# Palm Beach County, Florida

Single Audit Report
September 30, 2012

McGladrey

Assurance ▪ Tax ▪ Consulting

PALM BEACH COUNTY, FLORIDA

# SINGLE AUDIT REPORT

Fiscal Year Ended September 30, 2012

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**Independent Auditor's Report**

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

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013 on our consideration of the County's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards and state financial assistance has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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.

McGladrey LLP

West Palm Beach, Florida
March 25, 2013

## 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, 2012. We encourage reading this narrative and the accompanying financial statements (beginning on page I-2).

## Financial Highlights

- The County's assets exceeded its liabilities (net assets) by approximately $3.709 billion and $3.634 billion at the close of fiscal years 2012 and 2011, respectively. Of these amounts, $2.508 billion and $2.446 billion were invested in capital assets, net of related debt. In addition, $689 million and $676 million were restricted by law, grant agreements, debt covenants, or for capital projects. As a result, $512 million and $512 million were available at year-end to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers.

- During the year, the County's net assets increased $75 million, compared to an increase of $38 million during the previous fiscal year. Business-type activities increased $48 million, and governmental activities increased by $27 million.

- At September 30, 2012, the County's governmental funds reported a combined ending fund balance of $1.121 billion, a decrease of $26.4 million or 2.3% from the previous year.

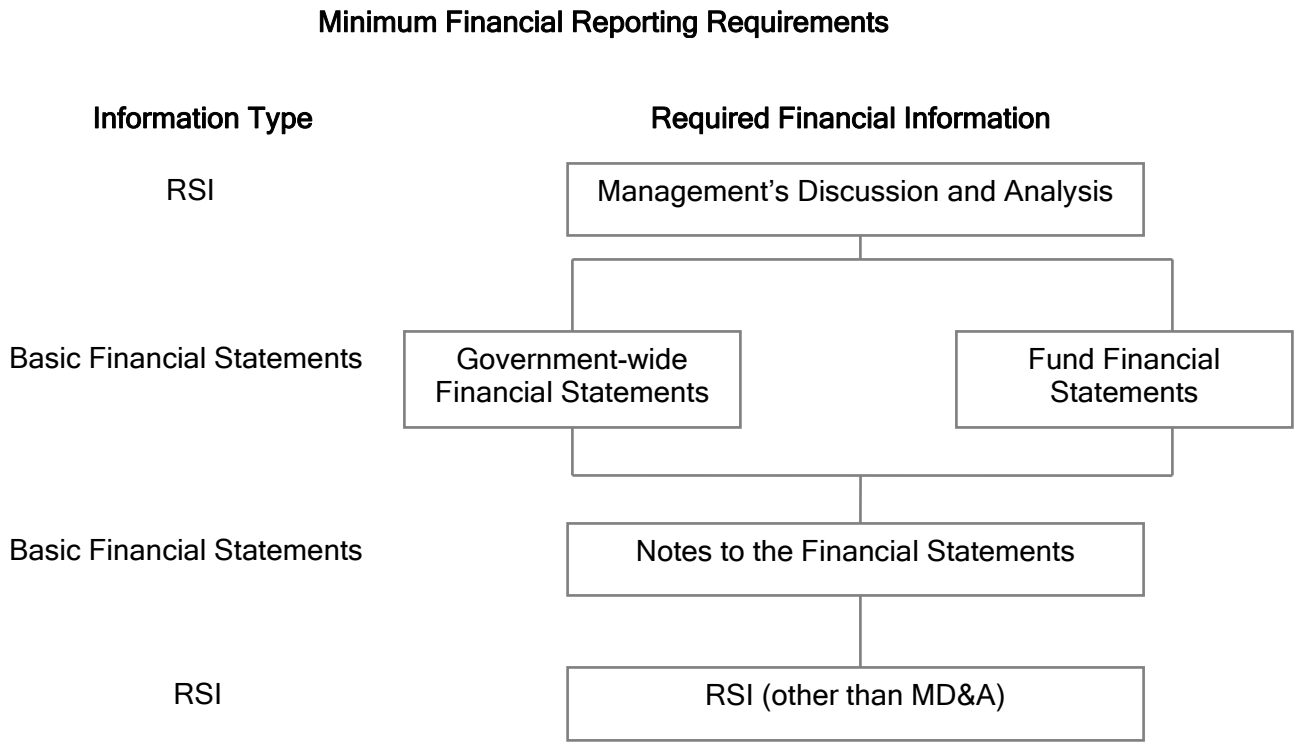
- At September 30, 2012, the fund balance for the General Fund, including Constitutional Officers, was $217.6 million which is an increase of $16.8 million or 8.4% from the previous year.

- The County's two enterprise funds had a combined increase in net assets of $47.3 million. The Department of Airports increase was $13.3 million and the Water Utilities Department had an increase of $34.0 million.

- The County's total liabilities at September 30, 2012 and 2011 were $1.886 billion and $1.960 billion, respectively.

## 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.




**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 assets presents information on the assets and liabilities of the County as a whole. The difference between assets and liabilities is reported as net assets. Changes in net assets 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 assets changed during the fiscal year. Changes in net assets 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. 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 how money or other spendable resources flow into and out of those funds 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 help control current financial resources and demonstrate fiscal accountability. Governmental fund information helps determine the extent of financial resources that are available for expenditure on County programs. Reconciliations of the differences between the government-wide and fund financial statements are provided immediately after the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds*, respectively, in the *Basic Financial Statements*.

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

### Proprietary funds

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

### Fiduciary funds

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

### Notes to the financial statements

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

### Other information

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

### Government-wide Financial Analysis

Over time, net assets may serve as the most useful indicator of a government's financial position. At September 30, 2012 and 2011, the County's total net assets, or total assets less liabilities, were $3.709 billion and $3.634 billion, respectively. A significant portion of the County's net assets, $2.508 billion or 67.6%, is identified as an investment in capital assets (such as land, buildings, equipment, infrastructure), less related debt outstanding that was used to acquire those

assets. Since the County uses capital assets to provide services to its residents, the net assets represented by "invested in capital assets, net of related debt" are not available for future spending. In fact, the payment of maintenance and debt service costs on those capital assets will themselves require governmental resources.

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

As shown on the following chart, the County reported positive balances at September 30, 2012 and 2011, in all three categories of net assets, for governmental activities, business-type activities, as well as the County as a whole.

**Palm Beach County, Florida**
**Net Assets at Year-End (in millions)**

| | Governmental Activities | | Business-type Activities | | TOTAL PRIMARY GOVERNMENT | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| **Assets** | | | | | | |
| Current and other assets | $ 1,388 | $ 1,446 | $ 419 | $ 380 | $ 1,807 | $ 1,826 |
| Capital assets | 2,528 | 2,500 | 1,260 | 1,268 | 3,788 | 3,768 |
| Total assets | 3,916 | 3,946 | 1,679 | 1,648 | 5,595 | 5,594 |
| **Liabilities** | | | | | | |
| Current | 258 | 276 | 47 | 45 | 305 | 321 |
| Long-term debt due in more than one year | 1,279 | 1,318 | 302 | 321 | 1,581 | 1,639 |
| Total liabilities | 1,537 | 1,594 | 349 | 366 | 1,886 | 1,960 |
| **Net Assets** | | | | | | |
| Invested in capital assets, net of related debt | 1,546 | 1,490 | 962 | 956 | 2,508 | 2,446 |
| Restricted | 608 | 595 | 81 | 81 | 689 | 676 |
| Unrestricted | 225 | 267 | 287 | 245 | 512 | 512 |
| Total net assets | $ 2,379 | $ 2,352 | $ 1,330 | $ 1,282 | $ 3,709 | $ 3,634 |

**Governmental activities**

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

- Current and other assets for Governmental activities decreased by $58 million. Much of the change can be attributed to acquisitions of Capital Assets and payments on long-term debt.

- Capital assets for Governmental activities increased by $28 million. Refer to the subsequent section on Capital assets for additional detail.

- The overall decrease in long-term debt for Governmental activities of $39 million consists primarily of principal payments made on bonds, notes and loans, primarily offset by increases in claims, judgments and Other Post-Employment Benefits.

Governmental activities were responsible for a $27 million increase in the County's net assets during fiscal year 2012, as compared with a $1 million increase during the previous fiscal year. This year's $27 million increase in net assets from governmental activities is attributed to several factors:

*Investment income* decreased $7 million or 15% from the previous fiscal year. The decrease was primarily the result of the aging of the portfolio combined with continued market low interest rates.

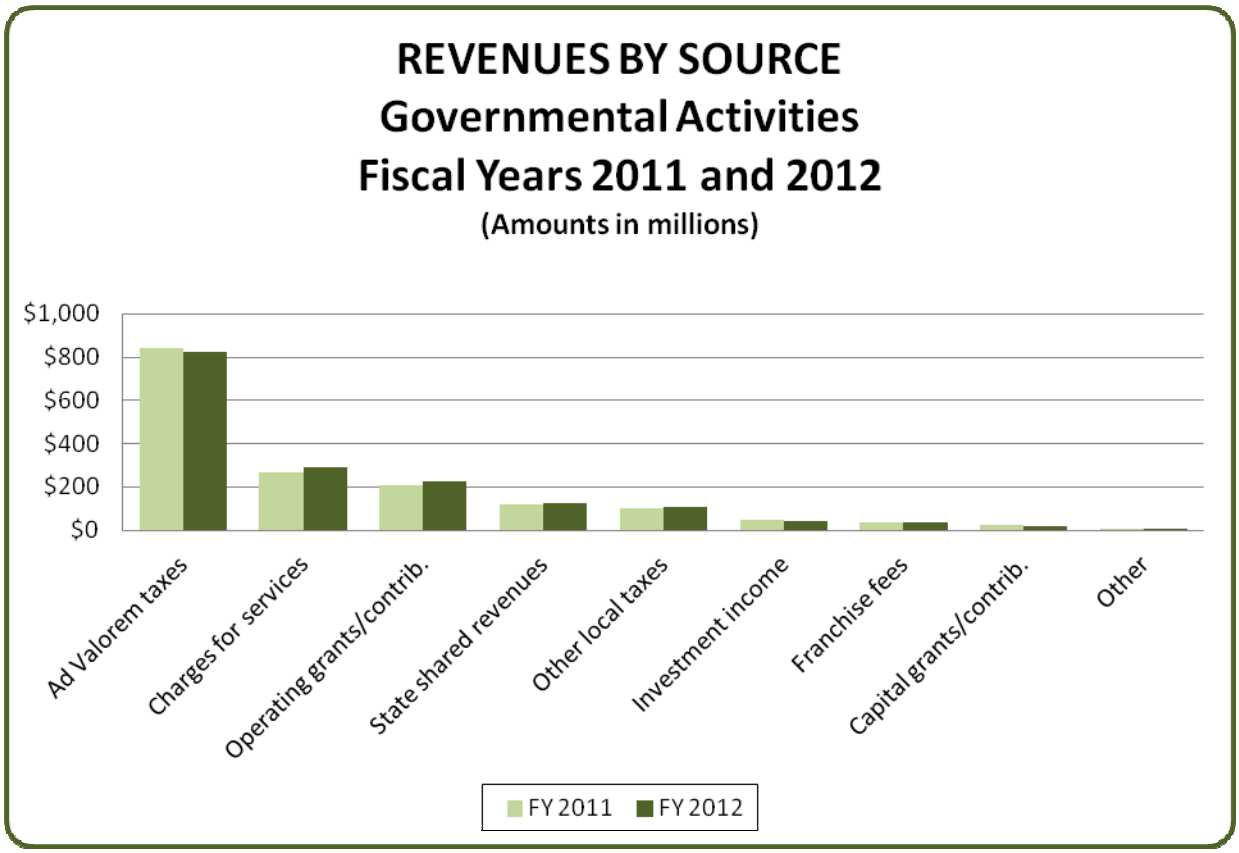
*Ad valorem tax* revenue decreased $16 million or 2% from the previous fiscal year. The decrease continues to be due to lower overall taxable values.

*General government* expenses decreased $28 million or 8% from the previous fiscal year due in part to continued budget reduction strategies.

*Economic environment* expenses increased $34 million or 42% from the previous fiscal year. This can be attributed in part to continued focus on the Bio-technology industry expansion.

*Interest expense* decreased $4 million or 8% from the previous fiscal year due to lower debt service payments made in fiscal year 2012.

The County's governmental activities had net expenses of $1.106 billion. These services are intended to be primarily funded by taxes and other general revenues as opposed to charges for service and grants. Total revenues (both program and general revenues) were greater than total expenses by $30 million.




**Business-type activities**

The County's business-type activities had total revenues of $271 million and had total revenues in excess of total expenses of $48 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. The significant change in the business-type activities Statement of Net Assets was due to substantial payments on long-term debt, which decreased $19 million during fiscal year 2012.

## Palm Beach County, Florida
## Changes in Net Assets (in millions)

| | Governmental Activities | | Business-type Activities | | TOTAL PRIMARY GOVERNMENT | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| **Revenues** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | $ 291 | $ 264 | $ 234 | $ 231 | $ 525 | $ 495 |
| Operating grants and contributions | 224 | 210 | - | - | 224 | 210 |
| Capital grants and contributions | 20 | 22 | 30 | 23 | 50 | 45 |
| | 535 | 496 | 264 | 254 | 799 | 750 |
| General Revenues: | | | | | | |
| Ad valorem taxes | 824 | 840 | | | 824 | 840 |
| Other local taxes | 108 | 104 | | | 108 | 104 |
| State shared revenues | 125 | 119 | | | 125 | 119 |
| Franchise fees | 35 | 36 | | | 35 | 36 |
| Investment income | 40 | 47 | 7 | 8 | 47 | 55 |
| Other | 3 | 4 | - | - | 3 | 4 |
| Total revenues | 1,670 | 1,646 | 271 | 262 | 1,941 | 1,908 |
| **Expenses** | | | | | | |
| General government | 314 | 342 | | | 314 | 342 |
| Public safety | 760 | 767 | | | 760 | 767 |
| Physical environment | 29 | 28 | | | 29 | 28 |
| Transportation | 168 | 154 | | | 168 | 154 |
| Economic environment | 115 | 81 | | | 115 | 81 |
| Human services | 98 | 103 | | | 98 | 103 |
| Culture and recreation | 108 | 116 | | | 108 | 116 |
| Interest expense | 48 | 52 | | | 48 | 52 |
| Department of Airports | | | 74 | 76 | 74 | 76 |
| Water Utilities Department | | | 149 | 147 | 149 | 147 |
| Total expenses | 1,640 | 1,643 | 223 | 223 | 1,863 | 1,866 |
| **Excess** | 30 | 3 | 48 | 39 | 78 | 42 |
| Transfers In (Out) | (3) | (2) | 3 | 2 | - | - |
| Special Items | - | - | (3) | (4) | (3) | (4) |
| **Change in net assets** | 27 | 1 | 48 | 37 | 75 | 38 |
| Beginning net assets | 2,352 | 2,351 | 1,282 | 1,245 | 3,634 | 3,596 |
| **Ending net assets** | $ 2,379 | $ 2,352 | $ 1,330 | $ 1,282 | $ 3,709 | $ 3,634 |

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

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

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

*Changes in Fund Balance – Governmental Funds*

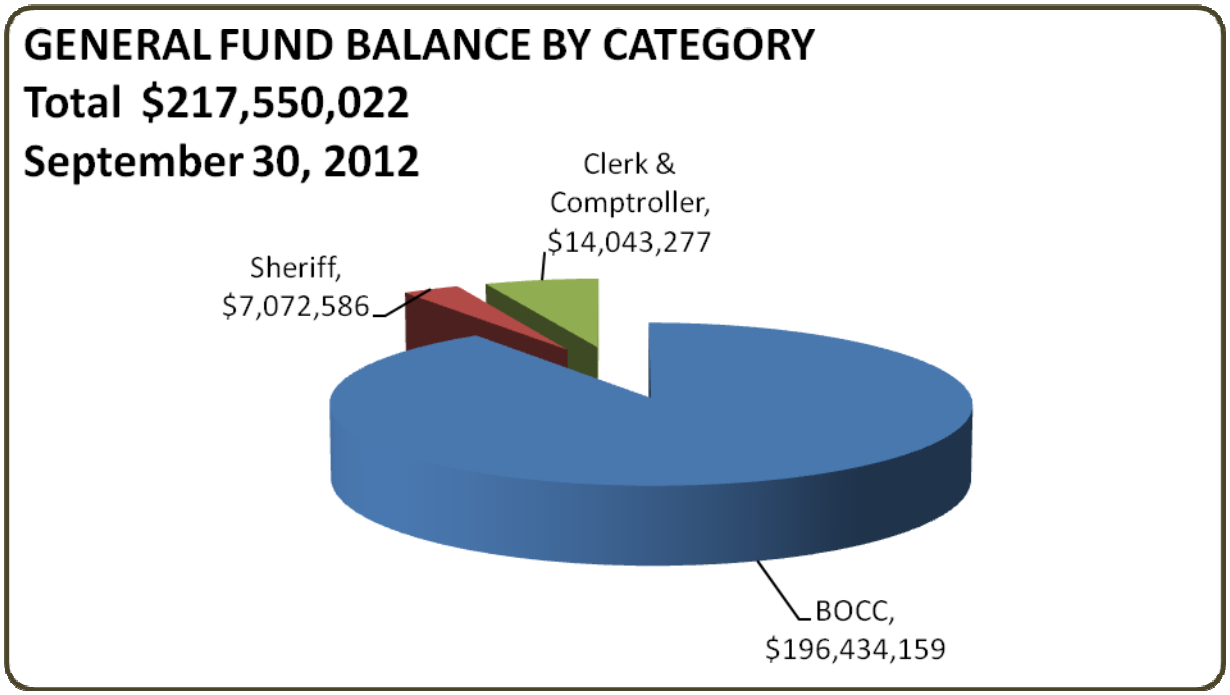
- The increase in the General Fund's fund balance of $16.8 million is primarily attributable to lower expenditures in the current year. General Government expenditures were lower by $13.0 million from the previous year, as well as a decrease in Public Safety expenditures of $10.0 million from the previous fiscal year.

- The increase in the Fire Rescue Special Revenue Fund of $1.0 million is partially attributable to overall lower expenditures compared with the previous year.

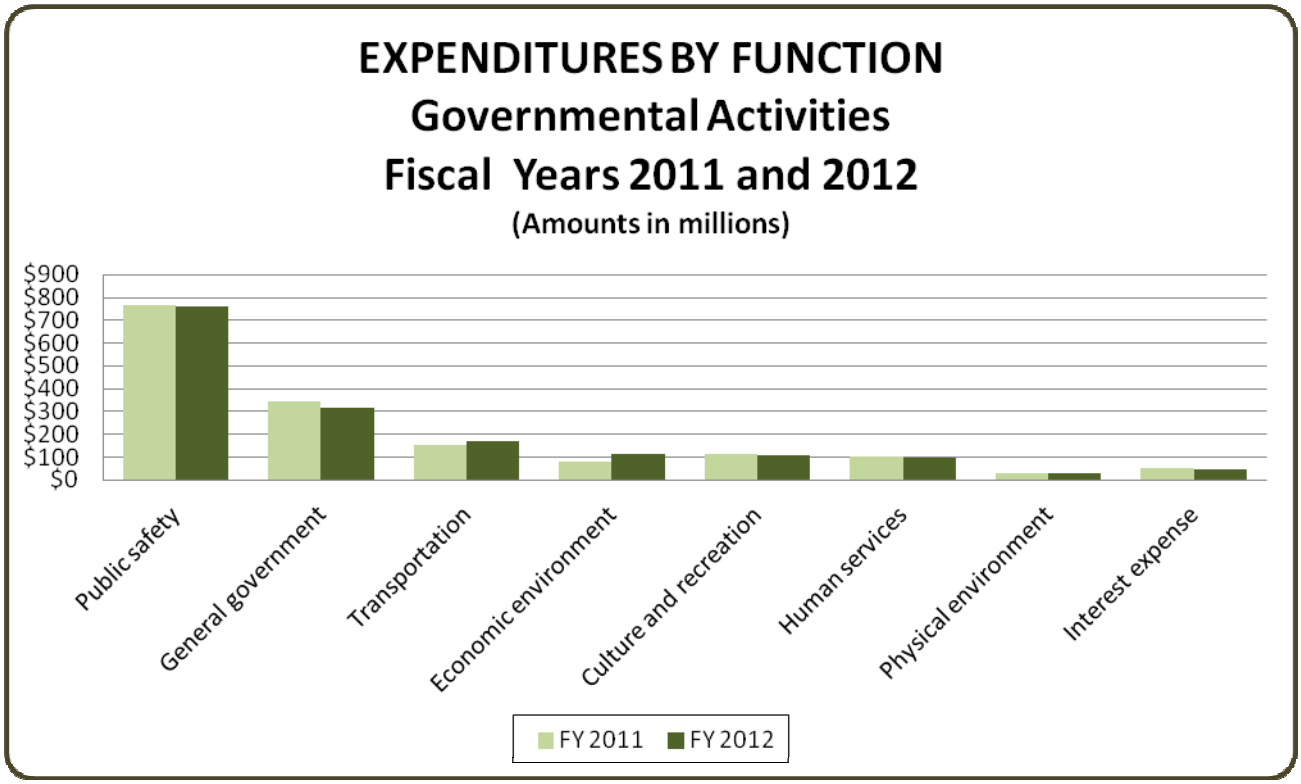
- The decrease in the Community and Social Development Special Revenue Fund of $4.3 million is related to fewer grants provided by both the federal and state governments.

- The increase of $4.2 million in the Road Program Capital Projects Fund is related to overall reductions of road related expenditures in the current fiscal year.

- The decrease of $10.4 million in the General Government Capital Projects Fund is due to the spending of County capital projects funds.



At September 30, 2012, the County's governmental funds reported combined ending fund balances of $1.121 billion, a decrease of $26.4 million from the previous year. This decrease was the result of a combination of a $16.8 million increase in the ending fund balance of the General Fund; a decrease of $10.4 million in the General Government Program Capital Projects Fund; an increase in the Fire Rescue Special Revenue Fund of $1.0 million; a decrease in the Community & Social Development Special Revenue Fund of $4.3 million; an increase in the Road Program Capital Project Fund of $4.2 million; and a decrease in Other Governmental Funds of $33.7 million.




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

*Department of Airports:*

- Operating revenues decreased by $900,000 (1%) to $65.5 million. The largest contributor being airline rents which decreased by $1.9 million, or 11%, over the prior year, due to decreased lease rates charged to airlines and decreased terminal area. Landing fee revenue decreased by $128,000 (2%) as a result of decreased landing fees which declined 3.7% to signatory airlines. Pursuant to the Airline-Airport Use and Lease Agreement, rates to signatory carriers declined due to decreased net operating expenses to operate airline terminal and airfield facilities. Car rental concession revenues and non-airline rentals both increased during fiscal year 2012 by a cumulative $1.3 million, partially offsetting declines in airline rents and landing fees.

- Compared to the prior year, operating expenses (excluding depreciation and amortization) decreased by $1.4 million, or 3.5%, to $40.5 million in fiscal year 2012. Looking longer term, the Department's annual operating expenses were 11% less than in fiscal year 2009 which translates into annual savings of $5 million. This reduction in costs has led to decreased rates to Airlines pursuant to the terms of our lease agreement with the signatory airlines. Cost savings have been achieved over a broad range of areas including salary freezes, reduced pension costs, decreased staffing, more favorable contracts, increased energy efficiency, and general cost cutting.

- As a result of the factors above, 2012 operating income before depreciation increased $500,000.

*Water Utilities Department:*

- The Department's net assets increased by $34.0 million, or 3.7%, compared to an increase of $20.3 million, or 2.3% in fiscal year 2011.

- Long-term debt (net of the current portion) decreased by $8.1 million, or 4.1%, during the year.

- Operating revenues in fiscal year 2012 totaled $153.8 million, an increase of $2.3 million or 1.5%. Fiscal year 2012 included the effect of rate indexing and a .4% increase in the customer base.

- Operating expenses before depreciation and amortization and equity interest in net loss of joint venture totaled $100.5 million, an increase of $0.9 million or .9%.

- Non-operating income increased by $1.8 million, or 75.0% in fiscal year 2012.

- The Department showed net income before contributions, transfers, and special item of $16.7 million for fiscal year 2012, an increase of $3.8 million or 29.2% from fiscal year 2011.

**Budgetary Highlights**

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

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, corrections or errors, new bond or loan proceeds, new grant awards and other revenues. During fiscal year 2012, supplemental appropriations to the Board of County Commissioners' budget excluding component units, were approximately $346.6 million, or approximately 9% of the original adopted budget.

Differences between the original budget for fiscal year 2012 and the final amended budget for the General Fund can be summarized as follows:

- On March 20, 2012, 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 $26.9 million adjustment to the reserves for balances forward in the General Government budget, reduced the Reserve for Contingency by $2.6 million, reduced the transfer to the County Transportation Trust Fund in the amount of $.3 million, increased the transfer to the Palm Tran Operations Fund in the amount of $2.1 million, increased the transfers to debt service funds in the amount of $.7 million, and the remaining $.2 million for transfers for various Special Revenue funds and general government expenses.

- On November 20, 2012, the Board amended the budget to reflect year-end adjustments. These adjustments included recognizing the transfer of excess reserve balances in internal service funds in the amount of $12.8 million and revenue from the SWA for hurricane Jeanne related refund in the amount of $.3 million. These additional funds were appropriated as follows: Contingency Reserves - $10.7 million, transfer to Capital Outlay fund of $2.1 million to fund write-off of bad debt and $.3 million as refund of prior year revenue.

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

*Budget to Actual Expenditures*

- General Fund budgeted reserves had a balance at year-end of $115.7 million, which represents 80% of the total unexpended appropriations in the fund. These unexpended funds will be carried over into fiscal year 2013 and will be re-appropriated.

- The actual Community Redevelopment Agency obligation was approximately $900,000 under budget.

- Division of Juvenile Justice Pre-Predisposition Costs were $2.2 million under budget.

- The remaining unspent funds can be primarily attributed to County departments spending less than budgeted.

*Budget to Actual Revenues*

- Ad valorem tax collections were 96% of budget, in line with the historical collection rate. Florida Statutes require revenues to be budgeted at 95% of reasonably anticipated receipts. Palm Beach County budgets a negative 5% statutory reserve to accomplish this. Allowing for the reserve, ad valorem taxes were actually over collected by $5.4 million. In addition, actual delinquent ad valorem tax collections were $1.4 million over budget.

- While State Revenue Sharing exceeded the budget in fiscal year 2012 by $3.9 million, actual collections were only $1.4 million over the previous year.

- The County received a $1.8 million payment from FAU associated with the Scripps project. In FY 2011, this revenue was recorded in debt service Fund 2041. In FY 2012, this revenue was recorded in the General Fund and was unbudgeted.

- While investment income was approximately 5% under budget, GASB 31 has made it difficult to project investment income that will be recognized. Fair market gains and losses cannot be projected accurately, resulting in possible variances in recognized income.

*Budget to Actual – Other financing sources*

- Actual excess fees (transfers in) received from the Sheriff and the Supervisor of Elections amounted to $22.8 million, of which no amount was budgeted. The Clerk & Comptroller returned $1.9 million in excess fees, $1.4 million more than the final budget.

## Capital Assets and Debt Administration

**Capital assets.** The County's capital assets for its governmental and business-type activities as of September 30, 2012, amounts to $3.788 billion (net of accumulated depreciation). This investment in capital assets includes a broad range of capital assets, including land, buildings and improvements, improvements other than buildings, equipment, infrastructure, and construction in progress. The total increase in the County's capital assets for fiscal year 2012 was just under 1% or $20 million, (a $28 million increase for governmental activities and an $8 million decrease for business-type activities).

Palm Beach County, Florida
Capital Assets, net of Accumulated Depreciation at Year-End (in millions)

| | Governmental Activities | | Business-type Activities | | TOTAL PRIMARY GOVERNMENT | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Primary Government: | | | | | | |
| Land | $ 740 | $ 739 | $ 115 | $ 114 | $ 855 | $ 853 |
| Buildings & improvements | 561 | 564 | 238 | 250 | 799 | 814 |
| Improvements other than buildings | 167 | 162 | 819 | 823 | 986 | 985 |
| Equipment | 197 | 194 | 26 | 27 | 223 | 221 |
| Infrastructure | 303 | 323 | - | - | 303 | 323 |
| Intangible - easement rights | - | - | 12 | 11 | 12 | 11 |
| Leasehold interest | - | - | 4 | 6 | 4 | 6 |
| Goodwill | - | - | 6 | 6 | 6 | 6 |
| Construction in progress | 560 | 518 | 40 | 31 | 600 | 549 |
| TOTALS | $ 2,528 | $ 2,500 | $ 1,260 | $ 1,268 | $ 3,788 | $ 3,768 |

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

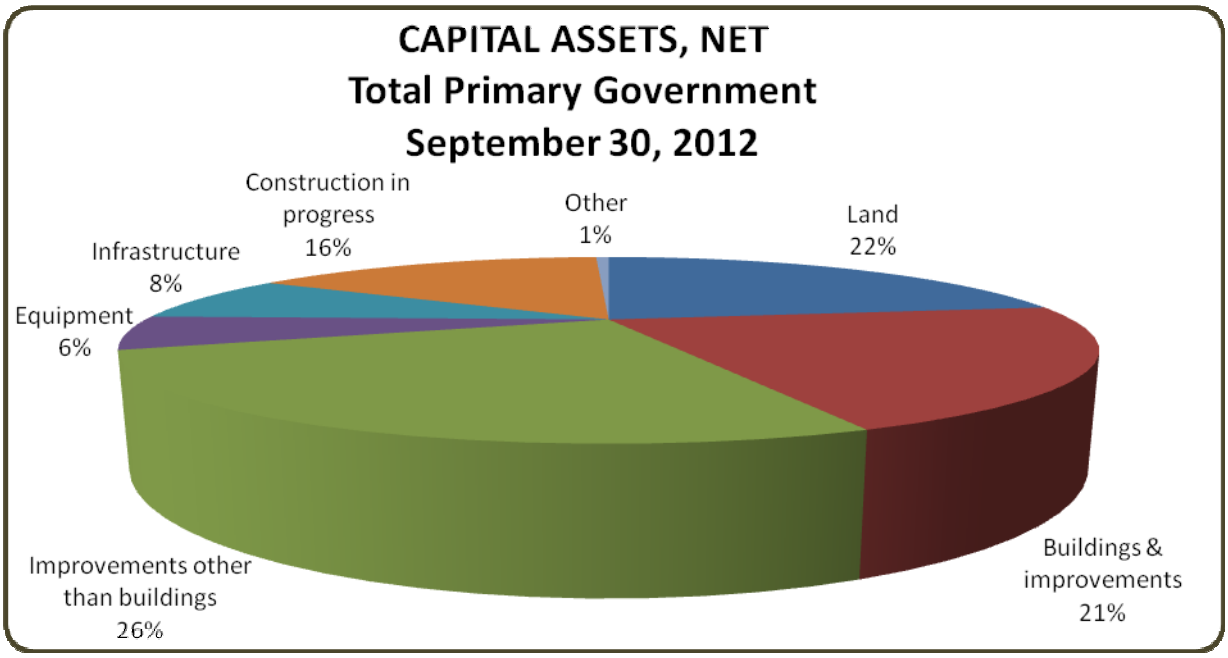
- Substantially completed projects during fiscal year 2012 included $131.7 million for the Jail Expansion Project, improvements to 45th Street/Jog Road to Haverhill Road for $12.8 million and $2.3 million for the Main Library Expansion.

- Governmental activities Net Capital assets increased overall by $28 million due to acquisitions of $5 million for improvements other than buildings, $3 million in equipment, $1 million for land, and $42 million added to Construction in progress, offset by reductions of infrastructure of $20 million and buildings and improvements of $3 million.

- Business-type activities Net Capital assets decreased overall by $8 million to $1.260 billion.

- Major projects by the Water Utilities Department included improvements to the Water Treatment Plant #2 for $10.0 million and improvements to the Southern Region Water Reclamation Facility for $2.8 million.

- The Department of Airports expended $26.5 million on capital activities. Completed projects during 2012 totaling $17.1 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed in fiscal year 2012 involved runway and taxiway improvements, as well as parking garage rehabilitation.




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

**Long-term liabilities.** At September 30, 2012, the primary government had 44 issues of bonded debt totaling $1.349 billion. Of this amount, $210 million comprises debt backed by the full faith and credit of the government, $824 million is special obligation debt secured by dedicated revenue sources and $315 million is secured by specified enterprise revenue sources. See chart below for more information.

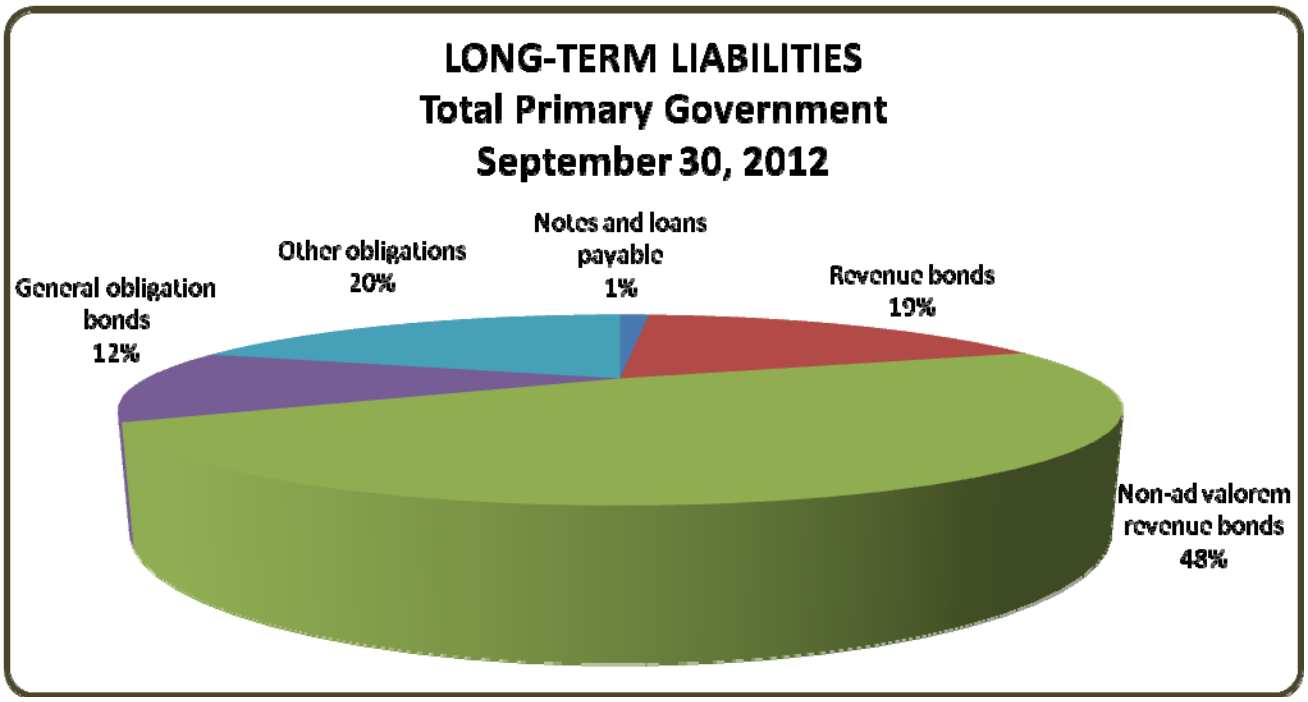
Palm Beach County, Florida
Long-Term Liabilities at Year-End (in millions)

| | Governmental Activities | | Business-type Activities | | TOTAL PRIMARY GOVERNMENT | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General obligation bonds | $ 210 | $ 229 | $ - | $ - | $ 210 | $ 229 |
| Non-ad valorem revenue bonds | 824 | 871 | - | - | 824 | 871 |
| Revenue bonds | - | - | 315 | 334 | 315 | 334 |
| Notes and loans payable | 22 | 36 | - | - | 22 | 36 |
| Other obligations | 338 | 302 | 5 | 6 | 343 | 308 |
| TOTALS | $ 1,394 | $ 1,438 | $ 320 | $ 340 | $ 1,714 | $ 1,778 |

**Bonded Debt.** The County's bond issues are rated by three primary bond rating agencies; Moody's Investors Service, Standard and Poor's and Fitch Ratings. These ratings, which are listed in the following chart, are indicative of the County's strong management team, broad-based economy, continually well-performing tax base, increasingly strong financial position, minimal debt requirements and high quality residential tax base. At September 30, 2012, the County's non-ad valorem revenues were 3.60 times the debt service required in the current or any future fiscal year.

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

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




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 employment growth, unemployment, new construction and assessed values, diversification of the property tax base, and Enterprise Fund revenue and net asset growth.

- The County's population increased from 1,325,758 in 2011 to 1,335,415 in 2012, an increase of 9,657 people or .73%.
- The civilian labor force for Palm Beach County increased from 621,616 at September 30, 2011 to 622,775 at September 30, 2012. The County's unemployment rate decreased from 10.9% at September 30, 2011 to 9.2% at September 30, 2012.
- Gross property taxes levied for fiscal year 2012 decreased from $873.7 million in 2011 to $855.0 million for 2012, a decrease of $18.7 million or 2.1%.
- Palm Beach County has a diversified property tax base. The ten largest property taxpayers in the County represent 13.6% of the total ad valorem property taxes levied.
- Residential building permits issued in Palm Beach County for both single family and multi-family units rose from 2,299 in 2011 to 4,180 in 2012, an increase of 82%.
- Palm Beach County closed sales for single-family homes increased from 12,441 in 2011 to 13,668 in 2012, an increase of 9.9%. The median sales price for a single-family home in Palm Beach County rose from $193,000 in 2011 to $212,000 in 2012, an increase of 9.8%.
- Foreclosure filings in Palm Beach County rose from 12,154 in 2011 to 15,419 in 2012, an increase of 27%.

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

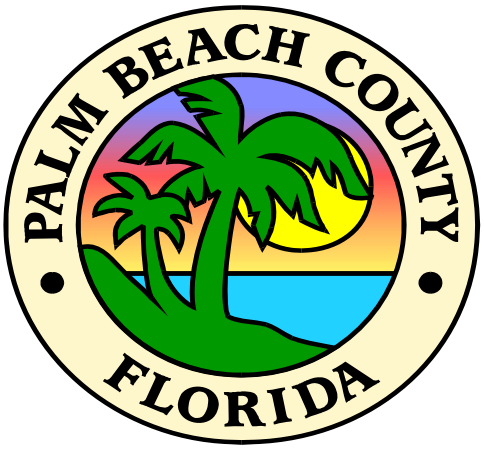
## To Obtain Further Information

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


PALM BEACH COUNTY
FLORIDA

PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
September 30, 2012

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash, cash equivalents, and investments | $ 821,768,430 | $ 235,521,499 | $ 1,057,289,929 |
| Interest receivable | 252,034 | 688,000 | 940,034 |
| Accounts receivable - net | 21,915,467 | 20,680,460 | 42,595,927 |
| Internal Balances | (6,635,330) | 6,635,330 | - |
| Due from primary government | - | - | - |
| Due from other governments | 51,341,698 | 4,814,332 | 56,156,030 |
| Due from component units | 421,225 | - | 421,225 |
| Inventory | 13,757,125 | 8,194,564 | 21,951,689 |
| Other assets | 6,145,905 | 1,332,570 | 7,478,475 |
| Other receivable - noncurrent | 20,979,356 | 16,400,546 | 37,379,902 |
| Investment in joint ventures | - | 49,123,038 | 49,123,038 |
| Deferred debt issuance costs | 6,741,093 | 2,864,632 | 9,605,725 |
| Noncurrent restricted cash, cash equivalents and investments | 450,833,337 | 73,017,504 | 523,850,841 |
| Capital assets | | | |
| Non-depreciable capital assets | 1,299,955,387 | 156,201,789 | 1,456,157,176 |
| Depreciable capital assets, net | 1,228,463,338 | 1,103,339,251 | 2,331,802,589 |
| Total assets | 3,915,939,065 | 1,678,813,515 | 5,594,752,580 |
| LIABILITIES | | | |
| Vouchers payable and accruals | 75,483,753 | 13,586,155 | 89,069,908 |
| Due to primary government | - | - | - |
| Due to other governments | 14,873,301 | 1,457,658 | 16,330,959 |
| Due to component units | 11,726,938 | 209 | 11,727,147 |
| Due to individuals | 1,088,507 | 6,269,545 | 7,358,052 |
| Accrued interest payable | 16,082,901 | 7,848,729 | 23,931,630 |
| Unearned revenue | 13,271,508 | 155,889 | 13,427,397 |
| Other current liabilities | 10,187,446 | - | 10,187,446 |
| Long-term liabilities | | | |
| Long-term liabilities due within one year | 115,439,305 | 17,860,750 | 133,300,055 |
| Long-term liabilities due more than one year | 1,278,718,773 | 301,886,903 | 1,580,605,676 |
| Total liabilities | 1,536,872,432 | 349,065,838 | 1,885,938,270 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 1,546,566,514 | 962,437,487 | 2,509,004,001 |
| Restricted for: | | | |
| Debt service | 18,040,048 | 19,695,155 | 37,735,203 |
| Capital projects | 368,636,293 | 50,228,432 | 418,864,725 |
| Library services | 11,229,738 | - | 11,229,738 |
| Fire rescue services | 80,148,414 | - | 80,148,414 |
| Tourist development programs | 20,852,839 | - | 20,852,839 |
| Grant programs | 33,415,887 | - | 33,415,887 |
| Environmental protection programs | 11,804,435 | - | 11,804,435 |
| Public safety and judicial programs | 26,269,454 | - | 26,269,454 |
| Other services and programs | 37,537,345 | 10,811,241 | 48,348,586 |
| Unrestricted | 224,565,666 | 286,575,362 | 511,141,028 |
| Total net assets | $ 2,379,066,633 | $ 1,329,747,677 | $ 3,708,814,310 |

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

| Component Units | | | |
|---|---|---|---|
| Metropolitan Planning Organization | Housing Finance Authority | Westgate/ Belvedere Homes Community Redevelopment Agency | Solid Waste Authority |
| $ 100 | $ 4,780,755 | $ 412,405 | $ 330,109,577 |
| - | 13,241 | - | 296,723 |
| - | 458,519 | 953,704 | 5,959,346 |
| - | - | - | - |
| 290,496 | 6,406,976 | 142,837 | 4,886,838 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 6,065,581 |
| 15,945 | 25,595 | 3,932,933 | 5,218,459 |
| - | - | - | 356,771 |
| - | - | - | - |
| - | - | 55,779 | 12,522,150 |
| - | - | - | 565,262,742 |
| - | - | 4,094,427 | 341,263,203 |
| - | - | 1,860,475 | 511,233,072 |
| 306,541 | 11,685,086 | 11,452,560 | 1,783,174,462 |
| 42,417 | 102,326 | 250,833 | 43,025,999 |
| 2,089 | 46,763 | - | 372,373 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 454,675 |
| - | - | - | 24,592,037 |
| - | - | 448,878 | - |
| - | 269,455 | 16,500 | 494,000 |
| 348 | - | 511,277 | 15,848,798 |
| 173,500 | - | 2,495,138 | 1,192,796,836 |
| 218,354 | 418,544 | 3,722,626 | 1,277,584,718 |
| - | - | 5,694,902 | 389,911,525 |
| - | - | 102,229 | - |
| - | - | 1,562,208 | 14,231,018 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 18,700,821 |
| 88,187 | 11,266,542 | 370,595 | 82,746,380 |
| $ 88,187 | $ 11,266,542 | $ 7,729,934 | $ 505,589,744 |

PALM BEACH COUNTY, FLORIDA
Statement of Activities
For the fiscal year ended September 30, 2012

| | 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 | $ 331,862,438 | $ (17,196,192) | $ 111,559,056 | $ 39,122,385 | $ 5,692,359 |
| Public Safety | 754,170,349 | 5,728,906 | 117,831,187 | 12,742,164 | 271,653 |
| Physical Environment | 29,206,388 | - | 8,298,140 | 5,438,522 | 2,707,629 |
| Transportation | 168,483,843 | - | 27,167,174 | 54,054,263 | 9,648,757 |
| Economic Environment | 114,700,112 | 125,639 | 3,354,941 | 72,138,310 | - |
| Human Services | 97,081,536 | 745,830 | 3,547,332 | 38,582,333 | - |
| Culture and Recreation | 104,939,360 | 2,843,851 | 19,313,804 | 1,422,527 | 1,814,960 |
| Interest Expense | 48,095,197 | - | - | - | - |
| Total Governmental Activities | 1,648,539,223 | (7,751,966) | 291,071,634 | 223,500,504 | 20,135,358 |
| Business Activities | | | | | |
| Department of Airports | 72,543,969 | 1,294,580 | 77,400,041 | - | 7,943,252 |
| Water Utilities Department | 142,964,452 | 6,345,867 | 157,177,871 | - | 22,260,813 |
| Total Business Activities | 215,508,421 | 7,640,447 | 234,577,912 | - | 30,204,065 |
| Total Primary Government | $ 1,864,047,644 | $ (111,519) | $ 525,649,546 | $ 223,500,504 | $ 50,339,423 |
| COMPONENT UNITS | | | | | |
| Metropolitan Planning Organization | $ 1,462,222 | $ 111,519 | $ - | $ 1,857,463 | $ - |
| Housing Finance Authority | 480,569 | - | 501,821 | 321,560 | - |
| Westgate/Belvedere CRA | 1,623,641 | - | 1,946,362 | - | - |
| Solid Waste Authority | 223,695,867 | - | 255,122,184 | 2,188,706 | 741,386 |
| Total Component Units | $ 227,262,299 | $ 111,519 | $ 257,570,367 | $ 4,367,729 | $ 741,386 |

General Revenues
Taxes - levied by the County
Ad-valorem taxes
Utility service taxes
Local option gas taxes
Tourist development taxes
State shared sales tax-unrestricted
Franchise gross receipts fee
State shared revenues-unrestricted
Investment income
Other general revenues
Transfers - net
Special item
Total general revenues, transfers and special item

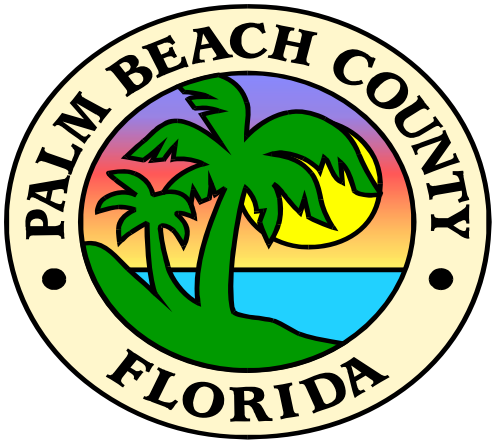
Increase in net assets

Beginning net assets (deficit)

Ending net assets

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

| Net (Expense) Revenue and Changes in net Assets | | | | | | |
|---|---|---|---|---|---|---|
| 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 |
| $ (158,292,446) | $ - | $ (158,292,446) | $ - | $ - | $ - | $ - |
| (629,054,251) | - | (629,054,251) | - | - | - | - |
| (12,762,097) | - | (12,762,097) | - | - | - | - |
| (77,613,649) | - | (77,613,649) | - | - | - | - |
| (39,332,500) | - | (39,332,500) | - | - | - | - |
| (55,697,701) | - | (55,697,701) | - | - | - | - |
| (85,231,920) | - | (85,231,920) | - | - | - | - |
| (48,095,197) | - | (48,095,197) | - | - | - | - |
| (1,106,079,761) | - | (1,106,079,761) | - | - | - | - |
| - | 11,504,744 | 11,504,744 | - | - | - | - |
| - | 30,128,365 | 30,128,365 | - | - | - | - |
| - | 41,633,109 | 41,633,109 | - | - | - | - |
| $ (1,106,079,761) | $ 41,633,109 | $ (1,064,446,652) | $ - | $ - | $ - | $ - |
| $ - | $ - | $ - | $ 283,722 | $ - | $ - | $ - |
| - | - | - | - | 342,812 | - | - |
| - | - | - | - | - | 322,721 | - |
| - | - | - | - | - | - | 34,356,409 |
| $ - | $ - | $ - | $ 283,722 | $ 342,812 | $ 322,721 | $ 34,356,409 |
| $ 824,015,386 | $ - | $ 824,015,386 | $ - | $ - | $ 1,170,137 | $ - |
| 33,553,838 | - | 33,553,838 | - | - | - | - |
| 45,637,158 | - | 45,637,158 | - | - | - | - |
| 28,821,660 | - | 28,821,660 | - | - | - | - |
| 70,206,178 | - | 70,206,178 | - | - | - | - |
| 34,955,780 | - | 34,955,780 | - | - | - | - |
| 55,026,652 | - | 55,026,652 | - | - | - | - |
| 40,425,709 | 7,041,371 | 47,467,080 | 2,212 | - | 575 | - |
| 3,138,225 | - | 3,138,225 | - | - | 66,836 | - |
| (2,831,473) | 2,831,473 | - | - | - | - | - |
| - | (3,572,024) | (3,572,024) | - | - | - | - |
| 1,132,949,113 | 6,300,820 | 1,139,249,933 | 2,212 | - | 1,237,548 | - |
| 26,869,352 | 47,933,929 | 74,803,281 | 285,934 | 342,812 | 1,560,269 | 34,356,409 |
| 2,352,197,281 | 1,281,813,748 | 3,634,011,029 | (197,747) | 10,923,730 | 6,169,665 | 471,233,335 |
| $ 2,379,066,633 | $ 1,329,747,677 | $ 3,708,814,310 | $ 88,187 | $ 11,266,542 | $ 7,729,934 | $ 505,589,744 |


PALM BEACH COUNTY
FLORIDA

## DESCRIPTIONS OF MAJOR FUNDS

### GOVERNMENTAL FUNDS

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

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

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

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

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

### PROPRIETARY FUNDS

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

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

PALM BEACH COUNTY, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2012

| | MAJOR FUNDS | | |
|---|---|---|---|
| | General Fund | Fire Rescue Special Revenue Fund | Community & Social Development Special Revenue Fund |
| ASSETS | | | |
| Cash, cash equivalents, and investments | $ 269,698,612 | $ 121,063,071 | $ 2,500 |
| Accounts receivable, net | 10,699,960 | 1,367,468 | 1,222,420 |
| Due from other county funds | 32,586,991 | 3,512,424 | 6,141,022 |
| Due from other governments | 11,024,492 | 2,857,871 | 18,951,527 |
| Due from component unit | 418,217 | - | - |
| Inventory | 5,634,149 | 2,648,263 | - |
| Other assets | 258,341 | 75 | - |
| Other receivable, noncurrent | 6,000,000 | - | 11,769,356 |
| Total assets | $ 336,320,762 | $ 131,449,172 | $ 38,086,825 |
| LIABILITIES | | | |
| Vouchers payable and accrued liabilities | $ 35,924,950 | $ 9,544,300 | $ 7,208,744 |
| Due to other county funds | 27,879,680 | 153,927 | 10,968,723 |
| Due to other governments | 11,822,672 | 542,717 | 1,537,404 |
| Due to component unit | 11,573,352 | - | 20,301 |
| Due to individuals | 387,636 | - | 551,933 |
| Insurance claims payable | 1,834,775 | - | - |
| Deferred and unearned revenue | 19,170,924 | - | 24,542,617 |
| Other liabilities | 10,176,751 | - | - |
| Total liabilities | 118,770,740 | 10,240,944 | 44,829,722 |
| FUND BALANCE | | | |
| Non-Spendable | | | |
| Inventory | 5,634,149 | 2,648,263 | - |
| Prepaid items | 128,461 | - | - |
| Spendable | | | |
| Restricted for: | | | |
| Debt service | - | - | - |
| Capital projects | - | - | - |
| Library services | - | - | - |
| Fire rescue services | - | 118,559,965 | - |
| Tourist development programs | - | - | - |
| Grant programs | - | - | 848,534 |
| Environmental protection programs | - | - | - |
| Public safety and judicial programs | 17,648,934 | - | - |
| Other services and programs | - | - | 1,028,565 |
| Assigned to: | | | |
| Debt service | - | - | - |
| Capital projects | - | - | - |
| Tourist development programs | - | - | - |
| Public safety and judicial programs | 437,425 | - | - |
| Other services and programs | - | - | - |
| Unassigned | 193,701,053 | - | (8,619,996) |
| Total fund balance | 217,550,022 | 121,208,228 | (6,742,897) |
| Total liabilities and fund balance | $ 336,320,762 | $ 131,449,172 | $ 38,086,825 |

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

| Road Program Capital Projects | General Government Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| $ 364,187,523 | $ 111,156,653 | $ 314,000,066 | $ 1,180,108,425 |
| 4,657 | 220 | 6,673,416 | 19,968,141 |
| - | 2,877,050 | 15,605,346 | 60,722,833 |
| 5,181,393 | 279,875 | 12,863,006 | 51,158,164 |
| - | - | - | 418,217 |
| - | - | 3,937,902 | 12,220,314 |
| - | - | 620,186 | 878,602 |
| - | - | 3,210,000 | 20,979,356 |
| $ 369,373,573 | $ 114,313,798 | $ 356,909,922 | $ 1,346,454,052 |
| $ 5,386,903 | $ 1,200,505 | $ 12,097,017 | $ 71,362,419 |
| 29,897 | 816 | 11,287,295 | 50,320,338 |
| 2,459 | - | 832,495 | 14,737,747 |
| - | - | 133,285 | 11,726,938 |
| - | - | 148,938 | 1,088,507 |
| - | - | - | 1,834,775 |
| 3,248,869 | 62,400 | 17,052,970 | 64,077,780 |
| - | - | 10,695 | 10,187,446 |
| 8,668,128 | 1,263,721 | 41,562,695 | 225,335,950 |
| - | - | 3,937,902 | 12,220,314 |
| - | - | 13,636 | 142,097 |
| - | - | 27,010,123 | 27,010,123 |
| 271,512,339 | 34,407,308 | 138,643,587 | 444,563,234 |
| - | - | 13,520,596 | 13,520,596 |
| - | - | - | 118,559,965 |
| - | - | 20,852,839 | 20,852,839 |
| - | - | 31,717,059 | 32,565,593 |
| - | - | 11,769,002 | 11,769,002 |
| - | - | 12,770,231 | 30,419,165 |
| - | - | 25,862,402 | 26,890,967 |
| - | - | 247,103 | 247,103 |
| 89,193,106 | 78,642,769 | 19,437,366 | 187,273,241 |
| - | - | 4,163,570 | 4,163,570 |
| - | - | - | 437,425 |
| - | - | 7,792,917 | 7,792,917 |
| - | - | (2,391,106) | 182,689,951 |
| 360,705,445 | 113,050,077 | 315,347,227 | 1,121,118,102 |
| $ 369,373,573 | $ 114,313,798 | $ 356,909,922 | $ 1,346,454,052 |

PALM BEACH COUNTY, FLORIDA

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets - Governmental Activities

September 30, 2012

| | | | |
|---|---|---|---|
| **Fund balance for total of governmental funds (page 9)** | | | |
| Amounts reported for governmental activities in the statements of net assets are different because: | | $ | 1,121,118,102 |
| **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 assets. | | | |
| Net assets per fund statements | $ 51,027,644 | | |
| Less amount due to business-type activities for 'look-back' allocation | (4,609,516) | | |
| | | | 46,418,128 |
| **Report as a liability general long-term debt obligations** | | | |
| Liabilities that are not due and payable in the current period do not encumber current financial resources and therefore are not reported in the governmental fund statements. | | | |
| General obligation bonds payable | (207,340,000) | | |
| Non-ad valorem bonds payable | (793,276,168) | | |
| Notes and loans payable | (22,574,341) | | |
| Compensated absences | (128,964,111) | | |
| Net OPEB Obligation | (93,610,375) | | |
| Claims and judgments | (33,584,143) | | |
| Unamortized premium | (52,897,403) | | |
| Arbitrage accrued | (7,237,320) | | |
| Net Pension Obligation | (15,366,045) | | |
| Termination benefits | (910,259) | | |
| Deferred loss on refundings | 19,783,268 | | |
| | | | (1,335,976,897) |
| **Report as an asset the cost of general capital assets and accumulated depreciation** | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements. | | | |
| Non-depreciable capital assets | 1,299,955,387 | | |
| Depreciable capital assets, net of accumulated depreciation | 1,204,938,088 | | |
| | | | 2,504,893,475 |
| **Report other adjustments to convert from modified accrual to full accrual** | | | |
| *Net OPEB Obligation Asset* | | | |
| Cumulative plan contributions in excess of ARC is reported as an asset. However, the plan contributions are reported as expenditures in the governmental fund statements. | 1,149,361 | | |
| *Deferred Debt Issuance Costs* | | | |
| Issue cost for new debt is reported as a deferred charge and amortized over the life of the debt as an expense. However, issue costs are recorded as expenditures in the governmental fund statements. | 6,741,093 | | |
| *Accrued Interest Payable* | | | |
| Accrued Interest Payable that is not due and payable in the current period is not reported in the governmental fund statements. | (16,082,901) | | |
| *Deferred Revenue* | | | |
| Revenue is recognized when earned. However, revenue is deferred until the current financial resources are available in the governmental fund statements. | 50,806,272 | | |
| | | | 42,613,825 |
| **Net assets of governmental activities (page 2)** | | $ | 2,379,066,633 |

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended September 30, 2012

| | MAJOR FUNDS | | |
|---|---|---|---|
| | General Fund | Fire Rescue Special Revenue Fund | Community & Social Development Special Revenue Fund |
| Revenues: | | | |
| Taxes (net of discount) | $ 634,630,927 | $ 184,661,800 | $ - |
| Special assessments | - | 271,653 | - |
| Licenses and permits | 33,026,711 | 13,020 | - |
| Intergovernmental | 133,339,563 | 808,734 | 93,815,427 |
| Charges for services | 192,803,535 | 32,855,370 | 591,798 |
| Less - excess fees paid out | (39,445,243) | | - |
| Fines and forfeitures | 2,782,990 | - | - |
| Investment income | 10,432,112 | 5,076,424 | 642,766 |
| Miscellaneous | 7,626,768 | 330,941 | 1,533,601 |
| Total revenues | 975,197,363 | 224,017,942 | 96,583,592 |
| Expenditures: | | | |
| Current: | | | |
| General government | 240,793,857 | - | - |
| Public safety | 444,089,674 | 227,459,000 | 1,976,029 |
| Physical environment | 11,066,404 | - | - |
| Transportation | 4,235,000 | - | 68,088 |
| Economic environment | 23,058,293 | 491,098 | 63,496,336 |
| Human services | 47,617,113 | - | 48,595,612 |
| Culture and recreation | 48,206,402 | - | - |
| Capital outlay | 25,289,807 | 1,398,513 | 541,754 |
| Debt service | - | - | 513,385 |
| Total expenditures | 844,356,550 | 229,348,611 | 115,191,204 |
| Excess of revenues over (under) expenditures | 130,840,813 | (5,330,669) | (18,607,612) |
| Other financing sources (uses): | | | |
| Transfers in | 29,966,825 | 6,457,119 | 12,932,295 |
| Transfers out | (143,795,916) | (243,767) | (2,195,492) |
| Issuance of long-term debt | - | - | 3,561,000 |
| Issuance of refunding debt | - | - | - |
| Premium on refunding debt | - | - | - |
| Payment to escrow agent for refunding | - | - | - |
| Total other financing sources (uses) | (113,829,091) | 6,213,352 | 14,297,803 |
| Net change in fund balances | 17,011,722 | 882,683 | (4,309,809) |
| Fund balances, October 1, 2011 | 200,780,168 | 120,196,849 | (2,433,088) |
| Increase (decrease) in nonspendable fund balance | (241,868) | 128,696 | - |
| Fund balances, September 30, 2012 | $ 217,550,022 | $ 121,208,228 | $ (6,742,897) |

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

| Road Program Capital Projects | General Government Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| $ 9,363,976 | $ 800 | $ 130,139,069 | $ 958,796,572 |
| 12,854,648 | 680,975 | 18,475,072 | 32,282,348 |
| - | - | 17,421,296 | 50,461,027 |
| 18,994,483 | 2,983,554 | 73,695,733 | 323,637,494 |
| 225 | 834,573 | 31,965,888 | 259,051,389 |
| - | - | - | (39,445,243) |
| - | - | 4,432,219 | 7,215,209 |
| 9,365,609 | 3,043,436 | 9,530,310 | 38,090,657 |
| 4,391,486 | 581,505 | 10,027,706 | 24,492,007 |
| 54,970,427 | 8,124,843 | 295,687,293 | 1,654,581,460 |
| 1,354,261 | 23,866,803 | 8,340,764 | 274,355,685 |
| - | - | 21,608,458 | 695,133,161 |
| - | 505,431 | 16,324,650 | 27,896,485 |
| 4,801,643 | 3,695,811 | 112,392,216 | 125,192,758 |
| - | 194,796 | 27,497,145 | 114,737,668 |
| - | 106,855 | 454,720 | 96,774,300 |
| - | - | 42,514,975 | 90,721,377 |
| 44,394,105 | 5,525,628 | 64,898,753 | 142,048,560 |
| - | - | 132,128,044 | 132,641,429 |
| 50,550,009 | 33,895,324 | 426,159,725 | 1,699,501,423 |
| 4,420,418 | (25,770,481) | (130,472,432) | (44,919,963) |
| 814,000 | 17,137,369 | 144,064,645 | 211,372,253 |
| (1,029,000) | (1,814,897) | (47,555,927) | (196,634,999) |
| - | - | - | 3,561,000 |
| - | - | 163,189,340 | 163,189,340 |
| - | - | 28,470,407 | 28,470,407 |
| - | - | (191,000,713) | (191,000,713) |
| (215,000) | 15,322,472 | 97,167,752 | 18,957,288 |
| 4,205,418 | (10,448,009) | (33,304,680) | (25,962,675) |
| 356,500,027 | 123,498,086 | 349,033,646 | 1,147,575,688 |
| - | - | (381,739) | (494,911) |
| $ 360,705,445 | $ 113,050,077 | $ 315,347,227 | $ 1,121,118,102 |

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, 2012

**Net increase (decrease) in fund balances for total governmental funds (page 13)**

| | | | |
|---|---|---|---|
| **Amounts reported for governmental activities in the statements of activities are different because:** | | $ | (25,962,675) |
| ***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 revenue (loss) of the internal service funds is reported with governmental activities. | | | |
| Net income (loss) per fund statements | $ (24,861,197) | | |
| Plus current year allocation of internal service funds to business-type activities | (653,838) | | |
| | | | (25,515,035) |
| ***Report as a liability long-term debt obligations*** | | | |
| Debt issuance | | | |
| Debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. | | | |
| Current year face value of debt issued | (166,750,340) | | |
| 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 (premium) discount on debt issued | (28,470,407) | | |
| Current year amortization & retirement of premium / discount | 11,087,345 | | |
| 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 (gain) loss deferred | 12,104,850 | | |
| Current year amortization & retirement of deferred refunding gain / loss | (1,934,413) | | |
| 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 assets and does not result in an expense. | 254,319,989 | | |
| 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. | | | |
| (Increase) Decrease in arbitrage 'long term' accrued liability | 1,419,222 | | |
| (Increase) Decrease in Net OPEB Obligation | (23,318,029) | | |
| (Increase) Decrease in estimated self-insurance obligation | (2,000,535) | | |
| (Increase) Decrease in termination benefits | 1,893,264 | | |
| (Increase) Decrease in Net Pension Obligation | (7,310,672) | | |
| (Increase) Decrease in compensated absences liability | (5,264,105) | | |
| | | | 45,776,169 |

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, 2012

| | | | | |
|---|---|---|---|---|
| ***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 assets and do not result in an expense. | | 144,338,142 | | |
| Acquisition of capital assets from contributions do not generate current financial resources and therefore are not reported in the governmental fund statements as revenue. | | 4,301,789 | | |
| Depreciation expense | | | | |
| The cost of capital assets is allocated over their useful life as depreciation expense. However, depreciation does not require the use of current financial resources and therefore is not reported in the governmental fund statements. | | (111,175,642) | | |
| Retirement of capital assets | | | | |
| In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance. | | (4,321,120) | | |
| | | | | 33,143,169 |
| ***Report other adjustments for converting from modified accrual to full accrual*** | | | | |
| Net Increase (Decrease) in deferred issue costs: | | | | |
| Current year debt issue costs deferred | 645,637 | | | |
| Current year amortization & retirement of deferred issue costs | (2,505,204) | | | |
| | | (1,859,567) | | |
| Increase (Decrease) in inventory | | (494,911) | | |
| Increase (Decrease) in accrued interest receivable | | (262,498) | | |
| Increase (Decrease) in Net OPEB Obligation Asset | | 475,095 | | |
| (Increase) Decrease in accrued interest payable | | 440,515 | | |
| (Increase) Decrease in deferred revenue | | 1,129,090 | | |
| | | | | (572,276) |
| **Increase (decrease) in net assets of governmental activities (page 5)** | | | $ | 26,869,352 |

PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2012

| | Business-type Activities - | |
|---|---|---|
| | Airports | Water Utilities |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 48,708,981 | $ 155,143,161 |
| Cash and cash equivalents - restricted | 186,145 | 17,266,327 |
| Cash with fiscal agent - restricted | 14,216,885 | - |
| Interest receivable - restricted | - | 688,000 |
| Accounts receivable, net | 2,479,007 | 15,496,560 |
| Due from other county funds | 347,605 | 2,447,874 |
| Due from other governments | 3,174,478 | 1,639,854 |
| Due from component unit | - | - |
| Inventory | 1,244,288 | 6,950,276 |
| Current portion of other receivables | 134,600 | 830,327 |
| Other assets | 1,046,708 | 285,862 |
| Total current assets | 71,538,697 | 200,748,241 |
| Noncurrent assets: | | |
| Restricted assets: | | |
| Cash and cash equivalents | 63,015,304 | 10,002,200 |
| Accounts receivable, net | 1,739,966 | - |
| Total noncurrent restricted assets | 64,755,270 | 10,002,200 |
| Capital assets: | | |
| Land | 100,016,274 | 14,886,536 |
| Buildings | 354,852,863 | 100,899,151 |
| Improvements other than buildings | 222,957,115 | 1,184,553,650 |
| Furniture, fixtures and equipment | 41,463,078 | 69,942,922 |
| Leasehold interest | - | 12,411,525 |
| Goodwill | - | 6,915,903 |
| Intangible - easement rights | 13,754,957 | 1,660,856 |
| Accumulated depreciation and amortization | (376,840,754) | (527,571,159) |
| Construction in progress | 24,238,160 | 15,399,963 |
| Total capital assets | 380,441,693 | 879,099,347 |
| Investment in joint ventures | - | 49,123,038 |
| Other receivables, noncurrent | 216,762 | 16,183,784 |
| Deferred debt issuance costs | 1,322,896 | 1,541,736 |
| Total noncurrent assets | 446,736,621 | 955,950,105 |
| Total assets | $ 518,275,318 | $ 1,156,698,346 |

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

| Enterprise Funds | Governmental Activities Internal Service Funds |
| --- | --- |
| Totals | |
| $ 203,852,142 | $ 92,493,342 |
| 17,452,472 | - |
| 14,216,885 | - |
| 688,000 | - |
| 17,975,567 | 2,199,360 |
| 2,795,479 | 4,354,336 |
| 4,814,332 | 183,534 |
| - | 3,008 |
| 8,194,564 | 1,536,811 |
| 964,927 | - |
| 1,332,570 | 4,117,942 |
| 272,286,938 | 104,888,333 |
| 73,017,504 | - |
| 1,739,966 | - |
| 74,757,470 | - |
| 114,902,810 | - |
| 455,752,014 | 206,558 |
| 1,407,510,765 | 512,286 |
| 111,406,000 | 74,835,035 |
| 12,411,525 | - |
| 6,915,903 | - |
| 15,415,813 | - |
| (904,411,913) | (52,028,629) |
| 39,638,123 | - |
| 1,259,541,040 | 23,525,250 |
| 49,123,038 | - |
| 16,400,546 | - |
| 2,864,632 | - |
| 1,402,686,726 | 23,525,250 |
| $ 1,674,973,664 | $ 128,413,583 |

PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2012

| | Business-type Activities - | |
|---|---|---|
| | Airports | Water Utilities |
| LIABILITIES | | |
| Current liabilities payable from current assets: | | |
| Vouchers payable and accrued liabilities | $ 6,737,673 | $ 6,166,267 |
| Due to other county funds | 241,888 | 527,777 |
| Due to other governments | 186,018 | 1,271,640 |
| Due to component unit | 209 | - |
| Unearned revenue | 155,889 | - |
| Current portion of long-term debt | 45,292 | 83,325 |
| Compensated absences | 53,133 | 219,000 |
| Insurance claims payable | - | - |
| Other liabilities | 557,534 | 33,598 |
| Total current liabilities payable from current assets | 7,977,636 | 8,301,607 |
| Current liabilities payable from restricted assets: | | |
| Customers' deposits | 163,900 | 6,105,645 |
| Accounts and contracts payable | 26,970 | 64,113 |
| Current portion of long-term debt | 10,995,000 | 6,465,000 |
| Interest payable on bonds | 3,217,160 | 4,631,569 |
| Total current liabilities payable from restricted assets | 14,403,030 | 17,266,327 |
| Total current liabilities | 22,380,666 | 25,567,934 |
| Noncurrent liabilities: | | |
| Due to other governments | - | 164,260 |
| Compensated absences | 1,029,773 | 2,795,837 |
| Revenue bonds payable, net | 110,503,204 | 187,207,183 |
| Insurance claims payable and other long-term liabilities | 76,646 | 110,000 |
| Total noncurrent liabilities | 111,609,623 | 190,277,280 |
| Total liabilities | 133,990,289 | 215,845,214 |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 258,943,490 | 703,493,997 |
| Restricted for: | | |
| Debt service | 13,230,155 | 6,465,000 |
| Capital projects | 49,228,432 | 1,000,000 |
| Grants and other | 10,311,241 | 500,000 |
| Unrestricted | 52,571,711 | 229,394,135 |
| Total net assets | $ 384,285,029 | $ 940,853,132 |

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

Net assets of business-type activities

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

| Enterprise Funds Totals | Governmental Activities Internal Service Funds |
|---|---|
| $ 12,903,940 | $ 4,121,334 |
| 769,665 | 16,782,645 |
| 1,457,658 | 135,554 |
| 209 | - |
| 155,889 | - |
| 128,617 | 34,949 |
| 272,133 | - |
| - | 13,175,063 |
| 591,132 | - |
| 16,279,243 | 34,249,545 |
| 6,269,545 | - |
| 91,083 | - |
| 17,460,000 | - |
| 7,848,729 | - |
| 31,669,357 | - |
| 47,948,600 | 34,249,545 |
| 164,260 | - |
| 3,825,610 | - |
| 297,710,387 | - |
| 186,646 | 43,136,394 |
| 301,886,903 | 43,136,394 |
| 349,835,503 | 77,385,939 |
| 962,437,487 | 23,525,250 |
| 19,695,155 | - |
| 50,228,432 | - |
| 10,811,241 | - |
| 281,965,846 | 27,502,394 |
| 1,325,138,161 | $ 51,027,644 |
| 4,609,516 | |
| $ 1,329,747,677 | |

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended September 30, 2012

| | Business-type Activities - | |
|---|---|---|
| | Airports | Water Utilities |
| Operating revenues: | | |
| Charges for services | $ 62,675,551 | $ 148,390,799 |
| Miscellaneous | 2,802,345 | 5,379,318 |
| Total operating revenues | 65,477,896 | 153,770,117 |
| Operating expenses: | | |
| Aviation services | 40,532,190 | - |
| Water and sewer services | - | 100,547,618 |
| Transportation services | - | - |
| Self-insurance services | - | - |
| Equity interest in net loss of joint ventures | - | 1,007,748 |
| Depreciation and amortization | 26,933,358 | 39,716,768 |
| Total operating expenses | 67,465,548 | 141,272,134 |
| Operating income (loss) | (1,987,652) | 12,497,983 |
| Nonoperating revenues (expenses): | | |
| Investment income | 1,643,687 | 5,397,684 |
| Guaranteed revenue | - | 4,010,517 |
| Passenger facility charges | 11,514,479 | - |
| Deferred issue costs | (53,218) | (120,421) |
| Interest expense | (6,434,318) | (8,457,067) |
| Other revenues (expenses) | 407,666 | 3,407,754 |
| Total nonoperating revenues (expenses) | 7,078,296 | 4,238,467 |
| Income (loss) before capital contributions, special item, and transfers | 5,090,644 | 16,736,450 |
| Capital contributions | 7,943,252 | 18,250,296 |
| Special item - contribution of cash and capital assets to Glades Utility Authority | - | (3,572,024) |
| Transfers in | 347,933 | 2,621,173 |
| Transfers out | (37,633) | (100,000) |
| Change in net assets | 13,344,196 | 33,935,895 |
| Net assets, October 1, 2011 | 370,940,833 | 906,917,237 |
| Net assets, September 30, 2012 | $ 384,285,029 | $ 940,853,132 |

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 assets of business-type activities

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

| Enterprise Funds Totals | Governmental Activities Internal Service Funds |
|---|---|
| $ 211,066,350 | $ 110,369,219 |
| 8,181,663 | - |
| 219,248,013 | 110,369,219 |
| 40,532,190 | - |
| 100,547,618 | - |
| - | 23,922,956 |
| - | 91,156,572 |
| 1,007,748 | - |
| 66,650,126 | 8,371,052 |
| 208,737,682 | 123,450,580 |
| 10,510,331 | (13,081,361) |
| 7,041,371 | 2,335,050 |
| 4,010,517 | - |
| 11,514,479 | - |
| (173,639) | - |
| (14,891,385) | - |
| 3,815,420 | 3,438,056 |
| 11,316,763 | 5,773,106 |
| 21,827,094 | (7,308,255) |
| 26,193,548 | 15,785 |
| (3,572,024) | - |
| 2,969,106 | 610,000 |
| (137,633) | (18,178,727) |
| 47,280,091 | (24,861,197) |
| | 75,888,841 |
| | $ 51,027,644 |
| 653,838 | |
| $ 47,933,929 | |

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2012

| | Business-type Activities - | |
|---|---|---|
| | Airports | Water Utilities |
| Cash flows from operating activities: | | |
| Cash received from customers | $ 63,905,800 | $ 145,951,348 |
| Cash received from other funds for goods and services | - | - |
| Cash payments to vendors for goods and services | (13,801,188) | (50,448,988) |
| Cash payments to employees for services | (10,378,557) | (29,130,003) |
| Cash payments to other funds | (16,305,454) | (20,470,076) |
| Claims paid | - | - |
| Other receipts | 29,876 | 6,474,520 |
| Net cash provided by operating activities | 23,450,477 | 52,376,801 |
| Cash flows from noncapital financing activities: | | |
| Cash contributed to other governments | - | (3,914,110) |
| Operating grants | 360,760 | - |
| Transfers in | 347,933 | 188,384 |
| Transfers out | (37,633) | (100,000) |
| Net cash (used in) noncapital financing activities | 671,060 | (3,825,726) |
| Cash flows from capital and related financing activities: | | |
| Proceeds from sale of capital assets | 19,124 | 230,802 |
| Contributed capital | 7,231,642 | 17,458,046 |
| Purchase and construction of capital assets | (23,737,103) | (21,983,370) |
| Payments to joint ventures | - | (1,746,238) |
| Principal payments on debt | (10,270,000) | (8,043,000) |
| Interest payments on debt | (6,729,580) | (9,447,614) |
| Paying agent fees | - | (4,183) |
| Passenger facility charges received | 10,394,081 | - |
| Net cash (used in) capital and related financing activities | (23,091,836) | (23,535,557) |
| Cash flows from investing activities: | | |
| Interest on investments | 1,643,687 | 5,388,184 |
| Receipt of repayments on other receivables | 127,181 | - |
| Net cash provided by investing activities | 1,770,868 | 5,388,184 |
| Net increase (decrease) in cash and cash equivalents | 2,800,569 | 30,403,702 |
| Cash and cash equivalents, October 1, 2011 | 123,326,746 | 152,007,986 |
| Cash and cash equivalents, September 30, 2012 | $ 126,127,315 | $ 182,411,688 |

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

| Enterprise Funds Totals | Governmental Activities Internal Service Funds |
|---|---|
| $ 209,857,148 | $ 12,690,168 |
| - | 97,312,825 |
| (64,250,176) | (29,409,946) |
| (39,508,560) | (6,783,150) |
| (36,775,530) | (2,488,251) |
| - | (74,559,729) |
| 6,504,396 | 2,397,543 |
| 75,827,278 | (840,540) |
| (3,914,110) | - |
| 360,760 | - |
| 536,317 | 610,000 |
| (137,633) | (1,499,411) |
| (3,154,666) | (889,411) |
| 249,926 | 1,252,093 |
| 24,689,688 | - |
| (45,720,473) | (4,368,527) |
| (1,746,238) | - |
| (18,313,000) | - |
| (16,177,194) | - |
| (4,183) | - |
| 10,394,081 | - |
| (46,627,393) | (3,116,434) |
| 7,031,871 | 2,335,050 |
| 127,181 | - |
| 7,159,052 | 2,335,050 |
| 33,204,271 | (2,511,335) |
| 275,334,732 | 95,004,677 |
| $ 308,539,003 | $ 92,493,342 |

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2012

| | Business-type Activities - | |
|---|---|---|
| | Airports | Water Utilities |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | $ (1,987,652) | $ 12,497,983 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 26,933,358 | 39,716,768 |
| Equity interest in net loss of joint ventures | - | 1,007,748 |
| Provision for doubtful accounts | - | 283,500 |
| Miscellaneous revenue | 29,876 | - |
| Change in assets and liabilities: | | |
| (Increase) in accounts receivable | (973,661) | (1,361,961) |
| (Increase) decrease in due from other county funds | (344,339) | 23,054 |
| (Increase) decrease in due from other governments | - | (1,072,956) |
| (Increase) decrease in inventory | (62,268) | (197,781) |
| (Increase) decrease in other assets | 16,243 | (25,475) |
| Decrease in due from component unit | - | - |
| Increase in vouchers payable and accrued liabilities | 175,985 | 1,201,089 |
| Increase in due to other county funds | 29,528 | 53,190 |
| Increase (decrease) in due to other governments | | (40,475) |
| (Decrease) in other current liabilities | (112,497) | - |
| (Decrease) in due to individuals | | - |
| (Decrease) in unearned revenue | (250,078) | - |
| (Decrease) in current portion of long-term debt | | - |
| Increase (decrease) in customer deposits | (4,018) | 292,117 |
| Increase in insurance claims payable | - | - |
| Increase in other long-term liabilities | - | - |
| Net cash provided by (used in) operating activities | $ 23,450,477 | $ 52,376,801 |
| Supplemental disclosure of noncash capital and related financing activities: | | |
| Amortization of deferred debt issuance costs | $ 120,325 | $ 120,421 |
| Amortization of premium on bonds | $ 225,794 | $ 399,741 |
| Amortization of deferred advance refunding loss | $ 158,688 | $ 77,708 |
| Payables related to capital asset acquisition | $ 2,528,515 | $ 2,495,890 |
| Contribution of capital assets | $ - | $ 7,435,785 |
| Capitalized interest | $ - | $ 516,534 |
| Disposal of fully depreciated capital assets | $ 1,644,053 | $ 1,648,758 |

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

| Enterprise Funds Totals | Governmental Activities Internal Service Funds |
|---|---|
| $ 10,510,331 | $ (13,081,361) |
| 66,650,126 | 8,371,052 |
| 1,007,748 | - |
| 283,500 | - |
| 29,876 | 2,397,543 |
| (2,335,622) | (79,135) |
| (321,285) | (493,598) |
| (1,072,956) | 206,167 |
| (260,049) | 192,898 |
| (9,232) | 243,851 |
| - | 339 |
| 1,377,074 | 136,344 |
| 82,718 | 1,139 |
| (40,475) | 135,503 |
| (112,497) | - |
| - | (103,028) |
| (250,078) | - |
| - | (38,230) |
| 288,099 | - |
| - | 437,140 |
| - | 832,836 |
| $ 75,827,278 | $ (840,540) |
| $ 240,746 | $ - |
| $ 625,535 | $ - |
| $ 236,396 | $ - |
| $ 5,024,405 | $ - |
| $ 7,435,785 | $ 19,386 |
| $ 516,534 | $ - |
| $ 3,292,811 | $ 3,354,812 |

PALM BEACH COUNTY, FLORIDA
Statement of Fiduciary Net Assets - Agency Funds
September 30, 2012

| | Total Agency Funds |
|---|---|
| ASSETS | |
| Cash, cash equivalents, and investments | $123,338,549 |
| Accounts receivable, net | 825,264 |
| Due from other governments | 1,457,523 |
| Other assets | 315 |
| Total assets | $125,621,651 |
| LIABILITIES | |
| Vouchers payable and accrued liabilities | $ 3,595,971 |
| Due to other governments | 40,035,833 |
| Due to individuals | 81,253,551 |
| Other liabilities | 736,296 |
| Total liabilities | $125,621,651 |

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

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Financial Reporting Entity

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

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

> The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of the separate organization's governing body *and* either is able to impose its will on that organization or there is the potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.
>
> A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government is entitled to the organization's resources; is legally obligated or has otherwise assumed the obligations to finance the deficits of, or provide financial support to, the organization; or is obligated in some manner for the debt of the organization.

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

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

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

**Blended Component Units**

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

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

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

**Discretely Presented Component Units**

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

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

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

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

community redevelopment to the designated area. The CRA is presented as a governmental fund type. The Board of Directors of the CRA consists of seven members appointed by the Board of County Commissioners.

**Metropolitan Planning Organization (MPO)** – This organization was created by Palm Beach County Resolution 79-1684 pursuant to Section 334.215, Florida Statutes, as amended by Section 339.175, Florida Statutes. The members of the MPO are appointed by the Governor and consist of five members of the Board of County Commissioners, eleven members from local municipalities, and one member from the governing board of the Port of Palm Beach. The purpose of the MPO is to administer and execute the inter-local agreement providing for short-term and long-term planning for all modes of travel in order to benefit the citizens of Palm Beach County. The MPO is reported as a governmental fund type.

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

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

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

Metropolitan Planning Organization
160 Australian Avenue, Suite 201
West Palm Beach, FL 33406

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

Housing Finance Authority
of Palm Beach County
810 Datura Street
West Palm Beach, FL 33401

Westgate/Belvedere Homes Community Redevelopment Agency
160 Australian Ave, Suite 500
West Palm Beach, FL 33406

**Related Organizations**

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

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

**Palm Beach County Educational Facilities Authority** – This organization was created by Palm Beach County Resolution 79-1493 pursuant to Chapter 243.18, Florida Statutes. Members of the authority are appointed by the Board of County Commissioners of Palm Beach County, but the County does not provide funding, has no obligation for the debt issued by the authority and cannot impose its will.

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

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

**Equity Joint Ventures**

**East Central Regional Wastewater Facility**

In September 1992, Palm Beach County entered into a thirty-year joint inter-local agreement (the Agreement) with four municipalities for the East Central Regional Wastewater Facility (the Facility). The Facility was created to receive, treat and dispose of sewage generated within each municipality and the County. Under GAAP, the County is required to account for this joint venture using the equity method. Accordingly, the County recorded its initial investment at cost and is required to record its proportionate share of the Facility's income or loss as well as additional contributions made or distributions received. Palm Beach County's interest in the joint venture is recorded in the County's Water Utilities Enterprise Fund. As of September 30, 2011, the Facility had total assets of $99,858,345 and total net assets of $90,465,911 including $68,993,982 invested in capital, net of debt, and $13,440,341 of unrestricted net assets. September 30, 2012 amounts are expected to approximate the above figures. As of September 30, 2012, the County's investment in this joint venture is $24.8 million.

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

The proportionate share for each entity is determined by the reserve capacity of the Facility allocated to each participant. At September 30, 2012, Palm Beach County had a 34.29% interest. The participants and each entity's interest at September 30, 2012 are as follows:

| PARTICIPANT | RESERVE CAPACITY PERCENTAGES |
|---|---|
| City of West Palm Beach | 29.29% |
| Palm Beach County | 34.29% |
| City of Lake Worth | 17.86% |
| City of Riviera Beach | 11.42% |
| Town of Palm Beach | 7.14% |
| TOTAL | 100.00% |

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

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

**Biosolids Processing and Recycling Facility**

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

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

Since the BPF agreement does not state that the participants are to share in the profits and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture's results of operations. Rather, the investment in joint venture will be amortized using the straight line method over the twenty-year life of the agreement. The Department's 27.5% share resulted in pro rata obligations of $8.7 million for construction costs and $580,000 annually for operating expenses for the twenty-year period. The Department's operating costs were $1,150,200 for the year ended September 30, 2012. During the fiscal year ended September 30, 2012, zero was paid to SWA by the Department for its pro rata share of the

construction costs and is shown as an asset – investment in joint ventures – on the statement of net assets. As of September 30, 2012, the County's investment in the BPF is $7.9 million.

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.

**Non - Equity Joint Ventures**

**Glades Utility Authority**

On June 16, 2009, the Glades Utility Authority (GUA) was established when the BCC adopted a Resolution determining that the transfer of certain utility assets to the GUA was in the public interest, as required under Section 125.3401, Florida Statutes. This transaction was accounted for by the Department as a non-exchange transaction which recognized a $56.4 million contribution expense to other governments to reflect the $55.7 million transfer of the Lake Region Water Treatment Plant and $0.7 million in the Renewal & Replacement Fund for same to the GUA on October 1, 2009.

The GUA, which began operations on October 1, 2009, is a regional partnership established through an interlocal agreement between the County and the Cities of Belle Glade, Pahokee and South Bay for the purpose of providing water, wastewater, and reclaimed water services to the residents of Belle Glade, Pahokee, and South Bay.

The Governing Board (Board) for the GUA consists of seven members, one each from Pahokee and South Bay, two from Belle Glade and three from the County, each of whom shall be appointed by their respective entity except that one member appointed by the County must be a resident in the service area of the GUA. No elected officials may be appointed to the Board. Initially the Board members from the three Cities and the resident of the service area shall have one vote and each of the other County members shall have two votes each. The affirmative vote of members holding a majority of the votes shall be required for passage of any item provided the affirmative vote of at least one of the three cities shall be required for passage of the item. As such the County does not appoint a voting majority of the Board. As part of the formation of the GUA, the County agreed to provide a backup pledge on some of the debt which was being acquired and refinanced by the GUA. Through this backup pledge the County has become obligated in some manner for the debt of the GUA. However, the County has no equity interest in the GUA and as such this entity is reported as a Non-Equity Joint Venture of the County.

The GUA is currently experiencing operating difficulties. If they have a default on their outstanding loans, described in Note 7- Commitments under Water Utilities, the County could be subject to a call on its back-up pledge.

Separate financial statements for the GUA may be obtained by contacting the Water Utilities Department.

**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 Assets presents information on all of the assets and liabilities of the County as a whole, excluding fiduciary funds. The difference between assets and liabilities is reported as net assets. Changes in net assets 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 assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying economic transactions occur, regardless of when cash is received or paid. Therefore, some of the revenues or expenses reported in the Statement of Activities will have cash flows in future fiscal periods. For example, uncollected taxes are reported as revenues although cash receipts will occur in the future. Unused vacation leave results in an expense although related cash outflows will occur in the future.

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

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

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County 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 Assets and the Statement of Activities to the governmental funds presented in the fund financial statements.

The following are definitions of the governmental fund types:

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

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

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

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

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

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

*Special Revenue Funds:*

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

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

*Capital Projects Funds:*

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

The **General Government Capital Projects Fund** is used to account for costs of capital improvements not included in any other category.

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

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

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

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

**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 less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

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

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

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

## D. Cash and Investments

Additional information is provided in Note 2, 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 following which are reported at amortized cost as permitted by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools:*

- Florida Prime Investment Pool
- Money Market Mutual Funds.

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

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

The following external investment pools are not SEC-registered:

The State Board of Administration (SBA) administers the *Florida Prime Investment Pool* (formerly known as the Local Government Surplus funds Trust Fund LGIP) and the *Fund B Surplus Funds Trust Fund (Fund B),* both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. The Florida Prime Investment Pool is an external investment pool operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Fund B is accounted for as a fluctuating net asset value pool. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are affected by transferring eligible cash or securities to

the Florida Prime Investment Pool, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida Prime Investment Pool. The investments in the Florida Prime Investment Pool and Fund B are not insured by FDIC or any other governmental agency. Regulatory oversight of the State Board of Administration is provided by three elected officials who are accountable to the electorate: the Governor of the State of Florida, as Chairman; the Chief Financial Officer of Florida, as Treasurer; and the State Comptroller, as Secretary. External oversight of the State Board of Administration is provided by the Investment Advisory Council which reviews the investments made by the staff of the Board of Administration and makes recommendations to the Board regarding investment policy, strategy, and procedures. Audit oversight is provided by the Florida Auditor General's Office.

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

**E. 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, 2012 there was an allowance of $19.3M for these receivables.

**F. 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.

## G. Restricted Assets

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

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

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

## H. 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 fiscal year has been capitalized as Construction in Progress as the related projects have not yet been completed. Capital assets are defined as those assets with an initial, individual cost of over $1,000. Contributed capital assets are recorded at their estimated fair value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In addition, for business-type activities and enterprise funds, net interest costs are capitalized on projects during the construction period. Depreciation is calculated using the straight-line method over estimated useful lives as follows:

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

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

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

## I. 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.

## J. Deferred Debt Issuance Costs, Bond Discounts, Premiums and Deferred Amounts on Refunding

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

## K. Self-Insurance

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

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

## L. Financial Reporting for Government-wide and Proprietary Funds

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

## M. Pension and Other Post-Employment Benefits Disclosure

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

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

## N. 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.

## O. 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.

## P. 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 2012, supplemental appropriations amounted to a net increase of $346,580,204, or approximately 8.8% of the original budget.

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

CLERK OF THE CIRCUIT COURT

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

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

1. The budget for funds necessary to perform court-related functions as provided for in Florida Statute 28.36, which details the methodologies used to apportion costs between court-related and non-court-related functions performed by the clerk.

2. The budget relating to the requirements of the Clerk as Clerk of the Board of County Commissioners, County Auditor, and Custodian or Treasurer of all county funds and other county related duties.

SHERIFF

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

TAX COLLECTOR AND PROPERTY APPRAISER

Chapter 195.087, Florida Statutes, governs the preparation, adoption and administration of the budgets of the Tax Collector and Property Appraiser. On or before a legally designated date each year, the Tax Collector and the Property Appraiser shall submit to the Florida Department of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same time to the Board of County Commissioners. Final approval of the budgets is given by the Florida Department of Revenue.

SUPERVISOR OF ELECTIONS

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

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

**Q. Encumbrances**

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

**R. 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.

## S. 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 governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.
>
> Amounts that are constrained for specific purposes that are internally imposed by the County's highest level of decision making authority, the Board of County Commissioners (BOCC), are classified as committed fund balances. Formal action in the form of a County Ordinance must be taken by the BOCC prior to the end of the fiscal year. The same formal action must be taken by the BOCC to remove or change the limitations placed on the funds.
>
> Amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the County Administrator or his designee. 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*). 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.

## T. Net Assets

Invested in capital assets, net of related debt is that portion of net assets that relates to the County's capital assets, reduced by debt outstanding used to purchase or construct the capital assets. The related debt is reduced by any unspent proceeds that are outstanding at fiscal year-end.

Restricted net assets is that portion of net assets that has been restricted from general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets is that portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

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.

The entity-wide statement of net assets (government activities) reports $607,934,453 of restricted net assets, of which $183,180,756 is restricted by enabling legislation.

## U. 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 or 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.

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, 2012.

For the 2010 tax roll year, the assessment roll was opened for collection on November 1, 2011, and discounts for payment prior to April 1, 2012, were determined as follows:

| | |
|---|---|
| 4% | if paid in November 2011 |
| 3% | if paid in December 2011 |
| 2% | if paid in January 2012 |
| 1% | if paid in Februrary 2012 |

### V. Interest Costs

Interest cost incurred by proprietary funds for the fiscal year ended September 30, 2012 amounted to $15,407,919, of which $516,534 was capitalized.

## 2. CASH AND INVESTMENTS

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

At September 30, 2012 the cash and investments consisted of the following:

| | Bank Balance | Carrying Value | Investments |
|---|---|---|---|
| Deposits in Financial Institutions | $ 399,601,957 | $ 380,369,365 | $ - |
| Cash on hand | | 373,526 | - |
| Internal Investment Pool | | 1,257,127,565 | 1,245,657,204 |
| Cash Equivalents | | 66,487,659 | 66,487,659 |
| Fund Investments | | 121,204 | 121,204 |
| Total | | $ 1,704,479,319 | $ 1,312,266,067 |

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 Assets | | |
| Primary Government | | |
| Cash, cash equivalents & investments | $ 1,057,289,929 | |
| Restricted cash, cash equivalents & investments | 523,850,841 | |
| Statement of Fiduciary Net Assets | | $ 1,581,140,770 |
| Agency Funds | | |
| Cash & cash equivalents | $ 123,338,549 | |
| | | 123,338,549 |
| | | $ 1,704,479,319 |

| Investment Type | Fair Value | Maturity in Years: Less Than 2 Years | 2 Years but Less Than 5 Years | 5 Years but Less Than 9 Years |
|---|---|---|---|---|
| Investments subject to interest rate risk | | | | |
| Adjustable Rate Securities | $ 334,911,638 | $ - | $ 315,646,825 | $ 19,264,813 |
| Collateralized Mortgage Obligations | 275,619,231 | 19,621,666 | 234,994,373 | 21,003,192 |
| Mortgage Backed Securities | 260,776,489 | 1,689,793 | 223,043,066 | 36,043,630 |
| Debenture Participation Certificates | 196,279,332 | - | 20,435,245 | 175,844,087 |
| Callable Bonds | 81,973,704 | - | - | 81,973,704 |
| Corporate Notes | 37,791,985 | 20,044,240 | - | 17,747,745 |
| Florida Local Govt Investment Trust | 30,236,785 | - | 30,236,785 | - |
| Indexed Amortization Notes | 15,029,121 | 15,029,121 | - | - |
| Foreign Government Bonds | 12,935,840 | 12,935,840 | - | - |
| Fund B Surplus Funds Trust Fund (SBA) | 81,332 | - | - | 81,332 |
| | 1,245,635,457 | $ 69,320,660 | $ 824,356,294 | $ 351,958,503 |
| Other Investments | | | | |
| Money Market Mutual Funds | 65,237,282 | | | |
| Florida Prime Investment Pool (SBA) | 1,393,328 | | | |
| | $ 1,312,266,067 | | | |

***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.

| Investments | Fair Value | Percentage of Total Portfolio | Standard & Poor's Investment Rating Service |
|---|---|---|---|
| U.S Government Sponsored Enterprises (GSE) | $696,052,400 | 53.0% | AA+ |
| U.S. Treasuries & Guaranteed Agencies | 468,537,115 | 35.7% | AA+ |
| Money Market Mutual Funds | 65,237,282 | 5.0% | AAAm |
| Corporate Securities | 37,791,985 | 2.9% | AA+ |
| Florida Local Govt Investment Trust | 30,236,785 | 2.3% | AAAf |
| Foreign Government Bonds | 12,935,840 | 1.0% | A-1 |
| Florida Prime Investment Pool (SBA) | 1,393,328 | 0.1% | AAAm |
| Fund B Surplus Funds Trust Fund (SBA) | 81,332 | 0.0% | Not rated |
| | $1,312,266,067 | 100.0% | |

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

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

***Custodial Credit Risk- Investments***

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

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

***Concentration Risk***

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

| Investment Issuer | Fair Value | Percentage of Total |
|---|---|---|
| Federal National Mortgage Association (Fannie Mae) | $ 432,473,102 | 32.9% |
| Small Business Administration | 317,376,059 | 24.2% |
| Federal Home Loan Mortgage Company (Freddie Mac) | 248,550,176 | 18.9% |
| Government National Mortgage Association (Ginnie Mae) | 151,161,056 | 11.5% |
| Invesco AIM Institutional Money Market Fund | 48,017,059 | 3.7% |
| Other combined- less than 2% per issuer | 46,659,845 | 3.6% |
| General Electric | 37,791,985 | 2.9% |
| Florida Local Government Investment Trust (FLGIT) | 30,236,785 | 2.3% |
| | $ 1,312,266,067 | 100.0% |

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

***Foreign Currency Risk:***

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

## 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, 2012:

| | |
|---|---|
| Bank balance of deposits with financial institutions | $ 8,176,122 |
| Carrying value | |
| Deposits with financial institutions | $ 8,139,541 |
| Petty cash | 9,150 |
| Money market mutual funds | 215,180,549 |
| Florida Prime | 225,648,644 |
| Total cash and cash equivalents | $ 448,977,884 |

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

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

The investment in Florida Prime consists of equity in an external, "2a7-like" investment pool managed by the State of Florida that was available to be withdrawn by the SWA on an overnight basis. The fair value of the position in Florida Prime was considered to be the same as the SWA's account balance (amortized cost) in the pool. The money market mutual funds and Florida Prime are classified as cash equivalents in the statements of net assets and statements of cash flows. Cash and cash equivalents at September 30, 2012 include $1,210,000 pledged as collateral for a letter of credit issued for the SWA's workers compensation insurance program.

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

At September 30, 2012, the fair value of the SWA's investments, including unrestricted and restricted asset balances were as follows:

| | |
|---|---|
| **Cash equivalents** | |
| Money market mutual funds | $ 215,180,549 |
| Florida Prime | 225,648,644 |
| | $ 440,829,193 |
| **Investments** | |
| Repurchase agreement | $ 445,470,030 |
| Investment in the Local Government Investment Pool (LGIP) Fund B | 924,405 |
| | $ 446,394,435 |

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

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

The restructuring divided the LGIP into two separate pools, the LGIP and Fund B representing approximately 86% of the original LGIP assets. The LGIP was designated as the ongoing fund consisting of only short-term, money market assets of the highest quality and was subsequently re-named Florida Prime. Fund B retained all securities from the original LGIP that had defaulted, were in default or had extended payment terms or potentially elevated credit risk. Fund B is closed to deposits and withdrawals and is generally expected to hold all assets to their ultimate maturity and to distribute funds to participants as they become available. The Fund B investment is recorded at fair value based on the net asset value of the Fund B assets reported by the SBA. At September 30, 2012 the Fund B investments had a net asset value of $924,405, approximating 95% of amortized cost.

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

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

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

Credit Risk: Credit risk is the risk that an issuer will not fulfill its obligations. The SWA's investment policy addresses credit risk by limiting allowable investments to the SBA Florida Prime investment pool, deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or investments that are otherwise fully collateralized or secured. The credit quality rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk. The repurchase agreement and LGIP Fund B do not have a credit quality rating.

The credit quality ratings of the investments held at September 30, 2012 are as follows:

| | Fair Value | Credit Quality Ratings | |
|---|---|---|---|
| | | S&P | Moody's |
| Money market mutual funds | $ 215,180,549 | AAAm | Aaa |
| Florida Prime | 225,648,644 | 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, 2012. At September 30, 2012 certain individual investments exceeded 5% of the total investment portfolio (including cash and cash equivalents) as follows:

| | Fair Value | Percentage of Total Investment Portfolio |
|---|---|---|
| Florida Prime | $ 225,648,644 | 25.2% |
| Money market mutual funds | | |
| Dreyfus Government | 119,792,712 | 13.4% |
| Fidelity Government | 91,526,608 | 10.2% |
| Repurchase agreement | 445,470,030 | 49.8% |

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, 2012.

## 3. RELATED PARTY TRANSACTIONS

Various departments within the County provide goods, administration, public safety, maintenance and various other services to other operating departments. Charges for these services are determined using direct and indirect cost allocation methods or amounts determined based upon direct negotiations between the related parties. The most significant of these transactions involves the reimbursement of indirect costs in accordance with the indirect cost plan. Accordingly, the reimbursement of these indirect costs in fiscal year 2012 was $17,196,192.

## 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

**Primary Government**

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Non-depreciable assets: | | | | |
| Land | $ 739,502,035 | $ 76,650 | $ (40,157) | $ 739,538,528 |
| Construction In Progress | 517,928,850 | 89,093,384 | (46,605,375) | 560,416,859 |
| Total non-depreciable assets | 1,257,430,885 | 89,170,034 | (46,645,532) | 1,299,955,387 |
| Depreciable assets: | | | | |
| Buildings and improvements | 881,063,972 | 21,416,579 | (6,796) | 902,473,755 |
| Improvements other than buildings | 351,004,314 | 15,329,389 | - | 366,333,703 |
| Equipment | 612,244,696 | 66,019,459 | (38,806,858) | 639,457,297 |
| Infrastructure | 1,340,180,923 | 7,597,089 | - | 1,347,778,012 |
| Total depreciable assets | 3,184,493,905 | 110,362,516 | (38,813,654) | 3,256,042,767 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (317,128,264) | (24,207,244) | 5,936 | (341,329,572) |
| Improvements other than buildings * | (189,374,807) | (9,596,175) | - | (198,970,982) |
| Equipment * | (418,518,957) | (58,136,074) | 34,342,435 | (442,312,596) |
| Infrastructure | (1,017,359,079) | (27,607,200) | - | (1,044,966,279) |
| Total accumulated depreciation | (1,942,381,107) | (119,546,693) | 34,348,371 | (2,027,579,429) |
| Total capital assets, being depreciated, net | 1,242,112,798 | (9,184,177) | (4,465,283) | 1,228,463,338 |
| Total governmental capital assets, net | $2,499,543,683 | $ 79,985,857 | $ (51,110,815) | $ 2,528,418,725 |

* Beginning balance adjusted for miscellaneous reclassification.

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|---|---|---|---|
| **Business-type Activities:** | | | | |
| Non-depreciable assets: | | | | |
| Land | $ 114,031,852 | $ 870,958 | $ - | $ 114,902,810 |
| Intangible - easement rights * | 1,660,856 | - | - | 1,660,856 |
| Construction In Progress | 30,617,811 | 47,574,256 | (38,553,944) | 39,638,123 |
| Total non-depreciable assets | 146,310,519 | 48,445,214 | (38,553,944) | 156,201,789 |
| Depreciable assets: | | | | |
| Buildings and improvements | 452,286,343 | 4,833,068 | (1,367,397) | 455,752,014 |
| Improvements other than buildings | 1,372,833,922 | 34,734,839 | (57,996) | 1,407,510,765 |
| Equipment | 106,493,675 | 7,190,926 | (2,278,601) | 111,406,000 |
| Intangible - easement rights * | 13,754,957 | - | - | 13,754,957 |
| Leasehold interest | 12,411,525 | - | - | 12,411,525 |
| Goodwill | 6,915,903 | - | - | 6,915,903 |
| Total depreciable assets | 1,964,696,325 | 46,758,833 | (3,703,994) | 2,007,751,164 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (202,122,148) | (17,377,434) | 1,367,397 | (218,132,185) |
| Improvements other than buildings | (549,689,623) | (38,720,399) | 57,996 | (588,352,026) |
| Equipment | (79,524,045) | (7,516,500) | 2,171,014 | (84,869,531) |
| Intangible - easement rights | (3,503,170) | (343,874) | - | (3,847,044) |
| Leasehold interest | (6,630,171) | (1,267,747) | - | (7,897,918) |
| Goodwill | (1,096,253) | (216,956) | - | (1,313,209) |
| Total accumulated depreciation | (842,565,410) | (65,442,910) | 3,596,407 | (904,411,913) |
| Total capital assets, being depreciated, net | 1,122,130,915 | (18,684,077) | (107,587) | 1,103,339,251 |
| Total business-type capital assets, net | $ 1,268,441,434 | $ 29,761,137 | $ (38,661,531) | $ 1,259,541,040 |

* A portion of Intangible - Easement rights was reclassified from a depreciable to a non-depreciable asset category effective October 1, 2011.

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

| | |
|---|---|
| **Governmental activities:** | |
| General government | $ 19,212,003 |
| Public safety | 32,946,430 |
| Physical environment | 1,572,005 |
| Transportation | 37,611,334 |
| Economic environment | 364,148 |
| Human services | 1,665,485 |
| Culture and recreation | 17,804,237 |
| 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. | 8,371,051 |
| Total depreciation expense - governmental activities | $ 119,546,693 |

| | |
|---|---|
| **Business-type Activities:** | |
| Department of Airports | $ 26,933,358 |
| Water Utilities Department | 38,509,552 |
| Total depreciation expense - business-type activities | $ 65,442,910 |

## 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 | 289,853,254 | 206,181,858 | (205,398,035) | 290,637,077 |
| Total non-depreciable assets | 340,479,380 | 206,181,858 | (205,398,035) | 341,263,203 |
| Depreciable assets: | | | | |
| Buildings and improvements | 340,798,118 | 199,442,783 | (1,809,210) | 538,431,691 |
| Improvements other than buildings | 106,463,866 | 8,004,332 | (3,928,619) | 110,539,579 |
| Equipment | 186,036,514 | 5,035,600 | (4,266,981) | 186,805,133 |
| Total depreciable assets | 633,298,498 | 212,482,715 | (10,004,810) | 835,776,403 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (133,473,488) | (20,739,903) | 1,809,209 | (152,404,182) |
| Improvements other than buildings | (41,494,107) | (5,202,006) | 3,928,618 | (42,767,495) |
| Equipment | (119,754,916) | (13,551,405) | 3,934,667 | (129,371,654) |
| Total accumulated depreciation | (294,722,511) | (39,493,314) | 9,672,494 | (324,543,331) |
| Total capital assets, being depreciated, net | 338,575,987 | 172,989,401 | (332,316) | 511,233,072 |
| Total component unit capital assets, net | $ 679,055,367 | $ 379,171,259 | $ (205,730,351) | $ 852,496,275 |

## 5. INTERFUND TRANSFERS IN AND OUT

Interfund transfers in and out during fiscal year 2012 were as follows:

| Interfund Transfers In | Interfund Transfers Out | Amount |
|---|---|---|
| **Governmental Funds:** | | |
| **Major Governmental Funds** | | |
| General Fund | General Government Capital Projects | $ 1,007,142 |
| | Law Enforcement Grants Special Revenue Fund | 7,451,287 |
| | Other Special Revenue Fund | 2,774,207 |
| | Criminal Justice Capital Projects | 2,543,970 |
| | Environmental Lands Capital Projects | 2,214,748 |
| | Fleet Management | 7,147,770 |
| | Combined Insurance Fund | 6,827,701 |
| | | 29,966,825 |
| Fire Rescue Special Revenue Fund | General Fund | 5,913,947 |
| | Other Special Revenue Fund | 455,482 |
| | Fleet Management | 897 |
| | Combined Insurance Fund | 86,793 |
| | | 6,457,119 |

| Interfund Transfers In | Interfund Transfers Out | Amount |
|---|---|---|

| | | |
|---|---|---|
| Community & Social Development Special Revenue Fund | General Fund | 12,752,295 |
| | General Government Capital Projects | 80,000 |
| | Water Utilities | 100,000 |
| | | 12,932,295 |
| Road Program Capital Projects | General Fund | 750,000 |
| | County Transportation Trust Special Revenue Fund | 64,000 |
| | | 814,000 |
| General Government Capital Projects | General Fund | 13,370,040 |
| | Fire Rescue Special Revenue Fund | 243,767 |
| | Community & Social Development Special Revenue Fund | 2,195,492 |
| | Law Enforcement Grants Special Revenue Fund | 910 |
| | County Transportation Trust Special Revenue Fund | 36,576 |
| | Library Taxing District Special Revenue Fund | 9,937 |
| | Palm Tran Special Revenue Fund | 63,426 |
| | Other Special Revenue Fund | 1,171,977 |
| | Airports | 37,633 |
| | Fleet Management | 7,611 |
| | | 17,137,369 |
| **Nonmajor Governmental Funds** | | |
| **Nonmajor Special Revenue Funds** | | |
| Law Enforcement Grants Special Revenue Fund | General Fund | $ 69,250 |
| | Other Special Revenue Fund | 73,400 |
| | | 142,650 |
| County Transportation Trust Special Revenue Fund | General Fund | 3,883,823 |
| Municipal Service Taxing District Special Revenue Fund | Fleet Management | 144,996 |
| | Combined Insurance Fund | 173,586 |
| | | 318,582 |
| Library Taxing District Special Revenue Fund | Libraries Capital Projects | 2,200,000 |
| | Fleet Management | 39,129 |
| | Combined Insurance Fund | 781,138 |
| | | 3,020,267 |
| Affordable Housing Trust Fund (SHIP) Special Revenue Fund | General Fund | 141,500 |
| Palm Tran Special Revenue Fund | General Fund | 16,288,125 |
| Other Special Revenue Fund | General Fund | 2,882,159 |
| | Law Enforcement Grants Special Revenue Fund | 192,502 |
| | | 3,074,661 |
| **Nonmajor Debt Service Funds** | | |
| General Obligation Bonds Debt Service Funds | General Fund | 375,659 |

| **Interfund Transfers In** | **Interfund Transfers Out** | **Amount** |
|---|---|---|

| | | |
|---|---|---|
| Revenue Bonds Debt Service Fund | General Fund | 85,087,390 |
| | Road Program Capital Projects | 1,029,000 |
| | General Government Capital Projects | 727,755 |
| | Tourist Development Special Revenue Fund | 6,608,320 |
| | Other Special Revenue Fund | 711,371 |
| | Criminal Justice Capital Projects | 2,000,000 |
| | | 96,163,836 |
| Other Financing Debt Service | General Fund | 553,281 |
| | Revenue Bonds Debt Service Fund | 15,988,903 |
| | Environmental Lands Capital Projects | 27,197 |
| | | 16,569,381 |
| **Nonmajor Capital Projects Funds** | | |
| Environmental Lands Capital Projects | General Fund | 250,000 |
| | Tourist Development Special Revenue Fund | 2,208,737 |
| | Other Special Revenue Fund | 693,918 |
| | | 3,152,655 |
| Parks & Recreation Capital Projects | General Fund | 868,447 |
| | General Obligation Bonds Debt Service Funds | 65,059 |
| | | 933,506 |
| **Total Nonmajor Governmental Funds** | | $ 144,064,645 |
| **Proprietary Funds:** | | |
| **Major Enterprise Funds** | | |
| Airports | Fleet Management | $ 87,553 |
| | Combined Insurance Fund | 260,380 |
| | | 347,933 |
| Water Utilities | Fleet Management | 1,579,655 |
| | Combined Insurance Fund | 1,041,518 |
| | | 2,621,173 |
| **Total Enterprise Funds** | | $ 2,969,106 |
| **Internal Service Funds:** | | |
| Fleet Management | General Fund | $ 610,000 |
| **Total Interfund Transfers Primary Government** | | $ 214,951,359 |

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; and (6) reduce fund balances in the internal service funds via transfers to other County departments.

## 6. RETIREMENT PLANS

### FLORIDA RETIREMENT SYSTEM

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

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

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

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

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at a stated effective annual rate. For members who entered

DROP prior to July 1, 2011, the rate is 6.5%. For members who enter DROP on or after July 1, 2011, the rate is 1.3%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

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

*Funding Policy* – The contribution requirements are established and may be amended by the Florida Legislature. The County's contributions to FRS for the years ended September 30, 2012, 2011, and 2010 were $59.1 million, $93.5 million, and $100.5 million, respectively, equal to the required contributions for each year. As of the fiscal year ending September 30, 2011, the Solid Waste Authority is considered a Component Unit rather than a part of the Primary Government. As a result, the prior-year contributions have been restated to reflect this change.

The following membership classes and rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2012:

| Membership Class | Employee Contribution Rate | Employer Contribution Rate |
|---|---|---|
| Regular | 3.00% | 5.18% |
| Special Risk | 3.00% | 14.90% |
| Judges | 3.00% | 11.93% |
| Legislators | 3.00% | 8.53% |
| Governor/Lieutenant Governor/Cabinet | 3.00% | 8.53% |
| State Attorney/Public Defender | 3.00% | 8.53% |
| County, City, Special District Elected Officers | 3.00% | 10.23% |
| Special Risk Administrative Support | 3.00% | 5.91% |
| IFAS Supplemental | 0.00% | 18.75% |
| Senior Management | 3.00% | 6.30% |
| Deferred Retirement Option Program | N/A | 5.44% |

## PALM TRAN, INC. – DEFINED BENEFIT PLAN

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

*Funding Policy* – The contribution requirements of plan members and Palm Tran, Inc. are established by the Pension Trust Agreement and may be amended by the Board. Plan members are required to contribute 2.5% of their annual covered payroll. Palm Tran, Inc. is required to contribute 15.7% of annual covered payroll.

*Annual Pension Cost and Net Pension Obligation* – Per the actuarial valuation, the annual pension cost and net pension obligation as of September 30, 2012 were as follows:

| | |
|---|---|
| Annual required contribution (ARC) | $ 11,081,517 |
| Interest on net pension obligation | 614,231 |
| Adjustment to ARC | (433,289) |
| Annual pension cost | 11,262,459 |
| Contributions made | (3,964,409) |
| Increase (decrease) in net pension obligation | 7,298,050 |
| Net pension obligation beginning of year | 8,013,869 |
| Net pension obligation end of year | $ 15,311,919 |

**Three-Year Trend Information**

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 09/30/10 | $ 5,769,760 | 58% | $ 2,718,873 |
| 09/30/11 | 8,589,477 | 40 | 8,013,869 |
| 09/30/12 | 11,262,459 | 33 | 15,311,919 |

*Funded Status and Funding Progress* – As of January 1, 2012, the most recent actuarial valuation date, the plan was 64.5% funded. The actuarial accrued liability for benefits was $88.5 million, and the actuarial value of assets was $57.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $31.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $25.0 million, and the ratio of the UAAL to the covered payroll was 125.8%.

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

*Actuarial Methods and Assumptions* – In the January 1, 2012 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases ranging from 5.0% to 12.5% per year. Both (a) and (b) included an inflation component of 4.0% with no cost-of-living adjustments. The projection of benefits for financial accounting purposes does not explicitly incorporate the potential effects of the 15.7% limitation on Palm Tran's contribution rate disclosed above under "Funding Policy". The actuarial value of assets was determined using the 5-year Smoothed Market asset valuation method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2012 was 30 years.

## LANTANA FIREFIGHTER'S – DEFINED BENEFIT/CONTRIBUTION PLAN

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

*Funding Policy* – (a) Plan members are required to contribute 10% of their salary to the Plan. Of this, 2% is allocated to the defined benefit portion of the Plan and 8% is allocated to the defined contribution portion. (b) Pursuant to Chapter 175, Florida Statutes, the Town imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within its corporate limits. 100% of the net proceeds of this 1.85% excise tax are allocated to the defined benefit portion of the Plan. (c) Because the County is ultimately responsible for the actuarial soundness of the Plan, the County must contribute an amount determined by the Trustees, in conjunction with the Plan's actuary, to be sufficient, along with the employees' contributions and the proceeds from the insurance tax, described above, to fund the defined benefits under the Plan. The current rate is 69.10% of annual covered payroll.

*Annual Pension Cost and Net Pension Obligation* – Per the actuarial valuation, the annual pension cost and net pension obligation as of September 30, 2012 were as follows:

| | | |
|---|---|---|
| Annual required contribution (ARC) | $ | 1,401,002 |
| Interest on net pension obligation | | 2,642 |
| Adjustment to ARC | | (4,138) |
| Annual pension cost | | 1,399,506 |
| Contributions made | | (1,386,885) |
| Increase (decrease) in net pension obligation | | 12,621 |
| Net pension obligation beginning of year | | 41,505 |
| Net pension obligation end of year | $ | 54,126 |

**Three-Year Trend Information**

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 09/30/10 | $1,432,225 | 98% | $ 34,505 |
| 09/30/11 | 1,437,327 | 100 | 41,505 |
| 09/30/12 | 1,399,506 | 98 | 54,126 |

*Funded Status and Funding Progress* – As of September 30, 2011, the most recent actuarial valuation date, the plan was 76.7% funded. The actuarial accrued liability for benefits was $27.3 million, and the actuarial value of assets was $20.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of $6.3 million. The covered payroll (annual payroll of active employees covered by the plan) was $2.2 million, and the ratio of the UAAL to the covered payroll was 285.4%.

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

*Actuarial Methods and Assumptions* – In the September 30, 2011 actuarial valuation, the Individual Entry Age actuarial cost method was used. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 7.0% per year compounded annually, and (c) the assumption that benefits will not increase after retirement. Both (a) and (b) included an inflation component of 5.0%. The actuarial value of assets was determined using the 5-year Smoothed Market asset valuation method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2011 was 15 years.

## OTHER PENSION PAYMENTS

The County entered into agreements with the City of Lake Worth (City) for law enforcement services, effective October 1, 2008, and fire rescue services, effective October 1, 2009. Employees of the City who became County employees had the choice to remain in the appropriate City-sponsored retirement plan or to become a member of the Florida Retirement 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 $227,038 for the year ended September 30, 2012.

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

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

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

The contribution requirements for plan members and participating governments are established by State statute. The SWA's contributions to the FRS for the years ended September 30, 2012, 2011 and 2010 were $1,081,074, $2,041,721 and $2,321,416, respectively, and were equal to the required contributions for each year.

## 7. COMMITMENTS

### Outstanding Purchase Orders and Contracts

Purchase orders and contracts (including construction contracts) had been executed, but goods and services were not received in the amounts shown below as of September 30, 2012:

| | Amount |
|---|---|
| **Governmental Activities:** | |
| **Major funds:** | |
| General Fund | $ 1,532,480 |
| Fire Rescue Special Revenue Fund | 5,055,270 |
| Community & Social Development Special Revenue Fu | 11,177,775 |
| Road Program Capital Projects Fund | 64,374,600 |
| General Government Capital Projects Fund | 11,449,321 |
| Total major funds | 93,589,446 |
| **Nonmajor governmental activities** | 46,683,671 |
| Total governmental activities | 140,273,117 |
| **Business-type Activities:** | |
| Airports | 13,036,166 |
| Water Utilities | 16,995,000 |
| Total business-type activities | 30,031,166 |
| Total commitments | $ 170,304,283 |

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.

**Water Utilities**

On June 16, 2009, the Glades Utility Authority (GUA) was established when the BOCC: A) adopted a Resolution determining that the transfer of certain utility assets to the GUA is in the public interest, as required under Section 125.3401, Florida Statutes; B) approved an Interlocal Agreement with the Cities of Belle Glade, Pahokee, and South Bay (Cities) for the establishment of the GUA pursuant to Chapter 163, Florida Statutes; and C) approved a Transition Agreement with the Cities.

As part of the formation of the GUA, the County agreed to provide a backup pledge on some of the debt which was being acquired and refinanced by the GUA. Through this backup pledge the County has become obligated in some manner for the debt of the GUA. However, the County has no equity interest in the GUA and as such this entity is reported as a Non-Equity Joint Venture of the County.

The existing State Revolving Fund loans of the Cities which were assumed by the GUA were restructured for a 30-year term with the first 5 years interest only with an interest rate not exceeding 4.5%. The agreement commits the County as a backup pledge for the restructured debt. The balance of the various State Revolving Fund loans at September 30, 2012 is $9.3 million. In addition, the GUA received a $9.3 million bank loan with level principal and interest payments for a 10-year term with interest at 4.55%. The agreement commits the County as a backup pledge for the debt. The balance of the bank loan at September 30, 2012 is $7.8 million.

**Palm Tran**

In September 2012, the County was notified that the Palm Tran/ATU Local 1577 Pension Plan had a funding deficiency. As a result, the County is required to amortize this funding deficiency over three annual payments. The first annual payment of $3,572,649 was paid by September 30, 2012, with the remaining two payments of $3,572,649 each due by the end of September 30, 2013 and September 30, 2014, respectively.

**Termination Benefits**

Termination benefits are benefits, other than salaries and wages, which are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees.

Prior Year Plans:

On January 15, 2010 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by February 26, 2010. The liability for the accrued healthcare cost at September 30, 2012 was $73,000 which is estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium.

On June 28, 2010 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by July 30, 2010. The liability for the accrued healthcare cost at September 30, 2012 was $268,000 with $267,000 estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium.

On March 3, 2011 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by April 29, 2011. The liability for the accrued healthcare cost at September 30, 2012 was $778,500 with $517,000 estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium.

**County Home**

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

**Max Planck**

On July 22, 2008, the County entered into an economic development grant agreement with Max Planck Florida Corporation (MPFC) providing funding for approximately $86.9 million for the construction and operation of an approximate 100,000 square foot Biomedical Research Facility in the County. Under the terms of the agreement, a maximum of $60 million will be spent towards the construction costs for the Permanent Facility and $26.9 million towards the reimbursement of operational costs. The term of the agreement is 15 years. The County, MPFC and FAU entered into a sublease agreement to lease a portion of the John D. MacArthur Campus of FAU to MPFC for construction of its permanent Florida facilities. The execution of the FAU sublease is a condition to the disbursement of the grant funds. The current fiscal year expense was $13 million, and as of September 30, 2012 the County has paid $55 million towards this commitment.

**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.

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

Contract Commitments: SWA has several uncompleted construction contracts for improvements to the solid waste system. The construction is being funded primarily from existing capital improvement funds and bond proceeds. At September 30, 2012 the uncompleted contracts are summarized as follows:

| | Contract Amount | Approved Payments | Retainage Payable | Remaining Contract Commitment |
|---|---|---|---|---|
| Bond Funds | $808,942,594 | $323,438,048 | $12,934,172 | $472,570,374 |

In addition to the construction contract commitments, SWA also had outstanding purchase commitments for various equipment, goods and services totaling approximately $20.6 million at September 30, 2012.

Interlocal Agreement: SWA entered into an interlocal agreement with Palm Beach County to provide funding for a hazardous materials emergency response team to provide regional hazardous materials investigation and mitigation services through the year ended September 30, 2007. The agreement was renewed on October 1, 2007 and again on September 25, 2012; each for an additional five year term, effectively extending the agreement through the fiscal year ending September 30, 2017.

SWA paid $1,829,741 for 2012. SWA is required to pay $1,881,486 under this agreement for the fiscal year ended September 30, 2013. The amount due each year can increase up to 3% per year.

Lease Commitments: SWA owns approximately 1,600 acres of farmland in western Palm Beach County, which is held as a replacement waste disposal site. SWA has an operating lease expiring in 2014 with the former owner to maintain and continue farming the property. The lease provides for annual rental payments to SWA adjusted each year based on the change in the producer price index for raw cane sugar, provided that the total annual rent shall not exceed $450,000. Rental income from this lease for the year ended September 30, 2012 was approximately $280,000. The carrying value of the land subject to the lease was approximately $8 million at September 30, 2012. The lease also provides the option to extend the term for five additional periods of four years (through 2030), each under the same terms and conditions. SWA retains the right to terminate the lease, in part, for areas designated for landfill development by SWA after the initial lease term. Management expects the operating lease to be renewed until the property is utilized for its intended purpose as a replacement waste disposal site.

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

September 30, 2012 was approximately $137,000. The minimum future rental payments, based on an annual increase of 3 percent, under this operating lease at September 30, 2012 were as follows:

| Year Ending September 30, | Amount |
|---|---|
| 2013 | $ 141,150 |
| 2014 | 145,385 |
| 2015 | 149,746 |
| 2016 | 154,239 |
| 2017 | 158,866 |
| 2018-2020 | 505,770 |
| | $ 1,255,156 |

**Landfill Closure and Postclosure Care Costs**

The SWA operated one active landfill site for the year ended September 30, 2012. In addition, the SWA is responsible for two landfill sites closed after 1991 and three landfill sites closed prior to 1991.

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

Landfill closure and postclosure care liabilities at September 30, 2012 are as follows:

| | |
|---|---|
| Accrued closure and postclosure care costs | $ 35,612,977 |
| Accrued postclosure care for closed landfills | 4,705,824 |
| Total Accrued Landfill Closure Costs | $ 40,318,801 |

The $35,612,977 of accrued closure and postclosure care liabilities at September 30, 2012 represents the cumulative cost based on the use of 39.4 percent of the estimated capacity of the operating landfill. The SWA will recognize the remaining estimated cost of closure and postclosure care of approximately $65.2 million for the operating landfill as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Based on current demographic information and engineering estimates of landfill consumption, the SWA expects to close the landfill in approximately 2047. 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, 2012 assets of $31,587,168 were held for these purposes. These amounts are reported as noncurrent restricted assets on the statement of net assets. The SWA expects that future inflation costs will be paid from interest earnings on these invested amounts and subsequent annual contributions. However, if interest earnings are inadequate or additional closure or postclosure care requirements are determined (due to changes in technology or applicable laws or regulations) these costs may need to be covered by charges to future users of the solid waste system or from future non-ad valorem assessments.

At September 30, 2012, the statutorily required escrow account balances were as follows:

| Site | September 30, 2012 |
|---|---|
| Site 7 closure costs | $ 21,967,469 |
| Dyer landfill long-term care | 329,214 |
| | $ 22,296,683 |

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, 2012, however, management does not believe that the annual costs are material to the SWA and these costs will be adequately funded through future, annual operating budgets.

## 8. RISK MANAGEMENT

The County maintains various self-insurance programs which are accounted for as internal service funds. Following is a brief description of each of the County’s insurance programs. The claims liability reported in each of the funds at September 30, 2012, is actuarially determined based on the requirements of GASB 10, which specifies that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

## Property and Liability

The County is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; and natural disasters. The County self-funds its Property and Liability exposures up to the amounts of $1,000,000 for Property and $500,000 for Liability. In addition, the County purchases a portfolio of excess insurance policies for both Property and Liability as well as numerous smaller policies for areas that are typically excluded in a standard policy or are specialized in nature. Liability exposures are limited to $200,000 per person and $300,000 per occurrence under Florida's sovereign immunity statute 768.28. The insurance program covers the Board of County Commissioners, the Supervisor of Elections, and the Tax Collector. In addition, the Property Appraiser participates in a small portion of the program as outlined in the Self Insured Retention Program.

Participants in the program make payments to the Property and Liability Insurance Fund, included in the Combined Insurance Fund, based on estimates of the amounts needed to pay prior and current year claims and to establish an additional liability for claims incurred but not reported. The claims liability reported in this fund at September 30, 2012 is $3,626,688. During claim years 2012 and 2011, changes recorded to the claims liability for property and liability insurance were as follows:

| Fiscal Year | Beginning of Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---|---|---|---|---|
| 2011 | $6,984,000 | ($530,245) | ($2,634,584) | $3,819,171 |
| 2012 | 3,819,171 | 2,042,020 | (2,234,503) | 3,626,688 |

## 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 $1,000,000, 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, 2012 is $47,131,013. During claim years 2012 and 2011, changes recorded to the claims liability for workers' compensation insurance were as follows:

| Fiscal Year | Beginning of Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---|---|---|---|---|
| 2011 | $49,345,000 | $5,175,423 | ($9,124,448) | $45,395,975 |
| 2012 | 45,395,975 | 14,787,348 | (13,052,310) | 47,131,013 |

**Employee Group Health Insurance**

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

Participants in the program make payments to the Employee Health Insurance fund, included in the Combined Insurance Fund, based on estimates of amounts needed to pay prior and current year claims and to establish an additional liability for claims incurred but not reported. The claims liability reported in the fund at September 30, 2012 is $3,964,976. During claim years 2012 and 2011, changes recorded to the claims liability for employee health insurance were as follows:

| Fiscal Year | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---|---|---|---|---|
| 2011 | $4,579,182 | $55,942,224 | ($56,294,161) | $4,227,245 |
| 2012 | 4,227,245 | 53,517,235 | (53,779,504) | 3,964,976 |

**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, 2012 is $12,702,551. This amount is based on the requirements of GASB 10 which specifies that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

During claim years 2012 and 2011, changes recorded to the claims liability for general liability were as follows:

| Fiscal Year | Beginning of Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---|---|---|---|---|
| 2011 | $12,810,571 | $3,828,633 | ($3,853,278) | $12,785,926 |
| 2012 | 12,785,926 | 3,311,072 | (3,394,447) | 12,702,551 |

## Workers' Compensation Insurance

The Sheriff's office is self-funded for its workers' compensation exposure. The claims liability reported at September 30, 2012 is $22,716,366. 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 2012 and 2011, changes recorded to the claims liability for workers' compensation were as follows:

| Fiscal Year | Beginning of Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---|---|---|---|---|
| 2011 | $23,215,313 | $3,695,870 | ($6,591,550) | $20,319,633 |
| 2012 | 20,319,633 | 9,407,204 | (7,010,471) | 22,716,366 |

## Employee Group Health Insurance

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

## CLERK & COMPTROLLER

### Employee Group Health Insurance

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

During claim years 2012 and 2011, changes recorded to the claims liability for health insurance were as follows:

| Fiscal Year | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---|---|---|---|---|
| 2011 | $806,000 | $7,553,113 | ($7,617,113) | $742,000 |
| 2012 | 742,000 | 8,215,654 | (8,207,654) | 750,000 |

## 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 approximately $250 million, subject to various policy sub-limits, generally ranging from $1 million to $100 million and deductibles ranging from $50,000 to $1 million per occurrence. The SWA also purchases commercial insurance for general liability claims with coverage up to $5 million per occurrence and $5 million aggregate, with excess liability coverage of $45 million, all subject to various deductibles up to $50,000 per occurrence. General liability claims are limited by the Florida constitutional doctrine of sovereign immunity to $200,000 per claim and $300,000 per occurrence unless a higher claim is approved by the Florida Legislature.

The SWA purchases commercial insurance for workers' compensation benefits with a $1,000,000 per occurrence and per employee policy limit, subject to a deductible of $250,000 per occurrence. Settled claims have not exceeded commercial coverage in any of the last three years. Changes in the claims liability amount for workers' compensation benefits for the years ended September 30, 2012 and 2011 were as follows:

| Fiscal Year | Beginning of Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---|---|---|---|---|
| 2011 | $448,000 | $347,973 | ($347,973) | $448,000 |
| 2012 | 448,000 | 558,243 | (512,243) | 494,000 |

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

## 9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

### Overview

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

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

**B. Long Term Disability Plan:**
1. Fire Rescue Taxing District

### Healthcare Benefits Provided to Retirees

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

1. Currently retired or terminated employees and their beneficiaries and dependents.

2. Active employees and their beneficiaries and dependents after retirement from service with participating employers.

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

The actuarial present value of the expected postretirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.
*Plan Description:* The defined benefit post-employment healthcare plans provide medical benefits to eligible retired employees and their dependents. The plans are single employer plans which are administered by the employer for their employees. The Supervisor of Elections and Metropolitan Planning Organization participate in the County plan. The plans do not issue separate standalone financial reports.

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

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

At September 30, 2012 retirees receiving benefits contributed the following monthly premiums:

| | County | Tax Collector | Property Appraiser | Clerk & Comptroller | Sheriff | Fire Rescue Union |
|---|---|---|---|---|---|---|
| Monthly Minimum | $ 655 | $ 662 | $ 385 | $ 525 | $ 534 | $ 147 |
| Monthly Maximum | 2,033 | 2,176 | 1,605 | 1,147 | 2,234 | 509 |

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

In accordance with the Fire Rescue Collective Bargaining Agreement, the plan provides a post-retirement health insurance benefit. The Retirees must meet retirement eligibility criteria in order to be eligible for the full benefit. For employees who retired before September 27, 2005, the subsidy is a monthly benefit of $75 plus $12 per year of service. Unless otherwise precluded, for employees retiring on or after September 27, 2005, the subsidy is a monthly benefit of $140 plus $17 per year of service. This subsidy is payable for life and is assumed to remain fixed in the future. Employees who retire with at least ten years of service but before attaining normal retirement eligibility are eligible for a reduction to this benefit in the amount of 6% for each year between their age of retirement and age 55. This reduction remains fixed in the future.

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

*OPEB Cost and Net OPEB Obligation:* The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2012:

| | County | Tax Collector | Property Appraiser | Clerk & Comptroller | Sheriff | Fire Rescue Union |
|---|---|---|---|---|---|---|
| Annual required contribution (ARC) | $ 1,240,000 | $ 245,315 | $ 23,310 | $ 491,917 | $ 21,010,000 | $ 10,231,000 |
| Interest on net OPEB obligation | (18,000) | 32,339 | 6,906 | 12,880 | 2,250,000 | 989,000 |
| Adjustment to annually required contribution | 16,000 | (7,445) | (1,135) | (17,905) | (2,000,000) | (795,000) |
| Annual OPEB cost | 1,238,000 | 270,209 | 29,081 | 486,892 | 21,260,000 | 10,425,000 |
| Contributions made | (1,758,393) | - | (10,527) | (243,747) | (4,570,000) | (4,446,592) |
| Increase (decrease) in net OPEB obligation | (520,393) | 270,209 | 18,554 | 243,145 | 16,690,000 | 5,978,408 |
| Net OPEB obligation-beginning of year | (427,805) | 646,772 | 138,118 | 172,966 | 50,120,000 | 19,012,821 |
| Net OPEB obligation (asset) - end of year | $ (948,198) | $ 916,981 | $ 156,672 | $ 416,111 | $ 66,810,000 | $ 24,991,229 |

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

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | | Net OPEB Obligation Liability (Asset) |
|---|---|---|---|---|
| County | | | | |
| 9/30/2010 | $ 1,205,000 | 92.8 | % | $ 598,206 |
| 9/30/2011 | 1,159,000 | 188.5 | | (427,805) |
| 9/30/2012 | 1,238,000 | 142.0 | | (948,198) |
| Tax Collector | | | | |
| 9/30/2010 | $ 152,303 | 0.0 | % | $ 493,357 |
| 9/30/2011 | 153,415 | 0.0 | | 646,772 |
| 9/30/2012 | 270,209 | 0.0 | | 916,981 |
| Property Appraiser | | | | |
| 9/30/2010 | $ 38,397 | 0.0 | % | $ 98,471 |
| 9/30/2011 | 39,647 | 0.0 | | 138,118 |
| 9/30/2012 | 29,081 | 36.2 | | 156,672 |
| Clerk & Comptroller | | | | |
| 9/30/2010 | $ 413,000 | 92.4 | % | $ 134,482 |
| 9/30/2011 | 430,000 | 91.1 | | 172,966 |
| 9/30/2012 | 486,892 | 50.1 | | 416,111 |
| Sheriff | | | | |
| 9/30/2010 | $ 18,000,000 | 25.0 | % | $ 36,000,000 |
| 9/30/2011 | 19,250,000 | 26.6 | | 50,120,000 |
| 9/30/2012 | 21,260,000 | 21.5 | | 66,810,000 |
| Fire Rescue Union | | | | |
| 9/30/2010 | $ 12,974,000 | 35.1 | % | $ 13,848,359 |
| 9/30/2011 | 9,893,000 | 47.8 | | 19,012,821 |
| 9/30/2012 | 10,425,000 | 42.7 | | 24,991,229 |

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

| | County | Tax Collector | Property Appraiser | Clerk & Comptroller | Sheriff | Fire Rescue Union |
|---|---|---|---|---|---|---|
| Actuarial accrued liability (AAL) | $ 16,267,000 | $ 1,546,776 | $ 192,396 | $ 6,200,857 | $ 240,478,000 | $ 129,760,000 |
| Actuarial value of plan asset | - | - | - | - | - | 23,359,477 |
| Unfunded actuarial accrued liability (UAAL) | $ 16,267,000 | $ 1,546,776 | $ 192,396 | $ 6,200,857 | $ 240,478,000 | $ 106,400,523 |
| Funded ratio (actuarial value of plan / AAL) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 18.0% |
| Covered payroll (active plan members) | $ 241,965,767 | $ 12,439,356 | $ 11,597,574 | $ 31,154,225 | $ 257,194,182 | $ 138,684,968 |
| UAAL as a percentage of covered payroll | 6.7% | 12.4% | 1.7% | 19.9% | 93.5% | 76.7% |

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

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

| | County | Tax Collector | Property Appraiser | Clerk & Comptroller | Sheriff | Fire Rescue Union |
|---|---|---|---|---|---|---|
| Actuarial valuation date | 10/1/2011 | 10/1/2012 | 10/1/2012 | 10/1/2011 | 1/1/2012 | 10/1/2010 |
| Actuarial cost method | Projected Unit credit actuarial cost method | Entry age normal actuarial cost method | Entry age normal actuarial cost method | Entry age normal actuarial cost method | Projected Unit credit actuarial cost method | Projected Unit credit actuarial cost method |
| Actuarial amortization method | Level percentage of projected payroll on open basis | Level percentage of projected payroll on closed basis | Level percentage of projected payroll on closed basis | Level percentage of projected payroll on open basis | Level percentage of projected payroll on open basis | Level percentage of projected payroll on open basis |
| Remaining amortization period | 30 yrs- Open | 30 yrs- Closed | 30 yrs- Closed | 30 yrs- Open | 30 yrs- Open | 30 yrs- Open |
| Asset valuation method | na | na | na | na | na | na |
| Actuarial assumptions | | | | | | |
| Investment rate of return | 4.2% | 5.0% | 4.0% | 4.0% | 4.5% | 5.2% |
| Projected salary increases | 3.5% | 4.0% | 4.0% | 2.5% | 3.5% | 3.5% |
| Healthcare inflation rate-initial | 11.0% | 7.0% | 8.0% | 8.0% | 7.2% | 10.0% |
| Healthcare trend rate-ultimate | 5.0% | 5.0% | 5.0% | 4.5% | 5.0% | 5.0% |

## Long Term Disability Benefits Provided to Retirees

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

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

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

| | |
|---|---|
| Annual required contribution | $ 765,465 |
| Interest on net OPEB obligation | 4,212 |
| Adjustment to annual required contribution | (7,549) |
| Annual OPEB cost (expense) | 762,128 |
| Contributions made | (622,702) |
| Increase in net OPEB obligation | 139,426 |
| Net OPEB obligation (asset)- beginning of year | 91,165 |
| Net OPEB obligation (asset)- end of year | $ 230,591 |

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

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|---|---|---|---|
| 9/30/2010 | $ 798,989 | 84.2% | $ (81,992) |
| 9/30/2011 | 879,353 | 80.3% | 91,165 |
| 9/30/2012 | 762,128 | 81.7% | 230,591 |

*Funded Status and Funding Progress:* The plan is financed on a 'pay-as-you-go' basis. The funded status of the plan as of September 30, 2012, was as follows:

| | |
|---|---|
| Actuarial accrued liability (AAL) | $ 9,276,012 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | $ 9,276,012 |
| Funded ratio (actuarial value of plan / AAL) | 0.0% |
| Covered payroll (active plan members) | $138,684,968 |
| UAAL as a percentage of covered payroll | 6.7% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, disability occurrences, and workmen's compensation payments. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding

progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

| | |
|---|---|
| Actuarial valuation date | 10/1/2011 |
| Actuarial cost method | Projected Unit Credit Actuarial Cost Method |
| Amortization method | Level Percentage of Projected Payroll on Open Basis |
| Remaining amortization period | 30 years- open |
| Asset valuation method | na |
| Actuarial assumptions: | |
| Investment rate of return | 4.0% |
| Projected salary increases | 3.5% |
| Cost of living adjustments | None |

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

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

Funding Policy: The contribution requirements of Plan members and the SWA are established and may be amended by the SWA's Board. The SWA is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of $624 to a maximum of $2,012.

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

The SWA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for the year ended September 30, 2012 was as follows:

| | |
|---|---|
| Annual required contribution | $ 75,000 |
| Interest on net OPEB obligation | 21,000 |
| Adjustment to annual required contribution | (16,000) |
| Annual OPEB cost | 80,000 |
| Contributions made | (72,560) |
| Increase (decrease) in net OPEB obligation | 7,440 |
| Net OPEB obligation, beginning of year | 327,559 |
| Net OPEB obligation, end of year | $ 334,999 |

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

| Year Ended September 30, | Annual OPEB Cost | Actual Employer Contribution | Percentage Contributed | Net OPEB Obligation |
|---|---|---|---|---|
| 2012 | $ 80,000 | $ 72,560 | 90.7% | $ 334,999 |
| 2011 | 80,000 | 99,470 | 124.3% | 327,559 |
| 2010 | 186,000 | 59,971 | 32.2% | 347,029 |

Funded Status and Funding Progress: The Plan is financed on a pay-as-you-go basis. The latest actuarial valuation was done as of October 1, 2010 and the SWA intends to obtain such valuations every other year in the future. The following schedule of funding progress is based upon available information and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits:

| Date of Actuarial Valuation October 1, | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 2010 | $ 0 | $ 724,000 | $ 724,000 | 0.0% | $22,391,000 | 3.2% |

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

The Plan uses the projected unit credit actuarial cost method. The actuarial assumptions include a 6.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates include a 3.5% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level percentage of projected payroll on an open basis. The remaining amortization period is 30 years.

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

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

## 10. LEASES

### Leases Receivable: Enterprise Funds

The Department of Airports leases a major portion of its property to airlines, rental car companies and concessionaires. Certain concessionaire leases provide for minimum rentals plus a contingency portion specified as a percentage of the tenants' gross revenues. Contingent rental income under such arrangements amounted to $1,964,422 for the year ended September 30, 2012. All Department of Airports' leases are operating leases. A significant portion of the airlines and rental car companies operating leases usually run for between two to five years and are scheduled to expire after fiscal year 2012 resulting in a decline in minimum future receipts.

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

| Year Ended September 30 | Department of Airports |
|---|---|
| 2013 | $ 38,472,986 |
| 2014 | 35,910,720 |
| 2015 | 20,139,340 |
| 2016 | 20,118,652 |
| 2017 | 10,198,528 |
| Thereafter | 59,856,038 |
| Total | $ 184,696,264 |

A schedule of the carrying value of property held for lease, by major classification, as of September 30, 2012 is as follows:

| | September 30, 2012 |
|---|---|
| Buildings | $ 233,291,349 |
| Less: accumulated depreciation | (144,221,001) |
| Net Buildings | 89,070,348 |
| Land | 9,172,040 |
| Total property held for lease | $ 98,242,388 |

**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, 2012 amounted to approximately $5,064,998 comprised of $4,939,517 for Governmental funds, $112,399 for Enterprise Funds, and $13,082 for Internal Service Funds.

**Operating Leases**

Future minimum rental payments under non-cancellable operating leases as of September 30, 2012 are as follows:

| Fiscal Year | Governmental Funds | Enterprise Funds | Internal Service Funds |
|---|---|---|---|
| 2013 | $ 2,838,809 | $ 84,187 | $ 7,871 |
| 2014 | 2,110,132 | 28,916 | 3,491 |
| 2015 | 1,120,842 | 6,957 | 1,227 |
| 2016 | 570,357 | - | - |
| 2017 | 134,761 | - | - |
| Thereafter | 377,704 | - | - |
| Total | $ 7,152,605 | $ 120,060 | $ 12,589 |

**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 governmental and proprietary fund types.

## 11. REFUNDING OF DEBT

Advance Refundings:

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

On June 28, 2012, Palm Beach County issued $147,000,000 Public Improvement Revenue Refunding Bonds, Series 2012 with an effective interest rate of 2.358% to advance refund $50,255,000 of outstanding Public Improvement Revenue and Refunding Bonds, Series 2004 and $22,725,000 of outstanding Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A and $82,625,000 of outstanding Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A. The net proceeds of $174,873,350 (after allowing for $28,470,407 in bond premium and $597,057 in issuance costs) were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

The reacquisition price exceeded the carrying amount, resulting in an accounting loss of $12,103,093. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The

County decreased its aggregate debt service payments by approximately $12,009,869 over a period of thirteen years and incurred an economic gain of approximately $10,458,365 (difference between the present value of the old and new debt service payments). The purpose of the refunding was to take advantage of the unusually low interest rates that were available at this time.

The amount of in-substance defeased bonds outstanding, as of September 30, 2012, consists of the following:

| Bond Issues | Amount |
|---|---|
| Governmental Funds: | |
| General Obligation Bonds (Library District Improvement Project), 2003 | $ 18,025,000 |
| General Obligation Bonds (Recreational and Cultural Facilities), 2003 | 14,730,000 |
| Public Improvement Revenue and Refunding Bonds, 2004 | 50,255,000 |
| Public Improvement Revenue Bonds (Biomedical Rsrch Park Proj), 2004A | 22,725,000 |
| Public Improvement Revenue Bonds (Biomedical Rsrch Park Proj), 2005A | 82,625,000 |
| General Obligation Bonds (Recreational and Cultural Facilities), 2005 | 15,080,000 |
| | 203,440,000 |
| Proprietary Funds: | |
| Airport Refunding Revenue Bonds, 2002 | 11,365,000 |
| | 11,365,000 |
| Total Defeased Bonds Outstanding | $ 214,805,000 |

Current Refundings:

On April 17, 2012, Palm Beach County issued $16,189,340 Capital Improvement Revenue Bonds (Four Points and Other Public Buildings Projects), Series 2012 with an effective interest rate of 2.579% to refund the County's $16,140,760 Capital Improvement Bond Anticipation Note (Four Points and Other Public Buildings Projects), Series 2009. The net proceeds of $16,140,760 (after allowing for $48,580 in issuance costs) were used to pay the principal on the note.

The reacquisition price exceeded the carrying amount, resulting in an accounting loss of $1,757. This amount was netted against the new debt and was expensed during the current fiscal year since the remaining life of the refunded debt did not exceed the end of the current fiscal year. The County increased its aggregate debt service payments by approximately $3,264,361 over a period of fifteen years and incurred an economic gain of approximately $41,415 (difference between the present value of the old and new debt service payments). The purpose of the refunding was to replace the variable rate note near maturity with a fixed rate bond.

## 12. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund balances at September 30, 2012 are expected to be repaid within one year. Interfund receivable and payable balances at September 30, 2012 were as follows:

| Interfund Receivable Fund | Interfund Payable Fund | Amount |
|---|---|---|
| **Governmental Funds:** | | |
| **Major Governmental Funds** | | |
| General Fund | Community & Social Development Special Revenue Fund | $ 10,224,619 |
| | Fleet Management | 6,375,910 |
| | Combined Insurance Fund | 6,335,901 |
| | Palm Tran Special Revenue Fund | 4,024,345 |
| | Law Enforcement Grant Special Revenue Fund | 4,822,734 |
| | Other Special Revenue Funds | 564,983 |
| | Airports | 137,503 |
| | Clerk & Comptroller Insurance Fund | 88,505 |
| | Water Utilities | 7,780 |
| | Library Taxing District Special Revenue Fund | 3,564 |
| | Road Program Capital Projects | 605 |
| | Municipal Service Taxing District | 320 |
| | Affordable Housing Trust Fund (SHIP) Special Revenue Fund | 222 |
| | | 32,586,991 |
| Fire Rescue Special Revenue Fund | General Fund | 3,424,734 |
| | Combined Insurance Fund | 86,793 |
| | Fleet Management | 897 |
| | | 3,512,424 |
| Community & Social Development Special Revenue Fund | General Fund | 6,104,745 |
| | Affordable Housing Trust Fund (SHIP) Special Revenue Fund | 35,461 |
| | General Government Capital Projects | 816 |
| | | 6,141,022 |
| General Government Capital Projects | General Fund | 2,229,091 |
| | Community & Social Development Special Revenue Fund | 647,959 |
| | | 2,877,050 |
| **Nonmajor Governmental Funds** | | |
| **Nonmajor Special Revenue Funds** | | |
| Law Enforcement Grants Special Revenue Fund | General Fund | $ 7,821,296 |
| | Other Special Revenue Funds | 10,972 |
| | | 7,832,268 |
| County Transportation Trust Special Revenue Fund | General Fund | 556,355 |
| Municipal Service Taxing District | Combined Insurance Fund | 173,586 |
| | Fleet Management | 118,768 |
| | | 292,354 |
| Library Taxing District Special Revenue Fund | General Fund | 512,820 |
| | Combined Insurance Fund | 781,138 |
| | Fleet Management | 34,779 |
| | | 1,328,737 |

| | | |
|---|---|---|
| Affordable Housing Trust Fund (SHIP) Special Revenue Fund | General Fund | 141,500 |

| **Interfund Receivable Fund** | **Interfund Payable Fund** | **Amount** |
|---|---|---|
| Palm Tran Special Revenue Fund | General Fund | 3,730,880 |
| Other Special Revenue Funds | General Fund | 904,920 |
| Environmental Lands Capital Projects | Tourist Development Special Revenue Fund | 690,230 |
| | Other Special Revenue Funds | 124,344 |
| | | 814,574 |
| Street & Drainage Capital Projects | General Fund | 3,758 |
| **Total Nonmajor Governmental Funds** | | $ 15,605,346 |
| **Proprietary Funds:** | | |
| **Enterprise Funds** | | |
| Airports | Combined Insurance Fund | $ 260,380 |
| | Fleet Management | 78,375 |
| | Other Special Revenue Funds | 8,850 |
| | | 347,605 |
| Water Utilities | Fleet Management | 1,391,271 |
| | Combined Insurance Fund | 1,041,518 |
| | General Fund | 7,627 |
| | Airports | 6,379 |
| | Community & Social Development Special Revenue Fund | 1,079 |
| | | 2,447,874 |
| **Total Enterprise Funds** | | $ 2,795,479 |
| **Internal Service Funds** | | |
| Fleet Management | General Fund | $ 1,330,035 |
| | County Transportation Trust Special Revenue Fund | 499,852 |
| | Water Utilities | 384,951 |
| | Fire Rescue Special Revenue Fund | 141,979 |
| | Airports | 63,535 |
| | Palm Tran Special Revenue Fund | 55,975 |
| | Other Special Revenue Funds | 50,277 |
| | Municipal Service Taxing District Special Revenue Fund | 34,053 |
| | Road Program Capital Projects | 18,198 |
| | Library Taxing District Special Revenue Fund | 8,355 |
| | Community & Social Development Special Revenue Fund | 4,641 |
| | Combined Insurance Fund | 386 |
| | | 2,592,237 |
| Combined Insurance Fund | General Fund | 467,412 |
| | Palm Tran Special Revenue Fund | 145,375 |
| | Water Utilities | 135,046 |
| | Community & Social Development Special Revenue Fund | 90,425 |
| | Library Taxing District Special Revenue Fund | 87,919 |
| | County Transportation Trust Special Revenue Fund | 77,244 |
| | Airports | 34,471 |
| | Municipal Service Taxing District Special Revenue Fund | 24,285 |
| | Other Special Revenue Funds | 16,910 |
| | Fleet Management | 14,438 |

| Interfund Receivable Fund | Interfund Payable Fund | Amount |
|---|---|---|
| | Fire Rescue Special Revenue Fund | 11,948 |
| | Road Program Capital Projects Fund | 11,094 |
| | Tourist Development Special Revenue Fund | 629 |
| | Law Enforcement Grants Special Revenue Fund | 396 |
| | | 1,117,592 |
| Clerk & Comptroller Insurance Fund | General Fund | 644,507 |
| **Total Internal Service Funds** | | $ 4,354,336 |
| **Total Interfund Receivables and Payables Primary Government** | | $ 67,872,648 |

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

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

| Interfund Receivable Primary Government Fund | Interfund Payable Component Unit Fund | Amount |
|---|---|---|
| General Fund | Solid Waste Authority | $ 371,454 |
| | Housing Finance Authority | 46,763 |
| Combined Insurance Fund | Metropolitan Planning Organization | 2,089 |
| Fleet Management | Solid Waste Authority | 919 |
| | | 421,225 |

| Interfund Receivable Component Unit Fund | Interfund Payable Primary Government Fund | Amount |
|---|---|---|
| Westgate/Belvedere Homes CRA | Other Special Revenue Funds | 122,536 |
| | Community & Social Development Special Revenue Fund | 20,301 |
| Housing Finance Authority | General Fund | 6,406,976 |
| Metropolitan Planning Organization | General Fund | 290,496 |
| Solid Waste Authority | General Fund | 4,875,880 |
| | County Transportation Trust Special Revenue Fund | 10,339 |
| | Other Special Revenue Funds | 387 |
| | Airports | 209 |
| | Palm Tran | 23 |
| | | 11,727,147 |
| **Total Receivables and Payables Between Primary Government and Component Units** | | $ 12,148,372 |

## 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, 2012 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 | $ 226,545,000 | $ - | $ 19,205,000 | $ 207,340,000 | $ 20,130,000 |
| Non-ad valorem revenue bonds | 848,086,272 | 163,189,340 | 217,999,444 | 793,276,168 | 66,447,133 |
| Face amount of bonds payable | 1,074,631,272 | 163,189,340 | 237,204,444 | 1,000,616,168 | 86,577,133 |
| Unamortized bond premiums | 35,514,341 | 28,470,407 | 11,087,345 | 52,897,403 | - |
| Unamortized loss on bond refinancing | (9,612,831) | (12,104,850) | (1,934,413) | (19,783,268) | - |
| Net bonds payable | 1,100,532,782 | 179,554,897 | 246,357,376 | 1,033,730,303 | 86,577,133 |
| Notes and loans payable | 36,128,885 | 3,561,000 | 17,115,544 | 22,574,341 | 1,487,784 |
| Arbitrage liability | 8,656,542 | 95,917 | 1,515,139 | 7,237,320 | 6,000,690 |
| Compensated absences | 124,450,945 | 46,155,737 | 40,853,467 | 129,753,215 | 5,629,773 |
| OPEB | 70,319,709 | 23,353,331 | 29,700 | 93,643,340 | - |
| Net pension obligation | 8,055,374 | 12,661,965 | 5,351,294 | 15,366,045 | - |
| Termination benefits | 2,940,469 | 36,031 | 2,014,580 | 961,920 | 734,087 |
| Estimated Self-Insurance Obligation | 87,289,950 | 91,280,533 | 87,678,889 | 90,891,594 | 15,009,838 |
| Governmental activity long-term liabilities | $ 1,438,374,656 | $ 356,699,411 | $ 400,915,989 | $ 1,394,158,078 | $ 115,439,305 |

Long-term liabilities other than debt (bonds and loans) are liquidated by the governmental fund incurring the expense. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end $56,346,406 of internal service funds long-term liabilities are included in the above amounts.

| **Business-type activities:** | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Bonds payable: | | | | | |
| Revenue bonds | $ 327,938,000 | $ - | $ 18,313,000 | $ 309,625,000 | $ 17,460,000 |
| Unamortized bond premiums | 6,484,391 | - | 625,535 | 5,858,856 | - |
| Unamortized loss on bond refinancing | (549,865) | - | (236,396) | (313,469) | - |
| Net bonds payable | 333,872,526 | - | 18,702,139 | 315,170,387 | 17,460,000 |
| Arbitrage liability | 283,518 | - | 119,258 | 164,260 | - |
| Joint venture liability | 1,405,216 | - | 1,405,216 | - | - |
| Compensated absences | 4,160,175 | 129,238 | 191,670 | 4,097,743 | 272,133 |
| OPEB | 151,391 | 26,208 | 25,602 | 151,997 | - |
| Termination benefits | 457,314 | - | 294,048 | 163,266 | 128,617 |
| Business-type activities long-term liabilities | $ 340,330,140 | $ 155,446 | $ 20,737,933 | $ 319,747,653 | $ 17,860,750 |

## Governmental Activities General Long-Term Debt

General long-term debt, including current maturities, at September 30, 2012 consisted of the following:

### General Obligation Bonds

| | |
|---|---|
| $45,625,000 General Obligation Refunding Bonds, Series 1998 were issued to pay the cost of refunding a portion of the County's General Obligation Bonds, Series 1994 and Series 1991. The annual installments range from $3,625,000 to $4,030,000 through December 1, 2014; with an interest rate of 5.500% payable semi-annually on June 1 and December 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. | $ 11,480,000 |
| $30,500,000 General Obligation Bonds (Library District Improvement Project), Series 2003 were issued to pay the cost of the land acquisition, design, engineering and constructing of new library facilities and the renovation and rehabilitation of existing library facilities within the County. The remaining annual installment is $1,350,000 due July 1, 2013; with an interest rate of 3.125% payable semi-annually on January 1 and July 1. The bonds are general obligations of the County and are payable from ad valorem revenues. The County advance refunded $18,025,000 of this issue on September 7, 2010. | $ 1,350,000 |
| $25,000,000 General Obligation Bonds (Recreational and Cultural Facilities), Series 2003 were issued to pay the costs of acquiring, constructing, and improving certain recreational and cultural facilities located within the County including cultural facilities owned by non-profit corporations with 501(c)(3) status under the Internal Revenue Code, 1986. The remaining annual installment is $1,165,000 due July 1, 2013; with interest rate of 3.375% payable semi-annually on January 1 and July 1. The bonds are general obligations of the County and are payable from ad valorem revenues. The County advance refunded $14,730,000 of this issue on October 6, 2010. | $ 1,165,000 |
| $16,025,000 General Obligation Refunding Bonds (Recreational and Cultural Facilities Program), Series 2005A were issued for paying and defeasing the County's outstanding General Obligation Bonds (Recreational and Cultural Facilities Program), Series 1999A maturing on and after August 1, 2010. The annual installments range from $1,465,000 to $1,920,000 through August 1, 2019; with interest rates from 3.500% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. | $ 11,815,000 |

| | |
|---|---|
| $25,000,000 General Obligation Bonds (Recreational and Cultural Facilities), Series 2005 were issued for financing certain recreational and cultural facilities within the County. The annual installments range from $1,080,000 to $1,155,000 through July 1, 2015; with interest rates from 3.375% to 4.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. The County advance refunded $15,080,000 of this issue on October 6, 2010. | $ 3,350,000 |
| $22,335,000 General Obligation Bonds (Library District Improvements), Series 2006 were issued for financing additional library facilities and renovation of existing facilities within the County. The annual installments range from $1,000,000 to $1,665,000 through August 1, 2025; with interest rates from 3.625% 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. | $ 16,995,000 |
| $50,000,000 General Obligation Bonds (Waterfront Access Projects), Series 2006 were issued for financing the purchase of waterfront access within the County. The annual installments range from $2,120,000 to $3,570,000 through August 1, 2026; with interest rates from 3.700% 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. | $ 38,700,000 |
| $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 5.784% 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. | $ 75,070,000 |
| $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 $245,000 to $2,090,000 through July 1, 2023; with interest rates from 2.000% to 3.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. | $ 18,960,000 |

| | |
|---|---|
| $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 $0 to $3,335,000 through July 1, 2025; with interest rates from 4.000% to 5.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. | $ 28,455,000 |
| Total General Obligation Bonds | $ 207,340,000 |

**Non-Ad Valorem Revenue Bonds**

| | |
|---|---|
| $233,620,000 Criminal Justice Facilities Revenue Bonds, Series 1990 were issued to pay the cost of the construction of improvements, extensions and additions to the County's jails, courthouses and related justice facilities. The annual installments range from $0 to $19,615,000 through June 1, 2015; with an interest rate of 7.200% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded $120,770,000 of this issue on June 29, 1993 and $33,550,000 on August 21, 1997. | $ 37,915,000 |
| $32,775,000 Criminal Justice Facilities Revenue Refunding Bonds, Series 1997 were issued to pay the cost of advance refunding a portion of the County's outstanding Criminal Justice Facilities Revenue Bonds, Series 1990. The remaining annual installment is $16,785,000 due June 1, 2013; with an interest rate of 5.750% payable semi-annually on June 1 and December 1. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 16,785,000 |
| $18,560,000 Criminal Justice Facilities Revenue Refunding Bonds, Series 2002 were issued to pay the cost of advance refunding a portion of the County's outstanding Criminal Justice Facilities Revenue Bonds, Series 1994. The annual installments range from $1,830,000 to $2,015,000 through June 1, 2015; with an interest rate of 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 5,765,000 |

| | |
|---|---|
| $6,525,000 Public Improvement Recreation Facilities Revenue Refunding Bonds, Series 2003 were issued to pay the cost of refunding all of the County's outstanding Public Improvement Recreation Facilities Revenue Bonds, Series 1994. The annual installments range from $660,000 to $685,000 through July 1, 2014; with interest rates from 3.625% to 4.000% payable semi-annually on January 1 and July 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 1,345,000 |
| $94,300,000 Public Improvement Revenue and Refunding Bonds, Series 2004 were issued to pay the cost of refunding the County's Revenue Refunding Bond Anticipation Note (Light Industrial Complex Project), Series 2002, refunding the County's Airport Centre Revenue Bonds, Series 1992 and paying the costs of acquiring, constructing, and renovating certain capital facilities. The annual installments range from $4,350,000 to $4,895,000 through August 1, 2014; with an interest rate of 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded $50,255,000 of this issue on June 28, 2012. | $ 9,245,000 |
| $81,340,000 Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004 were issued to finance the costs of advance refunding the County's Public Improvement Revenue Bonds, Series 2001 (Convention Center Bonds). The annual installments range from $2,665,000 to $2,850,000 through November 1, 2014; with interest rates from 3.000% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded $64,005,000 of this issue on August 31, 2011. | $ 8,265,000 |
| $38,895,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A were issued to pay the outstanding principal and interest on the County's Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2004B. The annual installments range from $1,720,000 to $1,835,000 through November 1, 2014; with interest rates from 3.200% to 3.500% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded $22,725,000 of this issue on June 28, 2012. | $ 5,330,000 |

| | |
|---|---|
| $24,427,515 Taxable Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004B were issued to pay the outstanding principal and interest on the County's Taxable Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2004C. The annual installments are $2,442,751 through November 1, 2014; with a variable rate of interest in effect of 0.315% which is calculated on a daily basis payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 7,328,253 |
| $17,455,000 Parks and Recreation Facilities Revenue Refunding Bonds, Series 2005 were issued to pay the cost of refunding the County's Parks and Recreation Facilities Revenue Bonds, Series 1996 maturing on and after November 1, 2007. The annual installments range from $1,700,000 to $2,000,000 through November 1, 2016; with interest rates from 3.625% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 9,215,000 |
| $13,485,000 Revenue Refunding Bonds (North County Courthouse and Sheriff's Motor Pool Facility Projects), Series 2005 were issued to pay the cost of defeasing a portion of the County's outstanding Revenue Improvement Bonds, Series 1997 (North County Courthouse and Sheriff's Motor Pool Facilities Projects). The annual installments range from $1,295,000 to $1,605,000 through December 1, 2017; with interest rates from 3.300% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 8,645,000 |
| $9,520,000 Public Improvement Revenue Refunding Bonds, Judicial Center Parking Facilities, Series 2005 were issued to pay the cost of refunding the County's Public Improvement Revenue Bonds, Judicial Parking Facilities, Series 1995 maturing on and after November 1, 2006. The annual installments range from $990,000 to $1,120,000 through November 1, 2015; with interest rates from 3.750% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 4,210,000 |

| | |
|---|---|
| $133,935,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A were issued to pay the cost of funding a grant to The Scripps Research Institute to enable Scripps to pay a portion of the cost of acquiring, constructing, improving and equipping the "Permanent Facilities" and paying the outstanding principal and interest due on the County's $20,000,000 Public Improvement Revenue Bond Anticipation Notes, Series 2004. The annual installments range from $5,675,000 to $6,255,000 through June 1, 2015; with an interest rate of 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded $82,625,000 of this issue on June 28, 2012. | $ 17,890,000 |
| $20,070,000 Stadium Facilities Revenue Refunding Bonds, Series 2005 were issued to pay the cost of refunding all of the County's outstanding Stadium Facilities Revenue Bonds, Series 1996. The annual installments range from $1,775,000 to $2,090,000 through December 1, 2016; with interest rates of 3.250% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 9,590,000 |
| $13,028,760 Public Improvement Revenue Bonds (Florida Atlantic University Laboratory and Research Facility Project), Series 2005 were issued to pay the cost of the design, development and construction of a laboratory and research facility on the Jupiter, Florida Campus of Florida Atlantic University. The annual installments range from $1,578,538 to $1,641,680 through January 1, 2014; with a variable rate of interest in effect of 0.541% which is calculated on a daily basis payable semi-annually on January 1 and July 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 3,220,218 |
| $14,685,000 Public Improvement Revenue Bonds (Parking Facilities Expansion Project), Series 2006 were issued to pay the costs of construction related to the expansion of the Judicial Center Parking Garage. The annual installments range from $600,000 to $1,085,000 through December 1, 2026; with interest rates of 4.000% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 12,080,000 |

| | |
|---|---|
| $2,582,648 Public Improvement Revenue Refunding Bond (Biomedical Research Park Project), Series 2007A was issued to pay the County's outstanding Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006A and Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006B. The annual installments range from $101,254 to $182,616 through November 1, 2027; with an interest rate of 4.010% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 2,211,597 |
| $5,180,949 Taxable Public Improvement Revenue Refunding Bond (Biomedical Research Park Project), Series 2007B was issued to pay the County's outstanding Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006A and Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006B. The annual installments range from $182,966 to $411,965 through November 1, 2027; with an interest rate of 5.560% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 4,530,659 |
| $98,080,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2007C were issued to redeem the County's Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2006, to fund a grant to the Scripps Research Institute to enable Scripps to pay a portion of the cost of their permanent facilities, and to pay for the preparation of the Briger Site for development. The annual installments range from $3,620,000 to $7,490,000 through November 1, 2027; with interest rates from 4.250% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 85,045,000 |
| $35,075,000 Public Improvement Revenue Bonds (Law Enforcement Information Technology Project), Series 2008 were issued to pay the cost of law enforcement technology equipment and software. The annual installments range from $6,110,184 to $6,298,675 through February 1, 2014; with an interest rate of 3.038% payable semi-annually on February 1 and August 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 12,408,858 |

| | |
|---|---|
| $29,476,000 Public Improvement Revenue Refunding Bonds, Series 2008A were issued to refund three variable rate loans with the Sunshine State Governmental Financing Commission. The annual installments range from $1,093,000 to $2,491,000 through December 1, 2020; with an interest rate of 3.497% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 16,684,000 |
| $176,585,000 Public Improvement Revenue Bonds, Series 2008 were issued to pay for additional criminal justice (law enforcement) facilities. The annual installments range from $3,510,000 to $10,730,000 through May 1, 2038; with interest rates from 4.000% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 164,790,000 |
| $94,235,000 Public Improvement Revenue Bonds, Series 2008-2 were issued to fund a grant to Max Planck Florida Corporation to establish a biomedical research facility in the County and also to refinance the County's five Series J variable rate loans with the Sunshine State Governmental Financing Commission. The annual installments range from $3,280,000 to $7,295,000 through November 1, 2028; with interest rates from 4.000% 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. | $ 84,970,000 |
| $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 $561,856 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. | $ 10,264,046 |
| $30,691,407 Revenue Improvement Bond (Ocean Avenue Lantana Bridge and Max Planck Florida Corporation Projects), Series 2011 was issued to finance the costs of demolition and reconstruction of the Ocean Avenue Lantana Bridge and to fund a $15,615,000 Grant to the Max Planck Florida Corporation. The annual installments range from $1,158,312 to $2,032,212 through August 1, 2031; with an interest rate of 3.172% payable semi-annually on February 1 and August 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 29,579,197 |

| | |
|---|---|
| $62,775,000 Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2011 were issued to defease and pay at redemption that portion of the County's outstanding $81,340,000 original aggregate principal amount of Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004 maturing on November 1, 2030. The annual installments range from $0 to $5,560,000 through November 1, 2030; with an interest rate of 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 62,775,000 |
| $16,189,340 Capital Improvement Revenue Bond (Four Points and Other Public Buildings Projects), Series 2012 was issued to pay the County's Capital Improvement Bond Anticipation Notes, Series 2009. The annual installments range from $987,273 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. | $ 16,189,340 |
| $147,000,000 Public Improvement Revenue Refunding Bonds, Series 2012 were issued to defease and redeem the County's outstanding Public Improvement Revenue and Refunding Bonds, Series 2004 maturing on and after August 1, 2015 and its Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A maturing on and after November 1, 2015 and its Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A maturing on and after June 1, 2016. The annual installments range from $0 to $17,395,000 through June 1, 2025; with interest rates from 3.000% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. | $ 147,000,000 |
| Total Non-Ad Valorem Revenue Bonds | $ 793,276,168 |

| | |
|---|---|
| Face Amount of Bonds Payable | $1,000,616,168 |
| Unamortized bond premiums | 52,897,403 |
| Unamortized loss on bond refinancing | (19,783,268) |
| Net General Obligation and Non-Ad Valorem Revenue Bonds | $1,033,730,303 |

## Notes and Loans Payable

| | | |
|---|---|---|
| $1,660,000 - HUD Section 108 Loan #1, 2004, payable to the Secretary of Housing and Urban Development due in annual installments ranging from $87,000 to $94,000 through August 1, 2023; with interest rates of 5.080% to 5.970% payable semi-annually on February 1 and August 1 of each year. The loan is a general obligation of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrower. In the event the cash flows from the sub-recipient are not sufficient to service the HUD loan, the County is obligated to use other resources. | | $ 964,000 |
| $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 1.074% 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. | | $ 9,358,141 |
| $1,779,000 - HUD Section 108 Loan. $2,600,000 is authorized leaving $821,000 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 $35,000 to $101,900 through August 1, 2031; with a variable rate of interest in effect of 0.560% 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, 2012 the outstanding individual loans are as follows: | | |
| $199,000 - Glades Gas & Electric, 2009 | $ 154,000 | |
| 89,000 - Glades Home Health Care Med Ctr, 2010 | 71,200 | |
| 878,000 - Muslet Brothers, 2010 | 810,000 | |
| 21,000 - Building 172, Belle Glade, 2012 | 20,000 | |
| 592,000 - America's Sound, 2012 | 592,000 | $ 1,647,200 |

$10,823,000 - HUD Section 108 Loan. $13,340,000 is authorized leaving $2,517,000 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Community Development Business Loan Program Project. The annual installments range from $70,000 to $604,000 through August 1, 2032; with a variable rate of interest in effect of 0.560% 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, 2012 the outstanding individual loans are as follows:

| | | |
|---|---|---|
| $1,000,000 - The Baron Group, 2009 | $ 700,000 | |
| 57,000 - Kiddie Haven Pre-School, 2010 | 45,000 | |
| 250,000 - Concrete Services LLC, 2010 | 204,000 | |
| 5,948,000 - Oxygen Development LLC, 2011 | 5,886,000 | |
| 265,000 - Donia Adams Roberts PA, 2011 | 252,000 | |
| 198,000 - Ameliascapes, 2011 | 187,000 | |
| 257,000 - F&T of Belle Glade, 2011 | 239,000 | |
| 1,412,000 - Glades Plaza Enterprises LLC, 2012 | 1,412,000 | |
| 473,000 - Doctors Scientific Organica, 2012 | 473,000 | |
| 455,000 - Schomburg Latin America LLC, 2012 | 455,000 | |
| 264,000 - Medical Career Institute, 2012 | 264,000 | |
| 244,000 - A&E Auto Sales, 2012 | 244,000 | $ 10,361,000 |

$252,000 - HUD Section 108 Loan. $2,824,000 is authorized leaving $2,572,000 available for future financing. The HUD Loan was obtained to provide funding for County loans to various borrowers for the Pahokee Downtown Revitalization Project. The annual installments range from $6,000 to $14,000 through August 1, 2031; with a variable rate of interest in effect of 0.560% 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, 2012 the outstanding individual loans are as follows:

| | | |
|---|---|---|
| $152,000 - Circle S Pharmacy, 2010 | $ 144,000 | |
| 100,000 - Simco, 2012 | 100,000 | $ 244,000 |
| Total Notes and Other Loans Payable | | $ 22,574,341 |

**Lines of Credit**

On May 21, 2009, the County entered into a line of credit agreement with a financial institution to support the issuance of letters of credit to satisfy the debt service reserve funding requirements for several of the County's outstanding bond issues. Principal borrowed on the line of credit is due at maturity on May 20, 2013. Interest on the principal balance accrues at a rate equivalent to the one-month LIBOR rate plus 1.500% and is paid quarterly. The County does not anticipate that any draws on the letters of credit will occur. The County will use non-ad valorem revenues to fund the letter of credit fees. As of September 30, 2012, this $33,709,176 line of credit, covering the following outstanding bond issues, had no outstanding balance on the loan payable.

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

On June 4, 2009, the County entered into a line of credit agreement with a financial institution to support the issuance of standby letters of credit to satisfy the debt service reserve funding requirements for several of the County's outstanding bond issues. Principal borrowed on the line of credit is due at maturity on June 3, 2013. Interest on the principal balance accrues at a rate per year equal to the sum of (i) the Prime Rate plus (ii) for the first 30 days such amount is outstanding, 0%; for the 31st through 60th day such amount is outstanding, 0.5%; for the 61st through 90th day such amount is outstanding, 1.0%; and after the 90th day, 2.0%. The County does not anticipate that any draws on the letters of credit will occur. The County will use non-ad valorem revenues to fund the letter of credit fees. As of September 30, 2012, this $22,568,948 line of credit, covering the following outstanding bond issues, had no outstanding balance on the loan payable.

| | | |
|---|---|---|
| $ 38,895,000 | Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A | $ 2,836,625 |
| $133,935,000 | Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A | 10,816,638 |
| $ 94,300,000 | Public Improvement Revenue and Refunding Bonds, Series 2004 | 7,762,385 |

| | |
|---|---|
| $ 14,685,000 Public Improvement Revenue Bonds (Parking Facilities Expansion Project), Series 2006 | 1,153,300 |
| | $22,568,948 |

**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. $ 7,237,320

**Compensated absences**

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

| | | |
|---|---|---|
| General Fund: | | |
| Board of County Commissioners | $ 15,133,157 | |
| Sheriff | 85,872,982 | |
| Tax Collector | 1,109,279 | |
| Property Appraiser | 2,453,356 | |
| Supervisor of Elections | 244,185 | |
| Total General Fund | $104,812,959 | |
| Special Revenue Funds | 23,562,435 | |
| Capital Projects Fund | 588,717 | |
| Internal Service Funds | 789,104 | |
| | | $ 129,753,215 |
| OPEB (See note on OPEB) | | 93,643,340 |
| Net pension obligation (See note on Retirement Plans) | | 15,366,045 |
| Termination benefits (See note on Commitments) | | 961,920 |
| Estimated Self-Insurance Obligation (See note on Risk Management) | | 90,891,594 |
| Total Governmental Activities General Long-Term Debt including current portion | | $1,394,158,078 |

## Business-type Activities Long-Term Debt

Business-type long-term debt, including current portion, at September 30, 2012 consisted of the following:

### Revenue Bonds

| | |
|---|---|
| $26,785,000 Water and Sewer Revenue Refunding Bonds, Series 2003 were issued to pay for refunding all of the County's outstanding Water and Sewer Revenue Bonds, Series 1993A and Water and Sewer Revenue Refunding Bonds, Series 1993B maturing on and after October 1, 2003. The annual installments range from $1,080,000 to $1,120,000 through October 1, 2013; with an interest rate of 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 charges of the system. | $ 2,200,000 |
| $125,850,000 Water and Wastewater Revenue Bonds, Series 2006A were issued to pay a portion of the costs of constructing certain additions and improvements to the County's water and wastewater facilities and acquisition of certain water and wastewater assets from the Village of Royal Palm Beach, Florida. The annual installments range from $2,430,000 to $7,760,000 through October 1, 2036; with interest rates from 4.000% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Wastewater System and a first lien on and pledge of the connection charges of the system. | $ 114,930,000 |
| $12,485,000 Water and Sewer Revenue Refunding Bonds, Series 2006B were issued to pay for the refunding of the County's Water and Sewer Revenue Bonds, Series 1998 maturing on and after October 1, 2012. The annual installments range from $1,845,000 to $2,245,000 through October 1, 2017; with interest rates from 4.000% to 4.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system. | $ 12,225,000 |

| | |
|---|---|
| $68,115,000 Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) were issued to finance the acquisition and construction of additions to the County's Water and Sewer System and to reimburse Florida Power and Light for costs advanced by them. The annual installments range from $0 to $4,225,000 through October 1, 2040; with interest rates from 4.000% to 5.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer System and a first lien on and pledge of the connection fees. | $ 59,195,000 |
| $60,150,000 Airport System Revenue Refunding Bonds, Series 2002 were issued to refund the Airport System Revenue Bonds, Series 1992 maturing October 1, 2014. The annual installments range from $10,995,000 to $12,500,000 through October 1, 2014; with an interest rate of 5.750% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. | $ 35,140,000 |
| $69,080,000 Airport System Revenue Refunding Bonds, Series 2006A were issued to pay a portion of the costs of constructing certain facilities and improvements to the Airport System. The annual installments range from $0 to $6,055,000 through October 1, 2036; with interest rates from 4.700% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. | $ 69,080,000 |
| $16,855,000 Airport System Revenue Refunding Bonds, Series 2006B were issued to advance refund a portion of the Airport System Revenue Bonds, Series 2001 and a portion of the Airport System Revenue Bonds, Series 2002. The annual installments range from $0 to $3,225,000 through October 1, 2020; with an interest rate of 5.905% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. | $ 16,855,000 |
| Total face value of revenue bonds payable | $ 309,625,000 |
| Unamortized bond premiums | 5,858,856 |
| Unamortized loss on bond refinancing | (313,469) |
| Net Revenue Bonds, Business-Type Activities | $ 315,170,387 |
| Arbitrage liability (See explanation in Governmental Activities section) | $ 164,260 |

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

| | | |
|---|---|---|
| Business-Type Fund | | |
| Water Utilities Department | $ 3,014,837 | |
| Department of Airports | 1,082,906 | |
| | | $ 4,097,743 |
| OPEB (See note on OPEB) | | 151,997 |
| Termination benefits (See note on Retirement Plans) | | 163,266 |
| Total Business-Type Activities Long-Term Debt, including current portion | | $ 319,747,653 |

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

**Governmental Activities General Long-Term Debt**

| | General Obligation Bonds | | Non-Ad Valorem Revenue Bonds | | Notes and Loans Payable | | |
|---|---|---|---|---|---|---|---|
| Year Ending September 30 | Principal | Interest | Principal | Interest | Principal | Interest | Total |
| 2013 | $ 20,130,000 | $ 9,933,856 | $ 66,447,134 | $ 36,551,303 | $ 1,487,783 | $ 222,585 | $ 134,772,661 |
| 2014 | 21,010,000 | 8,950,838 | 69,035,997 | 34,225,688 | 1,500,784 | 207,964 | 134,931,271 |
| 2015 | 22,025,000 | 7,920,310 | 63,041,615 | 31,049,274 | 1,501,784 | 192,523 | 125,730,506 |
| 2016 | 18,845,000 | 6,938,953 | 39,887,747 | 27,820,823 | 1,502,784 | 176,929 | 95,172,236 |
| 2017 | 19,790,000 | 5,992,212 | 40,537,715 | 25,957,113 | 1,502,784 | 161,230 | 93,941,054 |
| 2018-2022 | 78,405,000 | 15,416,188 | 192,239,809 | 103,850,480 | 6,781,119 | 572,307 | 397,264,903 |
| 2023-2027 | 27,135,000 | 2,594,630 | 177,750,019 | 56,805,445 | 5,830,419 | 230,920 | 270,346,433 |
| 2028-2032 | - | - | 87,156,132 | 23,609,181 | 2,466,884 | 30,182 | 113,262,379 |
| 2033-2037 | - | - | 46,450,000 | 9,876,750 | - | - | 56,326,750 |
| 2038-2042 | - | - | 10,730,000 | 536,500 | - | - | 11,266,500 |
| Total | $ 207,340,000 | $ 57,746,987 | $ 793,276,168 | $ 350,282,557 | $ 22,574,341 | $ 1,794,640 | $ 1,433,014,693 |

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

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

| | Revenue Bonds | | |
|---|---|---|---|
| Year Ending September 30 | Principal | Interest | Total |
| 2013 | $ 17,460,000 | $ 15,234,500 | $ 32,694,500 |
| 2014 | 18,385,000 | 14,277,824 | 32,662,824 |
| 2015 | 18,385,000 | 13,300,981 | 31,685,981 |
| 2016 | 8,550,000 | 12,601,894 | 21,151,894 |
| 2017 | 8,985,000 | 12,164,483 | 21,149,483 |
| 2018-2022 | 41,615,000 | 54,284,301 | 95,899,301 |
| 2023-2027 | 48,215,000 | 43,252,738 | 91,467,738 |
| 2028-2032 | 61,515,000 | 29,594,825 | 91,109,825 |
| 2033-2037 | 78,640,000 | 12,054,552 | 90,694,552 |
| 2038-2042 | 7,875,000 | 830,625 | 8,705,625 |
| Total | $ 309,625,000 | $ 207,596,723 | $ 517,221,723 |

## 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, four series of Industrial Development Bonds were issued with an aggregate par value of $86 million. As of September 30, 2012, there were forty-one series of Industrial Development Bonds outstanding, with an estimated aggregate principal amount payable of $601 million.

## COMPONENT UNIT – Solid Waste Authority (SWA)

NOTE PAYABLE

On January 9, 2008, the SWA entered into an $80 million Subordinated Improvement Revenue Note, Series 2008 (the "Series 2008 Note") with CitiCapital Municipal Finance to finance costs incurred in connection with the relocation of facilities and improvements to the solid waste system. Interest on the outstanding principal balance of the Series 2008 Note accrues at a rate equivalent to 65% of the one month LIBOR rate plus 82 basis points (approximately 0.96% at September 30, 2012) and is due semi-annually in arrears on April 1st and October 1st. The outstanding principal balance on the Series 2008 Note was $64 million at September 30, 2012 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 moneys and amounts held under the SWA's trust indenture, subordinate to the lien and pledge of net revenues and trust amounts for repayment of the SWA's bonds. The Series 2008 Note may be prepaid by the SWA on any principal or interest payment date.

REVENUE BONDS PAYABLE

Revenue bonds payable by the SWA at September 30, 2012 are summarized as follows:

| | |
|---|---|
| Series 2011 | $ 599,860,000 |
| Series 2009 | 259,045,000 |
| Series 2008B | 131,565,000 |
| Series 2002B | 38,734,386 |
| Unamortized premium and discount, net | 45,742,726 |
| Net revenue bonds payable | 1,074,947,112 |
| Less current maturities | (11,150,000) |
| Revenue bonds payable, long-term portion | $ 1,063,797,112 |

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 were issued for the purpose of providing funds, together with other legally available monies, to refund and retire the SWA's Improvement Revenue Bonds, Series 2010 and to pay the costs of issuance of the Series 2011 Bonds. The proceeds were placed in a defeasance escrow account until January 12, 2012. On that date, a portion of the proceeds was transferred to the Debt Service Reserve Account, the portion required for the Cost of Acquisition and Construction of the mass burn facility was transferred to the 2010 Project Construction Fund and the remaining portion of the proceeds, together with a portion of the proceeds of the 2011 Bonds, was used to fully pay the tender price to retire the Series 2010 Bonds.

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

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

| Year Ending September 30 | Interest Rate | Principal | Interest | Total |
|---|---|---|---|---|
| 2013 | 2.00% | $ 8,650,000 | $ 28,756,800 | $ 37,406,800 |
| 2014 | 2.00 | 10,510,000 | 28,565,200 | 39,075,200 |
| 2015 | 3.00-5.00 | 10,700,000 | 28,279,850 | 38,979,850 |
| 2016 | 3.00-5.00 | 5,045,000 | 28,012,275 | 33,057,275 |
| 2017 | 3.00 | 4,620,000 | 27,855,650 | 32,475,650 |
| 2018 | 3.50-5.00 | 15,045,000 | 27,419,000 | 42,464,000 |
| 2019 | 4.00-5.00 | 16,750,000 | 26,652,900 | 43,402,900 |
| 2020 | 4.00-5.00 | 18,515,000 | 25,811,275 | 44,326,275 |
| 2021 | 3.00-5.00 | 21,370,000 | 24,869,900 | 46,239,900 |
| 2022 | 4.00-5.00 | 20,340,000 | 23,882,900 | 44,222,900 |
| 2023 | 4.00-5.00 | 21,285,000 | 22,864,025 | 44,149,025 |
| 2024 | 5.00 | 22,310,000 | 21,775,900 | 44,085,900 |
| 2025 | 5.00 | 33,095,000 | 20,390,775 | 53,485,775 |
| 2026 | 5.00 | 42,045,000 | 18,512,275 | 60,557,275 |
| 2027 | 4.25-5.00 | 44,310,000 | 16,354,881 | 60,664,881 |
| 2028 | 4.25-5.00 | 46,600,000 | 14,085,094 | 60,685,094 |
| 2029 | 4.25-5.00 | 52,045,000 | 11,621,931 | 63,666,931 |
| 2030 | 4.25-5.00 | 65,545,000 | 8,685,144 | 74,230,144 |
| 2031 | 4.25-5.00 | 68,820,000 | 5,329,000 | 74,149,000 |
| 2032 | 4.25-5.00 | 72,260,000 | 1,805,000 | 74,065,000 |
| | | $ 599,860,000 | $ 411,529,775 | $1,011,389,775 |

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

| Year Ending September 30 | Interest Rate | Principal | Interest | Total |
|---|---|---|---|---|
| 2013 | 3.00% | $ 2,500,000 | $ 13,061,880 | $ 15,561,880 |
| 2014 | 3.00 | 2,695,000 | 12,983,955 | 15,678,955 |
| 2015 | 3.00 | 2,895,000 | 12,900,105 | 15,795,105 |
| 2016 | 3.10 | 3,095,000 | 12,808,708 | 15,903,708 |
| 2017 | 3.40 | 3,650,000 | 12,698,685 | 16,348,685 |
| 2018 | 4.00-5.00 | 22,485,000 | 12,096,635 | 34,581,635 |
| 2019 | 4.00-5.25 | 23,690,000 | 10,955,991 | 34,645,991 |
| 2020 | 4.00-5.25 | 25,025,000 | 9,732,879 | 34,757,879 |
| 2021 | 4.25-5.50 | 26,400,000 | 8,406,410 | 34,806,410 |
| 2022 | 4.50-5.25 | 27,935,000 | 6,973,166 | 34,908,166 |
| 2023 | 4.60-5.50 | 29,525,000 | 5,437,318 | 34,962,318 |
| 2024 | 4.75-5.50 | 31,270,000 | 3,775,306 | 35,045,306 |
| 2025 | 5.00 | 22,410,000 | 2,359,650 | 24,769,650 |
| 2026 | 5.00 | 7,920,000 | 1,601,400 | 9,521,400 |
| 2027 | 5.00 | 8,335,000 | 1,195,025 | 9,530,025 |
| 2028 | 5.00 | 8,855,000 | 765,275 | 9,620,275 |
| 2029 | 5.25 | 10,360,000 | 271,950 | 10,631,950 |
| | | $ 259,045,000 | $ 128,024,338 | $ 387,069,338 |

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

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

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

| Year Ending September 30 | Interest Rate | Principal | Interest | Total |
|---|---|---|---|---|
| 2013 | 5.50% | $ - | $ 7,241,394 | $ 7,241,394 |
| 2014 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2015 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2016 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2017 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2018 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2019 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2020 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2021 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2022 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2023 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2024 | 5.50 | - | 7,241,394 | 7,241,394 |
| 2025 | 5.50 | 10,700,000 | 6,944,484 | 17,644,484 |
| 2026 | 5.50 | 27,035,000 | 5,904,113 | 32,939,113 |
| 2027 | 5.50 | 28,630,000 | 4,373,325 | 33,003,325 |
| 2028 | 5.50 | 30,235,000 | 2,754,538 | 32,989,538 |
| 2029 | 5.50 | 34,965,000 | 961,534 | 35,926,534 |
| | | $ 131,565,000 | $ 107,834,722 | $ 239,399,722 |

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

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

The advance refunding of the Series 1992 Bonds by the SWA reduced its aggregate debt service payments by approximately $1,984,000 over the life of the bonds and produced an economic gain (the difference between the present values of the old and new debt service payments) of approximately $1,162,000. Interest on the Series 2002 Bonds, except for the $38,734,386 Series 2002B capital appreciation bonds, is payable semi-annually on April 1st and October 1st and principal payments are due October 1st.

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

| Year Ending September 30 | Interest Rate | Principal | Interest | Total |
|---|---|---|---|---|
| 2015 | 4.850% | $ 13,769,586 | $ 10,585,414 | $ 24,355,000 |
| 2016 | 4.950 | 12,961,000 | 11,394,000 | 24,355,000 |
| 2017 | 5.050 | 12,003,800 | 12,006,200 | 24,010,000 |

| | | |
|---|---|---|
| $ 38,734,386 | $ 33,985,614 | $ 72,720,000 |

Annual Maturities: The aggregate maturities for the outstanding bonds of the SWA, including total interest of $681,374,449 are as follows:

| Year Ending September 30 | Revenue Bonds |
|---|---|
| 2013 | $ 60,210,074 |
| 2014 | 61,995,549 |
| 2015 | 86,371,349 |
| 2016 | 80,557,377 |
| 2017 | 80,075,729 |
| 2018-2022 | 430,563,026 |
| 2023-2027 | 474,841,265 |
| 2028-2032 | 435,964,466 |
| | $1,710,578,835 |

Interest Expense: Total interest costs incurred on all SWA debt for the year ended September 30, 2012 were $51,834,051. For the year ended September 30, 2012, interest costs of $18,677,548 were capitalized on construction in progress and $33,156,503 was expensed.

Defeased Bonds: In 2012, the SWA defeased $11,479,972 Refunding Revenue Bonds, Series 1998A, by placing available cash in an irrevocable trust to provide for all future debt service payments on these bonds. The trust account assets and the liability for these defeased bonds are not included in the SWA's financial statements. At September 30, 2012, defeased Series 1998A Bonds totaling $31,689,601 are outstanding.

CHANGES IN NONCURRENT LIABILITIES

Changes in long-term debt for the year ended September 30, 2012 are summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ 5,028,747 | $ 2,621,719 | $ 2,699,622 | $4,950,844 | $ 369,584 |
| OPEB | 327,559 | 7,440 | - | 334,999 | - |
| Landfill closure and postclosure care costs | 38,534,674 | 2,106,886 | 322,759 | 40,318,801 | 329,214 |
| Note Payable, Series 2008 | 68,000,000 | - | 4,000,000 | 64,000,000 | 4,000,000 |
| Accrued interest payable on capital appreciation bonds | 33,915,013 | 4,029,242 | 13,850,377 | 24,093,878 | - |
| Revenue Bonds | | | | | |
| Series 2011 | - | 599,860,000 | - | 599,860,000 | 8,650,000 |
| Series 2009 | 261,545,000 | - | 2,500,000 | 259,045,000 | 2,500,000 |
| Series 2008B | 131,565,000 | - | - | 131,565,000 | - |
| Series 2004 | 33,935,000 | - | 33,935,000 | - | - |
| Series 2002B | 38,734,386 | - | - | 38,734,386 | - |
| Series 1998A | 14,030,803 | - | 14,030,803 | - | - |
| Totals | $625,616,182 | $608,625,287 | $71,338,561 | 1,162,902,908 | $15,848,798 |
| Unamortized premium and discount, net | | | | 45,742,726 | |
| Current maturities | | | | (15,848,798) | |
| Net long-term debt | | | | $ 1,192,796,836 | |

## 14. CONTINGENCIES

### Litigation

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

### State and Federal Grants

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

### Interlocal Agreement

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

### Bond Guaranty

On October 17, 2000 the Board of County Commissioners approved a trust agreement between the County and SunTrust Bank, (the Trustee), whereby the County has agreed to fund any deficiency in the reserve fund of the Palm Beach County, Florida, Industrial Development Revenue Bonds (South Florida Fair project), Series 2000. The Trustee is required to notify the County after June 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.

## 15. PLEDGED REVENUES

The County has pledged a portion of future non-ad valorem revenues to repay $803 million in revenue bonds, notes and loans issued between July 1, 1990 and June 28, 2012. A ten year history of the pledged revenues is reported in statistical table X. Proceeds from the debt provided financing for capital additions, improvements, and expansion of County facilities, equipment and infrastructure. The bonds are payable solely from available non-ad valorem revenues and are payable through May 1, 2038. Total principal and interest remaining to be paid on the bonds is $1.2 billion with annual requirements ranging from $11 million in fiscal year 2034 to $104 million in fiscal year 2014. The pledged non-ad valorem revenues, from which the appropriations will be made, have averaged $346 million per year over the last 10 years. Principal and interest paid for the current year and total pledged non-ad valorem revenues were $101 million and $365 million, respectively.

The County has pledged future airport revenues net of specified operating expenses, to repay $121 million in airport revenue bonds issued between July 3, 2002 and May 17, 2006. Proceeds from the bonds provided financing for the addition, improvements and expansion of the airport facilities, equipment and infrastructure. The bonds are payable solely from the airport net revenues and are payable through October 1, 2036. Total principal and interest remaining to be paid on the bonds is $192 million with annual requirements ranging from $6 million in fiscal year 2037 to $17 million in fiscal year 2015. Annual principal and interest payments on the bonds are expected to require less than 32% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were $17 million and $30 million, respectively.

The County has pledged future water utility revenues net of specified operating expenses, to repay $189 million in water & sewer revenue bonds issued between June 24, 1998 and July 22, 2009. 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 $325 million with annual requirements ranging from $211 thousand in fiscal years 2039 and 2040 to $16 million in fiscal year 2013. Annual principal and interest payments on the bonds are expected to require less than 28% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were $16 million and $70 million, respectively.

## 16. SUBSEQUENT EVENTS

On February 27, 2013, the County issued $10,032,000 Public Improvement Revenue Bonds (Unified Messaging System Project), Series 2013 for the purpose of financing the cost of upgrading the communications technology available to County employees by replacing the County's existing telephone systems with a modern unified messaging system.

**Water Utilities Department**

Bond Defeasance – On February 27, 2013, the Water Utilities Department (Department) issued the $72,430,000 Series 2013 Refunding Revenue Bonds, proceeds of which were used to partially refund the Series 2006A bond issue through an in-substance defeasance whereby the Department placed, into irrevocable trusts, funds sufficient to meet future principal and interest payments. The funds placed in trust have been invested in securities backed by the United States Government. Outstanding principal of the refunding bonds was $76,260,000. While this transaction resulted in an accounting loss of approximately $10,073,258, the Department will realize an economic gain of approximately $6,086,273 due to lower debt service costs for the new bond issue.

Glades Utility Authority Absorption – On March 5, 2013 the acting City Council of the City of South Bay passed a vote ratifying the absorption of the Glades Utility Authority (GUA) by Palm Beach County (County). This represented the final vote needed to move forward with the absorption of the GUA since the absorption was already ratified by Belle Glade and Pahokee.

The absorption was deemed to be in the best interest of the GUA's customers. The GUA was facing an uncertain future due to a progressive deterioration of the GUA's financial stability. As a result, the GUA appears to be at risk of not being able to continue as a going concern without substantial financial assistance from external sources.

Under the absorption, the GUA customer rates would be frozen for the greater of 10 years or until the rates equal the County's; the Cities of Belle Glade, Pahokee, and South Bay would continue to receive host fees; and the County will commit $25 million over the next 5 years to repair the system. The 10,000 GUA customers will become on-line customers of the Department. Currently the Department bills the GUA monthly as a contractual wholesale water customer for the costs of operating the GUA.

The GUA will have $47.4 million in outstanding debt obligations at the time of the absorption which will be assumed by the Department. The County will receive all assets at their carrying value less any adjustment for impairment or reduced service utility from the GUA.

The impact on operations cannot be determined but management does not believe it will have a material adverse effect on the Department as a whole.

PALM BEACH COUNTY, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
General Fund
For the fiscal year ended September 30, 2012
(Required Supplementary Information)

| | Original Budget | Final Budget | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues: | | | | |
| Taxes (net of discount) | $ 656,668,733 | $ 656,668,733 | $ 634,630,927 | $ (22,037,806) |
| Licenses and permits | 33,712,289 | 33,712,289 | 33,026,711 | (685,578) |
| Intergovernmental | 92,846,061 | 94,059,711 | 98,899,616 | 4,839,905 |
| Charges for services | 101,956,963 | 102,428,092 | 99,241,491 | (3,186,601) |
| Fines and forfeitures | 1,309,500 | 1,309,500 | 1,037,411 | (272,089) |
| Investment income | 10,532,700 | 10,532,700 | 9,995,177 | (537,523) |
| Miscellaneous | 5,731,322 | 5,431,322 | 7,439,302 | 2,007,980 |
| Less 5% anticipated revenues | (45,174,116) | (45,174,116) | - | 45,174,116 |
| Total revenues | 857,583,452 | 858,968,231 | 884,270,635 | 25,302,404 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 209,429,769 | 243,053,720 | 116,374,364 | 126,679,356 |
| Public safety | 27,172,671 | 27,909,133 | 27,288,892 | 620,241 |
| Physical environment | 11,792,327 | 11,722,327 | 11,066,404 | 655,923 |
| Transportation | 4,235,000 | 4,235,000 | 4,235,000 | - |
| Economic environment | 24,141,038 | 24,166,588 | 23,058,293 | 1,108,295 |
| Human services | 48,600,496 | 50,026,101 | 47,617,113 | 2,408,988 |
| Culture and recreation | 53,393,287 | 53,337,382 | 48,206,402 | 5,130,980 |
| Capital outlay | 193,851 | 394,117 | 257,011 | 137,106 |
| Total expenditures | 378,958,439 | 414,844,368 | 278,103,479 | 136,740,889 |
| Excess of revenues over expenditures | 478,625,013 | 444,123,863 | 606,167,156 | 162,043,293 |
| Other financing sources (uses): | | | | |
| Transfers in | 6,600,794 | 19,601,497 | 43,655,910 | 24,054,413 |
| Transfers out | (637,292,737) | (642,423,976) | (634,744,906) | 7,679,070 |
| Total other financing sources (uses) | (630,691,943) | (622,822,479) | (591,088,996) | 31,733,483 |
| Net change in fund balances | (152,066,930) | (178,698,616) | 15,078,160 | 193,776,776 |
| Fund balances, October 1, 2011 | 152,066,930 | 178,698,616 | 181,597,867 | 2,899,251 |
| (Decrease) in nonspendable fund balance | - | - | (241,868) | (241,868) |
| Fund balances, September 30, 2012 (budget basis) | $ - | $ - | 196,434,159 | $ 196,434,159 |
| Perspective difference between budget basis and GAAP | | | 21,115,863 | |
| Fund balances, September 30, 2012 (GAAP) | | | $ 217,550,022 | |

Reconciliation of Budget to GAAP:

| | Revenues | Expenditures | Transfers in | Transfers out | Net change in fund balance |
|---|---|---|---|---|---|
| Board of County Commissioners | $ 884,270,635 | $ (278,103,479) | $ 43,655,910 | $ (634,744,906) | $ 15,078,160 |
| Sheriff | 2,113,470 | (462,331,326) | 478,212,236 | (17,889,890) | 104,490 |
| Clerk & Comptroller | 46,427,075 | (54,519,170) | 11,850,286 | (1,929,119) | 1,829,072 |
| Tax Collector | 22,005,302 | (22,005,302) | - | - | - |
| Property Appraiser | 19,903,317 | (19,903,317) | - | - | - |
| Supervisor of Elections | 477,564 | (7,493,956) | 11,944,590 | (4,928,198) | - |
| Eliminations | - | - | (515,696,197) | 515,696,197 | - |
| Totals | $ 975,197,363 | $ (844,356,550) | $ 29,966,825 | $ (143,795,916) | $ 17,011,722 |

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

PALM BEACH COUNTY, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Fire Rescue Special Revenue Fund
For the fiscal year ended September 30, 2012
(Required Supplementary Information)

| | Original Budget | Final Budget | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues: | | | | |
| Taxes (net of discount) | $ 191,164,728 | $ 191,171,828 | $ 184,661,800 | $ (6,510,028) |
| Special assessments | 281,678 | 281,678 | 271,653 | (10,025) |
| Licenses and permits | 4,485 | 4,485 | 13,020 | 8,535 |
| Intergovernmental | 322,320 | 402,985 | 808,734 | 405,749 |
| Charges for services | 34,166,152 | 34,166,152 | 32,855,370 | (1,310,782) |
| Investment income | 4,375,455 | 4,392,306 | 5,076,424 | 684,118 |
| Miscellaneous | 99,500 | 99,500 | 330,941 | 231,441 |
| Less 5% anticipated revenues | (11,227,938) | (11,227,938) | - | 11,227,938 |
| Total revenues | 219,186,380 | 219,290,996 | 224,017,942 | 4,726,946 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 326,336,040 | 335,121,399 | 227,459,000 | 107,662,399 |
| Economic environment | 498,782 | 498,782 | 491,098 | 7,684 |
| Capital outlay | 9,178,924 | 9,178,924 | 1,398,513 | 7,780,411 |
| Total expenditures | 336,013,746 | 344,799,105 | 229,348,611 | 115,450,494 |
| Excess of revenues over (under) expenditures | (116,827,366) | (125,508,109) | (5,330,669) | 120,177,440 |
| Other financing sources (uses): | | | | |
| Transfers in | 8,009,527 | 8,097,217 | 6,457,119 | (1,640,098) |
| Transfers out | (266,390) | (266,390) | (243,767) | 22,623 |
| Total other financing sources (uses) | 7,743,137 | 7,830,827 | 6,213,352 | (1,617,475) |
| Net change in fund balances | (109,084,229) | (117,677,282) | 882,683 | 118,559,965 |
| Fund balances, October 1, 2011 | 109,084,229 | 117,677,282 | 120,196,849 | 2,519,567 |
| Increase in nonspendable fund balance | - | - | 128,696 | 128,696 |
| Fund balances, September 30, 2012 | $ - | $ - | $ 121,208,228 | $ 121,208,228 |

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

PALM BEACH COUNTY, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community & Social Development Special Revenue Fund
For the fiscal year ended September 30, 2012
(Required Supplementary Information)

| | Original Budget | Final Budget | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues: | | | | |
| Intergovernmental | $ 154,513,707 | $ 175,778,758 | $ 93,815,427 | $ (81,963,331) |
| Charges for services | 541,577 | 528,577 | 591,798 | 63,221 |
| Investment income | 714,760 | 714,760 | 642,766 | (71,994) |
| Miscellaneous | 990,172 | 1,046,087 | 1,533,601 | 487,514 |
| Less 5% anticipated revenues | (2,500) | (2,500) | - | 2,500 |
| Total revenues | 156,757,716 | 178,065,682 | 96,583,592 | (81,482,090) |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 128,023 | - | 128,023 |
| Public safety | 2,067,910 | 5,612,988 | 1,976,029 | 3,636,959 |
| Physical environment | - | 503,000 | - | 503,000 |
| Transportation | - | 145,378 | 68,088 | 77,290 |
| Economic environment | 122,561,273 | 136,412,212 | 63,496,336 | 72,915,876 |
| Human services | 58,435,764 | 60,768,865 | 48,595,612 | 12,173,253 |
| Capital outlay | 252,568 | 1,393,419 | 541,754 | 851,665 |
| Debt service | 892,771 | 895,771 | 513,385 | 382,386 |
| Total expenditures | 184,210,286 | 205,859,656 | 115,191,204 | 90,668,452 |
| Excess of revenues over (under) expenditures | (27,452,570) | (27,793,974) | (18,607,612) | 9,186,362 |
| Other financing sources (uses): | | | | |
| Transfers in | 13,979,537 | 14,353,711 | 12,932,295 | (1,421,416) |
| Transfers out | (2,459,882) | (5,600,843) | (2,195,492) | 3,405,351 |
| Issuance of long-term debt | 9,040,000 | 19,471,000 | 3,561,000 | (15,910,000) |
| Total other financing sources (uses) | 20,559,655 | 28,223,868 | 14,297,803 | (13,926,065) |
| Net change in fund balances | (6,892,915) | 429,894 | (4,309,809) | (4,739,703) |
| Fund balances, October 1, 2011 | 6,892,915 | (429,894) | (2,433,088) | (2,003,194) |
| Fund balances, September 30, 2012 | $ - | $ - | $ (6,742,897) | $ (6,742,897) |

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

Palm Tran Pension Plan
Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a) / c) |
|---|---|---|---|---|---|---|
| 1/1/10 | $ 51,323,623 | $ 76,463,660 | $ 25,140,037 | 67.1% | $ 25,386,904 | 99.0% |
| 1/1/11 | 54,522,208 | 83,602,521 | 29,080,313 | 65.2% | 25,497,963 | 114.0% |
| 1/1/12 | 57,037,023 | 88,489,140 | 31,452,117 | 64.5% | 24,999,674 | 125.8% |

Lantana Firefighter's Pension Plan
Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a) / c) |
|---|---|---|---|---|---|---|
| 9/30/09 | $ 17,132,902 | $ 21,670,754 | $ 4,537,852 | 79.1% | $ 2,384,322 | 190.3% |
| 9/30/10 | 19,301,948 | 24,669,989 | 5,368,041 | 78.2% | 2,155,087 | 249.1% |
| 9/30/11 | 20,943,102 | 27,289,591 | 6,346,489 | 76.7% | 2,223,670 | 285.4% |

# REQUIRED SUPPLEMENTARY INFORMATION

Palm Beach County Primary Government Healthcare Plans
Schedule of Funding Progress

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

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a) / c) |
|---|---|---|---|---|---|---|
| 10/1/2009 | $ - | $ 10,053,003 | $ 10,053,003 | 0.0% | $ 133,283,977 | 7.5% |
| 10/1/2010 | - | 11,172,901 | 11,172,901 | 0.0% | 132,643,996 | 8.4% |
| 10/1/2011 | - | 9,276,012 | 9,276,012 | 0.0% | 138,684,968 | 6.7% |

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a) / c) |
|---|---|---|---|---|---|---|
| 10/1/2007 | $ - | $ 1,115,000 | $ 1,115,000 | 0.0% | $ 21,614,000 | 5.2% |
| 10/1/2008 | - | 1,440,000 | 1,440,000 | 0.0% | 21,254,000 | 6.8% |
| 10/1/2010 | - | 724,000 | 724,000 | 0.0% | 22,391,000 | 3.2% |

**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **FEDERAL GRANTS** | | | | | |
| **US Dept of Agriculture** | | | | | |
| Child Nutrition Cluster | | | | | |
| Passed Through: FL Dept of Education | | | | | |
| Summer Food Service Program for Children - GY12 | 10.559 | 04-0781 (GY12) | NO | $ 405,296 | $ - |
| Total Child Nutrition Cluster | | | | 405,296 | - |
| Non-Clustered Grants - 10.XXX | | | | | |
| Passed Through: FL Dept of Elder Affairs | | | | | |
| 11-12 Adult Care Food Program | 10.558 | Y2119 | NO | 25,105 | - |
| Passed Through: FL Dept of Health | | | | | |
| Child Care Food Program | 10.558 | S-735 FY11-12 | NO | 931,708 | - |
| Passed Through: FL Dept of Agriculture & Consumer Svcs | | | | | |
| Urban & Community Forestry | 10.664 | 018348 | NO | 4,708 | - |
| Direct Programs: | | | | | |
| Wildlife Habitat Incentive Program - Yamato | 10.914 | 724209070L3 | NO | 7,929 | - |
| Wildlife Habitat Incentive Program - Seacrest | 10.914 | 724209070L4 | NO | 3,234 | - |
| Wildlife Habitat Incentive Program - High Ridge | 10.914 | 724209070ZM | NO | 1,155 | - |
| Wildlife Habitat Incentive Program - Hypoluxo | 10.914 | 724209070ZO | NO | 5,325 | - |
| Wildlife Habitat Incentive Program - Juno | 10.914 | 724209070ZP | NO | 13,548 | - |
| Total Non-Clustered Grants - 10.XXX | | | | 992,712 | - |
| **Total US Dept of Agriculture** | | | | **1,398,008** | **-** |
| **US Dept of Commerce** | | | | | |
| Economic Development Cluster | | | | | |
| Direct Programs: | | | | | |
| Economic Works Program / Regional Wastewater Improvements | 11.307 | 04-79-06327 | NO | 949,070 | - |
| Total Economic Development Cluster | | | | 949,070 | - |
| **Total US Dept of Commerce** | | | | **949,070** | **-** |
| **US Dept of Housing & Urban Dev** | | | | | |
| CDBG - Entitlement Grants Cluster | | | | | |
| Direct Programs: | | | | | |
| Community Development Block Grant | 14.218 | B-01-UC-12-0004 | NO | 70 | 70 |
| Community Development Block Grant | 14.218 | B-02-UC-12-0004 | NO | 6,210 | 6,210 |
| Community Development Block Grant | 14.218 | B-03-UC-12-0004 | NO | 100,517 | 100,517 |
| Community Development Block Grant | 14.218 | B-05-UC-12-0004 | NO | 65,401 | 65,401 |
| Community Development Block Grant | 14.218 | B-07-UC-12-0004 | NO | 659,000 | 659,000 |
| Community Development Block Grant | 14.218 | B-08-UC-12-0004 | NO | 476,073 | 476,073 |
| Neighborhood Stabilization Program | 14.218 | B-08-UN-12-0013 | NO | 1,767,685 | 1,452,831 |
| Community Development Block Grant | 14.218 | B-09-UC-12-0004 | NO | 375,795 | 375,795 |
| Community Development Block Grant | 14.218 | B-10-UC-12-0004 | NO | 1,138,923 | 1,138,923 |
| FY11 Community Development Block Grant | 14.218 | B11UC120004 | NO | 3,041,528 | 1,967,401 |
| Neighborhood Stabilization Program - 3 | 14.218 | B11UN120013 | NO | 249,201 | 131,468 |
| CDBG-Recovery | 14.253 | B-09-UY-12-0004 | YES | 105,008 | 101,542 |
| Total CDBG - Entitlement Grants Cluster | | | | 7,985,411 | 6,475,231 |
| CDBG - State-Administered CDBG Cluster | | | | | |
| Passed Through: FL Dept of Economic Opportunity | | | | | |
| CDBG Disaster Recovery Initiative | 14.228 | 07DB3V106001Z07 | NO | 1,061,274 | 1,061,274 |
| CDBG Disaster Recovery Initiative | 14.228 | 08DBD3106001A07 | NO | 8,701,262 | 8,543,733 |
| CDBG Disaster Recovery Initiative | 14.228 | 10DBK4106001K29 | NO | 1,858,565 | 1,826,234 |
| CDBG Disaster Recovery Initiative | 14.228 | 12DBP5106001K43 | NO | 3,118 | - |
| Total CDBG - State-Administered CDBG Cluster | | | | 11,624,219 | 11,431,241 |

(continued)

**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **US Dept of Housing & Urban Dev (continued)** | | | | | |
| Non-Clustered Grants - 14.XXX | | | | | |
| Direct Programs: | | | | | |
| FY11 Emergency Shelter Grant Program | 14.231 | E-11-UC-12-0016 | NO | $ 296,613 | $ 281,722 |
| Supportive Housing Program GY11 | 14.235 | FL0292B4D050802 | NO | 106,601 | - |
| Supportive Housing Program GY12 | 14.235 | FL0292B4D051003 | NO | 330,404 | - |
| Shelter Plus Care Project Northside GY09 | 14.238 | FL0277C4D050800 | NO | 76,801 | - |
| Shelter Plus Care Flagler Project GY11 | 14.238 | FL0281C4D051003 | NO | 212,987 | - |
| Shelter Plus Care GY12 | 14.238 | FL0281C4D051104 | NO | 108,862 | - |
| Home Program | 14.239 | M01DC120226 | NO | 779 | 779 |
| Home Program | 14.239 | M-04-UC-12-0215 | NO | 20,572 | 20,572 |
| Home Program | 14.239 | M-05-UC-12-0215 | NO | 117,910 | 117,910 |
| Home Program | 14.239 | M-07-UC-12-0215 | NO | 309,020 | 309,020 |
| Home Program | 14.239 | M-08-UC-12-0215 | NO | 305,549 | 305,549 |
| Home Program | 14.239 | M-09-UC-12-0215 | NO | 103,373 | 103,373 |
| Home Program | 14.239 | M-10-UC-12-0215 | NO | 82,370 | 82,360 |
| Home Program | 14.239 | M11UC120215 | NO | 507,790 | 342,213 |
| BEDI09 Avenue A Project | 14.246 | B07BD120012 | NO | 79,901 | 79,901 |
| Brownfield Economic Development Initiative | 14.246 | B09BD128009 | NO | 65,299 | 65,299 |
| HUD 108 Loan Avenue A | 14.248 | B07UC120004 (SEC108) | NO | 572,957 | 572,957 |
| HUD Section 108 Loan | 14.248 | B08UC120004 (SEC108) | NO | 3,733,718 | 2,848,000 |
| CDBG-Section 108 Loan Program - Pahokee | 14.248 | B09UC120004 (SEC108) | NO | 100,000 | 100,000 |
| Neighborhood Stabilization Program - 2 | 14.256 | B09LNFL0021 | YES | 33,794,877 | 32,280,822 |
| Homeless Prevention and Rapid Housing Recovery | 14.257 | S-09-UY-12-0016 | YES | 302,843 | 302,043 |
| FY11-12 Fair Housing Assist Pgm - State & Local | 14.401 | FF204K124023 | NO | 139,171 | - |
| Fair Housing Assistance Program - State & Local | 14.401 | FF204K134023 | NO | 48,000 | - |
| HUD Community Challenge Planning Grant | 14.704 | CCPFL0049-11 | NO | 47,588 | - |
| Total Non-Clustered Grants - 14.XXX | | | | 41,463,985 | 37,812,520 |
| **Total US Dept of Housing & Urban Dev** | | | | **61,073,615** | **55,718,992** |
| **US Dept of the Interior** | | | | | |
| Fish and Wildlife Cluster | | | | | |
| Passed Through: FL Fish and Wildlife Conservation Commission | | | | | |
| Jupiter Inlet Artificial Reef | 15.605 | FWC11177 | NO | 60,000 | - |
| Total Fish and Wildlife Cluster | | | | 60,000 | - |
| Non-Clustered Grants - 15.XXX | | | | | |
| Direct Programs: | | | | | |
| Jupiter Inlet Lighthouse Shoreline Stabilization | 15.231 | L10AC20019 | YES | 46,749 | - |
| Jupiter Inlet Lighthouse Outstanding Natural Areas | 15.231 | L11AC20221 | NO | 100,000 | - |
| Living Shorelines | 15.630 | F11AC00772 | NO | 20,000 | - |
| Total Non-Clustered Grants - 15.XXX | | | | 166,749 | - |
| **Total US Dept of the Interior** | | | | **226,749** | **-** |
| **US Dept of Justice** | | | | | |
| JAG Program Cluster | | | | | |
| Direct Programs: | | | | | |
| BJA FY09 Edward Byrne Memorial JAG Prg Local Solicitation | 16.738 | 2009DJBX0879 | NO | 62,566 | - |
| BJA FY09 Edward Byrne Memorial JAG Program Local Solicitatio | 16.738 | 2010DJBX0168 | NO | 63,303 | - |
| FY 2011 Justice Assistance Grant | 16.738 | 2011DJBX2709 | NO | 215,457 | - |
| Passed Through: FL Dept of Law Enforcement | | | | | |
| JAG Juvenile Assessment Center Security | 16.738 | 2011JAGCPALM1B2234 | NO | 69,250 | - |
| JAG Pre-Trial Services PBC Public Safety | 16.738 | 2011JAGCPALM2B2242 | NO | 12,866 | - |
| JAG Program Monitoring & Evaluation 2011 | 16.738 | 2011JAGCPALM3B2259 | NO | 57,111 | - |
| Gulfstream Goodwill Industries Youth Alt Care Pgm | 16.738 | 2011JAGCPALM5B2262 | NO | 10,270 | - |
| Offender Goodwill Re-entry - FDLE | 16.738 | 2012JAGCPALM1C4235 | NO | 99,467 | - |
| Juvenile Assessment Center Security - FDLE | 16.738 | 2012JAGCPALM2C4177 | NO | 270,324 | - |

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**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **US Dept of Justice (continued)** | | | | | |
| JAG Program Cluster (continued) | | | | | |
| Program Monitoring & Evaluation - FDLE | 16.738 | 2012JAGCPALM3C4220 | NO | $ 30,648 | $ - |
| Palm Beach County Weed & Seed Program | 16.803 | 2010ARRCPALM2W7350 | YES | 4,802 | - |
| Palm Beach County Youth Violence Project | 16.803 | 2010ARRCPALM3W7348 | YES | 151,005 | - |
| Region 7 Drug Enforcement Strike Force | 16.803 | 2011ARRCPALM1W7351 | YES | 209,413 | - |
| Direct Programs: | | | | | |
| BJA FY09 Recovery Act Edward Byrne Memorial JAG Prg Local So | 16.804 | 2009SBB93136 | YES | 128,446 | - |
| Total JAG Program Cluster | | | | 1,384,928 | - |
| Non-Clustered Grants - 16.XXX | | | | | |
| Direct Programs: | | | | | |
| FY10 Comprehensive Approaches to Sex Offender Management | 16.203 | 2010WPBX0006 | NO | 41,820 | - |
| Passed Through: Other - Area Agency on Aging of Palm Beach/Treasure Coast | | | | | |
| Enhanced Train and Srvcs to End Violence & Abuse of Women | 16.528 | OV008003 | NO | 3,243 | - |
| Elderly Abuse Training Project FY2010 | 16.528 | OV009003 | NO | 10,200 | - |
| Direct Programs: | | | | | |
| FY10 Youth Gang Prevention and Intervention Program | 16.544 | 2010JVFX0030 | NO | 182,570 | - |
| FY10 Solving Cold Cases with DNA Program | 16.560 | 2010DNBXK009 | NO | 39,667 | - |
| Passed Through: FL Dept of Legal Affairs and Attorney General | | | | | |
| FY12 Victims of Crime Act | 16.575 | V11021 | NO | 53,223 | - |
| FY 11-12 Victims of Crime Act | 16.575 | V11149 | NO | 139,743 | - |
| Direct Programs: | | | | | |
| OJP- Drug Court Grant | 16.585 | 2009DCBX0016 | NO | 52,172 | - |
| OJP Family Drug Court | 16.585 | 2009DCBX0115 | NO | 120,902 | - |
| PBC Adult Drug Court Enhancement Program | 16.585 | 2011DCBX0029 | NO | 32,929 | - |
| Direct Programs: | | | | | |
| Grant To Encourage Arrest | 16.590 | 2011-WE-AX-0027 | NO | 117,989 | - |
| Passed Through: Other - City of West Palm Beach | | | | | |
| FY11 Gramercy Village Weed & Seed MALEU | 16.595 | 1009776001 | NO | 1,028 | - |
| Direct Programs: | | | | | |
| State Criminal Alien Assistance Program FY2008 | 16.606 | 2008APBX1611 | NO | 9,875 | - |
| FY11 State Criminal Alien Assistance | 16.606 | 2011APBX0852 | NO | 223,635 | - |
| FY11-12 Bulletproof Vest Partnership | 16.607 | R20112064 | NO | 14,267 | - |
| Child Sexual Predator Program | 16.710 | 2010CSWX0016 | NO | 179,371 | - |
| COPS Hiring Program | 16.710 | 2010ULWX0011 | NO | 730,871 | - |
| FY09 Forensic DNA Unit Efficiency Improvement | 16.741 | 2009DNBXK261 | NO | 479,238 | - |
| FY10 Forensic DNA Backlog Reduction Program | 16.741 | 2010DNBXK078 | NO | 119,725 | - |
| FY11 DNA Backlog reduction Program | 16.741 | 2011DNBXK447 | NO | 347,702 | - |
| Passed Through: FL Dept of Law Enforcement | | | | | |
| FY10 Paul Coverdell Forensic Sciences Improvement | 16.742 | 2010CDBX0006 (SO) | NO | 933 | - |
| 2011 Paul Coverdell FSIG | 16.742 | 2011CDBX0026 | NO | 50,163 | - |
| 2011 Paul Coverdell Forensic Sciences Improvement Grant | 16.742 | 2011CDBX0026ME | NO | 4,100 | - |
| Direct Programs: | | | | | |
| Criminal Justice Mental Health & Substance Abuse Local Match | 16.745 | 2009MOBX0035 | NO | 106,101 | - |
| Data Driven Problem-Oriented Policing Strategy | 16.751 | 2009DGBX0121 | NO | 166,205 | - |
| Data-Driven Problem-Oriented Policing Strategy | 16.751 | 2011DGBX0012 | NO | 43,391 | - |
| FY10 Second Chance Act Prisoner Reentry Initiative | 16.812 | 2010CZBX0016 | NO | 564,237 | - |
| FY11 Second Chance Act Juvenile Prisoner Reentry Initiative | 16.812 | 2011CZBX0002 | NO | 17,932 | - |
| Passed Through: FL Dept of Law Enforcement | | | | | |
| National Instant Criminal Background Check | 16.813 | 2012NICSPALM1D3001 | NO | 18,550 | - |
| Direct Programs: | | | | | |
| Equitable Sharing - Justice Dept | 16.XXX | FLOR050000 | NO | 749,873 | - |
| Total Non-Clustered Grants - 16.XXX | | | | 4,621,655 | - |
| **Total US Dept of Justice** | | | | **6,006,583** | **-** |

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**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **US Dept of Labor** | | | | | |
| WIA Cluster | | | | | |
| Passed Through: Other - Workforce Alliance | | | | | |
| 12-13 Targeted Populations to Enter Unsubsidized Employment | 17.258 | S11012 | NO | $ 64,339 | $ - |
| 12-13 Targeted Populations to Enter Unsubsidized Employment | 17.260 | S11013 | NO | 47,344 | - |
| Total WIA Cluster | | | | 111,683 | - |
| Non-Clustered Grants - 17.XXX | | | | | |
| Passed Through: FL Dept of Education | | | | | |
| 11-12 Farmworker Jobs and Education Program | 17.264 | 7604052A2CFJ1 | NO | 214,837 | - |
| 12-13 Farmworker Jobs & Education Program | 17.264 | 7604053A3CFJ1 | NO | 63,677 | - |
| Total Non-Clustered Grants - 17.XXX | | | | 278,514 | - |
| **Total US Dept of Labor** | | | | **390,197** | **-** |
| **US Dept of Transportation** | | | | | |
| Highway Planning and Construction Cluster | | | | | |
| Passed Through: FL Dept of Transportation | | | | | |
| Hwy. Planning & Constr. -FHWA Surface Transportation Program | 20.205 | 229253-3-54-01 | NO | 515,743 | - |
| Const. Okee Blvd & Tamarind Ave | 20.205 | 22975515802 APY93 | NO | 592,024 | - |
| Congress/Lantana - Melaleuca | 20.205 | 229892-2-58-01 | NO | 2,660,343 | - |
| Countywide Advanced TrafficManagement Systems Group 3 | 20.205 | 41652525801 | NO | 132,247 | - |
| SR708/Blue Heron Blvd at Congress Ave. | 20.205 | 417062-2-58-01 | NO | 1,332,767 | - |
| Congress Ave at Intermodal Center/South County Complex | 20.205 | 420356-1-58-01 | NO | 259,242 | - |
| Federal Safe Routes to School - Overhead Flashers Elementary | 20.205 | 423189-1-58-01 | NO | 251,340 | - |
| Fl. Dept. of Transportation - Jup/Indiantown Trail | 20.205 | 42525915801- | YES | 14,828 | - |
| Military Trail Resurfacing | 20.205 | 426377-1-58-01 | YES | (26,221) | - |
| Hwy. Plan. & Const. - Sec. 112 | 20.205 | PL009748A5359 | NO | 806,451 | - |
| Hwy. Plan. & Const. - Sec. 112 | 20.205 | PL009749A5359 | NO | 195,951 | - |
| Total Highway Planning and Construction Cluster | | | | 6,734,715 | - |
| Federal Transit Cluster | | | | | |
| Direct Programs: | | | | | |
| Fed. Transit Capital Investment - FY06 Section 5309 | 20.500 | FL040002 | NO | 430,047 | - |
| Fed. Transit Capital Investment - FY08 Section 5309 | 20.500 | FL040060 | NO | 25,794 | - |
| Fed. Transit Capital Investment - FY09 Section 5309 | 20.500 | FL040094 | NO | 1,338,806 | - |
| Fed. Transit Formula Grant - FY05 Section 5307 | 20.507 | FL90X551 | NO | 23,553 | - |
| Fed. Transit Formula Grants - FY06 Section 5307 | 20.507 | FL90X571 | NO | 145,429 | - |
| Fed. Transit Formula Grants - FY07 Section 5307 | 20.507 | FL90X625 | NO | 89,235 | - |
| Fed. Transit Formula Grants - FY08 Section 5307 | 20.507 | FL90X673 | NO | 2,893,426 | - |
| Fed. Transit Formula Grants - FY09 Section 5307 | 20.507 | FL90X705 | NO | 8,986,415 | - |
| Fed. Transit Formula Grants - FY10 Section 5307 | 20.507 | FL90X735 | NO | 4,362,316 | - |
| Fed. Transit Formula Grants - FY11 Section 5307 | 20.507 | FL90X760 | NO | 4,576,207 | - |
| ARRA Stimulus | 20.507 | FL96X026 | YES | 420,707 | - |
| Total Federal Transit Cluster | | | | 23,291,935 | - |
| Transit Services Programs Cluster | | | | | |
| Passed Through: Other - South FL Regional Transit Authority | | | | | |
| Route 94 Operations | 20.516 | FL37X05200 | NO | 124,964 | - |
| Total Transit Services Programs Cluster | | | | 124,964 | - |
| Highway Safety Cluster | | | | | |
| Passed Through: FL Dept of Transportation | | | | | |
| PBC Speed & Agressive Driving Enforce & Ed | 20.600 | AQK23 | NO | 98,959 | - |
| Total Highway Safety Cluster | | | | 98,959 | - |

(continued)

**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| Non-Clustered Grants - 20.XXX | | | | | |
| Direct Programs: | | | | | |
| AIP - Glades Apron Rehab and Airfield Electrical Design | 20.106 | 31200600032011- | NO | $ 135,089 | $ - |
| AIP - Apron A, Taxi D & C4, Lights, Mark, S Taxi (5 parts) | 20.106 | 31200850512009- | NO | 70,725 | - |
| AIP - Conduct Wildlife Hazard Assessment | 20.106 | 31200850522010- | NO | 2,459 | - |
| AIP - Arrestor, Lighting, Flooring (3 parts) | 20.106 | 31200850532010- | NO | 1,033,261 | - |
| AIP - Phase 3 Conduct Env. Impact Statement (EIS) | 20.106 | 31200850542011- | NO | 133,161 | - |
| AIP - PBIA Terminal Roof Improvements | 20.106 | 31200850552011- | NO | 1,296,446 | - |
| AIP - Stormwater Master Plan | 20.106 | 31200860102010- | NO | 8,799 | - |
| AIP - Wildlife Hazard Assessment | 20.106 | 31200860112011- | NO | 27,582 | - |
| AIP - North County Replace AWOS | 20.106 | 31201130142010- | NO | 39,354 | - |
| AIP - NorthParcel Taxiway Design - Wildlife Hazard Assmnt | 20.106 | 31201130152011- | NO | 86,484 | - |
| Passed Through: FL Dept of Transportation | | | | | |
| Fed Transit Metro Plan Grants - Fed Transit Authority 5303 | 20.505 | AQ288 | NO | 314,465 | - |
| Formula Grant Rural Section 5311 | 20.509 | APS67 | NO | 251,595 | - |
| Direct Programs: | | | | | |
| Federal ARRA Stimulus TIGGER | 20.523 | FL770002 | YES | 122,970 | - |
| Passed Through: FL Dept of Transportation | | | | | |
| PBC Water Taxi Facilities | 20.801 | ANO90 | NO | 218,504 | - |
| Total Non-Clustered Grants - 20.XXX | | | | 3,740,894 | - |
| **Total US Dept of Transportation** | | | | **33,991,467** | - |
| **US Dept of the Treasury** | | | | | |
| Non-Clustered Grants - 21.XXX | | | | | |
| Direct Programs: | | | | | |
| Equitable Sharing - Treasury Dept | 21.XXX | NA | NO | 191,238 | - |
| Total Non-Clustered Grants - 21.XXX | | | | 191,238 | - |
| **Total US Dept of the Treasury** | | | | **191,238** | - |
| **US Environmental Protection Agency** | | | | | |
| Non-Clustered Grants - 66.XXX | | | | | |
| Direct Programs: | | | | | |
| Statewide Surface Water Res. & Wastewater Project LRWTP | 66.202 | XP-95454410-0 | NO | 485,000 | - |
| Total Non-Clustered Grants - 66.XXX | | | | 485,000 | - |
| **Total US Environmental Protection Agency** | | | | **485,000** | - |
| **US Dept of Energy** | | | | | |
| Non-Clustered Grants - 81.XXX | | | | | |
| Direct Programs: | | | | | |
| Energy Efficiency and Conserv Grant | 81.128 | DEEE0000793 | YES | 2,133,747 | 2,012,869 |
| Total Non-Clustered Grants - 81.XXX | | | | 2,133,747 | 2,012,869 |
| **Total US Dept of Energy** | | | | **2,133,747** | **2,012,869** |
| **US Election Assistance Commission** | | | | | |
| Non-Clustered Grants - 90.XXX | | | | | |
| Passed Through: FL Dept of State and Secretary of State | | | | | |
| Federal Elections Activities-12 | 90.401 | EAC FECFY12 | NO | 138,100 | - |
| Total Non-Clustered Grants - 90.XXX | | | | 138,100 | - |
| **Total US Election Assistance Commission** | | | | **138,100** | - |

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**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **US Dept of Health & Human Svcs** | | | | | |
| Aging Cluster | | | | | |
| Passed Through: FL Dept of Elder Affairs | | | | | |
| Older Americans Act Title III-B | 93.044 | VA0119635 | NO | $ 96,605 | $ 96,605 |
| Passed Through: Other - Area Agency on Aging | | | | | |
| CY12 Older Americans Act Title III-B | 93.044 | VA0129635 | NO | 289,848 | 289,848 |
| Passed Through: Other - Area Agency on Aging of Palm Beach/Treasure Coast | | | | | |
| 2011 OAA Title III B Support Services | 93.044 | IA1119500 (3B) | NO | 268,014 | - |
| 2012 OAA Title III B Support Services | 93.044 | IA1129500 (3B) | NO | 629,245 | - |
| 2011 OAA Title III C1 Congregate Meals | 93.045 | IA1119500 (3C1) | NO | 94,454 | - |
| 2011 OAA Title III C2 Home Delivered Meals | 93.045 | IA1119500 (3C2) | NO | 136,624 | - |
| 2012 OAA Title III C1 Congregate Meals | 93.045 | IA1129500 (3C1) | NO | 345,417 | - |
| 2012 OAA Title III C2 Home Delivered Meals | 93.045 | IA1129500 (3C2) | NO | 435,188 | - |
| Nutrition Services Incentive Program 10-11 | 93.053 | IU0119500 | NO | 59,826 | - |
| Nutrition Services Incentive Program 11-12 | 93.053 | IU0129500 | NO | 200,536 | - |
| Total Aging Cluster | | | | 2,555,757 | 386,453 |
| CSBG Cluster | | | | | |
| Passed Through: FL Dept of Economic Opportunity | | | | | |
| 2011 Community Services Block Grant | 93.569 | 12SB9Y106001021 | NO | 1,105,142 | - |
| Total CSBG Cluster | | | | 1,105,142 | - |
| Head Start Cluster | | | | | |
| Direct Programs: | | | | | |
| Head Start 04CH3046-45 Grant | 93.600 | 04CH304645 | NO | (16,352) | - |
| Head Start/EHS Grant | 93.600 | 04CH3046-46 | NO | 17,281,254 | 2,165,788 |
| Head Start ARRA COLA-QI | 93.708 | 04SE304601 | YES | (24,716) | - |
| Total Head Start Cluster | | | | 17,240,186 | 2,165,788 |
| **US Dept of Health & Human Svcs** | | | | | |
| Non-Clustered Grants - 93.XXX | | | | | |
| Passed Through: Other - Area Agency on Aging of Palm Beach/Treasure Coast | | | | | |
| 2011 OAA Title III E Services | 93.052 | IA1119500 (3E) | NO | 10,295 | - |
| 2012 OAA Title III E Services | 93.052 | IA1129500 (3E) | NO | 146,786 | - |
| Passed Through: FL Dept of Children and Families | | | | | |
| FY11 Brief Intervention and Treatment for Elders | 93.243 | LD959 | NO | 12,500 | - |
| Passed Through: FL Dept of Revenue | | | | | |
| Child Support Enforcement | 93.563 | CD350 | NO | 1,111,196 | - |
| Passed Through: FL Department of Economic Opportunity | | | | | |
| 11-12Low Incom Home Energy Assistance Program | 93.568 | 11EA8U106001023 | NO | 2,583,035 | - |
| 12-13 Low Incom Home Energy Assistance Program | 93.568 | 12EA0F106001023 | NO | 2,684,746 | - |
| Passed Through: FL Dept of Elder Affairs | | | | | |
| 11-12 Emergency Home Energy Assistance for the Elderly Progr | 93.568 | IP0119500 | NO | 12,100 | - |
| Passed Through: Other - Child and Family Connections | | | | | |
| Access & Visitation Prg-Children & Family Connections | 93.597 | SAPCC012 | NO | 28,876 | - |
| Direct Programs: | | | | | |
| 11-12 HIV Em Relief Grant Formula/Supplemental/MAI | 93.914 | H89HA0003418 | NO | 4,018,574 | 3,403,772 |
| 12-13 HIV Em Relief Grant Formula/Supplemental/MAI | 93.914 | H89HA0003419 | NO | 3,530,602 | 3,179,311 |
| Passed Through: FL Dept of Health | | | | | |
| Victim Services Therapy Grant | 93.991 | COH5X | NO | 3,228 | - |
| Total Non-Clustered Grants - 93.XXX | | | | 14,141,938 | 6,583,083 |
| **Total US Dept of Health & Human Svcs** | | | | **35,043,023** | **9,135,324** |
| **US Corp for Natl & Community Service** | | | | | |
| Foster Grandparent/Senior Companion Cluster | | | | | |
| Passed Through: FL Dept of Elder Affairs | | | | | |
| 11-12 Senior Companion Program (SCP) | 94.016 | XI312 | NO | 2,016 | - |
| Total Foster Grandparent/Senior Companion Cluster | | | | 2,016 | - |
| **Total US Corp for Natl & Community Service** | | | | **2,016** | **-** |

(continued)

**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **Executive Office Of The President** | | | | | |
| Non-Clustered Grants - 95.XXX | | | | | |
| Direct Programs: | | | | | |
| Multi Agency High Intensity Drug Trafficking Areas | 95.001 | G10MI0011A | NO | $ 40,613 | $ - |
| PBC Narcotics Task Force | 95.001 | G11MI0011A | NO | 196,995 | - |
| OGT Initiative | 95.001 | OGT INITIATIVE | NO | 25,089 | - |
| OMR Initiative | 95.001 | OMR INITIATIVE | NO | 19,825 | - |
| Total Non-Clustered Grants - 95.XXX | | | | 282,522 | - |
| **Total Executive Office Of The President** | | | | **282,522** | **-** |
| **US Dept of Homeland Security** | | | | | |
| Homeland Security Cluster | | | | | |
| Passed Through: FL Dept of Law Enforcement | | | | | |
| Water Treatment Plant 3 & Central Labratory | 97.067 | SHSPPALM1B9015 | NO | 60,000 | - |
| Direct Programs: | | | | | |
| FY11 Homeland Security Grant | 97.067 | 2011SS00067 | NO | 81,093 | - |
| PBSO EOD Team Enhanced Capability | 97.067 | 2012SHSPPALM1S4076 | NO | 31,586 | - |
| Passed Through: FL Dept of Emergency Management | | | | | |
| Homeland Security Grant Prgm-Citizen Corp | 97.067 | 10CC43106001378 | NO | 480 | - |
| Homeland Security Grant-CERT | 97.067 | 10CI43106001369 | NO | 1,659 | - |
| SHSGP 09-10 Grant | 97.067 | 10DS39106001319 | NO | 40,746 | - |
| State Homeland Security Grant | 97.067 | 10DS39106023337 | NO | 250,414 | - |
| Citizen Corp | 97.067 | 11CCA6106001426 | NO | 350 | - |
| CERT | 97.067 | 11CIA6106001427 | NO | 6,723 | - |
| Passed Through: FL Dept of Emergency Management | | | | | |
| State Homeland Security Grant Program | 97.067 | 11DS9Z106001445 | NO | 1,402 | - |
| FY10 State Homeland Security | 97.067 | 11DS9Z106023331 | NO | 67,198 | - |
| Passed Through: Other - City of Miami | | | | | |
| Miami Urban Area Security Initiative Regional Virtual Fusion | 97.067 | 10DS48112302195 | NO | 191,146 | - |
| Passed Through: Other - City of Miramar | | | | | |
| FY2007 Urban Area Security Initiative | 97.067 | 08DS62111602296 (SO) | NO | 9,573 | - |
| Homeland Security Grant Prgm-UASI 2008-2009 Jurisdictional | 97.067 | 09DS48111602 | NO | 102,905 | 73,285 |
| FY2008 Urban Area Security Initiative | 97.067 | 09DS48111602448 | NO | 87,226 | - |
| Urban Area Security Initiative Regional Fusion Center | 97.067 | 09DS48111602448SUP | NO | 92,563 | - |
| Homeland Security Grant Prgm-UASI 2008-2009 Jurisdictional | 97.067 | 10AUASI | NO | 5,442 | - |
| FY09 UASI | 97.067 | 11DS32111602017 | NO | 217,678 | - |
| FY09 UASI - Regional Planning | 97.067 | 1602229 | NO | 32,800 | - |
| FY2009 Urban Area Security Initiative | 97.067 | 1602230 | NO | 148,029 | - |
| Urban Area Security Initiative Grant 2009 | 97.067 | UASI 2009 | NO | 210,999 | - |
| Urban Area Security Initiative Grant 2009 Citizen Corps | 97.067 | UASI 2009 CIT CORPS | NO | 80,046 | - |
| Urban Area Security Initiative Grant 2009 WEBEOC | 97.067 | UASI 2009 WEBEOC | NO | 141,404 | - |
| Homeland Security Grant Prgm-UASI 2008-2009 Citizen Corps | 97.067 | UASI CITCORP 2008 | NO | 1,384 | - |
| FY10 UASI Homeland Security Grant Prgm | 97.067 | UASI FY10 | NO | 27 | - |
| Homeland Security Grant Prgm-UASI FY10 WEBEOC | 97.067 | UASI WEBEOC 2010 | NO | 68,321 | - |
| Total Homeland Security Cluster | | | | 1,931,194 | 73,285 |
| Non-Clustered Grants - 97.XXX | | | | | |
| Direct Programs: | | | | | |
| Law Enforcement Officer Reimbursement Program | 97.007 | HSTS0212HSLR337 | NO | 360,759 | - |
| Passed Through: FL Dept of Community Affairs | | | | | |
| Public Assistance Grants - Francis/Jeane | 97.036 | 05-G%-10-60-02-987 | NO | 8,941,212 | - |
| Public Assistance Grants - Wilma | 97.036 | 06-WL-&K-10-60-01-61 | NO | (3,090,025) | - |
| Public Assistance Grants - Francis/Jeane | 97.036 | 05-G%-10-60-02-987-ST | NO | 3,802,582 | - |
| Passed Through: FL Div of Emergency Management | | | | | |
| Federal Public Assistance Grants - Fay | 97.036 | 08PAB910601363 | NO | 1,965,347 | - |
| State Public Assistance Grants - Fay | 97.036 | 08PA910601363-ST | NO | 592,945 | - |
| Federal Public Assistance Grants - Isaac | 97.036 | 13IS106002521 | NO | 1,074,728 | - |
| State Public Assistance Grants - Isaac | 97.036 | 13IS106002521-ST | NO | 179,121 | - |
| Passed Through: FL Dept of Emergency Management | | | | | |
| PBCDowntown Govt Complex Wind Retrofit | 97.039 | 08HM6G106001020 | NO | 124,140 | - |
| Highridge Family Center, Wind Retrofit Project | 97.039 | 11HM3E106001027 | NO | 191,272 | - |
| Passed Through: FL Div of Emergency Management | | | | | |
| Hazard Mitigation Grant-Grove Street Drainage | 97.039 | 07HM-6@-10-60-01-047 | NO | 23,948 | - |

(continued)

**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **US Dept of Homeland Security (continued)** | | | | | |
| Non-Clustered Grants - 97.XXX (continued) | | | | | |
| Passed Through: FL Div of Emergency Management (continued) | | | | | |
| Hazard Mitigation Grant - Westgate Belv Comm N Drain Study | 97.039 | 08HM-3G-10-60-01-042 | NO | $ 3,000 | $ 3,000 |
| Hazard Mitigation Grant - L2 Canal, Wabasso and Oceola Dr. | 97.039 | 09HM-37-10-60-01-075 | NO | 62,400 | 62,400 |
| Hazard Mitigation Grant - Westgate Belv Comm N Drain Study | 97.039 | 11HM-2Y-10-60-01-001 | NO | 467,647 | 467,647 |
| Hazard Mitigation Grant-Grove Street Drainage | 97.039 | 11HM-2Y-10-60-01-009 | NO | 81,563 | - |
| Hazard Mitigation Grant - Westgate/Belv CRA-Lakeside | 97.039 | 11HM-2Y-10-60-01-010 | NO | 2,425,312 | - |
| Passed Through: FL Dept of Emergency Management | | | | | |
| FY12 Emergency Mgmt Preparedness Grant | 97.042 | 12FGR3106001117 | NO | 206,244 | - |
| FY13 Emergency Mgmt Preparedness Grant | 97.042 | 13FG86106001117 | NO | 17,988 | - |
| Direct Programs: | | | | | |
| 09 Assistance to Firefighters Grant Program Award | 97.044 | EMW2009FO09306 | NO | 80,665 | - |
| Direct Programs: | | | | | |
| Port Security MOU | 97.056 | 1602225 | NO | 496,963 | - |
| Passed Through: Other - Port of Palm Beach District | | | | | |
| Port of Palm Beach Prevention/Detection Project | 97.056 | 2008GBT80032 | NO | 36,141 | - |
| Port of Palm Beach District's Vessel Prevention | 97.056 | 2009PUT90077 | NO | 382,700 | - |
| Direct Programs: | | | | | |
| Homeland Security Enforcement PBIA | 97.072 | HSTS0210HCAN637 | NO | 302,500 | - |
| Total Non-Clustered Grants - 97.XXX | | | | 18,729,152 | 533,047 |
| **Total US Dept of Homeland Security** | | | | **20,660,346** | **606,332** |
| **Total Federal Grants - All Departments** | | | | **$ 162,971,681** | **$ 67,473,517** |
| **STATE GRANTS** | | | | | |
| **FL Dept of Environmental Protection** | | | | | |
| Direct Programs: | | | | | |
| Beach Erosion Control Program - Singer Island | 37.003 | 06PB2 | NO | $ 60,514 | $ - |
| Beach Erosion Control Program - Ocean Ridge | 37.003 | 08PB3 | NO | 24,946 | - |
| Beach Erosion Control Program - Juno Beach | 37.003 | 08PB4 | NO | 151,173 | - |
| South Lake Worth Inlet Mgmt Plan | 37.003 | 11PB1 | NO | 245,948 | - |
| Petroleum Storage Tank Cleanup | 37.024 | S0485 | NO | 501,302 | - |
| Statewide Surf Wtr Rest & Wstwtr - Lake Worth Lagoon | 37.039 | LP6046 | NO | 1,157,260 | 748,580 |
| Statewide Surf Wtr Rest & Wstwtr - Chain of Lakes | 37.039 | LP6077 | NO | 45,294 | - |
| Northlake Blvd. Bridge over Lox. Slough | 37.039 | LP6840 | NO | 410,570 | - |
| **Total FL Dept of Environmental Protection** | | | | **2,597,007** | **748,580** |
| **FL Dept of Legal Affairs and Attorney General** | | | | | |
| Passed Through: Other - FL Council Against Sexual Violence | | | | | |
| Rape Crisis Center | 41.010 | 12OAG26 | NO | 13,991 | - |
| **Total FL Dept of Legal Affairs and Attorney General** | | | | **13,991** | **-** |
| **FL Dept of Agriculture & Consumer Services** | | | | | |
| Direct Programs: | | | | | |
| FY12 Mosquito Control | 42.003 | 017245 | NO | 18,334 | - |
| **Total FL Dept of Agriculture & Consumer Services** | | | | **18,334** | **-** |
| **FL Dept of State and Secretary of State** | | | | | |
| Direct Programs: | | | | | |
| FY11-12 State Aid to libraries | 45.030 | 12ST53 | NO | 1,028,622 | - |
| **Total FL Dept of State and Secretary of State** | | | | **1,028,622** | **-** |

(continued)

**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **FL Florida Housing Finance Corporation** | | | | | |
| Direct Programs: | | | | | |
| State Housing Initiatives Partnership Prgm - CAH | 52.901 | HFC0108 | NO | $ 354,396 | $ 350,847 |
| State Housing Initiatives Partnership Prgm - CAH | 52.901 | HFC0109 | NO | 638,394 | 638,394 |
| State Housing Initiatives Partnership Prgm 11/12- CAH | 52.901 | HFC0111 | NO | 241,989 | 241,989 |
| **Total FL Florida Housing Finance Corporation** | | | | **1,234,779** | **1,231,230** |
| **FL Div of Emergency Management** | | | | | |
| Direct Programs: | | | | | |
| FY12 Emergency Mangement Program | 52.008 | 12BG05106001050 | NO | 87,930 | - |
| FY13 Emergency Mangement Program | 52.008 | 13BG83106001050 | NO | 6,704 | - |
| FY12 Hazardous Materials Contingency Plan | 52.023 | 12CP03106001209 | NO | 337 | - |
| **Total FL Div of Emergency Management** | | | | **94,971** | **-** |
| **Florida Department of Transportation** | | | | | |
| Passed Through: Florida Comm/Transp Disadvantaged | | | | | |
| Commission for the Transportation Disadvantaged | 55.001 | APK77 | NO | 2,724 | 2,724 |
| Direct Programs: | | | | | |
| GY13 Commission for the Transportation Disadvantaged | 55.001 | 43202718401 | NO | 591,835 | 591,835 |
| GY12 Commission for the Transportation Disadvantaged | 55.001 | AQB33 | NO | 1,599,732 | 1,599,732 |
| 11-12 Transportation Disadvantaged | 55.002 | AQB45 | NO | 43,156 | - |
| Aviation Dev Grant - Acquire Land for Runway 9L-27R | 55.004 | 41629519401APC36 | NO | 413,478 | - |
| Aviation Dev Grant - Security Impv (formerly Relocate VOR) | 55.004 | 41629619401APA55 | NO | 58,620 | - |
| Aviation Dev Grant - EIS Design Runway Extension PBIA | 55.004 | 42034019401AOY72 | NO | 113,808 | - |
| Aviation Dev Grant - Construct Taxiway L at PBIA | 55.004 | 42037319401AOY73 | NO | 2,331,007 | - |
| Aviation Dev Grant - Upgrade & Expand Baggage PBIA | 55.004 | 42037419401AQE59 | NO | 6,142 | - |
| Aviation Dev Grant - Construct Hangars - N PB Gen Aviation | 55.004 | 42246619401AQE58 | NO | 10,375 | - |
| Aviation Dev Grant - Rehab RW 15_33 Taxi C Apron | 55.004 | 42712119401APQ03 | NO | 337,120 | - |
| Aviation Dev Grant - Wetland Wildlife Hazard Mitigation | 55.004 | 42713319401APQ19 | NO | 91,597 | - |
| Aviation Dev Grant - Connect to Water & Wastewater NC | 55.004 | 42713419401APQ20 | NO | 175,152 | - |
| Aviation Dev Grant - PBIA Security Enhancements | 55.004 | 42791119401APZ40 | NO | 162,053 | - |
| Aviation Dev Grant - PBIA Parking Garage Rehab | 55.004 | 42791319401APZ41 | NO | 329,154 | - |
| Aviation Dev Grant - Lantana Westside Hangars Dev Phase 1 | 55.004 | 42791519401APZ45 | NO | 18,500 | - |
| Aviation Dev Grant - PBIA Const Taxi Exits C4 and Shoulders | 55.004 | 42791619401APZ39 | NO | 974,844 | - |
| Aviation Dev Grant - Concourse C Security Improvements | 55.004 | 42934819401AQ797 | NO | 3,878 | - |
| Aviation Dev Grant - Airport Strategic Bus Dev Plan - PBIA | 55.004 | 42970419401AQE60 | NO | 57,332 | - |
| CIGP Grnt-Okeechobee/SR 7 to Turnpike | 55.008 | 409701-1-54(58)-01 | NO | 3,011,654 | - |
| CIGP-Lyons Rd/N of Atlantic to S of Boynton Bch Blvd-ROW | 55.008 | 421786-1-48-01 | NO | (269,596) | - |
| CIGP-Lyons Rd/N of Atlantic to S of Boynton Bch Blvd | 55.008 | 421786-1-58-01 | NO | 1,176,223 | - |
| Public Transit Block Grant - Operating | 55.010 | APU03 | NO | 4,455,581 | - |
| Routes 47 & 48 Belle Glade & Pahokee Service | 55.013 | 43029618401 | NO | 629,451 | - |
| HOV/Intermodal/Park & Ride | 55.014 | AP159 | NO | 174,911 | - |
| FDOT Small Projects | 55.023 | 229765-2-54-01 | NO | 92,341 | - |
| Snook Island Seagrass/Mangrove - Flagler | 55.023 | 4124892C201 | NO | 401,538 | - |
| SR7/Palmetto Park - Glades Landscape | 55.023 | 42601315801- | NO | 226,928 | - |
| West Atlantic/Lyons to Turnpike Construction | 55.026 | 229658-3-58-01 | NO | 1,466,886 | - |
| TRIP Grnt-Okeechobee/SR 7 to Turnpike | 55.026 | 409701-1-58-01 | NO | (2,464,391) | - |
| SR7 and SR80 Southern Blvd Intersection Improvements | 55.026 | 422768-1-58-01 | NO | 492,627 | - |
| Jog Rd & 45th Street Intersection Improvements | 55.026 | 422769-2-58-01 | NO | 271,801 | - |
| **Total FL Dept of Transportation** | | | | **16,986,461** | **2,194,291** |
| **FL Dept of Children & Families** | | | | | |
| Direct Programs: | | | | | |
| FY11-12 Homeless Challenge Grant | 60.014 | IFZ16 | NO | 63,396 | - |
| Criminal Justice Mental Health & Substance Abuse Reinv | 60.115 | LHZ236 | NO | 63,210 | - |
| **Total FL Dept of Children & Families** | | | | **126,606** | **-** |

(continued)

**Palm Beach County**
**Schedule of Expenditures of Federal Awards and State Financial Assistance**
**For the year ended September 30, 2012 (continued)**

| Grantor / Program Titles | CFDA CSFA | Contract/Grant # | ARRA | Expenditures | Pass Through to Subrecipients |
|---|---|---|---|---|---|
| **FL Dept of Health** | | | | | |
| Direct Programs: | | | | | |
| Emergency Medical Services | 64.005 | C0050 | NO | $ 515,534 | $ - |
| SART Program | 64.061 | COH8Z | NO | 374,993 | - |
| Passed Through: FL Council Against Sexual Violence | | | | | |
| Rape Crisis Center | 64.061 | 10RCP26 | NO | 57,017 | - |
| **Total FL Dept of Health** | | | | **947,544** | **-** |
| **FL Dept of Elder Affairs** | | | | | |
| Passed Through: Other - Area Agency on Aging of Palm Beach/Treasure Coast | | | | | |
| 10-11 Home Care for the Elderly | 65.001 | IH0109500 | NO | (318) | - |
| 11-12 Home Care for the Elderly | 65.001 | IH0119500 | NO | 23,018 | - |
| 12-13 Home Care for the Elderly | 65.001 | IH0129500 | NO | 8,391 | - |
| 11-12 Alzheimer's Disease Initiative | 65.004 | IZ0119500 | NO | 205,486 | - |
| 12-13 Alzheimer's Disease Initiative | 65.004 | IZ0129500 | NO | 125,916 | - |
| 11-12 Respite for Elders Living in Everyday Families | 65.006 | IR0119500 | NO | 69,245 | - |
| 12-13 Respite for Elders Living in Everyday Families | 65.006 | IR0129500 | NO | 21,424 | - |
| 11-12 Community Care for the Elderly | 65.010 | IC0119500 | NO | 880,871 | - |
| 12-13 Community Care for the Elderly | 65.010 | IC0129500 | NO | 339,495 | - |
| **Total FL Dept of Elder Affairs** | | | | **1,673,528** | **-** |
| **FL Dept of Law Enforcement** | | | | | |
| Direct Programs: | | | | | |
| Statewide Criminal Analysis Lab System GY11-12 | 71.002 | 1602601 (GY11-12) | NO | 329,688 | - |
| Miami Regional Drug Enforcement Strike Force | 71.XXX | MOUMRDESF | NO | 264,184 | - |
| **Total FL Dept of Law Enforcement** | | | | **593,872** | **-** |
| **FL Dept of Management Services** | | | | | |
| Direct Programs: | | | | | |
| E-911 CPE Replacement | 72.002 | S080421 | NO | 433,708 | - |
| E-911 NG Network | 72.002 | S080422 | NO | 795,136 | - |
| E-911 Hosted PSAP | 72.002 | S080423 | NO | 1,372,747 | - |
| **Total FL Dept of Management Services** | | | | **2,601,591** | **-** |
| **FL Agency for Workforce Innovation** | | | | | |
| Direct Programs: | | | | | |
| Voluntary Pre-Kindergarten | 75.007 | R2010-1236.1 | NO | 338,664 | - |
| Voluntary Pre-Kindergarten | 75.007 | R20111149 | NO | 1,138,487 | - |
| **Total FL Agency for Workforce Innovation** | | | | **1,477,151** | **-** |
| **FL Dept of Hwy Safety & Motor Veh** | | | | | |
| Passed Through: Other - Sea Turtle Conservancy | | | | | |
| Sea Turtle population Assessment LWL Phase 3 | 76.070 | 11013R | NO | 4,730 | - |
| Sea Turtle Education & Dark Sky Phase 3 | 76.070 | 11014E | NO | 1,070 | - |
| Dark Sky Festival | 76.070 | 12035E | NO | 7,836 | - |
| **Total FL Dept of Hwy Safety & Motor Veh** | | | | **13,636** | **-** |
| **FL Fish and Wildlife Conservation Commission** | | | | | |
| Direct Programs: | | | | | |
| FBIP-FFWCC Dubois | 77.006 | 08083 | NO | 290,008 | - |
| FBIP-FFWCC Waterway | 77.006 | 09030 | NO | 35,531 | - |
| Direct Programs: | | | | | |
| Reef Monitoring | 77.007 | FWC11227 | NO | 9,000 | - |
| **Total FL Fish and Wildlife Conservation Commission** | | | | **334,539** | **-** |
| **FL Dept of Juvenile Justice** | | | | | |
| Direct Programs: | | | | | |
| Gulfstream Goodwill Industries Youth Alt Care Pgm | 80.XXX | X1684 | NO | 83,826 | - |
| Juvenile Assessment center Security - DJJ | 80.XXX | X1706 | NO | 84,642 | - |
| **Total FL Dept of Juvenile Justice** | | | | **168,468** | **-** |
| **Total State Grants - All Departments** | | | | **$ 29,911,100** | **$ 4,174,101** |
| | | | | **$ 192,882,781** | **$ 71,647,618** |

## Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
## Year Ended September 30, 2012

### 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, 2012. The federal awards and state financial assistance received by the Solid Waste Authority, a major discretely presented component unit, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, are not included in the Schedule. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General of the State of Florida*. Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

### 2. Summary of Significant Accounting Policies

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

McGladrey

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

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

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

We have audited 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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 25, 2013. Our report also includes a reference to 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. Other auditors audited the financial statements of the Solid Waste Authority, a major discretely presented component unit, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters reported on separately by those auditors.

***Internal Control Over Financial Reporting***

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



Member of the RSM International network of independent accounting, tax and consulting firms.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

***Compliance and Other Matters***

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

We noted certain matters that we have reported to management of the County in a separate letter dated March 25, 2013.

This report is intended solely for the information and use of management, the Board of County Commissioners, federal and state awarding agencies and pass-through entities, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey LLP

West Palm Beach, Florida
March 25, 2013

McGladrey

**Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General, State of Florida***

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

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

***Compliance***

We have audited the compliance of Palm Beach County, Florida (the "County") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 during the year ended September 30, 2012. Our audit, described below, did not include the operations of the Solid Waste Authority, the Westgate Belvedere Homes Community Redevelopment Agency, and the Housing Finance Authority because other auditors were engaged to perform an audit in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General of the State of Florida*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General of the State of Florida.* Those standards, OMB Circular A-133 and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.



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In our opinion, the County complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2.

***Internal Control Over Compliance***

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

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2. 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.

The County's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of County Commissioners, federal and state awarding agencies and pass-through entities, and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey LLP

West Palm Beach, Florida
June 17, 2013

## Schedule of Findings and Questioned Costs
## Year Ended September 30, 2012

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

***Financial Statements***

| | | | | |
|---|---|---|---|---|
| Type of auditor's report issued: | | | Unqualified | |
| Internal control over financial reporting: | | | | |
| Material weakness(es) identified? | | Yes | X | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | | Yes | X | None Reported |
| Noncompliance material to financial statements noted? | | Yes | X | No |

***Federal Awards***

| | | | | |
|---|---|---|---|---|
| Internal control over major programs: | | | | |
| Material weakness(es) identified? | | Yes | X | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | X | Yes | | None Reported |
| Type of auditor's report issued on compliance for major programs: | | | Unqualified | |
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | X | Yes | | No |

The program tested as major included the following:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 14.256 | Neighborhood Stabilization Program - 2 |
| 14.257 | Homeless Prevention and Rapid Housing Recovery |
| 16.738/16.803/16.804 | JAG Program Cluster |
| 81.128 | Energy Efficiency and Conservation Block Grant Program (EECBG) |
| 97.036 | Disaster Grants - Public Assistance |

| | | | | |
|---|---|---|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | | $ | 3,000,000 | |
| Auditee qualified as low-risk auditee? | X | Yes | | No |

(Continued)

## Schedule of Findings and Questioned Costs (Continued)
## Year Ended September 30, 2012

| | | | | |
|---|---|---|---|---|
| Internal control over major projects: | | | | |
| Material weakness(es) identified? | _____ | | X | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ | Yes | X | None Reported |
| Type of auditor's report issued on compliance for major projects: | | | Unqualified | |
| 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 | X | No |

The project tested as major included the following:

| CSFA Number(s) | Name of State Financial Assistance Project |
|---|---|
| 37.039 | Statewid Surface Water Restoration and Wastewater Projects |
| 45.030 | State Aid To Libraries |
| 52.901 | State Housing Initiatives Partnership (SHIP) |
| 55.004 | Aviation Development Grant |
| 55.008 | County Incentive Grant Program |
| 55.010 | Public Transit Block Grant Program |
| 75.007 | Voluntary Pre-Kindergarten Education Program |

Dollar threshold used to distinguish between type A and type B programs: $ 1,029,199

(Continued)

## II – Financial Statement Findings

**None**

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

### 2012 - 1

Reporting
U.S. Department of Housing and Urban Development

| Title | CFDA # |
|---|---|
| **Neighborhood Stabilization Program 2** | **14.256** |

Criteria: OMB Circular A-133 stipulates adequate and effective internal controls must be in place over the applicable compliance requirements. The County's Department of Economic Sustainability ("DES") is required to file a report titled, *HUD* 60002. OMB Circular A-133 compliance requirements stipulate certain key line items on the HUD 60002, Section 3 Summary Report over performance reporting be tested.

Condition: During our testing of performance reporting over the HUD 60002, Section 3 Summary Report, we noted the reports were not reviewed and approved prior to submittal to HUD. We also noted the following sections of the Section 3 Summary Report were not completed: 3. Dollar Amount of Award, 8. Program Code, and Part I Column C – Total Number of New Hires that are Sec. 3 Residents. As a result, report HUD 60002 was not properly completed and submitted.

Questioned costs: Not applicable

Context: This condition is considered to be systemic in nature.

Effect: Failure to comply with grantor reporting requirements may result in a reduction of funding by the grantor.

Cause: Lack of effective administrative oversight of the program.

Recommendation: We recommend the DES implement procedures to provide that all reports are reviewed and approved prior to submittal. Also that reports are filled out and supported with adequate documentation as required by the granting agency and the OMB Circular A-133.

Views of responsible officials and planned corrective actions: Management concurs with the findings. Since the time of the auditor's visit, DES has undertaken the recommended corrective action by implementing a process for review of the HUD 60002 form prior to submittal to HUD. After preparation of the draft HUD 60002 by a coordinator in the Capital Infrastructure, Real Estate, and Inspections Services (CIREIS) section, the HUD 60002 will be reviewed and approved by the section manager or designee within the CIREIS section before it is provided to the Planning Section for submittal to HUD. Any discrepancies are reconciled, and any necessary corrections are to be made to the draft HUD 60002 before its submittal to HUD. This process will minimize the future likelihood of errors such as that noted by audit finding 2012-1.

**2012 - 2**

Reporting
U.S. Department of Housing and Urban Development

| Title | CFDA # |
|---|---|
| **Neighborhood Stabilization Program 2** | **14.256** |

Criteria: OMB Circular A-133 stipulates adequate and effective internal controls must be in place over the applicable compliance requirements. The County's DES is required to file Quarterly Performance Reports in the Disaster Recovery Grants Reporting System.

Condition: During our testing of performance reporting over the Quarterly Performance Reports in the Disaster Recovery Grant Reporting System, we noted the reports were not reviewed and approved prior to submittal to the granting agency. We also noted the cumulative expended amounts for first and second mortgage loan programs with low to moderate incomes and the cumulative expended amounts for first and second mortgage loan program with very low incomes were incorrectly reported in both of the two quarterly reports sampled. In both situations, DES under reported the cumulative expenditure amounts.

Questioned costs: Not applicable

Context: This condition is considered to be systemic in nature.

Effect: Failure to comply with grantor reporting requirements may result in disallowance of program expenditures or reduction of funding by the grantor.

Cause: Lack of effective administrative oversight of the program.

Recommendation: We recommend the DES implement procedures to provide that all reports are reviewed and approved prior to submittal. Also that reports are filled out and supported with adequate documentation as required by the granting agency and the OMB Circular A-133 to fully comply with the grantor reporting requirements.

Views of responsible officials and planned corrective actions: Management concurs with the findings. Since the time of the auditor's visit, DES has undertaken the recommended corrective action by implementing a process for review of the QPR prior to submittal to HUD. After preparation of the draft QPR by the Strategic Planning Section, it is provided to the Financial Administration and Loan Servicing (FALS) Section which reviews all financial information against DES fiscal records. Any discrepancies are reconciled, and any necessary corrections are made to the draft QPR before its submittal to HUD. This process will minimize the future likelihood of errors such as that noted by audit finding 2012-2.

## Summary Schedule of Prior Year Audit Findings
## Year Ended September 30, 2012

### 2011-1 U.S. Department of Housing and Urban Development
### CFDA 14.239

Finding: We noted the County had not performed annual site inspections of their rental developments with more than 25 units in accordance with HUD.

Status: Corrective action has been taken.