

Palm Beach County, Florida

Single Audit Report
September 30, 2018

PALM BEACH COUNTY, FLORIDA

SINGLE AUDIT REPORT

Fiscal Year Ended September 30, 2018

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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 Wendy Sartory Link
Supervisor of Elections

Honorable Dorothy Jacks
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, 2018, and the related notes to the financial statements, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Palm Tran and Fire Rescue Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 19 to the accompanying financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Accordingly, the net positions of the County have been restated as of October 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the pension and other post employment benefit plan schedules 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information 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 basic 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019, 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.

RSM US LLP

West Palm Beach, Florida
March 25, 2019

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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, 2018. We encourage reading this narrative and the accompanying financial statements (beginning on page 2).

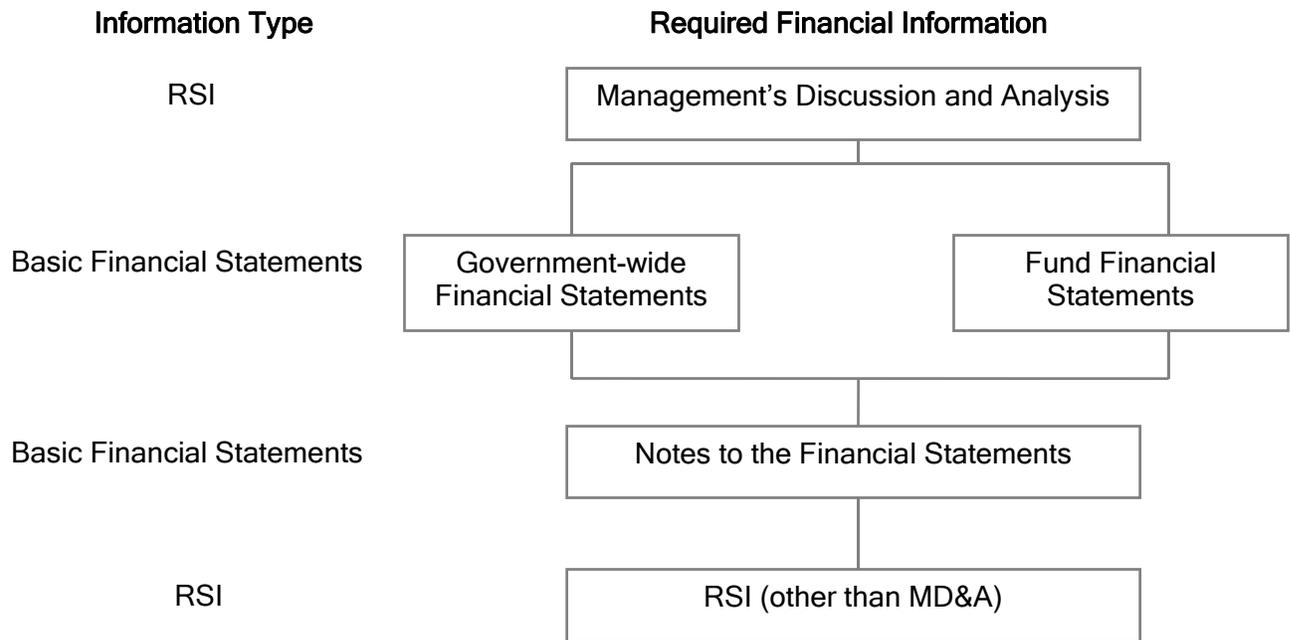
Financial Highlights

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by approximately \$3.295 billion and \$3.146 billion at the close of fiscal years 2018 and 2017, respectively. Of these amounts, \$3.006 billion and \$2.921 billion were the net investment in capital assets. In addition, \$928 million and \$733 million were restricted by law, grant agreements, debt covenants, or for capital projects. As a result, (\$639) million and (\$508) 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, 2018 and 2017 were \$3.382 billion and \$3.422 billion, respectively.
- During the year, the County's total net position increased by \$149 million, compared to an increase of \$91 million during the previous fiscal year. Business-type activities increased by \$73 million, and governmental activities increased by \$76 million.
- As of September 30, 2018, the County's governmental funds reported a combined ending fund balance of \$1.287 billion, an increase of \$134.7 million or approximately 12% from the previous year.
- As of September 30, 2018 the fund balance for the General Fund, including Constitutional Officers, was \$244.8 million, an increase of \$39.1 million from the previous year.
- The County's two enterprise funds had a combined increase in net position of \$71.0 million. The Department of Airports increase was \$13.9 million and the Water Utilities Department had an increase of \$57.1 million.
- The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement requires a new approach to recording an employer's Other Post-Employment Benefits (OPEB) liability. As a result of this new standard, the County's beginning net position was reduced by \$159 million as explained further in Notes 11 and 19.

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



Government-wide Financial Statements

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 as of September 30, 2018. 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 statements are also presented in this section 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 pension and other post-employment benefits (OPEB) data as listed in the table of contents. 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 91% and 93% as of September 30, 2018 and 2017, 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.

The following table provides a comparative analysis of the County's net position for the fiscal years ended September 30, 2018 and 2017.

Palm Beach County, Florida						
Net Position at Year-End (in millions)						
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2018	2017 *	2018	2017 *	2018	2017 *
Assets						
Current and other assets	\$ 1,614	\$ 1,457	\$ 557	\$ 527	\$ 2,171	\$ 1,984
Capital assets	2,561	2,562	1,519	1,495	4,080	4,057
Total assets	<u>4,175</u>	<u>4,019</u>	<u>2,076</u>	<u>2,022</u>	<u>6,251</u>	<u>6,041</u>
Total deferred outflows of resources	<u>568</u>	<u>583</u>	<u>27</u>	<u>30</u>	<u>595</u>	<u>613</u>
Liabilities						
Current	274	274	55	66	329	340
Long-term debt due in more than one year	1,153	1,165	241	252	1,394	1,417
Net pension liability	1,281	1,277	38	40	1,319	1,317
Net OPEB liability	339	347	1	1	340	348
Total liabilities	<u>3,047</u>	<u>3,063</u>	<u>335</u>	<u>359</u>	<u>3,382</u>	<u>3,422</u>
Total deferred inflows of resources	<u>164</u>	<u>83</u>	<u>5</u>	<u>3</u>	<u>169</u>	<u>86</u>
Net Position						
Net investment in capital assets	1,718	1,673	1,288	1,248	3,006	2,921
Restricted	842	649	86	84	928	733
Unrestricted	(1,028)	(866)	389	358	(639)	(508)
Total net position	<u>\$ 1,532</u>	<u>\$ 1,456</u>	<u>\$ 1,763</u>	<u>\$ 1,690</u>	<u>\$ 3,295</u>	<u>\$ 3,146</u>

* FY 2017 restated for implementation of GASB Statements No. 75 and No. 85

The (\$639) million unrestricted deficit in net position reflects the shortfall the County would face in the event it would have to liquidate all of its non-capital liabilities, including insurance claims payable, compensated absences, pensions and other post-employment benefits at September 30, 2018. Consequently, these long-term considerations have a significant impact on the resulting net position. The unrestricted deficit of (\$639) million resulted primarily from the implementation of

GASB Statements No. 68 and 71 in fiscal year 2015 and GASB Statement No. 75 in fiscal year 2018. These GASB Statements required the County to record its proportionate share of net pension liabilities for its various defined benefit retirement plans for County employees as well its liabilities for its various other post-employment benefits. The increase in the unrestricted deficit was directly related to the increase in the net pension liability and the net OPEB liability. Net pension liabilities and OPEB liabilities represent the amounts to be paid in the future when employees retire and will be funded through future contributions to the retirement plans. A deficit in unrestricted net position should not be considered, solely, as evidence of economic financial difficulties.

Governmental activities

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

- Total assets for Governmental activities increased by \$156 million. Current and other assets increased by \$157 million due to overall higher cash, cash and cash equivalents, and investment balances on hand at the end of the fiscal year. These higher balances are partially attributable to additional property tax revenue received as well as receipts from the new one-cent infrastructure surtax.
- The decrease of \$12 million in long-term debt for Governmental activities relates directly to regular scheduled debt service payments along with minimal debt issued during fiscal year 2018.
- The net pension liability for Governmental activities increased \$4 million. This increase is attributed to the recording of the County's proportionate share of net pension liabilities for its various defined benefit retirement plans for County employees as determined by the plans' actuaries.

Governmental activities were responsible for a \$76 million increase in the County's net position during fiscal year 2018, as compared with a \$33 million increase during the previous fiscal year. This year's increase in net position from governmental activities is attributed to several factors:

Charges for Services revenue increased by \$18 million or 5% from the previous fiscal year. Most of this increase occurred in the County's General Fund and was the result of additional revenue from Constitutional Officers commissions and fees, police services, and park rentals.

Investment income increased by \$6 million or 25% from the previous fiscal year. Any fixed income portfolio will experience changes in fair value when rates rise or other market conditions change to affect fixed income markets. As such, the portfolio has been structured in order to be able to quickly adjust to rising interest rates as well as to minimize market price sensitivity. Pursuant to GASB 31, investments are required to be recorded at market or fair value based upon quoted market prices regardless of whether these changes are realized.

Ad-valorem tax revenue increased approximately \$69 million to a record high of \$1.145 billion, or 6% from the previous fiscal year. The increase is due to higher overall taxable values.

State shared revenues increased approximately \$31 million, or 15% from the previous fiscal year. This increase was primarily attributable to receipts of the new one-cent infrastructure surtax which became effective January 1, 2017. Fiscal year 2018 was the first full year of collecting this revenue.

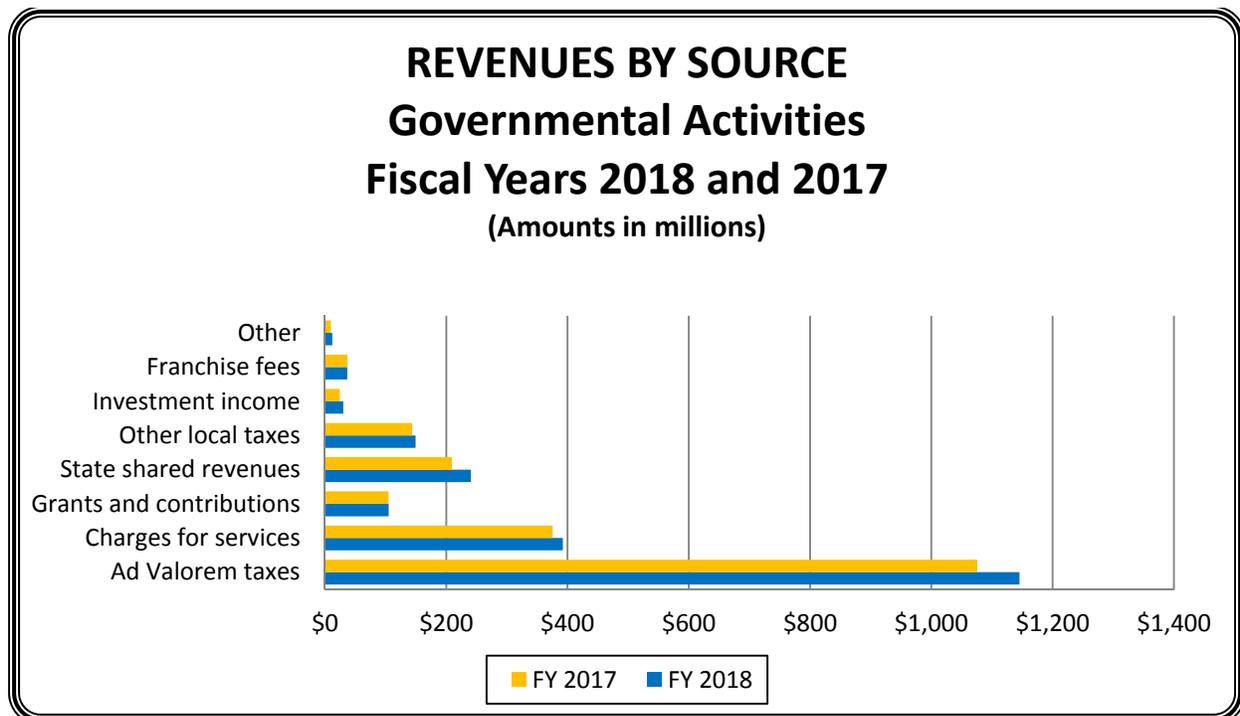
Public safety expenses increased \$68 million or 7% over the previous fiscal year. This is attributable to higher overall operating expenses for the Sheriff which were up approximately 4%, as well as Fire-Rescue services which were up approximately 3%.

Transportation expenses were up \$8 million or 5% over the previous fiscal year. This is primarily due to higher operating costs of the County’s public bus system, Palm Tran. These costs were up \$3.1 million over the previous fiscal year.

Economic environment expenses increased by \$10 million or 11% from the previous fiscal year. \$3.6 million of this increase is attributable to higher expenditures related to efforts to increase tourism in Palm Beach County. Another portion of the overall increase stems from efforts being made to bring additional jobs to the County.

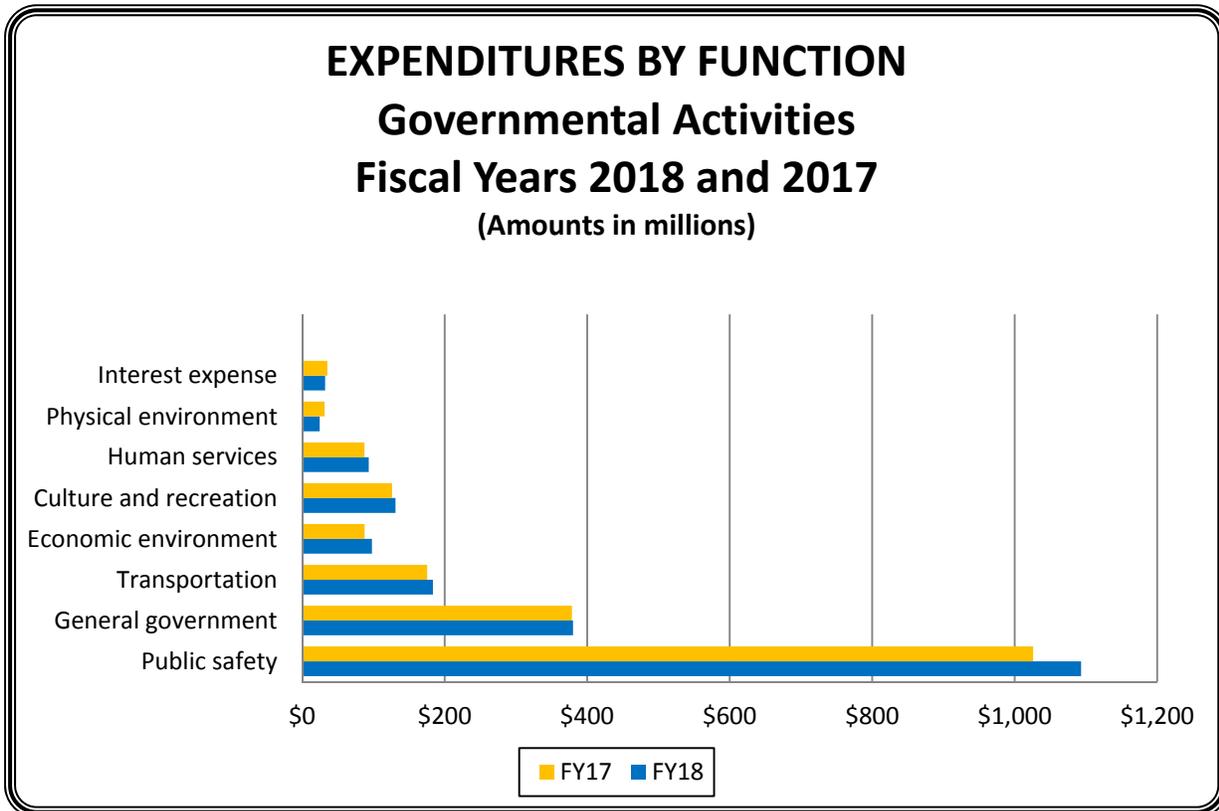
Interest expense decreased \$3 million, or approximately 9% from the previous fiscal year. This is a result of the County’s overall reduction in debt as well as fewer annual debt payments.

The County’s governmental activities had net expenses of \$1.539 billion. These services are intended to be primarily funded by taxes and other general revenues as opposed to charges for services and grants. Total revenues (program and general revenues) were greater than total expenses by \$76 million.



Business-type activities

The County's business-type activities reported total revenues of \$330 million which exceeded total expenses by \$73 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 an increase in capital assets of \$24 million and a decrease in long-term debt of \$11 million.



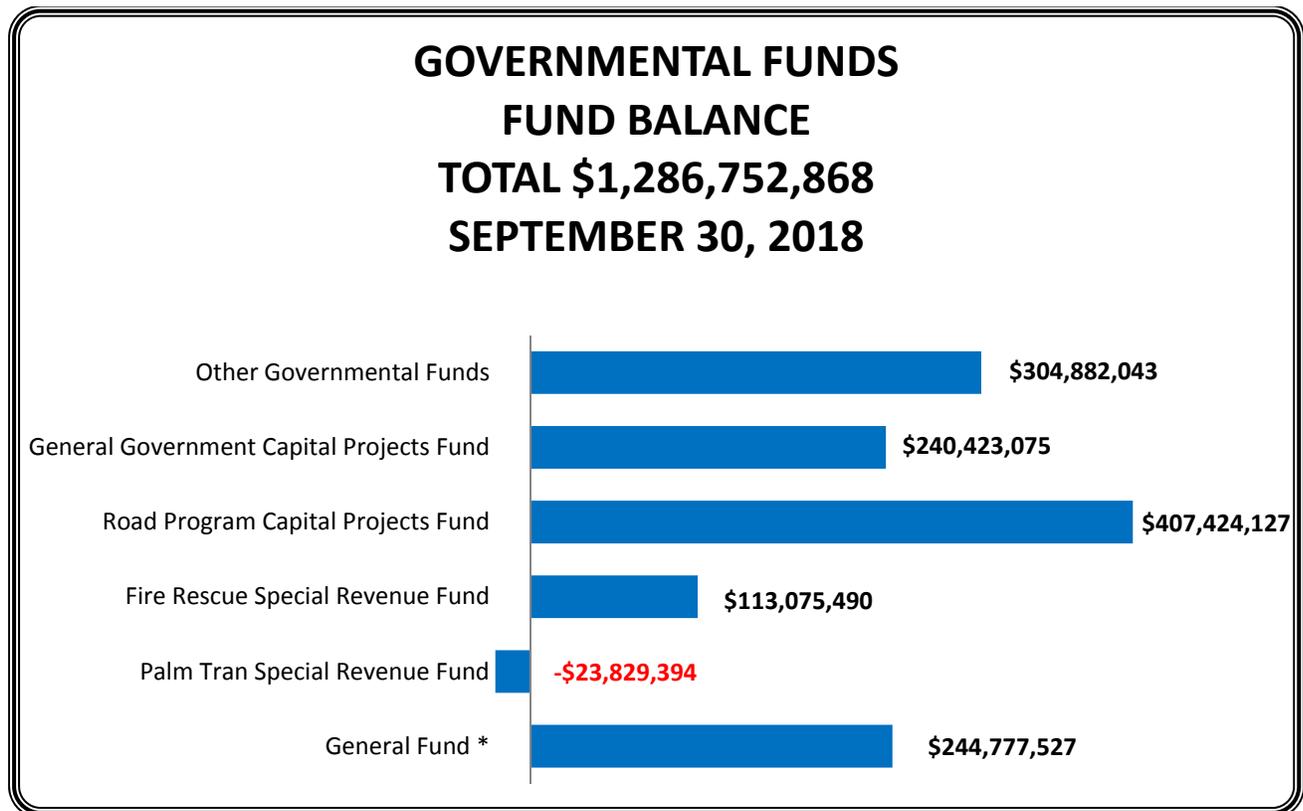
Palm Beach County, Florida
Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	\$ 394	\$ 376	\$ 289	\$ 282	\$ 683	\$ 658
Operating grants and contributions	101	100	-	-	101	100
Capital grants and contributions	3	5	33	33	36	38
	<u>498</u>	<u>481</u>	<u>322</u>	<u>315</u>	<u>820</u>	<u>796</u>
General Revenues:						
Ad valorem taxes	1,145	1,076	-	-	1,145	1,076
Other local taxes	150	144	-	-	150	144
State shared revenues	240	209	-	-	240	209
Franchise fees	37	37	-	-	37	37
Investment income	30	24	8	7	38	31
Other	12	9	-	-	12	9
Total revenues	<u>2,112</u>	<u>1,980</u>	<u>330</u>	<u>322</u>	<u>2,442</u>	<u>2,302</u>
Expenses						
General government	381	380	-	-	381	380
Public safety	1,093	1,025	-	-	1,093	1,025
Physical environment	25	31	-	-	25	31
Transportation	183	175	-	-	183	175
Economic environment	98	88	-	-	98	88
Human services	93	87	-	-	93	87
Culture and recreation	131	126	-	-	131	126
Interest expense	32	35	-	-	32	35
Department of Airports	-	-	80	81	80	81
Water Utilities Department	-	-	177	183	177	183
Total expenses	<u>2,036</u>	<u>1,947</u>	<u>257</u>	<u>264</u>	<u>2,293</u>	<u>2,211</u>
Excess of revenues over (under) expenses						
	<u>76</u>	<u>33</u>	<u>73</u>	<u>58</u>	<u>149</u>	<u>91</u>
Transfers In (Out)	-	-	-	-	-	-
Change in net position	<u>76</u>	<u>33</u>	<u>73</u>	<u>58</u>	<u>149</u>	<u>91</u>
Beginning net position	1,456	1,581	1,690	1,633	3,146	3,214
Cumulative effect of GASB 75	-	(158)	-	(1)	-	(159)
Beginning net position, as restated	1,456	-	1,690	-	3,146	-
Ending net position	<u>\$ 1,532</u>	<u>\$ 1,456</u>	<u>\$ 1,763</u>	<u>\$ 1,690</u>	<u>\$ 3,295</u>	<u>\$ 3,146</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.



* Includes Board of County Commissioners, Sheriff and the Clerk & Comptroller

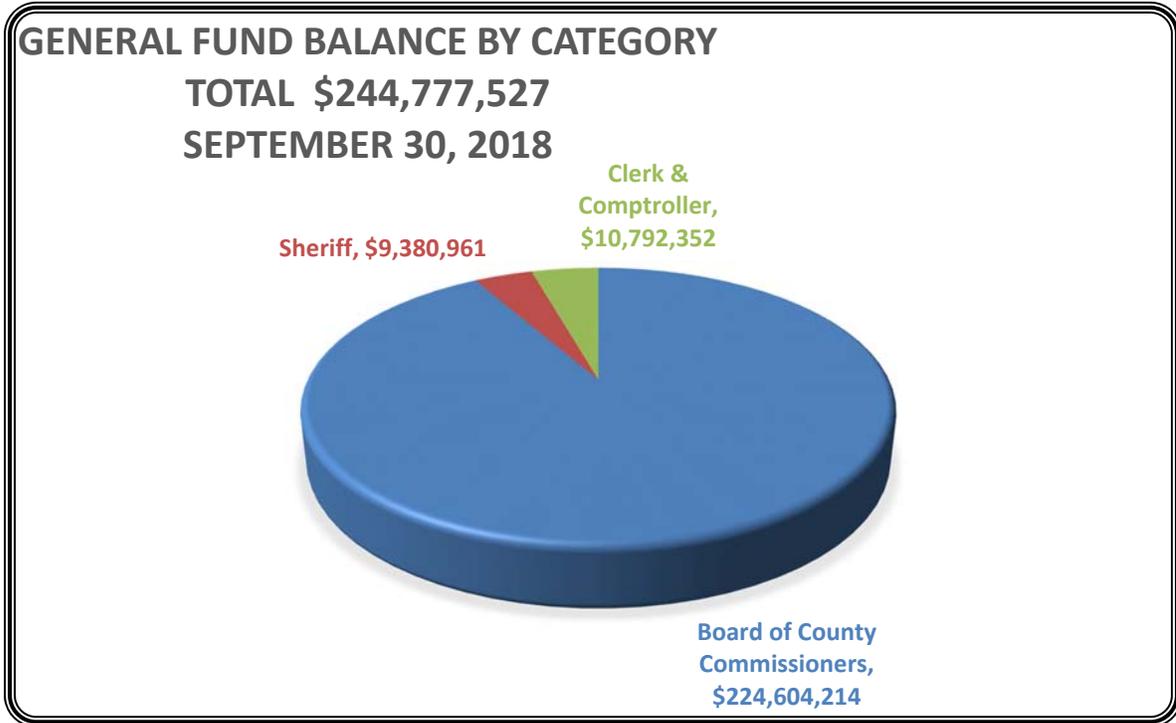
Changes in Fund Balance – Governmental Funds

At September 30, 2018, the County's governmental funds reported combined ending fund balances of \$1.287 billion, an increase of \$134.7 million from the previous year. Below are highlights of the change in fund balance.

- The increase of \$39.1 million in the General Fund's fund balance is comprised of revenues outpacing expenditures and transfers out in the Board of County Commissioner's (BOCC) General Fund. Overall, the BOCC portion of the General Fund increased \$38.2 million during fiscal year 2018. The Sheriff's General Fund had overall revenues and transfers in outpace

expenditures and transfers out by \$1.4 million. Total revenues in the BOCC General Fund were \$1.179 billion, an increase of \$64 million or 6% over the previous year. Most of this increase was related to Tax revenue, which increased \$51.2 million or 6%.

- The decrease in the Palm Tran Special Revenue Fund of \$17.3 million is due to expenditures exceeding revenues as a result of less intergovernmental (grant) revenue received in fiscal year 2018. This is attributed to timing issues related to filing of certain grants along with the respective receipt of these revenues. Additional grant revenue will be received in fiscal year 2019 in order to help alleviate this deficit.
- The increase in the Fire Rescue Special Revenue Fund of \$16.1 million is attributable to an increase in overall revenues, primarily from Taxes which went up \$15.9 million over the previous year, or 7%. Expenditures were \$292.7 million, up 3% from the previous year due primarily to an increase in overall costs for the department.
- The decrease of \$1.5 million in the Road Program Capital Projects Fund is primarily due to increased capital outlay expenditures. Capital outlay for fiscal year 2018 amounted to \$46.1 million, compared to \$25.5 million for fiscal year 2017. This is related to more projects being funded in fiscal year 2018 as a result of the new infrastructure one-cent surtax. While most revenue sources were similar to last year, investment income increased by just over \$1 million from the previous year, or 16%.
- The increase of \$64.0 million in the General Government Capital Projects Fund is primarily due to increased intergovernmental revenue, which is composed mainly of the new one-cent infrastructure surtax. This was the first full year of collecting this new surtax. Overall intergovernmental revenues were up \$27 million over the previous year, or 46%. Total revenues in this fund category were \$92.1 million, up \$26.1 million from the previous year, or 40%.
- The increase of \$34.3 million in Other Governmental Funds is due to several factors. Significant impacts include an increase in Tourist Development total revenues, which went up \$7.5 million or 14% over the previous year. This is related to higher bed tax revenues. The Library Taxing District also had an increase in total revenues, which were up \$3 million over the previous year, or 6%. This was also attributable to higher property tax revenues. Total revenues in the Housing and Economic Development Special Revenue Fund were up \$2.9 million or 21% over the prior year due to an increase in grant activity in fiscal year 2018.



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:

- ➔ The Department’s net position increased by \$13.9 million in fiscal year 2018, compared to an increase of \$13.6 million in fiscal year 2017.
- ➔ Compared to the prior year, operating revenues increased 3% to \$71.2 million, an increase of \$2 million. Revenue increases were primarily driven by increased passenger growth in the areas of parking, car rental concessions, and other rental concessions. Increased landed weight, especially from non-signatory airlines lead to a 9% increase in landing fees. Airline terminal rent, up 6%, also gained due to non-signatory airline activity.
- ➔ Compared to the prior year, operating expenses (excluding depreciation and amortization) increased 2.8% or \$1.3 million. Maintenance costs increased by 5.7% for a total cost of \$8.6 million, largely for the upkeep of terminal systems and structures. Fire rescue services increased by 5.7%, totaling \$6.1 million for fiscal year 2018.
- ➔ Investment earnings increased by \$732,000 (34% increase) for a total of \$2.9 million. Investments are managed by the Clerk & Comptroller under County approved guidelines.

Water Utilities Department:

- ◆ The Department's net position increased by \$57.1 million in fiscal year 2018, compared to an increase of \$41.3 million in fiscal year 2017.
- ◆ Long-term debt (net of the current portion) decreased by \$7.7 million, or 4.4%, during the year. This decrease was due to the annual debt service payments being made in accordance with the debt service schedules.
- ◆ Operating revenues in fiscal year 2018 totaled \$197.2 million, an increase of \$4.2 million or 2.2% from fiscal year 2017. Fiscal year 2018 included the effect of rate indexing and a 1.1% increase in the customer base.
- ◆ Operating expenses before depreciation and amortization and equity interest in net loss of joint venture totaled \$127.0 million, a decrease of \$6.4 million or 4.8%.
- ◆ Non-operating income increased by \$1.8 million, or 32.8% in fiscal year 2018, compared to a fiscal year 2017 decrease of \$1.5 million.
- ◆ The Department showed net income before capital contributions and transfers of \$30.4 million for fiscal year 2018, an increase of \$10.7 million or 55.2% from fiscal year 2017.

Budgetary Highlights

Budget and actual comparison statements are presented in the Basic Financial Statements 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 of errors, new bond or loan proceeds, new grant awards and other revenues. During FY 2018, supplemental appropriations to the Board of County Commissioners' budget for all funds, excluding component units, were approximately \$122 million, or 2.7% of the original adopted budget.

Differences between the original budget for FY 2018 and the final amended budget for the General Fund can be summarized as follows:

- On March 13, 2018, 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 \$23.5 million adjustment to the reserves for balances forward in the General Government budget, and other miscellaneous adjustments.

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

Budget to Actual Revenues

- Ad valorem tax collections were 96.2% 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 \$9.9 million.

- Major Revenues

- ✓ Actual Electric Utility Service Tax and Franchise Fee revenues were 2.7% over budget. This revenue source is based on usage and is affected by area temperatures. Actual revenues are difficult to project. However, actual FY 2018 revenues were 3.1% above actual FY 2017.
 - ✓ Actual Communications Services Tax revenue was 2% over budget.
 - ✓ While the Sales Tax collections were under budget by 0.8%, actual collections for FY 2018 were 3.6% over the FY 2017 amounts.
 - ✓ Overall, the major revenues budget was set at a total of \$219.7 million, or 0.8% greater than the actual FY 2017 collections. FY 2018 actual collections came in at \$224.8, or 2.3% over FY 2017 actual.
- Sheriff actual revenues were \$3 million, or 3.6%, over budget. Revenue estimates will be revised for future years.
 - Investment income was approximately \$1.9 million over 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 possible variances in recognized income. The FY 2019 budget has been adjusted to reflect current rate of return.
 - The remaining variance is primarily associated with Department specific revenues.

Budget to Actual Expenditures

- The year-end General Fund reserves budget was \$128.5 million, which represents 72% of the total unexpended appropriations in the fund. These unexpended funds will be carried over into FY 2019 and re-appropriated.
- The Property Appraiser's and Tax Collector's net cost was \$10 million under budget primarily due to an increase in excess fees returned to the County.

- The actual interfund transfer to the Office of Inspector General Fund was down \$306,000. This is due to position vacancies and unexpended operating expenses and reserves.
- General Government Utilities expenses were \$461,000 under budget.
- The remaining unspent funds can be primarily attributed to County departments spending less than budgeted. Actual expenses were \$20.2 million, or 7.4%, under budget.

Budget to Actual – Other financing sources

- Transfers-In
 - ✓ Actual excess fees received from the Sheriff, Supervisor of Elections, and the Clerk amounted to \$12.5 million, \$11.0 million more than the budget, primarily due to the Sheriff returning more than expected.
- Transfers-out
 - ✓ The remaining unspent funds can be primarily attributed to County departments spending less than budgeted and other available funding sources.

Capital Assets and Debt Administration

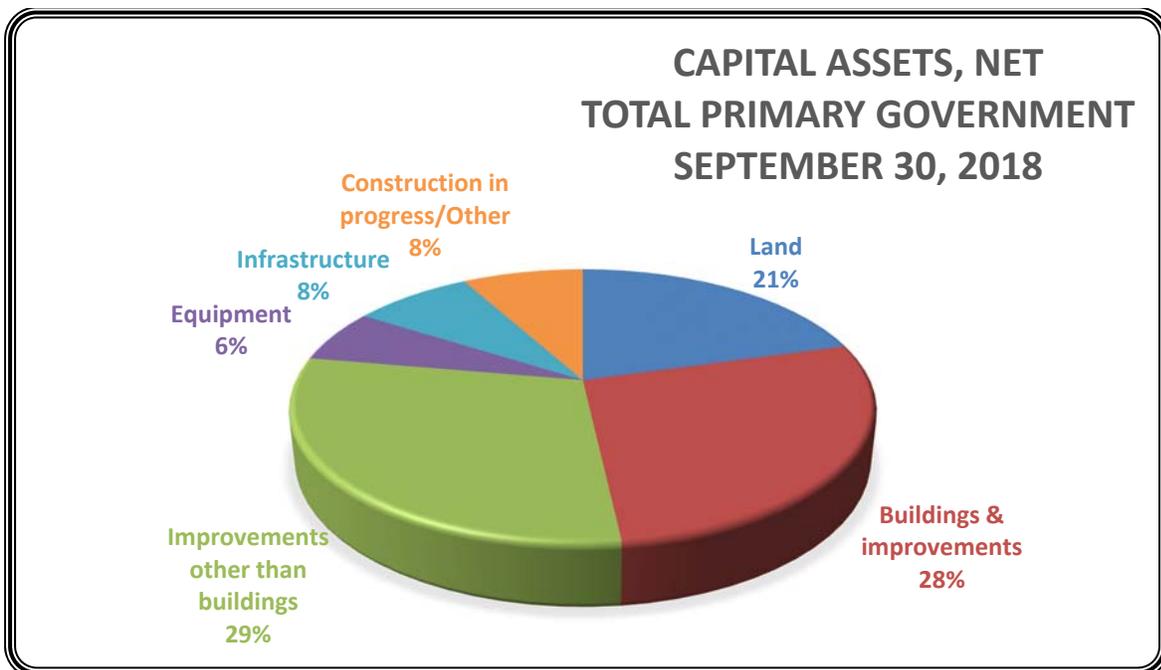
Capital assets. The County’s capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$4.080 billion (net of accumulated depreciation). This investment in capital assets includes a broad range of capital assets, including land, buildings and improvements, improvements other than buildings, equipment, infrastructure, and construction in progress. The County’s capital assets for FY 2018 increased by \$23 million; governmental activities decreased \$1 million and business-type activities increased by \$24 million.

Palm Beach County, Florida						
Capital Assets, net of Accumulated Depreciation at Year-End (in millions)						
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2018	2017	2018	2017 *	2018	2017 *
Land	\$ 707	\$ 698	\$ 135	\$ 132	\$ 842	\$ 830
Buildings & improvements	860	889	266	272	1,126	1,161
Improvements other than buildings	206	209	998	968	1,204	1,177
Equipment	220	224	36	36	256	260
Infrastructure	324	343	-	-	324	343
Intangible - easement rights	-	-	10	10	10	10
Construction in progress	244	199	74	77	318	276
TOTALS	\$ 2,561	\$ 2,562	\$ 1,519	\$ 1,495	\$ 4,080	\$ 4,057

* Restated for implementation of GASB Statement No. 85

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

- Governmental activities Net Capital Assets decreased by \$1 million to \$2.561 billion. This change was primarily due to the effects of current year depreciation.
- Business-type activities Net Capital Assets increased overall by \$24 million to \$1.519 billion, primarily attributable to a \$30 million (net) increase in *Improvements other than Buildings*. Since the County Water Utilities Department assumed the Glades Utility Authority, a large portion of the increase is due to the department continuing to repair and replace infrastructure in order to improve the water quality in the cities of Belle Glade, South Bay and Pahokee.
- Major capital asset additions by the Water Utilities Department included improvements to Water Treatment Plant No. 8 for \$18.5 million and rehabilitation of the Western Region Water Distribution System for \$7.0 million.
- The Department of Airports expended \$30.5 million on capital activities. Completed projects during 2018 totaling \$36 million were transferred from *Construction in Progress* to their respective capital accounts. Major projects completed in FY 2018 included Golfview Apron and Taxiway (\$8.1 million), PBI Taxiway C (\$6.9 million), Terminal Air Handler Replacements (\$5.2 million), and the North County Airport Wetland Project (\$2.6 million).



See Note 3, *Capital Assets*, in the *Notes to the Financial Statements* for additional information.

Long-term liabilities. At September 30, 2018, the primary government had 32 issues of bonded debt totaling \$1.090 billion. Of this amount, \$90 million comprises debt backed by the full faith and credit of the government, \$762 million is special obligation debt secured by dedicated revenue

sources, and \$238 million is secured by specified enterprise revenue sources. Other obligations consist primarily of self-insurance liabilities and compensated absences. (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	
	2018	2017 *	2018	2017 *	2018	2017 *
General obligation bonds	\$ 90	\$ 111	\$ -	\$ -	\$ 90	\$ 111
Non-ad valorem revenue bonds	762	816	-	-	762	816
Revenue bonds	-	-	238	252	238	252
Notes and loans payable	29	30	7	8	36	38
Other obligations	374	305	5	5	379	310
Net pension liability	1,281	1,277	38	40	1,319	1,317
Net OPEB liability	339	347	1	1	340	348
TOTALS	\$ 2,875	\$ 2,886	\$ 289	\$ 306	\$ 3,164	\$ 3,192

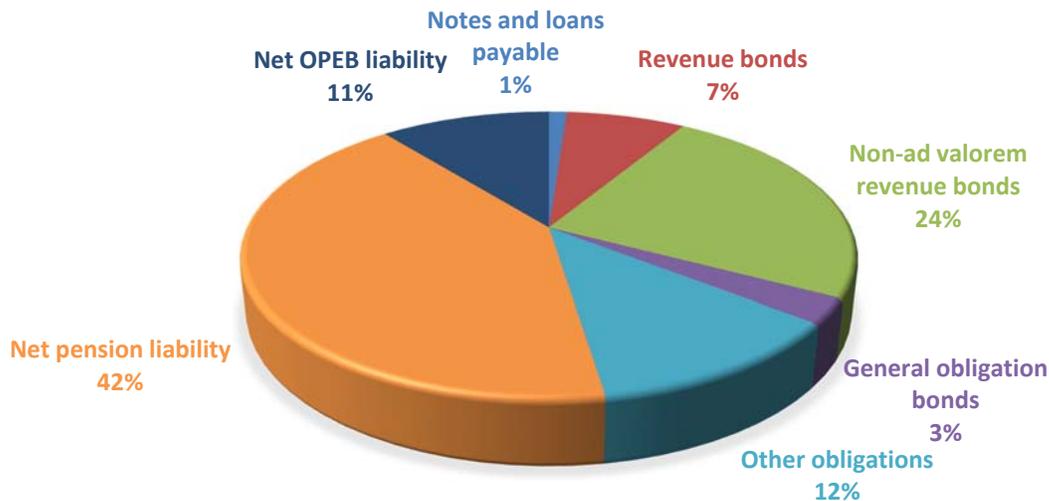
* Restated for implementation of GASB Statement No. 75

Bonded Debt. The County’s bond issues are rated by three primary bond rating agencies: Moody’s Investors Service, Standard & 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, 2018, the County’s non ad-valorem revenues were 5.38 times the debt service required in the current or any future fiscal year.

Palm Beach County, Florida, Debt Ratings at September 30, 2018			
<u>Type of Debt Issue</u>	<u>Moody's</u>	<u>Fitch Ratings</u>	<u>S&P</u>
General obligation bonds	Aaa	AAA	AAA
Non-ad valorem revenue bonds	Aa1	AA+	AAA
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	A1	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, 2018**



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 1,414,144 in 2017 to 1,433,417 in 2018, an increase of 19,273 or approximately 1.4%.
- The civilian labor force for Palm Beach County increased from 726,467 on September 30, 2017 to 729,972 as of September 30, 2018. The County’s unemployment rate decreased from 4.2% on September 30, 2017 to 3.5% as of September 30, 2018.
- Gross property taxes levied increased from \$1.114 billion in 2017 to \$1.190 billion for 2018, an increase of \$76 million or 6.8%.
- Palm Beach County has a diversified property tax base. The ten largest property taxpayers in the County represent 12% of the total ad valorem property taxes levied.

- The median sales price for a single-family home in Palm Beach County rose from \$329,900 in 2017 to \$345,000 in 2018, an increase of 4.6%. In Florida, the median sales price for a single-family home rose from \$237,500 in 2017 to \$254,505 in 2018, an increase of 7.2%.
- Palm Beach County’s local economy continues to show signs of improvement. Sales tax revenue for fiscal year 2018 totaled \$91.4 million, which was an increase of \$3,164,488 or 3.6% from fiscal year 2017. In addition, \$84.4 million of revenue from the new local government infrastructure one-cent surtax was received in fiscal year 2018. Fiscal year 2018 was the first full year of receiving this additional revenue.
- Property Tax revenues for fiscal year 2018 were \$1.145 billion, an increase of \$70 million from fiscal year 2017, or 6%.
- The tourism industry continues to thrive in Palm Beach County. Tourist development tax increased from \$48.5 million in fiscal year 2017 to \$53.8 million in fiscal year 2018, an increase of \$5.3 million or 10.9%.

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, 11th 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, 2nd Floor
West Palm Beach, FL 33401



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PALM BEACH COUNTY, FLORIDA
Statement of Net Position
September 30, 2018

Primary Government

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 946,368,249	\$ 347,921,978	\$ 1,294,290,227
Interest receivable	201,146	415,616	616,762
Accounts receivable - net	24,479,318	27,297,528	51,776,846
Internal balances	(12,764,422)	12,764,422	-
Due from primary government	-	-	-
Due from other governments	71,381,711	3,155,936	74,537,647
Due from component units	857,270	-	857,270
Inventories	13,005,661	9,647,683	22,653,344
Other assets	7,628,919	2,021,610	9,650,529
Other receivables - noncurrent	13,691,488	10,176,157	23,867,645
Investment in joint ventures	-	54,794,207	54,794,207
Noncurrent restricted cash, cash equivalents and investments	549,440,803	88,155,416	637,596,219
Capital assets			
Non-depreciable capital assets	950,364,956	211,165,919	1,161,530,875
Depreciable capital assets, net	1,610,371,846	1,308,254,708	2,918,626,554
Total assets	4,175,026,945	2,075,771,180	6,250,798,125
DEFERRED OUTFLOWS OF RESOURCES			
Pension related (Note 10)	536,513,436	15,192,527	551,705,963
OPEB related (Note 11)	2,689,702	-	2,689,702
Deferred charges on refunding	28,634,812	7,436,931	36,071,743
Goodwill	-	4,300,961	4,300,961
Total deferred outflows of resources	567,837,950	26,930,419	594,768,369
LIABILITIES			
Vouchers payable and accruals	99,375,798	31,872,637	131,248,435
Due to primary government	-	-	-
Due to other governments	19,414,080	908,246	20,322,326
Due to component units	11,869,238	84,191	11,953,429
Due to individuals	262,673	6,233,549	6,496,222
Accrued interest payable	12,662,832	5,189,101	17,851,933
Unearned revenue	15,312,302	583,342	15,895,644
Other current liabilities	13,371,954	-	13,371,954
Long-term liabilities			
Long-term liabilities due within one year	101,705,668	9,618,860	111,324,528
Long-term liabilities due in more than one year	1,152,805,670	240,827,764	1,393,633,434
Net pension liability	1,281,164,535	38,302,491	1,319,467,026
Net OPEB liability	339,138,306	1,280,442	340,418,748
Total liabilities	3,047,083,056	334,900,623	3,381,983,679
DEFERRED INFLOWS OF RESOURCES			
Pension related (Note 10)	145,493,330	4,653,959	150,147,289
OPEB related (Note 11)	18,055,004	36,929	18,091,933
Other	44,414	183,875	228,289
Total deferred inflows of resources	163,592,748	4,874,763	168,467,511
NET POSITION			
Net investment in capital assets	1,718,454,129	1,287,831,984	3,006,286,113
Restricted for:			
Debt service	-	8,989,392	8,989,392
Capital projects	552,062,180	14,904,747	566,966,927
Library services	9,809,659	-	9,809,659
Fire rescue services	99,241,601	-	99,241,601
Tourist development programs	21,471,147	-	21,471,147
Grant and economic development programs	37,182,443	-	37,182,443
Environmental protection programs	11,294,541	-	11,294,541
Public safety and judicial programs	20,573,919	-	20,573,919
Other services and programs	90,581,775	62,000,093	152,581,868
Unrestricted	(1,028,482,303)	389,199,997	(639,282,306)
Total net position	\$ 1,532,189,091	\$ 1,762,926,213	\$ 3,295,115,304

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
\$ 150	\$ 2,082,481	\$ 1,891,074	\$ 279,840,610
-	12,642	-	395,140
2,121	2,782,946	11,067	6,589,962
-	-	-	-
57,525	6,878,212	-	5,017,692
392,868	-	-	19,584,021
-	-	-	-
-	-	-	2,883,401
-	28,179	3,035,556	2,298,195
-	227,138	-	-
-	-	-	-
-	-	-	111,982,778
-	-	3,761,359	57,439,098
-	-	3,212,399	1,102,329,658
452,664	12,011,598	11,911,455	1,588,360,555
-	-	126,568	10,214,388
-	-	-	-
-	-	-	20,720,696
-	-	-	-
-	-	126,568	30,935,084
41,765	64,206	59,886	38,750,508
289,136	-	-	568,134
-	-	-	1,565,261
-	-	-	-
-	-	-	773,586
-	-	-	17,232,686
-	-	81,476	-
-	55,000	21,334	78,337
134	-	-	44,050,820
33,455	-	260,000	878,304,552
-	-	323,625	27,472,550
-	-	-	707,000
364,490	119,206	746,321	1,009,503,434
-	-	43,982	2,747,976
-	-	-	10,000
-	-	-	-
-	-	43,982	2,757,976
-	-	6,713,758	414,221,581
-	-	295,153	40,526,411
-	-	196,044	17,208,544
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	25,410,613
88,174	11,892,392	4,042,765	109,667,080
\$ 88,174	\$ 11,892,392	\$ 11,247,720	\$ 607,034,229

PALM BEACH COUNTY, FLORIDA
Statement of Activities
For the fiscal year ended September 30, 2018

	Expenses		Program Revenues		
	Direct	Indirect	Fines, Fees and Charges for Services	Operating Grants, Contributions and Restricted Interest Income	Capital Grants and Contributions
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 398,650,363	\$ (18,515,997)	\$ 149,945,162	\$ 4,462,709	\$ 2,136,604
Public Safety	1,086,664,273	6,642,818	157,424,320	12,505,781	271,966
Physical Environment	24,617,608	-	6,011,875	1,106,668	172,152
Transportation	183,486,968	-	44,871,608	42,467,729	156,725
Economic Environment	97,655,116	145,894	6,977,540	18,041,531	568,756
Human Services	93,444,150	-	3,579,988	19,477,511	-
Culture and Recreation	127,240,971	3,639,254	23,427,119	3,248,845	300,000
Interest Expense	32,272,149	-	-	-	-
Total Governmental Activities	2,044,031,598	(8,088,031)	392,237,612	101,310,774	3,606,203
Business Activities					
Department of Airports	78,981,207	1,285,121	85,757,955	-	5,832,786
Water Utilities Department	170,477,309	6,709,505	203,989,680	-	26,917,550
Total Business Activities	249,458,516	7,994,626	289,747,635	-	32,750,336
Total Primary Government	\$ 2,293,490,114	\$ (93,405)	\$ 681,985,247	\$ 101,310,774	\$ 36,356,539
COMPONENT UNITS					
Metropolitan Planning Organization	\$ 1,928,049	\$ 93,405	\$ -	\$ 1,695,997	\$ -
Housing Finance Authority	530,148	-	384,614	385,101	-
Westgate/Belvedere CRA	1,361,050	-	-	80,461	-
Solid Waste Authority	317,947,360	-	313,702,505	6,230,702	300,564
Total Component Units	\$ 321,766,607	\$ 93,405	\$ 314,087,119	\$ 8,392,261	\$ 300,564
<p>General Revenues</p> <p>Taxes - levied by the County</p> <p style="padding-left: 20px;">Ad-valorem taxes</p> <p style="padding-left: 20px;">Utility service taxes</p> <p style="padding-left: 20px;">Local option gas taxes</p> <p style="padding-left: 20px;">Tourist development taxes</p> <p>State shared sales tax-unrestricted</p> <p>Franchise gross receipts fee</p> <p>State shared revenues-unrestricted</p> <p>Interest income</p> <p>Net change in fair value of investments</p> <p>Other general revenues</p> <p>Gain on disposal of capital assets</p> <p>Transfers - net</p> <hr/> <p style="text-align: center;">Total general revenues and transfers</p> <hr/> <p>Increase (decrease) in net position</p> <p>Beginning net position, October 1, 2017 (Restated) (Refer to Note 19)</p> <hr/> <p>Ending net position, September 30, 2018</p> <hr/>					

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 Community Redevelopment Agency	Solid Waste Authority
\$ (223,589,891)	\$ -	\$ (223,589,891)	\$ -	\$ -	\$ -	\$ -
(923,105,024)	-	(923,105,024)	-	-	-	-
(17,326,913)	-	(17,326,913)	-	-	-	-
(95,990,906)	-	(95,990,906)	-	-	-	-
(72,213,183)	-	(72,213,183)	-	-	-	-
(70,386,651)	-	(70,386,651)	-	-	-	-
(103,904,261)	-	(103,904,261)	-	-	-	-
(32,272,149)	-	(32,272,149)	-	-	-	-
<u>(1,538,788,978)</u>	<u>-</u>	<u>(1,538,788,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	11,324,413	11,324,413	-	-	-	-
-	53,720,416	53,720,416	-	-	-	-
-	65,044,829	65,044,829	-	-	-	-
<u>\$ (1,538,788,978)</u>	<u>\$ 65,044,829</u>	<u>\$ (1,473,744,149)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (325,457)	\$ -	\$ -	\$ -
-	-	-	-	239,567	-	-
-	-	-	-	-	(1,280,589)	-
-	-	-	-	-	-	2,286,411
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (325,457)</u>	<u>\$ 239,567</u>	<u>\$ (1,280,589)</u>	<u>\$ 2,286,411</u>
\$ 1,145,510,745	\$ -	\$ 1,145,510,745	\$ -	\$ -	\$ 2,153,649	\$ -
42,988,116	-	42,988,116	-	-	-	-
52,720,581	-	52,720,581	-	-	-	-
53,827,955	-	53,827,955	-	-	-	-
175,837,405	-	175,837,405	-	-	-	-
36,715,100	-	36,715,100	-	-	-	-
64,526,871	-	64,526,871	-	-	-	-
32,129,525	8,540,720	40,670,245	-	-	5,476	-
(1,832,117)	(416,687)	(2,248,804)	-	-	-	-
8,658,917	-	8,658,917	155	-	57,654	-
3,502,903	-	3,502,903	-	-	-	-
202,738	(202,738)	-	-	-	-	-
<u>1,614,788,739</u>	<u>7,921,295</u>	<u>1,622,710,034</u>	<u>155</u>	<u>-</u>	<u>2,216,779</u>	<u>-</u>
75,999,761	72,966,124	148,965,885	(325,302)	239,567	936,190	2,286,411
1,456,189,330	1,689,960,089	3,146,149,419	413,476	11,652,825	10,311,530	604,747,818
<u>\$ 1,532,189,091</u>	<u>\$ 1,762,926,213</u>	<u>\$ 3,295,115,304</u>	<u>\$ 88,174</u>	<u>\$ 11,892,392</u>	<u>\$ 11,247,720</u>	<u>\$ 607,034,229</u>



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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.

Palm Tran Special Revenue Fund - To account for activities related to the operation of the County-owned public bus transportation system.

Fire Rescue Special Revenue Fund - To account for ad-valorem taxes and other revenues designated for fire rescue 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, 2018

	MAJOR FUNDS			
	General Fund	Palm Tran Special Revenue Fund	Fire Rescue Special Revenue Fund	Road Program Capital Projects
ASSETS				
Cash, cash equivalents, and investments	\$ 295,850,484	\$ 950	\$ 121,349,127	\$ 415,487,722
Accounts receivable, net	12,182,695	306,002	3,367,103	-
Due from other county funds	59,107,212	15,222,496	3,267,998	-
Due from other governments	10,792,903	28,293,702	6,561,347	1,659,941
Due from component unit	656,191	-	-	-
Inventory	6,625,241	2,327,929	1,367,399	-
Other assets	634,972	-	1,522	-
Other receivables, noncurrent	-	-	-	-
Total assets	\$ 385,849,698	\$ 46,151,079	\$ 135,914,496	\$ 417,147,663
LIABILITIES				
Vouchers payable and accrued liabilities	\$ 46,148,167	\$ 2,840,432	\$ 16,104,380	\$ 9,659,635
Due to other county funds	33,816,427	46,978,764	876,706	63,877
Due to other governments	18,782,324	2	14,060	24
Due to component unit	11,859,116	-	-	-
Due to individuals	72,386	406	-	-
Insurance claims payable	3,444,065	-	-	-
Unearned revenue	13,576,330	-	-	-
Other liabilities	13,370,907	-	-	-
Total liabilities	141,069,722	49,819,604	16,995,146	9,723,536
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,449	20,160,869	5,843,860	-
FUND BALANCES (DEFICIT)				
Non-Spendable				
Inventory	6,625,241	2,327,929	1,367,399	-
Prepaid items	384,876	-	-	-
Spendable				
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	315,406,884
Library services	-	-	-	-
Fire rescue services	-	-	111,708,091	-
Tourist development programs	-	-	-	-
Grant and economic development programs	-	-	-	-
Environmental protection programs	-	-	-	-
Public safety and judicial programs	15,961,452	-	-	-
Other services and programs	-	-	-	-
Assigned to:				
Capital projects	-	-	-	92,017,243
Tourist development programs	-	-	-	-
Other services and programs	-	-	-	-
Unassigned	221,805,958	(26,157,323)	-	-
Total fund balances (deficit)	244,777,527	(23,829,394)	113,075,490	407,424,127
Total liabilities, deferred inflows of resources and fund balances	\$ 385,849,698	\$ 46,151,079	\$ 135,914,496	\$ 417,147,663

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

General Government Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 228,251,481	\$ 310,077,590	\$ 1,371,017,354
43,750	6,597,520	22,497,070
6,724,050	14,898,916	99,220,672
13,666,428	10,197,933	71,172,254
5,000	188,365	849,556
-	1,884,061	12,204,630
-	3,427,137	4,063,631
-	13,691,488	13,691,488
<u>\$ 248,690,709</u>	<u>\$ 360,963,010</u>	<u>\$ 1,594,716,655</u>
\$ 4,966,297	\$ 14,782,534	\$ 94,501,445
3,296,962	18,749,835	103,782,571
4,375	613,152	19,413,937
-	10,122	11,869,238
-	189,881	262,673
-	-	3,444,065
-	1,735,972	15,312,302
-	1,047	13,371,954
<u>8,267,634</u>	<u>36,082,543</u>	<u>261,958,185</u>
-	19,998,424	46,005,602
-	1,884,061	12,204,630
-	352,011	736,887
-	10,807,839	10,807,839
156,167,896	89,145,933	560,720,713
-	12,014,482	12,014,482
-	-	111,708,091
-	21,471,147	21,471,147
-	33,707,587	33,707,587
-	10,953,519	10,953,519
-	10,100,760	26,062,212
-	80,645,710	80,645,710
84,255,179	19,066,386	195,338,808
-	8,448,991	8,448,991
-	7,679,358	7,679,358
-	(1,395,741)	194,252,894
<u>240,423,075</u>	<u>304,882,043</u>	<u>1,286,752,868</u>
<u>\$ 248,690,709</u>	<u>\$ 360,963,010</u>	<u>\$ 1,594,716,655</u>

PALM BEACH COUNTY, FLORIDA
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position - Governmental Activities
 September 30, 2018

Fund balances for total of governmental funds (page 9) \$ 1,286,752,868

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	\$ 105,024,687	
Less amount due to business-type activities for 'look-back' allocation	(14,038,211)	
		90,986,476

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	(82,850,000)	
Non-ad valorem bonds payable	(692,001,908)	
Notes and loans payable	(29,269,081)	
Compensated absences	(171,991,857)	
Claims and judgements	(131,275,044)	
Unamortized premium	(76,397,136)	
Arbitrage accrued	(2,622)	
Capital lease obligation	(634,702)	
		(1,184,422,350)

Report refunding losses as deferred outflows 28,634,812

Report refunding gain as deferred inflow (44,414)

Report net deferred outflow/inflow - pension related 391,020,106

Report net deferred outflow/inflow - OPEB related (15,365,302)

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	950,364,956	
Depreciable capital assets, net of accumulated depreciation	1,571,222,010	
		2,521,586,966

Report other adjustments to convert from modified accrual to full accrual

Net Pension Liability

Net pension liability that is not due and payable in the current period is not reported in the governmental fund statements. (1,281,164,535)

Net OPEB Liability

Net OPEB liability that is not due and payable in the current period is not reported in the governmental fund statements. (339,138,306)

Accrued Interest Payable

Accrued Interest Payable that is not due and payable in the current period is not reported in the governmental fund statements. (12,662,832)

Unavailable revenue

Revenue is recognized when earned. However, revenue is not available until the current financial resources are received in the governmental fund statements. 46,005,602

(1,586,960,071)

Net position of governmental activities (page 2) \$ 1,532,189,091

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



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PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended September 30, 2018

	MAJOR FUNDS			
	General Fund	Palm Tran Special Revenue Fund	Fire Rescue Special Revenue Fund	Road Program Capital Projects
Revenues:				
Taxes (net of discount)	\$ 881,640,215	\$ 33,847,976	\$ 258,064,559	\$ 10,721,536
Special assessments	-	-	271,966	31,050,845
Licenses and permits	36,743,755	53,223	17,745	-
Intergovernmental	132,641,885	8,641,400	470,094	156,725
Charges for services	256,444,082	12,374,014	42,618,528	-
Less - excess fees paid out	(47,706,745)	-	-	-
Fines and forfeitures	3,434,100	-	-	75,000
Interest Income	7,801,773	(505,122)	3,287,697	7,906,153
Net change in fair value of investments	(406,608)	24,428	(227,104)	(501,241)
Miscellaneous	10,499,167	1,832,518	433,663	939,871
Total revenues	1,281,091,624	56,268,437	304,937,148	50,348,889
Expenditures:				
Current:				
General government	286,189,927	-	-	3,042,781
Public safety	610,285,406	2,700	283,653,523	-
Physical environment	12,718,635	-	-	-
Transportation	4,235,000	93,768,848	-	1,360,137
Economic environment	40,679,232	-	903,871	-
Human services	68,753,036	-	-	-
Culture and recreation	58,921,952	-	-	-
Capital outlay	25,451,713	7,831,407	8,152,903	46,127,859
Debt service	14,060	-	-	-
Total expenditures	1,107,248,961	101,602,955	292,710,297	50,530,777
Excess of revenues over (under) expenditures	173,842,663	(45,334,518)	12,226,851	(181,888)
Other financing sources (uses):				
Transfers in	15,396,812	27,875,814	9,202,268	1,317,956
Transfers out	(150,634,364)	(64,906)	(5,383,649)	(2,654,018)
Capital lease	375,000	-	-	-
Issuance of long-term debt	-	-	-	-
Issuance of refunding of debt	-	-	-	-
Payment to escrow agent for refunding	-	-	-	-
Total other financing sources (uses)	(134,862,552)	27,810,908	3,818,619	(1,336,062)
Net change in fund balances	38,980,111	(17,523,610)	16,045,470	(1,517,950)
Fund balances (deficit), October 1, 2017	205,688,429	(6,506,206)	97,000,422	408,942,077
Change in nonspendable fund balances	108,987	200,422	29,598	-
Fund balances (deficit), September 30, 2018	\$ 244,777,527	\$ (23,829,394)	\$ 113,075,490	\$ 407,424,127

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

General Government Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 558	\$ 135,922,996	\$ 1,320,197,840
1,296,221	10,275,389	42,894,421
-	25,785,890	62,600,613
85,148,734	66,458,869	293,517,707
381,758	30,469,334	342,287,716
-	-	(47,706,745)
932,325	2,435,750	6,877,175
3,942,450	7,610,705	30,043,656
(240,279)	(361,188)	(1,711,992)
664,521	18,275,272	32,645,012
<u>92,126,288</u>	<u>296,873,017</u>	<u>2,081,645,403</u>
23,145,781	14,280,950	326,659,439
150,329	24,484,417	918,576,375
42,507	8,961,857	21,722,999
7,497,109	39,037,130	145,898,224
67,559	54,715,830	96,366,492
11,822	23,128,474	91,893,332
325,000	50,008,996	109,255,948
24,367,689	17,276,776	129,208,347
-	109,562,678	109,576,738
<u>55,607,796</u>	<u>341,457,108</u>	<u>1,949,157,894</u>
<u>36,518,492</u>	<u>(44,584,091)</u>	<u>132,487,509</u>
42,855,863	128,347,102	224,995,815
(15,302,688)	(50,745,840)	(224,785,465)
-	-	375,000
-	1,627,522	1,627,522
-	22,540,000	22,540,000
-	(22,593,221)	(22,593,221)
<u>27,553,175</u>	<u>79,175,563</u>	<u>2,159,651</u>
64,071,667	34,591,472	134,647,160
176,351,408	270,561,430	1,152,037,560
-	(270,859)	68,148
<u>\$ 240,423,075</u>	<u>\$ 304,882,043</u>	<u>\$ 1,286,752,868</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, 2018

Net change in fund balances for total governmental funds (page 13) \$ 134,647,160

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	\$ 12,113,663	
Adjusted for current year allocation of internal service funds to business-type activities	(1,937,224)	
		10,176,439

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	(24,542,522)	
--	--------------	--

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	7,422,181	
--	-----------	--

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 refunding loss deferred	538,965	
Current year amortization & retirement of deferred refunding loss	(3,602,727)	
Current year amortization & retirement of deferred refunding gain	26,583	

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.

Payment to escrow agent for refunding of debt	70,837,220	
	22,593,221	

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	1,717	
Net change in estimated self-insurance obligation	(57,368,605)	
Net change in capital leases	267,618	
Net change in compensated absences liability	(8,705,440)	
		7,468,211

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

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. 129,208,347

Acquisition of capital assets from contributions do not generate current financial resources and therefore are not reported in the governmental fund statements as revenue. 793,876

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. (133,375,017)

(3,372,794)

Report other adjustments for converting from modified accrual to full accrual

Net change in inventory 68,148

Net change in accrued interest payable 1,728,029

Net change in unavailable revenue 15,186,311

Net change in net pension liability (84,190,270)

Net change in net OPEB liability (5,711,473)

(72,919,255)

Change in net position of governmental activities (page 5)

\$ 75,999,761

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
General Fund
For the fiscal year ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues				
Taxes (net of discount)	\$ 914,361,790	\$ 914,361,790	\$ 881,640,215	\$ (32,721,575)
Licenses and permits	36,910,821	34,740,500	36,743,755	2,003,255
Intergovernmental	127,307,825	127,975,210	128,023,733	48,523
Charges for services	113,865,870	117,252,661	113,320,999	(3,931,662)
Fines and forfeitures	1,314,000	1,312,000	2,294,787	982,787
Interest income	3,489,000	3,410,000	7,350,654	3,940,654
Net change in fair value of investments	-	-	(406,608)	(406,608)
Miscellaneous	4,930,652	8,012,013	10,466,402	2,454,389
Less 5% anticipated revenues	(60,323,049)	(60,323,049)	-	60,323,049
Total revenues	1,141,856,909	1,146,741,125	1,179,433,937	32,692,812
Expenditures				
Current:				
General government:				
Youth Services Department	241,059	241,059	192,267	48,792
County Administrator	2,390,906	2,422,842	2,225,993	196,849
Office of Resilience	387,122	385,522	150,973	234,549
County Attorney	5,957,405	5,983,252	5,571,303	411,949
Commission on Ethics	652,193	652,193	644,319	7,874
County Commission	3,348,408	3,423,115	3,201,716	221,399
Employee Relations & Personnel	3,222,917	3,217,917	2,953,955	263,962
Engineering & Public Works	4,193,217	4,193,217	3,885,912	307,305
Facilities Dev & Ops	40,110,278	40,218,659	37,499,121	2,719,538
Financial Management & Budget	3,802,131	3,826,131	3,386,031	440,100
Information Systems Services	33,917,530	33,920,151	32,934,311	985,840
Internal Auditor	1,223,488	1,223,488	959,405	264,083
Judicial	2,165,541	2,167,541	2,077,744	89,797
Planning, Zoning & Building	9,528,798	9,368,798	8,437,024	931,774
Public Affairs	4,983,521	4,962,137	4,611,278	350,859
Legislative Affairs	476,045	474,485	424,858	49,627
Public Safety	3,930,942	4,396,624	3,777,714	618,910
Purchasing	4,103,134	4,139,287	4,140,102	(815)
Risk Management	342,987	353,919	353,483	436
General Government Operations	32,122,218	32,421,322	21,200,554	11,220,768
Value Adjustment Board	620,000	620,000	600,642	19,358
Non-departmental specific reserves	108,923,932	128,665,294	64,459	128,600,835
Office of Small Business Assistance	962,751	1,015,151	846,594	168,557
Total general government	267,606,523	288,292,104	140,139,758	148,152,346
Public safety:				
Sheriff - PBC Expenses	285,000	285,000	227,899	57,101
Environmental Resources Mgt	-	-	58,278	(58,278)
Facilities Dev & Ops	3,158,718	3,158,718	3,283,311	(124,593)
Information Systems Services	122,621	120,000	107,126	12,874
Parks & Recreation	-	-	281,992	(281,992)
Planning, Zoning & Building	4,119,331	4,319,331	4,109,224	210,107
Public Safety	7,379,468	7,355,763	6,980,532	375,231
Medical Examiner	3,969,203	4,009,761	3,884,550	125,211
Other County Funded Programs	2,761,725	2,767,436	2,090,066	677,370
General Government Operations	541,135	591,135	126,260	464,875
Criminal Justice Commission	1,189,677	1,187,287	907,208	280,079
Total public safety	23,526,878	23,794,431	22,056,446	1,737,985

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

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
General Fund

For the fiscal year ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Physical environment:				
County Cooperative Ext Serv	2,509,230	2,549,431	2,210,225	339,206
Engineering & Public Works	569,809	569,809	530,770	39,039
Environmental Resources Mgt	10,400,938	10,389,738	9,977,640	412,098
Total physical environment	13,479,977	13,508,978	12,718,635	790,343
Transportation:				
Other County Funded Programs	4,235,000	4,235,000	4,235,000	-
Total transportation	4,235,000	4,235,000	4,235,000	-
Economic environment:				
Department of Economic Sustainability	304,908	304,908	284,479	20,429
Community Services/Human Serv	294,466	294,466	286,023	8,443
Equal Opportunity	944,757	866,846	826,674	40,172
Office Of Comm. Revitalization	705,297	705,297	670,004	35,293
Community Redevelopment Agncys	38,603,938	38,603,938	38,490,135	113,803
General Government Operations	140,000	140,000	121,917	18,083
Total economic environment	40,993,366	40,915,455	40,679,232	236,223
Human services:				
Community Services	2,405,983	2,405,983	2,398,056	7,927
Community Services/Human Serv	11,950,714	12,693,912	11,300,472	1,393,440
Youth Services Department	8,244,429	8,249,589	7,425,617	823,972
Youth Services-Grants	2,917	2,917	667	2,250
Youth Services-Children's Services Council/Head Start	2,499,980	2,502,230	2,472,552	29,678
Youth Services-New Evidenced Based Programming	2,763,235	3,497,510	2,960,397	537,113
County Administrator	1,488,932	2,277,525	717,415	1,560,110
Environmental Resources Mgt	2,782,557	3,193,767	2,660,150	533,617
Equal Opportunity	94,216	94,716	77,920	16,796
Health Department	2,114,162	2,114,162	2,114,162	-
Public Safety	9,932,521	9,910,472	9,048,730	861,742
Financially Assisted Agencies	12,615,187	12,674,819	12,329,826	344,993
Other County Funded Programs	15,200,000	15,250,000	15,247,072	2,928
Total human services	72,094,833	74,867,602	68,753,036	6,114,566
Culture and recreation:				
Parks & Recreation	62,473,292	62,389,998	58,921,952	3,468,046
Parks & Rec - Grants	-	1,500,000	-	1,500,000
Total culture and recreation	62,473,292	63,889,998	58,921,952	4,968,046
Capital outlay:				
Community Services	3,000	3,000	1,266	1,734
Community Services/Human Services	-	24,479	24,479	-
Youth Services Department	62,100	62,100	-	62,100
Office of Resilience	-	1,600	1,502	98
County Attorney	5,936	24,826	1,465	23,361
Commission on Ethics	2,000	2,000	-	2,000
County Commission	1,000	1,000	-	1,000
Employee Relations & Personnel	3,000	8,000	7,337	663
Environmental Resources Mgt	-	11,200	4,336	6,864
Facilities Dev & Ops	190,100	172,014	63,966	108,048
Financial Management & Budget	153,000	129,000	-	129,000
Information Systems Services	54,310	54,310	50,320	3,990
Parks & Recreation	75,000	160,794	163,169	(2,375)
Planning, Zoning & Building	30,000	30,000	11,547	18,453
Public Affairs	55,000	76,384	449,884	(373,500)

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
General Fund

For the fiscal year ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Legislative Affairs	-	1,560	1,560	-
Public Safety	118,024	318,783	189,167	129,616
Medical Examiner	14,200	4,675	4,674	1
Criminal Justice Commission	-	2,390	6,645	(4,255)
Office of Small Business Assistance	-	2,600	2,490	110
Total capital outlay	766,670	1,090,715	983,807	106,908
Debt Service:				
Public Affairs	-	-	14,060	(14,060)
Total Debt Service	-	-	14,060	(14,060)
Total expenditures	485,176,539	510,594,283	348,501,926	162,092,357
Excess of revenues over expenditures	656,680,370	636,146,842	830,932,011	194,785,169
Other financing sources (uses)				
Transfers in	5,001,506	5,692,878	15,902,689	10,209,811
Transfers out	(819,819,977)	(825,628,664)	(809,060,775)	16,567,889
Capital lease	-	-	375,000	375,000
Total other financing sources (uses)	(814,818,471)	(819,935,786)	(792,783,086)	27,152,700
Net change in fund balances	(158,138,101)	(183,788,944)	38,148,925	221,937,869
Fund balances, October 1, 2017	158,138,101	183,788,944	186,346,302	2,557,358
Change in nonspendable fund balance	-	-	108,987	108,987
Fund balances, September 30, 2018	\$ -	\$ -	224,604,214	\$ 224,604,214
			Perspective difference between budget basis and GAAP	<u>20,173,313</u>
			Fund balances, September 30, 2018 (GAAP)	<u>\$ 244,777,527</u>

<u>Reconciliation of Budget to GAAP:</u>	Revenues	Expenditures	Transfers in	Transfers out	Net change in fund balance
Board of County Commissioners	\$ 1,179,808,937	\$ (348,501,926)	\$ 15,902,689	\$ (809,060,775)	\$ 38,148,925
Sheriff	3,063,307	(640,926,527)	646,308,502	(7,057,428)	1,387,854
Clerk & Comptroller	44,235,392	(57,018,155)	14,488,990	(2,262,895)	(556,668)
Tax Collector	29,776,457	(29,776,457)	-	-	-
Property Appraiser	21,971,925	(21,971,925)	-	-	-
Supervisor of Elections	2,610,606	(9,053,971)	9,667,598	(3,224,233)	-
Eliminations	-	-	(670,970,967)	670,970,967	-
Totals	\$ 1,281,466,624	\$ (1,107,248,961)	\$ 15,396,812	\$ (150,634,364)	\$ 38,980,111

NOTE: 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.

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

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Palm Tran Special Revenue Fund
For the fiscal year ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	\$ 34,130,000	\$ 34,130,000	\$ 33,847,976	\$ (282,024)
Licenses and permits	36,000	36,000	53,223	17,223
Intergovernmental	56,571,429	72,596,067	8,641,400	(63,954,667)
Charges for services	12,772,766	12,772,766	12,374,014	(398,752)
Interest income	-	-	(505,122)	(505,122)
Net change in fair value of investments	-	-	24,428	24,428
Miscellaneous	1,821,880	1,821,880	1,832,518	10,638
Less 5% anticipated revenues	(2,666,850)	(2,666,850)	-	2,666,850
Total revenues	102,665,225	118,689,863	56,268,437	(62,421,426)
Expenditures:				
Current:				
Public safety	-	-	2,700	(2,700)
Transportation	98,758,511	104,466,915	93,768,848	10,698,067
Capital outlay	36,168,978	37,850,429	7,831,407	30,019,022
Total expenditures	134,927,489	142,317,344	101,602,955	40,714,389
Excess of revenues over (under) expenditures	(32,262,264)	(23,627,481)	(45,334,518)	(21,707,037)
Other financing sources (uses):				
Transfers in	32,327,170	32,326,100	27,875,814	(4,450,286)
Transfers out	(64,906)	(64,906)	(64,906)	-
Total other financing sources (uses)	32,262,264	32,261,194	27,810,908	(4,450,286)
Net change in fund balances	-	8,633,713	(17,523,610)	(26,157,323)
Fund balances (deficit), October 1, 2017	-	(8,633,713)	(6,506,206)	2,127,507
Change in nonspendable fund balance	-	-	200,422	200,422
Fund balances (deficit), September 30, 2018	\$ -	\$ -	\$ (23,829,394)	\$ (23,829,394)

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Fire Rescue Special Revenue Fund
For the fiscal year ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	\$ 268,754,604	\$ 268,754,604	\$ 258,064,559	\$ (10,690,045)
Special assessments	281,327	281,327	271,966	(9,361)
Licenses and permits	18,800	18,800	17,745	(1,055)
Intergovernmental	470,481	608,211	470,094	(138,117)
Charges for services	41,663,742	41,663,742	42,618,528	954,786
Interest income	1,554,787	1,554,787	3,287,697	1,732,910
Net change in fair value of investments	-	-	(227,104)	(227,104)
Miscellaneous	2,424,773	2,474,773	433,663	(2,041,110)
Less 5% anticipated revenues	(15,450,589)	(15,450,589)	-	15,450,589
Total revenues	299,717,925	299,905,655	304,937,148	5,031,493
Expenditures:				
Current:				
Public safety	377,867,122	386,069,348	283,653,523	102,415,825
Economic environment	915,262	915,262	903,871	11,391
Capital outlay	16,472,329	16,681,629	8,152,903	8,528,726
Total expenditures	395,254,713	403,666,239	292,710,297	110,955,942
Excess of revenues over (under) expenditures	(95,536,788)	(103,760,584)	12,226,851	115,987,435
Other financing sources (uses):				
Transfers in	13,500,005	13,500,005	9,202,268	(4,297,737)
Transfers out	(5,402,043)	(5,402,043)	(5,383,649)	18,394
Total other financing sources (uses)	8,097,962	8,097,962	3,818,619	(4,279,343)
Net change in fund balances	(87,438,826)	(95,662,622)	16,045,470	111,708,092
Fund balances, October 1, 2017	87,438,826	95,662,622	97,000,422	1,337,800
Change in nonspendable fund balance	-	-	29,598	29,598
Fund balances, September 30, 2018	\$ -	\$ -	\$ 113,075,490	\$ 113,075,490

NOTE: The effective legal budgetary control is at the department level for the General Fund and special revenue funds with approved budgets which is reflected in the budget to actual statements presented in the fund financial statements section and the combining and individual fund statements and schedules section. The Fire Rescue Special Revenue Fund reflects the actual department. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.



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PALM BEACH COUNTY, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-type Activities -	
	Airports	Water Utilities
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 88,411,286	\$ 239,788,835
Cash and cash equivalents - restricted	355,594	14,693,360
Cash with fiscal agent - restricted	4,672,903	-
Interest receivable - restricted	-	415,616
Accounts receivable, net	3,930,686	20,500,828
Due from other county funds	122,470	10,006
Due from other governments	2,869,936	286,000
Due from component unit	-	-
Inventory	1,767,923	7,879,760
Current portion of other receivables	-	954,472
Other assets	1,643,976	377,634
Total current assets	103,774,774	284,906,511
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	77,911,676	10,243,740
Accounts receivable, net	1,911,542	-
Total noncurrent restricted assets	79,823,218	10,243,740
Capital assets:		
Land	119,350,578	15,626,971
Buildings	452,163,695	139,152,866
Improvements other than buildings	295,954,432	1,552,013,578
Furniture, fixtures and equipment	43,761,829	92,689,311
Intangible - easement rights	13,754,957	1,660,856
Accumulated depreciation and amortization	(528,547,494)	(752,688,466)
Construction in progress	19,524,488	55,003,026
Total capital assets	415,962,485	1,103,458,142
Investment in joint ventures	-	54,794,207
Other receivables, noncurrent	-	10,176,157
Total noncurrent assets	495,785,703	1,178,672,246
Total assets	\$ 599,560,477	\$ 1,463,578,757
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	\$ 3,678,128	\$ 11,514,399
Deferred charges on refunding	691,926	6,745,005
Goodwill	-	4,300,961
Total deferred outflows of resources	\$ 4,370,054	\$ 22,560,365

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	
\$ 328,200,121	\$ 124,791,698
15,048,954	-
4,672,903	-
415,616	-
24,431,514	2,183,394
132,476	5,911,894
3,155,936	209,457
-	7,714
9,647,683	801,031
954,472	-
2,021,610	3,565,288
<u>388,681,285</u>	<u>137,470,476</u>
88,155,416	-
1,911,542	-
<u>90,066,958</u>	<u>-</u>
134,977,549	-
591,316,561	206,558
1,847,968,010	512,286
136,451,140	97,482,952
15,415,813	-
(1,281,235,960)	(59,051,960)
74,527,514	-
<u>1,519,420,627</u>	<u>39,149,836</u>
54,794,207	-
10,176,157	-
<u>1,674,457,949</u>	<u>39,149,836</u>
\$ 2,063,139,234	\$ 176,620,312
\$ 15,192,527	\$ -
7,436,931	-
4,300,961	-
<u>\$ 26,930,419</u>	<u>\$ -</u>

PALM BEACH COUNTY, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-type Activities -	
	Airports	Water Utilities
LIABILITIES		
Current liabilities payable from current assets:		
Vouchers payable and accrued liabilities	\$ 18,074,117	\$ 13,184,244
Due to other county funds	254,327	1,151,938
Due to other governments	93,073	815,173
Due to component unit	82	84,109
Unearned revenue	583,342	-
Compensated absences	120,407	263,000
Insurance claims payable	-	-
Other liabilities	549,293	48,183
Total current liabilities payable from current assets	19,674,641	15,546,647
Current liabilities payable from restricted assets:		
Customers' deposits	355,594	5,877,955
Accounts and contracts payable	-	16,800
Current portion of long-term debt	2,980,000	6,255,453
Interest payable on bonds	1,692,903	3,496,198
Total current liabilities payable from restricted assets	5,028,497	15,646,406
Total current liabilities	24,703,138	31,193,053
Noncurrent liabilities:		
Compensated absences	1,146,738	3,015,429
Revenue bonds payable, net	74,318,518	162,347,079
Insurance claims payable	-	-
Net pension liability	9,273,076	29,029,415
Total OPEB liability	292,234	988,208
Total noncurrent liabilities	85,030,566	195,380,131
Total liabilities	\$ 109,733,704	\$ 226,573,184
DEFERRED INFLOWS OF RESOURCES		
Pension related	\$ 1,126,729	\$ 3,527,230
OPEB related	8,428	28,501
Other	-	183,875
Total deferred inflows of resources	\$ 1,135,157	\$ 3,739,606
NET POSITION		
Net investment in capital assets	\$ 338,663,967	\$ 949,168,017
Restricted for:		
Debt service	3,686,986	5,302,406
Capital projects	13,904,747	1,000,000
Grants and other	62,000,093	-
Unrestricted	74,805,877	300,355,909
Total net position	\$ 493,061,670	\$ 1,255,826,332

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	
\$ 31,258,361	\$ 4,874,353
1,406,265	76,206
908,246	143
84,191	-
583,342	-
383,407	-
-	14,988,961
597,476	-
<u>35,221,288</u>	<u>19,939,663</u>
6,233,549	-
16,800	-
9,235,453	-
5,189,101	-
<u>20,674,903</u>	-
<u>55,896,191</u>	<u>19,939,663</u>
4,162,167	729,577
236,665,597	-
-	50,926,385
38,302,491	-
1,280,442	-
<u>280,410,697</u>	<u>51,655,962</u>
<u>\$ 336,306,888</u>	<u>\$ 71,595,625</u>
\$ 4,653,959	\$ -
36,929	-
183,875	-
<u>\$ 4,874,763</u>	<u>\$ -</u>
\$ 1,287,831,984	\$ 39,149,836
8,989,392	-
14,904,747	-
62,000,093	-
375,161,786	65,874,851
<u>1,748,888,002</u>	<u>\$ 105,024,687</u>
14,038,211	
<u>\$ 1,762,926,213</u>	

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended September 30, 2018

	Business-type Activities -	
	Airports	Water Utilities
Operating revenues:		
Charges for services	\$ 68,823,799	\$ 191,700,391
Miscellaneous	2,375,610	5,507,896
Total operating revenues	71,199,409	197,208,287
Operating expenses:		
Aviation services	47,838,338	-
Water and sewer services	-	127,029,860
Transportation services	-	-
Self-insurance services	-	-
Equity interest in net gain of joint ventures	-	(2,996,073)
Depreciation and amortization	29,293,527	50,034,603
Total operating expenses	77,131,865	174,068,390
Operating income (loss)	(5,932,456)	23,139,897
Nonoperating revenues (expenses):		
Interest income	2,986,387	5,554,333
Net change in fair value of investments	(125,417)	(291,270)
Guaranteed revenue	-	6,129,004
Passenger facility charges	13,268,476	-
Interest expense	(3,385,808)	(4,804,303)
Other revenues (expenses)	1,290,070	652,389
Total nonoperating revenues (expenses)	14,033,708	7,240,153
Income before capital contributions and transfers	8,101,252	30,380,050
Capital contributions	5,832,786	26,917,550
Transfers out	(58,594)	(144,144)
Change in net position	13,875,444	57,153,456
Net position, October 1, 2017 (Restated) (Refer to Note 19)	479,186,226	1,198,672,876
Net position, September 30, 2018	\$ 493,061,670	\$ 1,255,826,332

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>	
\$ 260,524,190	\$ 143,368,310
7,883,506	-
268,407,696	143,368,310
47,838,338	-
127,029,860	-
-	20,612,256
-	106,870,891
(2,996,073)	-
79,328,130	10,508,877
251,200,255	137,992,024
17,207,441	5,376,286
8,540,720	2,085,869
(416,687)	(120,124)
6,129,004	-
13,268,476	-
(8,190,111)	-
1,942,459	4,779,244
21,273,861	6,744,989
38,481,302	12,121,275
32,750,336	-
(202,738)	(7,612)
71,028,900	12,113,663
	92,911,024
	\$ 105,024,687
1,937,224	
\$ 72,966,124	

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2018

	<u>Business-type Activities -</u>	
	Airports	Water Utilities
Cash flows from operating activities:		
Cash received from customers	\$ 71,174,988	\$ 193,031,083
Cash received from other funds for goods and services	-	-
Cash payments to vendors for goods and services	(18,013,137)	(68,038,198)
Cash payments to employees for services	(12,516,150)	(34,599,409)
Cash payments to other funds	(17,657,367)	(26,043,489)
Claims paid	-	-
Other receipts	-	4,362,246
Net cash provided by operating activities	22,988,334	68,712,233
Cash flows from noncapital financing activities:		
Operating grants and other	328,476	-
Transfers out	(58,594)	(144,144)
Net cash provided by (used in) noncapital financing activities	269,882	(144,144)
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	71,271	497,037
Contributed capital	6,508,505	20,427,979
Purchase and construction of capital assets	(28,247,434)	(63,208,333)
Payments to joint ventures	-	(2,125,375)
Principal payments on debt	(2,815,000)	(9,556,576)
Interest payments on debt	(3,467,469)	(7,355,608)
Paying agent fees	-	(2,600)
Passenger facility charges received	13,120,927	-
Cash contributed by other governments	-	824,310
Net cash (used in) capital and related financing activities	(14,829,200)	(60,499,166)
Cash flows from investing activities:		
Interest and gains or losses on investments	2,860,970	5,311,531
Net cash provided by investing activities	2,860,970	5,311,531
Net increase in cash and cash equivalents	11,289,986	13,380,454
Cash and cash equivalents, October 1, 2017	160,061,473	251,345,481
Cash and cash equivalents, September 30, 2018	\$ 171,351,459	\$ 264,725,935

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

<u>Enterprise Funds</u>	Governmental Activities Internal Service Funds
Totals	
\$ 264,206,071	\$ 12,494,082
-	130,717,405
(86,051,335)	(28,297,615)
(47,115,559)	(7,452,037)
(43,700,856)	(2,667,156)
-	(87,318,338)
4,362,246	2,116,076
<u>91,700,567</u>	<u>19,592,417</u>
328,476	-
(202,738)	(7,612)
<u>125,738</u>	<u>(7,612)</u>
568,308	2,847,276
26,936,484	-
(91,455,767)	(12,596,848)
(2,125,375)	-
(12,371,576)	-
(10,823,077)	-
(2,600)	-
13,120,927	-
824,310	-
<u>(75,328,366)</u>	<u>(9,749,572)</u>
<u>8,172,501</u>	<u>1,965,745</u>
<u>8,172,501</u>	<u>1,965,745</u>
24,670,440	11,800,978
<u>411,406,954</u>	<u>112,990,720</u>
<u>\$ 436,077,394</u>	<u>\$ 124,791,698</u>

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2018

	Business-type Activities -	
	Airports	Water Utilities
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (5,932,456)	\$ 23,139,897
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	29,293,527	50,034,603
Equity interest in net gain of joint ventures	-	(2,996,073)
Provision for doubtful accounts	26,270	(221,800)
Miscellaneous revenue	-	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
(Increase) decrease in accounts receivable	(731,517)	1,553,462
(Increase) decrease in due from other county funds	(67,315)	1,392
(Increase) in due from other governments	-	-
(Increase) in inventory	(46,180)	(1,336,451)
(Increase) decrease in other assets	885,336	(33,921)
Decrease in deferred outflows	313,724	1,080,352
(Increase) in due from component unit	-	-
(Decrease) in vouchers payable and accrued liabilities	(714,037)	(1,335,354)
Increase in due to other county funds	142,993	172,511
Increase in due to other governments	-	145,110
(Decrease) in other current liabilities	(138,072)	-
(Decrease) in unearned revenue	(212,847)	-
Increase (decrease) in customer deposits	51,329	(1,594,688)
Increase in insurance claims payable	-	-
Increase in other long-term liabilities	-	-
Increase in deferred inflows	482,926	1,497,868
(Decrease) in net pension liability	(345,589)	(1,318,587)
(Decrease) in total OPEB liability	(19,758)	(76,088)
Net cash provided by operating activities	\$ 22,988,334	\$ 68,712,233
Supplemental disclosure of noncash capital and related financing activities:		
Amortization of premium on bonds, including write-off	\$ 973,883	\$ 1,248,968
Amortization of bond refunding costs	\$ -	\$ 741,506
Payables related to capital asset acquisition	\$ 2,279,628	\$ 6,937,511
Receivables related to passenger facility charges	\$ 1,893,136	\$ -
Contribution of capital assets	\$ -	\$ 12,428,450
Capitalized interest	\$ -	\$ 1,865,629
Disposal of fully depreciated capital assets	\$ 2,847,239	\$ 4,218,512

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	
\$ 17,207,441	\$ 5,376,286
79,328,130	10,508,877
(2,996,073)	-
(195,530)	-
-	2,116,076
821,945	(6,203)
(65,923)	(138,889)
-	(11,342)
(1,382,631)	(57,672)
851,415	228,686
1,394,076	-
-	(389)
(2,049,391)	(1,402,741)
315,504	60,919
145,110	91
(138,072)	-
(212,847)	-
(1,543,359)	-
-	271,005
-	2,647,713
1,980,794	-
(1,664,176)	-
(95,846)	-
<u>\$ 91,700,567</u>	<u>\$ 19,592,417</u>
<u>\$ 2,222,851</u>	<u>\$ -</u>
<u>\$ 741,506</u>	<u>\$ -</u>
<u>\$ 9,217,139</u>	<u>\$ -</u>
<u>\$ 1,893,136</u>	<u>\$ -</u>
<u>\$ 12,428,450</u>	<u>\$ -</u>
<u>\$ 1,865,629</u>	<u>\$ -</u>
<u>\$ 7,065,751</u>	<u>\$ 9,620,480</u>

PALM BEACH COUNTY, FLORIDA
Statement of Fiduciary Net Position - Agency Funds
September 30, 2018

	Total Agency Funds
ASSETS	
Cash, cash equivalents, and investments	\$ 99,129,156
Accounts receivable, net	891,574
Due from other governments	1,027,889
Other assets	291
	Total assets
	\$101,048,910
LIABILITIES	
Vouchers payable and accrued liabilities	\$ 5,884,687
Due to other governments	41,646,963
Due to individuals	53,517,260
	Total liabilities
	\$101,048,910

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

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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.

Palm Beach County Fire-Rescue and the County Library Taxing District are dependent districts under the control of the Board of County Commissioners. They levy millages that apply to all property owners in the unincorporated portion of the County and residents of the municipalities that have elected to join the districts rather than provide the services themselves. They are reported as special revenue funds of the County.

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 and provide a financial benefit or impose a financial burden.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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.

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 organization is presented as a blended component unit 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.

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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

executive officer who shall be the County Administrator, a secretary/treasurer who shall be the Clerk to the Board of County Commissioners or a 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 HFA is a discretely presented component unit because the Board of County Commissioners (BOCC) appoints the members of the HFA governing body and because the BOCC is able to impose its will on the HFA. The County Ordinance which created the HFA provides that the BOCC may remove members of the HFA's governing body without cause, and may change the structure, organization, or activities of the HFA, including terminating the HFA.

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.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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The CRA is a discretely presented component unit because the BOCC appoints the members of the CRA governing body and because there also is a financial benefit/burden relationship with the County since the creation of the CRA allows tax increment financing to implement the provisions of the County's Redevelopment Plan to rehabilitate the Redevelopment Area. Also, the County has agreed to fund any deficiency in the reserve fund of the CRA's Redevelopment Revenue Bonds.

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 BOCC, 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. The MPO is a discretely presented component unit because there is a financial benefit/burden relationship with the BOCC and the MPO is fiscally dependent on the BOCC since the BOCC has the ability to modify or approve its budget.

Solid Waste Authority of Palm Beach County (SWA) – The SWA is a dependent special district created by the Florida Legislature under the Palm Beach County Solid Waste Act, Chapter 75-473, Laws of Florida, Special Acts of 1975, as amended and supplemented (the Act). The Act gives the SWA the power to construct and operate solid waste disposal facilities sufficient to effectively manage all solid waste generated in Palm Beach County. Additionally, the Act provides the SWA with the jurisdiction to collect waste throughout the unincorporated areas of the County, which is handled by private haulers under contract with the SWA. The SWA is a discretely presented component unit because the SWA is governed by a seven member board, consisting of the Board of County Commissioners of Palm Beach County and is financially accountable for the operations of 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 as follows:

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

Metropolitan Planning Organization
2300 North Jog Road, 4th 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

PALM BEACH COUNTY, FLORIDA
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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 (PBCEFA) – This organization was created by Palm Beach County Resolution 79-1493 pursuant to Chapter 243.18, Florida Statutes. Members of the PBCEFA are appointed by the Board of County Commissioners of Palm 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 (PBCHFA) – 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 PBCHFA 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. (WDB) – The WDB 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 WDB 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

Palm Beach County has a thirty-year joint interlocal 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, 2017, the Facility had total assets of \$275,377,576 and total net position of \$128,361,049 including \$88,810,774 invested in capital, net of related debt, and \$4,646,002 of unrestricted net position. September 30, 2018 amounts are expected to approximate the above figures. As of September 30, 2018, the County's investment in this joint venture was \$51.3 million.

**PALM BEACH COUNTY, FLORIDA
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SEPTEMBER 30, 2018**

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, 2018, Palm Beach County had a 34.29% interest. The participants and each entity’s interest at September 30, 2018 are as follows:

PARTICIPANT	RESERVE CAPACITY PERCENTAGES
City of West Palm Beach	29.29%
Palm Beach County	34.29%
City of Lake Worth	16.43%
City of Riviera Beach	11.42%
Town of Palm Beach	8.57%
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

The Board of County Commissioners, on behalf of the Water Utilities Department (WUD), has an interlocal 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, WUD is required to account for this arrangement as a joint venture. Therefore, an asset is reported on the WUD financial statements under the caption “Investment in Joint Ventures”.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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. WUD'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. In July 2013, WUD sold excess capacity shares in the BPF to the ECR, leaving WUD with a 17.82% pro-rata share in the BPF's capacity. This amount was recorded as a reduction of WUD's investment in joint venture. WUD's total operating costs were \$935,600 for the year ended September 30, 2018. As of September 30, 2018, the County's investment in the BPF is \$3.5 million, which is shown as an asset – investment in joint ventures – on the statement of net position.

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 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 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.

PALM BEACH COUNTY, FLORIDA
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SEPTEMBER 30, 2018

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 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

PALM BEACH COUNTY, FLORIDA
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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: BOCC, Sheriff, Clerk & Comptroller, Tax Collector, Property Appraiser and the Supervisor of Elections.

Special Revenue Funds:

The **Palm Tran Special Revenue Fund** is used to account for the activities related to the operation of the County-owned public bus transportation system.

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

PALM BEACH COUNTY, FLORIDA
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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.

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 deferred outflows and liabilities and deferred inflows 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 deferred outflows and current liabilities and deferred inflows are generally included on the balance

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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, with the exception of intergovernmental revenue associated with Palm Tran Special Revenue Fund, which considers revenue to be available if collected within 180 days. Revenues not considered available are recorded as deferred inflows. 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 pensions, compensated absences, claims and judgments, and other postemployment benefits are recorded only when payment is due.

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

The County implemented GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. This Statement provides reporting guidance for governments that provide Other Post-Employment Benefits (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This Statement changes how the long-term obligations associated with OPEB are calculated and reported. As a result of the implementation of this new standard, the County has restated beginning net position and recorded a net OPEB liability, as well as related deferred outflows and deferred inflows. For more information, refer to the Restatement note and the OPEB note.

E. Unadopted GASB Statements

GASB has also issued new statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB Statements on the financial statements of the County.

- GASB Statement No. 83, “*Certain Asset Retirement Obligations*”. This Statement provides guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to asset retirement obligations. This Statement is effective for the fiscal year ending September 30, 2019.
- GASB Statement No. 84, “*Fiduciary Activities*”. This Statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and establishes criteria for identifying fiduciary activities of all state and local governments. This Statement is effective for the fiscal year ending September 30, 2020.
- GASB Statement No. 87, “*Leases*”. This Statement outlines new guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The goal is to better align reporting these leases with their particular situations, as well as

PALM BEACH COUNTY, FLORIDA
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provide greater transparency and usefulness of financial statements. This Statement is effective for the fiscal year ending September 30, 2021.

- GASB Statement No. 88, “*Certain disclosures related to debt, including direct borrowings and direct placements*”. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement is effective for the fiscal year ending September 30, 2019.
- GASB Statement No. 89, “*Accounting for Interest Cost Incurred Before the End of a Construction Period*.” The primary objective of this Statement is to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the fiscal year ending September 30, 2021.
- GASB Statement No. 90, “*Majority equity interests – An amendment of GASB Statements No. 14 and No 61*”. The primary objective of this Statement is to improve the consistency of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for the fiscal year ending September 30, 2021.

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.

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 money market funds and commercial paper, 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*.

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Although the investments in the Florida Local Government Investment Trust Short Term Bond Fund and the Florida Cooperative Liquid Assets Securities System are external investment pools, both pools do not meet the criteria as established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, to be reported at amortized cost. In particular, these pools are not operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Hence, the fair value of the County's balance in these pools is determined by the fair value per share of each pool's underlying portfolio as permitted by GASB Statement No. 31.

Additionally, the County categorizes its applicable fair value measurements within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Types and amounts of investments held at fiscal year-end are described in a subsequent note. Normally excluded from GASB Statement No. 72 hierarchy reporting are cash equivalent investments, certificates of deposit, money market funds, commercial paper, and time deposit-like foreign bonds.

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 *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 County invests in the Short Term Bond fund. The share price of this investment represents the fair value of the fund's underlying investments.

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The *Florida Cooperative Liquid Assets Securities System (FLCLASS)* is an independent local government investment pool open to all political subdivisions, instrumentalities of political subdivisions, and State agencies in the State of Florida. FLCLASS is supervised by an appointed Board of Trustees comprised of eligible participants of the FLCLASS program. As of September 30, 2016, the Board consisted of four members. The Board appoints an external Investment Advisor-Administrator, as well as a Custodian. FLCLASS has been rated AAA by Standard and Poor's rating. The share price of this investment represents the fair value of the fund's underlying investments.

Additional information is provided in the Cash and Investments Note.

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, 2018 there was an allowance of \$25.4 million for these receivables.

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, except for the Sheriff, which is accounted for using the consumption method.

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.

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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 acquisition 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.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources that represents a consumption of net position applicable to a future period and pension contributions subsequent to the measurement date and will not be recognized as outflows or resources (expense/expenditure) until that time. The pension related deferred outflows of resources in the Statement of Net Position represents the difference between expected and actual experience,

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changes in assumptions, the net difference between projected and actual earnings on pension plan investments, changes in the proportion and differences between the County's contributions and proportionate share of contributions relating to pension plans. The OPEB related deferred outflows of resources represent the net difference between projected and actual earnings on OPEB plan investments and differences between expected and actual experience. The County has also reported the deferred loss on refunding of debt in this category. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. All of these deferred outflows are reported in the government-wide statement of net position and the proprietary funds statement of net position.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow (revenue) until that time. The pension related deferred inflows of resources in the Statement of Net Position represents the difference between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension plan investments, changes in the proportion and differences between the County's contributions and proportionate share of contributions relating to pension plans. The OPEB related deferred inflows or resources represent changes in assumptions or other inputs and the net difference between projected and actual earnings on OPEB plan investments. These deferred inflows related to pensions, OPEB and deferred gains on refunding in the government-wide statement of net position and the proprietary funds statement of net position. The County also reports deferred inflows related to unavailable revenue in the governmental funds balance sheet.

L. 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.

M. Amortization of Discount/Premium on Bonds and Debt Issuance Costs

Amortization of discount and premium on bonds is determined by using the outstanding principal method over the life of the related debt. The amortization of discount or premium is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond discount or premium. In the fund financial statements, governmental fund types recognize bond premiums

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and discounts during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuing costs are expensed when incurred. In the fund financial statements, governmental fund types recognize bond issuance costs during the current period as debt service expenditures.

N. 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 4,300 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.

O. Pensions and Other Post-Employment Benefits Disclosure

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS), Health Insurance Subsidy (HIS) deferred benefit plans, and the Palm Tran and Lantana plans additions to/deductions from all three plans fiduciary net position have been determined on the same basis as they are reported by the plans and are recorded in the government-wide and proprietary fund statements. For this purpose, benefit payments (including refunds of employee contributions), are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The County applies GASB Statement No. 75, *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.

P. 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.

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Q. 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.

R. 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 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 2018, supplemental appropriations amounted to a net increase of \$122,524,939, or approximately 2.7% 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

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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. The effective legal budgetary control is at the department level for the General Fund and special revenue funds with approved budgets which is reflected in the budget to actual statements presented in the fund financial statements section and the combining and individual fund statements and schedules section. It should be noted that in some instances the name of the Special Revenue fund reflects the department such that further department breakout in the budget to actual schedule is not necessary – an example of this would be the Library District Fund. Also, concerning debt service and capital project funds with annually appropriated budgets, the effective legal budgetary control is at the fund level, which is reflected in the budget to actual schedule presentation. 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 of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same

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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.

S. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to assign 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 the Commitments Note for more information.

T. 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.

U. 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 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.

V. 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 and any related deferred inflows or outflows from refunding of debt, 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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W. 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 by November 30th
3%	if paid by December 31st
2%	if paid by January 31st
1%	if paid by 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, 2018.

X. Interest Costs

Interest cost incurred by proprietary funds for the fiscal year ended September 30, 2018 amounted to \$10,055,740, of which \$1,865,629 was capitalized.

Y. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

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

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At September 30, 2018, cash and investments consisted of the following:

	Bank Balance	Carrying Value	Investments
Deposits in Financial Institutions	\$ <u>246,056,774</u>	\$ 226,166,257	\$ -
Cash on Hand		279,959	-
Internal Investment Pool		1,725,291,765	1,723,683,589
Business-Type Activities/ Constitutional Officers Cash Equivalents:			
Money Market Funds		78,901,653	78,901,653
Small Business Administration		375,968	375,968
Total		<u>\$ 2,031,015,602</u>	<u>\$ 1,802,961,210</u>

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 \$ 1,294,290,227

Restricted Cash, Cash Equivalents & Investments 637,596,219

Statement of Fiduciary Net Position \$ 1,931,886,446

Agency Funds

Cash & Cash Equivalents \$ 99,129,156

99,129,156

\$ 2,031,015,602

Investment Type	Amount	Effective Duration in Years		
		Less Than 2 Years	2 Years but Less Than 5 Years	5 Years but Less Than 10 Years
Investments Subject to Interest Rate Risk:				
Small Business Administration	\$ 179,876,502	\$ 179,876,502	\$ -	\$ -
Florida Local Govt Investment Trust	52,151,313	52,151,313	-	-
Florida Coop. Liquid Assets Securities System	45,936,834	45,936,834	-	-
Business-Type Activities/Constitutional Officers:				
Small Business Administration	375,968	375,968	-	-
	<u>278,340,617</u>	<u>\$ 278,340,617</u>	<u>\$ -</u>	<u>\$ -</u>
Other Investments:				
Certificates of Deposit	823,514,583			
Foreign Government Bonds	63,000,000			
Money Market Funds	558,126,620			
Cash and Receivables	1,077,737			
Business-Type Activities/Constitutional Officers Cash Equivalents:				
Money Market Funds	78,901,653			
	<u>\$ 1,802,961,210</u>			

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GASB Statement No. 72, *Fair Value Measurement and Application*, requires the County to categorize the fair value measurements of its applicable investments within the fair value hierarchy established by generally accepted accounting principles. Additional details of GASB Statement No. 72 are provided in the Summary of Significant Accounting Policies.

The following table summarizes the assets of the County for which fair values are determined as of September 30, 2018:

Investment	Amount	Fair Value		
		Level 1	Level 2	Level 3
Small Business Administration	\$ 179,876,502	\$ -	\$ 179,876,502	\$ -
Business-Type Activities/Constitutional Officers:				
Small Business Administration	375,968	-	375,968	-
Total Investments in the Fair Value Hierarchy	180,252,470	-	180,252,470	-
Investments Measured at the Net Asset Value:				
Florida Local Government Investment Trust	52,151,313	-	-	-
Florida Coop. Liquid Assets Securities System	45,936,834	-	-	-
Total Investments Measured at Net Asset Value*	98,088,147	-	-	-
Total Investments	\$ 278,340,617	\$ -	\$ 180,252,470	\$ -

*In accordance with GASB 72, the investments measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

Additionally, the Small Business Administration investment was valued using a matrix pricing model.

Other investments (which include certificates of deposit, foreign government bonds, and money market funds) are exempt from the GASB Statement No. 72 fair value hierarchy. These investments totaled \$1,524,620,593.

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 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.

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The following table summarizes the credit risk of the County's investments as of September 30, 2018:

Investments	Amount	Percentage of Total Portfolio	Standard & Poor's Investment Rating Service
Small Business Administration	\$ 179,876,502	9.9%	AA+
Certificates of Deposit	823,514,583	45.7%	Not rated
Florida Local Govt Investment Trust	52,151,313	2.9%	AAAf
Florida Coop. Liquid Assets Securities System	45,936,834	2.5%	AAAm
Foreign Government Bonds	63,000,000	3.4%	A1
Money Market Funds	558,126,620	31.0%	AAAm
Cash and Receivables	1,077,737	0.1%	N/A
Business-Type Activities/Constitutional Officers Cash Equivalents:			
Money Market Funds	78,901,653	4.4%	AA+
Small Business Administration	375,968	0.1%	AAAm
	\$ 1,802,961,210	100.0%	

Ratings by Moody's were no lower than as indicated above by Standard & Poor's.

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 or Moody's, respectively. Investments in certificates of deposit with maturities of less than one year are allowable if the issuer maintains a short-term debt rating of at least A-1 or P1, respectively. Investments in certificates of deposit with maturities greater than one year are allowable if the issuer maintains a long-term debt rating of A or better, as determined by Standard & Poor's or Moody's. If an issuer of a certificate of deposit is not rated, it may still be an issuer if it maintains a quarterly average ranking of at least 50 as published by the State of Florida's Chief Financial Officer in conjunction with the Florida public deposits program. Investments in corporate securities are limited to ratings of AA or higher by Standard and Poor's and Moody's. The Investment Policy allows for the timely and appropriate disposal when an investment credit rating falls below a minimum threshold. 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 Israel Bonds are allowable only if the State of Israel's foreign debt at the time of purchase is at least A or higher by Standard & Poor's and Moody's rating services. All securities shall be transferred "Delivery versus Payment."

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.

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To guard against this risk, the County’s investment policy for the internal investment pool requires that all securities (including Business-Type Activities/Constitutional Officers money market funds and Small Business Administration) 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	Amount	Percentage of Total
Small Business Administration	\$ 179,876,502	9.9%
TD Bank Certificates of Deposit	430,945,290	24.0%
Florida Community Bank CD	216,336,761	12.0%
Centennial Bank CD	176,232,532	9.8%
Florida Local Government Investment Trust (FLGIT)	52,151,313	2.9%
Florida Coop. Liquid Assets Securities System	45,936,834	2.5%
Foreign Government Bonds	63,000,000	3.4%
Money Market Funds	558,126,620	30.9%
Cash and Receivables	1,077,737	0.1%
Business-Type Activities/Constitutional Officers Cash Equivalents:		
Money Market Funds	78,901,653	4.4%
Small Business Administration	375,968	0.1%
	\$ 1,802,961,210	100.0%

Investments in intergovernmental investment pools are limited to no more than 20% with one entity. Investments in Small Business Administration pools are limited to no more than 20% (at market value) at the time of purchase. Investments in State of Israel bonds are limited to no more than 3% (at market value) of the total portfolio at the time of purchase. 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. The County’s investment policy limits investments in corporate securities to 2% of total pool market value per single issuer at time of purchase. 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.

**PALM BEACH COUNTY, FLORIDA
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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.

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, 2018:

Bank balance of deposits with financial institutions (including customer deposits)	\$ 21,821,906
Carrying value	
Deposits with financial institutions	\$ 19,133,859
Petty Cash	10,200
Money market mutual funds	202,356,563
Florida Prime	170,322,766
Total cash and cash equivalents	<u>\$ 391,823,388</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. 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

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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, investment pool managed by the State of Florida that was available to be withdrawn by SWA on an overnight basis. Florida Prime meets the requirements with GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*, which allows reporting the investment at amortized cost. The fair value of the position in Florida Prime was considered to be the same as SWA's account balance (amortized cost) in the pool. The money market mutual funds and Florida Prime are classified as cash equivalent in the statements of net position and statements of cash flows.

Investments: Florida Statutes and SWA policy authorize investments in Florida 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 Ginnie Mae, obligations of Fannie Mae, SEC registered money market mutual 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.

Money market mutual funds and Florida Prime are exempt from the GASB 72 fair value hierarchy disclosures.

At September 30, 2018, the fair value of the SWA's investments, including unrestricted and restricted asset balances were as follows:

Cash equivalents

Money market mutual funds	\$	202,356,563
Florida Prime		170,322,766
		372,679,329
	\$	372,679,329

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. All deposits with financial institutions are considered fully

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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.

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 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 credit quality ratings of the investments held at September 30, 2018 are as follows:

	Fair Value	Credit Quality Ratings	
		S&P	Moody's
Money Market mutual funds	\$ 202,356,563	AAAm	Aaa
Florida Prime	\$ 170,322,766	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, 2018.

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At September 30, 2018 certain individual investments exceeded 5% of the total investment portfolio (including cash and cash equivalents) as follows:

	Fair Value	Total Investment Portfolio
Florida Prime	\$ 170,322,766	43.5%
Money Market Mutual Funds:		
Dreyfus Government	\$ 164,962,073	42.1%
Fidelity Government	\$ 37,394,490	9.5%

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, 2018.

3. CAPITAL ASSETS

A summary of changes in capital assets follows:

Primary Government

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 697,716,270	\$ 8,971,658	\$ (135,198)	\$ 706,552,730
Construction In Progress	199,585,459	78,249,492	(34,022,725)	243,812,226
Total non-depreciable assets	897,301,729	87,221,150	(34,157,923)	950,364,956
Depreciable assets:				
Buildings and improvements	1,362,224,784	6,663,414	-	1,368,888,198
Improvements other than buildings	473,925,660	12,287,011	(141,686)	486,070,985
Equipment	764,914,490	62,373,381	(63,768,754)	763,519,117
Infrastructure	1,529,436,833	9,680,185	-	1,539,117,018
Total depreciable assets	4,130,501,767	91,003,991	(63,910,440)	4,157,595,318
Less accumulated depreciation for:				
Buildings and improvements	(473,154,050)	(35,541,125)	-	(508,695,175)
Improvements other than buildings	(264,586,382)	(15,763,774)	69,494	(280,280,662)
Equipment	(541,187,539)	(64,251,108)	62,179,542	(543,259,105)
Infrastructure	(1,186,669,793)	(28,318,737)	-	(1,214,988,530)
Total accumulated depreciation	(2,465,597,764)	(143,874,744)	62,249,036	(2,547,223,472)
Total capital assets, being depreciated, net	1,664,904,003	(52,870,753)	(1,661,404)	1,610,371,846
Total governmental capital assets, net	\$ 2,562,205,732	\$ 34,350,397	\$ (35,819,327)	\$ 2,560,736,802

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	Beginning Balance *	Additions	Deductions	Ending Balance
Business-type Activities:				
Non-depreciable assets:				
Land	\$ 131,982,663	\$ 2,994,886	\$ -	\$ 134,977,549
Intangible - easement rights	1,660,856	-	-	1,660,856
Construction In Progress	77,539,501	83,877,402	(86,889,389)	74,527,514
Total non-depreciable assets	<u>211,183,020</u>	<u>86,872,288</u>	<u>(86,889,389)</u>	<u>211,165,919</u>
Depreciable assets:				
Buildings and improvements	579,906,988	11,963,724	(554,151)	591,316,561
Improvements other than buildings	1,766,649,146	81,318,864	-	1,847,968,010
Equipment	134,435,267	8,802,441	(6,786,568)	136,451,140
Intangible - easement rights	13,754,957	-	-	13,754,957
Total depreciable assets	<u>2,494,746,358</u>	<u>102,085,029</u>	<u>(7,340,719)</u>	<u>2,589,490,668</u>
Less accumulated depreciation for:				
Buildings and improvements	(307,380,610)	(18,752,438)	554,151	(325,578,897)
Improvements other than buildings	(799,176,146)	(50,600,596)	-	(849,776,742)
Equipment	(98,794,943)	(7,844,246)	6,669,156	(99,970,033)
Intangible - easement rights	(5,566,414)	(343,874)	-	(5,910,288)
Total accumulated depreciation	<u>(1,210,918,113)</u>	<u>(77,541,154)</u>	<u>7,223,307</u>	<u>(1,281,235,960)</u>
Total capital assets, being depreciated, net	<u>1,283,828,245</u>	<u>24,543,875</u>	<u>(117,412)</u>	<u>1,308,254,708</u>
Total business-type capital assets, net	<u>\$ 1,495,011,265</u>	<u>\$ 111,416,163</u>	<u>\$ (87,006,801)</u>	<u>\$ 1,519,420,627</u>

* Restated due to the implementation of GASB Statement No. 85

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

Governmental activities:

General government	\$ 32,110,593
Public safety	34,752,875
Physical environment	2,687,125
Transportation	40,849,924
Economic environment	1,426,572
Human services	976,341
Culture and recreation	20,562,437

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.

Total increases to accumulated depreciation	<u>\$ 143,874,744</u>
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Business-type Activities:

Department of Airports	\$ 29,293,527
Water Utilities Department	48,247,627
Total depreciation expense - business-type activities	<u>\$ 77,541,154</u>

**PALM BEACH COUNTY, FLORIDA
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COMPONENT UNIT – Solid Waste Authority

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

	Beginning Balance	Additions	Deductions	Ending Balance
Non-depreciable assets:				
Land	\$ 50,626,126	\$ -	\$ -	\$ 50,626,126
Construction In Progress	16,619,719	1,570,370	(11,377,117)	6,812,972
Total non-depreciable assets	<u>67,245,845</u>	<u>1,570,370</u>	<u>(11,377,117)</u>	<u>57,439,098</u>
Depreciable assets:				
Buildings and improvements	781,429,618	-	-	781,429,618
Improvements other than buildings	166,195,903	2,049,686	-	168,245,589
Equipment	748,797,943	14,083,803	(5,475,861)	757,405,885
Total depreciable assets	<u>1,696,423,464</u>	<u>16,133,489</u>	<u>(5,475,861)</u>	<u>1,707,081,092</u>
Less accumulated depreciation for:				
Buildings and improvements	(274,378,777)	(26,750,932)	-	(301,129,709)
Improvements other than buildings	(68,529,247)	(4,484,722)	-	(73,013,969)
Equipment	(201,394,434)	(34,488,301)	5,274,979	(230,607,756)
Total accumulated depreciation	<u>(544,302,458)</u>	<u>(65,723,955)</u>	<u>5,274,979</u>	<u>(604,751,434)</u>
Total capital assets, being depreciated, net	<u>1,152,121,006</u>	<u>(49,590,466)</u>	<u>(200,882)</u>	<u>1,102,329,658</u>
Total component unit capital assets, net	<u>\$ 1,219,366,851</u>	<u>\$ (48,020,096)</u>	<u>\$ (11,577,999)</u>	<u>\$ 1,159,768,756</u>

4. 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 2018 was \$18,515,997.

5. MAJOR CUSTOMERS

A significant portion of the Department of Airports' earnings and revenues are directly or indirectly attributed to a number of major airlines operating out of Palm Beach International Airport (PBIA). The Department of Airports' earnings and revenues could be materially and adversely affected should any of those airlines discontinue operations and not be replaced with other airlines providing similar activity. Five airlines account for 92.5% of the total enplaned passengers at PBIA as follows: Jet Blue – 27.7%, Delta Airlines – 25.8%, American – 19.8%, United – 9.7%, and Southwest – 9.5%.

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6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund balances at September 30, 2018, are expected to be repaid within one year. Interfund receivable and payable balances at September 30, 2018 were as follows:

Payable Fund	Receivable Fund			
	General Fund	Palm Tran Special Revenue Fund	Fire Rescue Special Revenue Fund	General Government Capital Projects
General Fund	\$ -	\$ 15,222,496	\$ 3,251,906	\$ 227,091
Palm Tran Special Revenue Fund	46,499,712	-	-	83,144
Fire Rescue Special Revenue Fund	387,412	-	-	326,974
Road Program Capital Projects	423	-	-	-
General Government Capital Projects	3,296,962	-	-	-
Nonmajor Governmental Funds	8,757,090	-	16,092	6,084,840
Airports	60,180	-	-	-
Water Utilities	85,355	-	-	2,001
Internal Service	20,078	-	-	-
Total	\$ 59,107,212	\$ 15,222,496	\$ 3,267,998	\$ 6,724,050

The majority of the \$46.5 & \$8.8 million due to the General Fund from the Palm Tran Special Revenue Fund and Nonmajor Governmental Funds respectively, represent advances that will be paid upon collection of federal and state grants receivable related to Palm Tran, Law Enforcement Grants, County Transportation Trust, and Community & Social Development. The majority of the \$3.3 million due from General Government Capital Projects to the General Fund is reimbursement for the Mobile Data Project. The \$15.2 due from the General Fund to Palm Tran Special Revenue Fund relates to operating subsidies to Palm Tran. The majority of the \$3.2 million owed by the General Fund to the Fire Rescue Special Revenue Fund relates to the return of excess fees from the Property Appraiser and Tax Collector. The majority of the \$6.1 million due from the Nonmajor Governmental Funds to the General Government Capital Projects Fund relates to capital improvements to the Convention Center, Roger Dean Baseball Stadium, and E911 Carry Forward Capital Fund. The majority of the \$12.2 million owed by the General Fund to the Nonmajor Governmental Funds relate to Sheriff excess appropriations and accrued revenue owed to the County's special revenue fund related to Sheriff's grants; operating subsidies to Community & Social Development and County Transportation Trust; and excess fees owed by the Constitutional Officers.

Payable To	Receivable From - Primary Government					
	General Fund	General Government Capital Projects	Nonmajor Governmental Funds	Fleet Management	Combined Insurance	Total
Primary Government:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonmajor Governmental Funds	-	-	-	-	-	-
Airports	-	-	-	-	-	-
Water Utilities	-	-	-	-	-	-
Component Units:						
Metropolitan Planning Organizatio	281,029	-	865	-	7,242	289,136
Solid Waste Authority	375,162	5,000	187,500	472	-	568,134
Total	\$ 656,191	\$ 5,000	\$ 188,365	\$ 472	\$ 7,242	\$ 857,270

The \$6.9 million due to the HFA from the General Fund relates to the HFA resources held by the County's investment pool. The \$4.9 million due from the General Fund to SWA represents the return of excess fees and undistributed taxes.

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Receivable Fund

Nonmajor Governmental Funds	Total Governmental Funds	Airports	Water Utilities	Total Enterprise Funds	Internal Service	Total
\$ 12,243,547	\$ 30,945,040	\$ -	\$ 8,657	\$ 8,657	\$ 2,862,730	\$ 33,816,427
-	46,582,856	-	-	-	395,908	46,978,764
23,850	738,236	-	274	274	138,196	876,706
-	423	-	-	-	63,454	63,877
-	3,296,962	-	-	-	-	3,296,962
2,510,173	17,368,195	114,133	979	115,112	1,266,528	18,749,835
41,951	102,131	-	-	-	152,196	254,327
65,593	152,949	-	-	-	998,989	1,151,938
13,802	33,880	8,337	96	8,433	33,893	76,206
\$ 14,898,916	\$ 99,220,672	\$ 122,470	\$ 10,006	\$ 132,476	\$ 5,911,894	\$ 105,265,042

Receivable From - Component Units

Metropolitan Planning Organization Authority	Housing Finance Authority (HFA)	Solid Waste Authority (SWA)	Total
\$ 57,525	\$ 6,878,212	\$ 4,923,379	\$ 11,859,116
-	-	10,122	10,122
-	-	82	82
-	-	84,109	84,109
-	-	-	-
-	-	-	-
\$ 57,525	\$ 6,878,212	\$ 5,017,692	\$ 11,953,429

**PALM BEACH COUNTY, FLORIDA
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7. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2018, were as follows:

Transfers In	Transfers Out		
	General Fund	Palm Tran Special Revenue Fund	Fire Rescue Special Revenue Fund
General Fund	\$ -	\$ -	\$ -
Palm Tran Special Revenue Fund	27,875,814	-	-
Fire Rescue Special Revenue Fund	9,202,268	-	-
Road Program Capital Projects	-	-	-
General Government Capital Projects	26,852,000	64,906	323,050
Nonmajor Governmental Funds	86,704,282	-	5,060,599
Total	\$ 150,634,364	\$ 64,906	\$ 5,383,649

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.
5. Provide funding for various capital projects by means of transfers.

**PALM BEACH COUNTY, FLORIDA
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Road Program Capital Projects	General Governments Capital Projects	Nonmajor Governmental Funds	Airports	Water Utilities	Internal Service Funds	Total
\$ -	\$ 7,433,304	\$ 7,963,508	\$ -	\$ -	\$ -	\$ 15,396,812
-	-	-	-	-	-	27,875,814
-	-	-	-	-	-	9,202,268
-	749,947	568,009	-	-	-	1,317,956
1,626,643	-	13,866,216	39,113	76,323	7,612	42,855,863
1,027,375	7,119,437	28,348,107	19,481	67,821	-	128,347,102
<u>\$ 2,654,018</u>	<u>\$ 15,302,688</u>	<u>\$ 50,745,840</u>	<u>\$ 58,594</u>	<u>\$ 144,144</u>	<u>\$ 7,612</u>	<u>\$ 224,995,815</u>

8. 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 approximately \$1,677,950 for the year ended September 30, 2018. All of the Department's leases are operating leases. A significant portion of the rental car companies' operating leases are scheduled to expire effective fiscal year 2019 resulting in a decline in minimum future receipts for fiscal year 2019 and beyond. Management expects that these rental car company agreements will be immediately reinstated with new contracts with minimum guarantees that cannot be estimated at this time.

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

Year Ended September 30	
2019	\$ 32,817,860
2020	23,479,441
2021	20,089,761
2022	11,968,591
2023	8,924,428
Thereafter	109,567,305
Total	<u>\$ 206,847,386</u>

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A schedule of the carrying value of property held for lease, by major classification, as of September 30, 2018 is as follows:

Buildings	\$	333,509,180
Less: accumulated depreciation		(213,357,049)
Net Buildings		120,152,131
Land		55,402,744
Total property held for lease	\$	175,554,875

The land held for lease component increased significantly for the year ended September 30, 2016 as management deemed a sizeable area now available for leasing. Various parcels immediately west of the Palm Beach International Airport had been acquired from 2007 through 2016 under noise abatement funding programs for a total value of approximately \$35 million. This area is now contiguous and is suitable for certain leasing uses that are compatible with noise and runway protection zone restrictions. Additionally in 2016, the Department of Airports acquired other properties which are deemed available for lease.

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, 2018 amounted to \$3,872,371 comprised of \$3,738,844 for Governmental Funds, \$129,964 for Enterprise Funds, and \$3,563 for Internal Service Funds.

Operating Leases

Future minimum rental payments under non-cancellable operating leases as of September 30, 2018 are as follows:

Fiscal Year	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
2019	\$ 2,407,801	\$ 125,477	\$ 13,131	\$ 2,546,409
2020	1,787,668	49,544	3,278	1,840,490
2021	1,029,372	11,473	2,037	1,042,882
2022	282,134	-	-	282,134
2023	213,178	-	-	213,178
Thereafter	57,585	-	-	57,585
Total	\$ 5,777,738	\$ 186,494	\$ 18,446	\$ 5,982,678

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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, 2018 are as follows:

<u>Fiscal Year</u>	<u>Governmental Funds</u>
2019	\$ 338,018
2020	105,498
2021	84,360
2022	84,360
2023	<u>70,300</u>
Total minimum lease payments	682,536
Less imputed interest	<u>(47,834)</u>
Present value of minimum lease payments	<u><u>\$ 634,702</u></u>

The following schedule shows the leased assets capitalized as of September 30, 2018, by major asset class:

	<u>Capital Assets</u>
Equipment	\$ 1,339,940
Less: accumulated depreciation for entity-wide	<u>(605,691)</u>
Carrying value	<u><u>\$ 734,249</u></u>

9. 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, 2018, 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 self-insures its property and liability risks for up to \$1,000,000 and \$500,000, respectively, transferring exposure above these amounts to an insurance company. Liability claims against Palm Tran are exceptions to the forgoing and are self-insured up to \$200,000. In addition, the County purchases other specialty insurance policies for risks it deems prudent not to retain. It should be noted that in accordance with Florida Statute 768.28, tort claims against the County are limited, with some exceptions, to \$200,000 for any one person per claim and \$300,000 for all

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persons in any one claim. The insurance program covers the Board of County Commissioners, and constitutional officers such as the Supervisor of Elections, Tax Collector, and the Clerk & Comptroller. The Property Appraiser participates in some, but not all of the program, as is more fully explained 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, 2018 is \$9,874,863. During claim years 2018 and 2017, changes recorded to the claims liability for property and liability insurance were as follows:

<u>Fiscal Year</u>	Beginning of Fiscal Year <u>Liability</u>	Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at Fiscal <u>Year-End</u>
2017	\$5,289,345	\$3,521,157	(\$2,269,404)	\$6,541,098
2018	6,541,098	6,198,212	(2,864,447)	9,874,863

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, 2018 is \$50,939,483. During claim years 2018 and 2017, changes recorded to the claims liability for workers' compensation insurance were as follows:

<u>Fiscal Year</u>	Beginning of Fiscal Year <u>Liability</u>	Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at Fiscal <u>Year-End</u>
2017	\$52,247,204	\$3,678,721	(\$5,581,872)	\$50,344,053
2018	50,344,053	6,823,801	(6,228,371)	50,939,483

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Employee Group Health Insurance

The County provides health insurance for its employees, retirees, and eligible dependents. The County has a \$600,000 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, 2018 is \$4,234,000. During claim years 2018 and 2017, 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>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2017	\$3,974,873	\$63,242,744	(\$62,481,296)	\$4,736,321
2018	4,736,321	64,824,129	(65,326,450)	4,234,000

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, 2018 is \$20,223,438. 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.

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During claim years 2018 and 2017, changes recorded to the claims liability for general liability were as follows:

<u>Fiscal Year</u>	Beginning of Fiscal Year <u>Liability</u>	Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at Fiscal <u>Year-End</u>
2017	\$23,181,829	\$7,214,286	(\$6,690,236)	\$23,705,879
2018	23,705,879	4,404,847	(7,887,288)	20,223,438

Workers' Compensation Insurance

The Sheriff's office is self-funded for its workers' compensation exposure. The claims liability reported at September 30, 2018 is \$114,495,671. 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 2018 and 2017, changes recorded to the claims liability for workers' compensation were as follows:

<u>Fiscal Year</u>	Beginning of Fiscal Year <u>Liability</u>	Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at Fiscal <u>Year-End</u>
2017	\$37,891,881	\$30,579,078	(\$15,264,374)	\$53,206,585
2018	53,206,585	78,615,638	(17,326,552)	114,495,671

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. The claims liability reported in the internal service fund is \$867,000 and is actuarially determined.

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During claim years 2018 and 2017, changes recorded to the claims liability for health insurance 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>
2017	\$1,011,000	\$10,229,425	(\$9,858,425)	\$1,382,000
2018	1,382,000	10,342,816	(10,857,816)	867,000

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 \$1.1 billion. This is subject to various policy sub-limits, generally ranging from \$1 million to \$100 million and deductibles ranging from \$50,000 to \$500,000 per occurrence (2% for Renewable Energy Facility #1 and Renewable Energy Facility #2 and 5% of total property damage values at all other locations for a named windstorm, subject to a minimum of \$250,000). The SWA also purchases commercial insurance for general liability claims with coverage up to \$10 million per occurrence and \$10 million aggregate, with excess liability coverage of \$40 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 limits addressed in the Florida Statutes do not apply to claims filed in Federal courts. Settled claims for property damage and general liability insurance have not exceeded commercial insurance coverage in any of the last three years.

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.

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Changes in the claims liability amount for workers' compensation benefits for the years ended September 30, 2018 and 2017 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>
2017	\$126,000	\$368,743	(\$175,743)	\$319,000
2018	319,000	(50,329)	(179,671)	89,000

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

10. RETIREMENT PLANS

The County provides retirement benefits to County employees through the following plans:

Plan Descriptions

The **Florida Retirement System (FRS) Pension Plan** and the **Retiree Health Insurance Subsidy (HIS) Program** are cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The FRS Pension Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Chapter 121, Florida Statutes, and may only be amended by the Florida legislature.

The HIS Program benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs. The HIS Program was established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time.

A comprehensive annual financial report including financial information and required supplementary information on both plans is publicly available on the web site of the Florida Department of Management Services (<http://www.dms.myflorida.com>).

The **Palm Tran, Inc. Amalgamated Transit Union Local 1577 (Palm Tran) Pension Plan** is a single-employer defined benefit retirement program administered by The Resource Centers, LLC. The Palm Tran pension plan provides retirement, disability, and death benefits to plan members and beneficiaries. A comprehensive annual financial report that includes financial statements and required supplementary information for this plan is publicly available on the web at <http://www.resourcecenters.com>.

The **Town of Lantana Firefighters' Pension Fund (LFPF)** is a combined single-employer defined benefit and defined contribution pension plan covering Town of Lantana (Town) firefighters employed by Palm Beach County who elected to remain in the Town plan when merged into the County's Fire-Rescue department. LFPF provides a defined-benefit retirement annuity to retiring participants and a defined contribution retirement benefit in the form of share accounts, payable upon retirement, death, or disability. LFPF is governed by a separate Board of Trustees made up of representatives of the firefighters and the Town, and is administered by The Resource Centers, LLC. The LFPF issues a stand-alone, publicly available financial report that

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includes financial statements and required supplementary information, which is available on the web at <http://www.resourcecenters.com>.

The County contributes to the **Florida Retirement System Investment Plan (Investment Plan)**, a defined contribution plan, for its eligible employees who elect to participate in the Investment Plan in lieu of participating in the FRS Pension Plan. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of FRS defined-benefit plan. County employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida's comprehensive annual financial report. Financial information on this plan is available on the web at <http://www.sbafla.com/>.

PENSION EXPENSE/EXPENDITURES

The County's aggregate pension expense/expenditures for all plans amounted to \$206,462,634 for the fiscal year ended September 30, 2018. The County's aggregate net pension liability for all plans was \$1,319,467,026, with balances of deferred outflows of resources related to pensions of \$551,705,963 and deferred inflows of resources related to pensions of \$150,147,289 as of September 30, 2018.

FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

Benefits Provided

The Florida Retirement System was created on December 1, 1970. Members enrolled in the FRS 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. Retirement, disability, and death 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

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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 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 was amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is known as the FRS Investment Plan, which is described later in this note.

Contributions

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2018:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate *</u>
Regular	3.00%	8.26%
Special Risk	3.00%	24.50%
State Attorney/Public Defender	3.00%	56.75%
County, City, Special District Elected Officers	3.00%	48.70%
Special Risk Administrative Support	3.00%	34.98%
Senior Management	3.00%	24.06%
Deferred Retirement Option Program	N/A	14.03%

* Employer contribution rates in the above table include a 1.66% contribution for the Retiree Health Insurance Subsidy Program

The County's employer contributions to the FRS Pension Plan totaled \$111.5 million and employee contributions totaled \$21.5 million for the fiscal year ended September 30, 2018. The County contributed 100 percent of its statutorily required contributions for the current and preceding two years.

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Net Pension Liability, Deferrals, and Pension Expense

At September 30, 2018, the County reported a liability of \$1.043 billion for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the County's proportionate share was 3.46%, which was a decrease of .57% from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$178.0 million related to the FRS Pension Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 88,392,846	\$ 3,208,246
Change of assumptions	340,936,936	-
Net difference between projected and actual earnings on pension plan investments	-	80,616,447
Changes in proportion and differences between County contributions and proportionate share of contributions	39,970,988	24,898,176
County contributions subsequent to the measurement date	24,894,219	-
Total	\$ 494,194,989	\$ 108,722,869

The County's contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Deferred Outflows/ (Inflows), net
2019	\$ 132,880,270
2020	95,807,976
2021	19,787,340
2022	65,042,420
2023	41,239,874
Thereafter	5,820,021

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method, which differs from the Ultimate Entry Age Normal cost allocation method used in the actuarial valuation for funding purposes for the System.

Valuation Date	July 1, 2018
Discount rate	7.00%
Inflation	2.60%
Salary Increases	3.25%, including inflation
Investment rate of return	7.00%, net of investment expense

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions that determined the total pension liability as of June 30, 2018 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
TOTAL	100%			
Assumed inflation - Mean			2.6%	1.9%

Note: (1) As outlined in the Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The Plan's fiduciary net position was projected to be available to make all projected benefit payments of current and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal

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to the long-term expected rate of return. The 7.00% rate of return and discount rate assumption used in the June 30, 2018 calculations was determined by the Plan’s consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Plan.

Sensitivity to Changes in the Discount Rate

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percent higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the Net Pension Liability	\$1,904,274,221	\$1,043,413,947	\$328,418,601

Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM

Benefits Provided

For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the contribution rate was 1.66 percent of payroll. The County contributed 100 percent of its statutorily required contributions for the current and preceding three years. The HIS Program contributions are deposited in a separate

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trust fund from which payments are authorized. The HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The County's employer contributions to the HIS Program totaled \$11.0 million for the fiscal year ended September 30, 2018. The County contributed 100 percent of its statutorily required contributions for the current and preceding two years.

Net Pension Liability, Deferrals, and Pension Expense

At September 30, 2018, the County reported a liability of \$254.2 million for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the County's proportionate share was 2.40%, which was an increase of .49% from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$20.1 million related to the HIS Program. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,891,879	\$ 431,897
Change of assumptions	28,271,557	26,877,458
Net difference between projected and actual earnings on pension plan investments	153,449	-
Changes in proportion and differences between County contributions and proportionate share of contributions	11,423,696	5,330,313
County contributions subsequent to the measurement date	3,066,728	-
Total	\$ 46,807,309	\$ 32,639,668

The County's contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Deferred Outflows/ (Inflows), net
2019	\$ 4,654,145
2020	4,641,209
2021	3,604,940
2022	1,698,694
2023	(2,317,247)
Thereafter	(1,180,828)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date.

Valuation Date	July 1, 2018
Discount rate	3.87%
Inflation	2.60%
Salary Increases	3.25%, including inflation
Municipal Bond Rate	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

Because the HIS Program is funded on a pay-as-you go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent of discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable bond index.

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Sensitivity to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the County's proportionate share of the net pension liability would be if were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percent higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
County's proportionate share of the Net Pension Liability	\$289,533,001	\$254,212,376	\$224,770,589

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

Vesting Provisions

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll, which is included in the FRS contribution rates, and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA, however, management believe that these amounts, if any, would be immaterial to the County. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's employer contributions to the Investment Plan totaled \$5.2 million for the fiscal year ended September 30, 2018.

**PALM BEACH COUNTY, FLORIDA
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PALM TRAN, INC. – DEFINED BENEFIT PLAN

Benefits Provided

The Palm Tran Inc. Amalgamated Transit Union Local 1577 (Palm Tran) Pension Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Board of Trustees of the Palm Tran pension plan has the authority to establish and amend benefit provisions.

Membership Statistics

Number of:

Inactive members or beneficiaries receiving benefits	342
Inactive members entitled to but not yet receiving benefits	108
Active Members	<u>593</u>
TOTAL	<u><u>1,043</u></u>

Contributions

The contribution requirements of plan members and Palm Tran, Inc. are established by the Pension Trust Agreement and may be amended by the Board of Trustees. Plan members hired after October 1, 2013 are required to contribute 3.0% of their annual salary. Plan members hired prior to October 1, 2013 have a contribution phase in period to match those hired after this date. For employees hired prior to October 1, 2013, the employee contribution is 2.5% of annual salary through September 30, 2014. For the period October 1, 2014 – September 30, 2015, the contribution is 2.75% of salary. Employee contributions after October 1, 2015 will be 3.0% of annual salary. Prior to October 1, 2014, the Employer made contributions to the Plan as specified in the collective bargaining agreement. Effective October 1, 2014, the Employer will make the minimum required contribution as determined by the Plan actuary and approved by the Board. The County’s employer contributions to the Palm Tran Pension Plan totaled \$5.5 million for the fiscal year ended September 30, 2018.

Net Pension Liability

The components of the net pension liability at December 31, 2017 were as follows:

Total pension liability	\$ 124,734,728
Plan fiduciary net position	<u>(106,312,842)</u>
Net pension liability	<u><u>\$ 18,421,886</u></u>

Plan fiduciary net position as percentage of the total pension liability: 85.2%

**PALM BEACH COUNTY, FLORIDA
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	5% to 12.5%
Investment rate of return	8.0% net of investment expense, including inflation
Mortality	RP-00 fully generational with Scale BB

Assumptions are based on the results of an actuarial experience study for the period January 1, 2004 to December 31, 2008.

Discount Rate

The discount rate used to measure the total pension liability was 8%. This is the single rate that reflects the long-term expected net rate of return on pension plan investments expected to be used to finance the payment of benefits. A projection of cash flows used to determine the discount rate assumed that plan member contributions are made at the current contribution rate and that County contributions will be made equal to the difference between the actuarially determined contribution and the member contributions. Based on those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments is applied to all periods of projected benefit payments to determine the pension liability. For purposes of this determination, pension plan assets are expected to be invested using a strategy to achieve the 8.0% discount rate.

Sensitivity to Changes in Discount Rate

The following table illustrates the impact of interest rate sensitivity on the net pension liability for fiscal year ended September 30, 2018:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net Pension Liability	\$31,691,626	\$18,421,886	\$7,120,248

Expected Rate of Return

The long-term expected net rate of return on investments was determined using a building-block method. Best-estimate ranges of expected future real rates of return (expected returns net of investment expenses and inflation) are developed for each major asset class. The long-term expected net rate of return on investments is the best-estimate ranges weighted by the asset allocation plus expected inflation.

PALM BEACH COUNTY, FLORIDA
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Best estimates of arithmetic real rates of return for each major asset class as provided by the investment monitor are shown in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Group Contribution</u>
Domestic Equity	30%	8.2%	2.5%
International Equity	15%	3.8%	0.6%
Bonds	20%	3.8%	0.8%
TIPS	5%	5.8%	0.3%
Convertibles	10%	6.7%	0.7%
Private Real Estate	10%	4.8%	0.5%
REITS	5%	7.3%	0.4%
MLPs	5%	9.5%	0.5%
	<u>100%</u>		
		Weighted Real Return	6.3%

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at December 31, 2016	\$ 120,333,112	\$ 93,500,289	\$ 26,832,823
Changes for the year:			
Service cost	3,657,542	-	3,657,542
Interest	9,655,384	-	9,655,384
Differences between expected and actual experience	(2,489,675)	-	(2,489,675)
Change of assumptions	(523,606)	-	(523,606)
Contributions - employer	-	5,421,844	(5,421,844)
Contributions - employee	-	912,362	(912,362)
Net investment income	-	12,590,071	(12,590,071)
Benefit payments, including refunds of employee contributions	(5,898,029)	(5,898,029)	-
Administrative expense	-	(213,695)	213,695
Net changes	<u>4,401,616</u>	<u>12,812,553</u>	<u>(8,410,937)</u>
Balances at December 31, 2017	<u>\$ 124,734,728</u>	<u>\$ 106,312,842</u>	<u>\$ 18,421,886</u>

**PALM BEACH COUNTY, FLORIDA
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Pension Expense and Deferrals

For the year ended September 30, 2018, the County recognized pension expense of \$5.9 million. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

The following table illustrates the deferred inflows and outflows under GASB 68 as of September 30, 2018:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 478,707	\$ 2,988,851
Change of assumptions	614,810	412,200
Net difference between projected and actual earnings	4,492,309	4,080,919
Employer contributions subsequent to the measurement date	4,132,236	-
Total	\$ 9,718,062	\$ 7,481,970

The employer contributions to the Palm Tran Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending December 31	Deferred Outflows/ (Inflows), net
2018	\$ 766,197
2019	187,736
2020	(1,381,063)
2021	(1,469,014)

TOWN OF LANTANA FIREFIGHTERS' PENSION FUND

Benefits Provided

The Town of Lantana Firefighters' Pension Fund (LFPF) 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. The LFPF members are full-time certified firefighters employed in the fire department of Palm Beach County Fire Rescue. Members are eligible to retire at age 55 with 10 or more years of credited service; or any age with 20 or more years of credited service. The pension amount is three percent (3%) of average final compensation multiplied by credited service. The normal form of benefit is a benefit payable for life with the first 10 years guaranteed. Early retirement and other benefits may be available in

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accordance with Town of Lantana Code, Division 3 of Chapter 14, Article IV, as amended by Town Ordinances and Palm Beach County agreements pertaining to the fund.

Membership Statistics

Number of:

Retirees and Beneficiaries	22
Inactive, Nonretired members	1
Active Members	<u>10</u>
TOTAL	<u><u>33</u></u>

Contributions

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. 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. 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 71.08% of annual covered payroll. The County's employer contributions to the Lantana Pension Plan totaled \$1.2 million and employee contributions totaled \$.2 million for the fiscal year ended September 30, 2018.

Net Pension Liability

The components of the net pension liability at September 30, 2018 were as follows:

Total pension liability	\$ 47,982,613
Plan fiduciary net position	<u>(44,563,796)</u>
Net pension liability	<u><u>\$ 3,418,817</u></u>

Plan fiduciary net position as percentage of the total pension liability: 92.87%

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2016 using the following actuarial assumptions applied to all periods included in the measurement:

Price Inflation	3.00%
Salary increases	7%, including inflation
Investment rate of return	7.25%
Mortality	RP-2000 Mortality Tables with projection scale BB

Expected Rate of Return

GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the total pension liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The plan's net position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on the Bond Buyer 20-Bond Index of general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 3.83%, and the resulting single discount rate is 7.25%.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. This is the single rate that reflects the long-term expected net rate of return on pension plan investments expected to be used to finance the payment of benefits, including inflation. The fiduciary net position is projected to be sufficient to make projected benefit payments. For purposes of this determination, pension plan assets are expected to be invested using a strategy to achieve the 7.25% discount rate.

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Sensitivity to Changes in the Discount Rate

The following table illustrates the impact of interest rate sensitivity on the net pension liability for fiscal year ended September 30, 2018:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$8,840,930	\$3,418,817	(\$994,596)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 44,365,742	\$ 40,433,183	\$ 3,932,559
Changes for the year:			
Service cost	452,953	-	452,953
Interest	3,192,834	-	3,192,834
Differences between expected and actual experience	1,077,328	-	1,077,328
Assumption Changes	-	-	-
Contributions - employer and state	-	1,343,726	(1,343,726)
Contributions - employee	-	206,043	(206,043)
Net investment income	-	3,710,228	(3,710,228)
Benefit payments, including refunds of employee contributions	(1,106,244)	(1,106,244)	-
Administrative expense/Other	-	(23,140)	23,140
Net changes	3,616,871	4,130,613	(513,742)
Balances at September 30, 2018	\$ 47,982,613	\$ 44,563,796	\$ 3,418,817

Pension Expense and Deferrals

For the year ended September 30, 2018, the County recognized pension expense of \$2.5 million. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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The following table illustrates the deferred inflows and outflows under GASB 68 as of September 30, 2018:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 325,424	\$ -
Net difference between projected and actual earnings on pension plan investments	660,179	1,302,782
Total	<u>\$ 985,603</u>	<u>\$ 1,302,782</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Deferred outflows/ (inflows), net</u>
2019	\$ 590,731
2020	(371,840)
2021	(383,355)
2022	(152,715)

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 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 \$503,058 for the fiscal year ended September 30, 2018.

COMPONENT UNIT – Solid Waste Authority (SWA)

Like the Primary Government, the SWA also participates in the **Florida Retirement System (FRS) Pension Plan**, the **Retiree Health Insurance Subsidy (HIS) Program** and the **Florida Retirement System Investment Plan**. Refer to those sections within this note for information on plan descriptions, contribution rates, actuarial assumptions and discount rates.

FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

SWA contributions to the FRS Pension Plan totaled \$1,717,280 for the fiscal year ended September 30, 2018.

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At September 30, 2018, the SWA reported a liability of \$19,174,210 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The SWA's proportionate share of the net pension liability was based on the SWA's 2017-18 plan year contributions relative to the 2017-18 plan year contributions of all participating members. At June 30, 2018, the SWA's proportionate share was 0.063658301 percent, which was a decrease of .000141222 percent from its proportionate share measured as of June 30, 2017. For the fiscal year ended September 30, 2018, the SWA recognized pension expense of \$3,422,513 related to the Plan.

The SWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,624,344	\$ 58,956
Change of assumptions	6,265,199	-
Net difference between projected and actual earnings on pension plan investments	-	1,481,442
Change in proportion and differences between SWA pension plan contributions and proportionate share of contributions	336,453	160,963
Pension plan contributions subsequent to the measurement date	443,355	-
Total	\$ 8,669,351	\$ 1,701,361

The deferred outflows of resources related to the Pension Plan, totaling \$443,355 resulting from SWA contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Deferred outflows/ (inflows), net
2019	\$ 2,587,610
2020	1,724,465
2021	251,549
2022	1,109,572
2023	738,846
Thereafter	112,593
	\$ 6,524,635

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Sensitivity of the SWA's Proportionate Share of the Net Position Liability to Changes in the Discount Rate:

The following represents the SWA's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the SWA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$34,993,738	\$19,174,210	\$6,035,157

RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM

SWA's contributions to the HIS Plan totaled \$427,278 for the fiscal year ended September 30, 2018.

At September 30, 2018, the SWA reported a liability of \$8,298,340 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The SWA's proportionate share of the net pension liability was based on the SWA's 2017-18 plan year contributions relative to the 2017-18 plan year contributions of all participating members. At June 30, 2018, the SWA's proportionate share was .078403743 percent, which was a decrease of 0.000733459 percent from its proportionate share measured as of June 30, 2017. For the fiscal year ended September 30, 2018, the SWA recognized pension expense of \$678,331.

Deferred Outflows and Inflows of Resources Related to Pensions:

In addition the SWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 127,044	\$ 14,099
Change of assumptions	922,878	877,370
Net difference between projected and actual earnings on pension plan investments	5,009	-
Change in proportion and differences between SWA pension plan contributions and proportionate share of contributions	392,097	155,146
Pension plan contributions subsequent to the measurement date	98,009	-
Total	\$ 1,545,037	\$ 1,046,615

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The deferred outflows of resources related to the HIS Plan, totaling \$98,009 resulting from the SWA's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Deferred outflows/ (inflows), net
2019	\$ 175,036
2020	174,614
2021	131,739
2022	73,954
2023	(111,365)
Thereafter	(43,865)
	\$ 400,113

Sensitivity of the SWA's Proportionate Share of the Net Position Liability to Changes in the Discount Rate:

The following represents the SWA's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the SWA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Proportionate share of the net pension liability	\$9,451,323	\$8,298,340	\$7,337,262

INVESTMENT PLAN

The SWA's Investment Plan pension expense totaled \$231,156 for the fiscal year ended September 30, 2018.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The County provides post-employment benefits for healthcare to retirees of the County, which includes the Board of County Commissioners, as well as all Constitutional Officers and the Metropolitan Planning Organization (a Component Unit). The County also provides a Fire-Rescue Healthcare OPEB plan that provides benefits to all eligible retired employees and their dependents.

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In addition, the County also provides a Fire-Rescue Supplemental Disability Plan that provides disability benefits to Firefighters and District Chiefs that meet eligibility requirements.

Below is information that describes the Healthcare OPEB plans as well as the Fire-Rescue Supplemental Disability OPEB plan.

COUNTY'S AGGREGATE NET OPEB LIABILITY, DEFERRED OUTFLOWS, DEFERRED INFLOWS, & OPEB EXPENSE

The County's aggregate OPEB expense for all plans amounted to \$5,652,556 for the fiscal year ended September 30, 2018. The County's aggregate net OPEB liability for all plans was \$340,418,748, with balances of deferred outflows of resources related to OPEB of \$2,689,702 and deferred inflows of resources related to OPEB of \$18,091,933, as of September 30, 2018.

Below is a summary of the net OPEB liability, deferred outflows and deferred inflows for each of the County's OPEB plans:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Healthcare Plans:						
County	\$ 8,499,330	\$ -	\$ 8,499,330	\$ -	\$ 245,128	\$ (237,322)
Tax Collector	4,180,395	-	4,180,395	-	-	338,009
Property Appraiser	574,260	-	574,260	775	-	56,056
Clerk & Comptroller	8,595,922	-	8,595,922	185,481	955,953	336,908
Sheriff	214,213,171	-	214,213,171	-	14,475,535	7,634,695
Fire-Rescue Union	156,987,135	(68,243,803)	88,743,332	228,521	1,823,778	(1,898,313)
			-			
Supplemental Disability Plan:			-			
Fire-Rescue	15,612,338	-	15,612,338	2,274,925	591,539	(577,477)
TOTALS	\$ 408,662,551	\$ (68,243,803)	\$ 340,418,748	\$ 2,689,702	\$ 18,091,933	\$ 5,652,556

HEALTHCARE OPEB PLANS (BOARD OF COUNTY COMMISSIONERS AND CONSTITUTIONAL OFFICERS)

Plan Description

The County's defined benefit post-employment healthcare OPEB plans provide OPEB to all eligible retired employees and their dependents. The plans are single employer plans which are administered by the employer for their employees. Regarding the County plan, the Supervisor of Elections (a Constitutional Officer) and the Metropolitan Planning Organization participate in this

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plan. The remaining Constitutional Officers (Clerk & Comptroller, Tax Collector, Property Appraiser, and Sheriff) each have separate OPEB plans. The authority to establish and amend the benefit terms and financing requirements is granted to the County Board, as well as each Constitutional Officer. 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. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. Additionally, there are no legal documents referencing a trust. The healthcare benefits OPEB plans do not issue separate standalone financial reports.

Benefits Provided

Retirees of all the healthcare benefit OPEB plans must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable for active employees which results in an implicit subsidy. In addition to the ‘implicit benefit’, the Sheriff’s healthcare OPEB plan provides a subsidy that retirees can use to partially or fully offset the cost of health insurance.

In particular, for Sheriff 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 Sheriff’s Healthcare OPEB plan 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.

Employees Covered By Benefit Terms

At September 30, 2018, the following employees were covered by the benefit terms:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff
Retirees and Beneficiaries	173	2	5	30	1,008
Active Members	4,215	281	215	668	3,522
TOTAL	4,388	283	220	698	4,530

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Total OPEB Liability

The total healthcare OPEB liability amount consisted of the following:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff
Total OPEB Liability	\$8,499,330	\$4,180,395	\$574,260	\$8,595,922	\$214,213,171
Measurement Date	9/30/2018	9/30/2018	10/1/2017	9/30/2017	9/30/2018
Actuarial Valuation Date	9/30/2018	10/1/2016	10/1/2017	9/30/2017	9/30/2018

Actuarial Assumptions and Other Inputs

The total healthcare OPEB liability in the September 30, 2018 actuarial valuation was determined using several actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The actuarial valuation method utilized was the entry age normal level percentage of pay. Other assumptions specific to each plan are noted below.

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff
Inflation	3.50%	4.00%	4.00%	2.50%	3.00%
Salary increases	3.50%	4.00%	4.00%	2.50%	3.50%
Discount Rate	4.24%	3.64%	2.98%	3.64%	4.18%

The source of the discount rates were as follows:

County:	Bond Buyer 20-Bond GO Index
Tax Collector:	S&P Municipal Bond 20-Year High Grade Index
Property Appraiser:	S&P Municipal Bond 20-Year High Grade Index
Clerk & Comptroller:	Bond Buyer 20-Bond Index
Sheriff:	Bond Buyer 20-Bond GO Index

Healthcare cost trend rates were based as follows:

County:	Initially 7.0% to grade uniformly to 4.5% over a 5-year period
Tax Collector:	Initially 8.0% to grade uniformly to 5.0% over a 10-year period
Property Appraiser:	Initially 8.0% to grade uniformly to 5.0% over a 10-year period
Clerk & Comptroller:	Initially 8.5% to grade uniformly to 4.0% over a 55-year period
Sheriff:	Initially 7.0% to grade uniformly to 4.5% over a 5-year period

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Mortality rates were based as follows:

County:	RP 2014 Generational, Scale MP-18
Tax Collector:	RP-2014 Generational, Scale MP-2016
Property Appraiser:	RP-2014 Generational, Scale MP-2016
Clerk & Comptroller:	RP-2000 Generational, Scale BB
Sheriff:	RP-2014 Generational, Scale MP-17

Formal experience studies were not performed; however the actuarial assumptions used in the specified valuations above were consistent with the following:

County:	Florida Retirement System
Tax Collector:	Reasonableness/consistency with typical industry standards
Property Appraiser:	Reasonableness/consistency with typical industry standards
Clerk & Comptroller:	Florida Retirement System
Sheriff:	Florida Retirement System

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>				
	<u>County</u>	<u>Tax Collector</u>	<u>Property Appraiser</u>	<u>Clerk & Comptroller</u>	<u>Sheriff</u>
Balance at September 30, 2017	\$ 8,981,779	\$ 3,842,386	\$ 517,429	\$ 9,206,743	\$ 221,054,011
Changes for the year:					
Service cost	294,067	295,336	49,905	362,040	6,520,168
Interest	374,513	146,822	16,618	290,214	9,372,090
Change of assumptions	(265,057)	-	-	(1,092,518)	(16,009,828)
Benefit payments	(885,972)	(104,149)	(9,692)	(170,557)	(6,723,270)
Net changes	(482,449)	338,009	56,831	(610,821)	(6,840,840)
Balance at September 30, 2018	<u>\$ 8,499,330</u>	<u>\$ 4,180,395</u>	<u>\$ 574,260</u>	<u>\$ 8,595,922</u>	<u>\$ 214,213,171</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability for each healthcare OPEB plan, as well as what each plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current discount rate:

**PALM BEACH COUNTY, FLORIDA
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	County		
	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	(3.24%) \$8,966,000	(4.24%) \$8,499,330	(5.24%) \$8,111,000
	Tax Collector		
Total OPEB Liability	(2.64%) \$4,204,764	(3.64%) \$4,180,395	(4.64%) \$4,156,781
	Property Appraiser		
Total OPEB Liability	(1.98%) \$614,623	(2.98%) \$574,260	(3.98%) \$535,767
	Clerk & Comptroller		
Total OPEB Liability	(2.64%) \$10,606,245	(3.64%) \$8,595,922	(4.64%) \$7,092,235
	Sheriff		
Total OPEB Liability	(3.18%) \$249,136,000	(4.18%) \$214,213,171	(5.18%) \$183,164,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability for each healthcare OPEB plan, as well as what each plans total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	County		
	1% Decrease	Current Rate	1% Increase
	6% decreasing to 3.5% over 5 years	7% decreasing to 4.50% over 5 years	8% decreasing to 5.5% over 5 years
Total OPEB Liability	\$7,572,000	\$8,499,330	\$9,689,000
	Tax Collector		
	1% Decrease	Current Rate	1% Increase
	7% decreasing to 4% over 10 years	8% decreasing to 5% over 10 years	9% decreasing to 6% over 10 years
Total OPEB Liability	\$4,101,031	\$4,180,395	\$4,260,502

**PALM BEACH COUNTY, FLORIDA
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		Property Appraiser		
		1% Decrease	Current Rate	1% Increase
		7% decreasing to 4%	8% decreasing to 5%	9% decreasing to 6%
		over 10 years	over 10 years	over 10 years
Total OPEB Liability		\$510,168	\$574,260	\$648,702

		Clerk & Comptroller		
		1% Decrease	Current Rate	1% Increase
		7.5% decreasing to 3%	8.5% decreasing to 4%	9.5% decreasing to 5%
		over 55 years	over 55 years	over 55 years
Total OPEB Liability		\$7,042,079	\$8,595,922	\$10,678,293

		Sheriff		
		1% Decrease	Current Rate	1% Increase
		6% decreasing to 3.5%	7% decreasing to 4.5%	8% decreasing to 5.5%
		over 5 years	over 5 years	over 5 years
Total OPEB Liability		\$183,934,000	\$214,213,171	\$247,310,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, these Healthcare OPEB plans recognized OPEB expense of \$7,951,089. At September 30, 2018, these plans reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources				
		County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff
Contributions subsequent to measurement date		\$ -	\$ -	\$ 775	\$ 185,481	\$ -
Total		\$ -	\$ -	\$ 775	\$ 185,481	\$ -

		Deferred Inflows of Resources				
		County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff
Change of assumptions or other inputs		\$ 245,128	\$ -	\$ -	\$ 955,953	\$ 14,475,535
Total		\$ 245,128	\$ -	\$ -	\$ 955,953	\$ 14,475,535

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Contributions to the applicable plans subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the healthcare OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows/(Inflows), net				
	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff
Year ending September 30:					
2019	\$(19,929)	\$ -	\$ -	\$ (136,565)	\$ (1,534,294)
2020	(19,929)	-	-	(136,565)	(1,534,294)
2021	(19,929)	-	-	(136,565)	(1,534,294)
2022	(19,929)	-	-	(136,565)	(1,534,294)
2023	(19,929)	-	-	(136,565)	(1,534,294)
Thereafter	(145,483)	-	-	(273,128)	(6,804,065)

FIRE-RESCUE UNION HEALTHCARE OPEB PLAN

Plan Description

The Fire-Rescue Union Healthcare OPEB is a defined benefit post-employment healthcare OPEB plan that provides OPEB to all eligible retired employees and their dependents. The plan is a single employer plan which is administered by the Fire-Rescue Union for the employees. The authority to establish and amend the benefit terms and financing requirements is granted to the Fire-Rescue Union. Florida Statute 112.0801 allows retirees (and eligible dependents) to continue participation in the group insurance plan. Assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. The Fire-Rescue Union Healthcare OPEB plan does not issue a separate standalone financial report.

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 plan is a trust, the County is not entitled to nor does it have the ability to otherwise access the economic resources received or held by the plan and the County has no reversionary interest in the economic resources received or held by the plan, nor is the County responsible for custody of the assets of the plan. Therefore, the plan is not reported as a fiduciary fund of the County. The Fire-Rescue Union Healthcare OPEB plan does not issue a separate standalone financial report.

Benefits provided

Retirees of the Fire-Rescue Union healthcare OPEB plan must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable for active employees which results in an implicit subsidy. In addition to the ‘implicit benefit’, the plan offers an explicit benefit. Specifically, the Fire-Rescue healthcare OPEB plan provides a subsidy that retirees can use to partially or fully offset the cost of health insurance. For employees who retired before September 27, 2005, the subsidy is a monthly benefit of \$75 plus \$12 per year of

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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 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.

Employees Covered by Benefit Terms

At September 30, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	594
Active Members	<u>1,390</u>
TOTAL	<u><u>1,984</u></u>

Net OPEB Liability

The Fire-Rescue’s net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by a simplified actuarial valuation as of September 30, 2018.

Actuarial Assumptions and Other Inputs

The Fire-Rescue total healthcare OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.5%
Discount rate	5.2%
Healthcare cost trend rate	6.5% to grade uniformly to 4.5% over 4-year period
Actuarial cost method	Entry Age Normal based on level percentage of projected salary

Mortality rates were based on the RP-2014 generational table, scaled back to 2006, then forward using scale MP-17.

A formal experience study was not performed; however the actuarial assumptions used in the specified valuation above were consistent with the FRS valuation as of July 1, 2017.

The long-term expected rate of return on the plan’s investments was determined by weighting the expected future real rates of return (which included an additional 2.5% for inflation) by the target asset allocation percentage.

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The real rates of return and target allocation percentage for each major asset class are summarized in the following table:

Asset Class	Target	
	Allocation	Returns (with inflation) *
Domestic equity	45%	12%
International Equity	15%	8%
Domestic Fixed Income	20%	3%
Global Fixed Income	5%	3%
Real Return	5%	3%
Real Estate	10%	10%
Total	100%	8.6%

* Target returns are 8%.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.2%. This was based on a blend of the plan's estimated long-term rate of return and the 20-year Bond Buyer GO index.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2017	\$ 151,403,321	\$ 61,598,121	\$ 89,805,200
Changes for the year:			
Service Cost	3,942,933	-	3,942,933
Interest	7,914,881	-	7,914,881
Contributions-employer	-	5,287,973	(5,287,973)
Net investment income	-	5,173,323	(5,173,323)
Benefit payments	(6,274,000)	(3,756,640)	(2,517,360)
Administrative expense	-	(58,974)	58,974
Net changes	5,583,814	6,645,682	(1,061,868)
Balances at September 30, 2018	\$ 156,987,135	\$ 68,243,803	\$ 88,743,332

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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Fire-Rescue Healthcare plan, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower (4.2%) or 1-percent higher (6.2%) than the current discount rate.

	1% Decrease (4.2%)	Current Discount Rate (5.2%)	1% Increase (6.2%)
Net OPEB liability	\$102,054,000	\$88,743,332	\$101,167,000

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Fire-Rescue Healthcare plan, as well as what the plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percent lower (5.50 percent decreasing to 3.50 percent) or 1-percentage-point higher (7.50 percent decreasing to 5.50 percent) than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease 5.50% decreasing to 3.50%)	Current 6.50% decreasing to 4.50%)	1% Increase 7.50% decreasing to 5.50%)
Net OPEB liability	\$72,769,000	\$88,743,332	\$102,054,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense of \$3,389,660 regarding the Fire-Rescue Healthcare plan.

At September 30, 2018, the Fire Rescue Healthcare plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 228,521	\$ 1,823,778
Total	\$ 228,521	\$ 1,823,778

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending September 30:</u>	<u>Deferred Outflows/ (Inflows), net</u>
2019	\$ (550,796)
2020	(550,796)
2021	(550,796)
2022	57,131

FIRE-RESCUE SUPPLEMENTAL DISABILITY OPEB PLAN

Plan description

The Fire-Rescue’s supplemental disability OPEB is a defined benefit plan, as well as, a single employer plan which is administered by the Palm Beach County Fire-Rescue Department. The authority to establish and amend the benefit terms and financing requirements is granted through collective bargaining between Palm Beach County and the Professional Firefighters/Paramedics of Palm Beach County, Local 2928, IAFF, Inc. The earmarked funding, related earnings, expenditures, and administrative costs are recorded in a special revenue fund. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. Additionally, there are no legal documents referencing a trust. The long-term disability OPEB plan does not issue a separate standalone financial report.

Benefits Provided

The plan 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.

Employees Covered by Benefit Terms

At September 30, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	57
Active Members	<u>1,234</u>
TOTAL	<u><u>1,291</u></u>

Total OPEB Liability

The total supplemental disability OPEB liability of \$15,612,338 was measured as of October 1, 2017, and was determined by an actuarial valuation as of October 1, 2017.

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Actuarial Assumptions and Other Inputs

The total supplemental disability OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Projected salary increases	5.0% - 7.8%
Discount Rate	3.50%
Actuarial Cost Method	Entry Age Normal based on level percent of pay

The discount rate was based on the Fidelity 20-Year Municipal GO AA Index - daily rate closest or equal to but not later than the respective measurement dates.

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table Scale BB.

The actuarial assumptions used in the specified valuation was based on the results of an actuarial experience study conducted by the Florida Retirement System as of July 1, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2017	<u>\$ 14,506,429</u>
Changes for the year:	
Service cost	127,083
Interest	434,063
Differences between expected and actual experience	2,442,940
Assumption changes	(635,227)
Benefit payments	<u>(1,262,950)</u>
Net change	<u>1,105,909</u>
Balance at September 30, 2018	<u><u>\$ 15,612,338</u></u>

**PALM BEACH COUNTY, FLORIDA
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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability for the supplemental disability OPEB plan, as well as what the supplemental disability OPEB plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percent lower (2.50%) or 1-percent higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$17,294,674	\$15,612,338	\$14,214,945

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the Fire-Rescue supplemental disability OPEB plan recognized OPEB expenses of \$(577,477). At September 30, 2018, the supplemental disability plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,274,925	\$ -
Changes of assumptions	-	591,539
Total	\$ 2,274,925	\$ 591,539

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30:	Deferred Outflows/ (Inflows), net
2019	\$ 124,327
2020	124,327
2021	124,327
2022	124,327
2023	124,327
Thereafter	1,061,751

COMPONENT UNIT – Solid Waste Authority (SWA)

Effective October 1, 2016, the SWA implemented Governmental Accounting Standards Board Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This change in accounting principle's cumulative effect, as a restatement of the beginning net position, was a decrease of \$360,000. Retirees of the SWA pay an amount equal to the actual premium for health insurance charged by the carrier. The premium charged includes an implied subsidy, as the amount charged for all participants (active employee or retiree) is the same,

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regardless of age. Under GASB 75, an implied subsidy is considered other post-employment benefits (OPEB).

Plan Description

The SWA provides a single employer defined benefit health care plan to all of its employees and the plan is administered by the SWA. The plan has no assets and does not issue a separate financial report.

Benefits Provided

The plan allows its employees and their beneficiaries, at their own cost, to obtain medical/Rx and other insurance benefits upon retirement. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan.

Employees Covered by Benefit Terms

At September 30, 2018, the following employees were covered by the benefit terms:

Active Employees	386
Inactive employees currently receiving benefits	<u>15</u>
TOTAL	<u><u>401</u></u>

Contributions

The SWA does not make direct contributions to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group health rates as active employees. However, the SWA's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total annual age-adjusted costs paid by the SWA, or its active employees, for coverage of the retirees and their dependents net of the retiree's own payments for the year.

Total OPEB Liability

The SWA's total OPEB liability of \$707,000 was measured as of September 30, 2018, and was determined by the actuarial valuation as of that date.

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Actuarial Assumptions and Methods

The total OPEB liability was determined using the following actuarial assumptions and other methods:

Valuation Date:	September 30, 2018
Discount Rate:	4.18% per annum Source: Bond Buyer 20-Bond GO Index
Salary Increase Rate:	3.0% per annum
Medical Consumer Price Index Trend:	3.0% per annum
Inflation Rate:	3.0% per annum
Census Data:	The census was provided by the SWA as of May 2018.
Marriage Rate/Participation:	The assumed number of eligible dependents is based on the current portions of single and family contracts in the census provided. The spousal participation assumed at retirement is 15%.
Spouse Age:	Spouse dates of birth were provided by the SWA. Where this information is missing, male spouses are assumed to be three years older than female spouses.
Medicare Eligibility:	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method:	Entry Age Normal based on level percentage of projected salary.
Amortization Method:	<i>Experience/Assumptions</i> gains and losses are amortized over the closed period of 10.5 years starting on October 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service).
Plan Participation Percentage:	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 20% of future retirees will participate in the pre-65 retiree medical plan and 5% continue upon Medicare eligibility. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates:	RP-2014 generational table scaled using MP-18 and applied on a gender-specific basis.

Discount Rate

The SWA does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate is a yield or index rate for 20-year, tax-exempt municipal bonds. As a result, the calculation used a rate of 4.18%.

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Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2017, as restated	\$ 746,000
Changes for the Year:	
Service Cost	21,000
Interest Cost	30,000
Changes of Assumptions and Other Inputs	(11,000)
Benefit Payments	(79,000)
Net Change in Total OPEB Liability	\$ (39,000)
 Balance at September 30, 2018	 \$ 707,000

Changes in Assumptions

Changes include updating the mortality to be a generational table with updated projection scales released by the SOA, an interest rate using 20 year bond rates and a change in Actuarial Cost methodology to the Entry Age Normal (EAN) method as per GASB 75. Other assumptions (other than discount rate) are consistent with those used in prior valuations.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the SWA, as well as what the SWA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current discount rate:

	1.0% Decrease (3.18%)	Discount Rate (4.18%)	1.0% Increase (5.18%)
Total OPEB Liability	\$ 727,000	\$ 707,000	\$ 684,000

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the total OPEB liability of the SWA, as well as what the SWA's total OPEB liability would be if it were calculated using healthcare cost trends that are 1-percentage-point lower (6.00% to 3.50% decreasing to 3.50%) or 1-percentage-point higher (8.00% to 5.50% decreasing to 5.50%) then the current healthcare cost trend rates:

	1.0% Decrease (6.00% to 3.5% decreasing to 3.50%)	Healthcare cost Trend Rates (7.00% to 4.50% decreasing to 4.50%)	1.0% Increase (8.00% to 5.50% decreasing to 5.50%)
Total OPEB Liability	\$ 644,000	\$ 707,000	\$ 778,000

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the SWA recognized OPEB expense of \$50,000. At September 30, 2018, the SWA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions/Inputs	\$ -	\$ 10,000
Total	\$ -	\$ 10,000

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending:</u>	
September 30, 2019	\$ (1,000)
September 30, 2020	(1,000)
September 30, 2021	(1,000)
September 30, 2022	(1,000)
September 30, 2023	(1,000)
Thereafter	(5,000)
	<u>\$ (10,000)</u>

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12. REFUNDING OF DEBT

Advance Refunding:

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 September 28, 2018 Palm Beach County issued \$22,540,000 Revenue Improvement Refunding Bonds, Series 2018 to advance refund \$22,054,255 of outstanding Revenue Improvement Bonds (Ocean Avenue Lantana Bridge and Max Planck Florida Corporation Projects) Series 2011. The net proceeds \$22,054,255 (after allowing for \$485,745 in issuance costs) was used to pay off the Series 2011 Bond.

The reacquisition price exceeded the carrying amount, resulting in an accounting loss of \$538,965. This netted against the new debt and amortized over the remaining life of the refunded debt. The County decreased its aggregate debt service payments by approximately \$1,067,176 over a period of 12 years and incurred an economic gain of approximately \$867,461 (difference between the present value of the old and new debt service payments). The “all in true interest costs” as calculated for the 2018 Series compared to the 2011 Series is 3.242% and 3.199% respectively. The purpose of the refunding was to take advantage of unusually low interest rates that were available at this time.

The amount of in-substance defeased bonds outstanding, as of September 30, 2018, consists of the following:

<u>Bond Issues</u>	<u>Amount</u>
Governmental Funds:	
Public Improvement Revenue Bonds, Series 2008-2	\$ 58,485,000
Proprietary Funds:	-
Total Defeased Bonds Outstanding	<u>\$ 58,485,000</u>

Current Year Refundings:

There were no current year refundings during the year ended September 30, 2018.

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13. LONG-TERM DEBT

Changes in Long-Term Liabilities – The following is a summary of changes in long-term liabilities for the year ended September 30, 2018 for both governmental activities and business-type activities:

Governmental activities:	Beginning Balance *	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligation bonds	\$ 103,305,000	\$ -	\$ 20,455,000	\$ 82,850,000	\$ 21,735,000
Non-ad valorem revenue bonds	740,276,455	22,540,000	70,814,547	692,001,908	51,108,255
Unamortized bond premiums	83,819,317	-	7,422,181	76,397,136	-
Total bonds payable	927,400,772	22,540,000	98,691,728	851,249,044	72,843,255
Notes and loans payable	29,802,453	1,627,522	2,160,894	29,269,081	2,234,599
Arbitrage liability	4,339	-	1,717	2,622	2,622
Compensated absences	163,989,537	67,060,955	58,329,059	172,721,433	7,873,800
Capital leases	527,320	375,000	267,618	634,702	318,366
Estimated Self-Insurance liability	139,915,936	171,209,443	110,490,923	200,634,456	18,433,026
Sub-total	1,261,640,357	262,812,920	269,941,939	1,254,511,338	101,705,668
Net pension liability	1,276,904,664	4,259,871	-	1,281,164,535	-
Net OPEB liability	346,537,690	-	7,399,384	339,138,306	-
Governmental activities long-term liabilities	<u>\$ 2,885,082,711</u>	<u>\$ 267,072,791</u>	<u>\$ 277,341,323</u>	<u>\$ 2,874,814,179</u>	<u>\$ 101,705,668</u>

* The beginning balance is restated as a result of the implementation of GASB Statement No. 75 regarding OPEB.

Long-term liabilities other than debt (bonds and loans) are liquidated by the governmental funds incurring the expenditure. Specifically for compensated absences, the General Fund liquidates 84%, with Fire Rescue Special Revenue Fund liquidating 11%, Community & Social Development Special Revenue Fund and the Road Program Capital Projects Funds liquidate less than 1%. The remaining 4% is liquidated by other Special Revenue Funds and an Internal Service Fund. For the estimated Self-Insurance liability, the Internal Service Funds liquidate 95%, with the remaining 5% liquidated by another Special Revenue Fund. The capital leases are liquidated 100% by other Special Revenue Funds. The arbitrage liability is expected to be liquidated 100% by the General Government Capital Projects Fund. The net pension liability and net OPEB liability are liquidated in the respective General Fund, Special Revenue Fund or Internal Service Fund which incur personnel expenditures.

Business-type activities:	Beginning Balance *	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Revenue bonds	\$ 227,673,644	\$ -	\$ 11,798,973	\$ 215,874,671	\$ 8,655,520
Unamortized bond premiums	24,791,225	-	2,222,851	22,568,374	-
Total bonds payable	252,464,869	-	14,021,824	238,443,045	8,655,520
Notes and loans payable	8,030,608	-	572,603	7,458,005	579,933
Compensated absences	4,629,423	215,603	299,452	4,545,574	383,407
Sub-total	265,124,900	215,603	14,893,879	250,446,624	9,618,860
Net pension liability	39,966,667	-	1,664,176	38,302,491	-
Total OPEB liability	1,376,288	-	95,846	1,280,442	-
Business-type activities long-term liabilities	<u>\$ 306,467,855</u>	<u>\$ 215,603</u>	<u>\$ 16,653,901</u>	<u>\$ 290,029,557</u>	<u>\$ 9,618,860</u>

* The beginning balance is restated as a result of the implementation of GASB Statement No. 75 regarding OPEB.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Governmental Activities General Long-Term Debt

General long-term debt, including current maturities, at September 30, 2018 consisted of the following:

General Obligation Bonds

\$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 \$1,840,000 to \$1,920,000 through August 1, 2019, with an interest rate 4.500% 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.	\$ 1,920,000
\$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 5.828% 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.	\$ 18,985,000
\$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 \$1,795,000 to \$2,090,000 through July 1, 2023, with an interest rate of 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.	\$ 10,150,000
\$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 \$1,725,000 to \$3,335,000 through July 1, 2025, with an interest rate of 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.	\$ 18,705,000

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

\$11,865,000 General Obligation Refunding Bonds (Library District Improvement Projects), Series 2014 were issued for paying and defeasing a portion of the County's outstanding General Obligation Bonds (Library District Improvement Project), Series 2006 maturing on and after August 1, 2016. The annual installments range from \$1,130,000 to \$1,565,000 through August 1, 2025, with interest rates from 3.000% 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. \$ 9,655,000

\$28,035,000 General Obligation Refunding Bonds (Waterfront Access Projects), Series 2014 were issued for paying and defeasing a portion of the County's outstanding General Obligation Bonds (Waterfront Access Projects), Series 2006 maturing on and after August 1, 2016. The annual installments range from \$2,355,000 to \$3,350,000 through August 1, 2026, with interest rates from 3.000% 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. \$ 23,435,000

Total General Obligation Bonds	\$ 82,850,000
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Non-Ad Valorem Revenue Bonds

\$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 \$4,145,000 to \$4,355,000 through November 1, 2018, with an interest rate 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. \$ 4,355,000

\$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 \$733,767 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. \$ 6,395,511

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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\$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 \$2,905,000 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. \$ 54,485,000

\$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 \$1,051,058 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. \$ 10,075,945

\$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 \$13,710,000 to \$17,395,000 through June 1, 2025, 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. \$ 103,340,000

\$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 \$1,445,109 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. \$ 2,945,946

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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\$13,180,000 Public Improvement Revenue Bond, (Max Planck3 Project), Series 2013 was issued to fund the third installment (\$13,137,000) of the grant to Max Planck Florida Corporation, and to pay the costs of issuing the Bond. The annual installments range from \$795,447 to \$1,039,969 through December 1, 2028, with an interest rate of 2.470% payable annually on December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 10,158,172

\$10,667,000 Improvement Revenue Bond (Sheriff's Equipment Project) Series 2013 was issued to finance road patrol vehicles with radio and mobile equipment and other electronic required by the Sheriff's office, and to pay the cost of issuing the Bond. The annual installments range from \$2,160,835 to \$2,186,333 through December 1, 2018, with an interest rate of 1.180% 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. \$ 2,186,334

\$28,075,000 Tax Public Improvement Revenue Bond (Convention Center Hotel Project), Series 2013 was issued for the purpose of providing funds to finance a portion of the costs of development, acquisition, construction and equipping of a convention center hotel to be located adjacent to the County's convention center pursuant to written agreements related to this development, and to the pay costs of issuance of the Bonds. The annual installments range from \$565,000 to \$1,705,000 through November 1, 2043, with an interest rate from 2.00% to 5.250% 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. \$ 25,845,000

\$17,830,000 Public Improvement Revenue Bond (Palm Tran Equipment), Series 2014 was issued for the purpose of refinancing the cost of certain transportation equipment for the County's Palm Tran Paratransit transportation service and paying certain costs. The annual installments range from \$3,605,000 to \$3,650,000 through September 1, 2019, with an interest rate of 1.160% 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. \$ 3,650,000

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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\$72,445,000 Public Improvement Revenue Refunding Bond, Series 2014A for the purpose of providing funds to refund and redeem the following outstanding obligations of the County: (a) a portion of the callable maturities of the Palm Beach County, Florida Public Improvement Revenue Bonds, Series 2006 (Parking Facilities Expansion Project), (b) a portion of the outstanding Palm Beach County, Florida Public Improvement Revenue Refunding Bonds, Series 2007A (Biomedical Research Park Project), (c) a portion of the outstanding Palm Beach County, Florida Taxable Public Improvement Revenue Refunding Bond, Series 2007B (Biomedical Research Park Project) and (d) a portion of the callable maturities of the Palm Beach County, Florida Public Improvement Revenue Bonds, Series 2007C (Biomedical Research Park Project). Proceeds of the bonds were used to pay the cost of issuance of the bonds. The annual installments range from \$355,000 to \$8,570,000 through November 1, 2027, with an interest rate from 3% to 5% 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. \$ 71,485,000

\$63,635,000 Public Improvement Revenue Refunding Bond, Series 2015 for the purpose of providing funds to refund and redeem the following outstanding obligations of the County: (a) all of the callable maturities of the Palm Beach County, Florida Refunding Public Improvement Sunshine State Government Finance Commission, Series 2008A and (b) a portion of the outstanding Palm Beach County, Florida Public Improvement Revenue Bonds, Series 2008-2. Proceeds of the bonds will also be used to pay the cost of issuance of the Bonds. The annual installments range from \$950,000 to \$6,655,000 through November 1, 2028, with an interest rate from 3% to 5% 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. \$ 58,035,000

\$63,155,000 Public Improvement Revenue Bond (Various Public Improvements Project) series 2015A. The bond was issued by Palm Beach County for the purpose of providing funds for the construction of a public parking garage adjacent to the County Convention Center and the renovation of a portion of a County-owned office building. The annual installments range from \$2,390,000 to \$4,295,000 through November 1, 2035, with an interest rate from 2% to 4% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and payable from non-ad valorem revenues. \$ 58,445,000

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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\$18,805,000 Public Improvement Revenue Bond (Max Planck3 Project), series 2015B was issued to fund the fifth installment of the grant to Max Planck Florida Corporation, and to pay the costs of issuing the Bond. The annual installments range from \$1,705,000 to \$2,115,000 through December 1, 2025, with an interest rate of 2.730% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and payable from non-ad valorem revenues. \$ 15,440,000

\$65,360,000 Public Improvement Revenue Bond (Professional Sports Franchise Facility Project), series 2015C was issued for the purpose to finance the cost of the construction and equipping of a professional sports franchise facility. The annual installments range from \$420,000 to \$3,425,000 through December 1, 2045, with an interest rate from 1.306% to 4.698% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and payable from non-ad valorem revenues. \$ 64,940,000

\$56,645,000 Public Improvement Revenue Bond (Professional Sports Franchise Facility Project), Taxable series 2015D was issued for the purpose to finance the cost of the construction and equipping of a professional sports franchise facility. The annual installments range from \$1,530,000 to \$3,910,000 through December 1, 2045, 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 payable from non-ad valorem revenues. \$ 56,645,000

\$121,035,000 Public Improvement Revenue Refunding Bond, series 2016 were issued for paying and defeasing the county's outstanding Public Improvement Revenue Bond, series 2008 . The annual installments range from \$3,660,000 to \$9,250,000 through May 1, 2038, 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 payable from non-ad valorem revenues. \$ 121,035,000

\$22,540,000 Revenue Improvement Refunding Bonds (Ocean Avenue Lantana Bridge and Max Planck Florida Corporation Projects), series 2018 was issued for paying the County's outstanding Revenue Improvement Bonds (Ocean Avenue Lantana Bridge and Max Planck Florida Corporation Projects), series 2011. The annual installments range from \$1,540,000 to \$1,960,000 through August 1, 2031, with an interest rate of 2.890% payable semi-annually on February 1 and August 1 of each year. The bonds are not general obligations of the County and payable from non-ad valorem revenues. \$ 22,540,000

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Total Non-Ad Valorem Revenue Bonds	\$ <u>692,001,908</u>
Total Face Amount of Bonds Payable	\$ 774,851,908
Unamortized bond premiums	\$ <u>76,397,136</u>
Total Governmental Activities Bonds Payable	\$ <u>851,249,044</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 a variable interest rate in effect of 5.680% 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. \$ 442,000

\$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 1.740% 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. \$ 5,848,839

\$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 \$1,000 to \$47,000 through August 1, 2033, with a variable rate of interest in effect of 2.598% 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.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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As of September 30, 2018 the outstanding individual loans are as follows:

\$ 199,000	- Glades Gas & Electric, 2009	\$ 61,000
89,000	- Glades Home Health Care Med Ctr, 2010	17,800
878,000	- Muslet Brothers, 2010	540,000
21,000	- Building 172, Belle Glade, 2012	13,000
592,000	- America's Sound, 2012	406,000
770,000	- Old City Hall - BI Development, 2013	610,000
51,000	- Building 172 Overrun, 2013	43,000
		\$ 1,690,800

\$13,340,000 - HUD Section 108 Loan. \$13,340,000 is authorized leaving \$0 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Community Development Business Loan Program Project. The annual installments range from \$3,000 to \$327,000 through August 1, 2034, with a variable rate of interest in effect of 2.598% 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, 2018 the outstanding individual loans are as follows:

\$ 1,000,000	- The Baron Group, 2009	\$ 100,000
57,000	- Kiddie Haven Pre-School, 2010	9,000
250,000	- Concrete Services LLC, 2010	54,000
5,948,000	- Oxygen Development LLC, 2011	3,924,000
265,000	- Donia Adams Roberts PA, 2011	168,000
198,000	- Ameliascapes, 2011	66,000
257,000	- F&T of Belle Glade, 2011	156,000
1,412,000	- Glades Plaza Enterprises LLC, 2012	968,000
473,000	- Doctor's Scientific Organica, 2012	325,000
455,000	- Schomburg Latin America LLC, 2012	70,000
264,000	- Medical Career Institute, 2012	120,000
244,000	- A&E Auto Sales, 2012	169,000
244,000	- SSB Investments, 2013	179,000
196,000	- GUS Distribution Corporation, 2014	142,000
179,000	- Pinewood Cleaners Inc., 2014	95,000
1,898,000	- Critical Needs Program, 2014	1,788,000
		\$ 8,333,000

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

\$2,824,000 - HUD Section 108 Loan. \$2,824,000 is authorized leaving \$0 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Pahokee Downtown Revitalization Project. The annual installments range from \$5,000 to \$110,000 through August 1, 2035, with a variable rate of interest in effect of 2.598% 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, 2018 the outstanding individual loans are as follows:

\$ 152,000	- Circle S Pharmacy, 2010	\$ 96,000	
100,000	- Simco, 2012	70,000	
609,000	- EHR Tech LLC, 2014	304,000	
1,963,000	- Pahokee Revitalization Program, 2015	<u>1,763,000</u>	
			\$ 2,233,000

\$10,000,000 - HUD Section 108 Loan. \$10,000,000 is authorized leaving \$0 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Community Development Business Loan Program Project. The annual installments range from \$13,000 to \$421,000 through August 1, 2037, with a variable rate of interest in effect of 2.598% 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, 2018, the outstanding individual loans are as follows:

\$ 2,300,000	- Jupiter CY, 2013	\$ 1,000,000	
258,000	- Old City Hall - BI Development 2, 2014	206,000	
7,442,000	- Final Draw, 17	<u>7,442,000</u>	
			\$ 8,648,000

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

\$400,000 - USDA Palm Beach County Relending Program (PBC IRP) funded by the U.S. Department of Agriculture. PBC IRP loans provide a dedicated, national source of low interest loans for use by individuals, a corporation, partnership, limited liability company, non-profit corporation or entity with economic development projects located in the rural areas to alleviate poverty and increase economic activity and employment. The annual installments range from \$819 to \$6,887 through April 15, 2044, with an interest rate of 1.00% payable annually on April 15 of each year. 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 USDA loans, the County is obligated to use other resources.

As of September 30, 2018 the outstanding individual loans are as follows:

\$	150,000 - IRP DI Development Group, 2014	\$	140,220
	25,000 - IRP Gus Distributing Corp, 2014		23,370
	150,000 - IRP EHR LLC, 2014		140,220
	75,000 - IRP PR Local Electric, 2014		70,110
			70,110
		\$	373,920

\$1,000,000 - USDA Palm Beach County Relending Program (PBC IRP) funded by the U.S. Department of Agriculture. \$1,000,000 is authorized leaving \$809,478.00 available for future financing. PBC IRP loans provide a dedicated, national source of low interest loans for use by individuals, a corporation, partnership, limited liability company, non-profit corporation or entity with economic development projects located in the rural areas to alleviate poverty and increase economic activity and employment. The annual installments range from \$3,353 to \$3,704 through November 13, 2047, with an interest rate of 1.00% payable annually on November 13 of each year. 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 USDA loans, the County is obligated to use other resources.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

As of September 30, 2018 the outstanding individual loans are as follows:

\$	100,000	- IRP Glades Plaza Enterprises LLC	\$ 100,000
	90,522	- IRP Madina Sod Corporation	<u>90,522</u>
			\$ 190,522

\$1,568,000 - HUD Section 108 Loan. \$1,568,000 is authorized leaving \$0 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Community Development Business Loan Program Project. The annual installments range from \$14,000 to \$72,000 through August 1, 2038, with a variable rate of interest in effect of 2.598% 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, 2018 the outstanding loans are as follows:

\$	131,000	- Kiddie Haven Pre-School Inc., 2014	\$ 72,000
	\$ 1,437,000	- Economic Development Loan Project Fund, 2018	\$ 1,437,000
			<u>\$ 1,509,000</u>

Total Notes and Other Loans Payable	<u>\$ 29,269,081</u>
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Line of Credit

The County does not have any outstanding line of credit agreements

\$ -

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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.

\$ 2,622

Compensated Absences

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

General Fund

Board of County Commissioners	\$ 14,304,679	
Clerk & Comptroller	-	
Sheriff	127,200,958	
Tax Collector	1,249,505	
Property Appraiser	2,306,751	
Supervisor of Elections	<u>246,027</u>	
Total General Fund	\$ 145,307,920	
Special Revenue Funds	26,061,149	
Capital Project Funds	622,787	
Internal Service Funds	<u>729,577</u>	
		\$ 172,721,433
Capital Leases (see note on Leases)		634,702
Estimated Self-Insurance Obligation (see note on Risk Management)		<u>200,634,456</u>
Total governmental activities general long-term debt including current portion		<u><u>\$ 1,254,511,338</u></u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Business-type Activities Long-Term Debt

Business-type long-term debt, including current portion, at September 30, 2018 consisted of the following:

Revenue Bonds

<p>\$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 \$1,450,000 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.</p>	<p>\$ 51,720,000</p>
<p>\$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 \$1,085,520 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.</p>	<p>\$ 2,219,671</p>
<p>\$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 \$3,140,000 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.</p>	<p>\$ 72,430,000</p>

PALM BEACH COUNTY, FLORIDA
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\$26,930,000 Water and Sewer Revenue Refunding Bonds, Series 2015 was issued to partially refund the Series 2006A Bonds through an in-substance defeasance. The Department placed into irrevocable trusts funds sufficient to meet future principal and interest payments on the defeased bonds, outstanding principal of which was \$25,300,000. The annual installments range from \$3,545,000 to \$8,080,000 through October 1, 2036, with an interest rate from 3.125% 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 accounts pledged under the bond resolution. \$ 23,385,000

\$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 \$2,880,000 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. \$ 9,150,000

\$57,070,000 Airport System Revenue Refunding Bonds, Series 2016 were issued to advance refund the Airport System Revenue Bonds, Series 2006B. The annual installments range from \$100,000 to \$4,980,000 through October 1, 2036, with an interest rate 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 payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 56,970,000

Total face value of Revenue Bonds Payable \$ 215,874,671

Unamortized bond premiums 22,568,374

Net Revenue Bonds, Business-Type Activities \$ 238,443,045

PALM BEACH COUNTY, FLORIDA
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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 \$11,286 to \$245,218 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, 2018 the outstanding loans are as follows:

\$ 430,015	- Pahokee SRF Loan	\$ 311,826	
722,989	- Belle Glade SRF Loan	517,417	
6,515,388	- Belle Glade SRF Loan	4,934,690	
2,037,950	- Belle Glade SRF Loan	<u>1,694,072</u>	
			<u>\$ 7,458,005</u>

Compensated Absences

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

Business-Type Fund

Water Utilities Department		\$ 3,278,429	
Department of Airports		<u>1,267,145</u>	
			<u>\$ 4,545,574</u>

Total Business-Type Activities Long-Term Debt, including current portion	<u><u>\$ 250,446,624</u></u>
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PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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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	
2019	\$ 21,735,000	\$ 3,846,737	\$ 51,108,255	\$ 30,157,561	\$ 2,234,599	\$ 745,311	\$ 109,827,463
2020	16,375,000	2,708,620	46,816,644	28,255,609	2,469,599	690,745	97,316,217
2021	9,040,000	1,858,500	47,358,285	26,254,780	2,428,699	625,645	87,565,909
2022	9,450,000	1,445,900	48,200,402	24,186,690	2,374,756	561,550	86,219,298
2023	9,880,000	1,014,000	50,315,806	22,016,152	2,151,756	498,934	85,876,648
2024-2028	16,370,000	997,750	203,372,631	78,915,556	9,729,780	1,722,526	311,108,243
2029-2033	-	-	105,619,885	45,621,645	5,265,357	681,705	157,188,592
2034-2038	-	-	86,465,000	24,994,853	2,466,351	158,279	114,084,483
2039-2043	-	-	36,220,000	9,139,433	110,904	5,235	45,475,572
2044-2048	-	-	16,525,000	1,311,990	37,280	1,066	17,875,336
	<u>\$ 82,850,000</u>	<u>\$ 11,871,507</u>	<u>\$ 692,001,908</u>	<u>\$ 290,854,269</u>	<u>\$ 29,269,081</u>	<u>\$ 5,690,996</u>	<u>\$ 1,112,537,761</u>

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	
2019	\$ 8,655,520	\$ 10,203,973	\$ 579,933	\$ 143,994	\$ 19,583,420
2020	9,074,151	9,759,213	590,958	132,969	19,557,291
2021	8,360,000	9,271,636	602,202	121,725	18,355,563
2022	7,670,000	8,874,794	613,669	110,257	17,268,720
2023	8,015,000	8,528,144	625,367	98,561	17,267,072
2024-2028	46,170,000	36,348,900	3,248,051	309,283	86,076,234
2029-2033	58,885,000	23,231,194	1,197,825	58,995	83,373,014
2034-2038	64,820,000	7,331,670	-	-	72,151,670
2039-2043	4,225,000	528,125	-	-	4,753,125
Total	<u>\$ 215,874,671</u>	<u>\$ 114,077,649</u>	<u>\$ 7,458,005</u>	<u>\$ 975,784</u>	<u>\$ 338,386,109</u>

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 \$29 million. As of September 30, 2018, there were forty-nine series of Industrial Development Bonds outstanding, with an estimated aggregate principal amount payable of \$702 million.

**PALM BEACH COUNTY, FLORIDA
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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 2.17 % at September 30, 2018) and is due semi-annually in arrears on April 1st and October 1st. The outstanding principal balance on the Series 2008 Note was \$40 million at September 30, 2018 and is payable in annual installments of \$4 million on October 1st 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 monies 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.

Annual Maturities: The aggregate maturities for the outstanding note payable of the SWA, including total interest of \$4,329,366 (calculated at the September 30, 2018 rate) are as follows:

Year Ending <u>September 30,</u>	Note <u>Payable</u>
2019	\$4,815,068
2020	4,737,569
2021	4,650,796
2022	4,564,023
2023	4,477,250
2024-2027	21,084,660
	<u>\$44,329,366</u>

PALM BEACH COUNTY, FLORIDA
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SEPTEMBER 30, 2018

Revenue Bonds Payable

Revenue bonds payable by the SWA at September 30, 2018 are summarized as follows:

	2018
Series 2017	\$ 107,985,000
Series 2015	50,330,000
Series 2011	539,105,000
Series 2009	39,475,000
Unamortized premium and discount, net	37,835,246
Net revenue bonds payable	774,730,246
Less current maturities	(36,455,000)
Revenue bonds payable, long-term portion	\$ 738,275,246

Series 2017: \$107,985,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Federally Taxable Series 2017 dated August 30, 2017. The Series 2017 Bonds, in conjunction with approximately \$16.2 million in the SWA's Debt Service Reserve Fund and \$2.3 million from the Debt Service Fund provided funding to advance refund and defease \$104,280,000 of the SWA's outstanding Improvement Revenue Bonds, Series 2009 and pay the cost of issuance of the Series 2017 Bonds.

Interest on the Series 2017 Bonds is payable semiannually on April 1st and October 1st and principal payments are due on October 1st, with the final payment due on October 1, 2024.

The debt service requirements and interest rates of the Series 2017 Bonds are as follows:

Year Ending September 30	Interest Rate %	Principal	Interest	Total
2019	1.59	\$ -	\$ 2,396,166	\$ 2,396,166
2020	1.59	1,705,000	2,382,654	4,087,654
2021	1.79	20,545,000	2,185,367	22,730,367
2022	2.08	22,975,000	1,762,307	24,737,307
2023	2.28	23,530,000	1,254,428	24,784,428
2024	2.44	24,135,000	691,869	24,826,869
2025	2.64	15,095,000	198,952	15,293,952
		\$ 107,985,000	\$ 10,871,743	\$ 118,856,743

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Series 2015: \$50,330,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 2015 dated February 19, 2015. The Series 2015 Bonds, in conjunction with approximately \$83.8 million in the SWA's 2008B Project Account, \$3.0 million from the 2008B Interest Account, and \$6.2 million from the Debt Service Reserve Fund provided funding to advance refund and defease all of the SWA's outstanding Improvement Revenue Bonds, Series 2008B and pay the cost of issuance of the Series 2015 Bonds.

Interest on the Series 2015 Bonds is payable semiannually on April 1st and October 1st and principal payments are due on October 1st, with the final payment due on October 1, 2028.

The debt service requirements and interest rates of the Series 2015 Bonds are as follows:

Year Ending September 30	Interest Rate %	Principal	Interest	Total
2019	5.00	\$ -	\$ 2,516,500	\$ 2,516,500
2020	5.00	-	2,516,500	2,516,500
2021	5.00	-	2,516,500	2,516,500
2022	5.00	-	2,516,500	2,516,500
2023	5.00	-	2,516,500	2,516,500
2024	5.00	-	2,516,500	2,516,500
2025	5.00	-	2,516,500	2,516,500
2026	5.00	10,870,000	2,244,750	13,114,750
2027	5.00	11,525,000	1,684,875	13,209,875
2028	5.00	12,130,000	1,093,500	13,223,500
2029	5.00	15,805,000	395,125	16,200,125
		<u>\$ 50,330,000</u>	<u>\$ 23,033,750</u>	<u>\$ 73,363,750</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 semi-annually on April 1st and October 1st and principal payments are due on October 1st, with the final payment due on October 1, 2031.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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The debt service requirements and interest rates of the Series 2011 Bonds are as follows:

Year Ending September 30	Interest Rate %	Principal	Interest	Total
2019	4.00-5.00	\$ 16,750,000	\$ 26,343,650	\$ 43,093,650
2020	4.00-5.00	18,515,000	25,502,025	44,017,025
2021	3.00-5.00	21,370,000	24,560,650	45,930,650
2022	4.00-5.00	20,340,000	23,573,650	43,913,650
2023	4.00-5.00	21,285,000	22,554,775	43,839,775
2024	5.00	22,310,000	21,466,650	43,776,650
2025	5.00	33,095,000	20,081,525	53,176,525
2026	5.00	41,310,000	18,221,400	59,531,400
2027	4.25-5.00	43,305,000	16,107,506	59,412,506
2028	4.25-5.00	45,480,000	13,890,844	59,370,844
2029	4.25-5.00	48,720,000	11,538,806	60,258,806
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>\$ 539,105,000</u>	<u>\$ 239,660,625</u>	<u>\$ 778,765,625</u>

On September 1, 2016 SWA deposited approximately \$7.5 million of available SWA monies into an escrow account to defease \$735,000 of 2011 Refunding Revenue Bonds that have a scheduled maturity date of October 1, 2025 and to defease \$5,450,000 of 2011 Refunding Revenue Bonds that have a schedule maturity date of October 1, 2031 for a total defeasance of \$6,185,000 of 2011 Refunding Revenue Bonds.

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 proceeds were used for 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 1st and October 1st and principal payments are due on October 1st, with the final payment due on October 1, 2025. 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
2019	4.00-5.00	\$ 19,705,000	\$ 1,465,088	\$ 21,170,088
2020	4.00-5.25	19,770,000	484,525	20,254,525
		<u>\$ 39,475,000</u>	<u>\$ 1,949,613</u>	<u>\$ 41,424,613</u>

On September 1, 2016, SWA deposited approximately \$92.7 million of available SWA monies into an escrow account to defease \$80,760,000 of 2009 Revenue Bonds that have scheduled maturity dates listed below.

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On August 30, 2017, the proceeds of the sale of the Series 2017 Bonds, together with funds contributed by the SWA, after payment of costs of issuance, were deposited into the Series 2009 special fund, an irrevocable escrow fund with an independent trustee created under the Indenture. The trustee of the Special Fund invested the amounts on deposit in cash and U.S. Government Securities to provide for refunding all future debt service payments when due. As a result, the \$104,280,000 of the Series 2009 Bonds are considered to be “defeased” and do not constitute a debt or indebtedness of the SWA, nor is the SWA obligated for repayment of these bonds.

<u>Maturity Date</u>	<u>Defeased Principal</u>	<u>Refunded Principal</u>	<u>Total</u>
10/01/2018	\$ 3,985,000	\$ -	\$ 3,985,000
10/01/2019	5,255,000	-	5,255,000
10/02/2020	7,590,000	18,810,000	26,400,000
10/01/2021	6,070,000	21,865,000	27,935,000
10/01/2022	6,445,000	23,080,000	29,525,000
10/01/2023	6,860,000	24,410,000	31,270,000
10/01/2024	6,295,000	16,115,000	22,410,000
10/01/2025	7,920,000	-	7,920,000
10/01/2026	8,335,000	-	8,335,000
10/01/2027	8,855,000	-	8,855,000
10/01/2028	10,360,000	-	10,360,000
	<u>\$ 77,970,000</u>	<u>\$ 104,280,000</u>	<u>\$ 182,250,000</u>

In accordance with the requirements of the bond documents, revenues are first applied to the Operating Account in an amount sufficient to cover operating expenses. Revenues are next used for the required payments of principal and interest on the outstanding revenue bonds and then the subordinated indebtedness. Revenues are next used to fund the operating reserve and then for the renewal, replacement and capital improvement of the solid waste system. Remaining revenues are deposited in the General Reserve Account.

PALM BEACH COUNTY, FLORIDA
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Annual Maturities: The aggregate maturities for the outstanding bonds of the SWA, including total interest of \$275,515,731 are as follows:

<u>Year Ending September 30,</u>	<u>Revenue Bonds</u>
2019	\$69,176,404
2020	70,875,704
2021	71,177,517
2022	71,167,457
2023	71,140,703
2024-2028	359,969,871
2029-2032	298,903,075
	<u>\$1,012,410,731</u>

Interest Expense: Total interest costs incurred on all SWA debt for the year ended September 30, 2018 and 2017 were \$34,515,649 and \$38,875,649, respectively. For the years ended September 30, 2018 and 2017, net interest costs (net of revenue on construction funds of \$258,904 and \$104,902 in 2018 and 2017, respectively) of \$0 and \$31,140, respectively, were capitalized on construction in progress and \$38,875,649 and \$38,739,607, respectively was expensed.

Defeased Bonds: In 2015, the SWA defeased \$131,565,000 of Revenue Bonds, Series 2008B by placing cash in an irrevocable escrow fund to provide for all future debt service payments on these bonds. At September 30, 2017, defeased Series 2008B Revenue Bonds totaling \$131,565,000 remain outstanding. In 2016, the SWA defeased \$80,760,000 of Revenue Bonds, Series 2009 by placing cash in an irrevocable escrow fund to provide for all future debt service payments on these bonds and in 2017, the SWA defeased \$104,280,000 of Revenue Bonds, Series 2009 by placing cash in an irrevocable escrow fund to provide for all future debt service payments on these bonds. At September 30, 2018, defeased Series 2009 Revenue Bonds totaling \$182,250,000 remain outstanding. In 2016, the SWA defeased \$6,185,000 of Refunding Revenue Bonds, Series 2011 by placing cash in an irrevocable escrow fund to provide for all future debt service payments on these bonds. At September 30, 2018, defeased Series 2011 Refunding Revenue Bonds totaling \$6,185,000 remain outstanding.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Changes in Noncurrent Liabilities

Changes in long-term debt for the year ended September 30, 2018 are summarized as follows:

September 30, 2018	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 5,202,206	\$ 2,796,923	\$ (2,763,532)	\$ 5,235,597	\$ 279,057
Net pension liability	27,092,791	379,759	-	27,472,550	-
Advance capacity payment	50,060,326	-	(2,981,260)	47,079,066	2,981,260
Landfill closure and postclosure care costs	50,104,178	5,545,679	(339,394)	55,310,463	335,503
Note Payable, Series 2008	44,000,000	-	(4,000,000)	40,000,000	4,000,000
Revenue Bonds					
Series 2017	107,985,000	-	-	107,985,000	-
Series 2015	50,330,000	-	-	50,330,000	-
Series 2011	554,150,000	-	(15,045,000)	539,105,000	16,750,000
Series 2009	59,170,000	-	(19,695,000)	39,475,000	19,705,000
Totals	<u>\$ 948,094,501</u>	<u>\$ 8,722,361</u>	<u>\$ (44,824,186)</u>	911,992,676	<u>\$ 44,050,820</u>
Unamortized premium and discount, net				37,835,246	
Current maturities				<u>(44,050,820)</u>	
Net long-term debt				<u>\$ 905,777,102</u>	

14. PLEDGED REVENUES

The County has pledged a portion of future non-ad valorem revenues to repay \$697.8 million in revenue bonds, notes and loans issued between July 7, 2005 and September 28, 2018. 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 December 1, 2045. Total principal and interest remaining to be paid on the bonds is \$1.0 billion with annual requirements ranging from \$82.3 million in fiscal year 2019 decreasing to \$6.1 million in fiscal year 2046. The pledged non-ad valorem revenues, from which the appropriations will be made, have averaged \$397.1 million per year over the last 10 years. Principal and interest paid for the current year and total pledged non-ad valorem revenues were \$82.1 million and \$442.2 million, respectively.

The County has pledged future airport revenues net of specified operating expenses to repay \$66.1 million in airport revenue bonds issued between May 17, 2006 and October 1, 2036. 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

PALM BEACH COUNTY, FLORIDA
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bonds is \$101.0 million with annual requirements ranging from \$6.3 million in fiscal year 2019 decreasing to \$5.1 million in fiscal year 2037. Annual principal and interest payments on the bonds are expected to require less than 20% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$6.2 million and \$25.0 million, respectively.

The County has pledged future water utility revenues net of specified operating expenses to repay \$157.2 million in water and sewer revenue bonds issued between April 24, 2006 and March 11, 2015. 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 \$237.3 million with annual requirements ranging from \$13.3 million in fiscal year 2019 decreasing to \$211,250 in fiscal years 2039 and 2040. Annual principal and interest payments on the bonds are expected to require less than 20% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$13.5 million and \$91.8 million, respectively.

15. TAX ABATEMENTS

Economic Development Tax Exemption

Palm Beach County enters into property tax abatement agreements with local businesses under Ordinance 2013-022, the “Economic Development Ad Valorem Tax Exemption Ordinance of Palm Beach County, Florida”. Article VII, Section 3, of the Constitution of the State of Florida and Section 196.1995, Florida Statutes, empowers the County to grant economic development ad valorem tax exemptions after the electors of the County authorized such exemptions in a referendum held in November 2012. These ad valorem exemptions apply to new businesses relocating to Palm Beach County as well as to the expansions of businesses already situated in the County. The exemption applies only to taxes levied by Palm Beach County. The exemption does not apply to taxes levied by a municipality, school district, or water management district. This ordinance will expire August 31, 2024.

A business granted an exemption for improvements to real and/or tangible personal property must have a positive economic impact on the County’s economy, including the creation and maintenance of new full time jobs. Retail operations are ineligible for ad valorem tax exemptions. For any year that taxes may have been exempted and the County finds that the business was not entitled to the exemption, such taxes may be recovered and the Property Appraiser will assist the Board to recover any taxes exempted.

Any exemption granted may apply up to one hundred (100%) percent of the assessed value of all improvements to real property made by or for the use of a new business and of all tangible personal property of such new business, or up to one hundred (100%) of the assessed value of all added improvements to real property made to facilitate the expansion of an existing business and of the net increase in all tangible personal property acquired to facilitate such expansion of an existing business, provided that the improvements to real property are made or the tangible personal

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property is added or increased on or after the effective date of the ordinance specifically granting a business an exemption.

For the fiscal year ended September 30, 2018, the County abated property taxes totaling \$444,705 under this program.

Historic Property Tax Exemption

Article VII, Section 3 of the Florida Constitution authorizes counties and municipalities to grant a partial ad-valorem tax exemption to owner(s) of historic properties for improvements to such properties which are the result of the restoration, renovation or rehabilitation of historic properties. On October 17, 1995, the Board of County Commissioners (BCC) adopted a historic property tax exemption ordinance, Ordinance No. 95-41, applicable countywide. The ordinance allows a qualifying local government to enter into an inter-local agreement with the County to perform review functions necessary to implement the ordinance within its municipal boundary. Currently, the following municipalities participate in the program; the cities of Boynton Beach, Delray Beach, Lake Park, Lake Worth, West Palm Beach, and the Town of Palm Beach.

As a result, the BCC approved an ad-valorem tax exemption to property owners for a ten (10) year period on that portion of ad-valorem County taxes levied on the increase in assessed value resulting from the renovation, restoration, and rehabilitation of qualifying properties. Properties must meet the requirements for tax exemption under Section 196.1997, Florida Statutes. Prior to the ad-valorem exemption being effective, the property owners must execute and record a restrictive covenant in the form established by the State of Florida, Department of State, Division of Historical Resources, requiring the qualifying improvements be maintained during the period that the tax exemption is granted.

In the event of the non-performance or violation of the maintenance provision of the covenant by the owner or any successor-in-interest during the term of the covenant, the Local Historic Preservation Office will report such violation to the Property Appraiser and Tax Collector who shall take action pursuant to s. 196.1997 (7), F.S. The Owner shall be required to pay the difference between the total amount of taxes which would have been due in March in each of the previous years in which the covenant was in effect had the property not received the exemption and the total amount of taxes actually paid in those years, plus interest on the difference calculated as provided in s. 212.12 (3) F.S.

For the fiscal year ended September 30, 2018, the County abated property taxes totaling \$131,994 under this program.

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

16. 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, 2018:

Governmental Activities:	Amount
Major funds:	
General Fund	\$ 3,649,078
Fire Rescue Special Revenue Fund	6,691,508
Road Program Capital Projects Fund	75,576,420
General Government Capital Projects Fund	35,742,775
Total major funds	121,659,781
Nonmajor governmental activities	33,037,985
Total governmental activities	154,697,766
 Business-type Activities:	
Airports	23,901,341
Water Utilities	63,304,000
Total business-type activities	87,205,341
Total commitments	\$ 241,903,107

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 or Balance Sheets, as appropriate, based on the purpose of the funding.

County Home

The County has an inter-local agreement with the Palm Beach County Health Care District (the District) regarding the Medicaid Match and the County Home and General Care Facility (County Home). The agreement ends in July 2035 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

The County has 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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

of the agreement ends in July 2023. 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 \$86.9 million towards this commitment through September 30, 2018.

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 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.

McMurrain Farms Property

In June 2000, the County and the South Florida Waste Management District (SFWMD) entered into an Interlocal Agreement providing for the joint purchase of the McMurrain Farm Property. The purchase price was \$23,073,600 for 627 acres of real property and the transaction closed on July 21, 2000. In 2002, the County and SFWMD entered into the first amendment to the Interlocal Agreement revising the acreage of the joint purchase from approximately 627 acres to approximately 570 acres to accommodate the proposed sale of 52 acres to the existing farmer, Pero Family Farms, with a corresponding reduction in SFWMD's share of the purchase price. In March 2006, the Board approved the sale of 57 acres to Pero Family Farms.

The property was initially purchased for interim agricultural use with plans for SFWMD to construct an above ground reservoir as part of SFWMD's Agricultural Reserve Reservoir program. SFWMD subsequently determined that the Ag Reserve Reservoir program was not feasible and terminated the program. SFWMD decided to sell its interest in the property to recover its investment. SFWMD obtained an appraisal valuing its interest in the property at \$8,926,380. The BOCC allocated \$9,000,000 in funding over 3 years to acquire SFWMD's interest.

On December 19, 2017, a third amendment to the Interlocal Agreement was approved providing for the County to purchase SFWMD's interest at the appraised value of \$8,926,380. Payment will be made in three (3) equal installments of \$2,975,460 each, with payments due on March 31, 2018, November 1, 2018 and November 1, 2019. Each payment acquires one-third of the District's holding. SFWMD will continue to manage the property until all installment payments have been paid.

The McMurrain Farms Property continues to be leased to the Pero Family Farms. The County's share of the rental revenue will increase proportionately with the increase in the County's

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

percentage ownership. In March 2018, the County's share of the rental revenue increased from \$122,027 to \$179,012.

The County has paid \$2,975,460 towards this commitment through September 30, 2018.

COMPONENT UNIT - Solid Waste Authority (SWA)

Contract Commitments: SWA had outstanding purchase commitments for various equipment, goods and services totaling approximately \$10.7 million at September 30, 2018.

Inter-local Agreement: SWA entered into an inter-local 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, 2018.

SWA paid \$2,181,159 for 2018. SWA is required to pay \$2,246,594 under this agreement for the fiscal year ended September 30, 2019. 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 2022 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, 2018 was approximately \$219,000. The carrying value of the land subject to the lease was approximately \$8 million at September 30, 2018. The lease also provides the option to extend the term for three additional periods of four years each (through 2030), 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, 2018 was approximately \$99,000. The minimum future rental payments based on an annual increase of 3 percent, under this operating lease at September 30, 2018 were as follows:

Year Ending September 30,	Amount
2019	\$ 99,000
2020	99,000
	<u>\$ 198,000</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Landfill Closure and Post-closure Care Costs

The SWA operated one active landfill site for the year ended September 30, 2018. 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 post-closure 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 post-closure 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 post-closure care liabilities at September 30, 2018 are as follows:

Accrued closure and postclosure care costs	\$ 52,891,938
Accrued postclosure care for closed landfills	2,418,525
Total Accrued Landfill Closure Costs	<u>\$ 55,310,463</u>

The \$52,891,938 of accrued closure and postclosure care liabilities at September 30, 2018 represents the cumulative cost based on the use of 46.1% of the estimated capacity of the operating landfill. The SWA will recognize the remaining estimated cost of closure and postclosure care of approximately \$77.2 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 post-closure care in 2018. 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.

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, 2018 cash and cash equivalents of \$35,886,104 were held for these purposes. These amounts are reported as noncurrent restricted assets on the statements 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.

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

At September 30, 2018, the statutorily required escrow account balances were as follows:

Site	
Site 7 closure costs	\$ 34,604,981
Dyer landfill long-term care	345,503
	\$ 34,950,484

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, 2018; 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.

17. DEFICIT FUND BALANCE

Major Governmental Funds – The Palm Tran Special Revenue Fund has a deficit fund balance of \$23,829,394 as of September 30, 2018. This deficit is due to delays in receipt of intergovernmental (grant) revenue in fiscal year 2018. Palm Tran management has reported it is a timing issue related to the filing of applications for certain grants and that additional intergovernmental grant revenue will be received by the third quarter of fiscal year 2019 which will alleviate this deficit.

18. 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.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 Agreements

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 2nd of each year of any deficiency amount that the Agency expects to exist on the next succeeding November 1st. At present, the County has not been made aware of any deficiency amount.

On January 11, 2011 the Board of County Commissioners approved an interlocal agreement between the County and Westgate/Belvedere Homes Community Redevelopment Agency (Agency), for the repayment of match funds associated with the construction of a Stormwater Pump on the County's L-2 Canal. The amount of the required match funds is \$852,121 of which the Agency has agreed to a loan from the County of \$752,121. The loan is to be repaid \$100,000 annually for six years, by January 15th of each year, with a final payment of \$152,121 due on or before January 15, 2018. The loan was paid in full, as of September 30, 2018.

Bond Guaranty

On October 17, 2000 the Board of County Commissioners approved a trust agreement between the County and U.S. 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 1st and on or before June 5th 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.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

19. RESTATEMENTS

Restatement for Adoption of New Accounting Standard

The County implemented GASB Statement No. 75, “*Financial Reporting for Postemployment Benefits Other Than Pensions*” during the fiscal year ended September 30, 2018. As a result of the implementation of this statement, the County was required to restate Net Position in the Government-Wide financial statements and the Proprietary fund financial statements to report the County’s net Other Postemployment Benefits (OPEB) liability. Accordingly, beginning Net Position has been restated as follows:

Government-Wide Financial Statements:

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		Solid Waste Authority
Net position, as originally reported, October 1, 2017	\$1,613,543,568	\$1,691,406,918	\$3,304,950,486	\$605,107,818
Cumulative effect of GASB Statement No. 75 implementation	(157,354,238)	(1,446,829)	(158,801,067)	(360,000)
Net position, as restated, October 1, 2017	<u>\$1,456,189,330</u>	<u>\$1,689,960,089</u>	<u>\$3,146,149,419</u>	<u>\$604,747,818</u>

The implementation of GASB Statement No. 75 resulted in the County recording deferred outflows of \$177,257, deferred inflows of \$2,431,702 and a net OPEB liability of \$347,913,977 as of October 1, 2017, related to their OPEB plans in the Government-Wide financial statements for the Primary Government.

Fund Financial Statements:

	Proprietary Funds		
	Airports	Water Utilities	TOTAL
Net position, as originally reported, October 1, 2017	\$479,537,081	\$1,199,768,850	\$1,679,305,931
Cumulative effect of GASB Statement No. 75 implementation	(350,855)	(1,095,974)	(1,446,829)
Net position, as restated, October 1, 2017	<u>\$479,186,226</u>	<u>\$1,198,672,876</u>	<u>\$1,677,859,102</u>

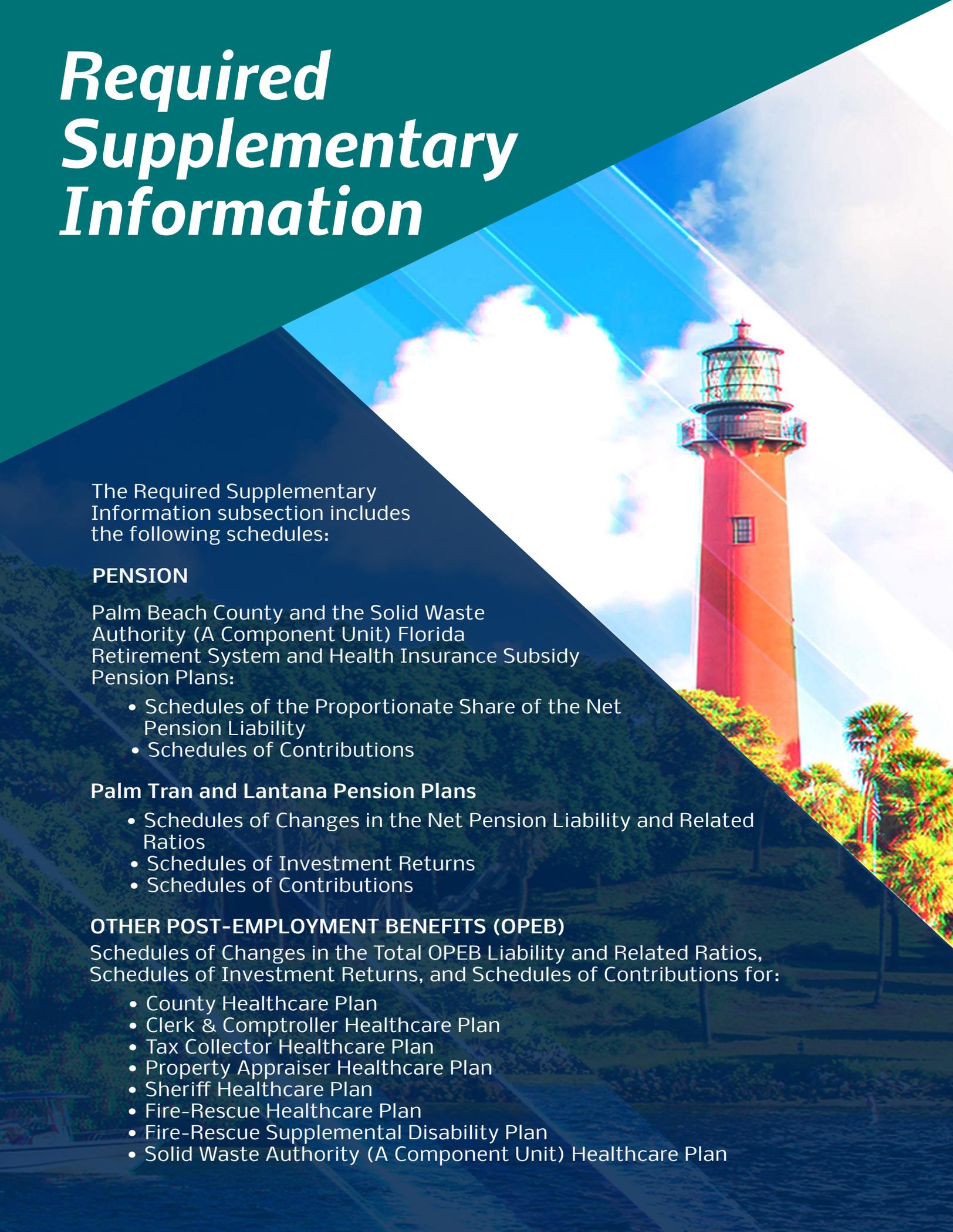
PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

The implementation of GASB Statement No. 75 resulted in the County's Proprietary fund financial statements eliminating the net OPEB asset of \$70,541 related to the superseded GASB Statement No. 45 and establishing a net OPEB liability of \$1,376,288 under the new standard as of October 1, 2017, related to the OPEB plan.



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Required Supplementary Information



The Required Supplementary Information subsection includes the following schedules:

PENSION

Palm Beach County and the Solid Waste Authority (A Component Unit) Florida Retirement System and Health Insurance Subsidy Pension Plans:

- Schedules of the Proportionate Share of the Net Pension Liability
- Schedules of Contributions

Palm Tran and Lantana Pension Plans

- Schedules of Changes in the Net Pension Liability and Related Ratios
- Schedules of Investment Returns
- Schedules of Contributions

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Schedules of Changes in the Total OPEB Liability and Related Ratios, Schedules of Investment Returns, and Schedules of Contributions for:

- County Healthcare Plan
- Clerk & Comptroller Healthcare Plan
- Tax Collector Healthcare Plan
- Property Appraiser Healthcare Plan
- Sheriff Healthcare Plan
- Fire-Rescue Healthcare Plan
- Fire-Rescue Supplemental Disability Plan
- Solid Waste Authority (A Component Unit) Healthcare Plan



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PALM BEACH COUNTY, FLORIDA
Schedule of the County's Proportionate Share of the Net Pension Liability-
Florida Retirement System Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016
County's proportion of the FRS net pension liability	3.46%	3.48%	3.37%
County's proportionate share of the FRS net pension liability	\$ 1,043,413,947	\$ 1,030,547,249	\$ 850,558,352
County's covered payroll	\$ 664,620,014	\$ 641,557,064	\$ 606,858,696
County's proportionate share of the FRS net pension liability as a percentage of its covered payroll	157.0%	160.6%	140.2%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%

Notes to Schedule:

- (1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of June 30 of each year.

2015	2014
3.15%	3.16%
\$406,204,159	\$ 192,829,398
\$585,549,661	\$ 575,072,943
69.4%	33.5%
92.00%	96.09%

PALM BEACH COUNTY, FLORIDA
Schedule of the County's Proportionate Share of the Net Pension Liability-
Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
County's proportion of the HIS net pension liability	2.40%	2.39%	2.32%
County's proportionate share of the HIS net pension liability	\$ 254,212,376	\$ 255,558,701	\$ 270,836,258
County's covered payroll	\$ 664,620,014	\$ 641,557,064	\$ 606,858,696
County's proportionate share of the HIS net pension liability as a percentage of its covered payroll	38.2%	39.8%	44.6%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%

Notes to Schedule:

- (1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of June 30 of each year.

<u>2015</u>	<u>2014</u>
2.32%	2.32%
\$ 236,405,210	\$ 216,601,747
\$ 585,549,661	\$ 575,072,943
40.4%	37.7%
0.50%	0.99%

PALM BEACH COUNTY, FLORIDA
Schedule of County Contributions-
Florida Retirement System Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 111,481,570	\$ 103,862,641	\$ 95,494,431	\$ 89,482,686	\$ 83,794,037
FRS contributions in relation to the contractually required contribution	\$ 111,481,570	\$ 103,862,641	\$ 95,494,431	\$ 89,482,686	\$ 83,794,037
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 663,077,145	\$ 638,616,378	\$ 612,666,217	\$ 579,003,748	\$ 563,609,163
FRS contributions as a percentage of covered payroll	16.8%	16.3%	15.6%	15.5%	14.9%

Notes to Schedule:

(1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.

PALM BEACH COUNTY, FLORIDA
Schedule of County Contributions-
Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 11,007,081	\$ 10,601,032	\$ 10,170,259	\$ 7,295,447	\$ 6,763,310
HIS contributions in relation to the contractually required contribution	\$ 11,007,081	\$ 10,601,032	\$ 10,170,259	\$ 7,295,447	\$ 6,763,310
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 663,077,145	\$ 638,616,378	\$ 612,666,217	\$ 579,003,748	\$ 563,609,163
HIS contributions as a percentage of covered payroll	1.7%	1.7%	1.7%	1.3%	1.2%

Notes to Schedule:

(1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.

PALM BEACH COUNTY, FLORIDA
Solid Waste Authority - Component Unit
Schedule of Proportionate Share of the Net Pension Liability-
Florida Retirement System Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016
Proportion of the FRS net pension liability	0.0636583%	0.0635171%	0.0648132%
Proportionate share of the FRS net pension liability	\$ 19,174,210	\$ 18,787,926	\$ 16,365,396
SWA's covered payroll	\$ 22,671,421	\$ 21,795,240	\$ 21,647,567
SWA's proportionate share of the FRS net pension liability as a percentage of its covered payroll	84.57%	86.20%	75.60%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%

Notes to Schedule:

- (1) GASB Statement No. 68, " Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of June 30 of each year.

2015	2014
0.0626365%	0.0630379%
\$ 8,090,343	\$ 3,848,240
\$ 19,555,196	\$ 19,815,911
41.37%	19.42%
92.00%	96.09%

PALM BEACH COUNTY, FLORIDA
Solid Waste Authority - Component Unit
Schedule of the Proportionate Share of the Net Pension Liability-
Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016
Proportion of the HIS net pension liability	0.0784037%	0.0776703%	0.0795028%
Proportionate share of the HIS net pension liability	\$ 8,298,340	\$ 8,304,865	\$ 9,265,726
SWA's covered payroll	\$ 25,608,028	\$ 24,772,565	\$ 24,543,064
SWA's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.41%	33.52%	37.75%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%

Notes to Schedule:

- (1) GASB Statement No. 68, " Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of June 30 of each year.

2015	2014
0.0739556%	0.0745754%
\$ 7,542,309	\$ 6,972,985
\$ 22,039,025	\$ 22,152,039
34.22%	31.48%
0.50%	0.99%

PALM BEACH COUNTY, FLORIDA
Solid Waste Authority - Component Unit
Schedule of Employer Contributions-
Florida Retirement System Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 1,717,280	\$ 1,570,296	\$ 1,429,340	\$ 1,426,153	\$ 1,332,111
FRS contributions in relation to the contractually required contribution	\$ 1,717,280	\$ 1,570,296	\$ 1,429,340	\$ 1,426,153	\$ 1,332,111
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
SWA's covered payroll	\$22,823,877	\$ 22,024,734	\$21,051,861	\$ 20,091,083	\$ 19,353,243
FRS contributions as a percentage of covered payroll	7.52%	7.13%	6.79%	7.10%	6.88%

Notes to Schedule:

(1) GASB Statement No. 68, " Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.

PALM BEACH COUNTY, FLORIDA
Solid Waste Authority - Component Unit
Schedule of Contributions-
Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 427,278	\$ 415,575	\$ 396,210	\$ 310,975	\$ 257,664
HIS contributions in relation to the contractually required contribution	\$ 427,278	\$ 415,575	\$ 396,210	\$ 310,975	\$ 257,664
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
SWA's covered payroll	\$25,739,685	\$25,034,650	\$23,868,058	\$22,716,328	\$ 21,703,910
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.37%	1.19%

Notes to Schedule:

(1) GASB Statement No. 68, " Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Net Pension Liability and Related Ratios
Palm Tran Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2017	2016	2015
Total pension liability			
Service cost	\$ 3,657,542	\$ 3,614,568	\$ 3,699,372
Interest	9,655,384	9,070,466	8,602,255
Differences between expected and actual experience	(2,489,675)	260,004	(2,653,460)
Change of assumptions	(523,606)	-	1,585,562
Benefit payments, including refunds of member contributions	(5,898,029)	(5,467,344)	(5,009,083)
Net change in total pension liability	4,401,616	7,477,694	6,224,646
Total pension liability- beginning	120,333,112	112,855,418	106,630,772
Total pension liability- ending (a)	124,734,728	120,333,112	112,855,418
Plan fiduciary net position			
Contributions - employer	5,421,844	5,589,705	5,215,491
Contributions - employee	912,362	867,999	777,273
Net investment income	12,590,071	5,754,084	(1,839,676)
Benefit payments, including refunds of member contributions	(5,898,029)	(5,467,344)	(5,009,083)
Administrative expense	(213,695)	(157,019)	(182,444)
Net change in plan fiduciary net position	12,812,553	6,587,425	(1,038,439)
Plan fiduciary net position - beginning	93,500,289	86,912,864	87,951,303
Plan fiduciary net position - ending (b)	106,312,842	93,500,289	86,912,864
Net pension liability - ending (a) - (b)	\$ 18,421,886	\$ 26,832,823	\$ 25,942,554
Plan fiduciary net position as a percentage of the total pension liability	85.2%	77.7%	77.0%
Covered payroll	\$ 30,402,375	\$ 30,061,310	\$ 27,512,115
Net pension liability as a percentage of covered payroll	60.6%	89.3%	94.3%

Notes to Schedule:

- (1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of December 31 of each year.

2014

\$ 3,517,163
7,920,953
1,780,535
-
(4,626,680)
8,591,971
98,038,801
106,630,772

7,205,534
684,731
4,845,252
(4,626,680)
(223,302)
7,885,535
80,065,768
87,951,303

\$ 18,679,469

82.5%

\$ 24,661,404

75.7%

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Net Pension Liability and Related Ratios
Lantana Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016
Total pension liability			
Service cost	\$ 452,953	\$ 357,804	\$ 470,342
Interest	3,192,834	2,973,158	2,823,508
Differences between expected and actual experience	1,077,328	125,354	(977,800)
Change of assumptions	-	3,182,878	1,711,466
Benefit payments, including refunds of member contributions	(1,106,244)	(915,763)	(887,761)
Net change in total pension liability	3,616,871	5,723,431	3,139,755
Total pension liability- beginning	44,365,742	38,642,311	35,502,556
Total pension liability- ending (a)	47,982,613	44,365,742	38,642,311
Plan fiduciary net position			
Contributions - employer and state	1,343,726	1,411,935	1,478,818
Contributions - employee	206,043	222,479	235,009
Net investment income	3,710,228	3,954,054	2,569,228
Benefit payments, including refunds of member contributions	(1,106,244)	(915,763)	(887,761)
Administrative expense	(59,078)	(59,121)	(52,104)
Other	35,938	18,471	19,741
Net change in plan fiduciary net position	4,130,613	4,632,055	3,362,931
Plan fiduciary net position - beginning	40,433,183	35,801,128	32,438,197
Prior Period Adjustment	-	-	-
Plan fiduciary net position - ending (b)	44,563,796	40,433,183	35,801,128
Net pension liability - ending (a) - (b)	\$ 3,418,817	\$ 3,932,559	\$ 2,841,183
Plan fiduciary net position as a percentage of the total pension liability	92.9%	91.1%	92.6%
Covered payroll	\$ 1,442,292	\$ 1,334,186	\$ 1,847,095
Net pension liability as a percentage of covered payroll	237.0%	294.8%	153.8%

Notes to Schedule:

- (1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.

2015	2014
\$ 450,605	\$ 535,323
2,605,711	2,494,851
1,014,242	-
-	-
(1,828,169)	(1,375,968)
2,242,389	1,654,206
33,260,167	31,605,961
35,502,556	33,260,167
1,725,181	1,761,403
244,101	263,191
(550,596)	2,671,295
(1,828,169)	(1,375,968)
(60,354)	(48,365)
18,127	13,310
(451,710)	3,284,866
32,889,907	28,314,454
-	1,290,587
32,438,197	32,889,907
<u>\$ 3,064,359</u>	<u>\$ 370,260</u>

91.4% 98.9%

\$ 1,914,133 \$ 2,119,708

160.1% 17.5%

PALM BEACH COUNTY, FLORIDA
 Schedule of Investment Returns
 Palm Tran Pension Plan
 Last Ten Fiscal Years
 (Required Supplementary Information)

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	14.0%	7.4%	(1.6)%	6.6%

Notes to Schedule:

- (1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) The above is as provided by the investment monitor.
- (3) Amounts are as of December 31 of each year.

PALM BEACH COUNTY, FLORIDA
 Schedule of Investment Returns
 Lantana Pension Plan
 Last Ten Fiscal Years
 (Required Supplementary Information)

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.25%	7.25%	7.75%	8.0%	8.0%

Notes to Schedule:

- (1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.

PALM BEACH COUNTY, FLORIDA
Schedule of Contributions
Palm Tran Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

Year Ending September 30,	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,487,697	\$ 5,436,974	\$ 5,392,773	\$ 5,029,111
Contributions in relation to the actuarially determined contribution	5,487,697	5,436,974	5,392,773	5,148,840
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (119,729)
Covered payroll	\$ 30,734,855	\$ 31,146,308	\$ 28,194,510	\$ 28,129,612
Actuarially determined contribution as a percentage of covered payroll	17.9%	17.5%	19.1%	17.9%
Actual contributions as a percentage of covered payroll	17.9%	17.5%	19.1%	18.3%

Notes to Schedule:

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Remaining amortization period	15 year equivalent single amortization period as of January 1, 2017.
Asset valuation method	5-year smoothed market
Inflation	2.75% (changed to 2.6% at January 1, 2017)
Salary increases	5% to 12.5%, including inflation
Investment rate of return	8.0%, net of investment expenses, including inflation
Retirement age	Tier 1 Members are assumed to retire at the earliest of age 65 with 5 years of service, age 62 with 10 years of service, or when age plus service equals 85. Tier 2 and 3 Members are assumed to retire at the earliest of 65 with 5 years of service, age 62 with 10 years of service, or at 33 years of service regardless of age. Tier 4 Members are assumed to retire at the earliest of 65 with 8 years of service or 62 with 10 years of service.
Mortality	Both the healthy male and female mortality rates are fully generational from 2000 using Scale BB.

PALM BEACH COUNTY, FLORIDA
Schedule of Contributions
Lantana Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,363,707	\$ 1,370,424	\$ 1,413,772	\$ 1,697,036	\$ 1,721,439
Contributions in relation to the actuarially determined contribution	1,363,707	1,370,424	1,413,772	1,697,036	1,721,439
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,442,292	\$ 1,334,186	\$ 1,847,095	\$ 1,914,133	\$ 2,119,708
Actuarially determined contribution as a percentage of covered payroll	94.6%	102.7%	76.5%	88.7%	81.2%
Actual contributions as a percentage of covered payroll	94.6%	102.7%	76.5%	88.7%	81.2%

Notes to Schedule:

- (1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.

Valuation Date September 30, 2016

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Percent-of-Payroll, closed
Remaining amortization period	2-15 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00%
Salary increases	7% including inflation
Investment rate of return	7.25%
Long-Term Municipal Bond Rate	3.83%
Retirement age	Age and Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Mortality Table with projection scale BB.

Other Information:

Notes The Employer Contribution for FYE 9/30/18 was determined in the 9/30/16 actuarial valuation report dated March 9, 2017.

Cost-of-Living Adjustment For members receiving a retirement benefit and entering retirement on or after October 1, 2005, retirement income will be increased by 3.0% on October 1 of each year after the later of the date on which the retiree attains age 55 or one year after retirement.

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Total OPEB Liability and Related Ratios
County Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Total OPEB liability	
Service cost	\$ 294,067
Interest	374,513
Change of assumptions	(265,057)
Benefit payments	(885,972)
Net change in total OPEB liability	(482,449)
Total OPEB liability- beginning	8,981,779
Total OPEB liability- ending	\$ 8,499,330
Covered-employee payroll	\$ 263,004,364
Total OPEB liability as a percentage of covered-employee payroll	3.2%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.
- (3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Tax Collector Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Total OPEB liability	
Service cost	\$ 295,336
Interest	146,822
Benefit payments	(104,149)
Net change in total OPEB liability	338,009
Total OPEB liability- beginning	3,842,386
Total OPEB liability- ending	\$ 4,180,395
Covered-employee payroll	\$ 14,485,421
Total OPEB liability as a percentage of covered- employee payroll	28.9%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.
- (3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Property Appraiser Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Total OPEB liability	
Service cost	\$ 49,905
Interest	16,618
Benefit payments	(9,692)
Net change in total OPEB liability	56,831
Total OPEB liability- beginning	517,429
Total OPEB liability- ending	\$ 574,260
Covered-employee payroll	\$ 12,276,256
Net OPEB liability as a percentage of covered- employee payroll	4.7%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.
- (3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Clerk and Comptroller Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Total OPEB liability	
Service cost	\$ 362,040
Interest	290,214
Change of assumptions	(1,092,518)
Benefit payments	(170,557)
Net change in total OPEB liability	(610,821)
Total OPEB liability- beginning	9,206,743
Total OPEB liability- ending	\$ 8,595,922
Covered-employee payroll	\$ 30,809,641
Total OPEB liability as a percentage of covered- employee payroll	27.9%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.
- (3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Sheriff Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Total OPEB liability	
Service cost	\$ 6,520,168
Interest	9,372,090
Change of assumptions	(16,009,828)
Benefit payments	(6,723,270)
Net change in total OPEB liability	(6,840,840)
Total OPEB liability- beginning	221,054,011
Total OPEB liability- ending	\$ 214,213,171
Covered-employee payroll	\$ 274,322,952
Total OPEB liability as a percentage of covered- employee payroll	78.1%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.
- (3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Net OPEB Liability and Related Ratios
Fire-Rescue Union Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Total OPEB liability	
Service cost	\$ 3,942,933
Interest	7,914,881
Benefit payments	(6,274,000)
Net change in total OPEB liability	5,583,814
Total OPEB liability- beginning	151,403,321
Total OPEB liability- ending (a)	156,987,135
 Plan fiduciary net position	
Contributions - employer	5,287,973
Net investment income	5,173,323
Benefit payments	(3,756,640)
Administrative expense	(58,974)
Net change in plan fiduciary net position	6,645,682
Plan fiduciary net position - beginning	61,598,121
Plan fiduciary net position - ending (b)	68,243,803
 Net OPEB liability - ending (a) - (b)	\$ 88,743,332
 Plan fiduciary net position as a percentage of the total OPEB liability	43.5%
 Covered payroll	\$ 266,869,000
 Net OPEB liability as a percentage of covered payroll	33.3%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.

PALM BEACH COUNTY, FLORIDA
Schedule of Investment Returns
Fire-Rescue Union Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	8.4%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.

PALM BEACH COUNTY, FLORIDA
Schedule of Contributions
Fire-Rescue Union Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Actuarially determined contribution	\$ 9,846,994
Contributions in relation to the actuarially determined contribution	6,274,000
Contribution deficiency (excess)	\$ 3,572,994
Covered payroll	\$ 266,869,000
Actual contributions as a percentage of covered payroll	2.4%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.

Valuation Date September 30, 2018

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry-Age Normal based on level percentage of projected salary
Amortization method	Experience gains and losses are amortized over a closed period of 9.7 years
Asset valuation method	Fair Market Value
Inflation	2.50%
Healthcare cost trend rates	6.5% initial, decreasing .5 percent per year to an ultimate rate of 4.5 percent
Salary increases	3.50%
Investment rate of return	8.40%
Long-Term Municipal Bond Rate	5.20%
Retirement age	Annual retirement probabilities have been determined based on the FRS actuarial valuation as of July 1, 2017
Mortality	RP-2014 generational table, scaled back to 2006, then forward using scale MP-17

PALM BEACH COUNTY, FLORIDA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Fire-Rescue Supplemental Disability OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Total OPEB liability	
Service cost	\$ 127,083
Interest	434,063
Differences between expected and actual experience	2,442,940
Change of assumptions	(635,227)
Benefit payments	(1,262,950)
Net change in total OPEB liability	1,105,909
Total OPEB liability- beginning	14,506,429
Total OPEB liability- ending	\$ 15,612,338
Covered-employee payroll	\$ 125,516,712
Total OPEB liability as a percentage of covered- employee payroll	12.4%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.
- (3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

PALM BEACH COUNTY, FLORIDA
Solid Waste Authority - Component Unit
Schedule of Changes in the Total OPEB Liability and Related Ratios
Healthcare OPEB Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2018
Total OPEB liability	
Service cost	\$ 21,000
Interest	30,000
Change of assumptions	(11,000)
Benefit payments, including refunds of member contributions	(79,000)
Net change in total OPEB liability	(39,000)
Total OPEB liability- beginning	746,000
Total OPEB liability- ending	\$ 707,000
Covered-employee payroll	\$ 23,959,000
Total OPEB liability as a percentage of covered employee payroll	3.0%

Notes to Schedule:

- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30 of each year.
- (3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
FEDERAL GRANTS						
<u>Child Nutrition Cluster</u>						
<u>US Dept of Agriculture</u>						
Passed Through: FL Dept of Agriculture and Consumer Services						
	2018 Summer Food Program	10.559	040781 (GY18)	040781 (GY18)	\$ 645,422	\$ -
Total Child Nutrition Cluster					645,422	-
<u>CDBG - Entitlement Grants Cluster</u>						
<u>US Dept of Housing & Urban Dev</u>						
Direct Programs:						
	NEIGHBORHOOD STABILIZATION PROGRAM	14.218	B08UN120013	N/A	102,193	-
	NEIGHBORHOOD STABILIZATION PROGRAM - 3	14.218	B11UN120013	N/A	41,331	-
	FY15 Community Development Block Grant	14.218	B14UC120004	N/A	1,493,994	1,493,994
	FY16 Community Development Block Grant	14.218	B15UC120004	N/A	535,349	419,595
	FY17 Community Development Block Grant	14.218	B16UC120004	N/A	2,161,681	1,812,843
	FY18 Community Development Block Grant	14.218	B17UC120004	N/A	2,476,650	1,518,918
Total CDBG - Entitlement Grants Cluster					6,811,198	5,245,350
<u>Fish and Wildlife Cluster</u>						
<u>US Dept of the Interior</u>						
Passed Through: FL Fish and Wildlife Conservation Commission						
	Boca Inlet Artificial Reef (Federal Portion)	15.605	FLFF17AF01209	FLFF17AF01209	35,000	-
Total Fish and Wildlife Cluster					35,000	-
<u>JAG Program Cluster</u>						
<u>US Dept of Justice</u>						
Direct Programs:						
	FY15 Criminal Justice Commission Initiatives	16.738	2015DJBX0924	N/A	2,904	141,315
	FY16 Criminal Justice Commission Initiatives	16.738	2016DJBX0889	N/A	29,128	-
	FY17 Criminal Justice Commission Initiatives	16.738	2017DJBX0640	N/A	138,294	138,294
Passed Through: FL Dept of Law Enforcement						
	2017 PBC Ex-Offender Reentry	16.738	2017JAGCPALM1F9015	2017JAGCPALM1F9015	(300)	216,942
	17-18 FUSE Project Position	16.738	2017JAGCPALM4F9226	2017JAGCPALM4F9226	33,563	-
	President Elect Security	16.738	2017PESAPALM34E003	2017PESAPALM34E003	958,909	-
Total JAG Program Cluster					1,162,498	496,551
<u>Highway Planning and Construction Cluster</u>						
<u>US Dept of Transportation</u>						
Passed Through: FL Dept of Transportation						
	GY17-18 FHWA Planning Funds	20.205	PL009752G0B72	PL009752G0B72	1,015,380	-
	GY19-20 FHWA Planning	20.205	PL009752G0Y84	PL009752G0Y84	208,937	-
	GY 19-20 FHWA Planning Funds	20.205	PL009752G0Y84	PL009752G0Y84	208,937	-
Passed Through: Other - University of North FL						
	UNF High Visibility Enforcement FY18	20.205	G0023 UNF	G0023 UNF	10,744	-
Passed Through: Other - University of South FL						
	USF High Visibility Enforcement FY18	20.205	G0023 USF	G0023 USF	74,856	-
Total Highway Planning and Construction Cluster					1,518,854	-

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
<u>Federal Transit Cluster</u>						
<u>US Dept of Transportation</u>						
Direct Programs:						
	Fed. Transit Formula Grants - FY09 Section 5307	20.507	FL90X705	N/A	60,519	-
	Fed. Transit Formula Grants - FY10 Section 5307	20.507	FL90X735	N/A	(8,469)	-
	Fed. Transit Formula Grants - FY11 Section 5307	20.507	FL90X760	N/A	111,055	-
	Fed. Transit Formula Grants - FY12 Section 5307	20.507	FL90X812	N/A	447,219	-
	Fed. Transit Formula Grants - FY13 Section 5307	20.507	FL90X839	N/A	242,174	-
	Fed. Transit Formula Grants - FY14 Section 5307	20.507	FL90X84200	N/A	1,818,343	-
	Palm Tran Interface with MDT and SFRTA	20.507	FL95X06300	N/A	58,900	-
	Fed. Transit Formula Grants - FY16 Section 5307	20.507	TBD FY16 SEC 5307	N/A	5,409,299	-
	Fed. Transit Formula Grants - FY17 Section 5307	20.507	TBD FY17 SEC 5307	N/A	7,639,218	-
Total Federal Transit Cluster					15,778,258	-
<u>Aging Cluster</u>						
<u>US Dept of Health & Human Svcs</u>						
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast						
	2017 OAA Title III B Support Services	93.044	IA0169500 (3B)(GY17)	IA0169500 (3B)(GY17)	157,525	-
	2018 OAA Title IIIB Support Services	93.044	IA0169500 (3B)(GY18)	IA0169500 (3B)(GY18)	660,946	-
	CY16-18 Older Americans Act Title III-B	93.044	IA016-9635	IA016-9635	412,000	44,000
Total 93.044					1,230,471	44,000
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast						
	2017 OAA Title III C1 Congregate Meals	93.045	IA0169500(3C1)(GY17)	IA0169500(3C1)(GY17)	123,364	-
	2018 OAA Title III C1 Congregate Meals	93.045	IA0169500(3C1)(GY18)	IA0169500(3C1)(GY18)	385,430	-
	2017 OAA Title III C2 Home Delivered Meals	93.045	IA0169500(3C2)(GY17)	IA0169500(3C2)(GY17)	130,363	-
	2018 OAA Title III C2 Home Delivered Meals	93.045	IA0169500(3C2)(GY18)	IA0169500(3C2)(GY18)	449,471	-
Total 93.045					1,088,628	-
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast						
	1617 Nutrition Services Incentive Program	93.053	IU0169500 (GY1617)	IU0169500 (GY1617)	53,232	-
	18 Nutrition Services Incentive Program	93.053	IU0169500 (GY18)	IU0169500 (GY18)	135,055	-
Total 93.053					188,287	-
Total Aging Cluster					2,507,386	44,000
<u>CSBG Cluster</u>						
<u>US Dept of Health & Human Svcs</u>						
Passed Through: FL Dept of Economic Opportunity						
	2016-18 Community Services Block Grant	93.569	17SB0D106001121	17SB0D106001121	946,495	-
Total CSBG Cluster					946,495	-

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
<u>CCDF Cluster</u>						
<u>US Dept of Health & Human Svcs</u>						
	Passed Through: OTHER - Early Learning Coalition					
	Investigative Services	93.596	ELCMOU	ELCMOU	126,686	-
Total CCDF Cluster					126,686	-
<u>Homeland Security Cluster</u>						
<u>US Dept of Homeland Security</u>						
	Direct Programs:					
	State Homeland Security	97.067	17DSV4116001231	N/A	144,917	-
	Operation Stonegarden	97.067	17DSW1106023234	N/A	75,108	-
	State Homeland Security	97.067	18DSX1106023203	N/A	188,932	-
	Passed Through: FL Div of Emergency Management					
	State Homeland Security Grant Program FY 15	97.067	16DST9106023322	16DST9106023322	15,015	-
	FY15 Operation StoneGarden	97.067	16DSU8106023371	16DSU8106023371	9,272	-
	Passed Through: OTHER - City of Miami					
	FY15 Urban Area Security Initiative	97.067	16DSU7112302368	16DSU7112302368	26,374	-
	FY16 Urban Area Security Initiative	97.067	17DSV9112302346	17DSV9112302346	425,132	-
	FY16 Urban Area Security initiative Grant Prgm	97.067	17DSV9112302346	17DSV9112302346	131,956	-
	FY17 Urban Area Security Initiative	97.067	18DSX3112302	18DSX3112302	125,168	-
Total Homeland Security Cluster					1,141,874	-
<u>Emergency Food and Shelter Program Cluster</u>						
<u>US Dept of Homeland Security</u>						
	Passed Through: OTHER - United Way of Palm Beach County					
	17-18 Emergency Food & Shelter National Board Program	97.024	34168600019	34168600019	294,000	-
	18-19 Emergency Food & Shelter National Board Program	97.024	35168600	35168600	36,527	-
Total Emergency Food and Shelter Program Cluster					330,527	-
<u>Non-Clustered Grants</u>						
<u>US Dept of Housing & Urban Dev</u>						
	Direct Programs:					
	FY16 Emergency Solutions Grant Program	14.231	E15UC120004	N/A	241	-
	FY17 Emergency Solutions Grant Program	14.231	E16UC120004	N/A	35,825	-
	FY18 Emergency Solutions Grant Program	14.231	E17UC120004	N/A	456,257	410,742
Total 14.231					492,323	410,742
	Direct Programs:					
	FY15 HOME Investment Partnership	14.239	M14UC120215	N/A	810,062	810,062
	FY16 HOME Investment Partnership	14.239	M15UC120215	N/A	351,518	351,518
	FY17 HOME Investment Partnership	14.239	M16UC120215	N/A	512,273	477,483
	FY18 HOME Investment Partnership	14.239	M17UC120215	N/A	54,804	-
Total HOME					1,728,657	1,639,063

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
Direct Programs:						
	HUD Section 108 Loan	14.248	B08UC120004 - 108	N/A	7,000	-
	CDBG-Section 108 Loan Program - Pahokee	14.248	B09UC120004 - 108	N/A	290,522	-
	FY10 HUD Section 108 Loan	14.248	B10UC120004 - 108	N/A	1,000,000	-
	FY11 HUD Section 108 Loan	14.248	B11UC120004 - 108	N/A	70	-
Total 14.248					<u>1,297,592</u>	<u>-</u>
Direct Programs:						
	NEIGHBORHOOD STABILIZATION PROGRAM-2	14.256	B09LNFL0021	N/A	958,025	890,591
Direct Programs:						
	Fair Housing Assistance Program - State & Local	14.401	FF204K184023	N/A	226,530	-
<u>US Dept of the Interior</u>						
Direct Programs:						
	Jupiter Inlet Lighthouse Outstanding Natural Areas	15.231	L16AC00163	N/A	36,760	-
	2016 Palm Beach County LIDAR Project	15.817	G15PS00558	N/A	75,703	-
<u>US Dept of Justice</u>						
Passed Through: FL Dept of Legal Affairs and Attorney General						
	FY18 Victims of Crime Act	16.575	O00073	O00073	353,945	-
	FY18 Victims of Crime Act	16.575	VOCA2017PBSO00481	VOCA2017PBSO00481	88,305	-
Total Victims of Crime Act					<u>442,250</u>	<u>-</u>
Direct Programs:						
	FY16 State Criminal Alien Assistance	16.606	2016APBX0377	N/A	(214,436)	-
	FY17 COPS Hiring	16.710	2017ULWX0031	N/A	513,894	-

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
Direct Programs:						
	FY15 DNA Backlog Reduction Program	16.741	2015DNBX0094	N/A	48,340	-
	FY16 DNA Backlog Reduction Program	16.741	2016DNBX0070	N/A	188,145	-
Total DNA Backlog Reduction Program					<u>236,485</u>	<u>-</u>
Passed Through: FL Dept of Law Enforcement						
	2016 Paul Coverdell FSIG	16.742	2016CDBX0030	2016CDBX0030	4,096	-
	FY18 Objective Microscope Lenses	16.742	2017CDBX0010	2017CDBX0010	2,449	-
	2017 Paul Coverdell FSIG	16.742	2017CDBX0010	2017CDBX0010	32,024	-
Total 16.742					<u>38,569</u>	<u>-</u>
Direct Programs:						
	FY18 Second Chance Act Prisoner Reentry Initiative	16.812	2017CZBX0003	N/A	18,642	-
Direct Programs:						
	Equitable Sharing Justice Dept	16.XXX	FLOR050000	N/A	552,188	-
<u>US Department of Labor</u>						
Passed Through: FL Dept. of Education						
	17-18 Farmworker Jobs & Education Program	17.264	7604058B8CFJ1	7604058B8CFJ1	188,890	-
	18-19 Farmworker Jobs & Education Program	17.264	7604059B9CFJ1	7604059B9CFJ1	42,908	-
Total 17.264					<u>231,798</u>	<u>-</u>
<u>US Dept of Transportation</u>						
Direct Programs:						
	AIP Glades Airport Master Plan Update	20.106	31200600052016	N/A	31,203	-
	AIP PBI Master Plan Update	20.106	31200850582014	N/A	21,555	-
	AIP PBIA Rehab Alpha and Extend RIM Romeo and Sierra	20.106	31200850602016	N/A	39,376	-
	AIP PBC Park Master Plan Update	20.106	31200860152016	N/A	37,724	-
	AIP North Palm Beach Master Plan Update	20.106	31201130172016	N/A	49,035	-
Total AIP					<u>178,893</u>	<u>-</u>
Passed Through: FL Dept of Transportation						
	FTA Section 5305	20.505	G0357	G0357	618,317	-
Passed Through: FL Dept of Transportation						
	Section 5311 Formula Grant - Rural	20.509	40718428401	40718428401	313,379	-
<u>US Dept of the Treasury</u>						
Direct Programs:						
	Equitable Sharing Treasury Dept	21.XXX	NA	N/A	(56,145)	-

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
<u>US Environmental Protection Agency</u>						
Direct Programs:						
	PW11 Lake region Water Treatment Plant	66.202	XP00D38715	N/A	337,986	-
<u>US Election Assistance Commission</u>						
Passed Through: FL Dept of State and Secretary of State						
	Federal Elections Activities-16	90.401	M201520160001R	M201520160001R	199	-
	Federal Elections Activities-17	90.401	M201620170001PAL	M201620170001PAL	102,733	-
	Federal Elections Activities-18	90.401	M201720180001PAL	M201720180001PAL	140,137	-
Total 90.401					<u>243,069</u>	<u>-</u>
<u>US Dept of Health & Human Svcs</u>						
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast						
	2017 OAA Title III E Services	93.052	IA0169500 (3E)(GY17)	IA0169500 (3E)(GY17)	67,165	-
	2018 OAA Title III E Services	93.052	IA0169500 (3E)(GY18)	IA0169500 (3E)(GY18)	92,532	-
Total 93.052					<u>159,697</u>	<u>-</u>
Passed Through: FL Dept of Revenue						
	Child Support Enforcement	93.563	COC50	COC50	905,618	-
Passed Through: FL Dept of Economic Opportunity						
	17-18 Low Income Home Energy Assistance Program	93.568	17EA0F106001023	17EA0F106001023	3,216,015	-
Passed Through: FL Dept of Elder Affairs						
	17-18 Emergency Home Energy Assistance for the Elderly Program	93.568	IP0159500 (GY17)	IP0159500 (GY17)	17,100	-
Total 93.568					<u>3,233,115</u>	<u>-</u>
Direct Programs:						
	17-18 HIV Em Relief Grant Formula/Supplemental/MAI	93.914	H89HA000342400	N/A	4,129,251	3,809,030
	18-19 HIV Em Relief Grant Formula/Supplemental/MAI	93.914	H89HA000342500	N/A	3,696,099	3,154,611
Total 93.914					<u>7,825,350</u>	<u>6,963,641</u>
<u>US Executive Office Of The President</u>						
Direct Programs:						
	FY17 High Intensity Drug Trafficking Area	95.001	G17MI0011A	N/A	200,139	-
	FY18 High Intensity Drug Trafficking Area	95.001	G18MI0011A	N/A	51,548	-
Total HIDTA					<u>251,687</u>	<u>-</u>
<u>US Dept of Homeland Security</u>						
Passed Through: FL Div of Emergency Management						
	Public Assistance Grants - Matthew	97.036	17PAU5106002119	17PAU5106002119	9,566	-
	Public Assistance Grants - Matthew-STATE	97.036	17PAU5106002119	17PAU5106002119	(1,025)	-
Total 97.036					<u>8,541</u>	<u>-</u>

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
Passed Through: FL Div of Emergency Management						
	17-18 Emergency Mgmt Performance Grant	97.042	18FG7A106001194	18FG7A106001194	171,700	-
	18-19 Emergency Mgmt Performance Grant	97.042	18FGAF106001098	18FGAF106001098	22,612	-
Passed Through: OTHER - Volunteer Florida						
	17-18 Citizen Corp	97.042	17CTZNCORP	17CTZNCORP	7,000	-
Total 97.042					<u>201,312</u>	<u>-</u>
Passed Through: OTHER - Port of Palm Beach District						
	FY17 Port Security Grant	97.056	EMW2016PU00572	EMW2016PU00572	150,000	-
Total Non-Clustered Grants					<u>21,005,799</u>	<u>9,904,037</u>
Others						
<u>US Dept of Agriculture</u>						
Direct Programs:						
	PBC Intermediary Relending Program GY17	10.767	PBIR17	N/A	190,522	190,522
<u>US Dept of Housing & Urban Dev</u>						
Direct Programs:						
	Continuum of Care Program Grant GY17	14.267	FL0663L4D051600	N/A	147,485	-
<u>US Dept of Justice</u>						
Direct Programs:						
	2017 Enhanced Collaborative Model to Combat Human Trafficking	16.320	2016VTBXK003	N/A	358,812	-
Direct Programs:						
	Enhanced Response to DUI/Impaired Driving Related	16.582	2016XVGXK018	N/A	103,034	-
Passed Through: FL Dept of Health						
	Florida Council Against Sexual Violence FY18	16.588	18STO68	18STO68	4,167	-

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
Direct Programs:						
	Grant To Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014WEAX0011	N/A	36,717	-
	Improve Criminal Justice Responses - ARREST Prog.	16.590	2017WEAX0034	N/A	182,710	-
Total 16.590					219,427	-
<u>US Dept of Transportation</u>						
Passed Through: FL Dept of Transportation						
	Palm Beach County Drug Recognition Expert	20.616	G0P77	G0P77	225	-
	Palm Beach County Speed and Agressive Driving	20.616	G0Q00	G0Q00	100,000	-
	Palm Beach County Occupant Protection Program	20.616	G0Q60	G0Q60	74,625	-
Total 20.616					174,850	-
<u>FL Dept Children & Families</u>						
Direct Programs:						
	Homeless Services Consolidation Grant	60.021	IP003	N/A	301,330	-
<u>US Environmental Protection Agency</u>						
Direct Programs:						
	Brownfields Revolving Loan Fund	66.818	00D12713	N/A	32,637	30,038
<u>US Dept of Health & Human Svcs</u>						
Passed Through: FL Dept of Health						
	Green Dot Strategy Implementation	93.136	COHJ3	COHJ3	109,506	-
Passed Through: OTHER - RAND Corporation						
	Addressing HIV CARE	93.145	9920160083	9920160083	121,784	-
<u>US Dept of Homeland Security</u>						
Direct Programs:						
	Law Enforcement Officer Reimbursement Program	97.007	HSTS0216HSLR765	N/A	312,565	-
<u>US Dept of Homeland Security</u>						
Direct Programs:						
	FY17 Presidential Residence Grant	97.134	EMW2017GR00061S01	N/A	3,293,988	-
Total Others					5,370,107	220,560
Total Federal Grants - All Departments					\$ 57,380,104	\$ 15,910,498

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
STATE GRANTS						
<u>Non-Clustered Grants</u>						
<u>FL Dept of Environmental Protection</u>						
Direct Programs:						
	Ocean Ridge Beach renourishment	37.003	15PB3	N/A	\$ 2,852	\$ -
	Juno Beach Renourishment	37.003	16PB1	N/A	625	-
	Jupiter Carlin Shore Protection	37.003	16PB3	N/A	(16,351)	-
	SLW Management Plan Implementation	37.003	17PB1	N/A	18,780	-
	Jupiter Carlin Shore Protection Monitoring	37.003	17PB5	N/A	69,709	-
	Ocean Ridge Shore Protection Project	37.003	18PB4	N/A	24,587	-
	Jupiter Carlin Shore Protection Monitoring	37.003	18PB5	N/A	34,652	-
	SLW Management Plan Implementation	37.003	18PB6	N/A	30,502	-
Total 37.003					<u>165,356</u>	<u>-</u>
Direct Programs:						
	Lake Worth Lagoon Initiative	37.039	LP50202	N/A	89,326	-
	Upgrade Potable Water Infrastructure SW Belle Glade	37.039	LP50207	N/A	851,143	-
Total 37.039					<u>940,469</u>	<u>-</u>
<u>FL Dept of Legal Affairs and Attorney General</u>						
Passed Through: FL Council Against Sexual Violence						
	FY17-18 Sexual Violence Recovery Services	41.010	17OAG26	17OAG26	2,117	-
	FY18-19 Sexual Violence Recovery Services	41.010	18OAG26	18OAG26	17,387	-
Total 41.010					<u>19,504</u>	<u>-</u>
<u>FL Department of Agriculture and Consumer Services</u>						
Direct Programs:						
	FY18 Mosquito Control-B	42.003	025118	N/A	52,567	-
<u>FL Dept of State and Secretary of State</u>						
Direct Programs:						
	FY17-18 State Aid to Libraries	45.030	18ST54	N/A	1,225,015	-

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
<u>FL Dept of Transportation</u>						
Direct Programs:						
	TD Planning Grant for TPA	55.001	43202718401	N/A	16,555	-
	GY18 Commission for the Transportation Disadvantaged	55.001	G0M70	N/A	2,618,874	-
	GY19 Commission for the Transportation Disadvantaged	55.001	GOX52	N/A	961,128	-
Total 55.001					<u>3,596,557</u>	<u>-</u>
Direct Programs:						
	17-18 Transportation Disadvantaged	55.002	G0N77	N/A	34,359	-
Direct Programs:						
	Aviation Dev Grant PBIA Apron Taxilanes/Taxiway	55.004	41817819401AR121	N/A	32,906	-
	Aviation Dev Grant Construct Hangars N PB Gen Aviation	55.004	42246619401AQE58	N/A	26,299	-
	Aviation Dev Grant Southside pavement PBC Park Lantana	55.004	42246719401AQE56	N/A	1,463,314	-
	Aviation Dev Grant Security Improvements at Lantana	55.004	42572319401ARA58	N/A	217,490	-
	Aviation Dev Grant PBIA Master Plan Update	55.004	42575619401ARD02	N/A	7,578	-
	Aviation Dev Grant Pahokee Fuel Farm Improvements	55.004	42789219401ARS89	N/A	81,484	-
	Aviation Dev Grant Golfview Apron, Taxilanes, Infras PBIA	55.004	42790219401AQR76	N/A	154,709	-
	Aviation Dev Grant Lantana Westside Hangars Dev Phase 1	55.004	42791519401APZ45	N/A	946,215	-
	Aviation Dev Grant Lantana Pavement Rehab	55.004	42973019401GOA14	N/A	63,108	-
	Aviation Dev Grant North County Runway Pavement Rehab	55.004	42973319401AS564	N/A	2,055	-
	Aviation Dev Grant Perimeter Fence Improvements N/C	55.004	43095019401ARA54	N/A	66,697	-
	Aviation Dev Grant PBIA Upgrade Access Roadway	55.004	43099219401GOA15	N/A	29,933	-
	Aviation Dev Grant PBIA Taxiway C Drainage	55.004	43099319401GO805	N/A	132,299	-
	Aviation Dev Grant PBIA Parking Revenue Center	55.004	43103019401GOL09	N/A	3,384	-
	Aviation Dev Grant Lantana Construct Hangars	55.004	43460019401ARR14	N/A	226,205	-
	Aviation Dev Grant PBIA Cargo Facility Improvements	55.004	43460719401GOL08	N/A	855,062	-
	Aviation Dev Grant Lantana Runway 3.21 Rehab	55.004	43463119401GOL10	N/A	2,893	-
	Aviation Dev Grant PBIA Misc Taxiway Rehab	55.004	43621619401ARS86	N/A	194,007	-
	Aviation Dev Grant PBIA ARFF Facility Improvement	55.004	43638919401GOA16	N/A	3,164	-
	Aviation Dev Grant Pahokee Rehab Runway 17.35 and Taxiway	55.004	43639019401GOA21	N/A	70,559	-
	Aviation Dev Grant PBIA High Pressure Water Blasting Truck	55.004	43971819401GOE29	N/A	253,542	-
	Aviation Dev Grant LN Runway Design Remark & Airfield Sign	55.004	44063219401GOI66	N/A	224,167	-
	Aviation Dev Grant NC Runway Design Remark & Airfield Sign	55.004	44066519401GOI65	N/A	494,258	-
	Aviation Dev Grant PH Runway Design Remark & Airfield Sign	55.004	44075919401GOI64	N/A	69,658	-
	Aviation Dev Grant LN Construct Fuel Farm and Wash Rack	55.004	44133519401GON37	N/A	14,658	-
	Aviation Dev Grant Roadway Access Imprvmnt Hotel Parc PH1	55.004	44161319401GOR00	N/A	18,252	-
Total Aviation Deve. Grants					<u>5,653,896</u>	<u>-</u>

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
Direct Programs:						
	CIGP-CONSTRUCTION DONALD ROSS RD & 195 INTER.IMPROVEMENTS	55.008	4297851520102	N/A	4,084	-
	CIGP-Intersection Military Trail and Northlake Blvd	55.008	43164515401	N/A	92,767	-
	CIGP-Congress Ave ext Northlake to Alt A1A	55.008	43306413801	N/A	62,134	-
	ROW Acq -Congress Ave ext Northlake to Alt A1A	55.008	43306414401	N/A	14,362	-
	LYONS RD AT NORTE LAGO -RIGHT TURN LANE	55.008	4351011520103	N/A	18,521	-
	CIGP-Intersection Military Trail and Forest hill	55.008	4378781320102	N/A	42,351	-
Total 55.008					<u>234,219</u>	<u>-</u>
Direct Programs:						
	Public Transit Block Grant - Operating	55.010	40718828401	N/A	5,337,955	-
<u>FL Dept of Health</u>						
Direct Programs:						
	EMERGENCY MEDICAL SERVICES	64.005	C5050	N/A	17,134	9,350
	EMERGENCY MEDICAL SERVICES	64.005	C6050	N/A	155,473	128,217
Total Emergency Medical Services					<u>172,607</u>	<u>137,567</u>
Passed Through: FL Council Against Sexual Violence						
	Rape Crisis Program Trust Fund	64.061	16TFGR26 (TF)	16TFGR26 (TF)	54,086	-
<u>FL Dept of Elder Affairs</u>						
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast						
	16-17 Home Care for the Elderly	65.001	IH0159500 (GY16)	IH0159500 (GY16)	13,230	-
	17-18 Home Care for the Elderly	65.001	IH0159500 (GY17)	IH0159500 (GY17)	113,359	-
	18-19 Home Care for the Elderly	65.001	IH0189500 (GY18)	IH0189500 (GY18)	18,844	-
Total Home Care for Elderly					<u>145,433</u>	<u>-</u>
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast						
	17-18 Alzheimer's Disease Initiative	65.004	IZ0159500 (GY17)	IZ0159500 (GY17)	868,407	-
	18-19 Alzheimer's Disease Initiative	65.004	IZ0189500 (GY18)	IZ0189500 (GY18)	290,130	-
Total Alzheimer's Disease Initiative					<u>1,158,537</u>	<u>-</u>
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast						
	17-18 Respite for Elders Living in Everyday Families	65.006	IR0159500 (GY17)	IR0159500 (GY17)	75,600	-
	18-19 Respite for Elders Living in Everyday Families	65.006	IR0189500 (GY18)	IR0189500 (GY18)	23,688	-
Total Respite for Elders Living in Everyday Families					<u>99,288</u>	<u>-</u>
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast						
	17-18 Community Care for the Elderly	65.010	IC0159500 (GY17)	IC0159500 (GY17)	1,229,664	-
	18-19 Community Care for the Elderly	65.010	IC0189500 (GY18)	IC0189500 (GY18)	475,725	-
Total Community Care for the Elderly					<u>1,705,389</u>	<u>-</u>

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**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
<u>FL Dept of Law Enforcement</u>						
Direct Programs:						
	FY 18 Statewide Criminal Analysis Lab System	71.002	CL013	N/A	379,286	-
<u>FL Fish and Wildlife Conservation Commission</u>						
Direct Programs:						
	Burt Winters Park Floating Dock	77.006	16061	N/A	200,000	-
Direct Programs:						
	Boca Inlet Artificial Reef (Local Portion)	77.007	17018	N/A	25,000	-
Total Non-Clustered Grants					21,199,523	137,567
<u>Others</u>						
<u>FL Executive Office of the Governor</u>						
Passed Through: FL Div of Emergency Management						
	17-18 Emergency Management Program	31.063	18BGW9106001193	18BGW9106001193	112,209	-
	18-19 Emergency Management Program	31.063	19BG21106001112	19BG21106001112	13,325	-
Total FL Executive Office of the Governor					125,534	-
<u>FL Executive Office of the Governor</u>						
Passed Through: FL Div of Emergency Management						
	17-18 Hazardous Materials Plan & Prevent	31.067	18CP11106001159	18CP11106001159	23,356	-
<u>FL Dept of Environmental Protection</u>						
Direct Programs:						
	Lake Worth Lagoon Restoration Projects	37.037	S0751	N/A	47,004	-
<u>FL Housing Finance Corporation</u>						
Direct Programs:						
	State Housing Initiatives Partnership Prgm 15/16-CAH	40.901	HFC0115	N/A	3,239,082	3,191,776
	State Housing Initiatives Partnership Prgm 16/17-CAH	40.901	HFC0116	N/A	2,170,380	1,673,284
	State Housing Initiatives Partnership Prgm 17/18-CAH	40.901	HFC0118	N/A	15,000	15,000
Total SHIP					5,424,462	4,880,060
<u>FL Dept of State and Secretary of State</u>						
Direct Programs:						
	Small Matching Historic Preservation Grant	45.032	18HSM200028	N/A	48,000	-

Palm Beach County, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2018**

Grantor	Program Title	CFDA/ CSFA	Contract/ Grant #	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
<u>FL Dept of Health</u>						
Direct Programs:						
	EMERGENCY MEDICAL SERVICES Matching Grant	64.003	M6063	N/A	8,462	-
Passed Through: FL Council Against Sexual Violence						
	Rape Crisis Center	64.069	16TFGR26 (GR)	16TFGR26 (GR)	101,881	-
<u>FL Dept of Health</u>						
Direct Programs:						
	Sexual Assault Services	64.121	COHO3	COHO3	281,399	-
<u>FL Dept of Corrections</u>						
Direct Programs:						
	DOC RESTORE AF7DE2	70.011	AF7DE2 DOC FY17	N/A	-	357,431
	DOC RESTORE B216E5	70.011	B216E5 DOC FY18	N/A	323,076	323,076
Total 70.011					<u>323,076</u>	<u>680,507</u>
<u>FL Dept of Law Enforcement</u>						
Direct Programs:						
	Unmanned Aircraft System Pilot Program	71.015	G1613	N/A	728,344	-
<u>Florida Department of Health</u>						
Direct Programs:						
	FLORIDA ENHANCED STATE OPIOID OVERDOSE SURVEILLANCE	93.136	FL-ESOOS	N/A	31,485	-
Total Others					<u>7,143,003</u>	<u>5,560,567</u>
Total State Grants - All Departments					<u>\$ 28,342,526</u>	<u>\$ 5,698,134</u>
TOTAL FEDERAL AND STATE GRANTS					<u>\$ 85,722,630</u>	<u>\$ 21,608,632</u>

See notes to schedule of expenditures of federal awards and state financial assistance

Palm Beach County, Florida

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance Year Ended September 30, 2018

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, 2018. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

3. Indirect Cost Rate

The County has elected to use a 19.8% indirect cost rate as allowed under the Uniform Guidance.



RSM US LLP

**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**

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 Wendy Sartory Link
Supervisor of Elections

Honorable Dorothy Jacks
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, 2018, 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 25, 2019. Our report 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. Our report also included an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board (GASB) Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective October 1, 2017.

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 from 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.

RSM US LLP

West Palm Beach, Florida
March 25, 2019

**Report On Compliance For Each Major Federal Program and State
Project; Report on Internal Control Over Compliance;
Required by The Uniform Guidance and Chapter 10.550, Rules of the Auditor General, State of
Florida**

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 Wendy Sartory
Supervisor of Elections

Honorable Dorothy Jacks
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 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, 2018. 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, 2018. 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 The Uniform Guidance 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 federal statutes, regulations, and the terms and conditions of its federal and state 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor*

General of the State of Florida. Those standards, the Uniform Guidance 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, 2018.

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 the Uniform Guidance 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 the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

West Palm Beach, Florida
June 25, 2019

Palm Beach County, Florida

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2018**

I - Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(ies) identified?	_____ Yes	_____ X None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(ies) identified?	_____ Yes	_____ X None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

_____ Yes _____ X No

The programs tested as major included the following:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.044	Special Programs for the Aging
93.914	HIV Emergency Relief Project Grants
97.134	Presidential Residence Protection Security Grants

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,721,403

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, 2018**

State Financial Assistance

Internal control over major state projects:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported

Type of auditor's report issued on compliance for major state projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General of the State of Florida*?

_____ 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>
37.039	Statewide Surface Water Restoration and Wastewater projects
45.030	State Aid to Libraries
55.004	Aviation Grant Programs
55.010	Public Transportation Block Grant Programs
65.004	Alzheimer's Respite Services
71.015	Unmanned Aircraft System Pilot Project

Dollar threshold used to distinguish between type A and type B projects:

\$ 850,276

Palm Beach County, Florida

**Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2018**

II – Financial Statement Findings

No matters to report

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

No matters to report

Palm Beach County, Florida

**Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2018**

I – Financial Statement Findings

No matters to report

II – Federal Award and State Financial Assistance Findings and Questioned Costs

No matters to report