789	7.38%
258,697	259,147	0.17%
1,478,587	1,547,874	4.48%

## **Management's Discussion and Analysis**

Our discussion and analysis provides an overview of the financial activities of Palm Beach County, Florida (the "County") for the fiscal year ended September 30, 2013. We encourage reading this narrative and the accompanying financial statements (beginning on page I-2).

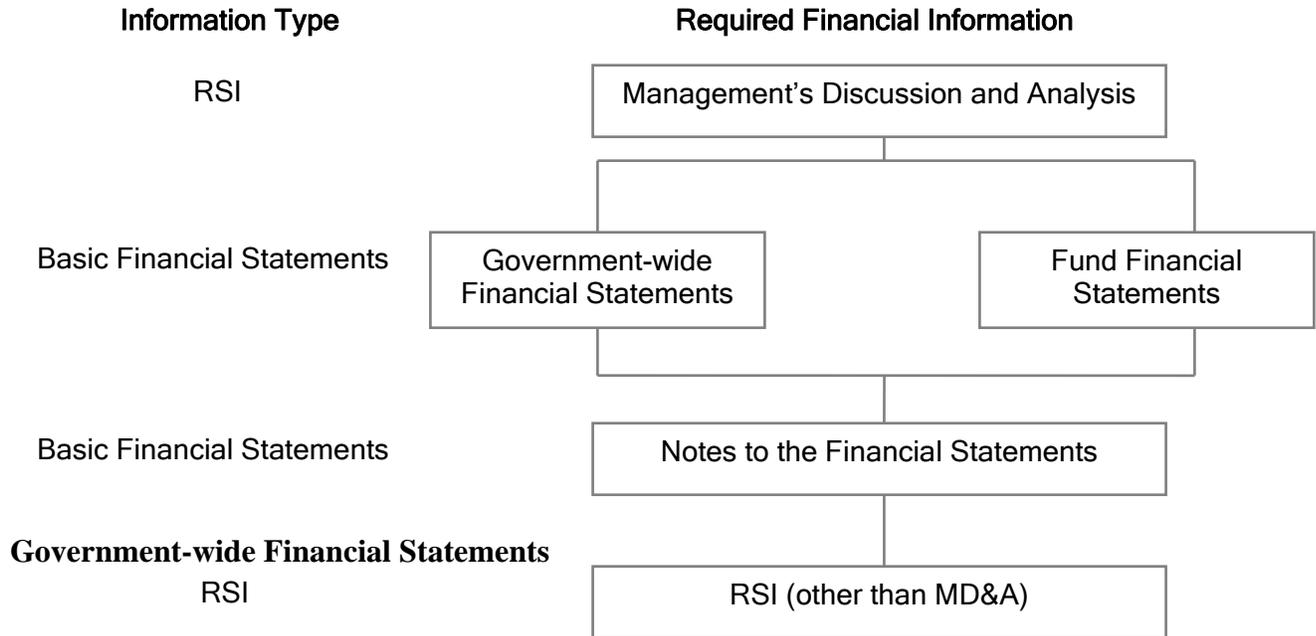
### **Financial Highlights**

- The County's assets exceeded its liabilities (net position) by approximately \$3.783 billion and \$3.709 billion at the close of fiscal years 2013 and 2012, respectively. Of these amounts, \$2.710 billion and \$2.575 billion were the net investment in capital assets. In addition, \$657 million and \$689 million were restricted by law, grant agreements, debt covenants, or for capital projects. As a result, \$416 million and \$445 million were available at year-end to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers.
- The County's total liabilities at September 30, 2013 and 2012 were \$1.840 billion and \$1.886 billion, respectively.
- During the year, the County's total net position increased \$74 million, compared to an increase of \$75 million during the previous fiscal year. Business-type activities increased \$115 million, and governmental activities decreased by \$41 million.
- At September 30, 2013, the County's governmental funds reported a combined ending fund balance of \$1.044 billion, a decrease of \$77.4 million or 6.9% from the previous year.
- At September 30, 2013, the fund balance for the General Fund, including Constitutional Officers, was \$200.1 million which is a decrease of \$17.4 million or 8% from the previous year.
- The County's two enterprise funds had a combined increase in net position of \$113.6 million. The Department of Airports increase was \$8.6 million and the Water Utilities Department had an increase of \$105.0 million. A significant portion of the increase in net position of the Water Utilities Department was a result of the absorption of the Glades Utility Authority, which is reported as a special item.

### **Overview of the Financial Statements**

This CAFR consists of the Basic Financial Statements and other statements. The County's basic financial statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

## Minimum Financial Reporting Requirements



The government-wide financial statements provide an overview of the County's financial position using the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. The Statement of Net Position shows the County's assets plus deferred outflows less its liabilities plus deferred inflows at September 30, 2013. The difference between these assets and deferred outflows and liabilities and deferred inflows is reported as net position. Changes in net position may serve as an indicator of whether the financial position of the County is improving or deteriorating. The Statement of Activities follows the Statement of Net Position and presents information showing how the County's net position changed during the fiscal year. Changes in net position are reported as soon as the underlying economic transactions occur, regardless of when cash is received or paid. Therefore, some of the revenues or expenses reported in the statement of activities will have cash flows in future fiscal periods. For example, certain sales taxes are shown as revenues although cash receipts will occur early in the following fiscal year. Alternatively, an increase in unused vacation leave is recorded as an expense although related cash outflows will occur in the future.

The government-wide financial statements show a distinction between activities that are supported primarily by taxes and intergovernmental revenues (governmental activities) and activities that are supported by the recovery of all or most of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation functions. The business-type activities of the County are the Department of Airports and the Water Utilities Department.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate entities for which the County is financially accountable (known as *component units*). The discretely presented component units of the County are the Metropolitan Planning Organization, the Housing Finance Authority of Palm Beach County, the Westgate/Belvedere Homes Community Redevelopment Agency, and the Solid Waste Authority. The financial activity of these component units is reported separately from the financial information of the primary government.

To obtain the separately issued financial statements of the discretely presented component units, see *Note 1 – Summary of Significant Accounting Policies*, in the Notes to the Financial Statements for contact information.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provisions. All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental funds**

Most of the County's basic services are reported in governmental funds, which focus on the inflow and outflow of money or other spendable resources and on the level of balances remaining at year-end that are available for expenditure. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations to account for available financial resources and demonstrate fiscal accountability. Governmental fund information helps illustrate the extent of financial resources that are available for expenditure on County programs. Reconciliations of the differences between the government-wide and fund financial statements are provided immediately after the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds*, respectively, in the *Basic Financial Statements*.

Funds that are significant in terms of revenues, expenditures, assets or liabilities are identified as *major funds* in the *Basic Financial Statements* and reported separately. Budget and actual comparison schedules are also presented as Required Supplementary Information for the General Fund and each major special revenue fund with an annually adopted budget. The County's nonmajor funds, and budget and actual comparisons schedules for any nonmajor funds with annually appropriated budgets, are presented in the *Combining and Individual Fund Statements and Schedules* section of this report.

### **Proprietary funds**

The County uses both types of proprietary funds, Enterprise and Internal Service Funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its

Airports and Water Utilities operations. Both of these operations are considered to be major proprietary funds of the County. *Internal Service funds* are used to accumulate and allocate costs internally among the County's other functions. The County uses internal service funds to account for its Fleet Management and Risk Management programs. These programs are included within governmental activities in the government-wide financial statements because they predominantly benefit governmental rather than business-type functions. The three internal service funds are combined into a single presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the *Combining and Individual Fund Statements and Schedules* section of this report. The proprietary fund financial statements can be found in the *Basic Financial Statements*.

### **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Agency funds are the only type of fiduciary fund used by the County. The amounts in these agency funds are not included in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. However, the *Statement of Fiduciary Net Position – Agency Funds* in the *Basic Financial Statements* is provided for information on the agency funds. In addition, the individual agency funds are presented in the *Combining and Individual Fund Statements and Schedules* section of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential for a more complete understanding of the data provided in the government-wide and fund financial statements.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the General Fund and major special revenue funds. The combining statements for the nonmajor funds, internal service funds, agency funds, as well as individual fund budget and actual comparison schedules are found in the *Combining and Individual Fund Statements and Schedules* section of this report.

### **Government-wide Financial Analysis**

Palm Beach County's net investment in capital assets such as land, roads, parks, buildings, machinery and equipment, as a percentage of net position, amounts to 71.6% and 69.4% at September 30, 2013 and 2012, respectively. These asset values are presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The County uses capital assets to provide services to the citizens and consequently these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate that liability, and other resources will be needed to repay any associated debt.

Another portion of the County's net position is *restricted* net position which represents resources that are subject to constraints such as debt covenants, grantors, laws or regulations. *Unrestricted* net position is that portion of County resources that are available to meet the ongoing obligations to residents, creditors, and enterprise fund customers.

As shown on the following chart, the County reported positive balances at September 30, 2013 and 2012, in all three categories of net position, governmental activities, business-type activities, as well as the County as a whole.

<b>Palm Beach County, Florida</b>						
<b>Net Position at Year-End (in millions)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>TOTAL PRIMARY GOVERNMENT</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Assets</b>						
Current and other assets	\$ 1,302	\$ 1,388	\$ 456	\$ 419	\$ 1,758	\$ 1,807
Capital assets	2,528	2,528	1,337	1,260	3,865	3,788
Total assets	<u>3,830</u>	<u>3,916</u>	<u>1,793</u>	<u>1,679</u>	<u>5,623</u>	<u>5,595</u>
<b>Liabilities</b>						
Current	252	258	47	47	299	305
Long-term debt due in more than one year	1,240	1,279	301	302	1,541	1,581
Total liabilities	<u>1,492</u>	<u>1,537</u>	<u>348</u>	<u>349</u>	<u>1,840</u>	<u>1,886</u>
<b>Net Position</b>						
Net investment in capital assets	1,665	1,613	1,045	962	2,710	2,575
Restricted	576	608	81	81	657	689
Unrestricted	97	158	319	287	416	445
Total net position	<u>\$ 2,338</u>	<u>\$ 2,379</u>	<u>\$ 1,445</u>	<u>\$ 1,330</u>	<u>\$ 3,783</u>	<u>\$ 3,709</u>

### **Governmental activities**

Significant changes in the Statement of Net Position are as follows:

- Current and other assets for Governmental activities decreased by \$86 million. Much of the change can be attributed to payments on long-term debt.
- Capital assets for Governmental activities remained unchanged overall. Refer to the subsequent section on Capital assets for additional detail.
- The overall decrease in long-term debt for Governmental activities of \$39 million consists primarily of principal payments made on bonds, notes and loans. However, the payments were partially offset by increases in claims, judgments and Other Post-Employment Benefits.

Governmental activities were responsible for a \$41 million decrease in the County's net position during fiscal year 2013, as compared with a \$27 million increase during the previous fiscal year. This year's \$41 million decrease in net position from governmental activities is attributed to several factors:

While *interest income* of \$27 million was earned on the portfolio due to active investment portfolio management, *investment income* decreased overall by \$44 million during the current fiscal year due to changes in the fair value of securities. Pursuant to GASB 31, investments are required to be recorded at fair value based upon quoted market prices regardless of whether these changes are realized. A major restructuring of the portfolio significantly minimized interest rate/price risk during the year; however, any fixed income portfolio will experience changes in fair value when rates rise or other market conditions change to affect fixed income markets.

*Ad valorem tax* revenue increased \$4 million or less than 1% from the previous fiscal year. The slight increase is due to higher overall taxable values.

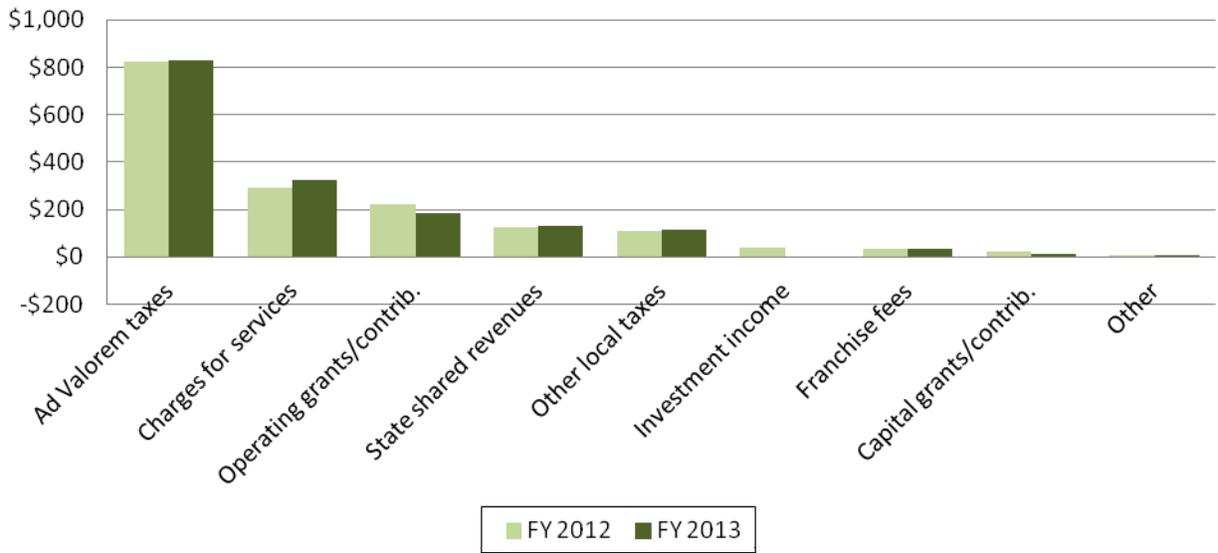
*General government* expenses increased \$8 million or 2.5% from the previous fiscal year due in part to some increased spending related to road projects during the fiscal year.

*Public Safety* expenses increased \$26 million or 3.4% from the previous fiscal year. This can be attributed in part to higher costs associated with the operations of the Sheriff and Fire Rescue.

*Culture and Recreation expenses* increased \$15 million or 14% from the previous fiscal year due in part to additional spending for improvements related to the County's Library system.

The County's governmental activities had net expenses of \$1.146 billion. These services are intended to be primarily funded by taxes and other general revenues as opposed to charges for service and grants. Total revenues (both program and general revenues) were less than total expenses by \$41 million.

**REVENUES BY SOURCE**  
**Governmental Activities**  
**Fiscal Years 2012 and 2013**  
 (Amounts in millions)



**Business-type activities**

The County’s business-type activities had total revenues of \$279 million and had total revenues in excess of total expenses of \$115 million. Refer to the **Proprietary funds** section of **Financial Analysis of the Government’s Funds** which follows for more information on the County’s business-type activities. Significant changes in the business-type activities Statement of Net Position included increases in cash as well as increases in capital assets. This was due in part to the Water Utilities Department taking control over the Glades Utility Authority (GUA) during fiscal year 2013.

**Palm Beach County, Florida**  
**Changes in Net Position (in millions)**

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 322	\$ 291	\$ 244	\$ 234	\$ 566	\$ 525
Operating grants and contributions	183	224	-	-	183	224
Capital grants and contributions	14	20	35	30	49	50
	<u>519</u>	<u>535</u>	<u>279</u>	<u>264</u>	<u>798</u>	<u>799</u>
General Revenues:						
Ad valorem taxes	828	824			828	824
Other local taxes	112	108			112	108
State shared revenues	133	125			133	125
Franchise fees	34	35			34	35
Investment income	(4)	40	-	7	(4)	47
Other	4	3	-	-	4	3
Total revenues	<u>1,626</u>	<u>1,670</u>	<u>279</u>	<u>271</u>	<u>1,905</u>	<u>1,941</u>
<b>Expenses</b>						
General government	322	314			322	314
Public safety	786	760			786	760
Physical environment	38	29			38	29
Transportation	163	168			163	168
Economic environment	91	115			91	115
Human services	99	98			99	98
Culture and recreation	123	108			123	108
Interest expense	43	48			43	48
Department of Airports	-	-	75	74	75	74
Water Utilities Department	-	-	155	149	155	149
Total expenses	<u>1,665</u>	<u>1,640</u>	<u>230</u>	<u>223</u>	<u>1,895</u>	<u>1,863</u>
<b>Excess</b>	(39)	30	49	48	10	78
Transfers In (Out)	(2)	(3)	2	3	-	-
Special Items	-	-	64	(3)	64	(3)
<b>Change in net position</b>	<u>(41)</u>	<u>27</u>	<u>115</u>	<u>48</u>	<u>74</u>	<u>75</u>
Beginning net position	2,379	2,352	1,330	1,282	3,709	3,634
<b>Ending net position</b>	<u>\$ 2,338</u>	<u>\$ 2,379</u>	<u>\$ 1,445</u>	<u>\$ 1,330</u>	<u>\$ 3,783</u>	<u>\$ 3,709</u>

**Financial Analysis of the Government's Funds**

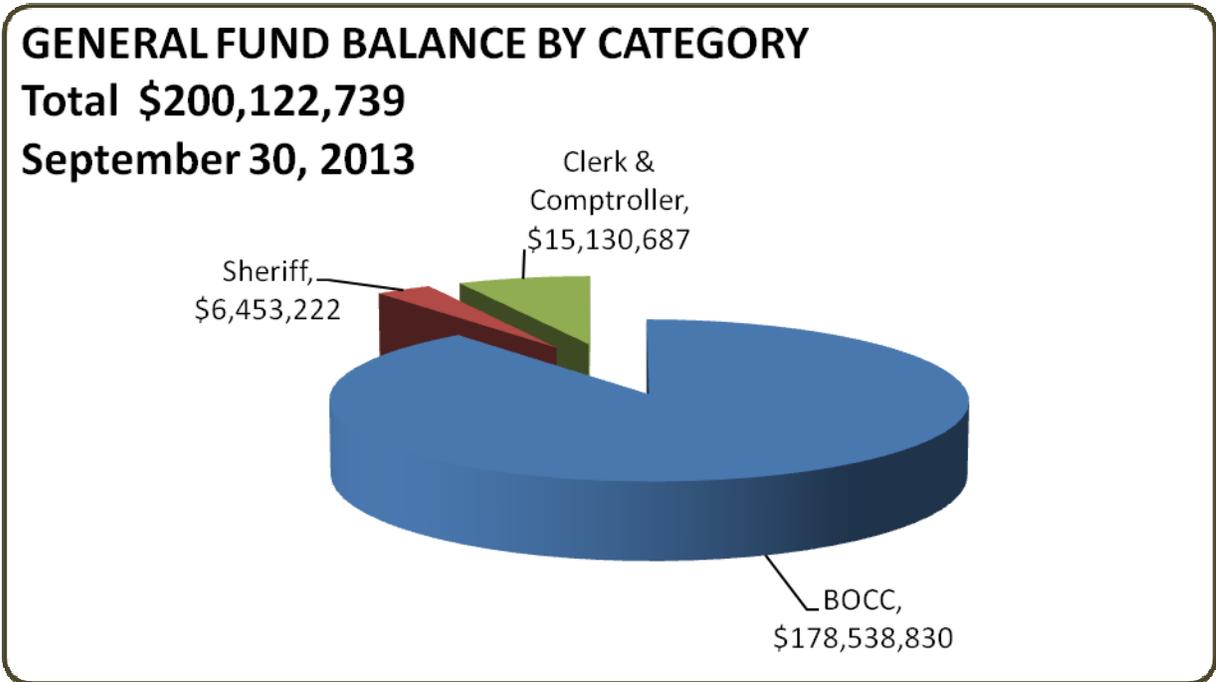
As mentioned earlier, the County uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provisions.

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in determining the County's financing resources.

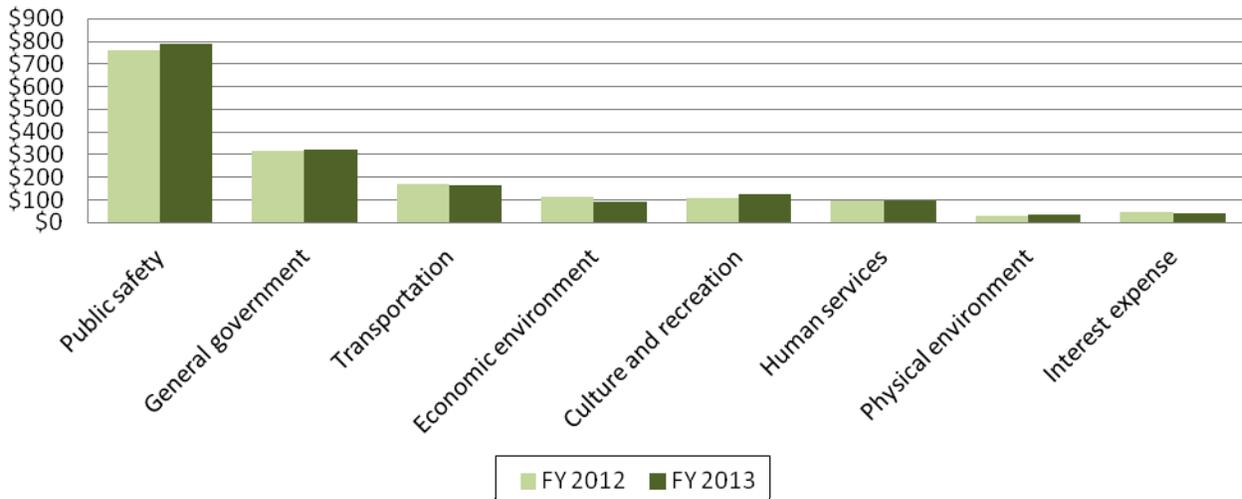
*Changes in Fund Balance – Governmental Funds*

At September 30, 2013, the County’s governmental funds reported combined ending fund balances of \$1.044 billion, a decrease of \$77.4 million from the previous year. Below are highlights of the change in fund balance.

- The decrease in the General Fund’s fund balance of \$17.4 million is primarily attributable to expenditures outpacing revenues for the 2013 fiscal year. General Government expenditures were higher by \$9.3 million from the previous year, while Public Safety expenditures were \$14.0 million higher than the previous fiscal year.
- The decrease in the Fire Rescue Special Revenue Fund of \$26.1 million is attributable to a decline in overall revenues coupled with higher costs during the fiscal year.
- The increase in the Community and Social Development Special Revenue Fund of \$6.4 million is partially attributable to lower expenditures as a result of a decrease in loans to borrowers for the Neighborhood Stabilization Programs.
- The decrease of \$13.6 million in the Road Program Capital Projects Fund is related to an overall increase in road related expenditures in the current fiscal year.
- The increase of \$1.7 million in the General Government Capital Projects Fund is due to an overall reduction in capital improvement related expenditures during the fiscal year.



**EXPENDITURES BY FUNCTION**  
**Governmental Activities**  
**Fiscal Years 2012 and 2013**  
(Amounts in millions)



**Proprietary funds.** The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Financial highlights of each of the County’s enterprise funds are as follows:

Department of Airports:

- Operating revenues remained relatively unchanged at \$65.4 million. Concession revenues car rental companies and other concession contracts increased by 4% resulting in a revenue increase of \$628,000. Landing fee revenue decreased by \$736,000 (12%) as a result of a 12% decrease in rates.
- Compared to the prior year, operating expenses (excluding depreciation and amortization) decreased by \$759,000 (2%) to \$39.8 million in fiscal year 2013. Cost savings were realized in the areas of Fire Rescue Services, contract services, and indirect costs assessed by Palm Beach County government operations.
- As a result of the factors above, 2013 operating income before depreciation increased \$654,000 over the prior year.

Water Utilities Department:

- ◆ The Department’s net assets increased by \$105 million, or 11.0%, compared to an increase of \$34.0 million, or 3.7% in fiscal year 2012.

- ◆ Long-term debt (net of the current portion) increased by \$11.4 million, or 6.0%, during the year.
- ◆ Operating revenues in fiscal year 2013 totaled \$162.4 million, an increase of \$8.6 million or 5.6%. Fiscal year 2013 included the effect of rate indexing and a .3% increase in the customer base.
- ◆ Operating expenses before depreciation and amortization and equity interest in net loss of joint venture totaled \$104.7 million, an increase of \$4.2 million or 4.2%.
- ◆ Non-operating income decreased by \$7.8 million, or 185.7% in fiscal year 2013.
- ◆ The Department showed net income before contributions, transfers, and special item of \$10.9 million for fiscal year 2013, a decrease of \$5.9 million or 35.1% from fiscal year 2012.

### **Budgetary Highlights**

Budget and actual comparison schedules are provided as Required Supplementary Information for the General Fund and all major special revenue funds with annually appropriated budgets. Budget and actual comparison schedules are also provided in the Combining and Individual Fund Statements and Schedules section for all nonmajor funds with annually appropriated budgets. The budget and actual comparison statements and schedules show the original adopted budget, the final revised budget, actual results and a variance between the final budget and actual results. There were no funds with total actual expenditures in excess of the final revised budget.

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, corrections or errors, new bond or loan proceeds, new grant awards and other revenues. During fiscal year 2013, supplemental appropriations to the Board of County Commissioners' budget excluding component units, were approximately \$201.1 million, or approximately 5% of the original adopted budget.

Differences between the original budget for fiscal year 2013 and the final amended budget for the General Fund can be summarized as follows:

- On March 12, 2013, the Board amended the budget to reflect the “true up” of the original budgeted beginning fund balance to the actual fund balance, which accounts for a \$30.1 million adjustment to the reserves for balances forward in the General Government budget, increased the Reserve for Contingency by \$1.3 million, reduced the transfer to the County Transportation Trust Fund in the amount of \$.3 million, reduced the budget by \$1.9 million to reclassify Engineering Services Division from the General Fund to the Transportation Improvement Fund, and \$193,000 transfer from contingency reserve for the Homeless Resource Center.
- On November 19, 2013, the Board amended the budget to reflect year-end adjustments. These adjustments included recognizing the transfer of excess reserve balances in internal service funds in the amount of \$7.9 million. These additional funds were appropriated as

follows: Contingency Reserves - \$6.7 million and transfer to the Palm Tran Operating Fund in the amount of \$1.2 million.

- The remaining amendments were primarily associated with new grants and carry forward of existing grant funds.

#### *Budget to Actual Expenditures*

- The year-end General Fund reserves budget was \$115.7 million, which represents 83% of the total unexpended appropriations in the fund. These unexpended funds will be carried over into fiscal year 2014 and will be re-appropriated.
- The Division of Juvenile Justice Pre-Predisposition costs were \$1.9 million under budget due to a revised State allocation of the costs to counties.
- The Property Appraiser's net cost was \$.5 million under budget primary due to an increase in excess fees returned to the County.
- Communications costs in the General Government cost center was \$.7 million under budget due to a new negotiated contract.
- Other Current Charges & Obligations in the General Government cost center was \$.8 million under budget due to negotiated contract which significantly reduced bank charges.
- The remaining unspent funds can be primarily attributed to County departments spending less than budgeted.

#### *Budget to Actual Revenues*

- Ad valorem tax collections were 96% of budget, in line with the historical collection rate. Florida Statutes require revenues to be budgeted at 95% of reasonably anticipated receipts. Palm Beach County budgets a negative 5% statutory reserve to accomplish this. Allowing for the reserve, ad valorem taxes were actually over collected by \$4.9 million. In addition, actual delinquent ad valorem tax collections were \$1.1 million over budget.
- Utility Service Tax (Gas) revenue was 31% over budget, primarily due to a local audit of payers.
- Utility Service Tax (Electric) revenue was 10% over budget. This revenue source is based on usage and is affected by area temperatures. Actual revenues are difficult to project.
- Communications Services Tax revenue was 12.5% over budget. However, this included a \$1.1 million adjustment due to a State audit. Excluding the \$1.1 million, actual revenue is 4.4% greater than FY 2012.

- Traffic Surcharge revenue was 12.5% under budget. This is directly due to a decline in civil traffic citations.
- Investment income was under budget. While interest income is reasonably estimable, GASB 31 has made it difficult to project investment income that will be recognized. Fair market gains and losses cannot be projected as they are driven by real time market conditions, resulting in variances in recognized income. Actual Net investment income was negative \$0.7 million, due to unrealized fair market changes.

*Budget to Actual – Other financing sources*

- Actual excess fees (transfers in) received from the Sheriff, Supervisor of Elections, and the Clerk amounted to \$20.7 million, \$15.6 million more than the budget.

### Capital Assets and Debt Administration

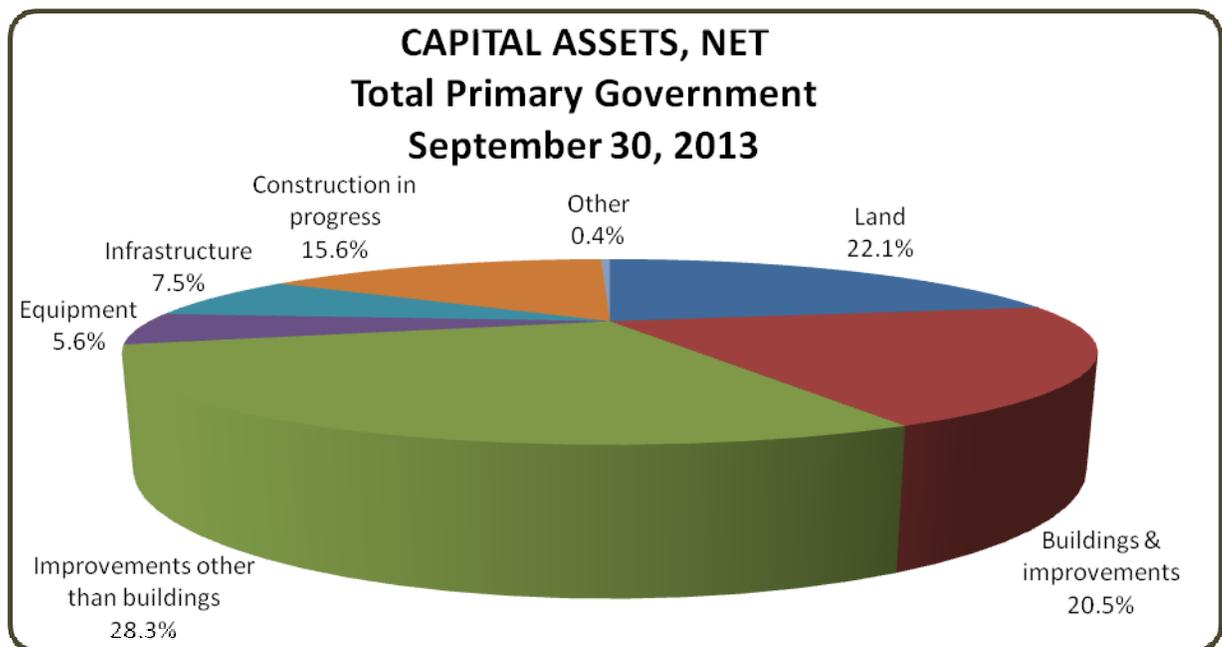
**Capital assets.** The County’s capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$3.865 billion (net of accumulated depreciation). This investment in capital assets includes a broad range of capital assets, including land, buildings and improvements, improvements other than buildings, equipment, infrastructure, and construction in progress. The total increase in the County’s capital assets for fiscal year 2013 was approximately 2% or \$77 million, all of which was attributable to business-type activities.

Palm Beach County, Florida						
Capital Assets, net of Accumulated Depreciation at Year-End (in millions)						
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2013	2012	2013	2012	2013	2012
Primary Government:						
Land	\$ 740	\$ 740	\$ 116	\$ 115	\$ 856	\$ 855
Buildings & improvements	549	561	239	238	788	799
Improvements other than buildings	192	167	903	819	1,095	986
Equipment	191	197	25	26	216	223
Infrastructure	291	303	-	-	291	303
Intangible - easement rights	-	-	11	12	11	12
Leasehold interest	-	-	-	4	-	4
Goodwill	-	-	5	6	5	6
Construction in progress	565	560	38	40	603	600
<b>TOTALS</b>	<b>\$ 2,528</b>	<b>\$ 2,528</b>	<b>\$ 1,337</b>	<b>\$ 1,260</b>	<b>\$ 3,865</b>	<b>\$ 3,788</b>

Major capital asset events during the fiscal year include the following:

- Substantially completed projects during fiscal year 2013 included \$2.9 million for the construction of a completely new Fire Rescue station being built in Pahokee to replace an old one. Also, \$3.6 million of construction, renovation and replacement went into the Belle Glade Branch Library and Civic Center. There were also roadway improvements made at 10<sup>th</sup> Ave North over the Keller Canal that totaled approximately \$870,000.

- Governmental activities Net Capital assets remained flat overall. Improvements other than buildings increased by \$25 million as well as a \$5 million increase in Construction in Progress, offset by reductions and the effects of depreciation in Buildings & improvements of \$12 million, Equipment of \$6 million, and Infrastructure of \$12 million.
- Business-type activities Net Capital assets increased overall by \$77 million to \$1.337 billion, primarily attributable to the Water Utilities Department absorbing the Glades Utility Authority (GUA).
- Major projects by the Water Utilities Department included new collection system piping and pipeline rehabilitation and expansion for \$12.7 million, Wellfield rehabilitation and expansion of \$13.1 million and replacement of the filters at Water Treatment Plan #2 for \$14.0 million.
- The Department of Airports expended \$17.1 million on capital activities. Completed projects during 2013 totaling \$31.3 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed in fiscal year 2013 involved airfield, parking garage and terminal improvements.



See Note 4, *Capital Assets*, in the *Notes to the Financial Statements* for additional information.

**Long-term liabilities.** At September 30, 2013, the primary government had 45 issues of bonded debt totaling \$1.263 billion. Of this amount, \$190 million comprises debt backed by the full faith and credit of the government, \$765 million is special obligation debt secured by dedicated revenue sources and \$308 million is secured by specified enterprise revenue sources. See chart below for more information.

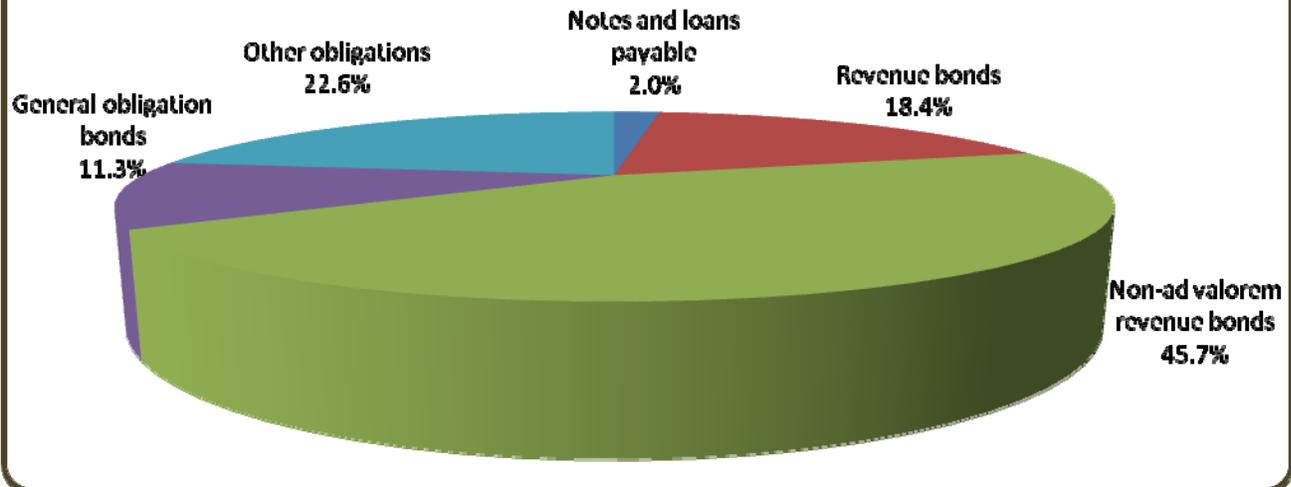
Palm Beach County, Florida							
Long-Term Liabilities at Year-End (in millions)							
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT		
	2013	2012	2013	2012	2013	2012	
General obligation bonds	\$ 190	\$ 210	\$ -	\$ -	\$ 190	\$ 210	
Non-ad valorem revenue bonds	765	824	-	-	765	824	
Revenue bonds	-	-	308	315	308	315	
Notes and loans payable	24	22	10	-	34	22	
Other obligations	374	338	4	5	378	343	
<b>TOTALS</b>	<b>\$ 1,353</b>	<b>\$ 1,394</b>	<b>\$ 322</b>	<b>\$ 320</b>	<b>\$ 1,675</b>	<b>\$ 1,714</b>	

**Bonded Debt.** The County's bond issues are rated by three primary bond rating agencies; Moody's Investors Service, Standard and Poor's and Fitch Ratings. These ratings, which are listed in the following chart, are indicative of the County's strong management team, broad-based economy, continually well-performing tax base, increasingly strong financial position, minimal debt requirements and high quality residential tax base. At September 30, 2013, the County's non-ad valorem revenues were 3.62 times the debt service required in the current or any future fiscal year.

<u>Type of Debt Issue</u>	<u>Moody's</u>	<u>Fitch Ratings</u>	<u>S&amp;P</u>
General obligation bonds	Aaa	AAA	AAA
Non-ad valorem revenue bonds	Aa1	AA+	AA+
Water and Sewer System Enterprise revenue bonds	Aaa	AAA	AAA
Water and Wastewater System Enterprise revenue bonds	Aaa	AAA	AAA
Airport System Enterprise revenue bonds	A2	A	A

Note: Highest rating: AAA/Aaa Investment grade ratings: AAA/Aaa through BBB/Baa, Lowest Rating: C

**LONG-TERM LIABILITIES**  
**Total Primary Government**  
**September 30, 2013**



See Note 13, *Long-Term Debt*, in the *Notes to the Financial Statements* for additional information.

**Economic Factors**

Local, national, and international economic factors influence the County’s revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, fuel taxes, charges for services, state revenue sharing as well as state and federal grants. Economic growth may be measured by a variety of indicators such as job growth, employment, tourism, new construction and assessed values, diversification of the property tax base, and Enterprise Fund revenue and net position growth.

- The County’s population increased from 1,335,415 in 2012 to 1,345,652 in 2013, an increase of 10,237 people or .76%.
- The civilian labor force for Palm Beach County increased from 622,775 at September 30, 2012 to 640,219 at September 30, 2013. The County’s unemployment rate decreased from 9.2% at September 30, 2012 to 7.1% at September 30, 2013.
- Gross property taxes levied for fiscal year 2013 increased from \$855.0 million in 2012 to \$859.5 million for 2013, an increase of \$4.5 million.
- Palm Beach County has a diversified property tax base. The ten largest property taxpayers in the County represent 13.6% of the total ad valorem property taxes levied.
- Residential building permits issued in Palm Beach County for both single family and multi-family units rose from 4,244 in 2012 to 5,051 in 2013, an increase of 19%.

- The median sales price for a single-family home in Palm Beach County rose from \$212,000 in 2012 to \$244,000 in 2013, an increase of 15%. Statewide, the median sales price rose from \$145,000 in 2012 to \$168,000 in 2013, an increase of 16%.
- Foreclosure filings in Palm Beach County decreased from 15,419 in 2012 to 9,857 in 2013, a decrease of 36%.
- It was a strong showing for tourism in Palm Beach County during the year. Tourist development tax increased from \$28.8 million in fiscal year 2012 to \$30.5 in fiscal year 2013; an increase of \$1.7 million or 5.9%.

More information on economic factors is provided in the *Statistical Section*.

### **To Obtain Further Information**

This financial report was designed to provide an overview of the County's finances. If you have any questions concerning budgets, long-term financial planning, future debt issuances, or questions related to the management of County operations, please contact the County Administrator at:

County Administrator  
301 North Olive Avenue, 11<sup>th</sup> Floor  
West Palm Beach, FL 33401

If you have any questions concerning the Basic Financial Statements or other accounting information in this report, please contact the Financial Reporting Manager at:

Clerk & Comptroller, Palm Beach County  
Finance Department  
301 North Olive Avenue, 2<sup>nd</sup> Floor  
West Palm Beach, FL 33401





# Basic Financial Statements

The Basic Financial Statements subsection includes the government-wide financial statements, which incorporate governmental and business type activities of Palm Beach County and activities of component units in order to provide an overview of the financial position and results of operation for the reporting entity. This subsection also includes the fund financial statements of the County and the accompanying notes to the financial statements.





PALM BEACH COUNTY, FLORIDA  
Statement of Net Position  
September 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 750,667,164	\$ 282,800,155	\$ 1,033,467,319
Interest receivable	252,034	670,300	922,334
Accounts receivable - net	22,441,529	21,944,143	44,385,672
Internal Balances	(7,333,722)	7,333,722	-
Due from primary government	-	-	-
Due from other governments	64,552,952	2,885,839	67,438,791
Due from component units	351,938	-	351,938
Inventory	14,029,382	8,067,145	22,096,527
Other assets	7,529,098	1,361,018	8,890,116
Other receivable - noncurrent	19,385,609	15,821,999	35,207,608
Investment in joint ventures	-	44,412,687	44,412,687
Deferred debt issuance costs	5,997,064	2,427,315	8,424,379
Noncurrent restricted cash, cash equivalents and investments	424,066,793	68,772,198	492,838,991
Capital assets			
Non-depreciable capital assets	1,305,170,727	154,917,754	1,460,088,481
Depreciable capital assets, net	1,222,583,279	1,181,810,526	2,404,393,805
<b>Total assets</b>	<b>3,829,693,847</b>	<b>1,793,224,801</b>	<b>5,622,918,648</b>
<b>LIABILITIES</b>			
Vouchers payable and accruals	70,857,634	10,810,269	81,667,903
Due to primary government	-	-	-
Due to other governments	18,599,639	968,113	19,567,752
Due to component units	9,029,044	78,520	9,107,564
Due to individuals	712,232	7,261,123	7,973,355
Accrued interest payable	15,484,660	7,332,715	22,817,375
Unearned revenue	12,520,483	142,995	12,663,478
Other current liabilities	11,262,809	-	11,262,809
Long-term liabilities			
Long-term liabilities due within one year	113,300,041	20,230,200	133,530,241
Long-term liabilities due in more than one year	1,239,583,831	301,541,791	1,541,125,622
<b>Total liabilities</b>	<b>1,491,350,373</b>	<b>348,365,726</b>	<b>1,839,716,099</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,665,496,482	1,044,481,295	2,709,977,777
Restricted for:			
Debt service	16,547,916	20,950,838	37,498,754
Capital projects	357,963,333	49,764,811	407,728,144
Library services	9,890,654	-	9,890,654
Fire rescue services	51,687,914	-	51,687,914
Tourist development programs	23,608,784	-	23,608,784
Grant programs	32,744,017	-	32,744,017
Environmental protection programs	11,364,596	-	11,364,596
Public safety and judicial programs	27,349,537	-	27,349,537
Other services and programs	44,734,607	10,266,775	55,001,382
Unrestricted	96,955,634	319,395,356	416,350,990
<b>Total net position</b>	<b>\$ 2,338,343,474</b>	<b>\$ 1,444,859,075</b>	<b>\$ 3,783,202,549</b>

The notes to the financial statements are an integral part of this statement.

Component Units			
Metropolitan Planning Organization	Housing Finance Authority	Westgate/ Belvedere Homes Community Redevelopment Agency	Solid Waste Authority
\$ 100	\$ 7,097,928	\$ 1,173,391	\$ 355,956,538
-	11,015	-	256,776
-	296,891	490,341	4,103,384
-	-	-	-
187,487	4,385,933	-	4,534,145
331,705	-	-	-
-	-	-	-
-	-	-	5,885,307
13,955	55,415	2,935,377	3,816,343
-	-	-	-
-	-	-	-
-	-	44,516	11,708,819
-	-	-	298,724,239
-	-	4,390,028	603,219,536
-	-	2,577,862	505,745,533
533,247	11,847,182	11,611,515	1,793,950,620
77,800	110,724	135,191	39,647,138
2,336	-	-	349,602
9,889	-	639,575	-
-	-	-	-
-	-	-	479,175
-	-	-	24,468,037
-	-	111,273	-
-	306,652	16,500	377,000
10,956	-	534,640	17,912,154
83,488	-	1,964,294	1,156,334,576
184,469	417,376	3,401,473	1,239,567,682
-	-	6,707,890	422,247,088
-	-	283,694	-
-	-	801,814	13,296,621
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	2,913,672	-	19,509,114
348,778	8,516,134	416,644	99,330,115
\$ 348,778	\$ 11,429,806	\$ 8,210,042	\$ 554,382,938

PALM BEACH COUNTY, FLORIDA  
Statement of Activities  
For the fiscal year ended September 30, 2013

	Expenses		Program Revenues		
	Direct	Indirect	Fines, Fees and Charges for Services	Operating Grants, Contributions and Restricted Interest Income	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
General Government	\$ 339,094,692	\$ (17,184,046)	\$ 124,520,179	\$ 30,190,159	\$ 6,584,918
Public Safety	780,486,100	5,892,988	126,581,672	10,616,598	272,948
Physical Environment	37,638,256	-	7,875,400	10,077,761	1,598,608
Transportation	162,593,689	-	34,130,936	44,814,838	5,743,775
Economic Environment	91,295,360	44,442	3,846,217	48,500,677	-
Human Services	97,703,305	955,017	3,422,947	37,658,417	-
Culture and Recreation	120,292,633	3,219,379	21,214,293	1,388,531	-
Interest Expense	43,439,813	-	-	-	-
<b>Total Governmental Activities</b>	<b>1,672,543,848</b>	<b>(7,072,220)</b>	<b>321,591,644</b>	<b>183,246,981</b>	<b>14,200,249</b>
Business Activities					
Department of Airports	73,486,930	1,058,688	77,052,942	-	6,482,384
Water Utilities Department	148,970,453	5,902,013	166,506,631	-	28,384,556
<b>Total Business Activities</b>	<b>222,457,383</b>	<b>6,960,701</b>	<b>243,559,573</b>	<b>-</b>	<b>34,866,940</b>
<b>Total Primary Government</b>	<b>\$ 1,895,001,231</b>	<b>\$ (111,519)</b>	<b>\$ 565,151,217</b>	<b>\$ 183,246,981</b>	<b>\$ 49,067,189</b>
<b>COMPONENT UNITS</b>					
Metropolitan Planning Organization	\$ 1,407,926	\$ 111,519	\$ -	\$ 1,780,036	\$ -
Housing Finance Authority	597,261	-	533,022	227,503	-
Westgate/Belvedere CRA	3,425,664	-	-	2,760,142	-
Solid Waste Authority	216,883,777	-	261,924,954	1,261,126	2,490,891
<b>Total Component Units</b>	<b>\$ 222,314,628</b>	<b>\$ 111,519</b>	<b>\$ 262,457,976</b>	<b>\$ 6,028,807</b>	<b>\$ 2,490,891</b>
General Revenues					
Taxes - levied by the County					
Ad-valorem taxes					
Utility service taxes					
Local option gas taxes					
Tourist development taxes					
State shared sales tax-unrestricted					
Franchise gross receipts fee					
State shared revenues-unrestricted					
Interest income					
Net change in fair value of investments					
Other general revenues					
Transfers - net					
Special item					
<b>Total general revenues, transfers and special item</b>					
Increase (decrease) in net position					
Beginning net position, October 1, 2012					
Ending net position, September 30, 2013					

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Metropolitan Planning Organization	Housing Finance Authority	Westgate/ Belvedere Homes	Solid Waste Authority
					Community Redevelopment Agency	
\$ (160,615,390)	\$ -	\$ (160,615,390)	\$ -	\$ -	\$ -	\$ -
(648,907,870)	-	(648,907,870)	-	-	-	-
(18,086,487)	-	(18,086,487)	-	-	-	-
(77,904,140)	-	(77,904,140)	-	-	-	-
(38,992,908)	-	(38,992,908)	-	-	-	-
(57,576,958)	-	(57,576,958)	-	-	-	-
(100,909,188)	-	(100,909,188)	-	-	-	-
(43,439,813)	-	(43,439,813)	-	-	-	-
<u>(1,146,432,754)</u>	<u>-</u>	<u>(1,146,432,754)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	8,989,708	8,989,708	-	-	-	-
-	40,018,721	40,018,721	-	-	-	-
-	49,008,429	49,008,429	-	-	-	-
<u>\$ (1,146,432,754)</u>	<u>\$ 49,008,429</u>	<u>\$ (1,097,424,325)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 260,591	\$ -	\$ -	\$ -
-	-	-	-	163,264	-	-
-	-	-	-	-	(665,522)	-
-	-	-	-	-	-	48,793,194
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,591</u>	<u>\$ 163,264</u>	<u>\$ (665,522)</u>	<u>\$ 48,793,194</u>
\$ 827,864,189	\$ -	\$ 827,864,189	\$ -	\$ -	\$ 1,078,222	\$ -
35,925,527	-	35,925,527	-	-	-	-
45,494,125	-	45,494,125	-	-	-	-
30,523,694	-	30,523,694	-	-	-	-
74,054,478	-	74,054,478	-	-	-	-
34,540,341	-	34,540,341	-	-	-	-
58,432,861	-	58,432,861	-	-	-	-
27,370,088	6,850,867	34,220,955	-	-	449	-
(30,757,784)	(6,666,284)	(37,424,068)	-	-	-	-
4,251,955	-	4,251,955	-	-	66,959	-
(1,989,879)	1,989,879	-	-	-	-	-
-	63,928,507	63,928,507	-	-	-	-
<u>1,105,709,595</u>	<u>66,102,969</u>	<u>1,171,812,564</u>	<u>-</u>	<u>-</u>	<u>1,145,630</u>	<u>-</u>
(40,723,159)	115,111,398	74,388,239	260,591	163,264	480,108	48,793,194
<u>2,379,066,633</u>	<u>1,329,747,677</u>	<u>3,708,814,310</u>	<u>88,187</u>	<u>11,266,542</u>	<u>7,729,934</u>	<u>505,589,744</u>
<u>\$ 2,338,343,474</u>	<u>\$ 1,444,859,075</u>	<u>\$ 3,783,202,549</u>	<u>\$ 348,778</u>	<u>\$ 11,429,806</u>	<u>\$ 8,210,042</u>	<u>\$ 554,382,938</u>



## DESCRIPTIONS OF MAJOR FUNDS

### GOVERNMENTAL FUNDS

**General Fund** - To account for all financial resources of the general government except those required to be accounted for in other funds. The General Fund is subdivided into the following categories: Board of County Commissioners (BOCC), Sheriff, Clerk & Comptroller, Tax Collector, Property Appraiser and the Supervisor of Elections.

**Fire Rescue Special Revenue Fund** - To account for ad-valorem taxes and other revenues designated for fire rescue services.

**Community & Social Development Special Revenue Fund** - To account for governmental grant funds and other revenues designated for community and social services.

**Road Program Capital Projects** - To account for costs related to the design, acquisition of rights-of-way and construction of improvements to the County's major thoroughfare road system, primarily represented by the County's Five Year Road Program.

**General Government Capital Projects** - To account for costs of capital improvements not included in any other category.

### PROPRIETARY FUNDS

**Airports** - To account for activities related to the operation of the four County-owned airports - Palm Beach International Airport in West Palm Beach and three general aviation airports located in Lantana, Pahokee and Palm Beach Gardens.

**Water Utilities** - To account for activities related to the operation of the County-owned water and sewage system which provides water and sewer services to portions of the unincorporated area of the County as well as to certain municipalities.

PALM BEACH COUNTY, FLORIDA  
Balance Sheet  
Governmental Funds  
September 30, 2013

	MAJOR FUNDS		
	General Fund	Fire Rescue Special Revenue Fund	Community & Social Development Special Revenue Fund
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 237,193,393	\$ 94,714,177	\$ 2,750
Accounts receivable, net	11,231,115	1,320,722	1,149,193
Due from other county funds	38,832,903	4,158,790	5,010,550
Due from other governments	10,476,314	6,201,825	23,667,936
Due from component unit	347,164	750	-
Inventory	5,993,719	2,745,384	-
Other assets	696,054	75	-
Other receivable, noncurrent	4,000,000	-	12,520,609
<b>Total assets</b>	<b>\$ 308,770,662</b>	<b>\$ 109,141,723</b>	<b>\$ 42,351,038</b>
<b>LIABILITIES</b>			
Vouchers payable and accrued liabilities	\$ 31,082,662	\$ 10,377,337	\$ 4,946,320
Due to other county funds	23,353,298	158,426	14,673,129
Due to other governments	16,585,105	35,864	997,497
Due to component unit	9,019,340	-	-
Due to individuals	25,003	-	596,308
Insurance claims payable	1,992,492	-	-
Deferred and unearned revenue	15,339,209	3,432,826	21,475,658
Other liabilities	11,250,814	-	1,098
<b>Total liabilities</b>	<b>108,647,923</b>	<b>14,004,453</b>	<b>42,690,010</b>
<b>FUND BALANCE</b>			
Non-Spendable			
Inventory	5,993,719	2,745,384	-
Prepaid items	373,148	-	-
Spendable			
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	-
Library services	-	-	-
Fire rescue services	-	92,391,886	-
Tourist development programs	-	-	-
Grant programs	-	-	1,794,196
Environmental protection programs	-	-	-
Public safety and judicial programs	18,011,430	-	-
Other services and programs	-	-	4,417,185
Assigned to:			
Debt service	-	-	-
Capital projects	-	-	-
Tourist development programs	-	-	-
Public safety and judicial programs	200,000	-	-
Other services and programs	-	-	-
Unassigned	175,544,442	-	(6,550,353)
<b>Total fund balance (deficit)</b>	<b>200,122,739</b>	<b>95,137,270</b>	<b>(338,972)</b>
<b>Total liabilities and fund balance</b>	<b>\$ 308,770,662</b>	<b>\$ 109,141,723</b>	<b>\$ 42,351,038</b>

The notes to the financial statements are an integral part of this statement.

Road Program Capital Projects	General Government Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 350,131,916	\$ 114,092,248	\$ 286,618,513	\$ 1,082,752,997
-	11,735	6,763,243	20,476,008
4,747	1,601,180	13,800,836	63,409,006
5,287,352	799,120	17,954,394	64,386,941
-	-	-	347,914
-	-	4,113,410	12,852,513
-	-	967,292	1,663,421
-	-	2,865,000	19,385,609
<u>\$ 355,424,015</u>	<u>\$ 116,504,283</u>	<u>\$ 333,082,688</u>	<u>\$ 1,265,274,409</u>

\$ 7,186,521	\$ 1,702,703	\$ 11,544,456	\$ 66,839,999
106,855	-	20,289,593	58,581,301
334	-	840,547	18,459,347
-	-	9,704	9,029,044
-	-	90,921	712,232
-	-	-	1,992,492
1,067,542	62,400	13,269,820	54,647,455
-	-	10,897	11,262,809
<u>8,361,252</u>	<u>1,765,103</u>	<u>46,055,938</u>	<u>221,524,679</u>

-	-	4,113,410	12,852,513
-	-	6,818	379,966
-	-	25,784,967	25,784,967
256,273,435	42,282,171	108,536,097	407,091,703
-	-	12,220,468	12,220,468
-	-	-	92,391,886
-	-	23,608,784	23,608,784
-	-	31,016,008	32,810,204
-	-	11,378,079	11,378,079
-	-	13,029,443	31,040,873
-	-	30,359,960	34,777,145
-	-	190,944	190,944
90,789,328	72,461,308	23,015,552	186,266,188
-	-	4,662,085	4,662,085
-	-	-	200,000
-	-	6,058,387	6,058,387
-	(4,299)	(6,954,252)	162,035,538
<u>347,062,763</u>	<u>114,739,180</u>	<u>287,026,750</u>	<u>1,043,749,730</u>
<u>\$ 355,424,015</u>	<u>\$ 116,504,283</u>	<u>\$ 333,082,688</u>	<u>\$ 1,265,274,409</u>

PALM BEACH COUNTY, FLORIDA  
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position - Governmental Activities  
 September 30, 2013

**Fund balance for total of governmental funds (page 9)** \$ 1,043,749,730

**Amounts reported for governmental activities in the statement of net position are different because:**

**Report internal service funds as governmental activities**

Internal service funds are used by management to charge the costs of certain activities, such as insurance, computer services, and vehicles to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position per fund statements	\$	52,686,559	
Less amount due to business-type activities for 'look-back' allocation		<u>(6,069,167)</u>	
			46,617,392

**Report as a liability general long-term debt obligations**

Liabilities that are not due and payable in the current period are not payable from current financial resources and therefore are not reported in the governmental fund statements.

General obligation bonds payable		(187,210,000)	
Non-ad valorem bonds payable		(736,861,034)	
Notes and loans payable		(24,488,557)	
Compensated absences		(138,423,139)	
Net OPEB obligation		(117,572,495)	
Claims and judgments		(35,611,209)	
Unamortized premium		(47,619,231)	
Arbitrage accrued		(355,684)	
Net pension obligation		(21,832,483)	
Termination benefits		(187,553)	
Capital lease obligation		(596,587)	
Deferred loss on refundings		<u>17,190,487</u>	
			(1,293,567,485)

**Report as an asset the cost of general capital assets and accumulated depreciation**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.

Non-depreciable capital assets		1,305,170,727	
Depreciable capital assets, net of accumulated depreciation		<u>1,201,651,025</u>	
			2,506,821,752

**Report other adjustments to convert from modified accrual to full accrual**

*Net OPEB Obligation Asset*

Cumulative plan contributions in excess of ARC is reported as an asset.

However, the plan contributions are reported as expenditures in the governmental fund statements. 1,610,961

*Deferred Debt Issuance Costs*

Issue cost for new debt is reported as a deferred charge and amortized over the life of the debt as an expense. However, issue costs are recorded as expenditures in the governmental fund statements. 5,997,064

*Accrued Interest Payable*

Accrued Interest Payable that is not due and payable in the current period is not reported in the governmental fund statements. (15,484,660)

*Deferred Revenue*

Revenue is recognized when earned. However, revenue is deferred until the current financial resources are available in the governmental fund statements. 42,598,720

34,722,085

**Net position of governmental activities (page 2)**

**\$ 2,338,343,474**



PALM BEACH COUNTY, FLORIDA  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the fiscal year ended September 30, 2013

	MAJOR FUNDS		
	General Fund	Fire Rescue Special Revenue Fund	Community & Social Development Special Revenue Fund
<b>Revenues:</b>			
Taxes (net of discount)	\$ 642,471,586	\$ 185,226,561	\$ -
Special assessments	-	272,948	-
Licenses and permits	32,782,249	16,107	-
Intergovernmental	129,430,482	339,278	86,148,336
Charges for services	203,285,671	32,995,738	604,467
Less - excess fees paid out	(38,411,704)	-	-
Fines and forfeitures	2,969,695	-	-
Interest Income	3,625,425	3,237,582	796,033
Net change in fair value of investments	(4,328,215)	(3,608,671)	(47,748)
Miscellaneous	8,103,575	688,812	2,562,302
<b>Total revenues</b>	<b>979,928,764</b>	<b>219,168,355</b>	<b>90,063,390</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	250,052,526	-	6,055
Public safety	458,095,908	241,847,689	2,874,833
Physical environment	10,821,361	-	413,240
Transportation	4,235,000	-	35,713
Economic environment	22,985,436	452,522	45,130,062
Human services	50,421,363	-	47,132,532
Culture and recreation	50,994,517	-	-
Capital outlay	19,027,900	10,516,808	544,542
Debt service	-	-	988,769
<b>Total expenditures</b>	<b>866,634,011</b>	<b>252,817,019</b>	<b>97,125,746</b>
<b>Excess of revenues over (under) expenditures</b>	<b>113,294,753</b>	<b>(33,648,664)</b>	<b>(7,062,356)</b>
<b>Other financing sources (uses):</b>			
Transfers in	22,873,921	7,740,420	13,102,523
Transfers out	(153,860,235)	(259,835)	(3,001,242)
Capital lease	-	-	-
Issuance of long-term debt	-	-	3,365,000
<b>Total other financing sources (uses)</b>	<b>(130,986,314)</b>	<b>7,480,585</b>	<b>13,466,281</b>
<b>Net change in fund balances</b>	<b>(17,691,561)</b>	<b>(26,168,079)</b>	<b>6,403,925</b>
Fund balances (deficit), October 1, 2012	217,550,022	121,208,228	(6,742,897)
<b>Change in nonspendable fund balance</b>	<b>264,278</b>	<b>97,121</b>	<b>-</b>
<b>Fund balances (deficit), September 30, 2013</b>	<b>\$ 200,122,739</b>	<b>\$ 95,137,270</b>	<b>\$ (338,972)</b>

The notes to the financial statements are an integral part of this statement.

Road Program Capital Projects	General Government Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 9,291,029	\$ 395	\$ 131,760,656	\$ 968,750,227
19,674,407	1,990,349	19,111,003	41,048,707
-	-	20,617,070	53,415,426
9,155,144	1,967,362	64,064,136	291,104,738
3,733	983,220	34,945,091	272,817,920
-	-	-	(38,411,704)
-	1,383,484	2,837,386	7,190,565
7,774,542	2,517,060	7,574,890	25,525,532
(9,349,645)	(3,016,973)	(8,173,028)	(28,524,280)
7,171,962	819,316	10,709,066	30,055,033
<u>43,721,172</u>	<u>6,644,213</u>	<u>283,446,270</u>	<u>1,622,972,164</u>
2,807,611	16,575,997	21,165,687	290,607,876
-	-	19,080,217	721,898,647
-	188,421	25,374,852	36,797,874
3,589,529	1,169,020	114,316,658	123,345,920
445,512	197,885	22,141,981	91,353,398
-	56,994	478,114	98,089,003
-	697	55,287,819	106,283,033
50,307,095	4,028,549	31,401,571	115,826,465
-	385,807	138,537,987	139,912,563
<u>57,149,747</u>	<u>22,603,370</u>	<u>427,784,886</u>	<u>1,724,114,779</u>
<u>(13,428,575)</u>	<u>(15,959,157)</u>	<u>(144,338,616)</u>	<u>(101,142,615)</u>
814,000	10,406,173	142,528,341	197,465,378
(1,028,107)	(2,789,913)	(27,408,314)	(188,347,646)
-	-	722,603	722,603
-	10,032,000	-	13,397,000
<u>(214,107)</u>	<u>17,648,260</u>	<u>115,842,630</u>	<u>23,237,335</u>
<u>(13,642,682)</u>	<u>1,689,103</u>	<u>(28,495,986)</u>	<u>(77,905,280)</u>
360,705,445	113,050,077	315,347,227	1,121,118,102
-	-	175,509	536,908
<u>\$ 347,062,763</u>	<u>\$ 114,739,180</u>	<u>\$ 287,026,750</u>	<u>\$ 1,043,749,730</u>

PALM BEACH COUNTY, FLORIDA  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities - Governmental Activities  
 For the fiscal year ended September 30, 2013

Net change in fund balances for total governmental funds (page 13) \$ (77,905,280)

Amounts reported for governmental activities in the statement of activities are different because:

***Report internal service funds as governmental activities***

Internal service funds are used by management to charge the cost of certain activities, such as vehicles and insurance to individual funds. The net income of the internal service funds is reported with governmental activities.

Net income per fund statements	\$ 1,658,915	
Plus current year allocation of internal service funds to business-type activities	(1,459,651)	
		199,264

***Report as a liability long-term debt obligations***

Debt issuance and capital leases

Debt and capital leases provide current financial resources to governmental funds, but such activities increase long-term liabilities in the statement of net position.

Current year face value of debt issued	(13,397,000)	
Current year capital leases assumed	(722,603)	

Governmental funds report the premium and discount as other financing sources/uses when debt is issued, but in the statement of activities these amounts are amortized to interest expense over the term of the debt.

Current year amortization & retirement of premium / discount	5,278,172	
--	-----------	--

Governmental funds report the effect of gains and losses on refundings when the debt is first issued, but in the statement of activities these amounts are deferred and amortized.

Current year amortization & retirement of deferred refunding gain / loss	(2,592,781)	
--	-------------	--

Debt retirement

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not result in an expense.

88,153,933

The change in accrued liabilities reported as long-term obligations do not require the use of current financial resources and therefore are not reported in the governmental fund statements.

Net change in arbitrage 'long term' accrued liability	6,881,636	
Net change in OPEB Obligation	(23,962,120)	
Net change in estimated self-insurance obligation	(2,027,068)	
Net change in termination benefits	722,707	
Net change in Net Pension Obligation	(6,466,438)	
Net change in compensated absences liability	(9,459,026)	
		42,409,412

PALM BEACH COUNTY, FLORIDA  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities - Governmental Activities  
 For the fiscal year ended September 30, 2013

***Report as an asset the cost of general capital assets and accumulated depreciation***

Acquisition of capital assets

Governmental funds report capital outlays as expenditures, but capital purchases increase assets in the statement of net position and do not result in an expense. 116,065,284

Acquisition of capital assets from contributions do not generate current financial resources and therefore are not reported in the governmental fund statements as revenue. 4,585,626

Depreciation expense

The cost of capital assets is allocated over their useful life as depreciation expense. However, depreciation does not require the use of current financial resources and therefore is not reported in the governmental fund statements. (111,019,357)

Retirement of capital assets

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance. (7,703,276)

1,928,277

***Report other adjustments for converting from modified accrual to full accrual***

Net change in deferred issue costs:

Current year debt issue costs deferred 30,698  
 Current year amortization & retirement of deferred issue costs (774,727)

(744,029)

Net change in inventory 536,908

Net change in OPEB Obligation Asset 461,600

Net change in accrued interest payable 598,241

Net change in deferred revenue (8,207,552)

(7,354,832)

**Change in net position of governmental activities (page 5)**

**\$ (40,723,159)**

PALM BEACH COUNTY, FLORIDA  
Statement of Net Position  
Proprietary Funds  
September 30, 2013

	Business-type Activities -	
	Airports	Water Utilities
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 61,762,842	\$ 186,336,685
Cash and cash equivalents - restricted	323,636	19,827,684
Cash with fiscal agent - restricted	14,549,308	-
Interest receivable - restricted	-	670,300
Accounts receivable, net	2,458,316	16,785,529
Due from other county funds	234,710	1,705,432
Due from other governments	1,746,661	1,139,178
Due from component unit	-	-
Inventory	1,427,974	6,639,171
Current portion of other receivables	142,451	815,332
Other assets	1,023,791	337,227
<b>Total current assets</b>	<b>83,669,689</b>	<b>234,256,538</b>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	56,449,037	12,323,161
Accounts receivable, net	1,742,515	-
<b>Total noncurrent restricted assets</b>	<b>58,191,552</b>	<b>12,323,161</b>
Capital assets:		
Land	100,114,058	15,576,758
Buildings	361,426,437	112,560,757
Improvements other than buildings	235,168,820	1,286,438,094
Furniture, fixtures and equipment	41,572,681	69,426,998
Goodwill	-	6,915,903
Intangible - easement rights	13,754,957	1,660,856
Accumulated depreciation and amortization	(393,464,143)	(551,989,978)
Construction in progress	9,494,815	28,071,267
<b>Total capital assets</b>	<b>368,067,625</b>	<b>968,660,655</b>
Investment in joint ventures	-	44,412,687
Other receivables, noncurrent	74,311	15,747,688
Deferred debt issuance costs	1,219,693	1,207,622
<b>Total noncurrent assets</b>	<b>427,553,181</b>	<b>1,042,351,813</b>
<b>Total assets</b>	<b>\$ 511,222,870</b>	<b>\$ 1,276,608,351</b>

The notes to the financial statements are an integral part of this statement.

<u>Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
Totals	
\$ 248,099,527	\$ 91,980,960
20,151,320	-
14,549,308	-
670,300	-
19,243,845	2,217,555
1,940,142	4,427,412
2,885,839	166,011
-	4,024
8,067,145	1,176,869
957,783	-
1,361,018	4,254,716
<u>317,926,227</u>	<u>104,227,547</u>
68,772,198	-
1,742,515	-
<u>70,514,713</u>	<u>-</u>
115,690,816	-
473,987,194	206,558
1,521,606,914	512,286
110,999,679	75,311,434
6,915,903	-
15,415,813	-
(945,454,121)	(55,098,024)
37,566,082	-
<u>1,336,728,280</u>	<u>20,932,254</u>
44,412,687	-
15,821,999	-
2,427,315	-
<u>1,469,904,994</u>	<u>20,932,254</u>
<u>\$ 1,787,831,221</u>	<u>\$ 125,159,801</u>

PALM BEACH COUNTY, FLORIDA  
Statement of Net Position  
Proprietary Funds  
September 30, 2013

	Business-type Activities -	
	Airports	Water Utilities
<b>LIABILITIES</b>		
Current liabilities payable from current assets:		
Vouchers payable and accrued liabilities	\$ 2,551,814	\$ 7,488,613
Due to other county funds	91,591	583,996
Due to other governments	123,268	843,861
Due to component unit	-	78,520
Unearned revenue	142,995	-
Current portion of long-term debt	8,189	26,460
Compensated absences	52,753	205,000
Insurance claims payable	-	-
Other liabilities	567,228	34,606
<b>Total current liabilities payable from current assets</b>	<b>3,537,838</b>	<b>9,261,056</b>
Current liabilities payable from restricted assets:		
Customers' deposits	255,975	7,005,148
Accounts and contracts payable	70,921	97,087
Due to other governments	-	984
Current portion of long-term debt	11,645,000	8,292,798
Interest payable on bonds	2,901,048	4,431,667
<b>Total current liabilities payable from restricted assets</b>	<b>14,872,944</b>	<b>19,827,684</b>
<b>Total current liabilities</b>	<b>18,410,782</b>	<b>29,088,740</b>
Noncurrent liabilities:		
Compensated absences	1,062,970	2,948,847
Revenue bonds payable, net	98,808,057	198,535,116
Insurance claims payable	-	-
Other long-term liabilities	42,569	144,232
<b>Total noncurrent liabilities</b>	<b>99,913,596</b>	<b>201,628,195</b>
<b>Total liabilities</b>	<b>118,324,378</b>	<b>230,716,935</b>
<b>NET POSITION</b>		
Net investment in capital assets	257,614,568	786,866,727
Restricted for:		
Debt service	13,220,549	7,730,289
Capital projects	48,764,811	1,000,000
Grants and other	9,766,775	500,000
Unrestricted	63,531,789	249,794,400
<b>Total net position</b>	<b>\$ 392,898,492</b>	<b>\$ 1,045,891,416</b>

Some amounts reported for business-type activities in the statement of net position (page 2) are different because certain internal service fund assets and liabilities are included with business-type activities.

Net position of business-type activities

The notes to the financial statements are an integral part of this statement.

<u>Enterprise Funds</u>		Governmental Activities Internal Service Funds
Totals		
\$ 10,040,427	\$ 4,017,635	
675,587	10,519,672	
967,129	140,292	
78,520	-	
142,995	471,748	
34,649	16,712	
257,753	-	
-	12,565,293	
601,834	-	
<u>12,798,894</u>	<u>27,731,352</u>	
7,261,123	-	
168,008	-	
984	-	
19,937,798	-	
7,332,715	-	
<u>34,700,628</u>	-	
<u>47,499,522</u>	<u>27,731,352</u>	
4,011,817	675,451	
297,343,173	-	
-	44,045,241	
186,801	21,198	
<u>301,541,791</u>	<u>44,741,890</u>	
<u>349,041,313</u>	<u>72,473,242</u>	
1,044,481,295	20,932,254	
20,950,838	-	
49,764,811	-	
10,266,775	-	
313,326,189	31,754,305	
1,438,789,908	<u>\$ 52,686,559</u>	
6,069,167		
<u>\$ 1,444,859,075</u>		

PALM BEACH COUNTY, FLORIDA  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the fiscal year ended September 30, 2013

	Business-type Activities -	
	Airports	Water Utilities
Operating revenues:		
Charges for services	\$ 62,512,872	\$ 156,771,830
Miscellaneous	2,860,379	5,625,370
<b>Total operating revenues</b>	<b>65,373,251</b>	<b>162,397,200</b>
Operating expenses:		
Aviation services	39,773,302	-
Water and sewer services	-	104,747,391
Transportation services	-	-
Self-insurance services	-	-
Equity interest in net loss of joint ventures	-	2,448,713
Depreciation and amortization	28,586,881	40,722,713
<b>Total operating expenses</b>	<b>68,360,183</b>	<b>147,918,817</b>
<b>Operating income (loss)</b>	<b>(2,986,932)</b>	<b>14,478,383</b>
Nonoperating revenues (expenses):		
Interest income	1,521,983	5,328,884
Net change in fair value of investments	(1,844,851)	(4,821,433)
Guaranteed revenue	-	4,109,431
Passenger facility charges	11,679,691	-
Deferred issue costs	(53,056)	(102,312)
Interest expense	(5,802,100)	(7,787,266)
Other revenues (expenses)	(584,406)	(269,595)
<b>Total nonoperating revenues (expenses)</b>	<b>4,917,261</b>	<b>(3,542,291)</b>
<b>Income before capital contributions, special item, and transfers</b>	<b>1,930,329</b>	<b>10,936,092</b>
Capital contributions	6,482,384	28,384,556
Special item - absorption of Glades Utility Authority	-	63,928,507
Transfers in	238,171	1,939,129
Transfers out	(37,421)	(150,000)
<b>Change in net position</b>	<b>8,613,463</b>	<b>105,038,284</b>
<b>Net position, October 1, 2012</b>	<b>384,285,029</b>	<b>940,853,132</b>
<b>Net position, September 30, 2013</b>	<b>\$ 392,898,492</b>	<b>\$ 1,045,891,416</b>

Some amounts reported for business-type activities in the statement of activities (page 5) are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in net position of business-type activities

The notes to the financial statements are an integral part of this statement.

<u>Enterprise Funds</u>	Governmental Activities Internal Service Funds
<u>Totals</u>	
\$ 219,284,702	\$ 133,988,092
8,485,749	-
<u>227,770,451</u>	<u>133,988,092</u>
39,773,302	-
104,747,391	-
-	24,046,395
-	91,990,883
2,448,713	-
69,309,594	7,430,174
<u>216,279,000</u>	<u>123,467,452</u>
<u>11,491,451</u>	<u>10,520,640</u>
6,850,867	1,959,539
(6,666,284)	(2,371,178)
4,109,431	-
11,679,691	-
(155,368)	-
(13,589,366)	-
(854,001)	2,657,525
<u>1,374,970</u>	<u>2,245,886</u>
12,866,421	12,766,526
34,866,940	-
63,928,507	-
2,177,300	-
(187,421)	(11,107,611)
<u>113,651,747</u>	<u>1,658,915</u>
	<u>51,027,644</u>
	<u>\$ 52,686,559</u>
1,459,651	
<u>\$ 115,111,398</u>	

PALM BEACH COUNTY, FLORIDA  
Statement of Cash Flows  
Proprietary Funds  
For the fiscal year ended September 30, 2013

	<u>Business-type Activities -</u>	
	Airports	Water Utilities
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 65,595,266	\$ 158,407,443
Cash received from other funds for goods and services	-	-
Cash payments to vendors for goods and services	(13,308,677)	(53,432,009)
Cash payments to employees for services	(10,637,634)	(30,383,852)
Cash payments to other funds	(16,896,220)	(19,924,864)
Claims paid	-	-
Other receipts	-	6,291,745
<b>Net cash provided by operating activities</b>	<b>24,752,735</b>	<b>60,958,463</b>
<b>Cash flows from noncapital financing activities:</b>		
Operating grants and other	333,062	-
Transfers in	238,171	1,292,303
Transfers out	(37,421)	(150,000)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>533,812</b>	<b>1,142,303</b>
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from sale of capital assets	55,916	3,037,297
Contributed capital	7,646,881	17,213,294
Purchase and construction of capital assets	(20,398,401)	(36,020,488)
Bond issuance costs paid	-	(382,399)
Payments to joint ventures	-	(2,384,193)
Principal payments on debt	(10,995,000)	(8,731,578)
Interest payments on debt	(6,118,212)	(9,492,279)
Paying agent fees	-	(4,675)
Passenger facility charges received	11,668,041	-
Proceeds on issuance of refunding revenue bonds	-	88,678,004
Payments to escrow agent on refunding revenue bonds	-	(88,219,249)
Cash contributed by other governments	-	9,920,451
<b>Net cash (used in) capital and related financing activities</b>	<b>(18,140,775)</b>	<b>(26,385,815)</b>
<b>Cash flows from investing activities:</b>		
Interest and gains or losses on investments	(322,864)	360,891
Receipt of repayments on other receivables	134,600	-
<b>Net cash provided by (used in) investing activities</b>	<b>(188,264)</b>	<b>360,891</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,957,508</b>	<b>36,075,842</b>
<b>Cash and cash equivalents, October 1, 2012</b>	<b>126,127,315</b>	<b>182,411,688</b>
<b>Cash and cash equivalents, September 30, 2013</b>	<b>\$ 133,084,823</b>	<b>\$ 218,487,530</b>

The notes to the financial statements are an integral part of this statement.

<u>Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
Totals	
\$ 224,002,709	\$ 13,155,616
-	121,229,461
(66,740,686)	(33,652,474)
(41,021,486)	(6,604,533)
(36,821,084)	(2,620,457)
-	(71,824,271)
6,291,745	2,031,181
<u>85,711,198</u>	<u>21,714,523</u>
333,062	-
1,530,474	-
(187,421)	(17,286,927)
<u>1,676,115</u>	<u>(17,286,927)</u>
3,093,213	1,452,507
24,860,175	-
(56,418,889)	(5,980,847)
(382,399)	-
(2,384,193)	-
(19,726,578)	-
(15,610,491)	-
(4,675)	-
11,668,041	-
88,678,004	-
(88,219,249)	-
9,920,451	-
<u>(44,526,590)</u>	<u>(4,528,340)</u>
38,027	(411,638)
134,600	-
<u>172,627</u>	<u>(411,638)</u>
43,033,350	(512,382)
<u>308,539,003</u>	<u>92,493,342</u>
<u>\$ 351,572,353</u>	<u>\$ 91,980,960</u>

PALM BEACH COUNTY, FLORIDA  
Statement of Cash Flows  
Proprietary Funds  
For the fiscal year ended September 30, 2013

	<u>Business-type Activities -</u>	
	Airports	Water Utilities
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (2,986,932)	\$ 14,478,383
Adjustments to reconcile operating income to net cash provided by operating activities, net of absorption:		
Depreciation and amortization	28,586,881	40,722,683
Equity interest in net loss of joint ventures	-	2,448,713
Provision for doubtful accounts	(147)	517,288
Miscellaneous revenue	-	-
Change in assets and liabilities:		
Decrease in accounts receivable	29,939	105,262
(Increase) decrease in due from other county funds	112,895	1,380,176
Decrease in due from other governments	-	1,579,854
(Increase) decrease in inventory	(183,686)	439,705
(Increase) decrease in other assets	22,917	(51,365)
(Increase) decrease in due from component unit	-	78,520
Increase (decrease) in vouchers payable and accrued liabilities	(729,138)	(115,020)
Increase (decrease) in due to other county funds	(150,297)	56,219
Increase (decrease) in due to other governments	-	(374,580)
(Decrease) in other current liabilities	(28,878)	-
(Decrease) in unearned revenue	(12,894)	-
(Decrease) in current portion of long-term debt	-	-
Increase (decrease) in customer deposits	92,075	(307,375)
(Decrease) in insurance claims payable	-	-
Increase in other long-term liabilities	-	-
<b>Net cash provided by operating activities</b>	<b>\$ 24,752,735</b>	<b>\$ 60,958,463</b>
Supplemental disclosure of noncash capital and related financing activities:		
Absorption of Glades Utility Authority	\$ -	\$ 61,805,559
Amortization of deferred debt issuance costs	\$ 103,203	\$ 102,312
Amortization of premium on bonds	\$ 159,183	\$ 938,721
Amortization of deferred advance refunding loss	\$ 109,036	\$ 476,139
Payables related to capital asset acquisition	\$ 3,412,770	\$ 4,100,786
Contribution of capital assets	\$ 200,570	\$ 9,986,478
Capitalized interest	\$ -	\$ 821,183
Disposal of fully depreciated capital assets	\$ 1,640,699	\$ 3,626,499

The notes to the financial statements are an integral part of this statement.

<u>Enterprise Funds</u>	Governmental Activities Internal Service Funds
Totals	
\$ 11,491,451	\$ 10,520,640
69,309,564	7,430,174
2,448,713	-
517,141	-
-	2,031,181
135,201	453,554
1,493,071	(73,075)
1,579,854	17,524
256,019	359,942
(28,448)	(137,449)
78,520	(1,018)
(844,158)	213,803
(94,078)	(83,657)
(374,580)	4,738
(28,878)	-
(12,894)	-
-	(18,237)
(215,300)	-
-	(609,770)
-	1,606,173
<u>\$ 85,711,198</u>	<u>\$ 21,714,523</u>

<u>\$ 61,805,559</u>	<u>\$ -</u>
<u>\$ 205,515</u>	<u>\$ -</u>
<u>\$ 1,097,904</u>	<u>\$ -</u>
<u>\$ 585,175</u>	<u>\$ -</u>
<u>\$ 7,513,556</u>	<u>\$ -</u>
<u>\$ 10,187,048</u>	<u>\$ -</u>
<u>\$ 821,183</u>	<u>\$ -</u>
<u>\$ 5,267,198</u>	<u>\$ 3,221,936</u>

PALM BEACH COUNTY, FLORIDA  
Statement of Fiduciary Net Position - Agency Funds  
September 30, 2013

	Total Agency Funds
ASSETS	
Cash, cash equivalents, and investments	\$152,710,724
Accounts receivable, net	970,892
Due from other governments	981,959
Other assets	314
	\$154,663,889
LIABILITIES	
Vouchers payable and accrued liabilities	\$ 3,457,118
Due to other governments	33,195,406
Due to individuals	117,807,447
Other liabilities	203,918
	\$154,663,889

The notes to the financial statements are an integral part of this statement.

**PALM BEACH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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**PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Palm Beach County, Florida reporting entity (the County) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

**A. Financial Reporting Entity**

Palm Beach County is a political subdivision of the State of Florida pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. It is governed by a seven member elected Board of County Commissioners (the Board) which is regulated by State Statutes and a local County Charter, operating under a County Manager form of government with separation of legislative and executive functions. In addition to the members of the Board, there are five elected Constitutional Officers: the Tax Collector, Property Appraiser, Clerk & Comptroller, Sheriff, and the Supervisor of Elections. The Board and the Constitutional Officers comprise the Palm Beach County primary government.

As required by GAAP, these financial statements cover the Palm Beach County reporting entity which includes the Palm Beach County primary government as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. In accordance with GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Component units are either classified as blended component units or discretely presented component units, depending on the nature of the entity's relationship with the primary government. GASB Statement No. 14 provides the following criteria for determining whether or not an entity is a component unit of the reporting entity:

The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of the separate organization's governing body *and* either is able to impose its will on that organization or there is the potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government is entitled to the organization's resources; is legally obligated or has otherwise assumed the obligations to finance the deficits of, or provide financial support to, the organization; or is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

**PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

In addition, any entity, for which the primary government is not financially accountable but for which exclusion would cause the primary government's financial statements to be misleading, should be included as a component unit.

In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units: an Amendment of GASB Statement No. 14*, a government must include certain legally separate, tax-exempt entities in the government's financial reporting entity as discretely presented component units if they meet all three of the following conditions: (a) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (b) the primary government or its component units, are entitled to or have the ability to otherwise access a majority of the economic resources received or held by the separate organizations; or (c) the economic resources received or held by an individual organization that the specific primary government is entitled to, or has the ability to otherwise access, are significant to that primary government. GASB Statement No. 39 had no effect on determining the County's discretely presented component units and therefore had no effect on the financial statements. Based on the criteria specified above, the Palm Beach County reporting entity includes both blended component units and discretely presented component units.

**Blended Component Units**

The following organizations have been presented as blended component units because either (a) the organization's governing body is substantially the same as the governing body of the County and (1) there is a financial benefit or burden relationship between the primary government and component unit or (2) management of the primary government has operational responsibility, (b) the organization provides services almost entirely to the primary government and (c) the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government.

**Palm Beach County Public Building Corporation** – This corporation was created by Palm Beach County Ordinance 81-11 pursuant to Article VIII, Section 1 (f) of the Constitution of the State of Florida and Sections 125.01 (w) and 125.66, Florida Statutes. The corporation was incorporated on April 2, 1981 to provide financial assistance for and on behalf of the County by paying the costs of acquiring, constructing and equipping an Administrative Complex located at 301 North Olive Avenue in the City of West Palm Beach, Florida (the Project). The corporation also participates in certain activities incidental to such purpose, including the leasing of the Project to the County. This corporation currently has no fiscal activity.

**Transportation Authority (Palm Tran, Inc.)** – This corporation was created by Palm Beach County Resolution 95-1636D pursuant to Chapter 617, Florida Statutes. Its purpose is to operate for the advancement of public transportation and lessening the burden on Palm Beach County to provide a transportation system. The Board of Palm Tran, Inc. consists of the seven members of the Board of County Commissioners of Palm Beach County. The bylaws provide that the corporation shall have a president to act as the corporation's chief executive officer who shall be the County Administrator, a secretary/treasurer who shall be the Clerk to the Board of County Commissioners or a

**PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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deputy clerk designated for such purposes, and an executive director who shall be responsible for the day to day management and operations of the corporation. Palm Tran, Inc. is reported as a special revenue fund.

**Discretely Presented Component Units**

The Component Unit columns in the basic financial statements include the financial data of the County's discretely presented Component Units. They are reported in separate columns to emphasize that they are legally separate from the County. The following organizations are included in the reporting entity because the primary government (1) appointed a voting majority of the organization's board, (2) is able to impose its will on the organization, and (3) the organization provides services to the citizenry of Palm Beach County.

Additionally, as a result of GASB Statement No. 61, the following four component units do not qualify to be reported as blended component units because (a) the governing body is not substantially the same as the primary government and (1) The Primary Government and the Component Unit are *not* financially interdependent (i.e. there is not a relationship of potential financial benefit or burden between them) and (2) Management is *not* responsible for the day-to-day operations of the component unit (i.e. operational responsibility), (b) the component unit does not provide services entirely or almost entirely to the primary government, and (c) the component unit's total debt outstanding is not expected to be repaid entirely or almost entirely with resources of the primary government.

**Housing Finance Authority of Palm Beach County, Florida (HFA)** – This public authority was created by Palm Beach County Ordinance 79-3 pursuant to Chapter 159, Florida Statutes, as amended and supplemented. It was created to alleviate the shortage of housing available at affordable rates in Palm Beach County and the shortage of capital for investments in such housing. The HFA has the power to issue single family and multi-family revenue bonds to finance the purchase of housing by families of low and moderate income through investing in mortgage loans to eligible families. The HFA is presented as a proprietary fund type. The governing board of HFA is appointed by the Board of County Commissioners.

**Westgate/Belvedere Homes Community Redevelopment Agency (CRA)** – This agency was created by Palm Beach County Resolution 89-649 pursuant to Section 163.355, Florida Statutes. It was created in order to develop and revitalize the blighted area known as Westgate/Belvedere Homes with intent to benefit Palm Beach County as a whole by returning improved property to the County's tax base. The CRA has the power to issue redevelopment revenue bonds from time to time to finance its undertaking of community redevelopment to the designated area. The CRA is presented as a governmental fund type. The Board of Directors of the CRA consists of seven members appointed by the Board of County Commissioners.

**Metropolitan Planning Organization (MPO)** – This organization was created by Palm Beach County Resolution 79-1684 pursuant to Section 334.215, Florida Statutes, as amended by Section 339.175, Florida Statutes. The members of the MPO are appointed by the Governor and consist of five members of the Board of County Commissioners,

**PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

eleven members from local municipalities, and one member from the governing board of the Port of Palm Beach. The purpose of the MPO is to administer and execute the inter-local agreement providing for short-term and long-term planning for all modes of travel in order to benefit the citizens of Palm Beach County. The MPO is reported as a governmental fund type.

**Solid Waste Authority of Palm Beach County (SWA)** – The SWA is a dependent special district created under the Palm Beach County Solid Waste Act (the Act), Chapter 75-473, Laws of Florida. Chapter 91-334, Laws of Florida, became effective October 1, 1991 and amended Chapter 75-473 by providing that the seven members of the Palm Beach County Board of County Commissioners shall serve as the governing board of the Authority. The Board of the SWA is responsible for adopting an annual, non-appropriated, operating budget as a financial plan for the year. The Act gives the SWA the power to construct and operate solid waste disposal facilities and to require that all solid waste collected by private and/or public agencies within the County for disposal in the County be delivered to processing and disposal facilities designated by the SWA. The SWA is reported as a proprietary fund type.

Complete financial statements for each of the individual component units may be obtained at the respective entity's administrative offices.

Palm Beach County Public Building Corporation  
301 North Olive Avenue  
West Palm Beach, FL 33401

Metropolitan Planning Organization  
2300 North Jog Road, 4<sup>th</sup> Floor  
West Palm Beach, FL 33411

Solid Waste Authority  
of Palm Beach County  
7501 North Jog Road  
West Palm Beach, FL 33412

Housing Finance Authority  
of Palm Beach County  
100 Australian Ave, Suite 410  
West Palm Beach, FL 33406

Westgate/Belvedere Homes Community Redevelopment Agency  
1280 North Congress Ave, Suite 215  
West Palm Beach, FL 33409

### **Related Organizations**

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments.

The following organizations are related organizations which have not been included in the reporting entity:

**Palm Beach County Educational Facilities Authority** – This organization was created by Palm Beach County Resolution 79-1493 pursuant to Chapter 243.18, Florida Statutes. Members of the authority are appointed by the Board of County Commissioners of Palm

**PALM BEACH COUNTY, FLORIDA**  
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Beach County, but the County does not provide funding, has no obligation for the debt issued by the authority and cannot impose its will.

**Palm Beach County Health Facilities Authority** – This organization was created pursuant to Part III – Chapter 154, Florida Statutes, and by Ordinance 77-379 and 77-398 adopted by the Board of County Commissioners. Members of the authority are appointed by the Board of County Commissioners of Palm Beach County, but the County does not provide the funding, has no obligation for the debt issued by the authority and cannot impose its will.

**Palm Beach County Workforce Development Board, Inc.** – This Board was created pursuant to Palm Beach County Resolution 96-805D, as amended by Resolutions 96-1539D and 97-510Dm as a result of the enactment by the Florida Legislature of the Workforce Florida Act of 1996. Members of the board are appointed by the Board of County Commissioners of Palm Beach County, but the County does not provide the funding, has no obligation for the debt issued by the board and cannot impose its will.

### **Equity Joint Ventures**

#### **East Central Regional Wastewater Facility**

In September 1992, Palm Beach County entered into a thirty-year joint inter-local agreement (the Agreement) with four municipalities for the East Central Regional Wastewater Facility (the Facility). The Facility was created to receive, treat and dispose of sewage generated within each municipality and the County. Under GAAP, the County is required to account for this joint venture using the equity method. Accordingly, the County recorded its initial investment at cost and is required to record its proportionate share of the Facility's income or loss as well as additional contributions made or distributions received. Palm Beach County's interest in the joint venture is recorded in the County's Water Utilities Enterprise Fund. As of September 30, 2012, the Facility had total assets of \$105,917,915 and total net assets of \$88,379,060 including \$69,374,072 invested in capital, net of debt, and (\$5,259,766) of unrestricted net assets. September 30, 2013 amounts are expected to approximate the above figures. As of September 30, 2013, the County's investment in this joint venture is \$39.4 million.

The Agreement provides for the establishment of a board comprised of one representative from each participating entity, with the City of West Palm Beach being designated to administer and operate the Facility. The Facility's board has the authority to accept and disburse funds, approve an annual budget, transact business, enter into contracts and decide all other matters related to the Facility.

The proportionate share for each entity is determined by the reserve capacity of the Facility allocated to each participant. At September 30, 2013, Palm Beach County had a 34.29% interest. The participants and each entity's interest at September 30, 2013 are as follows:

**PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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PARTICIPANT	RESERVE CAPACITY PERCENTAGES
City of West Palm Beach	29.29%
Palm Beach County	34.29%
City of Lake Worth	17.86%
City of Riviera Beach	11.42%
Town of Palm Beach	7.14%
TOTAL	100.00%

Separate financial statements for the Facility may be obtained at the following address:

East Central Regional Wastewater Facilities  
City of West Palm Beach  
P.O. Box 3506  
West Palm Beach, FL 33402

**Biosolids Processing and Recycling Facility**

On September 23, 2003, the Board of County Commissioners, on behalf of the Water Utilities Department, entered into an interlocal agreement (Agreement) with the Solid Waste Authority (SWA) to fund a portion of the cost to design, build, and operate a Biosolids Processing and Recycling Facility (BPF). The BPF processes certain wastewater treatment residuals (biosolids) and is necessary to comply with increasingly stringent environmental regulations that have significantly decreased the number of land application sites available. Bulk land application was the method of disposing of the biosolids.

The agreement is for a period of twenty years beginning with the August 1, 2009 operations commencement. Upon the conclusion of the term of the agreement, the BPF will remain the property of SWA with each participating entity owning its share of the BPF, in perpetuity, for the life of the plant. Under accounting principles generally accepted in the United States of America, the Department is required to account for this arrangement as a joint venture. Therefore, an asset is reported on the Water Utilities financial statements under the caption “Investment in Joint Ventures”.

Since the BPF agreement does not state that the participants are to share in the profits and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture’s results of operations. Rather, the investment in joint venture will be amortized using the straight line method over the twenty-year life of the agreement. The Department’s 27.5% share resulted in pro rata obligations of \$9.2 million for construction costs and \$580,000 annually for operating expenses for the twenty-year period. On July 16, 2013, the Department sold excess capacity shares in the BPF to the ECR for \$2,817,749, leaving the Department with a 17.82% pro-rata share in the BPF’s capacity. This amount was recorded as a reduction of the Department’s investment in joint venture. The Department’s total operating costs were \$958,200 for the year ended September 30, 2013. As of September 30, 2013, the County’s investment in the BPF is \$5.0 million, which is shown as an asset – investment in joint ventures – on the statement of net position.

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No separate financial statements are prepared for the BPF which is reported as part of SWA operations. SWA financial statements may be obtained from their office at 7501 North Jog Road, West Palm Beach, Florida, 33412.

**Sunshine State Governmental Financing Commission**

The Sunshine State Governmental Financing Commission (the Commission) was created in November 1985. As a joint venture among the member governmental units, the Commission enables a limited number of qualifying governments to participate in pooled debt financing with pricing and cost structures not normally available to governmental entities acting individually. The County has no current borrowings.

Financial Statements may be obtained from the Commission.

**B. Basic Financial Statements**

The County's Basic Financial Statements contain three components; government-wide financial statements, fund financial statements and notes to the financial statements.

**Government-wide financial statements** - The government-wide financial statements provide an overview of the County's financial position using the accrual basis of accounting. The Statement of Net Position presents information on all of the assets and deferred outflows and liabilities and deferred inflows of the County as a whole, excluding fiduciary funds. The difference between assets and liabilities is reported as net position. Changes in net position may serve as an indicator of whether the financial position of the County is improving or deteriorating. The Statement of Activities presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying economic transactions occur, regardless of when cash is received or paid. Therefore, some of the revenues or expenses reported in the Statement of Activities will have cash flows in future fiscal periods. For example, uncollected taxes are reported as revenues although cash receipts will occur in the future. Unused vacation leave results in an expense although related cash outflows will occur in the future.

The government-wide financial statements presentation distinguishes between activities that are supported primarily by taxes and intergovernmental revenues (governmental activities) and activities that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services and culture and recreation. The business-type activities of the County include the Water Utilities Department and the Department of Airports.

The government-wide financial statements include not only the County itself (the primary government) but also its discretely presented component units, the legally separate entities for which the County is financially accountable.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County

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uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provisions. All of the funds of the County may be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** – Most of the County’s basic services are reported in governmental funds, which focus on how money or other spendable financial resources flow into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County’s general governmental operations and the basic services it provides. The measurement focus is based upon determination of changes in financial resources. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. The governmental fund category includes the general fund, special revenue funds, debt service funds, and capital project funds. There is a reconciliation of the governmental activities presented in the Statement of Net Position and the Statement of Activities to the governmental funds presented in the fund financial statements.

The following are definitions of the governmental fund types:

**General Fund:** Used to account for and report all financial resources not accounted for and reported in another fund.

**Special Revenue Funds:** Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. The county uses a minimum of 50% as its definition of substantial.

**Capital Projects Funds:** Used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or assets that will be held in trust for individuals, private organizations or other governments.

**Debt Service Funds:** Used for and reports financial resources that are restricted, committed or assigned to expenditures for principal and interest.

The following is a description of the County’s major governmental funds:

The **General Fund** is the primary operating fund of the County. It is used to account for all financial resources of the general government except those required to be accounted for in other funds. The General Fund is subdivided into the following categories representing each of the elected officials of the County: Board of County Commissioners (BOCC), Sheriff, Clerk & Comptroller, Tax Collector, Property Appraiser and the Supervisor of Elections.

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*Special Revenue Funds:*

The **Fire Rescue Special Revenue Fund** is used to account for ad valorem taxes and other revenues designated for fire rescue services.

The **Community and Social Development Special Revenue Fund** is used to account for governmental grant funds and other revenues designated for community and social services.

*Capital Projects Funds:*

The **Road Program Capital Projects Fund** is used to account for costs related to the design and acquisition of rights of way and the construction of improvements to the County's major thoroughfare road system, primarily represented by the County's Five Year Road Program.

The **General Government Capital Projects Fund** is used to account for costs of capital improvements not included in any other category. Based on the nature of this fund's activities, management has determined it is particularly important to the financial statement users and for consistency from year to year.

All other nonmajor governmental funds are aggregated into a single column for presentation purposes.

**Proprietary Funds** – The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water Utilities Department and the Department of Airports. These two operations are considered to be major proprietary funds of the County. Internal Service Funds are used to accumulate and allocate costs internally among the County's other functions. The County uses internal service funds to account for Fleet Management and Risk Management programs. These programs are included in the governmental activities column of the government-wide financial statements because they predominantly benefit governmental rather than business-type functions. The measurement focus is based on changes in economic resources. The three internal service funds are aggregated into a single column for presentation in the proprietary fund financial statements. The County's two major proprietary funds are described below:

The **Water Utilities Department Fund** is used to account for the operations of the water and wastewater system in the unincorporated areas of the County. Water and wastewater fees are determined annually by rate studies and are set at levels to recover the expenses of operations, including debt service, in a manner similar to private business enterprises. Activities necessary to provide water and wastewater service are accounted for in this fund, including customer service, engineering, operations and maintenance.

The **Department of Airports Fund** is used to account for the operations of the four County-owned airports – Palm Beach International Airport in West Palm Beach and three general aviation airports located in Palm Beach Gardens, Lantana and Pahokee.

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**Agency Funds** are custodial in nature (assets equal liabilities) and do not measure results of operations. Agency funds are used to account for resources held by the government as an agent for individuals, private organizations and other governments. Assets held include cash bonds, purchasing bid bonds, security deposits, fines and forfeitures, tax deeds, tax payments, and license and registration payments. These funds are not included in the government-wide financial statements because the resources in these funds are not available to support the County's own programs.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment for transactions is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets and deferred outflows less current liabilities and deferred inflows) or economic resources (all assets and deferred outflows and liabilities and deferred inflows). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. The Agency fund financial statements are presented using the accrual basis of accounting.

With the economic resources measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. With the accrual method of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Government-wide financial statements and proprietary fund financial statements show increases (revenues) and decreases (expenses) in net position.

Governmental fund financial statements are presented using the current financial resources and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds show increases (i.e. revenues and other financing resources) and decreases (i.e. expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when they become both measurable and available to pay liabilities of the current period. For this purpose, the County considers revenue to be available if they are collected within 60 days of year-end. Revenues not considered available are recorded as deferred revenues. Property taxes when levied for, intergovernmental revenue when all eligibility requirements have been met, franchise fees, utility taxes, licenses and permits, charges for services and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and other postemployment benefits are recorded only when payment is due.

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**D. Implementation of Governmental Accounting Standards Board (GASB) Statements**

The County implemented the following GASB Statements during the fiscal year ended September 30, 2013:

1. GASB Statement No. 62 *“Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.”*

This Statement classifies all sources of generally accepted accounting principles for state and local governments so the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. The County elected to include all pre-November 30, 1989 FASB pronouncements which are now codified in GASB 62.

2. GASB Statement No. 63 *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.”*

This Statement provides guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all other elements presented in a statement of financial position. This Statement redefines certain assets and liabilities as “deferred inflows and outflows of resources”. It further requires that “Capital assets, net of debt” now be titled “Net investment in capital assets” and that the last line of the statements, previously labeled “Net Assets” now is titled “Net Position”.

**E. Unadopted GASB Statements**

GASB Statement No. 68 *“Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27”* is effective for the County for fiscal year 2015. The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of local governments. The adoption of this Statement will require the County to record a liability for the unfunded portion of its cost sharing plan with the State of Florida and the Palm Tran and Lantana pension plans.

**F. Cash and Investments**

**Deposits**

All deposits are held in qualified public depositories pursuant to the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" and are covered by either federal depository insurance or collateral held by the Chief Financial Officer of Florida.

In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the Chief Financial Officer of Florida from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool.

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**Cash Equivalents**

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents. The County maintains an internal investment pool for substantially all funds. Earnings are allocated daily to each fund based on their equity balances in the pool. Each fund reports their equity in the County's internal investment pool as a cash equivalent.

**Investments**

All investments are reported at fair value except for the following which are reported at amortized cost as permitted by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*:

- Florida Prime Investment Pool
- Money Market Mutual Funds.

State statutes and local ordinances authorize County investments in obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreements, interest-bearing time deposits, savings accounts, Florida Prime Investment Pool (formerly known as the Local Government Surplus funds Trust Fund LGIP administered by the State Board of Administration), the Florida Local Government Investment Trust (FLGIT), collateralized mortgage obligations (CMO), certain corporate securities, instruments backed by the full faith and credit of the State of Israel, bankers acceptances, and money market mutual funds.

State statutes authorize Solid Waste Authority (SWA) investments in the Florida Prime Investment Pool (formerly known as the Local Government Surplus funds Trust Fund LGIP administered by the State Board of Administration), interest-bearing time deposits, savings accounts, negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government, obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its districts, interest rate swap agreements, and obligations guaranteed by the Government National Mortgage Association and obligations of the Federal National Mortgage Association and mutual funds limited to U.S. Government securities.

The following external investment pools are not SEC-registered:

The State Board of Administration (SBA) administers the Florida Prime Investment Pool (formerly known as the Local Government Surplus funds Trust Fund LGIP) and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. The Florida Prime Investment Pool is an external investment pool operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Fund B is accounted for as a fluctuating net asset value pool. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are affected by transferring eligible cash or securities to the Florida Prime Investment Pool, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida Prime Investment Pool. The investments in the Florida Prime Investment Pool and Fund B are not insured by FDIC or any other governmental agency. Regulatory oversight of the State Board of Administration is provided by three elected

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officials who are accountable to the electorate: the Governor of the State of Florida, as Chairman; the Chief Financial Officer of Florida, as Treasurer; and the State Comptroller, as Secretary. External oversight of the State Board of Administration is provided by the Investment Advisory Council which reviews the investments made by the staff of the Board of Administration and makes recommendations to the Board regarding investment policy, strategy, and procedures. Audit oversight is provided by the Florida Auditor General's Office.

The *Florida Local Government Investment Trust* (FLGIT) is a local government investment pool developed jointly by the Florida Association of Court Clerks and the Florida Association of Counties. The FLGIT has no regulatory oversight, but has been recognized by an Internal Revenue Service private letter ruling as a tax-exempt organization, has received a Standard and Poor's rating and is governed by a six member Board of Trustees. The share price of this investment represents the fair value of the fund's underlying investments.

Additional information is provided in Note 2, Cash and Investments.

**G. Accounts and Other Receivables**

Accounts receivable are recorded net of allowances for bad debts. Allowance for uncollectible receivables is based upon historical trends and the periodic aging of receivables. These allowances relate to the enterprise funds and are not significant. Billings to water utility customers are based on metered consumption which is determined at various dates each month. Estimated unbilled consumption at year-end is recognized as revenue in the Water Utilities Fund. Other receivables include low income housing loans to individuals and developers, a loan to the convention center and a contribution receivable from FAU as part of the Scripps project and Fire Rescue ambulatory services. The allowance for uncollectible receivables for Fire Rescue services is based on historic trends and analysis of current economic factors. As of September 30, 2013 there was an allowance of \$18.2 million for these receivables. The allowance for uncollectible receivables for Community and Social Development is \$20.5 million.

**H. Inventories and Prepaid Items**

Inventories consisting primarily of materials and supplies are stated at cost based upon the first-in, first-out method. Purchases of inventories for governmental funds are reported as expenditures in the period purchased, except for the Sheriff, which is accounted for using the consumption method. Inventories for governmental fund types, which use the purchases method, are reported on the governmental funds balance sheet as an asset of the fund with a corresponding amount recorded as non-spendable fund balance. Inventories of proprietary type funds are reported as an expense when consumed in the operations of the fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

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**I. Restricted Assets**

Assets are reported separately as ‘restricted’ in proprietary funds and the entity-wide statement of net position when restrictions on asset use change the nature or normal understanding of the availability of the asset.

Consistent with this principle, the following assets are reported as restricted assets:

1. Assets that are restricted as to withdrawal or use for other than current operations.
2. Assets that are restricted for expenditure in the acquisition or construction of noncurrent assets.

**J. Capital Assets**

Property, plant, and equipment and infrastructure assets (such as roads, sidewalks, bridges, and drainage systems) are reported in the applicable governmental or business-type activities columns of the government-wide financial statements and proprietary fund financial statements. All work in process for the current and prior fiscal years has been capitalized as Construction In Progress as the related projects have not yet been completed. Capital assets are defined as those assets with an initial, individual cost of over \$1,000. Contributed capital assets are recorded at their estimated fair value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In addition, for business-type activities and enterprise funds, net interest costs are capitalized on projects during the construction period. Depreciation is calculated using the straight-line method over estimated useful lives as follows:

Asset Classification	Estimated Useful Life (In Years)
Buildings, Utility Plants and Systems	10-50
Furniture, Fixtures and Equipment	2-15
Improvements Other Than Buildings	5-20
Infrastructure	20-50

In the governmental fund financial statements, the costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures. Capital assets are not shown on the governmental fund balance sheets.

Goodwill is determined based on the difference between the acquisition price and the fair value of all assets acquired. Amortization of goodwill related to the utility system acquisition is also computed on the straight-line method. The Water Utilities Department has two items of goodwill: 1) the goodwill resulting from the acquisition of the Village of Royal Palm Beach’s Utility System is amortized over 30 years which represents the period the bonds issued to fund the acquisition will be outstanding, and 2) the goodwill resulting from the acquisition of the Indian Trail Improvement District Utility System is amortized over 40 years.

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**K. Compensated Absences**

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the County accrues a liability for compensated absences, as well as certain other salary-related costs associated with the payment of compensated absences. Vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is also accrued as a liability as the benefits are earned by the employees, but only to the extent that it is probable that the County will compensate the employees for the benefits through cash payments at termination or retirement.

Under the accrual basis of accounting used in the government-wide financial statements and the separate proprietary fund financial statements, the entire compensated absences liability (long-term and short-term) is reported when earned as described above. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

**L. Deferred Debt Issuance Costs, Bond Discounts, Premiums and Deferred Amounts on Refunding**

At the government-wide level and in the proprietary funds, expenses incurred in connection with the issuance of long-term debt, as well as bond discounts, premiums and deferred amounts on refunding, are deferred and amortized over the term of the related financing using a method that approximates the effective interest method. For governmental funds, these costs are reported in the period the transaction occurs.

**M. Self-Insurance**

The County maintains a Risk Management (Workers' Compensation) self-insurance program, a Casualty self-insurance program, and an Employee health self-insurance program which are accounted for as internal service funds. The County has elected to essentially self-insure itself for health benefits to County employees and employees of component units of the County electing to participate in the plan. The plan covers approximately 4,500 participants.

The three (3) self-insurance programs are designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administration and a margin for unexpected losses or expenses. Claims are recorded as incurred with an estimate added at year-end based on an actuarially determined estimate of incurred but not reported claims.

**N. Pension and Other Post-Employment Benefits Disclosure**

The County applies GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, for the measurement, recognition, and display of pension expenditures or expenses as discussed in a subsequent note.

The County applies GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the measurement, recognition, and display of OPEB expenditures or expenses, liabilities and assets as discussed in a subsequent note.

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**O. Elimination of Internal Activity**

In the government-wide Statement of Activities, interfund activity, such as transfers in and out as well as transfers within the Internal Service Funds and within the Governmental Activities category is eliminated. Interfund activity between governmental and business-type activities is not eliminated. Interfund services provided and used between functions are not eliminated because removing interfund services would distort the functional expenses presented in the Statement of Activities.

**P. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Q. Budgets**

**BOARD OF COUNTY COMMISSIONERS**

Pursuant to Chapter 129, Florida Statutes, General Budget Policies, the following procedures are followed by the Board of County Commissioners in establishing, adopting and maintaining the operating budget.

1. On or before July 15, the County Administrator, through the Office of Financial Management and Budget (OFMB) submits to the Board of County Commissioners a tentative budget for the fiscal year commencing the following October 1. This is a detailed plan outlining all programs and estimated departmental revenues and expenditures for the upcoming year.
2. Taxpayers are informed of the proposed budget and tentative millage rates through advertising and public hearings which are held to elicit taxpayer comments.
3. The budget is legally adopted through Board of County Commission action for the fiscal year beginning October 1.
4. The Board at any time within a fiscal year may amend a budget for that year as follows:
  - a. Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by action recorded in the minutes, provided that the total of the appropriations of the fund are not changed. The Board of County Commissioners, however, may establish procedures by which the designated budget officer may authorize certain intradepartmental budget amendments, provided that the total appropriation of the department shall not be changed.
  - b. Appropriations from reserves may be made to increase appropriations by resolution of the Board, but no expenditures shall be directly charged to any reserve.
  - c. A receipt from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts or reimbursements

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for damages may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget in the proper fund. During fiscal year 2013, supplemental appropriations amounted to a net increase of \$201,056,572, or approximately 5% of the original budget.

5. It is unlawful for the Board to expend or contract for the expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. In addition, to comply with the above statutory requirements, the Board of County Commissioners has elected to adopt management controls and approved guidelines, which provide for the budget to be controlled at a detail level greater than the statutory level of control. This control (effective legal level) is maintained at the department level. A separate detailed report providing this information is available for inspection at OFMB. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.

#### CLERK OF THE CIRCUIT COURT

Chapter 218.35, Florida Statutes, governs the preparation, adoption and administration of the Clerk & Comptroller's (the Clerk) annual budget. The Clerk, as county fee officer, establishes an annual budget for her office, which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk, functioning in her capacity as Clerk of the Circuit and County Courts and as Clerk of the Board of County Commissioners, prepares her budget in two parts:

1. The budget for funds necessary to perform court-related functions as provided for in Florida Statute 28.36, which details the methodologies used to apportion costs between court-related and non-court-related functions performed by the clerk.
2. The budget relating to the requirements of the Clerk as Clerk of the Board of County Commissioners, County Auditor, and Custodian or Treasurer of all county funds and other county related duties.

#### SHERIFF

Chapter 30.49, Florida Statutes, governs the preparation, adoption and administration of the Sheriff's annual budget. By May 1 each year, the Sheriff shall certify to the Board a proposed budget of expenditures for performing the duties of his office for the ensuing fiscal year. The Sheriff's budget is legally adopted by Board of County Commission action for the fiscal year beginning October 1.

#### TAX COLLECTOR AND PROPERTY APPRAISER

Chapter 195.087, Florida Statutes, governs the preparation, adoption and administration of the budgets of the Tax Collector and Property Appraiser. On or before a legally designated date each year, the Tax Collector and the Property Appraiser shall submit to the Florida Department

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of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same time to the Board of County Commissioners. Final approval of the budgets is given by the Florida Department of Revenue.

#### **SUPERVISOR OF ELECTIONS**

Chapter 129, (sections .02 and .202), Florida Statutes, governs the preparation, adoption and administration of the budget of the Supervisor of Elections. On or before June 1 of each year, the Supervisor of Elections shall submit to the Board of County Commissioners a tentative budget for the ensuing fiscal year.

However, the Board of County Commissioners of Palm Beach County, by resolution R-95-1195, requires the tentative budget to be submitted by May 1 of each year.

#### **R. Encumbrances**

The County uses encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Although encumbrances lapse at year-end, it is the County's intention to substantially honor these encumbrances under the authority provided in the subsequent year's budget. Refer to Note 7 for more information.

#### **S. Operating versus Non-operating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the County's Enterprise and Internal Service funds are charges to customers for sales and services. Operating revenues for the Enterprise Funds include water and wastewater service fees, as well as airport fees and charges. For the Internal Service funds, operating revenues include charges to other departments for various maintenance, communications and insurance services. Operating expenses for the Enterprise and Internal Service Funds include costs of sales and services, administrative fees, insurance payments and depreciation. All revenues and expenses not meeting this definition are considered non-operating items.

#### **T. Fund Balance**

Fund balances are reported in classifications based on whether the amounts are non-spendable or spendable.

Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Spendable amounts are classified based on the extent to which there are external and/or internal constraints in how the fund balance amounts may be spent.

Amounts that are restricted to specific purposes either by constraints (a) placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other

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governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

Amounts that are constrained for specific purposes that are internally imposed by the County's highest level of decision making authority, the Board of County Commissioners (BOCC), are classified as committed fund balances. Formal action in the form of a County Ordinance must be taken by the BOCC prior to the end of the fiscal year. The same formal action must be taken by the BOCC to remove or change the limitations placed on the funds.

Amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the County Administrator. Palm Beach County is a Charter County and operates under a County Manager form of Government (as previously stated in Note 1, Section A, *Financial Reporting Entity*). The Charter of Palm Beach County, Florida, Article II, Sections 2.1 and 2.4 provide for the County Administrator to assign fund balance. As such, the County Administrator is responsible for preparing and managing the County's budget along with the establishment and classification of all its funds.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance also includes any deficit fund balance of other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are available for use it is the County's policy to use committed resources first, then assigned resources and then unassigned resources as they are needed.

The County has not formally adopted a minimum fund balance policy.

#### **U. Net Position**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is comprised of three categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position that does not meet the definition of “net investment in capital assets” or “restricted”.

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**V. Property Tax**

Taxes in Palm Beach County are levied by the Board of County Commissioners for the County. The millage levies are determined on the basis of estimates of revenue needs and the total taxable valuations within the jurisdiction of the Board of County Commissioners. No aggregate ad valorem tax millage in excess of 10 mills on the dollar is levied against property of the County as specified in Chapter 200.071, Florida Statutes.

Each year the total taxable valuation is established by the County Property Appraiser and the list of property assessments is submitted to the State Department of Revenue for approval. County ad valorem taxes are a lien on the property against which they are assessed from January 1 of the year of assessment until paid or barred by operation of law (statute of limitations). Taxes are levied on October 1, become due and payable on November 1 of each year, or as soon thereafter as the assessment roll is opened for collection, and are delinquent on April 1 of the following year. Discounts for payment prior to April 1st were determined as follows:

4%	if paid in November 30th
3%	if paid in December 31st
2%	if paid in January 31st
1%	if paid in February 28th

Pursuant to Florida law, the Tax Collector advertises and sells tax certificates on all real property for which there are unpaid taxes. Accordingly, there is no property taxes receivable as of September 30, 2013.

**W. Interest Costs**

Interest cost incurred by proprietary funds for the fiscal year ended September 30, 2013 amounted to \$14,410,549, of which \$821,183 was capitalized.

**2. CASH AND INVESTMENTS**

Additional cash and investment information is provided in Note 1, paragraph E (Summary of Significant Accounting Policies - Cash and Investments).

At September 30, 2013, the cash and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Investments</u>
Deposits in Financial Institutions	\$ 334,031,844	\$ 302,729,404	\$ -
Cash on hand		356,281	-
Internal Investment Pool		1,302,865,048	1,294,237,280
Cash Equivalents		73,010,814	73,010,814
Fund Investments		55,487	55,487
Total		<u>\$ 1,679,017,034</u>	<u>\$ 1,367,303,581</u>

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The carrying value of the internal investment pool includes cash, accrued interest receivable, and investments.

Cash and investments are reported in the financial statements as follows:

Statement of Net Position

Primary Government

Cash, cash equivalents & investments	\$ 1,033,467,319
Restricted cash, cash equivalents & investments	<u>492,838,991</u>

Statement of Fiduciary Net Position \$ 1,526,306,310

Agency Funds

Cash & cash equivalents	<u>\$ 152,710,724</u>	
		152,710,724
		<u>\$ 1,679,017,034</u>

Investment Type	Fair Value	Maturity in Years		
		Less Than 2 Years	2 Years but Less Than 5 Years	5 Years but Less Than 9 Years
<b>Investments subject to interest rate risk</b>				
Adjustable Rate Securities	\$ 563,751,679	\$ 22,524,131	\$ 99,431,588	\$ 441,795,960
Certificates of Deposit	341,418,506	-	341,418,506	-
Collateralized Mortgage Obligations	66,029,453	5,866,276	60,163,177	-
Florida Local Govt Investment Trust	30,358,544	-	30,358,544	-
Callable Bonds	23,709,050	-	-	23,709,050
Foreign Government Bonds	16,944,950	16,944,950	-	-
Indexed Amortization Notes	8,367,396	-	8,367,396	-
Mortgage Backed Securities	944,870	944,870	-	-
Fund B Surplus Funds Trust Fund (SBA)	55,487	-	-	55,487
	<u>1,051,579,935</u>	<u>\$ 46,280,227</u>	<u>\$ 539,739,211</u>	<u>\$ 465,560,497</u>
<b>Other Investments</b>				
Money Market Mutual Funds	314,333,761			
Florida Prime Investment Pool (SBA)	<u>1,389,885</u>			
	<u>\$ 1,367,303,581</u>			

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

In accordance with the County Investment Policy, the Clerk & Comptroller manages the County's internal investment pool's exposure to declines in fair values by managing overall

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effective duration appropriate to the risk tolerance in meeting stated objectives. The Policy states that at the time of purchase, the County's investments must have a final maturity or average life of 10 years or less.

**Credit Risk**

Credit risk is the risk that an issuer will not fulfill its obligations.

Investments	Fair Value	Percentage of Total Portfolio	Standard & Poor's Investment Rating Service
U.S. Treasuries & Guaranteed Agencies	\$495,459,406	36.2%	AA+
Certificates of Deposit	341,418,506	25.0%	Not rated
Money Market Mutual Funds and accounts	314,333,761	23.0%	Not rated
U.S Government Sponsored Enterprises (GSE)	167,343,042	12.3%	AA+
Florida Local Govt Investment Trust	30,358,544	2.2%	AAAf
Foreign Government Bonds	16,944,950	1.2%	A-1
Florida Prime Investment Pool (SBA)	1,389,885	0.1%	AAAm
Fund B Surplus Funds Trust Fund (SBA)	55,487	0.0%	Not rated
	\$1,367,303,581	100.0%	

Ratings by Moody's or Fitch were no lower than as indicated above by Standard and Poor's. Some securities were not rated by Moody's and Fitch.

In accordance with the County's Investment Policy for the internal investment pool, investments in commercial paper and bankers acceptances are limited to ratings of A-1 or P-1 or higher by Standard and Poor's and Moody's, respectively. Investments in corporate securities are limited to ratings of AA or higher by Standard and Poor's and Moody's. Policy allows for the timely and appropriate disposal when an investment credit rating falls below a minimum threshold. Corporate securities are limited to no more than 20% of the investment pool's total market value, excluding commercial paper, which is limited to 25% of the total market value. No-load money market mutual funds are allowable if rated in the highest rating category of a Nationally Recognized Statistical Rating Organization (NRSRO). Investments in collateralized mortgage obligations (CMO) are limited to 20% of total value of the County's internal investment pool. Investments in IO (interest only), PO (principal only), inverse floaters, other volatile CMO types, and corporate convertible securities are all prohibited. All CMO issues must pass the Federal Financial Institutions Examination Council (FFIEC) High Risk Security Test on a quarterly basis, or as specified in any Trust Indenture.

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**Custodial Credit Risk- Investments**

This type of risk would arise in the event of the failure of a custodian of County investments, after which the government would not be able to recover the value of its investments that are in the possession of the third party custodian.

To guard against this risk, the County's investment policy for the internal investment pool requires that all securities be insured or registered in the name of the County and held by a third party custodial institution, with capital and surplus stock of at least \$500 million and a separate custody account at the Federal Reserve Bank (FED) specifically designated by the FED as restricted for the safekeeping of the member-bank's customer-owned securities only. All securities purchased or sold are transferred "delivery versus payment" or "payment versus delivery" to ensure that funds or securities are not released until all criteria relating to the specific transactions are met.

**Concentration Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer.

Investment Issuer	Fair Value	Percentage of Total
Small Business Administration	\$ 484,516,318	35.3%
TD Bank Certificates of Deposit	341,418,506	25.0%
Money Market Mutual Funds	314,333,761	23.0%
Federal National Mortgage Association (Fannie Mae)	81,365,150	6.0%
Federal Home Loan Mortgage Company (Freddie Mac)	77,610,496	5.7%
Other combined- less than 2% per issuer	37,700,806	2.8%
Florida Local Government Investment Trust (FLGIT)	30,358,544	2.2%
	\$ 1,367,303,581	100.0%

The County's investment policy for the internal investment pool limits investments in corporate securities to 2% of total pool market value per single issuer at time of purchase.

**Foreign Currency Risk:**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk. The County investment in foreign bonds is denominated in U.S. dollars.

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**COMPONENT UNIT – Solid Waste Authority (SWA)**

Cash and Cash Equivalents: The bank balance and carrying value of the SWA’s cash and cash equivalents, including restricted balances, were as follows at September 30, 2013:

Bank balance of deposits with financial institutions	<u>\$ 10,810,716</u>
Carrying value	
Deposits with financial institutions	\$ 6,850,783
Petty cash	10,050
Money market mutual funds	228,537,640
Florida Prime	<u>239,514,033</u>
Total cash and cash equivalents	<u>\$ 474,912,506</u>

The deposits with financial institutions were entirely covered by a combination of federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured in accordance with pronouncements of the Governmental Accounting Standards Board.

The money market mutual funds consist of investments with financial institutions in open end, institutional, money market funds complying with Securities and Exchange Commission (SEC) Rule 2a7 and investing only in U.S. Government and Agency obligations and repurchase and reverse repurchase agreements collateralized by U.S. Government and Agency obligations. Rule 2a7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, and requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount.

The investment in Florida Prime consists of equity in an external, “2a7-like” investment pool managed by the State of Florida that was available to be withdrawn by the SWA on an overnight basis. The fair value of the position in Florida Prime was considered to be the same as the SWA’s account balance (amortized cost) in the pool. The money market mutual funds and Florida Prime are classified as cash equivalents in the statements of net position and statements

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of cash flows. Cash and cash equivalents at September 30, 2013 include \$1,210,000 pledged as collateral for a letter of credit issued for the SWA's workers compensation insurance program.

Investments: Florida Statutes and SWA policy authorize investments in Florida Prime and LGIP administered by the State; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts in financial institutions located in Florida and organized under federal or Florida laws; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks; obligations guaranteed by the Government National Mortgage Association; obligations of the Federal National Mortgage Association; SEC registered money market funds with the highest credit quality rating; mutual funds limited to U.S. Government securities; interest rate swaps, interest rate exchange agreements, investment contracts, or contracts providing for payments based on levels of or changes in interest rates, or contracts to exchange cash flows, a series of payments, or to hedge payment rate, spread or similar exposure; and, repurchase agreements fully collateralized by SEC registered money market mutual funds with the highest credit quality ratings. The SWA's bond resolutions authorize the investment of bond proceeds in obligations of certain federal government agencies or obligations guaranteed by those agencies; obligations of the United States Government or obligations guaranteed by the United States Government; guaranteed investment contracts meeting certain restrictions; or certain certificates of deposit, repurchase agreements, and investments that are insured or collateralized and otherwise permitted by Florida law.

At September 30, 2013, the fair value of the SWA's investments, including unrestricted and restricted asset balances were as follows:

<b>Cash equivalents</b>	
Money market mutual funds	\$ 228,537,640
Florida Prime	<u>239,514,033</u>
	<u>\$ 468,051,673</u>
<b>Investments</b>	
Repurchase agreement	\$ 179,263,178
Investment in the Local Government Investment Pool (LGIP) Fund B	<u>505,093</u>
	<u>\$ 179,768,271</u>

Repurchase Agreement: In conjunction with the issuance of the \$599,860,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 2011, the SWA entered into a master repurchase agreement (the "Agreement") with two multi-national financial institutions for an initial purchase price of \$598,511,702 with no additional purchases permitted. Eligible securities under the Agreement include cash and bonds or other obligations which, as to principal and interest, constitute direct obligations of, or are unconditionally guaranteed by, the U.S. Government, including obligations of any Federal agency to the extent such obligations are unconditionally guaranteed by the U.S. Government. Repurchase dates and amounts are set forth in the Agreement with a final repurchase date of November 1, 2014.

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Local Government Investment Pool Fund B: On November 29, 2007 the Board of Trustees of the State Board of Administration (SBA) closed the LGIP to all redemptions by participants due to substantial withdrawals that severely reduced the overall liquidity of the LGIP. The withdrawals were in response to published press reports concerning the exposure of LGIP investments to potential losses from sub-prime mortgage investments. On December 4, 2007 the Board of Trustees approved a restructuring plan for the LGIP and engaged a new investment manager for the LGIP.

The restructuring divided the LGIP into two separate pools, the LGIP and Fund B representing approximately 86% of the original LGIP assets. The LGIP was designated as the ongoing fund consisting of only short-term, money market assets of the highest quality and was subsequently re-named Florida Prime. Fund B retained all securities from the original LGIP that had defaulted, were in default or had extended payment terms or potentially elevated credit risk. Fund B is closed to deposits and withdrawals and is generally expected to hold all assets to their ultimate maturity and to distribute funds to participants as they become available. The Fund B investment is recorded at fair value based on the net asset value of the Fund B assets reported by the SBA. At September 30, 2013 the Fund B investments had a net asset value of \$505,093, approximating 113% of amortized cost.

The ultimate realizable value and the date when the LGIP Fund B investment will be available to the SWA cannot be determined at this time. However, it is the opinion of management based upon consultation with the SBA that the amount of loss, if any, and the limited availability of the funds will not adversely affect the services provided by the SWA. Additional information on the current status of the LGIP may be obtained from the State Board of Administration.

Custodial Credit Risk: Custodial credit risk is defined as the risk that the SWA may not recover the securities held by another party in the event of a financial failure. The SWA's investment policy for custodial credit risk requires all investment securities to be held in the SWA's name by a third party safekeeping institution. The SWA's investment in the repurchase agreement is categorized as Category 1 under GASB pronouncements, because the SWA is a direct party to the tri-party agreement and the custodian is not the trust department of or affiliated with the financial institution that is the seller-borrower of the repurchase agreement. All deposits with financial institutions are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB pronouncements. The investments in money market mutual funds and Florida Prime are considered *unclassified* pursuant to the custodial credit risk categories of GASB pronouncements.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The money market mutual funds and Florida Prime have a weighted average maturity of less than 90 days, resulting in minimal interest rate risk. The LGIP Fund B has a weighted average maturity of 4.08 years.

Credit Risk: Credit risk is the risk that an issuer will not fulfill its obligations. The SWA's investment policy addresses credit risk by limiting allowable investments to the SBA Florida Prime investment pool, deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or investments that

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are otherwise fully collateralized or secured. The credit quality rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk. The repurchase agreement and LGIP Fund B do not have a credit quality rating.

The credit quality ratings of the investments held at September 30, 2013 are as follows:

	Fair Value	Credit Quality Ratings	
		S&P	Moody's
Money market mutual funds	\$ 228,537,640	AAAm	Aaa
Florida Prime	239,514,033	AAAm	Not Rated

**Concentration of Credit Risk:** Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The SWA's investment policy addresses the concentration of credit risk by limiting the maximum amount that may be invested in certain investments and in any one issuer, except for investments in Florida Prime, U.S. Treasury obligations and money market mutual funds which are not limited. Time and savings deposits are limited to 20% of the portfolio value, but no more than 5% per issuer. U.S. Government Agency and Instrumentality securities are limited to 40% of the portfolio value. Guaranteed investment contracts are limited to the total debt service reserve balance. Interest rate swap and repurchase agreements are generally limited to 50% of the portfolio fair value and must be fully collateralized or otherwise insured.

The SWA was in compliance with these limitations at September 30, 2013. At September 30, 2013 certain individual investments exceeded 5% of the total investment portfolio (including cash and cash equivalents) as follows:

	Fair Value	Percentage of Total Investment Portfolio
Florida Prime	\$ 239,514,033	37.0%
Money market mutual funds		
Dreyfus Government	157,468,909	24.3%
Fidelity Government	62,725,726	9.7%
Repurchase agreement	179,263,178	27.7%

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the SWA's investments at September 30, 2013.

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**3. RELATED PARTY TRANSACTIONS**

Various departments within the County provide goods, administration, public safety, maintenance and various other services to other operating departments. Charges for these services are determined using direct and indirect cost allocation methods or amounts determined based upon direct negotiations between the related parties. The most significant of these transactions involves the reimbursement of indirect costs in accordance with the indirect cost plan. Accordingly, the reimbursement of these indirect costs in fiscal year 2013 was \$17,184,046.

**4. CAPITAL ASSETS**

A summary of changes in capital assets follows:

**Primary Government**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Land	\$ 739,538,528	\$ 1,035,772	\$ (27,267)	\$ 740,547,033
Construction In Progress	560,416,859	70,839,107	(66,632,272)	564,623,694
Total non-depreciable assets	<u>1,299,955,387</u>	<u>71,874,879</u>	<u>(66,659,539)</u>	<u>1,305,170,727</u>
Depreciable assets:				
Buildings and improvements	902,473,755	11,413,318	-	913,887,073
Improvements other than buildings	366,333,703	36,886,280	-	403,219,983
Equipment	639,457,297	58,191,054	(51,193,277)	646,455,074
Infrastructure	1,347,778,012	13,801,080	-	1,361,579,092
Total depreciable assets	<u>3,256,042,767</u>	<u>120,291,732</u>	<u>(51,193,277)</u>	<u>3,325,141,222</u>
Less accumulated depreciation for:				
Buildings and improvements	(341,329,572)	(23,235,764)	-	(364,565,336)
Improvements other than buildings	(198,970,982)	(12,395,111)	-	(211,366,093)
Equipment	(442,312,596)	(57,013,676)	43,516,794	(455,809,478)
Infrastructure	(1,044,966,279)	(25,850,757)	-	(1,070,817,036)
Total accumulated depreciation	<u>(2,027,579,429)</u>	<u>(118,495,308)</u>	<u>43,516,794</u>	<u>(2,102,557,943)</u>
Total capital assets, being depreciated, net	<u>1,228,463,338</u>	<u>1,796,424</u>	<u>(7,676,483)</u>	<u>1,222,583,279</u>
Total governmental capital assets, net	<u>\$ 2,528,418,725</u>	<u>\$ 73,671,303</u>	<u>\$ (74,336,022)</u>	<u>\$ 2,527,754,006</u>

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	Beginning Balance	Additions	Deductions	Ending Balance
<b>Business-type Activities:</b>				
Non-depreciable assets:				
Land	\$ 114,902,810	\$ 788,006	\$ -	\$ 115,690,816
Intangible - easement rights	1,660,856	-	-	1,660,856
Construction In Progress	39,638,123	57,365,506	(59,437,547)	37,566,082
Total non-depreciable assets	<u>156,201,789</u>	<u>58,153,512</u>	<u>(59,437,547)</u>	<u>154,917,754</u>
Depreciable assets:				
Buildings and improvements	455,752,014	18,937,314	(702,134)	473,987,194
Improvements other than buildings	1,407,510,765	125,828,882	(11,732,733)	1,521,606,914
Equipment	111,406,000	5,830,523	(6,236,844)	110,999,679
Intangible - easement rights	13,754,957	-	-	13,754,957
Leasehold interest	12,411,525	-	(12,411,525)	-
Goodwill	6,915,903	-	-	6,915,903
Total depreciable assets	<u>2,007,751,164</u>	<u>150,596,719</u>	<u>(31,083,236)</u>	<u>2,127,264,647</u>
Less accumulated depreciation for:				
Buildings and improvements	(218,132,185)	(17,706,352)	454,863	(235,383,674)
Improvements other than buildings	(588,352,026)	(41,392,609)	11,006,621	(618,738,014)
Equipment	(84,869,531)	(6,817,917)	6,076,097	(85,611,351)
Intangible - easement rights	(3,847,044)	(343,874)	-	(4,190,918)
Leasehold interest	(7,897,918)	(1,003,778)	8,901,696	-
Goodwill	(1,313,209)	(216,955)	-	(1,530,164)
Total accumulated depreciation	<u>(904,411,913)</u>	<u>(67,481,485)</u>	<u>26,439,277</u>	<u>(945,454,121)</u>
Total capital assets, being depreciated, net	<u>1,103,339,251</u>	<u>83,115,234</u>	<u>(4,643,959)</u>	<u>1,181,810,526</u>
Total business-type capital assets, net	<u>\$ 1,259,541,040</u>	<u>\$ 141,268,746</u>	<u>\$ (64,081,506)</u>	<u>\$ 1,336,728,280</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 18,552,577
Public safety	33,359,332
Physical environment	1,387,701
Transportation	36,901,499
Economic environment	354,374
Human services	1,411,744
Culture and recreation	19,052,130

In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their usage of assets.

Adjustments to accumulated depreciation	7,430,174
Total increases to accumulated depreciation	<u>\$ 45,777</u>
	<u>\$ 118,495,308</u>

**Business-type Activities:**

Department of Airports	\$ 28,586,885
Water Utilities Department	38,894,600
Total depreciation expense - business-type activities	<u>\$ 67,481,485</u>

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**COMPONENT UNIT – Solid Waste Authority**

A summary of changes in capital assets for the Solid Waste Authority follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
Non-depreciable assets:				
Land	\$ 50,626,126	\$ -	\$ -	\$ 50,626,126
Construction In Progress	290,637,077	288,137,109	(26,180,776)	552,593,410
<b>Total non-depreciable assets</b>	<b>341,263,203</b>	<b>288,137,109</b>	<b>(26,180,776)</b>	<b>603,219,536</b>
Depreciable assets:				
Buildings and improvements	538,431,691	20,790,928	(1,764,685)	557,457,934
Improvements other than buildings	110,539,579	3,015,249	(2,393,740)	111,161,088
Equipment	186,805,133	9,342,368	(5,632,128)	190,515,373
<b>Total depreciable assets</b>	<b>835,776,403</b>	<b>33,148,545</b>	<b>(9,790,553)</b>	<b>859,134,395</b>
Less accumulated depreciation for:				
Buildings and improvements	(152,404,182)	(21,234,632)	1,764,685	(171,874,129)
Improvements other than buildings	(42,767,495)	(5,462,605)	2,393,740	(45,836,360)
Equipment	(129,371,654)	(11,868,446)	5,561,727	(135,678,373)
<b>Total accumulated depreciation</b>	<b>(324,543,331)</b>	<b>(38,565,683)</b>	<b>9,720,152</b>	<b>(353,388,862)</b>
<b>Total capital assets, being depreciated, net</b>	<b>511,233,072</b>	<b>(5,417,138)</b>	<b>(70,401)</b>	<b>505,745,533</b>
<b>Total component unit capital assets, net</b>	<b>\$ 852,496,275</b>	<b>\$ 282,719,971</b>	<b>\$ (26,251,177)</b>	<b>\$ 1,108,965,069</b>

**5. INTERFUND TRANSFERS IN AND OUT**

Interfund transfers in and out during fiscal year 2013 were as follows:

<b>Interfund Transfers In</b>	<b>Interfund Transfers Out</b>	<b>Amount</b>
<b>Governmental Funds:</b>		
<b>Major Governmental Funds</b>		
General Fund	Community & Social Development Special Revenue Fund	\$ 619,490
	General Government Capital Projects	1,842,909
	Law Enforcement Grants Special Revenue Fund	7,742,416
	Other Special Revenue Fund	1,555,936
	Criminal Justice Capital Projects	2,689,815
	Environmental Lands Capital Projects	34,437
	Parks & Recreation Capital Projects	56,474
	Fleet Management	4,305,258
	Combined Insurance Fund	4,027,186
		<u>22,873,921</u>
Fire Rescue Special Revenue Fund	General Fund	7,484,948
	Other Special Revenue Fund	203,797
	Fleet Management	298
	Combined Insurance Fund	51,377
		<u>7,740,420</u>

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<b>Interfund Transfers In</b>	<b>Interfund Transfers Out</b>	<b>Amount</b>
Community & Social Development Special Revenue Fund	General Fund	12,492,523
	General Government Capital Projects	460,000
	Water Utilities	150,000
		<u>13,102,523</u>
Road Program Capital Projects	General Fund	750,000
	County Transportation Trust Special Revenue Fund	64,000
		<u>814,000</u>
General Government Capital Projects	General Fund	6,507,709
	Fire Rescue Special Revenue Fund	259,835
	Community & Social Development Special Revenue Fund	1,634,698
	Revenue Bonds Debt Service Fund	100,000
	County Transportation Trust Special Revenue Fund	36,575
	Library Taxing District Special Revenue Fund	9,937
	Palm Tran Special Revenue Fund	63,426
	Other Special Revenue Fund	1,748,961
	Airports	37,421
	Fleet Management	7,611
		<u>10,406,173</u>
<b>Total Major Governmental Funds</b>		<u>54,937,037</u>
<b>Nonmajor Governmental Funds</b>		
<b>Nonmajor Special Revenue Funds</b>		
Law Enforcement Grants Special Revenue Fund	Other Special Revenue Fund	<u>5,049</u>
County Transportation Trust Special Revenue Fund	General Fund	<u>8,160,903</u>
Municipal Service Taxing District Special Revenue Fund	Fleet Management	79,871
	Combined Insurance Fund	123,832
		<u>203,703</u>
Library Taxing District Special Revenue Fund	Libraries Capital Projects	720,000
	Fleet Management	22,896
	Combined Insurance Fund	478,204
		<u>1,221,100</u>
Affordable Housing Trust Fund (SHIP) Special Revenue Fund	General Fund	141,520
	Community & Social Development Special Revenue Fund	517,909
		<u>659,429</u>
Palm Tran Special Revenue Fund	General Fund	<u>17,214,297</u>
Other Special Revenue Fund	General Fund	2,602,727
	Law Enforcement Grants Special Revenue Fund	214,626
		<u>2,817,353</u>
<b>Nonmajor Debt Service Funds</b>		
General Obligation Bonds Debt Service Funds	General Fund	<u>389,813</u>

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<b>Interfund Transfers In</b>	<b>Interfund Transfers Out</b>	<b>Amount</b>
Revenue Bonds Debt Service Fund	General Fund	92,576,680
	Road Program Capital Projects	1,028,107
	General Government Capital Projects	487,004
	Tourist Development Special Revenue Fund	8,093,621
	Other Special Revenue Fund	711,708
		<u>102,897,120</u>
Other Financing Debt Service	Environmental Lands Capital Projects	<u>628,819</u>
<b>Nonmajor Capital Projects Funds</b>		
Environmental Lands Capital Projects	General Fund	2,830,000
	Tourist Development Special Revenue Fund	2,520,921
	Other Special Revenue Fund	207,796
		<u>5,558,717</u>
Parks & Recreation Capital Projects	General Fund	<u>2,709,115</u>
Street & Drainage Capital Projects	Community & Social Development Special Revenue Fund	<u>62,923</u>
<b>Total Nonmajor Governmental Funds</b>		<u>142,528,341</u>
<b>Proprietary Funds:</b>		
<b>Major Enterprise Funds</b>		
Airports	Fleet Management	65,596
	Combined Insurance Fund	172,575
		<u>238,171</u>
Water Utilities	Community & Social Development Special Revenue Fund	166,222
	Fleet Management	1,126,081
	Combined Insurance Fund	646,826
		<u>1,939,129</u>
<b>Total Enterprise Funds</b>		<u>2,177,300</u>
<b>Total Interfund Transfers Primary Government</b>		<u><u>\$ 199,642,678</u></u>

Transfers are used to: (1) move revenues from within the fund which a statute or budget requires them to be collected to a fund from which a statute or budget requires them to be expended; (2) move receipts which are restricted to debt service from the funds where the receipts are collected into the debt service fund, as debt service payments become due; (3) provide matching funds for the County's portion of grant agreements; (4) use and transfer unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and; (5) provide funding for various capital projects by means of transfers.

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**6. RETIREMENT PLANS**

**FLORIDA RETIREMENT SYSTEM**

*Plan Description* - The County participates in the Florida Retirement System (FRS), a contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement. The FRS was created December 1, 1970. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Florida Statutes, Chapter 121, and may only be amended by the Florida Legislature.

The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Florida Division of Retirement, ATTN: Research, Education & Policy Section, P. O. Box 9000, Tallahassee, Florida 32315-9000, calling 1-850-488-5706, or accessing their website at: <http://dms.myflorida.com>.

Beginning July 1, 2002, the FRS became one plan with two primary options, a defined benefit option known as the FRS Pension Plan and an alternative defined contribution option known as the FRS Investment Plan. The two options are described in detail below.

Members enrolled in the FRS Pension Plan and actively employed on July 1, 2001, or first enrolled between July 1, 2001 and June 30, 2011, will be vested, or eligible to receive future benefits after 6 years of creditable service. Participants first enrolled on or after July 1, 2011 will be vested, or eligible to receive future benefits after 8 years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. For members initially enrolled in the FRS before July 1, 2011, average final compensation is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of salary earned during covered employment. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. For members initially enrolled in the FRS before July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. For members initially enrolled in the FRS on or after July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 65 or if they have 33 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at a stated effective annual rate. For members who entered DROP prior to July 1, 2011, the rate is 6.5%. For members who enter DROP on or after July 1, 2011, the rate is 1.3%. Members may participate in DROP when they are vested and have

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reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS Investment Plan, formally created as the Public Employee Optional Retirement Program (PEORP), is a participant-directed 401(a) program selected by employees in lieu of participation in the defined benefit option of the Florida Retirement System. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer/employee contributions. Participants and beneficiaries bear the investment risks that result when they exercise control over investments in their accounts. The Investment Plan offers a diversified mix of low-cost investment options that span the risk-return spectrum and give participants the opportunity to accumulate retirement benefits. Members are vested after completing one year of creditable service.

*Funding Policy* - The contribution requirements are established and may be amended by the Florida Legislature. The County's contributions to FRS for the years ended September 30, 2013, 2012, and 2011 were \$69.8 million, \$59.1 million, and \$93.5 million, respectively, equal to the required contributions for each year.

The following membership classes and rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2013:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular	3.00%	6.95%
Special Risk	3.00%	19.06%
Judges	3.00%	28.28%
Legislators	3.00%	32.60%
Governor/Lieutenant Governor/Cabinet	3.00%	32.60%
State Attorney/Public Defender	3.00%	32.60%
County, City, Special District Elected Officers	3.00%	33.03%
Special Risk Administrative Support	3.00%	35.96%
IFAS Supplemental	0.00%	18.75%
Senior Management	3.00%	18.31%
Deferred Retirement Option Program	N/A	12.84%

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**PALM TRAN, INC. – DEFINED BENEFIT PLAN**

*Plan Description* – The Palm Tran, Inc. – Amalgamated Transit Union Local 1577 (Palm Tran) pension plan (the Plan) is a mandatory contribution, single-employer, defined benefit retirement program administered by the Pension Resource Center. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Board of Trustees (the Board) of the Palm Tran pension plan has the authority to establish and amend benefit provisions. Palm Tran issues a stand-alone, publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the plan administrator at Pension Resource Center LLC, 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, Florida 33410 or calling 1-561-624-3277 or accessing their website at: www.resourcecenters.com. Since the County has no fiduciary responsibility for this plan, it is not included in these financial statements.

*Funding Policy* – The contribution requirements of plan members and Palm Tran, Inc. are established by the Pension Trust Agreement and may be amended by the Board. Plan members are required to contribute 2.5% of their annual covered payroll. Palm Tran, Inc. is required to contribute 14.9% of annual covered payroll.

*Annual Pension Cost and Net Pension Obligation* – Per the actuarial valuation, the annual pension cost and net pension obligation as of September 30, 2013 were as follows:

Annual required contribution (ARC)	\$ 13,587,979
Interest on net pension obligation	1,224,954
Adjustment to ARC	(864,104)
Annual pension cost	<u>13,948,829</u>
Contributions made	<u>(7,411,075)</u>
Change in net pension obligation	6,537,754
Net pension obligation beginning of year	<u>15,311,919</u>
Net pension obligation end of year	<u><u>\$ 21,849,673</u></u>

**Three-Year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/11	\$ 8,589,477	40%	\$ 8,013,869
09/30/12	11,262,459	33	15,311,919
09/30/13	13,948,829	55	21,849,673

*Funded Status and Funding Progress* – As of January 1, 2013, the most recent actuarial valuation date, the plan was 65.8% funded. The actuarial accrued liability for benefits was \$96.2 million, and the actuarial value of assets was \$63.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$32.9 million. The covered payroll (annual payroll of active

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employees covered by the plan) was \$25.7 million, and the ratio of the UAAL to the covered payroll was 127.9%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial Methods and Assumptions* – In the January 1, 2013 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases ranging from 5.0% to 12.5% per year. Both (a) and (b) included an inflation component of 4.0% with no cost-of-living adjustments. The projection of benefits for financial accounting purposes does not explicitly incorporate the potential effects of the 14.9% limitation on Palm Tran’s contribution rate disclosed above under “Funding Policy”. The actuarial value of assets was determined using the 5-year Smoothed Market asset valuation method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2013 was 30 years.

**LANTANA FIREFIGHTER’S – DEFINED BENEFIT/CONTRIBUTION PLAN**

*Plan Description* – The Lantana Firefighter’s Pension Fund (LFPF) is a combined defined benefit and defined contribution pension plan covering Town of Lantana (Town) firefighters employed by Palm Beach County (County). LFPF is governed by a Board of Trustees made up of representatives of the firefighters and the Town. It provides a defined benefit retirement annuity to retiring participants and also provides a defined contribution retirement benefit in the form of share accounts, payable upon retirement, death or disability. LFPF issues a stand-alone, publicly available financial report that includes financial statements and required supplementary information. The County does not perform the investment function or have significant administrative involvement in the plan. The report may be obtained by writing to the plan administrator, Pension Resource Center LLC, at 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, Florida 33410 or calling 1-561-624-3277 or accessing their website at: [www.resourcecenters.com](http://www.resourcecenters.com). Since the County has no fiduciary responsibility for this plan, it is not included in these financial statements.

*Funding Policy* – (a) Plan members are required to contribute 10% of their salary to the Plan. Of this, 2% is allocated to the defined benefit portion of the Plan and 8% is allocated to the defined contribution portion. (b) Pursuant to Chapter 175, Florida Statutes, the Town imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within its corporate limits. 100% of the net proceeds of this 1.85% excise tax are allocated to the defined benefit portion of the Plan. (c) Because the County is ultimately responsible for the actuarial soundness of the Plan, the County must contribute an amount determined by the Trustees, in conjunction with the Plan’s actuary, to be sufficient, along with the employees’ contributions and the proceeds from the insurance tax, described above, to fund the defined benefits under the Plan. The current rate is 77.02% of annual covered payroll.

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*Annual Pension Cost and Net Pension Obligation* – Per the actuarial valuation, the annual pension cost and net pension obligation as of September 30, 2013 were as follows:

Annual required contribution (ARC)	\$ 1,449,884
Interest on net pension obligation	4,330
Adjustment to ARC	(7,450)
Annual pension cost	1,446,764
Contributions made	(1,518,080)
Change in net pension obligation	(71,316)
Net pension obligation beginning of year	54,126
Net pension asset end of year	\$ (17,190)

**Three-Year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
09/30/11	\$1,437,327	100%	\$ 41,505
09/30/12	1,399,506	98	54,126
09/30/13	1,446,764	105	(17,190)

*Funded Status and Funding Progress* – As of September 30, 2012, the most recent actuarial valuation date, the plan was 79.2% funded. The actuarial accrued liability for benefits was \$29.2 million, and the actuarial value of assets was \$23.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.1 million, and the ratio of the UAAL to the covered payroll was 293.0%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial Methods and Assumptions* – In the September 30, 2012 actuarial valuation, the Individual Entry Age actuarial cost method was used. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 7.0% per year compounded annually, and (c) the assumption that benefits will not increase after retirement. Both (a) and (b) included an inflation component of 5.0%. The actuarial value of assets was determined using the 5-year Smoothed Market asset valuation method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2012 was 14 years.

**OTHER PENSION PAYMENTS**

The County entered into agreements with the City of Lake Worth (City) for law enforcement services, effective October 1, 2008, and fire rescue services, effective October 1, 2009. Employees of the City who became County employees had the choice to remain in the appropriate City-sponsored retirement plan or to become a member of the Florida Retirement

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System (FRS). The County contributes to the City-sponsored plans the equivalent amount that would be required by FRS. The County's contributions for employees who elected to remain with the City-sponsored plans were \$594,558 for the year ended September 30, 2013.

A copy of the City's pension fund financial statements may be obtained by contacting the Plan Administrators for the Lake Worth Pension Funds: Pension Resource Center LLC, at 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, Florida 33410 or calling 1-561-624-3277 or accessing their website at: [www.resourcecenters.com](http://www.resourcecenters.com). Since the County has no fiduciary responsibility for this plan, it is not included in these financial statements.

**COMPONENT UNIT – Solid Waste Authority (SWA)**

Like the Primary Government, the SWA also participates in the Florida Retirement System (FRS), a contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement.

The contribution requirements for plan members and participating governments are established by State statute. The SWA's contributions to the FRS for the years ended September 30, 2013, 2012 and 2011 were \$1,308,604, \$1,081,074 and \$2,041,721, respectively, and were equal to the required contributions for each year.

**7. COMMITMENTS**

**Outstanding Purchase Orders and Contracts**

Purchase orders and contracts (including construction contracts) had been executed, but goods and services were not received in the amounts shown below as of September 30, 2013:

<b>Governmental Activities:</b>	<u>Amount</u>
<b>Major funds:</b>	
General Fund	\$ 1,045,245
Fire Rescue Special Revenue Fund	3,674,826
Community & Social Development Special Revenue Fund	5,320,603
Road Program Capital Projects Fund	32,133,762
General Government Capital Projects Fund	<u>7,377,785</u>
Total major funds	49,552,221
<b>Nonmajor governmental activities</b>	<u>27,059,178</u>
Total governmental activities	<u>76,611,399</u>
 <b>Business-type Activities:</b>	
Airports	9,182,172
Water Utilities	<u>21,867,000</u>
Total business-type activities	<u>31,049,172</u>
Total commitments	<u><u>\$ 107,660,571</u></u>

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Because the budget authority for these amounts lapses at fiscal year-end, they are not reported as either encumbrances or liabilities in the financial statements. Funds are appropriated at the beginning of each fiscal year to provide for these commitments. These amounts are presented as restricted, committed, or assigned in the Statement of Net Position, as appropriate, based on the purpose of the funding.

**Palm Tran**

In September 2012, the County was notified that the Palm Tran/ATU Local 1577 Pension Plan had a funding deficiency. As a result, the County was required to amortize this funding deficiency over three annual payments. The second annual payment of \$3,648,404 was paid by September 30, 2013, with the remaining payment due by September 30, 2014.

**County Home**

The County entered into an inter-local agreement with the Palm Beach County Health Care District (the District) effective July 11, 1995 regarding the Medicaid Match and the County Home and General Care Facility (County Home). The term of the agreement is for 40 years and provides that the County will make a fixed annual payment of \$15 million to the District in exchange for the District's agreement to operate and manage the County Home and to pay 100% of the Medicaid Match funding as required by the State for hospital and nursing home care.

**Max Planck**

On July 22, 2008, the County entered into an economic development grant agreement with Max Planck Florida Corporation (MPFC) providing funding for approximately \$86.9 million for the construction and operation of an approximate 100,000 square foot Biomedical Research Facility in the County. Under the terms of the agreement, a maximum of \$60 million will be spent towards the construction costs for the Permanent Facility and \$26.9 million towards the reimbursement of operational costs. The term of the agreement is 15 years. The County, MPFC and FAU entered into a sublease agreement to lease a portion of the John D. MacArthur Campus of FAU to MPFC for construction of its permanent Florida facilities. The execution of the FAU sublease is a condition to the disbursement of the grant funds. The County has paid \$55 million towards this commitment through September 30, 2013.

**Tri-County Commuter Rail Authority**

Pursuant to Chapter 343 of the Florida Statutes, the South Florida Regional Transportation Authority (SFRTA) was created and established as an agency of the State to own, operate, maintain, and manage a transit system in the tri-county area of Miami-Dade, Broward, and Palm Beach Counties.

A state-authorized, local option recurring funding source available to the tri-counties is directed to SFRTA to fund its capital, operating, and maintenance expenses if the counties dedicate and transfer annually not less than \$2.67 million. In addition, each county shall continue to annually

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fund the operations of SFRTA in an amount not less than \$1.565 million. The total annual commitment for Palm Beach County is \$4.235 million.

**COMPONENT UNIT - Solid Waste Authority (SWA)**

Contract Commitments: SWA has several uncompleted construction contracts for improvements to the solid waste system. The construction is being funded primarily from existing capital improvement funds and bond proceeds. At September 30, 2013 the uncompleted contracts are summarized as follows:

	<u>Contract Amount</u>	<u>Approved Payments</u>	<u>Retainage Payable</u>	<u>Remaining Contract Commitment</u>
Bond Funds	<u>\$675,799,357</u>	<u>\$453,469,340</u>	<u>\$12,995,251</u>	<u>\$209,334,766</u>

In addition to the construction contract commitments, SWA also had outstanding purchase commitments for various equipment, goods and services totaling approximately \$41.4 million at September 30, 2013.

Interlocal Agreement: SWA entered into an interlocal agreement with Palm Beach County to provide funding for a hazardous materials emergency response team to provide regional hazardous materials investigation and mitigation services through the fiscal year ending September 30, 2017.

SWA paid \$1,881,486 for 2013. SWA is required to pay \$1,937,931 under this agreement for the fiscal year ended September 30, 2014. The amount due each year can increase up to 3% per year.

Lease Commitments: SWA owns approximately 1,600 acres of farmland in western Palm Beach County, which is held as a replacement waste disposal site. SWA has an operating lease expiring in 2014 with the former owner to maintain and continue farming the property. The lease provides for annual rental payments to SWA adjusted each year based on the change in the producer price index for raw cane sugar, provided that the total annual rent shall not exceed \$450,000. Rental income from this lease for the year ended September 30, 2013 was approximately \$312,000. The carrying value of the land subject to the lease was approximately \$8 million at September 30, 2013. The lease also provides the option to extend the term for four additional periods of four years (through 2030), each under the same terms and conditions. SWA retains the right to terminate the lease, in part, for areas designated for landfill development by SWA after the initial lease term. Management expects the operating lease to be renewed until the property is utilized for its intended purpose as a replacement waste disposal site.

SWA leases the current site of the Delray Beach transfer station from the City of Delray Beach under a 20 year operating lease expiring September 30, 2020 with an option to renew for an additional 20 years under the existing terms. The lease provides for annual rental payments increased by the annual change in the consumer price index. Rent expense for the year ended September 30, 2013 was approximately \$141,000. The minimum future rental payments, based

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on an annual increase of 3 percent, under this operating lease at September 30, 2013 were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2014	\$ 145,385
2015	149,746
2016	154,239
2017	158,866
2018	163,632
2019-2020	<u>342,138</u>
	<u>\$ 1,114,006</u>

**Landfill Closure and Postclosure Care Costs**

The SWA operated one active landfill site for the year ended September 30, 2013. In addition, the SWA is responsible for two landfill sites closed after 1991 and three landfill sites closed prior to 1991.

State and Federal laws and regulations require the SWA to place a final cover on its operating landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at that and other landfill sites closed after 1991, for thirty years after closure. Although the majority of closure and postclosure care costs will be paid near or after the date that the operating landfill stops accepting waste, the SWA reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date.

Landfill closure and postclosure care liabilities at September 30, 2013 are as follows:

Accrued closure and postclosure care costs	\$ 39,054,165
Accrued postclosure care for closed landfills	<u>4,352,538</u>
Total Accrued Landfill Closure Costs	<u><u>\$ 43,406,703</u></u>

The \$39,054,165 of accrued closure and postclosure care liabilities at September 30, 2013 represents the cumulative cost based on the use of 41.8 percent of the estimated capacity of the operating landfill. The SWA will recognize the remaining estimated cost of closure and postclosure care of approximately \$68.2 million for the operating landfill as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Based on current demographic information and engineering estimates of landfill consumption, the SWA expects to close the landfill in approximately 2049. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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The SWA is required by state laws and regulations to make annual contributions to an escrow account to finance all closure costs and one year of postclosure care for landfills closed after 1991. The SWA is in compliance with these requirements, and at September 30, 2013 assets of \$31,590,328 were held for these purposes. This amount is reported as noncurrent restricted assets on the statement of net position. The SWA expects that future inflation costs will be paid from interest earnings on these invested amounts and subsequent annual contributions. However, if interest earnings are inadequate or additional closure or postclosure care requirements are determined (due to changes in technology or applicable laws or regulations) these costs may need to be covered by charges to future users of the solid waste system or from future non-ad valorem assessments.

At September 30, 2013, the statutorily required escrow account balances were as follows:

Site	
Site 7 closure costs	\$ 23,958,244
Dyer landfill long-term care	334,811
	\$ 24,293,055

State laws and regulations specify that required landfill escrow account balances must be calculated using either the “Pay-in” or the “Balance” method, as they are statutorily defined. During 2006 the SWA changed from the Pay-in method to the Balance method. The SWA will be required to continue using the Balance method through the remaining design life of the Site 7 landfill. Although the SWA is not legally required by state or federal laws and regulations to provide funding for the landfill sites closed prior to 1991, the SWA has accepted financial responsibility for these sites. The annual long-term care funding requirements for these sites were not estimated or accrued at September 30, 2013; however, management does not believe that the annual costs are material to the SWA and these costs will be adequately funded through future, annual operating budgets.

**8. RISK MANAGEMENT**

The County maintains various self-insurance programs which are accounted for as internal service funds. Following is a brief description of each of the County’s insurance programs. The claims liability reported in each of the funds at September 30, 2013, is actuarially determined based on the requirements of GASB 10, which specifies that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**Property and Liability**

The County is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; and natural disasters. The County self-funds its Property and Liability exposures up to the amounts of \$1,000,000 for Property and \$500,000 for Liability with the exception of Palm Tran which is up to \$200,000. In addition, the County purchases a portfolio of excess insurance policies for both Property and Liability as well as numerous smaller

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policies for areas that are typically excluded in a standard policy or are specialized in nature. Liability exposures are limited to \$200,000 per person and \$300,000 per occurrence under Florida's sovereign immunity statute 768.28. The insurance program covers the Board of County Commissioners, the Supervisor of Elections, and the Tax Collector. In addition, the Property Appraiser participates in a small portion of the program as outlined in the Self Insured Retention Program.

Participants in the program make payments to the Property and Liability Insurance Fund, included in the Combined Insurance Fund, based on estimates of the amounts needed to pay prior and current year claims and to establish an additional liability for claims incurred but not reported. The claims liability reported in this fund at September 30, 2013 is \$4,693,687. During claim years 2013 and 2012, changes recorded to the claims liability for property and liability insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2012	\$3,819,171	\$2,042,020	(\$2,234,503)	\$3,626,688
2013	3,626,688	7,162,497	(6,095,498)	4,693,687

**Workers' Compensation Insurance**

The County self-funds its workers' compensation exposure. The fund is professionally administered by a third party claims administrator. This fund covers all employees of the Board of County Commissioners, the Supervisor of Elections, the Clerk & Comptroller, the Property Appraiser, and the Tax Collector. Although the Sheriff's payroll and losses are reported to the State by the Risk Management Department, the Sheriff manages his own program using a third party administrator. Under the County's Self-Insurance Program, the Workers' Compensation Fund provides full coverage pursuant to Florida Statute 440. The County purchases excess coverage for losses above the self-insured retention limit of \$2,000,000, for each workers' compensation occurrence.

Participants in the program make payments to the Workers' Compensation Insurance Fund, included in the Combined Insurance Fund, based on estimates of the amounts needed to pay prior and current year claims and to establish an additional liability for claims incurred but not reported. The claims liability reported in this fund at September 30, 2013 is \$47,542,768. During claim years 2013 and 2012, changes recorded to the claims liability for workers' compensation insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2012	\$45,395,975	\$14,787,348	(\$13,052,310)	\$47,131,013
2013	47,131,013	5,343,528	(4,931,773)	47,542,768

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**Employee Group Health Insurance**

The County provides health insurance for its employees, retirees, and eligible dependents. The County has a \$550,000 specific excess insurance policy to protect the County against catastrophic health claims. The Health Insurance Fund covers all employees of the Board of County Commissioners and the Supervisor of Elections.

Participants in the program make payments to the Employee Health Insurance fund, included in the Combined Insurance Fund, based on estimates of amounts needed to pay prior and current year claims and to establish an additional liability for claims incurred but not reported. The claims liability reported in the fund at September 30, 2013 is \$3,624,079. During claim years 2013 and 2012, changes recorded to the claims liability for employee health insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2012	\$4,227,245	\$53,517,235	(\$53,779,504)	\$3,964,976
2013	3,964,976	52,897,827	(53,238,724)	3,624,079

**SHERIFF**

The Sheriff's Office maintains a general liability self-insurance program, a workers' compensation self-insurance program and a commercially insured employee health insurance program which record current activity in the Sheriff's General fund and an obligation in the government-wide financial statements. The following is a brief description of each of the Sheriff's insurance programs.

**General Liability Insurance**

The Sheriff's office is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; and natural disasters. The claims liability reported for general liability at September 30, 2013 is \$14,408,539. This amount is based on the requirements of GASB 10 which specifies that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

During claim years 2013 and 2012, changes recorded to the claims liability for general liability were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2012	\$12,785,926	\$3,311,072	(\$3,394,447)	\$12,702,551
2013	12,702,551	5,217,901	(3,511,913)	14,408,539

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**Workers' Compensation Insurance**

The Sheriff's office is self-funded for its workers' compensation exposure. The claims liability reported at September 30, 2013 is \$23,195,163. This amount is the actuarially determined claims liability based on the requirements of GASB 10 which specifies that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

During claim years 2013 and 2012, changes recorded to the claims liability for workers' compensation were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2012	\$20,319,633	\$9,407,204	(\$7,010,471)	\$22,716,366
2013	22,716,366	8,154,744	(7,675,947)	23,195,163

**Employee Group Health Insurance**

The Sheriff's office maintains a fully insured program for its employee group health insurance program.

**CLERK & COMPTROLLER**

**Employee Group Health Insurance**

The Clerk's office provides health insurance for its employees and eligible dependents. The Clerk's office is self-insured for its health insurance coverage. The health insurance program is accounted for as an internal service fund.

During claim years 2013 and 2012, changes recorded to the claims liability for health insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2012	\$742,000	\$8,215,654	(\$8,207,654)	\$750,000
2013	750,000	9,422,041	(9,422,041)	750,000

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**TAX COLLECTOR**

**Employee Group Health and Dental Insurance**

The Tax Collector’s office provides health and dental insurance to its employees and eligible dependents. The Tax Collector is fully insured for its health and dental coverage.

**PROPERTY APPRAISER**

**Employee Group Health and Dental Insurance**

The Property Appraiser’s office provides health and dental insurance to its employees and eligible dependents. The Property Appraiser is fully insured for its health and dental coverage.

**COMPONENT UNIT - Solid Waste Authority (SWA)**

The SWA is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The SWA purchases commercial insurance for property damage with coverage up to a maximum of approximately \$250 million, subject to various policy sub-limits, generally ranging from \$1 million to \$100 million and deductibles ranging from \$50,000 to \$1 million per occurrence. The SWA also purchases commercial insurance for general liability claims with coverage up to \$5 million per occurrence and \$5 million aggregate, with excess liability coverage of \$45 million, all subject to various deductibles up to \$50,000 per occurrence. General liability claims are limited by the Florida constitutional doctrine of sovereign immunity to \$200,000 per claim and \$300,000 per occurrence unless a higher claim is approved by the Florida Legislature.

The SWA purchases commercial insurance for workers’ compensation benefits with a \$1,000,000 per occurrence and per employee policy limit, subject to a deductible of \$250,000 per occurrence. Settled claims have not exceeded commercial coverage in any of the last three years. Changes in the claims liability amount for workers’ compensation benefits for the years ended September 30, 2013 and 2012 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<b>Current Year</b> <u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<b>Balance at Fiscal Year-End</b>
2012	\$448,000	\$558,243	(\$512,243)	\$494,000
2013	494,000	387,784	(504,784)	377,000

The SWA purchases health insurance through a commercial health insurance plan.

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**9. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Overview**

Entities of the Reporting Unit provide the following post-employment benefits to retirees:

**A. Healthcare Plans:**

1. County includes:
  - (a) BOCC
  - (b) Supervisor of Elections
  - (c) Metropolitan Planning Organization
2. Tax Collector
3. Property Appraiser
4. Clerk & Comptroller
5. Sheriff
6. Fire Rescue Union

**B. Long Term Disability Plan:**

1. Fire Rescue Taxing District

**Healthcare Benefits Provided to Retirees**

*Postretirement Benefits:* The amount reported as the postretirement benefit obligation represents the actuarial present value of those estimated future benefits that are attributed by the terms of the plan to employees' service rendered to the date of the financial statements, reduced by the actuarial present value of contributions expected to be received in the future from current plan participants. Postretirement benefits include future benefits expected to be paid to or for both of the following:

1. Currently retired or terminated employees and their beneficiaries and dependents.
2. Active employees and their beneficiaries and dependents after retirement from service with participating employers.

The postretirement benefit obligation represents the amount that is to be funded by contributions from the plan's participating employers and from existing plan assets. Before an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to that employee's service in the County rendered to the valuation date.

The actuarial present value of the expected postretirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

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Plan Description: The defined benefit post-employment healthcare plans provide medical benefits to eligible retired employees and their dependents. The plans are single employer plans which are administered by the employer for their employees. The Supervisor of Elections and Metropolitan Planning Organization participate in the County plan. The plans do not issue separate standalone financial reports.

The Fire Rescue retiree health plan is a defined benefit plan with attributes similar to a defined contribution plan. The County is required, per the Collective Bargaining Agreement, to make contributions equal to 3% of the total current base annual pay plus benefits for the Fire Rescue employees. Since the primary government is not entitled to nor does it have the ability to otherwise access the economic resources received or held by the Fire Rescue retiree health plan, and since Palm Beach County has no reversionary interest in the economic resources received or held by the Fire Rescue retiree health plan and the County is not responsible for custody of the assets of the plan, therefore it is not reported as a fiduciary fund of the County. The plan does not issue a separate standalone financial report.

Funding Policy: The contribution requirements of plan members and the employer are established and may be amended by the employer or by the union for Fire Rescue. All entities of the Primary Government are required by Florida Statute 112.0801 to allow their retirees (and eligible dependents) to continue participation in the group insurance plan. Retirees must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees which results in an implicit subsidy as defined by GASB 45.

At September 30, 2013 retirees receiving benefits contributed the following monthly premiums:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union
Monthly Minimum	\$ 655	\$ 719	\$ 456	\$ 568	\$ 534	\$ 333
Monthly Maximum	2,033	2,363	1,618	2,039	2,234	611

In addition to the ‘implicit’ benefit, two of the plans offer an explicit benefit. The Sheriff and Fire Rescue Plans provide a subsidy that retirees can use to partially or fully offset the cost of health insurance.

The costs of the County-wide OPEB plan are allocated to the various operating departments based on the number of personnel and personnel costs.

In accordance with the Fire Rescue Collective Bargaining Agreement, the plan provides a post-retirement health insurance benefit. The Retirees must meet retirement eligibility criteria in order to be eligible for the full benefit. For employees who retired before September 27, 2005, the subsidy is a monthly benefit of \$75 plus \$12 per year of service. Unless otherwise precluded, for employees retiring on or after September 27, 2005, the subsidy is a monthly benefit of \$140 plus \$17 per year of service. This subsidy is payable for life and is assumed to remain fixed in the future. Employees who retire with at least ten years of service but before attaining normal

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retirement eligibility are eligible for a reduction to this benefit in the amount of 6% for each year between their age of retirement and age 55. This reduction remains fixed in the future.

Under the Sheriff's Plan, for employees who retire in good standing after six years of service and who elect to retain the Sheriff's Office group medical and/or dental coverage, the County provides a subsidy of \$16 per month per year of service toward medical and dental coverage for the retiree and eligible family members, based on years of service to the Sheriff. This subsidy ends at the death of the retiree or when the retiree discontinues coverage under the Sheriff's plan. A special subsidy of 90% of medical and dental premiums for employee or employee-plus-one coverage is offered to the Sheriff, Chief Deputy, Deputy Director, Director, and Colonel. A special subsidy of 80% of medical and dental premiums for employee or employee-plus-one coverage is offered to Majors and the Bureau Director. A special subsidy of 100% of medical and dental premiums for employee or employee-plus-one coverage is offered to employees who become disabled in the line of duty and spouses of employees who die in the line of duty.

*OPEB Cost and Net OPEB Obligation:* The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. A portion of the County's net OPEB asset/obligation is allocated to the enterprise and internal service fund operations.

The following table shows the components of the annual OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2013:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union
Annual required contribution (ARC)	\$ 1,270,000	\$ 265,451	\$ 25,066	\$ 495,437	\$ 22,270,000	\$ 10,463,000
Interest on net OPEB obligation	(40,000)	44,289	8,170	19,236	3,000,000	1,062,000
Adjustment to annually required contribution	35,000	(21,180)	(3,214)	(27,227)	(2,670,000)	(923,000)
Annual OPEB cost	1,265,000	288,560	30,022	487,446	22,600,000	10,602,000
Contributions made	(1,732,564)	-	(5,306)	(187,921)	(4,640,000)	(5,169,000)
Increase (decrease) in net OPEB obligation	(467,564)	288,560	24,716	299,525	17,960,000	5,433,000
Net OPEB obligation (asset) - beginning of year	(948,198)	916,981	156,672	416,111	66,810,000	24,991,229
Net OPEB obligation (asset) - end of year	\$ (1,415,762)	\$ 1,205,541	\$ 181,388	\$ 715,636	\$ 84,770,000	\$ 30,424,229

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The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) for the current and preceding two fiscal years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
<b>County</b>			
9/30/2011	\$ 1,159,000	188.5 %	\$ (427,805)
9/30/2012	1,238,000	142.0	(948,198)
9/30/2013	1,265,000	137.0	(1,415,762)
<b>Tax Collector</b>			
9/30/2011	\$ 153,415	0.0 %	\$ 646,772
9/30/2012	270,209	0.0	916,981
9/30/2013	288,560	0.0	1,205,541
<b>Property Appraiser</b>			
9/30/2011	\$ 39,647	0.0 %	\$ 138,118
9/30/2012	29,081	36.2	156,672
9/30/2013	30,022	17.7	181,388
<b>Clerk &amp; Comptroller</b>			
9/30/2011	\$ 430,000	91.1 %	\$ 172,966
9/30/2012	486,892	50.1	416,111
9/30/2013	487,446	38.6	715,636
<b>Sheriff</b>			
9/30/2011	\$ 19,250,000	26.6 %	\$ 50,120,000
9/30/2012	21,260,000	21.5	66,810,000
9/30/2013	22,600,000	20.5	84,770,000
<b>Fire Rescue Union</b>			
9/30/2011	\$ 9,893,000	47.8 %	\$ 19,012,821
9/30/2012	10,425,000	42.7	24,991,229
9/30/2013	10,602,000	48.8	30,424,229

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*Funded Status and Funding Progress:* The plans are financed on a ‘pay-as-you-go’ basis. The funded status of the plans as of the most recent actuarial valuation date was as follows:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union
Actuarial accrued liability (AAL)	\$ 16,267,000	\$ 1,546,776	\$ 192,396	\$ 6,200,857	\$ 240,478,000	\$ 166,519,000
Actuarial value of plan asset	-	-	-	-	-	33,381,229
Unfunded actuarial accrued liability (UAAL)	\$ 16,267,000	\$ 1,546,776	\$ 192,396	\$ 6,200,857	\$ 240,478,000	\$ 133,137,771
Funded ratio (actuarial value of plan / AAL)	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%
Covered payroll (active plan members)	\$ 238,354,919	\$ 12,700,913	\$ 12,061,477	\$ 32,403,639	\$ 257,194,182	\$ 144,075,816
UAAL as a percentage of covered payroll	6.8%	12.2%	1.6%	19.1%	93.5%	92.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Due to the small number of retirees in the Tax Collector’s Plan, it was determined that any implicit subsidy is insignificant and conservatively reported as zero.

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

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	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union
Actuarial valuation date	10/1/2011	10/1/2012	10/1/2012	10/1/2011	1/1/2012	10/1/2012
Actuarial cost method	Projected Unit Credit Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Projected Unit Credit Actuarial Cost Method	Projected Unit Credit Actuarial Cost Method
Actuarial amortization method	Level percentage of projected payroll on open basis	Level percentage of projected payroll on closed basis	Level percentage of projected payroll on closed basis	Level percentage of projected payroll on open basis	Level percentage of projected payroll on open basis	Level percentage of projected payroll on open basis
Remaining amortization period	30 yrs- Open	30 yrs- Closed	30 yrs- Closed	30 yrs- Open	30 yrs- Open	30 yrs- Open
Asset valuation method	na	na	na	na	na	na
Actuarial assumptions						
Investment rate of return	4.3%	5.0%	4.0%	4.0%	4.5%	4.25%
Inflation rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Projected salary increases	3.5%	4.0%	4.0%	2.5%	3.5%	3.5%
Healthcare inflation rate-initial	10.0%	7.0%	8.0%	8.0%	7.2%	9.0%
Healthcare trend rate-ultimate	5.0%	5.0%	5.0%	4.5%	5.0%	5.0%

**Long Term Disability Benefits Provided to Retirees**

*Plan Description:* The Palm Beach County Fire Rescue Supplemental Disability Plan is a defined benefit plan that provides disability benefits to Firefighters and District Chiefs totally and permanently prevented from rendering useful and efficient service as a Firefighter/District Chief incurred in the line of duty. The plan is a single employer plan which is administered by the Palm Beach County Fire Rescue Department. The plan does not issue a separate standalone financial report.

*Funding Policy:* The contribution requirements of plan members and Palm Beach County are established and may be amended by collective bargaining between Palm Beach County and the Professional Firefighters/Paramedics of Palm Beach County, Local 2928, IAFF, Inc. The plan is funded by the County based on an annually required contribution calculated by an actuary. The earmarked funding, related earnings, expenditures and administrative costs are recorded in a special revenue fund.

*OPEB Cost and Net OPEB Obligation:* The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the current fiscal year, the amount contributed to the plan, and changes in the net OPEB obligation:

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Annual required contribution	\$ 776,142
Interest on net OPEB obligation	9,224
Adjustment to annual required contribution	(16,530)
Annual OPEB cost	<u>768,836</u>
Contributions made	(838,815)
Change in net OPEB obligation	(69,979)
Net OPEB obligation - beginning of year	230,591
Net OPEB obligation - end of year	<u>\$ 160,612</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding two fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2011	\$ 879,353	80.3%	\$ 91,165
9/30/2012	762,128	81.7%	230,591
9/30/2013	768,836	109.1%	160,612

Funded Status and Funding Progress: The plan is financed on a 'pay-as-you-go' basis. The funded status of the plan as of September 30, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 9,026,331
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 9,026,331</u>
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$144,075,816
UAAL as a percentage of covered payroll	6.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, disability occurrences, and workmen's compensation payments. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of

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sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2012
Actuarial cost method	Projected Unit Credit Actuarial Cost Method
Amortization method	Level Percentage of Projected Payroll on Open Basis
Remaining amortization period	15 years- Open
Asset valuation method	na
Actuarial assumptions:	
Investment rate of return	4.0%
Inflation rate	3.0%
Projected salary increases	4.5%
Cost of living adjustments	None

**COMPONENT UNIT - Solid Waste Authority (SWA)**

Plan Description: Effective January 1, 2009, the SWA established a single-employer defined benefit healthcare plan to provide benefits to its eligible retired employees and their beneficiaries (the “Plan”). The Plan is administered by the SWA’s Board, which also has the authority to establish and amend premiums for and the benefit provisions of the Plan. The Plan is financed on a “pay-as-you-go” basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

Funding Policy: The contribution requirements of Plan members and the SWA are established and may be amended by the SWA’s Board. The SWA is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$686 to a maximum of \$2,211.

Annual OPEB Cost and Net OPEB Obligation: The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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The SWA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for the years ended September 30, 2013 were as follows:

Annual required contribution	\$ 67,000
Interest on net OPEB obligation	20,000
Adjustment to annual required contribution	<u>(15,000)</u>
Annual OPEB cost	72,000
Contributions made	<u>(84,049)</u>
Change in net OPEB obligation	(12,049)
Net OPEB obligation, beginning of year	<u>334,999</u>
Net OPEB obligation, end of year	<u>\$ 322,950</u>

The year ended September 30, 2008 was the year of implementation of GASB 45 and the SWA elected to implement prospectively. Three year comparative data is as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Actual Employer</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2013	\$ 72,000	\$ 84,049	116.7%	\$ 322,950
2012	80,000	72,560	90.7%	334,999
2011	80,000	99,470	124.3%	327,559

Funded Status and Funding Progress: The Plan is financed on a pay-as-you-go basis. The latest actuarial valuation was done as of October 1, 2012 and the SWA intends to obtain such valuations every other year in the future. The following schedule of funding progress is based upon available information and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits:

<u>Date of</u> <u>Actuarial</u> <u>Valuation</u> <u>October 1,</u>	<u>Actuarial</u> <u>Value</u> <u>of Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>
2012	\$ 0	\$ 726,000	\$ 726,000	0.0%	\$21,558,000	3.4%

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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The Plan uses the projected unit credit actuarial cost method. The actuarial assumptions include a 6.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates include a 3.5% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level percentage of projected payroll on an open basis. The remaining amortization period is 30 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage and changes in marital status, could result in actual costs being greater or less than estimated.

Changes in Actuarial Assumptions: Several actuarial assumptions were changed in the October 1, 2010 valuation resulting in a decrease in the AAL of approximately \$700,000. These changes include the following: (1) claim costs did not increase at the rates assumed in the prior valuation, (2) there are fewer lives in total, fewer retirees and fewer spouses covered now than there were previously, (3) the trend assumption applicable to assumed administrative expenses was changed, and (4) the assumed participation rate for retirees was reduced based on the census.

## **10. LEASES**

### **Leases Receivable: Enterprise Funds**

The Department of Airports leases a major portion of its property to airlines, rental car companies and concessionaires. Certain concessionaire leases provide for minimum rentals plus a contingency portion specified as a percentage of the tenants' gross revenues. Contingent rental income under such arrangements amounted to \$1,975,284 for the year ended September 30, 2013. All Department of Airports' leases are operating leases. A significant portion of the airlines and rental car companies operating leases usually run for between two to five years and are scheduled to expire after fiscal year 2013 resulting in a decline in minimum future receipts.

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Minimum future receipts, exclusive of contingent rentals under such leases, are approximately:

Year Ended September 30	
2014	\$ 38,575,855
2015	23,494,664
2016	22,645,571
2017	11,917,265
2018	12,516,275
Thereafter	58,556,091
Total	<u>\$ 167,705,721</u>

A schedule of the carrying value of property held for lease, by major classification, as of September 30, 2013 is as follows:

Buildings	\$ 239,838,617
Less: accumulated depreciation	<u>(157,728,583)</u>
Net Buildings	82,110,034
Land	<u>9,168,241</u>
Total property held for lease	<u>\$ 91,278,275</u>

**Lease Obligations**

The County has entered into various leases which are classified as operating or capital leases for accounting purposes. Total rent expense for operating leases for the fiscal year ended September 30, 2013 amounted to \$5,072,972, comprised of \$4,964,186 for Governmental Funds, \$96,753 for Enterprise Funds, and \$12,033 for Internal Service Funds.

**Operating Leases**

Future minimum rental payments under non-cancellable operating leases as of September 30, 2013 are as follows:

Fiscal Year	Governmental Funds	Enterprise Funds	Internal Service Funds
2014	\$ 3,307,862	\$ 67,566	\$ 10,048
2015	2,508,510	39,937	5,378
2016	1,387,858	18,545	2,148
2017	658,730	-	-
2018	132,563	-	-
Thereafter	498,650	-	-
Total	<u>\$ 8,494,173</u>	<u>\$ 126,048</u>	<u>\$ 17,574</u>

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**Capital Leases**

Capital leases are those which are determined to have passed substantially all of the risks and benefits of ownership to the lessee. There were no capital leases in the proprietary fund types. Future minimum lease payments under capital leases as of September 30, 2013 are as follows:

<u>Fiscal Year</u>	<u>Governmental Funds</u>
2014	\$ 155,385
2015	155,385
2016	155,385
2017	155,385
2018	<u>12,949</u>
Total minimum lease payments	634,489
Less imputed interest	<u>(37,902)</u>
Present value of minimum lease payments	<u><u>\$ 596,587</u></u>

The following schedule shows the leased assets capitalized as of September 30, 2013, by major asset class:

	<u>Governmental Funds Capital Assets</u>
Equipment	\$ 722,603
Less: accumulated depreciation for entity wide	<u>(116,555)</u>
Carrying value	<u><u>\$ 606,048</u></u>

**11. REFUNDING OF DEBT**

Advance Refundings:

Certain bond issues have been refunded through in-substance defeasance by placing into irrevocable trust funds sufficient monies to meet future principal and interest payments. These funds have been invested in U.S. Government securities and securities backed by the U.S. Government.

On February 27, 2013, the Water Utilities Department issued \$72,430,000 Water and Sewer Revenue Refunding Bonds, Series 2013 with an effective interest rate of 3.313% to advance refund \$76,260,000 of outstanding Water and Sewer Revenue Bonds, Series 2006A. The net proceeds of \$88,295,605 (after allowing for \$16,248,004 in bond premium and \$382,399 in issuance costs) were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

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The reacquisition price exceeded the carrying amount, resulting in an accounting loss of \$10,073,300. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The Department decreased its aggregate debt service payments by approximately \$9,262,459 over a period of twenty-one years and incurred an economic gain of approximately \$6,086,300 (difference between the present value of the old and new debt service payments). The purpose of the refunding was to take advantage of the unusually low interest rates that were available at this time.

The amount of in-substance defeased bonds outstanding, as of September 30, 2013, consists of the following:

<u>Bond Issues</u>	<u>Amount</u>
<b>Governmental Funds:</b>	
Public Improvement Revenue and Refunding Bonds, 2004	\$ 50,255,000
Public Improvement Revenue Bonds (Biomedical Rsrch Park Proj), 2004A	22,725,000
Public Improvement Revenue Bonds (Biomedical Rsrch Park Proj), 2005A	82,625,000
General Obligation Bonds (Recreational and Cultural Facilities), 2005	15,080,000
	<u>170,685,000</u>
<b>Proprietary Funds:</b>	
Airport Refunding Revenue Bonds, 2002	7,800,000
Water and Sewer Revenue Bonds, 2006A	76,260,000
	<u>84,060,000</u>
<b>Total Defeased Bonds Outstanding</b>	<u><u>\$ 254,745,000</u></u>

**Current Refundings:**

There were no current refundings during the current fiscal year.

**12. INTERFUND RECEIVABLE AND PAYABLE BALANCES**

Interfund balances at September 30, 2013 are expected to be repaid within one year. Interfund receivable and payable balances at September 30, 2013 were as follows:

<b>Interfund Receivable Fund</b>	<b>Interfund Payable Fund</b>	<b>Amount</b>
<b>Governmental Funds:</b>		
<b>Major Governmental Funds</b>		
General Fund	Palm Tran Special Revenue Fund	\$ 14,585,701
	Community & Social Development Special Revenue Fund	12,739,660
	Combined Insurance Fund	4,027,186
	Fleet Management	3,827,065
	Law Enforcement Grant Special Revenue Fund	2,754,746
	County Transportation Trust	572,402
	Other Special Revenue Funds	315,036
	Water Utilities	4,896

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<b>Interfund Receivable Fund</b>	<b>Interfund Payable Fund</b>	<b>Amount</b>
	Clerk & Comptroller Insurance Fund	4,228
	Parks and Recreation Capital Projects	1,163
	Road Program Capital Projects	782
	Municipal Service Taxing District Special Revenue Fund	38
		<u>38,832,903</u>
Fire Rescue Special Revenue Fund	General Fund	4,107,182
	Combined Insurance Fund	51,377
	Fleet Management	231
		<u>4,158,790</u>
Community & Social Development Special Revenue Fund	General Fund	4,901,322
	Affordable Housing Trust Fund (SHIP) Special Revenue Fund	90,996
	Water Utilities	18,232
		<u>5,010,550</u>
Road Program Capital Projects	General Fund	<u>4,747</u>
General Government Capital Projects	Community & Social Development Special Revenue Fund	1,213,841
	General Fund	387,339
		<u>1,601,180</u>
<b>Total Major Governmental Funds</b>		<u>13,800,836</u>
<b>Nonmajor Governmental Funds</b>		
<b>Nonmajor Special Revenue Funds</b>		
Law Enforcement Grants Special Revenue Fund	General Fund	4,923,915
	Other Special Revenue Funds	5,049
		<u>4,928,964</u>
County Transportation Trust Special Revenue Fund	General Fund	971,469
	Road Program Capital Projects	65,838
		<u>1,037,307</u>
Municipal Service Taxing District	Combined Insurance Fund	123,832
	Fleet Management	70,962
		<u>194,794</u>
Library Taxing District Special Revenue Fund	General Fund	505,981
	Combined Insurance Fund	478,204
	Fleet Management	20,288
		<u>1,004,473</u>
Affordable Housing Trust Fund (SHIP) Special Revenue Fund	Community & Social Development Special Revenue Fund	517,909
	General Fund	141,520
		<u>659,429</u>
Palm Tran Special Revenue Fund	General Fund	<u>4,602,096</u>
Other Special Revenue Funds	General Fund	<u>436,749</u>
<b>Nonmajor Debt Service Funds</b>		
Revenue Bonds Debt Service	Criminal Justice Capital Projects	49,296

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<b>Interfund Receivable Fund</b>	<b>Interfund Payable Fund</b>	<b>Amount</b>
	General Fund	73
		<u>49,369</u>
<b>Nonmajor Capital Projects Funds</b>		
Environmental Lands Capital Projects	Tourist Development Special Revenue Fund	787,787
		<u>787,787</u>
Street & Drainage Capital Projects	Community & Social Development Special Revenue Fund	62,922
	General Fund	36,946
		<u>99,868</u>
<b>Total Nonmajor Governmental Funds</b>		<u>13,800,836</u>
<b>Proprietary Funds:</b>		
<b>Enterprise Funds</b>		
Airports	Combined Insurance Fund	172,575
	Fleet Management	59,718
	Other Special Revenue Funds	2,417
		<u>234,710</u>
Water Utilities	Fleet Management	1,021,828
	Combined Insurance Fund	646,826
	Community & Social Development Special Revenue Fund	21,991
	General Fund	12,910
	Fire Rescue Special Revenue Fund	867
	Other Special Revenue Funds	602
	County Transportation Trust Special Revenue Fund	241
	Library Taxing District Special Revenue Fund	167
		<u>1,705,432</u>
<b>Total Enterprise Funds</b>		<u>1,940,142</u>
<b>Internal Service Funds</b>		
Fleet Management	General Fund	1,294,985
	County Transportation Trust Special Revenue Fund	581,787
	Water Utilities	401,278
	Fire Rescue Special Revenue Fund	145,363
	Palm Tran Special Revenue Fund	56,022
	Airports	50,089
	Municipal Service Taxing District Special Revenue Fund	38,026
	Other Special Revenue Funds	35,885
	Road Program Capital Projects	21,101
	Community & Social Development Special Revenue Fund	20,652
	Library Taxing District Special Revenue Fund	10,217
		<u>2,655,405</u>
Combined Insurance Fund	General Fund	547,130
	Palm Tran Special Revenue Fund	163,096
	Water Utilities	159,590
	Library Taxing District Special Revenue Fund	100,733
	Community & Social Development Special Revenue Fund	96,154
	County Transportation Trust Special Revenue Fund	88,739
	Airports	41,502
	Municipal Service Taxing District Special Revenue Fund	29,684
	Road Program Capital Projects Fund	19,134

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<b>Interfund Receivable Fund</b>	<b>Interfund Payable Fund</b>	<b>Amount</b>
	Other Special Revenue Funds	18,168
	Fleet Management	15,352
	Fire Rescue Special Revenue Fund	12,196
	Tourist Development Special Revenue Fund	1,120
	Law Enforcement Grants Special Revenue Fund	475
		1,293,073
Clerk & Comptroller Insurance Fund	General Fund	478,934
<b>Total Internal Service Funds</b>		<b>4,427,412</b>
<b>Total Interfund Receivables and Payables Primary Government</b>		<b>\$ 69,776,560</b>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, 3) payments between funds are made, and 4) temporary loans to cover deficit cash.

**Receivables and Payables Between Primary Government and Component Units:**

<b>Due from Component Unit</b>	<b>Due to Primary Government</b>	<b>Amount</b>
General Fund	Solid Waste Authority	\$ 347,164
Combined Insurance Fund	Metropolitan Planning Organization	2,337
Fleet Management	Solid Waste Authority	1,687
Fire Rescue	Solid Waste Authority	750
		351,938
<b>Due from Primary Government</b>	<b>Due to Component Unit</b>	<b>Amount</b>
Housing Finance Authority	General Fund	4,385,933
Metropolitan Planning Organization	General Fund	187,487
Solid Waste Authority	General Fund	4,445,920
	County Transportation Trust Special Revenue Fund	9,497
	Other Special Revenue Funds	207
	Water Utilities	78,520
		9,107,564
<b>Total Receivables and Payables Between Primary Government and Component Units</b>		<b>\$ 9,459,502</b>

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**13. LONG-TERM DEBT**

Changes in Long-Term Obligations – The following is a summary of changes in long-term obligations for the year ended September 30, 2013 for both governmental activities and business-type activities:

<b>Governmental activities:</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligation bonds	\$ 207,340,000	\$ -	\$ 20,130,000	\$ 187,210,000	\$ 21,010,000
Non-ad valorem revenue bonds	793,276,168	10,032,000	66,447,134	736,861,034	70,450,278
Face amount of bonds payable	1,000,616,168	10,032,000	86,577,134	924,071,034	91,460,278
Unamortized bond premiums	52,897,403	-	5,278,172	47,619,231	-
Unamortized loss on bond refinancing	(19,783,268)	-	(2,592,781)	(17,190,487)	-
Net bonds payable	1,033,730,303	10,032,000	89,262,525	954,499,778	91,460,278
Notes and loans payable	22,574,341	3,365,000	1,450,784	24,488,557	1,813,784
Arbitrage liability	7,237,320	4,029	6,885,665	355,684	166,641
Compensated absences	129,753,215	53,391,710	44,046,335	139,098,590	4,957,841
OPEB	93,643,340	24,032,099	81,746	117,593,693	-
Net pension obligation	15,366,045	15,395,593	8,929,155	21,832,483	-
Termination benefits	961,920	630	758,286	204,264	204,264
Capital leases	-	722,603	126,016	596,587	139,448
Estimated Self-Insurance Obligation	90,891,594	88,198,538	84,875,896	94,214,236	14,557,785
Governmental activity long-term obligations	\$ 1,394,158,078	\$ 195,142,202	\$ 236,416,408	\$ 1,352,883,872	\$ 113,300,041

Long-term obligations other than debt (bonds and loans) are liquidated by the governmental funds incurring the expenditure. Internal service funds predominantly serve the governmental funds. Accordingly, long-term obligations for them are included as part of the above totals for governmental activities. At year-end \$57,323,895 of internal service funds long-term obligations are included in the above amounts.

<b>Business-type activities:</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Revenue bonds	\$ 309,625,000	\$ 82,972,733	\$ 93,720,000	\$ 298,877,733	\$ 19,916,911
Unamortized bond premiums	5,858,856	16,248,004	3,598,096	18,508,764	-
Unamortized loss on bond refinancing	(313,469)	(10,073,258)	(585,175)	(9,801,552)	-
Net bonds payable	315,170,387	89,147,479	96,732,921	307,584,945	19,916,911
Notes and loans payable	-	9,706,342	10,316	9,696,026	20,887
Arbitrage liability	164,260	-	164,260	-	-
Compensated absences	4,097,743	342,494	170,667	4,269,570	257,753
OPEB	151,997	3,231	25,888	129,340	-
Termination benefits	163,266	-	128,617	34,649	34,649
Advance from developer	-	57,461	-	57,461	-
Business-type activities long-term obligations	\$ 319,747,653	\$ 99,257,007	\$ 97,232,669	\$ 321,771,991	\$ 20,230,200

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**Governmental Activities General Long-Term Debt**

General long-term debt, including current maturities, at September 30, 2013 consisted of the following:

**General Obligation Bonds**

\$45,625,000 General Obligation Refunding Bonds, Series 1998 were issued to pay the cost of refunding a portion of the County's General Obligation Bonds, Series 1994 and Series 1991. The annual installments range from \$3,825,000 to \$4,030,000 through December 1, 2014; with an interest rate of 5.500% payable semi-annually on June 1 and December 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 7,855,000

\$16,025,000 General Obligation Refunding Bonds (Recreational and Cultural Facilities Program), Series 2005A were issued for paying and defeasing the County's outstanding General Obligation Bonds (Recreational and Cultural Facilities Program), Series 1999A maturing on and after August 1, 2010. The annual installments range from \$1,540,000 to \$1,920,000 through August 1, 2019; with interest rates from 3.500% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 10,350,000

\$25,000,000 General Obligation Bonds (Recreational and Cultural Facilities), Series 2005 were issued for financing certain recreational and cultural facilities within the County. The annual installments range from \$1,115,000 to \$1,155,000 through July 1, 2015; with interest rates from 3.500% to 4.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. The County advance refunded \$15,080,000 of this issue on October 6, 2010. \$ 2,270,000

\$22,335,000 General Obligation Bonds (Library District Improvements), Series 2006 were issued for financing additional library facilities and renovation of existing facilities within the County. The annual installments range from \$1,035,000 to \$1,665,000 through August 1, 2025; with interest rates from 4.000% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 15,995,000

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\$50,000,000 General Obligation Bonds (Waterfront Access Projects), Series 2006 were issued for financing the purchase of waterfront access within the County. The annual installments range from \$2,195,000 to \$3,570,000 through August 1, 2026; with interest rates from 3.800% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 36,580,000

\$115,825,000 Taxable General Obligation Refunding Bonds, Series 2006 were issued for paying and defeasing the County's outstanding General Obligation Bonds (Land Acquisition Program), Series 1999B and paying and defeasing the County's outstanding General Obligation Bonds (Land Acquisition Program), Series 2001A. The annual installments range from \$7,630,000 to \$11,355,000 through June 1, 2020; with interest rates from 5.798% to 5.938% payable semi-annually on June 1 and December 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 66,990,000

\$19,530,000 General Obligation Refunding Bonds (Library District Improvement Project), Series 2010 were issued for paying and defeasing the County's outstanding General Obligation Bonds (Library District Improvement Project), Series 2003 maturing on and after July 1, 2014. The annual installments range from \$1,640,000 to \$2,090,000 through July 1, 2023; with interest rates from 2.000% to 3.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 18,715,000

\$28,700,000 General Obligation Refunding Bonds (Recreational and Cultural Facilities), Series 2010 were issued for paying and defeasing a portion of the County's outstanding General Obligation Bonds (Recreational and Cultural Facilities), Series 2003 maturing on and after July 1, 2014 and a portion of its General Obligation Bonds (Recreational and Cultural Facilities), Series 2005 maturing on and after July 1, 2016. The annual installments range from \$1,110,000 to \$3,335,000 through July 1, 2025; with interest rates from 4.000% to 5.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 28,455,000

Total General Obligation Bonds \$ 187,210,000

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**Non-Ad Valorem Revenue Bonds**

\$233,620,000 Criminal Justice Facilities Revenue Bonds, Series 1990 were issued to pay the cost of the construction of improvements, extensions and additions to the County's jails, courthouses and related justice facilities. The annual installments range from \$18,300,000 to \$19,615,000 through June 1, 2015; with an interest rate of 7.200% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded \$120,770,000 of this issue on June 29, 1993 and \$33,550,000 on August 21, 1997. \$ 37,915,000

\$18,560,000 Criminal Justice Facilities Revenue Refunding Bonds, Series 2002 were issued to pay the cost of advance refunding a portion of the County's outstanding Criminal Justice Facilities Revenue Bonds, Series 1994. The annual installments range from \$1,920,000 to \$2,015,000 through June 1, 2015; with an interest rate of 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 3,935,000

\$6,525,000 Public Improvement Recreation Facilities Revenue Refunding Bonds, Series 2003 were issued to pay the cost of refunding all of the County's outstanding Public Improvement Recreation Facilities Revenue Bonds, Series 1994. The remaining annual installment is \$685,000 due July 1, 2014; with an interest rate of 3.625% payable semi-annually on January 1 and July 1. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 685,000

\$94,300,000 Public Improvement Revenue and Refunding Bonds, Series 2004 were issued to pay the cost of refunding the County's Revenue Refunding Bond Anticipation Note (Light Industrial Complex Project), Series 2002, refunding the County's Airport Centre Revenue Bonds, Series 1992 and paying the costs of acquiring, constructing, and renovating certain capital facilities. The remaining annual installment is \$4,350,000 due August 1, 2014; with an interest rate of 5.000% payable semi-annually on February 1 and August 1. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded \$50,255,000 of this issue on June 28, 2012. \$ 4,350,000

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\$81,340,000 Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004 were issued to finance the costs of advance refunding the County's Public Improvement Revenue Bonds, Series 2001 (Convention Center Bonds). The annual installments range from \$2,750,000 to \$2,850,000 through November 1, 2014; with interest rates from 3.125% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded \$64,005,000 of this issue on August 31, 2011. \$ 5,600,000

\$38,895,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A were issued to pay the outstanding principal and interest on the County's Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2004B. The annual installments range from \$1,775,000 to \$1,835,000 through November 1, 2014; with interest rates from 3.375% to 3.500% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded \$22,725,000 of this issue on June 28, 2012. \$ 3,610,000

\$24,427,515 Taxable Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004B were issued to pay the outstanding principal and interest on the County's Taxable Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2004C. The annual installments are \$2,442,751 through November 1, 2014; with a variable rate of interest in effect of 0.278% which is calculated on a daily basis payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 4,885,502

\$17,455,000 Parks and Recreation Facilities Revenue Refunding Bonds, Series 2005 were issued to pay the cost of refunding the County's Parks and Recreation Facilities Revenue Bonds, Series 1996 maturing on and after November 1, 2007. The annual installments range from \$1,760,000 to \$2,000,000 through November 1, 2016; with interest rates from 3.750% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 7,515,000

**PALM BEACH COUNTY, FLORIDA**  
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\$13,485,000 Revenue Refunding Bonds (North County Courthouse and Sheriff's Motor Pool Facility Projects), Series 2005 were issued to pay the cost of defeasing a portion of the County's outstanding Revenue Improvement Bonds, Series 1997 (North County Courthouse and Sheriff's Motor Pool Facilities Projects). The annual installments range from \$1,365,000 to \$1,605,000 through December 1, 2017; with interest rates from 3.300% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 7,350,000

\$9,520,000 Public Improvement Revenue Refunding Bonds, Judicial Center Parking Facilities, Series 2005 were issued to pay the cost of refunding the County's Public Improvement Revenue Bonds, Judicial Parking Facilities, Series 1995 maturing on and after November 1, 2006. The annual installments range from \$1,030,000 to \$1,120,000 through November 1, 2015; with interest rates from 4.000% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 3,220,000

\$133,935,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A were issued to pay the cost of funding a grant to The Scripps Research Institute to enable Scripps to pay a portion of the cost of acquiring, constructing, improving and equipping the "Permanent Facilities" and paying the outstanding principal and interest due on the County's \$20,000,000 Public Improvement Revenue Bond Anticipation Notes, Series 2004. The annual installments range from \$5,960,000 to \$6,255,000 through June 1, 2015; with an interest rate of 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded \$82,625,000 of this issue on June 28, 2012. \$ 12,215,000

\$20,070,000 Stadium Facilities Revenue Refunding Bonds, Series 2005 were issued to pay the cost of refunding all of the County's outstanding Stadium Facilities Revenue Bonds, Series 1996. The annual installments range from \$1,835,000 to \$2,090,000 through December 1, 2016; with interest rates of 3.375% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 7,815,000

**PALM BEACH COUNTY, FLORIDA**  
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\$13,028,760 Public Improvement Revenue Bonds (Florida Atlantic University Laboratory and Research Facility Project), Series 2005 were issued to pay the cost of the design, development and construction of a laboratory and research facility on the Jupiter, Florida Campus of Florida Atlantic University. The remaining annual installment is \$1,641,680 due January 1, 2014; with a variable rate of interest in effect of 0.511% which is calculated on a daily basis payable on January 1. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 1,641,680

\$14,685,000 Public Improvement Revenue Bonds (Parking Facilities Expansion Project), Series 2006 were issued to pay the costs of construction related to the expansion of the Judicial Center Parking Garage. The annual installments range from \$615,000 to \$1,085,000 through December 1, 2026; with interest rates of 4.000% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 11,480,000

\$2,582,648 Public Improvement Revenue Refunding Bond (Biomedical Research Park Project), Series 2007A was issued to pay the County's outstanding Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006A and Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006B. The annual installments range from \$105,315 to \$182,616 through November 1, 2027; with an interest rate of 4.010% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 2,110,342

\$5,180,949 Taxable Public Improvement Revenue Refunding Bond (Biomedical Research Park Project), Series 2007B was issued to pay the County's outstanding Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006A and Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006B. The annual installments range from \$193,139 to \$411,965 through November 1, 2027; with an interest rate of 5.560% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 4,347,693

**PALM BEACH COUNTY, FLORIDA**  
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\$98,080,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2007C were issued to redeem the County's Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2006, to fund a grant to the Scripps Research Institute to enable Scripps to pay a portion of the cost of their permanent facilities, and to pay for the preparation of the Briger Site for development. The annual installments range from \$3,795,000 to \$7,490,000 through November 1, 2027; with interest rates from 4.250% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 81,425,000

\$35,075,000 Public Improvement Revenue Bonds (Law Enforcement Information Technology Project), Series 2008 were issued to pay the cost of law enforcement technology equipment and software. The remaining annual installment is \$6,298,675 due February 1, 2014; with an interest rate of 3.038% payable on February 1. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 6,298,675

\$29,476,000 Public Improvement Revenue Refunding Bonds, Series 2008A were issued to refund three variable rate loans with the Sunshine State Governmental Financing Commission. The annual installments range from \$1,093,000 to \$2,491,000 through December 1, 2020; with an interest rate of 3.497% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 14,360,000

\$176,585,000 Public Improvement Revenue Bonds, Series 2008 were issued to pay for additional criminal justice (law enforcement) facilities. The annual installments range from \$3,650,000 to \$10,730,000 through May 1, 2038; with interest rates from 4.000% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 161,280,000

\$94,235,000 Public Improvement Revenue Bonds, Series 2008-2 were issued to fund a grant to Max Planck Florida Corporation to establish a biomedical research facility in the County and also to refinance the County's five Series J variable rate loans with the Sunshine State Governmental Financing Commission. The annual installments range from \$3,415,000 to \$7,295,000 through November 1, 2028; with interest rates from 5.000% to 5.500% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 81,690,000

**PALM BEACH COUNTY, FLORIDA**  
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\$11,598,107 Taxable Public Improvement Revenue Bonds (Convention Center Hotel Project), Series 2010 were issued to pay the principal on the County's Taxable Public Improvement Revenue Bond Anticipation Notes (Convention Center Hotel Project), Series 2007. The annual installments range from \$592,668 to \$1,066,262 through November 1, 2024; with an interest rate of 5.484% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 9,702,190

\$30,691,407 Revenue Improvement Bond (Ocean Avenue Lantana Bridge and Max Planck Florida Corporation Projects), Series 2011 was issued to finance the costs of demolition and reconstruction of the Ocean Avenue Lantana Bridge and to fund a \$15,615,000 Grant to the Max Planck Florida Corporation. The annual installments range from \$1,195,058 to \$2,032,212 through August 1, 2031; with an interest rate of 3.172% payable semi-annually on February 1 and August 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 28,420,885

\$62,775,000 Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2011 were issued to defease and pay at redemption that portion of the County's outstanding \$81,340,000 original aggregate principal amount of Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004 maturing on November 1, 2030. The annual installments range from \$0 to \$5,560,000 through November 1, 2030; with an interest rate of 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 62,775,000

\$16,189,340 Capital Improvement Revenue Bond (Four Points and Other Public Buildings Projects), Series 2012 was issued to pay the County's Capital Improvement Bond Anticipation Notes, Series 2009. The annual installments range from \$999,712 to \$1,176,435 through March 1, 2027; with an interest rate of 2.520% payable semi-annually on March 1 and September 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 15,202,067

**PALM BEACH COUNTY, FLORIDA**  
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\$147,000,000 Public Improvement Revenue Refunding Bonds, Series 2012 were issued to defease and redeem the County's outstanding Public Improvement Revenue and Refunding Bonds, Series 2004 maturing on and after August 1, 2015 and its Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A maturing on and after November 1, 2015 and its Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A maturing on and after June 1, 2016. The annual installments range from \$0 to \$17,395,000 through June 1, 2025; with interest rates from 3.000% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 147,000,000

\$10,032,000 Public Improvement Revenue Bond (Unified Messaging System Project), Series 2013 was issued to finance the cost of replacing the County's existing telephone systems with a modern unified messaging system. The annual installments range from \$1,391,007 to \$1,482,340 through November 1, 2019; with an interest rate of 1.280% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 10,032,000

Total Non-Ad Valorem Revenue Bonds \$ 736,861,034

Face Amount of Bonds Payable	\$ 924,071,034
Unamortized bond premiums	47,619,231
Unamortized loss on bond refinancing	(17,190,487)
Net General Obligation and Non-Ad Valorem Revenue Bonds	<u>\$ 954,499,778</u>

**Notes and Loans Payable**

\$1,660,000 - HUD Section 108 Loan #1, 2004, payable to the Secretary of Housing and Urban Development due in annual installments ranging from \$87,000 to \$94,000 through August 1, 2023; with interest rates of 5.190% to 5.970% payable semi-annually on February 1 and August 1 of each year. The loan is a general obligation of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrower. In the event the cash flows from the sub-recipient are not sufficient to service the HUD loan, the County is obligated to use other resources. \$ 877,000

**PALM BEACH COUNTY, FLORIDA  
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\$11,697,676 Public Improvement Revenue Note (Environmentally Sensitive Land Acquisition Project) Series 2008 was issued to pay the cost of the acquisition of environmentally sensitive land in Palm Beach County. The annual installments are \$584,884 through August 1, 2028; with a variable rate of interest in effect of 1.042% payable semiannually on February 1 and August 1 of each year. The note is not a general obligation of the County and is payable from non-ad valorem revenues. \$ 8,773,257

\$2,600,000 - HUD Section 108 Loan. \$2,600,000 is authorized leaving \$0 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Belle Glade Avenue "A" Revitalization Project. The annual installments range from \$50,000 to \$143,900 through August 1, 2032; with a variable rate of interest in effect of 0.449% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipients are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2013 the outstanding individual loans are as follows:

\$199,000 - Glades Gas & Electric, 2009	\$ 139,000	
89,000 - Glades Home Health Care Med Ctr, 2010	62,300	
878,000 - Muslet Brothers, 2010	765,000	
21,000 - Building 172, Belle Glade, 2012	18,000	
592,000 - America's Sound, 2012	561,000	
770,000 - Old City Hall – BI Development, 2013	770,000	
51,000 - Building 172 Overrun, 2013	<u>51,000</u>	\$ 2,366,300

**PALM BEACH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

\$11,067,000 - HUD Section 108 Loan. \$13,340,000 is authorized leaving \$2,273,000 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Community Development Business Loan Program Project. The annual installments range from \$10,000 to \$727,000 through August 1, 2032; with a variable rate of interest in effect of 0.449% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipients are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2013 the outstanding individual loans are as follows:

\$1,000,000 - The Baron Group, 2009	\$ 600,000	
57,000 - Kiddie Haven Pre-School, 2010	39,000	
250,000 - Concrete Services LLC, 2010	179,000	
5,948,000 - Oxygen Development LLC, 2011	5,559,000	
265,000 - Donia Adams Roberts PA, 2011	238,000	
198,000 - Ameliascapes, 2011	176,000	
257,000 - F&T of Belle Glade, 2011	225,000	
1,412,000 - Glades Plaza Enterprises LLC, 2012	1,338,000	
473,000 - Doctors Scientific Organica, 2012	449,000	
455,000 - Schomburg Latin America LLC, 2012	420,000	
264,000 - Medical Career Institute, 2012	240,000	
244,000 - A&E Auto Sales, 2012	234,000	
244,000 - SSB Investments, 2013	<u>244,000</u>	\$ 9,941,000

\$252,000 - HUD Section 108 Loan. \$2,824,000 is authorized leaving \$2,572,000 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Pahokee Downtown Revitalization Project. The annual installments range from \$6,000 to \$14,000 through August 1, 2031; with a variable rate of interest in effect of 0.449% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipient are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2013 the outstanding individual loans are as follows:

\$152,000 - Circle S Pharmacy, 2010	\$ 136,000	
100,000 - Simco, 2012	<u>95,000</u>	\$ 231,000

**PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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\$2,300,000 - HUD Section 108 Loan. \$10,000,000 is authorized leaving \$7,700,000 available for future financing. The HUD Loan was obtained to provide additional funding for County loans to various borrowers for the Community Development Business Loan Program Project. The annual installments range from \$220,000 to \$260,000 through August 1, 2022; with a variable rate of interest in effect of 0.449% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipient are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2013 the outstanding individual loans are as follows:

\$2,300,000 - Jupiter CY, 2013	\$ 2,300,000
Total Notes and Other Loans Payable	\$ 24,488,557

**Lines of Credit**

On May 21, 2009, the County entered into a line of credit agreement with a financial institution to support the issuance of letters of credit to satisfy the debt service reserve funding requirements for several of the County's outstanding bond issues. Principal borrowed on the line of credit is due at maturity on May 20, 2014. Interest on the principal balance accrues at a rate equivalent to the one-month LIBOR rate plus 1.500% and is paid quarterly. The County does not anticipate that any draws on the letters of credit will occur. The County will use non-ad valorem revenues to fund the letter of credit fees. As of September 30, 2013, this \$33,709,176 line of credit, covering the following outstanding bond issues, had no outstanding balance on the loan payable.

\$233,620,000 Criminal Justice Facilities Revenue Bonds, Series 1990	\$21,029,880
\$ 18,560,000 Criminal Justice Facilities Revenue Refunding Bonds, Series 2002	2,116,750
\$ 81,340,000 Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004	2,905,609
\$ 98,080,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2007C	<u>7,656,937</u> \$33,709,176

**PALM BEACH COUNTY, FLORIDA  
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On June 4, 2009, the County entered into a line of credit agreement with a financial institution to support the issuance of standby letters of credit to satisfy the debt service reserve funding requirements for several of the County's outstanding bond issues. Principal borrowed on the line of credit is due at maturity on June 3, 2014. Interest on the principal balance accrues at a rate per year equal to the sum of (i) the Prime Rate plus (ii) for the first 30 days such amount is outstanding, 0%; for the 31<sup>st</sup> through 60<sup>th</sup> day such amount is outstanding, 0.5%; for the 61<sup>st</sup> through 90<sup>th</sup> day such amount is outstanding, 1.0%; and after the 90<sup>th</sup> day, 2.0%. The County does not anticipate that any draws on the letters of credit will occur. The County will use non-ad valorem revenues to fund the letter of credit fees. As of September 30, 2013, this \$14,935,978 line of credit, covering the following outstanding bond issues, had no outstanding balance on the loan payable.

\$ 38,895,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A	\$ 1,869,178
\$133,935,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A	6,570,750
\$ 94,300,000 Public Improvement Revenue and Refunding Bonds, Series 2004	5,357,250
\$ 14,685,000 Public Improvement Revenue Bonds (Parking Facilities Expansion Project), Series 2006	<u>1,138,800</u> \$14,935,978

**Arbitrage Liability**

Certain County debt obligations are subject to Section 148 of the Internal Revenue Code which requires that interest earned on proceeds from tax-exempt debt be rebated to the federal government to the extent that those earnings exceed the interest cost of the related tax-exempt debt. The arbitrage rebate must be calculated and paid to the federal government every five years from the date of issue until the debt matures. The County employs a consultant to make computations on an annual basis. However, since the rebate is cumulative (excess earnings in one year can be offset with deficit earnings in another year), the annually computed estimate may change significantly (increase or decrease) before the actual due date.

\$ 355,684

**PALM BEACH COUNTY, FLORIDA**  
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**Compensated absences**

Compensated absences are liquidated by the governmental fund incurring the expense.

General Fund:

Board of County Commissioners	\$ 15,052,658	
Sheriff	93,896,639	
Tax Collector	1,191,795	
Property Appraiser	2,594,262	
Supervisor of Elections	231,016	
Total General Fund	112,966,370	
Special Revenue Funds	24,703,967	
Capital Projects Fund	752,801	
Internal Service Funds	675,452	
		\$ 139,098,590
OPEB (See note on OPEB)		117,593,693
Net pension obligation (See note on Retirement Plans)		21,832,483
Termination benefits (See note on Commitments)		204,264
Capital leases (See note on Leases)		596,587
Estimated Self-Insurance Obligation (See note on Risk Management)		94,214,236
Total Governmental Activities General Long-Term Debt including current portion		\$1,352,883,872

**Business-type Activities Long-Term Debt**

Business-type long-term debt, including current portion, at September 30, 2013 consisted of the following:

**Revenue Bonds**

\$26,785,000 Water and Sewer Revenue Refunding Bonds, Series 2003 were issued to pay for refunding all of the County's outstanding Water and Sewer Revenue Bonds, Series 1993A and Water and Sewer Revenue Refunding Bonds, Series 1993B maturing on and after October 1, 2003. The remaining annual installment is \$1,120,000 due October 1, 2013; with an interest rate of 5.000% payable on October 1. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system.

\$ 1,120,000

**PALM BEACH COUNTY, FLORIDA**  
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\$8,515,000 Pahokee Arcadia Pool Revenue Bonds, Series 2004 were assumed by the County on May 1, 2013 under the terms of the County's absorption of the Glades Utility Authority (GUA). The annual installments range from \$660,000 to \$765,000 through December 1, 2017; with interest rates from 3.600% to 4.250% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection fees. \$ 3,555,000

\$125,850,000 Water and Sewer Revenue Bonds, Series 2006A were issued to pay a portion of the costs of constructing certain additions and improvements to the County's water and wastewater facilities and acquisition of certain water and wastewater assets from the Village of Royal Palm Beach, Florida. The annual installments range from \$0 to \$7,760,000 through October 1, 2036; with interest rates from 4.000% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Wastewater System and a first lien on and pledge of the connection charges of the system. The County advance refunded \$76,260,000 of this issue on February 27, 2013. \$ 36,240,000

\$12,485,000 Water and Sewer Revenue Refunding Bonds, Series 2006B were issued to pay for the refunding of the County's Water and Sewer Revenue Bonds, Series 1998 maturing on and after October 1, 2012. The annual installments range from \$1,915,000 to \$2,245,000 through October 1, 2017; with interest rates from 4.000% to 4.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system. \$ 10,380,000

\$68,115,000 Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) were issued to finance the acquisition and construction of additions to the County's Water and Sewer System and to reimburse Florida Power and Light for costs advanced by them. The annual installments range from \$0 to \$4,225,000 through October 1, 2040; with interest rates from 4.000% to 5.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer System and a first lien on and pledge of the connection fees. \$ 58,085,000

**PALM BEACH COUNTY, FLORIDA**  
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\$9,385,488 Belle Glade Restructuring Loan, Series 2009 was assumed by the County on May 1, 2013 under the terms of the County's absorption of the Glades Utility Authority (GUA). The annual installments range from \$871,910 to \$1,134,151 through April 1, 2020; with an interest rate of 4.480% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection fees. \$ 6,987,733

\$72,430,000 Water and Sewer Revenue Refunding Bonds, Series 2013 were issued to pay the cost of advance refunding a portion of the County's Water and Sewer Revenue Bonds, Series 2006A. The annual installments range from \$0 to \$6,330,000 through October 1, 2033; with interest rates from 4.000% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection fees. \$ 72,430,000

\$60,150,000 Airport System Revenue Refunding Bonds, Series 2002 were issued to refund the Airport System Revenue Bonds, Series 1992 maturing October 1, 2014. The annual installments range from \$11,645,000 to \$12,500,000 through October 1, 2014; with an interest rate of 5.750% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 24,145,000

\$69,080,000 Airport System Revenue Bonds, Series 2006A were issued to pay a portion of the costs of constructing certain facilities and improvements to the Airport System. The annual installments range from \$0 to \$6,055,000 through October 1, 2036; with interest rates from 4.700% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 69,080,000

\$16,855,000 Airport System Revenue Refunding Bonds, Series 2006B were issued to advance refund a portion of the Airport System Revenue Bonds, Series 2001 and a portion of the Airport System Revenue Bonds, Series 2002. The annual installments range from \$0 to \$3,225,000 through October 1, 2020; with an interest rate of 5.905% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 16,855,000

**PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Total face value of revenue bonds payable	\$ 298,877,733
Unamortized bond premiums	18,508,764
Unamortized loss on bond refinancing	(9,801,552)
Net Revenue Bonds, Business-Type Activities	\$ 307,584,945

**Notes and Loans Payable**

\$9,706,342 – Florida Department of Environmental Protection Loans. These State Revolving Fund Loans were assumed by the County on May 1, 2013 under the terms of the County’s absorption of the Glades Utility Authority (GUA). The annual installments range from \$20,888 to \$674,537 through May 15, 2033; with interest rates from 1.640% to 2.820% payable semi-annually. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County’s Water and Sewer system and a first lien on and pledge of the connection fees. As of September 30, 2013 the outstanding individual loans are as follows:

\$ 430,015 - Pahokee SRF Loan	\$ 419,699	
722,989 - Belle Glade SRF Loan	722,989	
6,515,388 - Belle Glade SRF Loan	6,515,388	
2,037,950 - Belle Glade SRF Loan	2,037,950	\$ 9,696,026

**Compensated absences**

Compensated absences are liquidated by the business type fund incurring the expense.

<b>Business-Type Fund</b>		
Water Utilities Department	\$ 3,153,847	
Department of Airports	1,115,723	
		\$ 4,269,570
OPEB (See note on OPEB)		129,340
Termination benefits (See note on Retirement Plans)		34,649
Advance from developer		57,461
Total Business-Type Activities Long-Term Debt, including current portion		\$ 321,771,991

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Annual debt service requirements to maturity for governmental activities long-term debt are as follows:

**Governmental Activities General Long-Term Debt**

Year Ending September 30	General Obligation Bonds		Non-Ad Valorem Revenue Bonds		Notes and Loans Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
	2014	\$ 21,010,000	\$ 8,950,837	\$ 70,450,278	\$ 34,366,240	\$ 1,813,784	
2015	22,025,000	7,920,310	64,432,622	31,150,234	1,814,784	191,968	127,534,918
2016	18,845,000	6,938,952	41,296,558	27,904,308	1,815,784	176,080	96,976,682
2017	19,790,000	5,992,213	41,964,561	26,022,449	1,815,784	160,085	95,745,092
2018	20,775,000	5,000,940	37,990,070	24,325,806	1,814,783	143,992	90,050,591
2019-2023	67,705,000	11,627,472	201,240,301	94,820,010	7,899,219	481,953	383,773,955
2024-2028	17,060,000	1,382,408	163,415,548	48,159,070	6,010,419	166,729	236,194,174
2029-2033	-	-	67,296,096	19,904,004	1,504,000	12,255	88,716,355
2034-2038	-	-	48,775,000	7,554,250	-	-	56,329,250
Total	\$ 187,210,000	\$ 47,813,132	\$ 736,861,034	\$ 314,206,371	\$ 24,488,557	\$ 1,540,764	\$ 1,312,119,858

Annual debt service requirements to maturity for business-type activities long-term debt are as follows:

**Business-type Activities Long-Term Debt**

Year Ending September 30	Revenue Bonds		Notes and Loans Payable		Total
	Principal	Interest	Principal	Interest	
2014	\$ 19,916,910	\$ 14,402,955	\$ 20,888	\$ 188,769	\$ 34,529,522
2015	19,980,972	13,362,326	537,938	185,988	34,067,224
2016	10,211,783	12,595,384	548,131	175,797	23,531,095
2017	10,714,424	12,086,434	558,523	165,403	23,524,784
2018	11,223,974	11,557,060	569,123	154,804	23,504,961
2019-2023	42,539,670	51,004,190	3,012,129	607,507	97,163,496
2024-2028	49,365,000	40,137,093	3,248,050	309,283	93,059,426
2029-2033	63,010,000	26,107,988	1,201,244	58,994	90,378,226
2034-2038	67,690,000	8,402,029	-	-	76,092,029
2039-2043	4,225,000	528,125	-	-	4,753,125
Total	\$ 298,877,733	\$ 190,183,584	\$ 9,696,026	\$ 1,846,545	\$ 500,603,888

**CONDUIT DEBT**

The County issues Industrial Development Bonds to provide financial assistance to not-for-profit and private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. During the current reporting period, three series of Industrial Development Bonds were issued with an aggregate par value of \$24 million. As of September 30, 2013, there were forty-two series of Industrial Development Bonds outstanding, with an estimated aggregate principal amount payable of \$599 million.

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**COMPONENT UNIT – Solid Waste Authority (SWA)**

**Note Payable**

On January 9, 2008, the SWA entered into an \$80 million Subordinated Improvement Revenue Note, Series 2008 (the “Series 2008 Note”) with CitiCapital Municipal Finance to finance costs incurred in connection with the relocation of facilities and improvements to the solid waste system. Interest on the outstanding principal balance of the Series 2008 Note accrues at a rate equivalent to 65% of the one month LIBOR rate plus 82 basis points (approximately 0.94% at September 30, 2013) and is due semi-annually in arrears on April 1<sup>st</sup> and October 1<sup>st</sup>. The outstanding principal balance on the Series 2008 Note was \$60 million at September 30, 2013 and is payable in annual installments of \$4 million on October 1<sup>st</sup> through maturity on October 1, 2027. Borrowings on the Series 2008 Note are payable from and secured by a pledge of the net revenues of the solid waste system and all moneys and amounts held under the SWA’s trust indenture, subordinate to the lien and pledge of net revenues and trust amounts for repayment of the SWA’s bonds. The Series 2008 Note may be prepaid by the SWA on any principal or interest payment date.

**Revenue Bonds Payable**

Revenue bonds payable by the SWA at September 30, 2013 are summarized as follows:

Series 2011	\$ 591,210,000
Series 2009	256,545,000
Series 2008B	131,565,000
Series 2002B	24,964,800
Unamortized premium and discount, net	43,285,347
Net revenue bonds payable	<u>1,047,570,147</u>
Less current maturities	<u>(13,205,000)</u>
Revenue bonds payable, long-term portion	<u><u>\$ 1,034,365,147</u></u>

Series 2011: \$599,860,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 2011 dated October 26, 2011. The Series 2011 Bonds, in conjunction with the refunded Series 2010 Bonds, provided funding for the acquisition and construction of the Renewable Energy Facility #2 (REF#2) mass burn facility, funding for the corresponding Debt Service Reserve Account, and funds for the cost of issuance of the Series 2011 Bonds.

Interest on the Series 2011 Bonds is payable semiannually on April 1<sup>st</sup> and October 1<sup>st</sup> and principal payments are due on October 1<sup>st</sup>, beginning October 1, 2012 with the final payment due on October 1, 2031.

The debt service requirements and interest rates of the Series 2011 Bonds are as follows:

**PALM BEACH COUNTY, FLORIDA**  
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Year Ending September 30	Interest Rate	Principal	Interest	Total
2014	2.00%	\$ 10,510,000	\$ 28,565,200	\$ 39,075,200
2015	3.00-5.00	10,700,000	28,279,850	38,979,850
2016	3.00-5.00	5,045,000	28,012,275	33,057,275
2017	3.00	4,620,000	27,855,650	32,475,650
2018	3.50-5.00	15,045,000	27,419,000	42,464,000
2019	4.00-5.00	16,750,000	26,652,900	43,402,900
2020	4.00-5.00	18,515,000	25,811,275	44,326,275
2021	3.00-5.00	21,370,000	24,869,900	46,239,900
2022	4.00-5.00	20,340,000	23,882,900	44,222,900
2023	4.00-5.00	21,285,000	22,864,025	44,149,025
2024	5.00	22,310,000	21,775,900	44,085,900
2025	5.00	33,095,000	20,390,775	53,485,775
2026	5.00	42,045,000	18,512,275	60,557,275
2027	4.25-5.00	44,310,000	16,354,881	60,664,881
2028	4.25-5.00	46,600,000	14,085,094	60,685,094
2029	4.25-5.00	52,045,000	11,621,931	63,666,931
2030	4.25-5.00	65,545,000	8,685,144	74,230,144
2031	4.25-5.00	68,820,000	5,329,000	74,149,000
2032	4.25-5.00	72,260,000	1,805,000	74,065,000
		<u>\$ 591,210,000</u>	<u>\$ 382,772,975</u>	<u>\$ 973,982,975</u>

Series 2009: \$261,545,000 Solid Waste Authority of Palm Beach County Improvement Revenue Bonds, Series 2009 dated April 23, 2009. The Series 2009 Bonds were issued for the purpose of funding various solid waste system projects, funding a deposit to the Debt Service Reserve Account, purchasing a bond insurance policy on the Series 2009 Bonds, and paying the costs of issuance for the Series 2009 Bonds. Interest on the Series 2009 Bonds is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup> and principal payments are due on October 1<sup>st</sup>, beginning October 1, 2011 with the final payment due on October 1, 2028. For marketing purposes, the 2009 bonds maturing on October 1, 2017 through October 1, 2023 were offered with two different coupon rates and prices producing identical yields. The debt service requirements and interest rates of the Series 2009 Bonds are as follows:

Year Ending September 30	Interest Rate	Principal	Interest	Total
2014	3.00%	\$ 2,695,000	\$ 12,983,955	\$ 15,678,955
2015	3.00	2,895,000	12,900,105	15,795,105
2016	3.10	3,095,000	12,808,708	15,903,708
2017	3.40	3,650,000	12,698,685	16,348,685
2018	4.00-5.00	22,485,000	12,096,635	34,581,635
2019	4.00-5.25	23,690,000	10,955,991	34,645,991
2020	4.00-5.25	25,025,000	9,732,879	34,757,879
2021	4.25-5.50	26,400,000	8,406,410	34,806,410
2022	4.50-5.25	27,935,000	6,973,166	34,908,166
2023	4.60-5.50	29,525,000	5,437,318	34,962,318
2024	4.75-5.50	31,270,000	3,775,306	35,045,306
2025	5.00	22,410,000	2,359,650	24,769,650
2026	5.00	7,920,000	1,601,400	9,521,400
2027	5.00	8,335,000	1,195,025	9,530,025
2028	5.00	8,855,000	765,275	9,620,275
2029	5.25	10,360,000	271,950	10,631,950
		<u>\$ 256,545,000</u>	<u>\$ 114,962,458</u>	<u>\$ 371,507,458</u>

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Series 2008B: \$131,565,000 Solid Waste Authority of Palm Beach County Improvement Revenue Bonds, Series 2008B dated November 25, 2008. The Series 2008B Bonds were issued for the purpose of funding various solid waste system projects, funding a deposit to the Debt Service Reserve Account, and paying the costs of issuance for the Series 2008B Bonds.

Interest on the Series 2008B Bonds is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup> and principal payments are due on October 1<sup>st</sup>, beginning October 1, 2024 with the final payment due on October 1, 2028.

The debt service requirements and interest rates of the Series 2008B bonds are as follows:

Year Ending September 30	Interest Rate	Principal	Interest	Total
2014	5.50%	\$ -	\$ 7,241,394	\$ 7,241,394
2015	5.50	-	7,241,394	7,241,394
2016	5.50	-	7,241,394	7,241,394
2017	5.50	-	7,241,394	7,241,394
2018	5.50	-	7,241,394	7,241,394
2019	5.50	-	7,241,394	7,241,394
2020	5.50	-	7,241,394	7,241,394
2021	5.50	-	7,241,394	7,241,394
2022	5.50	-	7,241,394	7,241,394
2023	5.50	-	7,241,394	7,241,394
2024	5.50	-	7,241,394	7,241,394
2025	5.50	10,700,000	6,944,484	17,644,484
2026	5.50	27,035,000	5,904,113	32,939,113
2027	5.50	28,630,000	4,373,325	33,003,325
2028	5.50	30,235,000	2,754,538	32,989,538
2029	5.50	34,965,000	961,534	35,926,534
		<u>\$ 131,565,000</u>	<u>\$ 100,593,328</u>	<u>\$ 232,158,328</u>

Series 2002: \$30,560,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 2002A and \$39,869,386 Revenue Bonds, Series 2002B, both dated November 7, 2002. The Series 2002B Bonds include term bonds of \$1,135,000 and capital appreciation bonds of \$38,734,386. The Series 2002 Bonds were issued for the purpose of currently refunding the Series 1992 bonds due on December 1, 2003 and thereafter, providing \$39 million for capital improvements to the solid waste system, and paying the costs of issuance for the Series 2002 Bonds.

Net proceeds of approximately \$31.3 million from the Series 2002A Bonds plus approximately \$740,000 of sinking fund monies were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide sufficient funds to call and retire the remaining \$30,530,000 Series 1992 Bonds on December 12, 2002.

On September 6, 2013, the SWA deposited approximately \$24.3 million into an escrow account to defease \$13,769,586 of 2002B Bonds that have a scheduled maturity date of October 1, 2014. This transaction resulted in a loss on extinguishment of the debt in the amount of approximately \$1,195,000.

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The debt service requirements and interest rates of the remaining Series 2002B Bonds are as follows:

Year Ending September 30	Interest Rate	Principal	Interest	Total
2016	4.95%	\$ 12,961,000	\$ 11,394,000	\$ 24,355,000
2017	5.05	12,003,800	12,006,200	24,010,000
		\$ 24,964,800	\$ 23,400,200	\$ 48,365,000

Annual Maturities: The aggregate maturities for the outstanding bonds of the SWA, including total interest of \$621,728,961 are as follows:

Year Ending September 30	Revenue Bonds
2014	\$ 61,995,549
2015	62,016,349
2016	80,557,376
2017	80,075,729
2018	84,287,029
2019-2023	432,628,733
2024-2028	491,783,434
2029-2032	332,669,562
	\$ 1,626,013,761

Interest Expense: Total interest costs incurred on all SWA debt for the year ended September 30, 2013 were \$52,580,144. For the year ended September 30, 2013, net interest costs (net of interest revenue on construction funds of \$543,429) of \$31,704,838 were capitalized on construction in progress and \$20,331,877 was expensed.

Defeased Bonds: In 2012, the SWA defeased \$11,479,972 Refunding Revenue Bonds, Series 1998A, by placing available cash in an irrevocable trust to provide for all future debt service payments on these bonds. At September 30, 2013, defeased Series 1998A Bonds totaling \$31,689,601 remain outstanding. In 2013, the SWA defeased \$13,769,586 of Revenue Bonds, Series 2002B, by placing cash in an irrevocable trust to provide for all future debt service payments on these bonds. These bonds remain outstanding at September 30, 2013.

**Changes in Noncurrent Liabilities**

Changes in long-term debt for the year ended September 30, 2013 are summarized as follows:

**PALM BEACH COUNTY, FLORIDA**  
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	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 4,950,844	\$ 2,833,327	\$ 2,631,616	\$ 5,152,555	\$ 372,343
OPEB	334,999	-	12,049	322,950	-
Landfill closure and postclosure care costs	40,318,801	3,417,116	329,214	43,406,703	334,811
Note Payable, Series 2008	64,000,000	-	4,000,000	60,000,000	4,000,000
Accrued interest payable on capital appreciation bonds	24,093,878	3,073,681	9,373,184	17,794,375	-
Revenue Bonds					
Series 2011	599,860,000	-	8,650,000	591,210,000	10,510,000
Series 2009	259,045,000	-	2,500,000	256,545,000	2,695,000
Series 2008B	131,565,000	-	-	131,565,000	-
Series 2002B	38,734,386	-	13,769,586	24,964,800	-
Totals	<u>\$ 1,162,902,908</u>	<u>\$ 9,324,124</u>	<u>\$ 41,265,649</u>	1,130,961,383	<u>\$ 17,912,154</u>
Unamortized premium and discount, net				43,285,347	
Current maturities				<u>(17,912,154)</u>	
Net Long-term debt				<u>\$ 1,156,334,576</u>	

## 14. CONTINGENCIES

### Litigation

The County is involved in various lawsuits arising in the ordinary course of operations. Where it has been determined that a loss is probable related to these matters, a liability has been recorded in our self-insurance obligations. In addition, the County is involved with other matters the outcome of which is not presently determinable; it is the opinion of management of the County, based upon consultation with legal counsel, that the outcome of these matters would not have a material adverse effect on the financial position of the County.

### State and Federal Grants

Grant monies received and disbursed by the County are for specific purposes and are subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures. Based upon prior experience, management does not believe that such disallowances, if any, would have a material adverse effect on the financial position of the County.

### Interlocal Agreement

On September 22, 1992 the Board of County Commissioners approved an interlocal agreement between the County and the Westgate/Belvedere Homes Community Redevelopment Agency (Agency), whereby the County has agreed to fund any deficiency in the reserve fund of the Agency's Redevelopment Revenue Bonds. The Agency is required to notify the County on or before May 2<sup>nd</sup> of each year of any deficiency amount that the Agency expects to exist on the

**PALM BEACH COUNTY, FLORIDA**  
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next succeeding November 1<sup>st</sup>. At present, the County has not been made aware of any deficiency amount.

**Bond Guaranty**

On October 17, 2000 the Board of County Commissioners approved a trust agreement between the County and SunTrust Bank, (the Trustee), whereby the County has agreed to fund any deficiency in the reserve fund of the Palm Beach County, Florida, Industrial Development Revenue Bonds (South Florida Fair project), Series 2000. The Trustee is required to notify the County after June 1<sup>st</sup> and on or before June 5<sup>th</sup> of each year of the deficiency amount, if any, as of such date. At present, the County has not been made aware of any deficiency amount.

Letters of credit have been arranged in lieu of debt service reserve surety insurance policies where credit ratings of the insurers declined below the rating required by the bond covenants. Additional information on the letters of credit may be found in the note for long-term debt.

**COMPONENT UNIT - Solid Waste Authority (SWA) - Environmental Liabilities:** SWA, in cooperation with other state and local regulatory agencies, maintains an extensive monitoring program for potential environmental contaminants at each of its sites and facilities. These monitoring programs have not identified any contaminants caused by landfill leachate or other operations of SWA. In the event that any environmental contaminants are identified, SWA may be financially responsible for the environmental assessment and cleanup costs, as well as potential fines imposed by governmental regulatory agencies.

**15. PLEDGED REVENUES**

The County has pledged a portion of future non-ad valorem revenues to repay \$746 million in revenue bonds, notes and loans issued between July 1, 1990 and February 27, 2013. A ten year history of the pledged revenues is reported in statistical table X. Proceeds from the debt provided financing for capital additions, improvements, and expansion of County facilities, equipment and infrastructure. The bonds are payable solely from available non-ad valorem revenues and are payable through May 1, 2038. Total principal and interest remaining to be paid on the bonds is \$1.1 billion with annual requirements ranging from \$11 million in fiscal year 2034 to \$106 million in fiscal year 2014. The pledged non-ad valorem revenues, from which the appropriations will be made, have averaged \$364 million per year over the last 10 years. Principal and interest paid for the current year and total pledged non-ad valorem revenues were \$104 million and \$377 million, respectively.

The County has pledged future airport revenues net of specified operating expenses, to repay \$110 million in airport revenue bonds issued between July 3, 2002 and May 17, 2006. Proceeds from the bonds provided financing for the addition, improvements and expansion of the airport facilities, equipment and infrastructure. The bonds are payable solely from the airport net revenues and are payable through October 1, 2036. Total principal and interest remaining to be paid on the bonds is \$175 million with annual requirements ranging from \$6 million in fiscal year 2037 to \$17 million in fiscal year 2015. Annual principal and interest payments on the

**PALM BEACH COUNTY, FLORIDA**  
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bonds are expected to require less than 29% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$17 million and \$29 million, respectively.

The County has pledged future water utility revenues net of specified operating expenses, to repay \$198 million in water & sewer revenue bonds issued between July 8, 2003 and May 1, 2013. Proceeds from the bonds provided financing for the addition, improvements and expansion of the water and sewer facilities, equipment and infrastructure. The bonds are payable solely from the water utility net revenues and are payable through October 1, 2040. Total principal and interest remaining to be paid on the bonds is \$326 million with annual requirements ranging from \$211 thousand in fiscal years 2039 and 2040 to \$17 million in fiscal year 2014. Annual principal and interest payments on the bonds are expected to require less than 28% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$17 million and \$73 million, respectively.

## **16. OTHER EVENTS**

On March 5, 2013, the acting City Council of the City of South Bay ratified the absorption of the Glades Utility Authority (GUA) by the Palm Beach County Water Utilities Department (the Department). The cities of Belle Glade and Pahokee had ratified the absorption in the prior fiscal year. As a result, effective May 1, 2013, the County absorbed the operations of the GUA. The absorption was deemed to be in the best interest of the GUA's customers. The GUA was facing an uncertain future due to its progressively deteriorating financial stability, which placed it in considerable risk of continuing as a going concern without substantial assistance from external sources.

Under terms of the absorption, the approximately 10,000 GUA customers became on-line customers of the Department at the GUA customer rates, which are higher than the current County rates, and will remain frozen for the greater of ten years or until they equal the Department's rates plus 7% for the host fees which the Cities of Belle Glade, Pahokee and South Bay will continue to receive. In addition, the Department has committed \$25 million to repair the water distribution system. At the time of the absorption, the Department paid off \$2.3 million of the GUA's debt which could not be transferred from the GUA to the Department due to issues with the debt covenants. The remaining \$20.2 million of GUA's debt, along with \$0.2 million accrued interest, was assumed by the Department. The assets include \$2.1 million of cash, \$1.3 million of net accounts receivable, and \$83.6 million of capital assets. The assets and liabilities of the GUA were acquired and recorded at carrying value after consideration for any potential impairments. This transaction also included the recovery of the previously fully reserved contribution from GUA of \$24.9 million related to the original construction of the Lake Region Treatment Plant. As a result, the Department received a net contribution from the GUA of approximately \$63.9 million, which is reported as a Special Item in the Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position.

**PALM BEACH COUNTY, FLORIDA**  
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**17. SUBSEQUENT EVENTS**

On October 9, 2013, the County issued \$13,180,000 Public Improvement Revenue Bonds (Max Planck Project), Series 2013 for the purpose of funding the third installment of a grant to the Max Planck Florida Corporation.

On October 25, 2013, the County issued \$10,667,000 Improvement Revenue Bonds, Series 2013 (Sheriff's Equipment Project) for the purpose of financing road patrol vehicles with radio and mobile equipment and other electronic equipment required by the Sheriff's Office.

On October 22, 2013, the County sold the Mecca Farms Property to the South Florida Water Management District for \$26 million. Proceeds of the sale were received on December 17, 2013.

On October 29, 2013, the County issued \$28,075,000 Taxable Public Improvement Revenue Bonds (Convention Center Hotel Project), Series 2013 for the purpose of facilitating the development of a convention center hotel to be located on a site owned by the County adjacent to the County Convention Center.



# Required Supplementary Information

The Required Supplementary Information subsection includes the budgetary comparison schedule for Palm Beach County's major funds; the General Fund, the Fire Rescue Special Revenue Fund, and the Community & Social Development Special Revenue Fund. It also includes the schedules of funding progress related to the Palm Tran and Lantana Firefighter's Pension Plans, the Palm Beach County Healthcare Plans, the Fire Rescue Long-Term Disability Plan, and the schedule of funding progress for the Solid Waste Authority's Healthcare Plan (A Component Unit).



PALM BEACH COUNTY, FLORIDA  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)  
 General Fund  
 For the fiscal year ended September 30, 2013  
 (Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)	
<b>Revenues:</b>					
Taxes (net of discount)	\$ 660,758,457	\$ 660,758,457	\$ 642,471,586	\$ (18,286,871)	
Licenses and permits	34,088,477	34,088,477	32,782,249	(1,306,228)	
Intergovernmental	98,117,143	98,096,553	102,559,376	4,462,823	
Charges for services	99,196,523	98,446,523	98,207,037	(239,486)	
Fines and forfeitures	1,418,346	1,418,346	1,111,344	(307,002)	
Interest income	9,234,808	9,234,808	3,589,870	(5,644,938)	
Net change in fair value of investments	-	-	(4,328,215)	(4,328,215)	
Miscellaneous	7,377,607	7,435,169	8,070,712	635,543	
<b>Less 5% anticipated revenues</b>	<b>(45,804,776)</b>	<b>(45,804,776)</b>	<b>-</b>	<b>45,804,776</b>	
<b>Total revenues</b>	<b>864,386,585</b>	<b>863,673,557</b>	<b>884,463,959</b>	<b>20,790,402</b>	
<b>Expenditures:</b>					
<b>Current:</b>					
General government	210,358,695	241,592,767	119,425,514	122,167,253	
Public safety	24,933,346	25,014,158	22,157,097	2,857,061	
Physical environment	11,801,299	11,842,844	10,821,361	1,021,483	
Transportation	4,235,000	4,235,000	4,235,000	-	
Economic environment	23,259,308	23,288,526	22,985,436	303,090	
Human services	51,952,704	51,893,170	50,421,363	1,471,807	
Culture and recreation	54,569,140	54,503,850	50,994,517	3,509,333	
Capital outlay	254,782	313,605	227,005	86,600	
<b>Total expenditures</b>	<b>381,364,274</b>	<b>412,683,920</b>	<b>281,267,293</b>	<b>131,416,627</b>	
<b>Excess of revenues over expenditures</b>	<b>483,022,311</b>	<b>450,989,637</b>	<b>603,196,666</b>	<b>152,207,029</b>	
<b>Other financing sources (uses):</b>					
Transfers in	9,688,174	17,690,288	32,846,555	15,156,267	
Transfers out	(656,516,487)	(662,456,701)	(654,202,828)	8,253,873	
<b>Total other financing sources (uses)</b>	<b>(646,828,313)</b>	<b>(644,766,413)</b>	<b>(621,356,273)</b>	<b>23,410,140</b>	
<b>Net change in fund balances</b>	<b>(163,806,002)</b>	<b>(193,776,776)</b>	<b>(18,159,607)</b>	<b>175,617,169</b>	
Fund balances, October 1, 2012	163,806,002	193,776,776	196,434,159	2,657,383	
<b>Change in nonspendable fund balance</b>	<b>-</b>	<b>-</b>	<b>264,278</b>	<b>264,278</b>	
<b>Fund balances, September 30, 2013 (budget basis)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>178,538,830</b>	<b>\$ 178,538,830</b>	
Perspective difference between budget basis and GAAP			21,583,909		
<b>Fund balances, September 30, 2013 (GAAP)</b>			<b>\$ 200,122,739</b>		
<b>Reconciliation of Budget to GAAP:</b>					
	Revenues	Expenditures	Transfers in	Transfers out	Net change in fund balance
Board of County Commissioners	\$ 884,463,959	\$ (281,267,293)	\$ 32,846,555	\$ (654,202,828)	\$ (18,159,607)
Sheriff	2,109,543	(477,261,504)	489,057,313	(14,524,716)	(619,364)
Clerk & Comptroller	50,292,077	(55,754,383)	11,903,715	(5,353,999)	1,087,410
Tax Collector	22,375,288	(22,375,288)	-	-	-
Property Appraiser	20,228,945	(20,228,945)	-	-	-
Supervisor of Elections	458,952	(9,746,598)	10,110,000	(822,354)	-
Eliminations	-	-	(521,043,662)	521,043,662	-
<b>Totals</b>	<b>\$ 979,928,764</b>	<b>\$ (866,634,011)</b>	<b>\$ 22,873,921</b>	<b>\$ (153,860,235)</b>	<b>\$ (17,691,561)</b>

NOTE: The effective legal level of budgetary control is maintained at the department level. A separate detailed report providing this information is available for inspection at the Office of Financial Management and Budget. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP and only include the operations of the Board of County Commissioners since that is what was legally adopted. In accordance with GASB 54, the individual County Constitutional Officers no longer met the definition to be reported as separate special revenue funds of the County and as a result their activities have been combined into the County general fund for GAAP reporting purposes. The above table provides a reconciliation of the amounts between the two schedules.

PALM BEACH COUNTY, FLORIDA  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Fire Rescue Special Revenue Fund  
For the fiscal year ended September 30, 2013  
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes (net of discount)	\$ 192,585,701	\$ 192,585,701	\$ 185,226,561	\$ (7,359,140)
Special assessments	281,823	281,823	272,948	(8,875)
Licenses and permits	11,000	11,000	16,107	5,107
Intergovernmental	325,440	325,440	339,278	13,838
Charges for services	32,188,815	32,188,815	32,995,738	806,923
Interest income	3,902,682	3,902,682	3,237,582	(665,100)
Net change in fair value of investments	-	-	(3,608,671)	(3,608,671)
Miscellaneous	122,000	122,000	688,812	566,812
<b>Less 5% anticipated revenues</b>	<b>(11,213,050)</b>	<b>(11,213,050)</b>	<b>-</b>	<b>11,213,050</b>
<b>Total revenues</b>	<b>218,204,411</b>	<b>218,204,411</b>	<b>219,168,355</b>	<b>963,944</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	317,512,000	330,697,538	241,847,689	88,849,849
Economic environment	455,656	456,076	452,522	3,554
Capital outlay	13,994,731	13,994,731	10,516,808	3,477,923
<b>Total expenditures</b>	<b>331,962,387</b>	<b>345,148,345</b>	<b>252,817,019</b>	<b>92,331,326</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(113,757,976)</b>	<b>(126,943,934)</b>	<b>(33,648,664)</b>	<b>93,295,270</b>
<b>Other financing sources (uses):</b>				
Transfers in	8,592,196	8,643,804	7,740,420	(903,384)
Transfers out	(243,767)	(259,835)	(259,835)	-
<b>Total other financing sources (uses)</b>	<b>8,348,429</b>	<b>8,383,969</b>	<b>7,480,585</b>	<b>(903,384)</b>
<b>Net change in fund balances</b>	<b>(105,409,547)</b>	<b>(118,559,965)</b>	<b>(26,168,079)</b>	<b>92,391,886</b>
Fund balances, October 1, 2012	105,409,547	118,559,965	121,208,228	2,648,263
<b>Change in nonspendable fund balance</b>	<b>-</b>	<b>-</b>	<b>97,121</b>	<b>97,121</b>
<b>Fund balances, September 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 95,137,270</b>	<b>\$ 95,137,270</b>

NOTE: The effective legal level of budgetary control is maintained at the department level. A separate detailed report providing this information is available for inspection at the Office of Financial Management and Budget. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.

PALM BEACH COUNTY, FLORIDA  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Community & Social Development Special Revenue Fund  
For the fiscal year ended September 30, 2013  
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 94,798,717	\$ 127,861,181	\$ 86,148,336	\$ (41,712,845)
Charges for services	759,018	888,978	604,467	(284,511)
Interest income	987,826	1,072,109	796,033	(276,076)
Net change in fair value of investments	-	-	(47,748)	(47,748)
Miscellaneous	1,958,575	2,310,955	2,562,302	251,347
Less 5% anticipated revenues	(10,620)	(10,620)	-	10,620
<b>Total revenues</b>	<b>98,493,516</b>	<b>132,122,603</b>	<b>90,063,390</b>	<b>(42,059,213)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	123,464	128,023	6,055	121,968
Public safety	3,136,864	4,689,894	2,874,833	1,815,061
Physical environment	500,000	503,000	413,240	89,760
Transportation	65,386	77,286	35,713	41,573
Economic environment	70,535,522	89,256,373	45,130,062	44,126,311
Human services	51,501,543	55,580,151	47,132,532	8,447,619
Capital outlay	772,203	996,259	544,542	451,717
Debt service	1,909,734	1,929,734	988,769	940,965
<b>Total expenditures</b>	<b>128,544,716</b>	<b>153,160,720</b>	<b>97,125,746</b>	<b>56,034,974</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(30,051,200)</b>	<b>(21,038,117)</b>	<b>(7,062,356)</b>	<b>13,975,761</b>
<b>Other financing sources (uses):</b>				
Transfers in	13,856,386	15,200,386	13,102,523	(2,097,863)
Transfers out	(1,311,134)	(5,297,372)	(3,001,242)	2,296,130
Issuance of long-term debt	11,334,457	17,878,000	3,365,000	(14,513,000)
<b>Total other financing sources (uses)</b>	<b>23,879,709</b>	<b>27,781,014</b>	<b>13,466,281</b>	<b>(14,314,733)</b>
<b>Net change in fund balances</b>	<b>(6,171,491)</b>	<b>6,742,897</b>	<b>6,403,925</b>	<b>(338,972)</b>
<b>Fund balances, October 1, 2012</b>	<b>6,171,491</b>	<b>(6,742,897)</b>	<b>(6,742,897)</b>	<b>-</b>
<b>Fund balances, September 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (338,972)</b>	<b>\$ (338,972)</b>

NOTE: The effective legal level of budgetary control is maintained at the department level. A separate detailed report providing this information is available for inspection at the Office of Financial Management and Budget. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.

REQUIRED SUPPLEMENTARY INFORMATION

Palm Tran Pension Plan  
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1/1/11	\$ 54,522,208	\$ 83,602,521	\$ 29,080,313	65.2%	\$ 25,497,963	114.0%
1/1/12	57,037,023	88,489,140	31,452,117	64.5%	24,999,674	125.8%
1/1/13	63,314,431	96,225,707	32,911,276	65.8%	25,724,674	127.9%

Lantana Firefighter's Pension Plan  
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
9/30/10	\$ 19,301,948	\$ 24,669,989	\$ 5,368,041	78.2%	\$ 2,155,087	249.1%
9/30/11	20,943,102	27,289,591	6,346,489	76.7%	2,223,670	285.4%
9/30/12	23,149,683	29,222,670	6,072,987	79.2%	2,072,894	293.0%

## REQUIRED SUPPLEMENTARY INFORMATION

### Palm Beach County Primary Government Healthcare Plans Schedule of Funding Progress

County	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
County	10/1/2007	\$ -	\$ 14,638,000	\$ 14,638,000	0.0%	\$ 294,272,546	5.0%
	10/1/2009	-	14,760,000	14,760,000	0.0%	253,793,723	5.8%
	10/1/2011	-	16,267,000	16,267,000	0.0%	241,965,767	6.7%
Tax Collector	10/1/2007	-	1,533,513	1,533,513	0.0%	9,879,680	15.5%
	10/1/2009	-	1,208,095	1,208,095	0.0%	10,945,091	11.0%
	10/1/2012	-	1,546,776	1,546,776	0.0%	12,439,356	12.4%
Property Appraiser	10/1/2007	-	312,788	312,788	0.0%	14,237,382	2.2%
	10/1/2009	-	348,156	348,156	0.0%	14,286,192	2.4%
	10/1/2012	-	192,396	192,396	0.0%	11,597,574	1.7%
Clerk & Comptroller	10/1/2007	-	5,445,000	5,445,000	0.0%	35,775,864	15.2%
	10/1/2009	-	5,202,000	5,202,000	0.0%	27,581,451	18.9%
	10/1/2011	-	6,200,857	6,200,857	0.0%	31,154,225	19.9%
Sheriff	1/1/2008	-	169,700,000	169,700,000	0.0%	222,956,243	76.1%
	1/1/2010	-	190,600,000	190,600,000	0.0%	269,750,942	70.7%
	1/1/2012	-	240,478,000	240,478,000	0.0%	257,194,182	93.5%
Fire Rescue Union	10/1/2009	18,136,850	163,661,000	145,524,150	11.1%	119,353,006	121.9%
	10/1/2010	23,359,477	129,760,000	106,400,523	18.0%	138,684,968	76.7%
	10/1/2012	33,381,229	166,519,000	133,137,771	20.0%	144,075,816	92.4%

### Palm Beach County Fire Rescue Taxing District Long Term Disability Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
10/1/2010	\$ -	\$ 11,172,901	\$ 11,172,901	0.0%	\$ 132,643,996	8.4%
10/1/2011	-	9,276,012	9,276,012	0.0%	138,684,968	6.7%
10/1/2012	-	9,026,331	9,026,331	0.0%	144,075,816	6.3%

### Solid Waste Authority Healthcare Plan - Component Unit Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
10/1/2008	\$ -	\$ 1,440,000	\$ 1,440,000	0.0%	\$ 21,254,000	6.8%
10/1/2010	-	724,000	724,000	0.0%	22,391,000	3.2%
10/1/2012	-	726,000	726,000	0.0%	21,558,000	3.4%

## **COMPLIANCE SECTION**

**Palm Beach County, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended September 30, 2013**

**Palm Beach County  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the year ended September 30, 2013**

Grantor	Program Title	CFDA/ CSFA	Contract/Grant #	ARRA	Expenditures	Pass Through to Subrecipients
<b>FEDERAL GRANTS</b>						
<b>U.S. Department of Agriculture</b>						
<i>Passed Through: Florida Department of Elder Affairs</i>						
	11-12 Adult Care Food Program	10.558	Y2119	NO	\$ 7	\$ -
	12-13 Adult Care Food Program	10.558	Y3119	NO	18,128	-
<i>Passed Through: Florida Department of Health</i>						
	FY 12-13 Child Care Food Program	10.558	S-735 FY12-13	NO	878,039	-
<i>Child Nutrition Cluster</i>						
<i>Passed Through: Florida Department of Agriculture</i>						
	2013 Summer Food Service Program for Children	10.559	040781 (GY13)	NO	599,535	-
<i>Passed Through: Florida Department of Education</i>						
	Summer Food Service Program for Children – GY12	10.559	040781 (GY12)	NO	(7,104)	-
<i>Total Child Nutrition Cluster</i>						
					<u>1,488,605</u>	<u>-</u>
<i>Passed Through: FL Dept of Agriculture &amp; Consumer Svcs</i>						
	Urban & Community Forestry	10.664	018348	NO	10,292	-
	Urban & Community Forestry	10.664	019042	NO	3,607	-
<i>Direct Program:</i>						
	Wildlife Habitat Incentive Program – High Ridge	10.914	724209070ZM	NO	(1,272)	-
<b>Total U.S. Department of Agriculture</b>						
					<u>1,501,232</u>	<u>-</u>
<b>U.S. Department of Commerce</b>						
<i>Economic Development Cluster</i>						
<i>Direct Program:</i>						
	Economic Works Program / Regional Wastewater Improvements	11.307	04-79-06327	NO	2,373,932	-
<b>Total U.S. Dept of Commerce</b>						
					<u>2,373,932</u>	<u>-</u>
<b>U.S. Department of Housing &amp; Urban Development</b>						
<i>CDBG – Entitlement Grants Cluster</i>						
<i>Direct Programs:</i>						
	Community Development Block Grant	14.218	B07UC120004	NO	161,592	-
	Community Development Block Grant	14.218	B08UC120004	NO	157,750	-
	NEIGHBORHOOD STABILIZATION PROGRAM	14.218	B-08-UN-12-0013	NO	1,975,919	1,828,214
	Community Development Block Grant	14.218	B09UC120004	NO	1,639,347	-
	Community Development Block Grant	14.218	B10UC120004	NO	2,519,178	-
	FY11 Community Development Block Grant	14.218	B11UC120004	NO	2,478,812	-
	NEIGHBORHOOD STABILIZATION PROGRAM – 3	14.218	B11UN120013	NO	8,314,383	7,729,444
	FY13 Community Development Block Grant	14.218	B12UC120004	NO	14,520	-
<i>Total CDBG – Entitlement Grants Cluster</i>						
					<u>17,261,501</u>	<u>9,557,658</u>
<i>CDBG – State-Administered CDBG Cluster</i>						
<i>Passed Through: FL Dept of Economic Opportunity</i>						
	CDBG DISASTER RECOVERY INITIATIVE	14.228	07DB3V106001Z07	NO	3,070,523	3,070,523
	CDBG DISASTER RECOVERY INITIATIVE	14.228	08DBD3106001A07	NO	4,446,759	4,371,848
	CDBG DISASTER RECOVERY INITIATIVE	14.228	10DBK4106001K29	NO	2,827,703	2,794,109
	CDBG DISASTER RECOVERY INITIATIVE	14.228	12DBP5106001K43	NO	174,604	166,222
<i>Total CDBG – State-Administered CDBG Cluster</i>						
					<u>10,519,589</u>	<u>10,402,702</u>
<i>Direct Programs:</i>						
	FY11 Emergency Shelter Grant Program	14.231	E11UC120016	NO	80,123	78,775
	FY13 Emergency Shelter Grant Program	14.231	E12UC120016	NO	522,126	488,766
	Emergency Shelter Grant Program	14.231	S10UC120016	NO	543	543
	Supportive Housing Program GY12	14.235	FL0292B4D051003	NO	105,882	105,882
	Supportive Housing Program GY13	14.235	FL0292B4D051104	NO	292,697	292,349
	Shelter Plus Care Project Northside GY09	14.238	FL0277C4D050800	NO	80,778	80,778
	Shelter Plus Care GY12	14.238	FL0281C4D051104	NO	205,141	205,141
	Shelter Plus Care GY13	14.238	FL0281L4D051205	NO	118,411	118,411
	Home Program	14.239	M06UC120215	NO	473,143	473,143
	Home Program	14.239	M07UC120215	NO	115,939	115,939
	Home Program	14.239	M08UC120215	NO	217,275	217,275
	Home Program	14.239	M09UC120215	NO	532,614	532,614
	Home Program	14.239	M10UC120215	NO	549,378	549,378
	FY11 HOME Investment Partnership	14.239	M11UC120215	NO	624,111	483,470
	FY12 HOME Investment Partnership	14.239	M12UC120215	NO	187,147	-
	BEDI09 AVENUE A PROJ	14.246	B07BD120012	NO	764,979	764,979
	HUD 108 LOAN AVE A	14.248	B07UC120004 (SEC108)	NO	521,474	521,474
	HUD Section 108 Loan	14.248	B08UC120004 (SEC108)	NO	244,000	244,000
	CDBG-Section 108 Loan Program – Pahokee	14.248	B09UC120004 (SEC108)	NO	70	70
	FY10 HUD Section 108 Loan	14.248	B10UC120004 (SEC108)	NO	295,046	295,046
	NEIGHBORHOOD STABILIZATION PROGRAM – 2	14.256	B09LNF10021	YES	12,495,809	11,635,078
	Fair Housing Assistance Program – State & Local	14.401	FF204K124023	NO	140,684	-
	Fair Housing Assistance Program – State & Local	14.401	TBD (GY13-14)	NO	42,886	-
	HUD Community Challenge Planning Grant	14.704	CCPFL0049-11	NO	731,572	626,152
<b>Total U.S. Department of Housing &amp; Urban Development</b>						
					<u>47,122,918</u>	<u>37,789,623</u>

**Palm Beach County, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
For the Year Ended September 30, 2013**

Palm Beach County Schedule of Expenditures of Federal Awards and State Financial Assistance For the year ended September 30, 2013						
Grantor	Program Title	CFDA/ CSFA	Contract/Grant #	ARRA	Expenditures	Pass Through to Subrecipients
<b>U.S. Department of the Interior</b>						
<u>Direct Program:</u>						
	Jupiter Inlet Lighthouse Outstanding Natural Areas	15.231	L11AC20221	NO	100,000	-
<i>Fish and Wildlife Cluster</i>						
<u>Passed Through: FL Fish and Wildlife Conservation Commission</u>						
	Boynton Inlet Artificial Reef	15.605	FWC12103	NO	60,000	-
<u>Passed Through: FL Dept of Environmental Protection</u>						
	Pine Glades Natural Area Trail	15.916	LW608	NO	112,949	-
<b>Total U.S. Department of the Interior</b>					<b>272,949</b>	<b>-</b>
<b>U.S. Department of Justice</b>						
<u>Direct Programs:</u>						
	FY10 Comprehensive Approaches to Sex Offender Management	16.203	2010WPBX0006	NO	7,853	-
	FY10 Youth Gang Prevention and Intervention Program	16.544	2010JVFX0030	NO	86,935	-
	FY10 Solving Cold Cases with DNA Program	16.560	2010DNBXK009	NO	27,295	-
	OJP Family Drug Court	16.585	2009DCBX0115	NO	100,986	-
	PBC Adult Drug Court Enhancement Program	16.585	2011DCBX0029	NO	56,928	-
	Grant To Encourage Arrest	16.590	2011-WE-AX-0027	NO	390,966	-
	Domestic Violence Homicide Prevention Demonstration Init	16.590	2013HIAKK012	NO	4,626	-
	FY11 State Criminal Alien Assistance	16.606	2011APBX0852	NO	177,928	-
	FY12 State Criminal Alien Assistance	16.606	2012APBX0227	NO	83,843	-
	FY12-13 Bulletproof Vest Partnership	16.607	1602238	NO	6,304	-
	Child Sexual Predator Program	16.710	2010CSWX0016	NO	117,727	-
	COPS Hiring Program	16.710	2010ULWX0011	NO	802,971	-
	FY11 DNA Backlog reduction Program	16.741	2011DNBXK447	NO	135,039	-
	FY12 DNA Backlog Reduction Program	16.741	2012DNBX0035	NO	269,203	-
	Criminal Justice Mental Health & Substance Abuse Local Match	16.745	2009MOBX0035	NO	23,803	-
	Juvenile Justice System Co-Occurring Disorders Program	16.745	2012MOBX0028	NO	40,840	-
	Data-Driven Problem-Oriented Policing Strategy	16.751	2011DGBX0012	NO	230,242	-
	FY10 Second Chance Act Prisoner Reentry Initiative	16.812	2010CZBX0016	NO	47,271	-
	FY11 Second Chance Act Juvenile Prisoner Reentry Initiative	16.812	2011CZBX0002	NO	32,005	-
	FY12 Second Chance Act Prisoner Reentry Initiative	16.812	2012CZBX0016	NO	648,378	-
	Equitable Sharing – Justice Department	16.XXX	FLOR050000	NO	1,032,106	-
<u>Passed Through: FL Dept of Legal Affairs and Attorney General</u>						
	FY12-13 Victims of Crime Act	16.575	V12021	NO	53,223	-
	FY 12-13 Victims of Crime Act	16.575	V12149	NO	123,126	-
<i>JAG Program Cluster</i>						
<u>Direct Programs:</u>						
	BJA FY09 Edward Byrne Memorial JAG Prg Local Solicitation	16.738	2009DJBX0879	NO	7,949	-
	BJA FY09 Edward Byrne Memorial JAG Program Local Solicitation	16.738	2010DJBX0168	NO	148,160	-
	FY 2011 Justice Assistance Grant	16.738	2011DJBX2709	NO	861	-
	FY 2012 Justice Assistance Grant	16.738	2012DJBX0315	NO	104,272	-
<u>Passed Through: Florida Department of Law Enforcement</u>						
	Gulfstream Goodwill Industries Youth Alt Care Pgm	16.738	2011JAGCPALM5B2262	NO	6,469	-
	Juvenile Assessment Center Security – FDLE	16.738	2012JAGCPALM2C4177	NO	45,996	-
	Program Monitoring & Evaluation – FDLE	16.738	2012JAGCPALM3C4220	NO	149	-
	FY 13 Edward Byrne Memorial JAG	16.738	2013JAGCPALM1D7154	NO	143,000	-
	Juvenile Assessment Center Security – FDLE	16.738	2013JAGCPALM2D7239	NO	159,729	-
	Gunfire Detection and Location	16.738	2013JAGCPALM3B2268	NO	100,000	-
<u>Direct Program:</u>						
	BJA FY09 Recovery Act Edward Byrne Memorial JAG Prg Local	16.804	2009SBB93136	YES	28,483	-
<b>Total JAG Program Cluster</b>					<b>745,068</b>	<b>-</b>
<u>Passed Through: FL Department of Law Enforcement</u>						
	2011 Paul Coverdell FSIG	16.742	2011CDBX0026	NO	22,330	-
	2011 Paul Coverdell Forensic Sciences Improvement Grant	16.742	2011CDBX0026ME	NO	3,550	-
	2012 Paul Coverdell FSIG	16.742	2012CDBX0018	NO	4,883	-
	2012 Paul Coverdell Forensic Sciences Improvement Grant	16.742	2012CDBX0018ME	NO	2,152	-
	National Instant Criminal Background Check	16.813	2012NICSPALM1D3001	NO	6,449	-
<b>Total U.S. Department of Justice</b>					<b>5,284,030</b>	<b>-</b>

**Palm Beach County, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
For the Year Ended September 30, 2013**

Palm Beach County Schedule of Expenditures of Federal Awards and State Financial Assistance For the year ended September 30, 2013						
Grantor	Program Title	CFDA/ CSFA	Contract/Grant #	ARRA	Expenditures	Pass Through to Subrecipients
<b>U.S. Department of Labor</b>						
<i>WIA Cluster</i>						
<u>Passed Through: Workforce Alliance</u>						
	PBSO Reentry Job Placement Program	17.258	S11012	NO	74,701	-
	12-13 Targeted Populations to Enter Unsubsidized Employment	17.260	S11013	NO	89,022	89,022
<i>Total WIA Cluster</i>					163,723	89,022
<u>Passed Through: FL Dept of Education</u>						
	12-13 Farmworker Jobs & Education Program	17.264	7604053A3CFJ1	NO	153,305	-
	13-14 Farmworker Jobs & Education Program	17.264	7604054A4CFJ1	NO	48,797	-
<b>Total U.S. Department of Labor</b>					365,825	89,022
<b>U.S. Department of Transportation</b>						
<i>Direct Programs:</i>						
	AIP – Glades Apron Rehab and Airfield Electrical Design	20.106	31200600032011-	NO	72,699	-
	AIP – Apron A, Taxi D & C4, Lights, Mark, S Taxi (5 parts)	20.106	31200850512009-	NO	66,368	-
	AIP – Phase 3 Conduct Env. Impact Statement (EIS)	20.106	31200850542011-	NO	23,523	-
	AIP – PBIA Terminal Roof Improvements	20.106	31200850552011-	NO	62,351	-
	AIP – Restroom Renovations – Design Services	20.106	31200850562012	NO	139,609	-
	AIP – Design Air Handler in Terminal Bldg &	20.106	31200850572013	NO	58,499	-
	AIP – Stormwater Master Plan	20.106	31200860102010-	NO	44,539	-
	AIP – Wildlife Hazard Assessment	20.106	31200860112011-	NO	58,707	-
	AIP – Rehab RW 03/21 and 09/27 Intersection Apron Taxiway AT	20.106	31200860122012	NO	26,819	-
	AIP – North Parcel Taxiway Design – Wildlife Hazard Assmnt	20.106	31201130152011-	NO	85,594	-
<u>Passed Through: FL Dept of Transportation</u>						
	Fed Transit Metro Plan Grants – Fed Transit Authority 5303	20.505	AQ288	NO	327,521	-
<i>Highway Planning and Construction Cluster</i>						
<u>Passed Through: Florida Department of Transportation</u>						
	Hwy. Planning & Constr. – FHWA Surface Transportation Program	20.205	229253-3-54-01	NO	485,898	-
	Congress/Lantana – Melaleuca	20.205	229892-2-58-01	NO	122,859	-
	Countywide Advanced Traffic Management Systems Group 3	20.205	41652525801	NO	2,491,453	-
	SR708/Blue Heron Blvd at Congress Ave.	20.205	417062-2-58-01	NO	401,568	-
	Congress Ave at Intermodal Center/South County Complex	20.205	420356-1-58-01	NO	(11,583)	-
	Federal Safe Routes to School – Overhead Flashers Elementary	20.205	423189-1-58-01	NO	118,679	-
	Emergency Relief Reimbursement Agreement – Isaac	20.205	4340311G801	NO	32,522	-
	Hwy. Plan. & Const. – Sec. 112	20.205	PL009749A5359	NO	1,088,861	-
<i>Total Highway Planning and Construction Cluster</i>					4,730,257	-
<u>Passed Through: FL Dept of Environmental Protection</u>						
	FDEP Recreational Trails Program Okeehelée Park South	20.219	T11005	NO	-	-
<i>Federal Transit Cluster</i>						
<u>Direct Program:</u>						
	Federal Transit Capital Investment – FY09 Section 5309	20.500	FL040094	NO	254,999	-
	Federal Transit Formula Grants – FY06 Section 5307	20.507	FL90X571	NO	10,743	-
	Federal Transit Formula Grants – FY07 Section 5307	20.507	FL90X625	NO	83,090	-
	Federal Transit Formula Grants – FY08 Section 5307	20.507	FL90X673	NO	549,446	-
	Federal Transit Formula Grants – FY09 Section 5307	20.507	FL90X705	NO	552,309	-
	Federal Transit Formula Grants – FY10 Section 5307	20.507	FL90X735	NO	3,784,000	-
	Federal Transit Formula Grants – FY11 Section 5307	20.507	FL90X760	NO	5,278,133	-
	Federal Transit Formula Grants – FY12 Section 5307	20.507	FL90X812	NO	5,259,373	-
	ARRA Stimulus	20.507	FL96X026	YES	111,141	-
<i>Total Federal Transit Cluster</i>					15,883,234	-
<u>Passed Through: FL Dept of Transportation</u>						
	Formula Grant Rural Section 5311	20.509	APS67	NO	257,051	-
<i>Transit Services Programs Cluster</i>						
<u>Passed Through: South Florida Regional Transit Authority</u>						
	Route 94 Operations	20.516	FL37X05200	NO	127,179	-
<i>Total Transit Services Programs Cluster</i>					127,179	-
<b>Total U.S. Department of Transportation</b>					21,963,950	-

**Palm Beach County, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
For the Year Ended September 30, 2013**

Palm Beach County Schedule of Expenditures of Federal Awards and State Financial Assistance For the year ended September 30, 2013						
Grantor	Program Title	CFDA/ CSFA	Contract/Grant #	ARRA	Expenditures	Pass Through to Subrecipients
<b>U.S. Department of the Treasury</b>						
<u>Direct Program:</u>						
	Equitable Sharing – Treasury Dept	21.XXX	NA	NO	262,763	-
<b>Total U.S. Department of the Treasury</b>					<u>262,763</u>	<u>-</u>
<b>U.S. Department of Energy</b>						
<u>Direct Program:</u>						
	Energy Efficiency and Conservation Grant	81.128	DEEE0000793	YES	550,150	472,449
<b>Total U.S. Department of Energy</b>					<u>550,150</u>	<u>472,449</u>
<b>U.S. Election Assistance Commission</b>						
<u>Passed Through: FL Department of State and Secretary of State</u>						
	Federal Elections Activities-12	90.401	EAC FECFY12	NO	8,431	-
	Federal Elections Activities-13	90.401	EAC FECFY13	NO	220,685	-
<b>Total U.S. Election Assistance Commission</b>					<u>229,116</u>	<u>-</u>
<b>U.S. Department of Health &amp; Human Services</b>						
<i>Aging Cluster</i>						
<u>Passed Through: Area Agency on Aging</u>						
	CY12 Older Americans Act Title III-B	93.044	VA0129635	NO	96,605	96,605
	FY 13 & 14 Older Americans Act Title III-B	93.044	VA0139635	NO	265,387	265,387
<u>Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast</u>						
	2013 OAA Title III B Support Services	93.044	IA0139500 (3B)(GY13)	NO	535,319	-
	2012 OAA Title III B Support Services	93.044	IA1129500 (3B)	NO	196,233	-
<u>Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast</u>						
	2013 OAA Title III C1 Congregate Meals	93.045	IA0139500(3C1)(GY13)	NO	416,684	-
	2013 OAA Title III C2 Home Delivered Meals	93.045	IA0139500(3C2)(GY13)	NO	489,304	-
	2012 OAA Title III C1 Congregate Meals	93.045	IA1129500 (3C1)	NO	114,712	-
	2012 OAA Title III C2 Home Delivered Meals	93.045	IA1129500 (3C2)	NO	163,867	-
<u>Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast</u>						
	Nutrition Services Incentive Program 11-12	93.053	IU0129500(GY11-GY12)	NO	44,362	-
	Nutrition Services Incentive Program 12-13	93.053	IU0129500(GY12-GY13)	NO	226,317	-
<b>Total Aging Cluster</b>					<u>2,548,790</u>	<u>361,992</u>
<u>Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast</u>						
	2013 OAA Title III E Services	93.052	IA0139500 (3E)(GY13)	NO	108,200	-
	2012 OAA Title III E Services	93.052	IA1129500 (3E)	NO	12,566	-
<u>Passed Through: FL Department of Revenue</u>						
	Child Support Enforcement	93.563	CD350	NO	1,240,394	-
<u>Passed Through: FL Department of Economic Opportunity</u>						
	11-12 Low Income Home Energy Assistance Program	93.568	11EA8U106001023	NO	-	-
	12-13 Low Income Home Energy Assistance Program	93.568	12EA0F106001023	NO	1,149,326	-
	13-14 Low Income Home Energy Assistance Program	93.568	13EA0F106001023	NO	2,157,304	-
<u>Passed Through: FL Department of Elder Affairs</u>						
	12-13 Emergency Home Energy Assistance for the Elderly Program	93.568	IP012-9500 (GY12)	NO	9,150	-
	13-14 Emergency Home Energy Assistance for the Elderly Program	93.568	IP012-9500 (GY13)	NO	6,700	-
<i>CSBG Cluster</i>						
<u>Passed Through: Florida Department of Economic Opportunity</u>						
	2011 Community Services Block Grant	93.569	12SB9Y106001021	NO	28,342	-
	2012 Community Services Block Grant	93.569	13SBFZ106001021	NO	832,257	-
<b>Total CSBG Cluster</b>					<u>860,599</u>	<u>-</u>
<i>Head Start Cluster</i>						
<u>Direct Program:</u>						
	FY13 Head Start/EHS Grant	93.600	04CH304647	NO	16,385,546	2,438,033
<b>Total Head Start Cluster</b>					<u>16,385,546</u>	<u>2,438,033</u>
<u>Direct Programs:</u>						
	11-12 HIV Em Relief Grant Formula/Supplemental/MAI	93.914	H89HA0003418	NO	(1,610)	(1,610)
	12-13 HIV Em Relief Grant Formula/Supplemental/MAI	93.914	H89HA0003419	NO	5,158,967	4,257,353
	13-14 HIV Em Relief Grant Formula/Supplemental/MAI	93.914	H89HA000342000	NO	3,894,242	3,501,236
<u>Passed Through: FL Department of Health</u>						
	Services to Victims of Sex Offenses	93.991	COHB6	NO	32,408	-
<b>Total U.S. Department of Health &amp; Human Services</b>					<u>33,562,582</u>	<u>10,557,004</u>

**Palm Beach County, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
For the Year Ended September 30, 2013**

Palm Beach County Schedule of Expenditures of Federal Awards and State Financial Assistance For the year ended September 30, 2013						
Grantor	Program Title	CFDA/ CSFA	Contract/Grant #	ARRA	Expenditures	Pass Through to Subrecipients
<b>U.S. Corp. for National &amp; Community Service</b>						
<i>Foster Grandparent/Senior Companion Cluster</i>						
<u>Passed Through: Florida Department of Elder Affairs</u>						
	12-13 Senior Companion Program (SCP)	94.016	XI313	NO	2,071	-
	13-14 Senior Companion Program (SCP)	94.016	XI313 (GY13)	NO	381	-
	<i>Total Foster Grandparent/Senior Companion Cluster</i>				<u>2,452</u>	<u>-</u>
<b>Total U.S. Corp. for National &amp; Community Service</b>					<u>2,452</u>	<u>-</u>
<b>Executive Office of The President</b>						
<u>Direct Programs:</u>						
	PBC Narcotics Task Force	95.001	G11MI0011A	NO	11,485	-
	Palm Beach Narcotics Task Force- FY12	95.001	G12MI0011A	NO	125,165	-
	Palm Beach Narcotics Task Force FY13	95.001	G13MI0011A	NO	27,125	-
	OMR Initiative	95.001	OMR INITIATIVE	NO	9,016	-
<b>Total Executive Office Of The President</b>					<u>172,791</u>	<u>-</u>
<b>U.S. Department of Homeland Security</b>						
<u>Direct Programs:</u>						
	FY13 Law Enforcement Officer Reimbursement Program	97.007	HSTS0213HSLR043	NO	308,000	-
<i>Emergency Food and Shelter Program Cluster</i>						
<u>Passed Through: United Way of Palm Beach County</u>						
	Emergency Food & Shelter National Board Program	97.024	30-1686-00-019	NO	138,784	138,784
<i>Total Emergency Food and Shelter Program Cluster</i>					<u>138,784</u>	<u>138,784</u>
<u>Passed Through: FL Department of Emergency Management</u>						
	Public Assistance Grants – WILMA	97.036	06-WL-&K-10-60-01-61	NO	206,280	-
	Public Assistance Grants – Isaac – Federal	97.036	13IS3S10600252	NO	(91,473)	-
	Public Assistance Grants – Isaac – State	97.036	13IS3S10600252 STATE	NO	163,675	-
<u>Passed Through: FL Department of Emergency Management</u>						
	Highridge Family Center, Wind Retrofit Project	97.039	11HM3E106001027	NO	11,069	-
	Hazard Mitigation Grant – Westgate/Belv CRA Lakeside	97.039	08HM-3G-10-60-01-027	NO	3,060	-
	Hazard Mitigation Grant – Westgate/Belv CRA-Lakeside	97.039	11HM-2Y-10-60-01-010	NO	249,006	-
	LWDD Canal Improvements L-2 & L-2B Canals	97.039	12HMY2Y106001001	NO	376,737	376,737
<u>Passed Through: FL Department of Emergency Management</u>						
	FY12 Emergency Mgmt Preparedness Grant	97.042	12FGR3106001117	NO	20,149	-
	FY13 Community Emergency Response	97.042	13CI58106001499	NO	5,400	-
	FY13 Emergency Mgmt Preparedness Grant	97.042	13FG86106001117	NO	208,082	-
	FY14 Emergency Mgmt Preparedness Grant	97.042	14FGIM106001117	NO	32,718	-
<u>Passed Through: Port of Palm Beach District</u>						
	Port of Palm Beach Prevention/Detection Project	97.056	EMW2011PU00144	NO	61,112	-
<i>Homeland Security Cluster</i>						
<u>Direct Program:</u>						
	FY11 Homeland Security Grant	97.067	2011SS00067	NO	80,341	-
<u>Passed Through: City of Miami</u>						
	Miami Urban Area Security Initiative Regional Virtual Fusion	97.067	10DS48112302195	NO	18,607	-
	2011 MOA Various Direct Law Enforcement	97.067	12DS22112302236	NO	151,522	-
	Regional 7 Perimeter Response Team Enhanced Capability	97.067	12DSA1112302428-2241	NO	188,884	-
	Investigative/Intelligence Equipment	97.067	12DSA1112302428-2244	NO	169,928	-
	FY11 UASI Homeland Security Grant Program	97.067	USAI FY11	NO	111,451	-
<u>Passed Through: City of Miramar</u>						
	Homeland Security Grant-UASI Initiative FY 07	97.067	07DS5N111602259 (SO)	NO	-	-
	Homeland Security Grant Program-UASI 2008-2009 JURISDICTIONAL	97.067	09DS48111602	NO	119,402	38,640
	Urban Area Security Initiative Regional Fusion Center	97.067	09DS48111602448SUP	NO	63,466	-
	Homeland Security Grant Program-UASI 2008-2009 JURISDICTIONAL	97.067	10AUASI	NO	408,813	-
	FY09 UASI	97.067	11DS32111602017	NO	206,741	-
	FY09 UASI Domestic Security Activities	97.067	11DS32111602017-2240	NO	179,396	-
	FY10 Urban Area Security Initiative	97.067	11DSA1111602487-2215	NO	423,755	-
	FY10 UASI Regional Virtual Fusion Center	97.067	11DSA1111602487-2216	NO	127,165	-
	FY10 UASI Collabria System	97.067	11DSA1111602487-2234	NO	63,292	-
	Fusion Center Analysts	97.067	12DSA1112302428-2235	NO	140,000	-
	Urban Area Security Initiative Grant 2009	97.067	UASI 2009	NO	217,200	50,000
	Urban Area Security Initiative Grant 2009 CITIZEN CORPS	97.067	UASI 2009 CIT CORPS	NO	27,307	-
	Homeland Security Grant Prgm-UASI 2008-2009 CIT CORPS	97.067	UASI CITCORP 2008	NO	24,444	10,284
	FY10 UASI Homeland Security Grant Program	97.067	UASI FY10	NO	125,957	-
	Homeland Security Grant Program-UASI 2008-2009 WEBEOC	97.067	UASI WEBEOC 2008	NO	92,923	-
	Homeland Security Grant Program-UASI FY10 WEBEOC	97.067	UASI WEBEOC 2010	NO	227,017	-

**Palm Beach County, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
For the Year Ended September 30, 2013**

Palm Beach County Schedule of Expenditures of Federal Awards and State Financial Assistance For the year ended September 30, 2013						
Grantor	Program Title	CFDA/ CSFA	Contract/Grant #	ARRA	Expenditures	Pass Through to Subrecipients
<u>Passed Through: Florida Department of Emergency Management</u>						
	CITIZEN CORP	97.067	11CCA6106001426	NO	6,069	-
	STATE HOMELAND SECURITY GRANT PROGRAM	97.067	11DS9Z106001445	NO	93,843	-
	FY10 State Homeland Security	97.067	11DS9Z106023331	NO	289,178	-
	CERT	97.067	12CI24106001420	NO	9,414	-
	FY12 STATE HOMELAND SECURITY GRANT	97.067	12DS20106001408	NO	5,000	-
	FY12 Homeland Security Grant Program-Citizen Corp	97.067	13CC24106001147	NO	5,723	-
	FY10 Homeland Security Grant-Operation Stone garden	97.067	13DSB8106023454	NO	106,628	-
<u>Passed Through: Florida Department of Law Enforcement</u>						
	Critical Infrastructure Protection/Hardening	97.067	2012SHSPPALM2B9019	NO	231,501	-
<u>Passed Through: Florida Division of Emergency Management</u>						
	FY12 State Homeland Security	97.067	13DS97106023444	NO	12,882	-
<u>Passed Through: Miami-Dade County</u>						
	Maritime Radar Project	97.067	12DSA1112302428-2237	NO	581,952	-
	<i>Total Homeland Security Cluster</i>				<u>4,509,801</u>	<u>98,924</u>
<u>Direct Programs:</u>						
	Transit Security Administration K-9 Program II	97.072	HSTS0210HCAN637	NO	302,500	-
	<b>Total U.S. Department of Homeland Security</b>				<u>6,504,900</u>	<u>614,445</u>
<b>TOTAL FEDERAL GRANTS - ALL DEPARTMENTS</b>					<u>\$ 120,169,590</u>	<u>\$ 49,522,543</u>
<b>STATE GRANTS</b>						
<b>FL Department of Environmental Protection</b>						
<u>Direct Programs:</u>						
	Beach Erosion Control Program – Singer Island	37.003	06PB2	NO	\$ 576,542	\$ -
	Beach Erosion Control Program – Juno Beach	37.003	08PB4	NO	42,195	-
	South Lake Worth Inlet Mgmt Plan	37.003	11PB1	NO	708,815	-
	Beach Erosion Control Program – Ocean Ridge	37.003	13PB1	NO	122,278	-
	Jupiter Carlin Shore Protection	37.003	14PB1	NO	4,896	-
	Ocean Ridge Shore Protection	37.003	14PB2	NO	1,114,000	-
	Coral Cove Dune Restoration	37.003	14PB4	NO	150,000	-
	Petroleum Storage Tank Cleanup	37.024	S0485	NO	496,472	-
	Statewide Surf Wtr Rest & Wstwr – Lake Worth Lagoon	37.039	LP6046	NO	748,589	669,127
	Statewide Surf Wtr Rest & Wstwr – Chain of Lakes	37.039	LP6077	NO	253,535	-
	Northlake Blvd. Bridge over Lox. Slough	37.039	LP6840	NO	1,089,430	-
	Cypress Creek Natural Areas Phase V	37.078	S0581	NO	3,487,140	-
	<b>Total FL Department of Environmental Protection</b>				<u>8,793,892</u>	<u>669,127</u>
<b>FL Department of Legal Affairs and Attorney General</b>						
<u>Passed Through: FL Council Against Sexual Violence</u>						
	Rape Crisis Center	41.010	12OAG26	NO	5,771	-
	FY 13-14 Sexual Violence Recovery Services	41.010	13OAG26	NO	14,421	-
	<b>Total FL Department of Legal Affairs and Attorney General</b>				<u>20,192</u>	<u>-</u>
<b>FL Department of Agriculture &amp; Consumer Services</b>						
<u>Direct Programs:</u>						
	FY13 Mosquito Control	42.003	018802	NO	18,500	-
	<b>Total FL Department of Agriculture &amp; Consumer Services</b>				<u>18,500</u>	<u>-</u>
<b>FL Department of State and Secretary of State</b>						
<u>Direct Programs:</u>						
	FY12-13 State Aid to libraries	45.030	13ST54	NO	1,129,821	-
	<b>Total FL Department of State and Secretary of State</b>				<u>1,129,821</u>	<u>-</u>
<b>FL Division of Emergency Management</b>						
<u>Direct Programs:</u>						
	FY13 Emergency Management Program	52.008	13BG83106001050	NO	82,302	-
	FY13 Emergency Management Program	52.008	14BG83106001050	NO	19,775	-
	<b>Total FL Div of Emergency Management</b>				<u>102,077</u>	<u>-</u>
<b>FL Housing Finance Corporation</b>						
<u>Direct Programs:</u>						
	State Housing Initiatives Partnership Program 11/12- CAH	52.901	HFC0111	NO	493,733	480,563
	State Housing Initiatives Partnership Program 12/13- CAH	52.901	HFC0112	NO	77,071	67,465
	State Housing Initiatives Partnership Program 13/14- CAH	52.901	HFC0113	NO	-	-
	<b>Total FL Housing Finance Corporation</b>				<u>570,804</u>	<u>548,028</u>

**Palm Beach County, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
For the Year Ended September 30, 2013**

Palm Beach County Schedule of Expenditures of Federal Awards and State Financial Assistance For the year ended September 30, 2013						
Grantor	Program Title	CFDA/ CSFA	Contract/Grant #	ARRA	Expenditures	Pass Through to Subrecipients
<b>FL Department of Transportation</b>						
<u>Direct Programs:</u>						
	GY13 Commission for the Transportation Disadvantaged	55.001	AQP35	NO	1,770,066	1,770,066
	12-13 Transportation Disadvantaged	55.002	AQP47	NO	43,750	-
	Aviation Dev Grant – PBIA Airfield Taxiway Rehab / Security	55.004	41456419401AOY69	NO	1,159,489	-
	Aviation Dev Grant – North County Const Aprons Taxi Hangars	55.004	41629419401APA54	NO	23,503	-
	Aviation Dev Grant – Security Impv (formerly Relocate VOR)	55.004	41629619401APA55	NO	22,577	-
	Aviation Dev Grant – EIS Design Runway Extension PBIA	55.004	42034019401AOY72	NO	114,527	-
	Aviation Dev Grant – Construct Taxiway L at PBIA	55.004	42037319401AOY73	NO	179,802	-
	Aviation Dev Grant – Upgrade & Expand Baggage PBIA	55.004	42037419401AQE59	NO	63,833	-
	Aviation Dev Grant – Construct Hangars – N PB Gen Aviation	55.004	42246619401AQE58	NO	31,700	-
	Aviation Dev Grant – Southside pavement PBC Park Lantana	55.004	42246719401AQE56	NO	34,960	-
	Aviation Dev Grant – Rehab RW 15_33 Taxi C Apron	55.004	42712119401APQ03	NO	1,237,007	-
	Aviation Dev Grant – Wetland Wildlife Hazard Mitigation	55.004	42713319401APQ19	NO	585,107	-
	Aviation Dev Grant – PBIA Security Enhancements	55.004	42791119401APZ40	NO	512,296	-
	Aviation Dev Grant – NC Construct Apron Taxiway & Infra	55.004	42791219401APZ42	NO	89,313	-
	Aviation Dev Grant – PBIA Parking Garage Rehab	55.004	42791319401APZ41	NO	62,017	-
	Aviation Dev Grant – PBIA Air Cargo Apron Expansion & Rehab	55.004	42791419401APZ43	NO	4,037	-
	Aviation Dev Grant – PBIA Const Taxi Exits C4 and Shoulders	55.004	42791619401APZ39	NO	248,576	-
	Aviation Dev Grant – Concourse C Security Improvements	55.004	42934819401AQ797	NO	2,459	-
	Aviation Dev Grant – Airport Strategic Bus Dev Plan - PBIA	55.004	42970419401AQE60	NO	2,366	-
	Aviation Dev Grant – Concourse B Term Ramp & Taxiway - PBIA	55.004	42970619401AQE55	NO	4,037	-
	Airfield Lighting Improvements – Glades Airport	55.004	43103919401AR381	NO	32,781	-
	CIGP-Lyons Rd/N of Atlantic to S of Boynton Bch Blvd	55.008	421786-1-58-01	NO	708,886	-
	CIGP-Intersection Military Trail and Northlake Blvd	55.008	43164513801	NO	5,330	-
	Public Transit Block Grant – Operating	55.010	APU03	NO	4,754,934	-
	Routes 47 & 48 Belle Glade & Pahokee Service	55.013	43029618401	NO	641,009	-
	HOV/Intermodal/Park & Ride	55.014	AP159	NO	4,134	-
	FDOT Small Projects	55.023	229765-2-54-01	NO	4,669	-
	Snook Island Seagrass/Mangrove – Flagler	55.023	4124892C201	NO	1,221,238	-
	Snook Island Seagrass/Mangrove – US 1 Jupiter	55.023	4175061C201	NO	1,250,000	-
	Snook Island Seagrass/Mangrove – Southern	55.023	4190131C201	NO	786,125	-
	SR7/Broward Line – Palmetto Park – Landscape	55.023	42601415801-	NO	290,711	-
	West Atlantic/Lyons to Turnpike Construction	55.026	229658-3-58-01	NO	1,383,685	-
	SR7 and SR80 Southern Blvd Intersection Improvements	55.026	422768-1-58-01	NO	1,731,133	-
	Jog Rd & 45th Street Intersection Improvements	55.026	422769-2-58-01	NO	72,215	-
<b>Total FL Department of Transportation</b>					<u>19,078,272</u>	<u>1,770,066</u>
<b>FL Department of Children &amp; Families</b>						
<u>Direct Programs:</u>						
	Criminal Justice Mental Health & Substance Abuse Reinv	60.115	LHZ236	NO	100,619	-
<b>Total FL Department of Children &amp; Families</b>					<u>100,619</u>	<u>-</u>
<b>FL Department of Health</b>						
<u>Direct Programs:</u>						
	Emergency Medical Services	64.005	C0050	NO	358,682	233,850
<u>Passed Through: FL Council Against Sexual Violence</u>						
	Rape Crisis Center	64.061	10RCP26	NO	43,582	-
	FY 13-14 Sexual Battery Recovery Services	64.061	13RCP26	NO	1,078	-
<u>Direct Programs:</u>						
	SART Program	64.121	COH8Z	NO	289,771	-
<b>Total FL Department of Health</b>					<u>693,113</u>	<u>233,850</u>
<b>FL Department of Elder Affairs</b>						
<u>Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast</u>						
	12-13 Home Care for the Elderly	65.001	IH012-9500 (GY12)	NO	8,972	-
	13-14 Home Care for the Elderly	65.001	IH012-9500 (GY13)	NO	8,291	-
	12-13 Alzheimer's Disease Initiative	65.004	IZ012-9500 (GY12)	NO	120,244	-
	13-14 Alzheimer's Disease Initiative	65.004	IZ012-9500 (GY13)	NO	73,173	-
	12-13 Respite for Elders Living in Everyday Families	65.006	IR012-9500 (GY12)	NO	82,976	-
	13-14 Respite for Elders Living in Everyday Families	65.006	IR012-9500 (GY13)	NO	31,501	-
	12-13 Community Care for the Elderly	65.010	IC012-9500 (GY12)	NO	730,308	-
	13-14 Community Care for the Elderly	65.010	IC012-9500 (GY13)	NO	269,869	-
<b>Total FL Department of Elder Affairs</b>					<u>1,325,334</u>	<u>-</u>

**Palm Beach County, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
For the Year Ended September 30, 2013**

Palm Beach County Schedule of Expenditures of Federal Awards and State Financial Assistance For the year ended September 30, 2013						
Grantor	Program Title	CFDA/ CSFA	Contract/Grant #	ARRA	Expenditures	Pass Through to Subrecipients
<b>FL Department of Law Enforcement</b>						
<i>Direct Programs:</i>						
	Statewide Criminal Analysis Lab System GY12-13	71.002	1602601 (GY12-13)	NO	381,945	-
	Miami Regional Drug Enforcement Strike Force	71.XXX	MOURDES	NO	357,319	-
<b>Total FL Department of Law Enforcement</b>					<u>739,264</u>	<u>-</u>
<b>FL Department of Management Services</b>						
<i>Direct Programs:</i>						
	E-911 CPE Replacement	72.002	S080421	NO	3,303	-
<b>Total FL Department of Management Services</b>					<u>3,303</u>	<u>-</u>
<b>FL Agency for Workforce Innovation</b>						
<i>Passed Through: Early Learning Coalition of PBC</i>						
	12-13 Voluntary Pre-Kindergarten	75.007	12-13VPK	NO	1,086,955	-
<b>Total FL Agency for Workforce Innovation</b>					<u>1,086,955</u>	<u>-</u>
<b>FL Dept of Hwy Safety &amp; Motor Vehicle</b>						
<i>Passed Through: South FL Water Management District</i>						
	Fullerton Island Restoration	76.010	4600002634	NO	29,470	-
<i>Passed Through: Sea Turtle Conservancy</i>						
	Dark Sky Festival	76.070	12035E	NO	1,400	-
<b>Total FL Department of Highway Safety &amp; Motor Vehicle</b>					<u>30,870</u>	<u>-</u>
<b>FL Fish and Wildlife Conservation Commission</b>						
<i>Direct Programs:</i>						
	Installation of Mooring Buoys	77.006	FWC11152	NO	45,180	-
	Reef Monitoring	77.007	FWC11227	NO	9,567	-
<b>Total FL Fish and Wildlife Conservation Commission</b>					<u>54,747</u>	<u>-</u>
<b>Total State Grants – All Departments</b>					<u>\$ 33,747,763</u>	<u>\$ 3,221,071</u>
<b>TOTAL FEDERAL AND STATE GRANTS</b>					<u>\$ 153,917,353</u>	<u>\$ 52,743,614</u>

**Palm Beach County, Florida**

**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2013**

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**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the grant activity of certain federal award programs and state financial assistance projects of Palm Beach County, Florida (the "County") for the year ended September 30, 2013. The federal awards and state financial assistance received by the Solid Waste Authority, a major discretely presented component unit, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, are not included in the Schedule. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General of the State of Florida*. Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

**2. Summary of Significant Accounting Policies**

The Schedule is presented using the modified accrual basis of accounting for expenditures accounted for in governmental type funds and on the accrual basis of accounting for expenses of the proprietary fund types. Such expenditures/expenses are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures/expenses are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.



***Independent Auditor's Report  
on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
Government Auditing Standards***

Honorable Chair and Members of  
the Board of County Commissioners  
Palm Beach County, Florida

Honorable Ric L. Bradshaw  
Sheriff

Honorable Sharon R. Bock  
Clerk and Comptroller

Honorable Susan Bucher  
Supervisor of Elections

Honorable Gary R. Nikolits  
Property Appraiser

Honorable Anne Gannon  
Tax Collector

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida (the "County") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 27, 2014. Our report also includes a reference to other auditors who audited the financial statements of the Solid Waste Authority, a major discretely presented component unit, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters reported on separately by those auditors.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McGladrey LLP*

West Palm Beach, Florida  
March 27, 2014



**Independent Auditor's Report  
On Compliance For Each Major Federal Program and State  
Project; Report on Internal Control Over Compliance; and Report  
On the Schedule of Expenditures of Federal Awards and State Financial Assistance  
Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, State of  
Florida**

Honorable Chair and Members of  
the Board of County Commissioners  
Palm Beach County, Florida

Honorable Ric L. Bradshaw  
Sheriff

Honorable Sharon R. Bock  
Clerk and Comptroller

Honorable Susan Bucher  
Supervisor of Elections

Honorable Gary R. Nikolits  
Property Appraiser

Honorable Anne Gannon  
Tax Collector

***Report of Compliance for Each Major Federal Program and State Project***

We have audited Palm Beach County, Florida's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2013. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Solid Waste Authority, a major discretely presented component unit, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, which received federal awards and state projects which are not included in the schedule of expenditures of federal awards and state financial assistance during the year ended September 30, 2013. Our audit, described below, did not include the operations of the Solid Waste Authority, the Westgate Belvedere Homes Community Redevelopment Agency, and the Housing Finance Authority because other auditors were engaged to perform an audit in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General of the State of Florida*.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General of the State of Florida*. Those standards, OMB Circular A-133 and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013.

### ***Report on Internal Control over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

*McGladrey LLP*

West Palm Beach, Florida  
June 17, 2014

**Palm Beach County, Florida**

**Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013**

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**I - Summary of Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X	None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X	None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

	_____ Yes	_____ X	No
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The program tested as major included the following:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.067	Homeland Security Cluster
14.256	Neighborhood Stabilization Program - 2
93.600	Head Start Cluster
93.568	Low-Income Home Energy Assistance
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)

Dollar threshold used to distinguish between type A and type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

(Continued)

**Palm Beach County, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended September 30, 2013**

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***State Financial Assistance***

Internal control over major projects:

Material weakness(es) identified?	_____	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> _____	None Reported

Type of auditor's report issued on compliance for major projects:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, <i>Rules of the Auditor General of the State of Florida</i> ?	_____ Yes	_____ <u>X</u> _____	No
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The projects tested as major included the following:

<u>CSFA Number(s)</u>	<u>Name of State Financial Assistance Project</u>
37.003	Beach Erosion Control Program
37.078	Florida Communities Trust (Florida Forever Funded Grant Program)
55.001	Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program
55.004	Aviation Development Grant
55.010	Public Transit Block Grant Program

Dollar threshold used to distinguish between type A and type B projects:	\$ 1,012,433
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(Continued)

**Palm Beach County, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended September 30, 2013**

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**II – Financial Statement Findings**

**None**

**III – Federal Award and State Financial Assistance Findings and Questioned Costs**

**None**

**Palm Beach County, Florida**

**Summary Schedule of Prior Year Audit Findings  
Year Ended September 30, 2013**

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**2012-1 U.S. Department of Housing and Urban Development  
CFDA 14.256**

Finding: We noted the County did not review and approve the HUD 60002, Section 3 Summary Report prior to submittal to HUD, and we noted certain sections were not completed.

Status: Corrective action has been taken.

**2012-2 U.S. Department of Housing and Urban Development  
CFDA 14.256**

Finding: We noted the County did not review and approve the Quarterly Performance Reports in the Disaster Recovery Grant Reporting System. We also noted the cumulative expended amounts for the first and second mortgage loan programs with low to moderate incomes and the cumulative expended amounts for first and second mortgage loan program with very low incomes were incorrectly reported in both of the two quarterly reports sampled.

Status: Corrective action has been taken.