

# CITY OF PALM BEACH GARDENS, FLORIDA



9-11 MEMORIAL PARK, DEDICATED SEPTEMBER 11, 2010

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

# City of Palm Beach Gardens, Florida

Comprehensive Annual Financial Report  
Year Ended September 30, 2010

**PREPARED BY**

**THE FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**

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## CITY OF PALM BEACH GARDENS

10500 N. Military Trail • Palm Beach Gardens, Florida 33410-4698

February 22, 2011

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Palm Beach Gardens, Florida

State law requires that all general-purpose local governments publish within twelve months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Palm Beach Gardens, Florida for the year ended September 30, 2010.

This report consists of management's representations concerning the finances of the City of Palm Beach Gardens. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Palm Beach Gardens has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Palm Beach Gardens' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Palm Beach Gardens' comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Palm Beach Gardens' financial statements have been audited by Rampell and Rampell, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Palm Beach Gardens for the year ended September 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Palm Beach Gardens' financial statements for the year ended September 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Palm Beach Gardens' MD&A can be found immediately following the report of the independent auditors.

### Profile of the Government

Palm Beach Gardens, incorporated in 1959, is located in the southeastern part of Florida, approximately 7 miles north of West Palm Beach and 70 miles north of Miami. The City currently has a land area of 56 square miles, making it one of the largest cities in Palm Beach County, and has a population of 50,075. The City is empowered to levy a property tax on real property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City of Palm Beach Gardens has operated under the Council-Manager form of government from its inception. Policy-making and legislative authority are vested in the Governing Council, which consists of a mayor and four Council Members. The Governing Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Governing Council, for overseeing the day-to-day operations of the City and for appointing the heads of the City's departments. The Council is elected on a non-partisan basis. Council Members are elected to three-year staggered terms, with two Council Members elected one year and three Council Members the following year. Council Members are elected at large; the mayor is selected annually from among the Council Members by the Council Members themselves.

The City of Palm Beach Gardens provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Water and sewer services are provided through Seacoast Utilities, a legally separate Water and Sewer Authority, which functions totally independent of the City of Palm Beach Gardens, and therefore has not been included as an integral part of the City of Palm Beach Gardens' financial statements. There are no component units of the City of Palm Beach Gardens at this time.

The annual budget serves as the foundation for the City of Palm Beach Gardens' financial planning and control. All departments of the City of Palm Beach Gardens are required to submit requests for appropriation to the City Manager in March each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to July 31. The Council is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Palm Beach Gardens' fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The budget may be amended in several ways. An intradepartmental or interdepartmental transfer within the same fund may be authorized by the City Manager. A transfer between different funds may be authorized initially by the City Manager, subject to approval within 30 days by resolution adopted by the City Council. A third way is a transfer from the contingency account of the City Council, which may be authorized only by resolution adopted by the Council; except that, in the event of an emergency declared by the Manager, such a transfer may be made initially upon authorization of the Manager, subject to approval within 30 days by resolution adopted by the Council. Any increase in the total appropriations for a fund must be approved by ordinance of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 67-68.

**Local Economy.** The City of Palm Beach Gardens has evolved into an upscale bedroom community with the current tax base of the City reflecting a dependence on residential tax assessments with approximately 77% of ad valorem taxes generated by the residential component. Additionally, the City does not assess many of the traditional taxes that other municipalities use for generating revenue, but rather, it primarily depends on ad valorem taxes to fund services. Residents are not assessed additional taxes for utility, solid waste, storm water, or fire rescue; and pay a minimal amount in communication services taxes. The City has opted to pay for these services out of ad valorem assessments.

Major industries with headquarters or divisions located within the government's boundaries or in close proximity include bioscience, security, medical manufacturing, education, health care, financial services, construction, and leisure service industries. Major employers include Palm Beach Gardens Medical Center, Palm Beach County School Board, PGA National Resort & Spa, Biomet 3i, Virtual Bank, Belcan, Anspach and Catalfumo Construction. The bioscience industry will continue to grow rapidly within the City's boundaries as the expansion of the Scripps Research Institute develops.

The City of Palm Beach Gardens has been fortunate to have land mass that has been available for residential development, so the reliance on ad valorem taxation has not been a major concern in past years. However, as the City approaches build-out, it is prudent to diversify the tax base in lieu of the escalating costs of providing services to residents. In January 2008, Florida voters approved Amendment 1, which granted an additional \$25,000 Homestead Exemption, exempted the first \$25,000 of tangible personal property from taxation, provided portability of up to \$500,000 of the Save Our Homes Exemption on sales of properties, and limited increases in the assessed value of non-homesteaded properties to 10%. The effect on the City of Palm Beach Gardens tax revenues was substantial and may necessitate the exploration of alternate funding mechanisms to maintain current levels of services.

The location of the Scripps Research Institute will further the goals of the Economic Development Element of the City of Palm Beach Gardens Comprehensive Plan and will ensure a diversified economy, shift ad valorem tax revenues away from the residential component, encourage growth in cluster industries that provide high-wage employment, and complement changing economic conditions. The development will not only include the Scripps Research facility, and its related spin-off businesses, but also residential units, schools, recreational facilities, and general commercial areas.

Phase I of the Scripps Florida development has been completed and included the construction of the Scripps Florida headquarters. The campus includes three buildings with 350,000 square feet of laboratory and administrative space. Germany's Max Planck Society has started construction on a 100,000 square foot biomedical research facility located next to Scripps Florida on six acres at Florida Atlantic University in Jupiter.

Phase II of the Scripps Florida development is a proposed multi-use master plan community within the City of Palm Beach Gardens located on approximately 683 acres of the Briger site. The proposed project includes 2,600,000 square feet of industrial/research, 1,200,000 square feet of office space, 500,000 square feet of retail space, 300 hotel rooms and 2,700 dwelling units. The proposed Scripps-Florida Phase II will generate 8,652 permanent full time jobs and 9,478 new full time and part time jobs for the local economy over the next two decades.

The City of Palm Beach Gardens currently has an employed labor force of approximately 22,562 out of a total labor force of about 24,415, for an unemployment rate of 7.6%. This rate compares favorably to the national unemployment rate of 9.7%. With the prospect of a major biotech medical research facility locating in Palm Beach County, future employment within the City appears more than stable.

**Long-term financial planning.** As mentioned previously, the Scripps Research Institute will be located at the parcel of land known as the Briger site. Phase I of the Scripps project has recently been completed and encompasses 350,000 square feet of building within the Town of Jupiter on 30 acres on the Abacoa FAU campus. The remainder of the Scripps Florida program or 1.6 million square feet will be accommodated on 70 acres of the Briger site which is located within the City of Palm Beach Gardens.

The Scripps Florida development presents many opportunities for the future financial stability of the City. However, there are also many challenges that will need to be dealt with. There will be quality of life issues that the City must face, such as transportation, roads, education, recreation, public safety and general government levels of services that must not be compromised for either existing or future residents.

Unreserved, undesignated fund balance in the general fund (29% of total general fund expenditures) exceeds the recommended practice of a range of 5-15%. Due to future uncertainties related to the current economic and financial crisis along with changes to tax reform, the City is dedicated to maintaining a strong fund balance position throughout the coming fiscal years.

**Major Initiatives.** During 2010, there were several ongoing projects that will further enhance the City's parks, facilities, and roadways. Two major projects included PGA Park improvements and the Emergency Operations and Communications Center.

The PGA Park expansion project includes improvements to multi-purpose fields, field lighting, expanded playground area and equipment, pavilion and other amenities to meet the needs of a growing community. The project will also include parking, security lighting, site enhancements, and sports turf enhancements. The total project cost is approximately \$2.5 million, with \$200,000 funded from the Florida Department of Environmental Protection. The project was 70% complete as of September 30, 2010.

The Emergency Operations and Communications Center will be used to store City records and the information technology department's equipment, house police dispatch, and act as the emergency operations center for hurricanes and any other City emergencies. The total project cost is approximately \$4.1 million of which \$2.1 million will be funded by police and fire impact fees and the remaining \$2 million funded by a transfer from the general fund to the police impact fund. The project was 31% complete as of September 30, 2010.

### **Awards and Acknowledgements**

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Beach Gardens for its comprehensive annual financial report ("CAFR") for the year ended September 30, 2009. This was the fifteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also awarded the Award for Distinguished Budget Presentation to the City of Palm Beach Gardens for its operating and capital improvements budget for the year ended September 30, 2010. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the Governing Council for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Palm Beach Gardens' finances.

Respectfully submitted,



Ron Ferris  
City Manager



Allan Owens, CPA, CGFO  
Finance Director

**City of Palm Beach Gardens, Florida**  
**Principal City Officials**  
As of September 30, 2010

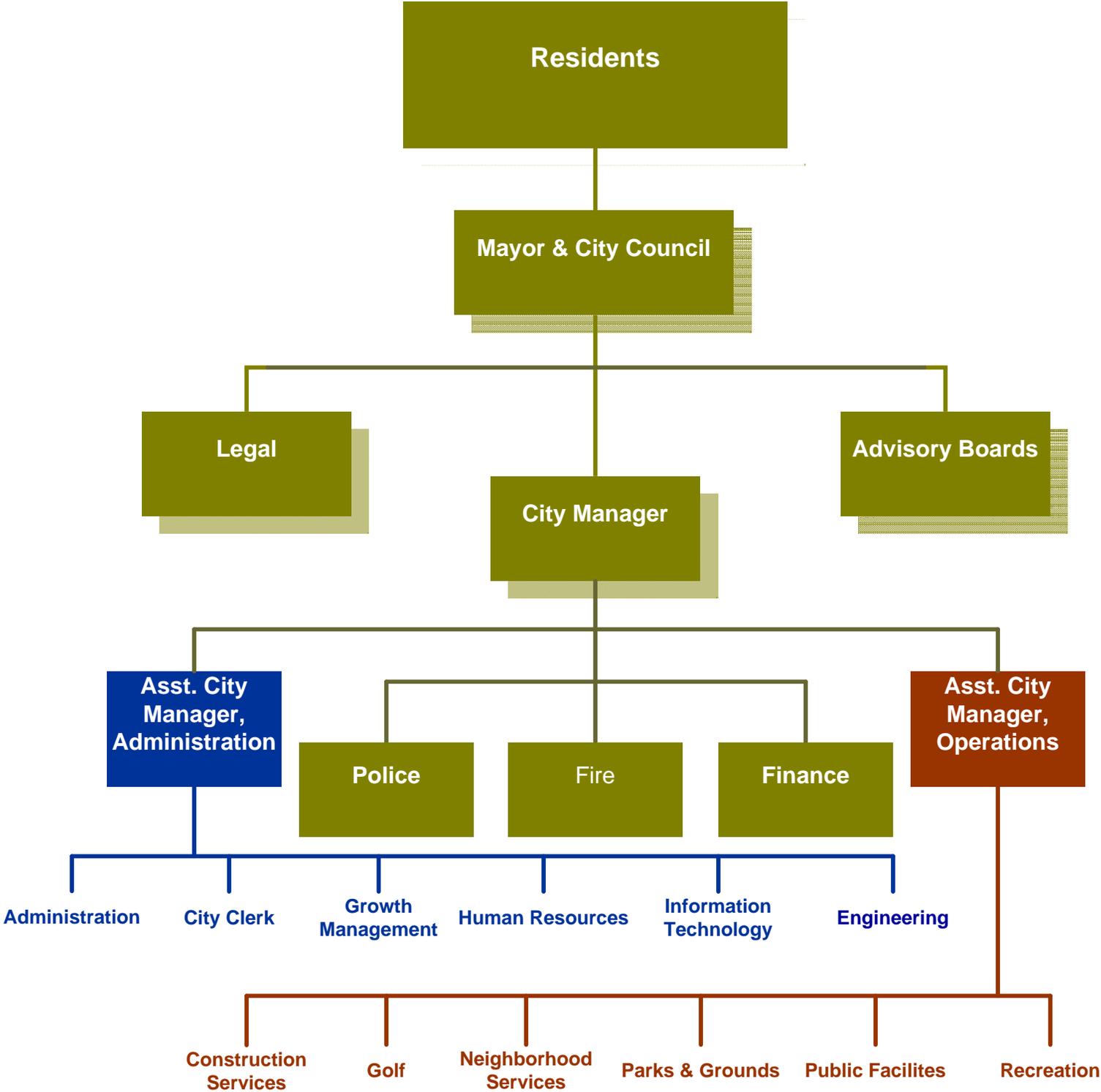
**TITLE**

Mayor  
Vice-Mayor  
Council Member  
Council Member  
Council Member  
City Manager  
Assistant City Manager, Operations  
City Attorney  
City Clerk  
Finance Administrator  
Human Resources Administrator  
Information Technology Administrator  
Chief of Police  
Fire Chief

**NAME**

David Levy  
Bert Premuroso  
Joseph Russo  
Eric Jablin  
Vacant  
Ronald M. Ferris  
Jack Doughney  
Corbett & White, P.A.  
Patricia Snider  
Allan Owens  
Sheryl Stewart  
Eric Holdt  
Stephen Stepp  
Pete Bergel

**City of Palm Beach Gardens, Florida  
Organization Chart**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palm Beach Gardens  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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## **FINANCIAL SECTION**

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**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor, City Council  
City of Palm Beach Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palm Beach Gardens, Florida (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City'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 Palm Beach Gardens Police Officers' Pension Fund and the City of Palm Beach Gardens Firefighters' Pension Fund (collectively, the Pension Trust Funds), which represents 97% and 99%, respectively, of the total assets and total additions of the Fiduciary Funds of the City. 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 Pension Trust Funds, is based solely 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, 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 February 22, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 19 and the required supplementary information on pages 67 through 73 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 City's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Rampell + Rampell, P.A.*

Rampell & Rampell, P.A.  
Palm Beach, Florida

February 22, 2011

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## City of Palm Beach Gardens, Florida Management's Discussion and Analysis

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As management of the City of Palm Beach Gardens, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages iii to vi of this report.

### Financial Highlights

- The assets of the City of Palm Beach Gardens exceeded its liabilities at the close of the most recent fiscal year by \$107.6 million (*net assets*). Of this amount, \$26.8 million (*unrestricted net assets*) may be used to meet the ongoing obligations to citizens and creditors. During the year ended September 30, 2010, the City's net assets increased by \$1.4 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40.8 million, a decrease of \$292 thousand in comparison with the prior year. Approximately 55.1% of this total amount is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$19.5 million, or 29% of total general fund expenditures.
- The City's total governmental debt decreased by \$2.9 million (9.1%) during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Palm Beach Gardens' basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to these basic financial statements, this report contains other supplementary information.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both the government-wide and fund financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include public safety, physical environment, transportation, culture and recreation, and general government services. The City does not operate any business-type activities.

The government-wide financial statements can be found on pages 23 – 25 of this report.

**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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Road Impact Fee funds, of which both are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 77 – 97 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget (pages 67 – 68).

The basic governmental fund financial statements can be found on pages 26 – 33 of this report.

**Proprietary Funds** The City maintains only one type of proprietary fund. Internal service funds are used to account for the City's fleet maintenance and self insurance provided to all departments on a cost reimbursement basis.

The basic proprietary fund financial statements can be found on pages 34 – 37 of this report. Combining and individual fund statements for the internal service funds can be found on pages 98 – 101 of this report.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38 – 39 of this report. Combining and individual fund statements for the fiduciary funds can be found on pages 102 – 103 of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

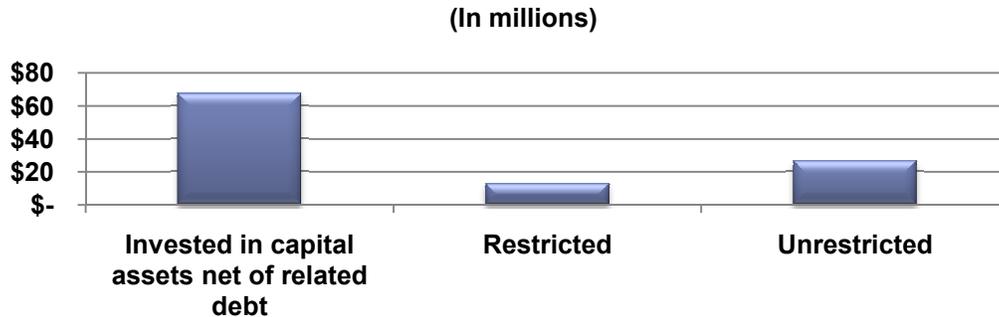
The notes to the basic financial statements can be found on pages 43 – 64 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the budgetary comparison schedule of the General Fund and information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

Required supplementary information can be found on pages 67 – 73 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City of Palm Beach Gardens, assets exceeded liabilities by \$107.6 million at the close of the most recent fiscal year. By far the largest portion of the City's net assets (63%) represents investment in capital assets (e.g., land, buildings and improvements, roadways, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.



As the chart shown above illustrates, an additional portion of the City's net assets, \$13 million (12%), represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$26.8 million (25%) may be used to meet the City's ongoing obligations to citizens and creditors.

### City of Palm Beach Gardens Net Assets September 30, 2010 and 2009

The following table illustrates a summary of net assets by Governmental activities:

	Governmental Activities	
	2010	2009
Current and other assets	\$ 52,809,477	\$ 53,833,998
Capital assets, net	96,231,065	98,237,444
<b>Total assets</b>	<b>\$ 149,040,542</b>	<b>\$ 152,071,442</b>
Long-term liabilities	\$ 28,937,466	\$ 31,725,024
Other liabilities	12,491,045	14,156,281
<b>Total liabilities</b>	<b>\$ 41,428,511</b>	<b>\$ 45,881,305</b>
Invested in capital assets, net of related debt	\$ 67,825,780	\$ 67,009,120
Restricted	12,950,242	13,449,860
Unrestricted	26,836,009	25,731,157
<b>Total net assets</b>	<b>\$ 107,612,031</b>	<b>\$ 106,190,137</b>

At the end of the current fiscal year, the City is able to report positive balances in net assets for all governmental type activities.

There was an overall decrease in the City's assets of \$3 million or 2% during the current fiscal year. The decrease is a result of depreciation expense on existing capital assets.

The City's liabilities decreased by \$4.4 million or 9.7% during the current fiscal year. The decrease is caused by a reduction in debt of approximately \$2.9 million along with a decrease in accounts payable due to the timing of quarterly employer pension contributions of \$1.7 million. In the current year, the contributions were recorded prior to the end of the fiscal year.

**City of Palm Beach Gardens  
Changes in Net Assets  
September 30, 2010 and 2009**

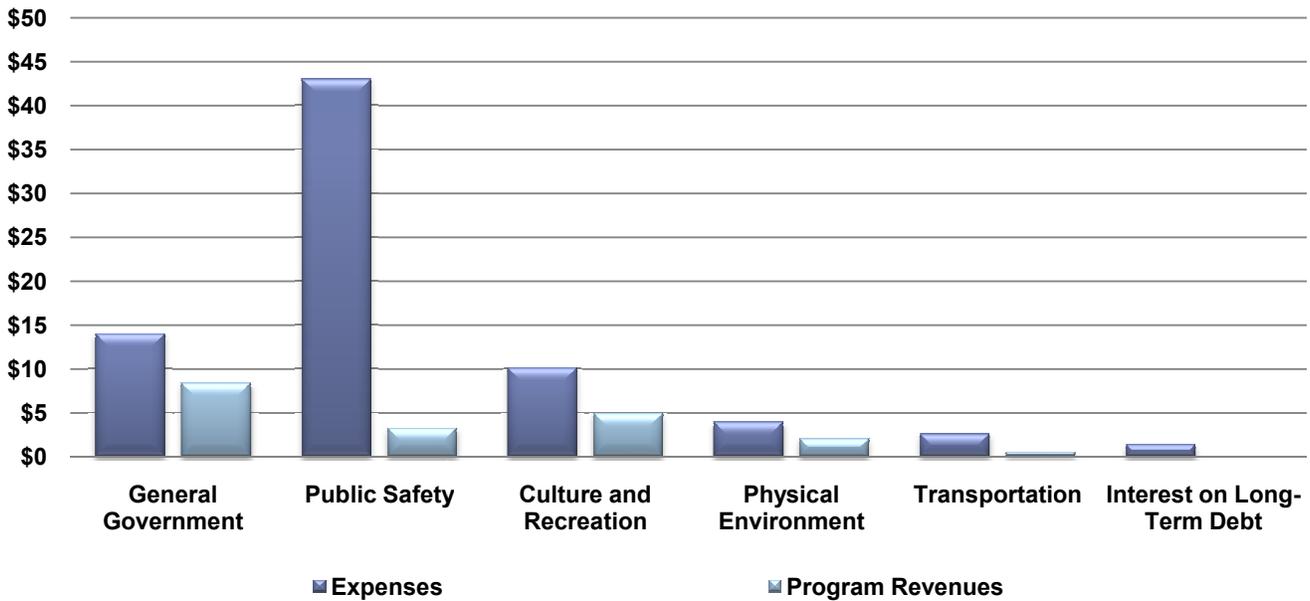
	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	<b>\$ 15,902,621</b>	\$ 15,424,011
Operating grants and contributions	<b>2,576,479</b>	1,296,236
Capital grants and contributions	<b>744,438</b>	3,551,406
General revenues:		
Taxes:		
Property taxes	<b>46,762,961</b>	50,314,207
Local business tax	<b>1,464,400</b>	1,540,700
Public service taxes	<b>1,087,582</b>	1,278,766
Unrestricted intergovernmental:		
Sales tax and local option gas tax	<b>3,754,372</b>	3,726,391
State shared revenue	<b>1,802,019</b>	1,076,977
Local shared revenue	<b>121,564</b>	-
Unrestricted investment earnings	<b>764,799</b>	1,415,326
Gain on disposal of capital assets	<b>43,748</b>	17,141
Miscellaneous	<b>1,539,939</b>	1,596,547
<b>Total revenues</b>	<b>76,564,922</b>	81,237,708
<b>Expenses:</b>		
General government	<b>14,021,839</b>	15,136,680
Public safety	<b>43,008,415</b>	41,112,818
Culture/recreation	<b>10,140,073</b>	9,151,914
Physical environment	<b>3,962,941</b>	5,771,316
Transportation	<b>2,613,051</b>	3,954,595
Interest on long-term debt	<b>1,396,709</b>	1,492,723
<b>Total expenses</b>	<b>75,143,028</b>	76,620,046
Change in net assets	<b>1,421,894</b>	4,617,662
Net assets – beginning	<b>106,190,137</b>	101,572,475
<b>Net assets - ending</b>	<b>\$ 107,612,031</b>	\$ 106,190,137

**Governmental Activities** As illustrated in the table on the previous page, net assets of the City's governmental activities increased by 1.3% (\$1.4 million), from \$106.2 million in last fiscal year to \$107.6 million in the current fiscal year. Key elements of this increase are:

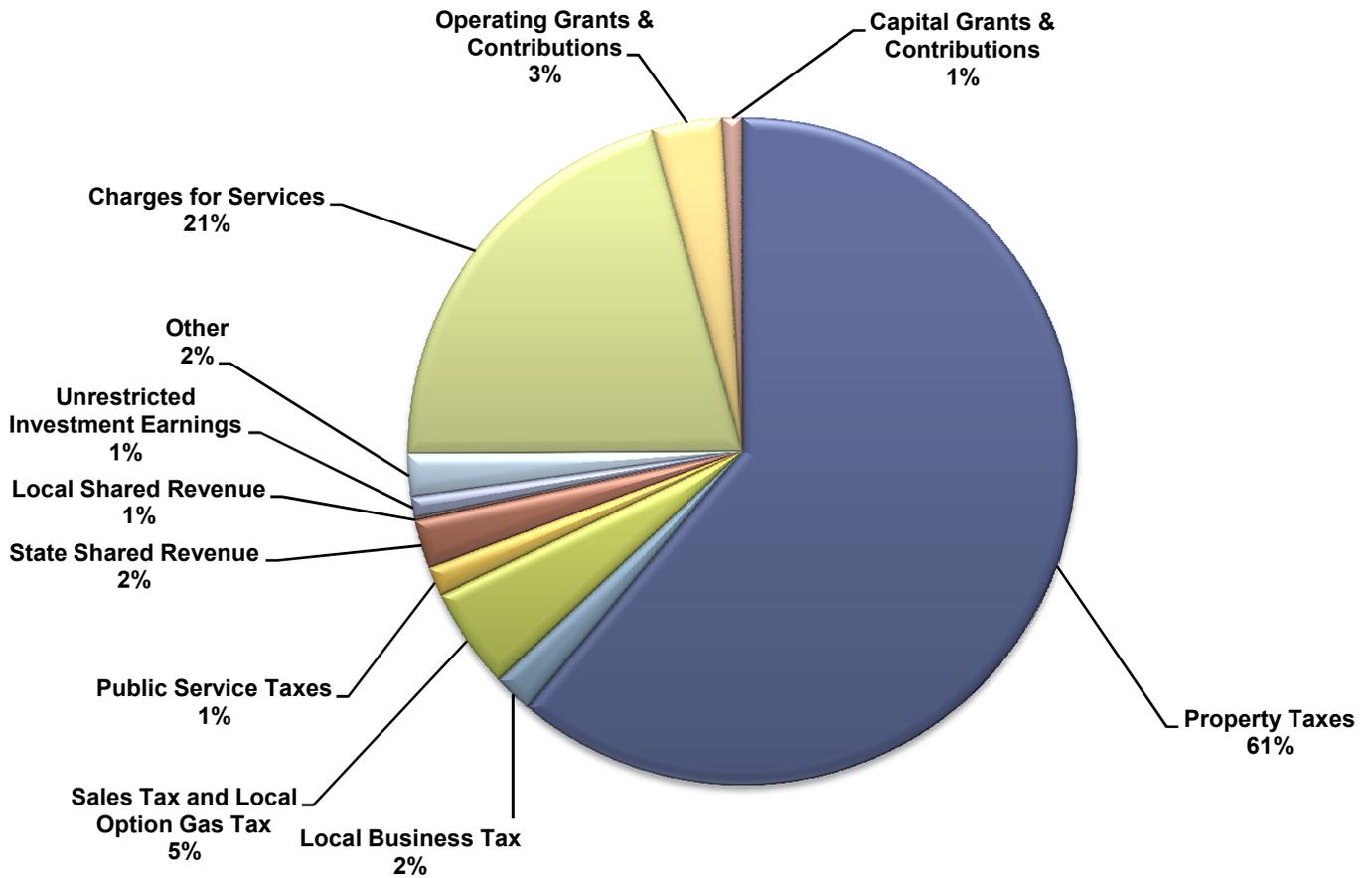
- Operating grants and contributions increased by \$1.3 million (99%), due to FEMA reimbursements received during the current fiscal year relating to past hurricane costs.
- Capital grants and contributions decreased by \$2.8 million (79%), due to a developer contribution from Catalfumo Construction for a portion of the Kyoto Gardens Drive extension in the prior year.
- Total revenues declined \$4.6 million as a result of a reduction in property taxes due to declining property values. However, expenses decreased by \$1.5 million due to budget cuts which resulted in an increase to net assets of \$1.4 million.

The chart below depicts expenses and program revenues by function for all governmental activities. The graph illustrates the relatively minor amount of support for governmental operations that is derived from program revenues.

**City of Palm Beach Gardens  
Expenses & Program Revenues - Governmental Activities (in millions)  
Year Ended September 30, 2010**



**City of Palm Beach Gardens  
Revenues by Source - Governmental Activities  
Year Ended September 30, 2010**



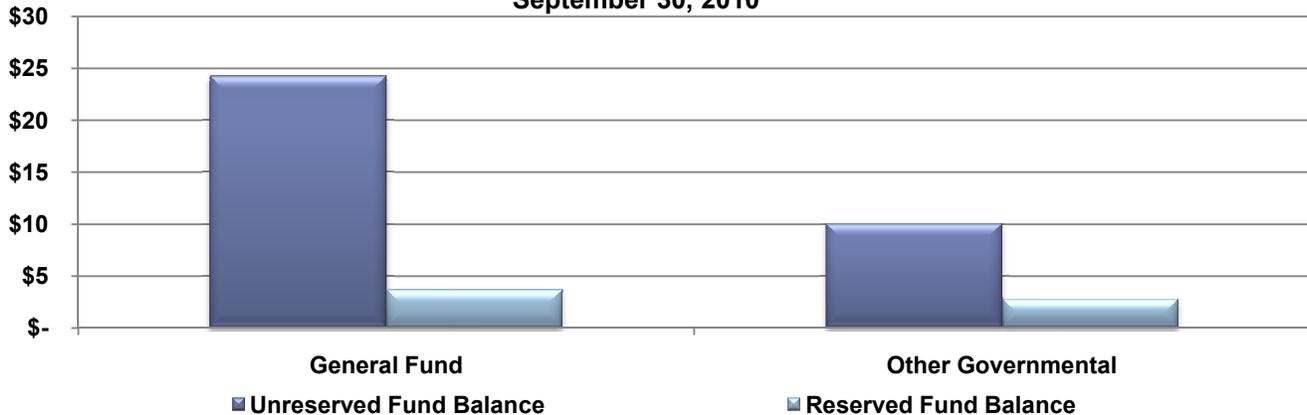
As illustrated in the chart above, property taxes comprise 61% of total governmental activity revenues.

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

As noted earlier, the City of Palm Beach Gardens uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

**City of Palm Beach Gardens  
Governmental Fund Balances (in millions)  
September 30, 2010**



As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances (both reserved and unreserved) of \$40.8 million, a decrease of \$292 thousand in comparison with the prior year.

Approximately 55.1% of this total amount (\$22.5 million) represents unreserved, undesignated fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved or designated to indicate it is not available for new spending because it has already been committed for a variety of purposes, such as construction projects, grant expenditures and encumbrances.

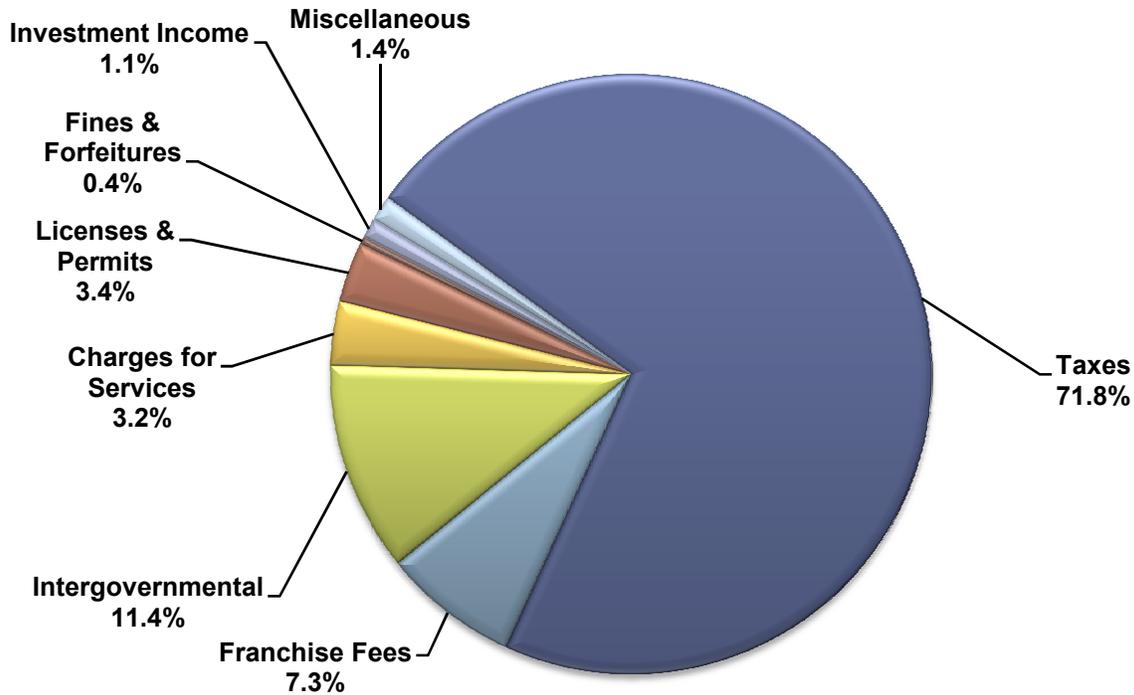
The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$19.5 million, designated fund balance was \$4.8 million, and reserved fund balance was approximately \$3.7 million, for a total fund balance of \$28 million. The amount of General Fund revenues by type, their percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

Revenue Sources	2010 Amount	Percent of Total	2009 Amount	Percent of Total	Increase (Decrease) From 2009	Percentage of Increase (Decrease)
Taxes	\$ 49,314,943	71.8%	\$ 53,133,673	74.9%	\$ (3,818,730)	(7.2)%
Franchise fees	5,040,183	7.3%	5,702,964	8.0%	(662,781)	(11.6)%
Licenses and permits	2,363,552	3.4%	2,020,336	2.8%	343,216	17.0 %
Intergovernmental	7,791,132	11.4%	5,626,551	7.9%	2,164,581	38.5 %
Charges for services	2,219,762	3.2%	1,936,315	2.7%	283,447	14.6 %
Fines and forfeitures	287,126	0.4%	424,257	0.6%	(137,131)	(32.3)%
Investment income	731,246	1.1%	1,285,619	1.8%	(554,373)	(43.1)%
Miscellaneous	945,103	1.4%	817,773	1.3%	127,330	15.6 %
<b>Total revenues</b>	<b>\$ 68,693,047</b>	<b>100.0%</b>	<b>\$ 70,947,488</b>	<b>100.0%</b>	<b>\$ (2,254,441)</b>	<b>(3.2)%</b>

As illustrated above, General Fund revenues decreased by approximately \$2.2 million, or 3.2%, in fiscal year 2010.

Taxes decreased by \$3.8 million or 7.2% as a result of a decline in property values caused by the current economic conditions. This decrease was partially offset by an increase in intergovernmental revenue of \$2.1 million or 38%, mainly due to FEMA reimbursements relating to past hurricane costs.

**City of Palm Beach Gardens  
General Fund Revenues  
Year Ended September 30, 2010**



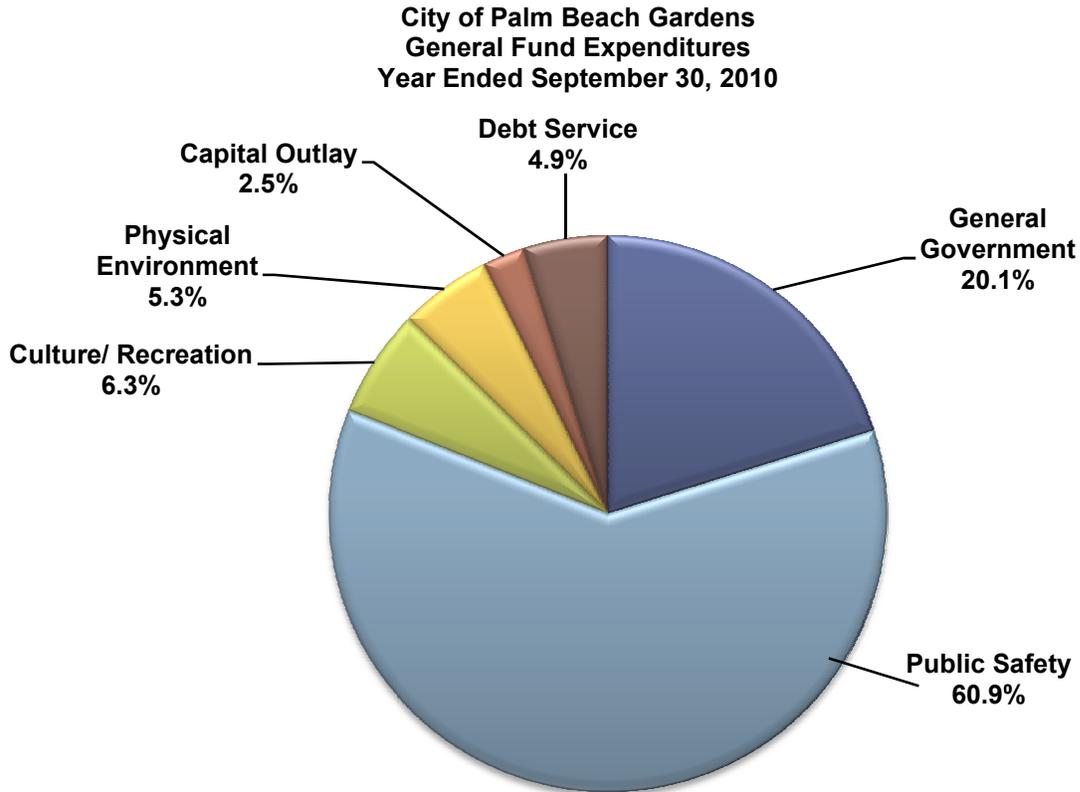
The graph above illustrates the percentage composition of General Fund revenues by type. As can be seen, Taxes comprise the majority of General Fund revenues, with the next largest sources of revenues being Intergovernmental revenues and Franchise Fees.

Expenditures in the General Fund are shown in the following schedule:

Expenditures	2010 Amount	Percent of Total	2009 Amount	Percent of Total	Increase (Decrease) From 2009	Percentage of Increase (Decrease)
General government	\$ 13,579,416	20.1%	\$ 14,592,013	21.8%	\$ (1,012,597)	(6.9)%
Public safety	41,007,610	60.9%	38,645,716	58.1%	2,361,894	6.1 %
Culture and recreation	4,241,863	6.3%	3,585,246	5.4%	656,617	18.3 %
Physical environment	3,602,222	5.3%	5,375,753	8.1%	(1,773,531)	(33.0)%
Capital outlay	1,652,047	2.5%	1,104,914	1.7%	547,133	49.5 %
Debt Service	3,276,381	4.9%	3,266,200	4.9%	10,181	0.3 %
<b>Total revenues</b>	<b>\$ 67,359,539</b>	<b>100.0%</b>	<b>\$ 66,569,842</b>	<b>100.0%</b>	<b>\$ 789,697</b>	<b>1.2 %</b>

In fiscal year 2010, total General Fund expenditures increased \$790,000 or 1.2% compared to the prior year. The increase is a net result of tax reform and spending cuts mandated by the City which were offset by increases to Public Safety expenditures. The increase in culture and recreation expenditures is due to the consolidation of the parks and grounds departments in the current year. In the prior year, the grounds department was included as part of physical environment. Public safety increased compared to the prior year by approximately \$2.4 million or 6.1%. The increase is mostly attributed to personnel costs associated with union negotiated salary adjustments and required employer contribution increases to the Police and Fire Pensions.

As illustrated in the graph below, Public Safety expenditures account for 61% of total General Fund expenditures.



**Road Impact Fund:** The City's Road Impact Fund is a capital project fund established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of providing increased traffic service levels. Road Impact Fund revenues consisted of approximately \$446,000 from impact fees and \$19,000 from investment income. Capital outlay expenditures of \$707,000 were for traffic signals installed throughout the City. At the end of the current fiscal year, fund balance was \$3,101,196.

### General Fund Budgetary Highlights

During the past year, the budget was amended two times. The Council authorized the budget amendments principally to:

- Adjust the carryover of funds by the amounts reserved for purchase orders and designated for projects from the previous fiscal year.
- Adjust fund balance carryovers to actual amounts per the fiscal year 2009 audit.

Actual revenue exceeded final budgeted revenue by approximately \$2.1 million due to the City receiving \$1.8 million in FEMA reimbursements relating to past hurricane costs.

Expenditures were \$2 million less than the final budget. The variance is mostly attributed to unspent capital projects and purchase orders that will be included in the next fiscal year's budget amendment to carryover funds.

## Capital Assets and Debt Administration

**Capital Assets:** The following table illustrates the City's capital assets for its governmental activities as of September 30, 2010, which amount to \$96.2 million (net of accumulated depreciation). These assets include land, buildings, roadways, drainage and structures, improvements other than buildings and machinery and equipment. The total decrease in the City's capital assets for the current fiscal year was 2%.

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	<b>\$ 14,852,345</b>	\$ 14,852,345
Construction in progress	<b>4,850,983</b>	3,713,300
Buildings	<b>19,469,333</b>	20,578,188
Roadways	<b>28,515,301</b>	29,801,718
Drainage and structures	<b>13,879,549</b>	14,074,939
Machinery and equipment	<b>6,743,230</b>	6,665,904
Improvements other than buildings	<b>7,920,324</b>	8,551,050
<b>Total</b>	<b>\$96,231,065</b>	\$ 98,237,444

Major capital asset events during the current fiscal year included the following:

- Installation of a new chiller system for City Hall totaling approximately \$188,000, which was funded by a grant from the U.S. Department of Energy.
- Completion of the Eden software implementation totaling approximately \$676,000.
- Completion of the MacArthur Statue totaling \$140,000, which was funded by a grant from the MacArthur Foundation.
- Purchase of vehicles including a fire engine, 21 police vehicles, a grapple truck, and a cab truck totaling approximately \$990,000.

Additional information on the City's capital assets can be found in Note 5 starting on page 51 of this report.

**Long-term Debt:** The following table illustrates the City's governmental activity long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$29.5 million. All of the City's outstanding debt is secured by specified revenue sources.

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Debt payable:		
General obligation	<b>\$ 9,566,340</b>	\$ 10,567,106
Non ad valorem bonds payable	<b>19,110,327</b>	20,980,228
Capital leases payable	<b>844,172</b>	922,247
<b>Total</b>	<b>\$ 29,520,839</b>	\$ 32,469,581

All of the City's general obligation debt is rated AA or higher by Standard & Poor's and Fitch Ratings. The City's non-ad valorem debt is rated AA-1 or higher by Standard & Poor's and Fitch and AA-2 by Moody's. The City's comprehensive plan provides that debt expenditures shall not exceed 20% of total annual revenues and total outstanding debt is limited to no more than 10% of the City's property tax base.

Additional information on the City's long-term debt can be found in Note 6 starting on page 52 of this report.

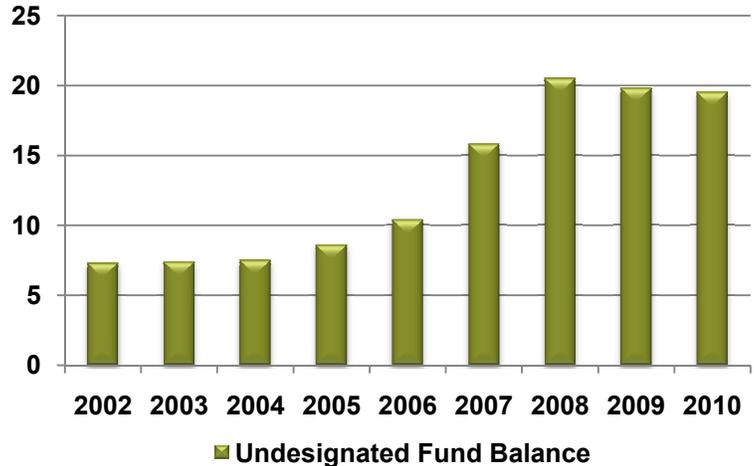
**Economic Factors and Next Year's Budgets and Rates**

The City's local economy is primarily based upon construction, retail and service activities. The unemployment rate for the City is currently 7.6%. Due to the current economic conditions and declining real estate market, new construction continued to slow with \$178.5 million in permit valuation issued during the fiscal year.

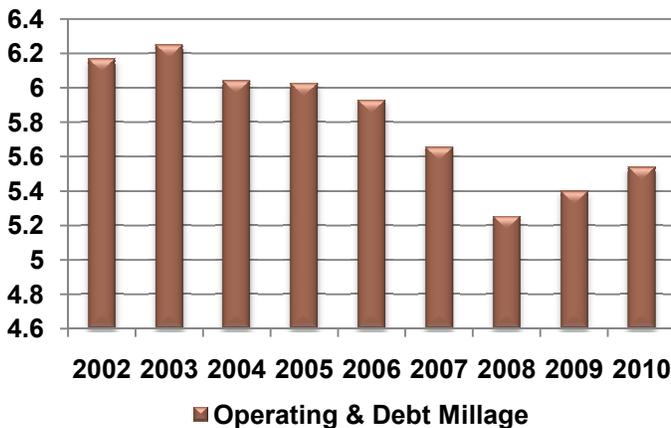
All of these factors were considered in preparing the City of Palm Beach Gardens' budget for the year ending September 30, 2011.

During the current fiscal year, undesignated fund balance in the General Fund was \$19.5 million. It is approximately equal to three and a half months of the General Fund expenditures. Over the last nine years, the City has been able to increase its undesignated fund balance as shown in the graph to the right.

**Fiscal Years 2001 through 2009  
(in millions)**



**Fiscal Years 2002 through 2010**



In 1995, the State of Florida limited all local governments' ability to increase property taxable values in any given year to 3% or cost of living, whichever is lower. The graph to the left indicates the property tax trend over the last nine years. For many years, the City, just like many cities across the country, has had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Palm Beach Gardens' finances for all those with an interest in the City's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Allan Owens, Finance Administrator, Finance Department, City of Palm Beach Gardens, 10500 N. Military Trail, Palm Beach Gardens, Florida 33410.

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## **BASIC FINANCIAL STATEMENTS**

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**City of Palm Beach Gardens, Florida**  
**Statement of Net Assets**  
**September 30, 2010**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 20,943,686
Investments	26,985,803
Receivables (net of allowance for doubtful accounts of \$977,815)	1,525,434
Due from other governments	1,252,602
Inventories	220,581
Prepaid expenses	60,021
Noncurrent assets:	
Note receivable	321,642
Net pension asset	211,435
Deferred charges	285,149
Investment in Joint Venture	1,003,124
Capital assets not being depreciated	19,703,328
Capital assets being depreciated, net	76,527,737
Total assets	<u>\$ 149,040,542</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	\$ 2,087,656
Accrued liabilities	2,838,974
Contracts and retainage payable	198,684
Unearned revenue	3,133,171
Accrued interest payable	427,337
Noncurrent liabilities:	
Due within one year	3,805,223
Due in more than one year	28,937,466
Total liabilities	<u>\$ 41,428,511</u>
<b>Net assets:</b>	
Invested in capital assets, net of related debt	\$ 67,825,780
Restricted for:	
Capital improvements	10,225,925
Debt service	2,395,707
Other purposes	328,610
Unrestricted	26,836,009
Total net assets	<u><u>\$ 107,612,031</u></u>

*See notes to basic financial statements.*

City of Palm Beach Gardens, Florida  
Statement of Activities  
Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 14,021,839	\$ 8,409,479	\$ -	\$ -
Public safety	43,008,415	2,587,741	646,363	29,107
Culture and recreation	10,140,073	4,459,166	100	490,531
Physical environment	3,962,941	-	1,836,263	224,800
Transportation	2,613,051	446,235	93,753	-
Interest on long-term debt	1,396,709	-	-	-
<b>Total governmental activities</b>	<b>75,143,028</b>	<b>15,902,621</b>	<b>2,576,479</b>	<b>744,438</b>

General revenues:  
Taxes:  
  Property taxes  
  Local business tax  
  Public service taxes  
Unrestricted intergovernmental:  
  Sales tax and local option gas tax  
  State shared revenue  
  Local shared revenue  
Unrestricted investment earnings  
Gain on disposal of capital assets  
Miscellaneous  
**Total general revenues**  
Change in net assets  
Net assets, beginning  
**Net assets, ending**

See notes to basic financial statements.

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**Net (Expense)  
Revenue and  
Changes in  
Net Assets**

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**Governmental  
Activities**

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\$ (5,612,360)  
(39,745,204)  
(5,190,276)  
(1,901,878)  
(2,073,063)  
(1,396,709)  

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(55,919,490)

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46,762,961  
1,464,400  
1,087,582

3,754,372  
1,802,019  
121,564  
764,799  
43,748  
1,539,939

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57,341,384

1,421,894

106,190,137

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**\$ 107,612,031**

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**City of Palm Beach Gardens, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2010**

	General	Road Impact Fees	Other Governmental Funds
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 4,431,759	\$ 3,932,108	\$ 9,573,121
Investments	25,621,386	881,330	483,087
<b>Receivables:</b>			
Accounts (net of allowance for doubtful accounts of \$977,815)	279,896	-	94,544
Note	28,358	-	-
Franchise fees	882,772	-	-
Utility taxes	86,756	-	-
Interest	77,398	11,042	6,111
Due from other governments	1,161,754	-	90,848
Inventory	-	-	24,718
Prepaid expenditures	58,361	-	1,660
<b>Non current asset:</b>			
Note receivable	321,642	-	-
<b>Total assets</b>	<b>\$ 32,950,082</b>	<b>4,824,480</b>	<b>\$ 10,274,089</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 799,752	\$ 75,972	\$ 245,486
Accrued liabilities	2,833,254	-	5,720
Contracts and retainage payable	-	-	198,684
Unearned revenue	1,358,471	1,647,312	127,388
<b>Total liabilities</b>	<b>4,991,477</b>	<b>1,723,284</b>	<b>577,278</b>
<b>Fund Balances:</b>			
<b>Reserved for:</b>			
Encumbrances	117,825	17,503	2,706,457
Capital improvements	480,653	-	-
Long term note	321,642	-	-
Debt service	2,395,707	-	-
Prepaid expenditures	58,361	-	1,660
Law enforcement	308,990	-	-
Inventory	-	-	24,718
<b>Unreserved, designated for:</b>			
Special projects	393,651	3,083,693	3,971,305
Subsequent year budget	3,412,699	-	-
Economic development	982,247	-	-
<b>Unreserved, undesignated, reported in:</b>			
General fund	19,486,830	-	-
Special revenue funds	-	-	2,992,671
<b>Total fund balances</b>	<b>27,958,605</b>	<b>3,101,196</b>	<b>9,696,811</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,950,082</b>	<b>\$ 4,824,480</b>	<b>\$ 10,274,089</b>

See notes to basic financial statements.

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**Total  
Governmental  
Funds**

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**\$ 17,936,988  
26,985,803**

**374,440  
28,358  
882,772  
86,756  
94,551  
1,252,602  
24,718  
60,021**

---

**321,642**

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**48,048,651**

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**\$ 1,121,210  
2,838,974  
198,684  
3,133,171**

---

**7,292,039**

---

**2,841,785  
480,653  
321,642  
2,395,707  
60,021  
308,990  
24,718**

**7,448,649  
3,412,699  
982,247**

**19,486,830  
2,992,671**

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**40,756,612**

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**\$ 48,048,651**

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**City of Palm Beach Gardens, Florida**  
**Reconciliation of the Governmental Fund**  
**Balance Sheet to the Statement of Net Assets**  
**September 30, 2010**

Total fund balances – governmental funds (page 27)		<b>\$ 40,756,612</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Excludes internal service fund capital assets.)		<b>94,759,095</b>
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these are deferred and amortized in the statement of activities.		
Deferred charges		<b>285,149</b>
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Excludes internal service fund liabilities.) Long-term liabilities at year-end consist of:		
Bonds payable	<b>(27,846,262)</b>	
Capital leases payable	<b>(844,172)</b>	
Net other postemployment benefit obligation	<b>(864,000)</b>	
Accrued interest payable	<b>(427,337)</b>	
Compensated absences	<b>(2,605,197)</b>	
		<b>(32,586,968)</b>
The internal service funds are used by management to charge the cost of fleet maintenance activities and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		<b>3,183,584</b>
Other long term assets are not available to pay for current period expenditures, and therefore, are not recognized in the funds.		
Investment in joint venture		<b>1,003,124</b>
Net pension asset		<b>211,435</b>
<b>Total net assets of governmental activities (page 23)</b>		<b>\$ 107,612,031</b>

*See notes to basic financial statements.*

City of Palm Beach Gardens, Florida  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2010

	General	Road Impact	Other Governmental Funds
Revenues:			
Taxes:			
Ad valorem taxes	\$ 46,762,961	\$ -	\$ -
Local business taxes	1,464,400	-	-
Utility taxes	1,087,582	-	-
Franchise fees	5,040,183	-	-
Licenses and permits	2,363,552	-	-
Intergovernmental	7,791,132	-	902,782
Impact fees	-	446,236	578,301
Charges for services	2,219,762	-	4,043,260
Fines and forfeitures	287,126	-	14,654
Investment income	731,246	19,064	13,322
Miscellaneous	945,103	-	793,843
<b>Total revenues</b>	<b>68,693,047</b>	<b>465,300</b>	<b>6,346,162</b>
Expenditures:			
Current:			
General government	13,579,416	-	-
Public safety	41,007,610	-	367,772
Culture and recreation	4,241,863	-	4,118,834
Physical environment	3,602,222	-	-
Transportation	-	17,849	667,824
Capital outlay	1,652,047	706,711	1,582,056
Debt service:			
Principal	2,318,742	-	630,000
Interest	957,639	-	346,371
<b>Total expenditures</b>	<b>67,359,539</b>	<b>724,560</b>	<b>7,712,857</b>
Excess (deficiency) of revenues over (under) expenditures	1,333,508	(259,260)	(1,366,695)
Other financing sources (uses):			
Transfers in	-	-	1,454,187
Transfers out	(625,000)	(691,677)	(137,510)
<b>Total other financing sources (uses)</b>	<b>(625,000)</b>	<b>(691,677)</b>	<b>1,316,677</b>
<b>Net change in fund balances</b>	<b>708,508</b>	<b>(950,937)</b>	<b>(50,018)</b>
Fund balances, beginning	27,250,097	4,052,133	9,746,829
<b>Fund balances, ending</b>	<b>\$ 27,958,605</b>	<b>\$ 3,101,196</b>	<b>\$ 9,696,811</b>

See notes to basic financial statements.

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**Total  
Governmental  
Funds**

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**\$ 46,762,961**  
**1,464,400**  
**1,087,582**  
**5,040,183**  
**2,363,552**  
**8,693,914**  
**1,024,537**  
**6,263,022**  
**301,780**  
**763,632**  
**1,738,946**

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**75,504,509**

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**13,579,416**  
**41,375,382**  
**8,360,697**  
**3,602,222**  
**685,673**  
**3,940,814**

**2,948,742**  
**1,304,010**

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**75,796,956**

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**(292,447)**

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**1,454,187**  
**(1,454,187)**

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**-**

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**(292,447)**

**41,049,059**

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**\$ 40,756,612**

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**City of Palm Beach Gardens, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of the Governmental Funds to the Statement of Activities**  
**Year Ended September 30, 2010**

Net change in fund balances— total governmental funds (page 31) **\$ (292,447)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. The amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold, and therefore, were not capitalized.

Expenditures for capital assets	<b>3,344,934</b>	
Less current year depreciation	<b>(5,196,782)</b>	
		<b>(1,851,848)</b>

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 disposal increase financial resources:

Proceeds from disposal of capital assets	<b>(4,250)</b>	
Gain on disposal of capital assets	<b>149</b>	
		<b>(4,101)</b>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Donated asset		<b>22,477</b>
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Debt proceeds provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Principal payments on debt	<b>2,948,742</b>	
Amortization of issuance costs	<b>(32,165)</b>	
Amortization of deferred charges	<b>(130,753)</b>	
Amortization of premium	<b>37,215</b>	
		<b>2,823,039</b>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in accrued interest payable	<b>33,004</b>	
Change in compensated absences	<b>337,711</b>	
Net other postemployment benefit obligation	<b>(537,000)</b>	
Change in net pension benefit asset	<b>(11,521)</b>	
		<b>(177,806)</b>

**City of Palm Beach Gardens, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of the Governmental Funds to the Statement of Activities (continued)**  
**Year Ended September 30, 2010**

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Governmental funds report the investment in joint venture as expenditures. However, the cost of the investment in joint venture is recorded as an asset in the statements of net assets.

**58,458**

Internal service funds are used by management to charge the cost of fleet maintenance and self-insurance activities to individual funds. The net revenues of the internal service funds are reported with governmental activities.

**844,122**

Change in net assets of governmental activities (page 25)

**\$ 1,421,894**

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*See notes to basic financial statements.*

**City of Palm Beach Gardens, Florida**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2010**

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	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,006,698
Accounts receivable	58,557
Inventory	195,863
<b>Total current assets</b>	<b>3,261,118</b>
Noncurrent assets:	
Capital assets being depreciated, net	1,471,970
<b>Total noncurrent assets</b>	<b>1,471,970</b>
<b>Total assets</b>	<b>\$ 4,733,088</b>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 966,446
<b>Total current liabilities</b>	<b>966,446</b>
Noncurrent liabilities:	
Claims payable	556,710
Compensated absences payable	26,348
<b>Total noncurrent liabilities</b>	<b>583,058</b>
<b>Total liabilities</b>	<b>\$ 1,549,504</b>
Net Assets:	
Invested in capital assets	\$ 1,471,970
Unrestricted	1,711,614
<b>Total net assets</b>	<b>\$ 3,183,584</b>

*See notes to basic financial statements.*

**City of Palm Beach Gardens, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended September 30, 2010**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Operating revenues:	
Charges for service	\$ 2,240,138
Employer contributions	5,616,277
Employee contributions	697,839
Miscellaneous	299,432
<b>Total operating revenues</b>	<b>8,853,686</b>
Operating expenses:	
Personnel expenses	675,342
Claims expense	5,207,470
Repair and maintenance	314,047
Fuel and chemicals	594,380
Operating supplies	114,338
Other professional and contractual	610,466
Other expenses	3,058
Depreciation	535,230
<b>Total operating expenses</b>	<b>8,054,331</b>
Operating income	799,355
Nonoperating revenues:	
Investment income	1,167
Gain on disposal of capital assets	43,600
<b>Total nonoperating revenues</b>	<b>44,767</b>
<b>Change in net assets</b>	<b>844,122</b>
Net assets, beginning	2,339,462
<b>Net assets, ending</b>	<b>\$ 3,183,584</b>

*See notes to basic financial statements.*

**City of Palm Beach Gardens, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2010**

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	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
	<hr/>
Cash flows from operating activities:	
Receipts for interfund services provided	\$ 8,575,051
Payments to suppliers for goods and services	(1,614,892)
Payments to employees for services	(680,566)
Payments for claims	(5,238,415)
Other operating revenues	299,432
<b>Net cash provided by operating activities</b>	<hr/> <b>1,340,610</b> <hr/>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(362,323)
Proceeds from sale of capital assets	43,600
<b>Net cash used in capital and related financing activities</b>	<hr/> <b>(318,723)</b> <hr/>
Cash flows from investing activities:	
Interest earned	1,167
<b>Net cash provided by investing activities</b>	<hr/> <b>1,167</b> <hr/>
Net increase in cash and cash equivalents	<b>1,023,054</b>
Cash and cash equivalents, beginning of year	<b>1,983,644</b>
Cash and cash equivalents, end of year	<hr/> <b>\$ 3,006,698</b> <hr/>

*Continued on next page.*

**City of Palm Beach Gardens, Florida**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2010**

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	<b>Governmental Activities</b>
	<u>Internal Service Funds</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>799,355</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	535,230
Changes in operating assets and liabilities:	
Accounts receivable	20,797
Inventory	3,114
Prepaid items	-
Accounts payable and accrued liabilities	(12,662)
Compensated absences	(5,224)
<b>Total adjustments</b>	<u>541,255</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 1,340,610</u></u>

*See notes to basic financial statements.*

**City of Palm Beach Gardens, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2010**

	<u>Pension Trust Funds</u>
Assets:	
Cash and cash equivalents	\$ 6,154,921
Investments, at fair values:	
U.S. Government obligations	7,981,689
Mortgage backed securities	3,027,928
Fixed income funds	760,207
Corporate bonds	12,842,555
Equity securities	19,260,879
Equity funds	15,212,404
International equity funds	8,692,071
International bond funds	1,428,171
Real estate funds	2,269,135
<b>Total investments</b>	<u>71,475,039</u>
Receivables:	
Interest	259,588
Employer	-
State of Florida	42,854
Employees	95,200
<b>Total receivables</b>	<u>397,642</u>
Prepaid expenses	93,580
<b>Total assets</b>	<u><u>\$ 78,121,182</u></u>
Liabilities:	
Accounts payable	\$ 102,793
Due to DROP Account	244,680
<b>Total liabilities</b>	<u>\$ 347,473</u>
Net assets:	
<b>Net assets held in trust for pension benefits</b>	<u><u>\$ 77,773,709</u></u>

See notes to basic financial statements.

**City of Palm Beach Gardens, Florida**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September 30, 2010**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 7,583,643
Insurance premium taxes collected by the State of Florida on behalf of the City of Palm Beach Gardens	1,094,449
Employee	<u>1,388,041</u>
<b>Total contributions</b>	<b><u>10,066,133</u></b>
Investment earnings:	
Net appreciation in fair value of investments	4,815,625
Interest and dividends	<u>1,533,212</u>
Total investment earnings	6,348,837
Less investment expense	<u>(316,547)</u>
Net investment earnings	<u>6,032,290</u>
<b>Total additions</b>	<b><u>16,098,423</u></b>
Deductions:	
Pension benefits	2,057,418
Refund of participant contributions	27,142
Administrative expenses	<u>197,075</u>
<b>Total deductions</b>	<b><u>2,281,635</u></b>
<b>Change in net assets</b>	<b>13,816,788</b>
Net assets, beginning	<u>63,956,921</u>
<b>Net assets, ending</b>	<b><u>\$ 77,773,709</u></b>

*See notes to basic financial statements.*

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies**

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The City of Palm Beach Gardens, Florida (the "City") was incorporated in 1959, pursuant to House Bill No. 2186, and is located in Northern Palm Beach County, Florida. The City is governed by an elected City Council (the "Council"), which appoints a City Manager. The City provides the following services to its residents: public safety, growth management, sanitation, streets and roads, parks, recreation and a golf course. The Council is responsible for legislative and fiscal control of the City. The City operates under a Council-Manager form of government.

Significant accounting and reporting policies and practices used by the City are described below:

**A. Financial Reporting Entity**

The financial statements of the City 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 financial statements were prepared in accordance with GASB Codification Section 2100, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Based upon the application of these criteria, there were no organizations that met the criteria for component units described above.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The City reported no business-type activities during the current fiscal year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining non-major governmental funds are aggregated and reported as other governmental funds.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial

## **Note 1. Summary of Significant Accounting Policies (continued)**

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statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes when levied for, franchise taxes, licenses, charges for services, intergovernmental if eligibility requirements are met, and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period if available. All other revenue items are considered to be measurable only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** – The general fund is the primary operating fund and is used to account for all financial resources applicable to the general operations of the City except those required to be accounted for in another fund.

The **Road Impact Fund** – This capital projects fund accounts for the cost of acquiring, constructing and placing into service improvements using impact fees collected for the purpose of improving roads within the City.

Additionally, the City reports the following fund types:

The **Internal Service Funds** – The City operates two internal service funds to account for fleet management services provided to other departments on a cost reimbursement basis and to account for self-insurance health benefits.

The **Pension Trust Funds** – The City's three defined benefit pension plans are accounted for in individual pension trust funds. The pension trust funds are the General Employees' Pension, the Police Pension and the Fire Pension.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in both the government-wide and proprietary fund type financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of an internal service fund are charges to

## **Note 1. Summary of Significant Accounting Policies (continued)**

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other funds for usage. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Cash and cash equivalents:** Cash and cash equivalents are defined as deposits with financial institutions, money market accounts and mutual funds, and highly liquid investments which are readily convertible to known amounts of cash and have a maturity when purchased of three months or less.

For purposes of the statement of cash flows, cash and cash equivalents also include each respective fund's equity in pooled cash and investments. Each fund is able to withdraw cash at any time without prior notice or penalty and there is sufficient liquidity to meet the daily cash needs of each fund.

**Investments:** Investments are reported at fair value. Money market mutual funds are reported at cost which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price or exchange rates. Quoted market prices are used to value investments. Net appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held as well as the net realized gains and losses for securities which are sold. Interest and dividend income are recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade basis.

**Interfund receivables and payables:** Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

**Receivables:** Receivables include amounts due for franchise taxes, utility taxes, extra police services and emergency medical services. The City does not require collateral for accounts receivable. Receivables for emergency medical service billings are reported net of an allowance for doubtful accounts, which is determined based on the age of the individual receivable. Generally, the allowance includes accounts over 60 days past due. Accounts receivable are written off on an individual basis in the year the City deems them to be uncollectible.

**Inventory:** Inventory is valued at the lower of cost or market using the first-in, first-out basis and accounted for using the consumption method whereby inventories are charged against operations in the period when used. Inventory in the special revenue golf fund consists of merchandise held for resale. Inventory in the internal service fund consists of vehicle engine parts and fuel held for consumption. The reserve for inventory in governmental fund types equals the physical inventory to indicate that a portion of fund balance is not available for appropriation.

**Prepaid expenditures:** Prepaid expenditures consist of certain costs which have been paid prior to the end of the fiscal year, but represent items which are applicable to future accounting periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance to indicate that these amounts are not available for appropriation.

**Unearned revenue:** Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, unearned revenues consist of local business taxes, impact fees, and charges for recreation programs that were collected by the end of the fiscal year that relate to and will be earned in the subsequent fiscal year.

**Capital assets:** Capital assets, which include property, plant, equipment and infrastructure (e.g., streets, sidewalks, drainage or similar items) are reported in governmental activities in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. Lease agreements that qualify as capital leases are recorded at the present value of their future minimum lease payments as of the inception date.

**Note 1. Summary of Significant Accounting Policies (continued)**

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Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, equipment and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	25
Roadways	3 – 40
Drainage and structures	35 – 75
Machinery and equipment	3 – 7
Improvements other than buildings	15
Land improvements	25

In the governmental fund financial statements, capital assets are reported as expenditures and no depreciation expense is reported.

Compensated absences: It is the City's policy to permit employees to accumulate a limited amount of earned but unused personal leave, which will be paid upon separation of service. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if it has matured, for example, as a result of employee resignation or retirements. Compensated absences for governmental activities typically have been liquidated in the general fund.

On-behalf payments: The City receives on-behalf payments from the State of Florida to be used for Police and Fire-Rescue pension benefits. Such payments are recorded as intergovernmental revenue and public safety expenditures in the GAAP basis government-wide and general fund financial statements, but are not budgeted and therefore are not included in the general fund budgetary comparison schedule. On-behalf payments paid to the City by the State totaled \$1,094,449 for the year ended September 30, 2010. Pursuant to City Ordinance, the Fire Pension deducts 2% of the total compensation for participants from the Chapter 175 taxes received during the fiscal year and allocates this amount as Employee Contributions in lieu of increasing the members' contribution rate.

Long-term obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received and principal payments on debt are reported as debt service expenditures.

Net other postemployment benefit obligations: The City is required to calculate and recognize a net other post-employment benefit obligation at September 30, 2010. The net other postemployment benefit obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since October 1, 2008. Net other postemployment benefit obligations have typically been liquidated in the general fund.

## **Note 1. Summary of Significant Accounting Policies (continued)**

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Net assets: Equity in the government-wide statement of net assets is displayed in three categories: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Net assets invested in capital assets net of related debt consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Net assets are reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

Fund equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of unreserved fund balance in governmental funds indicate the utilization of these resources in the ensuing year's budget or tentative plans for future use. The following is a description of the reserves and designations used by the City:

Reserved for encumbrances – Represents outstanding purchase orders and open contracts at year end which will be re-appropriated in the subsequent year.

Reserved for capital improvements – Represents portion of fund balance restricted for capital projects.

Reserved for long-term note – Represents portion of fund balance restricted for note receivable.

Reserved for debt service – Represents portion of fund balance restricted for debt service reserves.

Reserved for prepaid expenditures – Indicates that a portion of fund balance is segregated since these items do not represent "available spendable resources."

Reserved for law enforcement – Represents the portion of fund balances restricted to use in law enforcement activities.

Reserved for inventory – Indicates that a portion of fund balance is segregated since these items do not represent "available spendable resources."

Designated for special projects – Represents funds set aside for future projects.

Designated for subsequent year budget – Represents funds set aside for next year's budget.

Designated for economic development – Represents funds set aside by the City for contributions and loans relating to economic development.

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from estimates.

## **Note 2. Cash and Cash Equivalents and Investments**

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Cash and Cash Equivalents: Cash and cash equivalents at September 30, 2010, excluding amounts held by Fiduciary Funds, include petty cash of \$3,755 and deposits with financial institutions with a carrying value of \$11,324,465 and a bank balance of \$11,337,466 and money market mutual funds with a carrying value of \$9,615,466. The City also has a certificate of deposit in the amount of \$3,212,298 with a financial institution which is classified as an investment due to the maturity date when purchased. Cash and short term investments of the Fiduciary Funds at September 30, 2010, consist of money market mutual funds with a carrying value of \$6,154,921.

## **Note 2. Cash and Cash Equivalents and Investments (continued)**

All 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 which 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. The money market mutual fund deposits are uninsured and uncollateralized.

**Investments:** Florida Statutes and the City's investment policy authorize the City to invest in obligations and agencies of the U.S. Government; fully collateralized interest bearing time deposits or savings accounts with banks or savings and loan associations; the State Board of Administration Florida Prime Fund or the Florida Counties Investment Trust Fund; short term corporate obligations; investments in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio of such investment company is limited to Government Obligations and to repurchase agreements fully collateralized by such Government Obligations; and repurchase agreements collateralized by Government Obligations, Government National Mortgage Association, Fannie Mae or Florida Home Loan Mortgage Corporation. The City's Pension Boards have full power and authority to invest and reinvest subject to the general terms, conditions, limitations and restrictions imposed by Part VII, Chapter 112, Florida Statutes, on the investments of public employee retirement systems.

The carrying value (fair value) of investments at September 30, 2010, was as follows:

	Primary Government	Fiduciary Funds
U.S. Government obligations	\$ 8,584,505	\$ 7,981,689
Mortgage backed securities	15,189,000	3,027,928
Fixed income funds	-	760,207
Corporate obligations	-	12,842,555
Equity securities	-	19,260,879
Equity funds	-	15,212,404
International funds	-	8,692,071
International bond funds	-	1,428,171
Real estate funds	-	2,269,135
Certificate of deposit	3,212,298	-
<b>Total Investments</b>	<b>\$ 26,985,803</b>	<b>\$ 71,475,039</b>

The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities collateralized by mortgage obligations, commercial mortgage backed securities, and mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Due to the various risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Cash equivalents have a weighted average maturity of ninety days or less,

**Note 2. Cash and Cash Equivalents and Investments (continued)**

resulting in minimal interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy states that on any given date, at least 40% of the investment portfolio shall mature within one year, not more than 20% of the investment portfolio shall mature beyond five (5) years, and no security may have a maturity (or expected life) of greater than fifteen (15) years. Although the Fiduciary Funds' investment policies do not provide limitations as to maturities, the Funds minimize the risk of fair value losses in fixed income portfolios due to rising interest rates by structuring the investment portfolio so that securities mature to meet ongoing cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in shorter-term securities or by cash flow projections. The table below summarizes the scheduled maturities of fixed income investments at September 30, 2010:

Investment Types	Investment Maturities				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
<b>Primary Government</b>					
U.S. Government obligations	\$ 8,584,505	\$ -	\$ 8,584,505	\$ -	\$ -
Mortgage backed securities	15,189,000	-	15,189,000	-	-
Certificate of deposit	3,212,298	3,212,298	-	-	-
<b>Total Primary Government</b>	<b>\$26,985,803</b>	<b>\$3,212,298</b>	<b>\$23,773,505</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fiduciary Funds</b>					
U.S. Government obligations	\$ 7,981,689	\$ 65,759	\$ 1,721,384	\$1,892,186	\$4,302,360
Mortgage backed securities	3,027,928	-	-	262,424	2,765,504
Fixed income funds	760,207	-	760,207	-	-
Corporate obligations	12,842,555	20,845	4,738,175	6,763,501	1,320,034
<b>Total Fiduciary Funds</b>	<b>\$24,612,379</b>	<b>\$ 86,604</b>	<b>\$ 7,219,766</b>	<b>\$8,918,111</b>	<b>\$8,387,898</b>

**Credit Risk:** Credit risk is the risk that an issuer will not fulfill its obligations. The City's investment policy minimizes credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. Investments in short-term corporate obligations are limited to corporations with assets exceeding \$500,000,000, and whose obligations are rated at the time of purchase at one of three highest classifications established by at least two Nationally Recognized Statistical Rating Organizations (NRSRO), which mature not later than 180 days from date of purchase, and do not exceed 10% of the corporation's obligations. In addition to the previously mentioned investments, the Police Pension Plan's investment policy limits corporate obligations to only those holding a rating of one of the three highest classifications by an NRSRO. Neither the Fire Pension nor the General Employee Pension Plans' investment policies limit corporate obligations to those with one of the three highest classifications by an NRSRO. The NRSRO ratings for the City's investments at September 30, 2010, are summarized below. All other securities are not rated.

Investment Type	NRSRO Rating	Fair Value
Fixed income funds	AA	\$ 760,207
Corporate obligations	AAA...A	8,429,942
Corporate obligations	Aaa	2,229,493
Corporate obligations	Aa2	406,105
Corporate obligations	Aa3	253,914
Corporate obligations	A1	412,680
Corporate obligations	A2	1,002,447
Corporate obligations	A3	772,056
Corporate obligations	Ba1	5,664
Corporate obligations	Ba1	5,104
Corporate obligations	Baa	228,500
Corporate obligations	Baa1	291,840
Corporate obligations	Baa2	337,270
Corporate obligations	Baa3	134,546

## **Note 2. Cash and Cash Equivalents and Investments (continued)**

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**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment policy of the City minimizes this risk by prohibiting the purchase of securities subject to custodial credit risk. The City and its pension plans require that all securities be held by a third party custodian in the name of the City. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

**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 City does not have any specific policy for concentration of credit risk, although it does provide for diversification to limit the potential losses on individual securities. The City's pension plans' investment policies limit investments in the stock of any one issuing company to 5% of the Plans' assets and to 5% of the outstanding capital stock of any issuing company. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. As of September 30, 2010, none of the City's general investments or pension plan investments exceeded 5% of plan net assets.

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. While there was no direct exposure to foreign currency risk in the City's investments at September 30, 2010, the City's Police and Fire fiduciary funds invest in international equity mutual and bond funds that had a fair value of \$10,120,242 at September 30, 2010.

## **Note 3. Property Taxes**

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Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment roll meets all of the appropriate requirements of State law. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

The tax levy of the City is established by the Council prior to October 1<sup>st</sup> of each year during the budget process. The Palm Beach County Property Appraiser incorporates the City's millage into the total tax levy, which includes the County, County School Board, and special district tax requirements. The millage rate assessed by the City for the year ended September 30, 2010, was 5.539 (\$5.539 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November, or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1<sup>st</sup> following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1<sup>st</sup> following the tax year, certificates are offered for sale for all delinquent taxes on real property.

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Un-sold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2010, unpaid delinquent taxes are not material and have not been recorded by the City.

## **Note 4. Note Receivable**

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On August 20, 2009, the City approved Resolution 60, 2009, which authorized an economic development loan to Sancilio and Company, Inc. in the amount of \$350,000, which was executed on August 24, 2009. The promissory note bears interest at 4.5%, and the term is thirty-six (36) months. The note is secured by assets of Sancilio and

**Note 4. Note Receivable (continued)**

Company, Inc. Monthly interest payments in the amount of \$1,312 are due in the first year. Thereafter, principal and interest payments in the amount of \$3,627 are due monthly. The remaining principal balance, together with accrued interest, in the amount of \$291,981 is due and payable to the City in August 2012. The principal balance of the note was \$350,000 as of September 30, 2010.

**Note 5. Capital Assets**

Capital assets activity for the year ended September 30, 2010, was as follows:

	Balance October 1, 2009	Additions/ Transfers	Retirements/ Transfers	Balance September 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,852,345	\$ -	\$ -	\$ 14,852,345
Construction in progress	3,713,300	2,386,699	(1,249,016)	4,850,983
<b>Total capital assets not being depreciated</b>	<b>18,565,645</b>	<b>2,386,699</b>	<b>(1,249,016)</b>	<b>19,703,328</b>
Capital assets being depreciated:				
Buildings	31,882,312	101,461	-	31,983,773
Roadways	65,632,413	-	-	65,632,413
Drainage and structures	17,479,569	-	-	17,479,569
Machinery and equipment	20,738,599	2,290,962	(896,070)	22,133,491
Improvements other than buildings	14,728,946	199,626	-	14,928,572
<b>Total capital assets being depreciated</b>	<b>150,461,839</b>	<b>2,592,049</b>	<b>(896,070)</b>	<b>152,157,818</b>
Less accumulated depreciation:				
Buildings	(11,304,124)	(1,210,316)	-	(12,514,440)
Roadways	(35,830,695)	(1,286,417)	-	(37,117,112)
Drainage and structures	(3,404,630)	(195,390)	-	(3,600,020)
Machinery and equipment	(14,072,695)	(2,209,535)	891,969	(15,390,261)
Improvements other than buildings	(6,177,896)	(830,352)	-	(7,008,248)
<b>Total accumulated depreciation</b>	<b>(70,790,040)</b>	<b>(5,732,010)</b>	<b>891,969</b>	<b>(75,630,081)</b>
<b>Total capital assets being depreciated, net</b>	<b>79,671,799</b>	<b>(3,139,961)</b>	<b>(4,101)</b>	<b>76,527,737</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 98,237,444</b>	<b>\$ (753,262)</b>	<b>\$ (1,253,117)</b>	<b>\$ 96,231,065</b>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 353,227
Public safety	1,547,803
Culture and recreation	1,726,794
Physical environment	713,839
Transportation	1,390,347
<b>Total depreciation expense – governmental activities</b>	<b>\$ 5,732,010</b>

**Note 6. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2010, was as follows:

	Balance October 1, 2009	Additions	Reductions	Balance September 30, 2010	Due Within One Year
Governmental activities:					
Capital leases payable	\$ 922,247	\$ -	\$ (78,075)	\$ 844,172	\$ 82,133
Compensated absences	2,974,480	3,118,339	(3,461,274)	2,631,545	200,825
General obligation bonds payable	10,567,106	-	(1,000,766)	9,566,340	1,042,429
Public improvement and refunding bonds payable	18,235,000	-	(1,520,000)	16,715,000	1,560,000
Add premium on revenue bonds	394,676	-	(37,215)	357,461	-
Less deferred loss on bonds	(1,318,619)	-	130,753	(1,187,866)	-
Public improvement bonds payable	2,745,228	-	(349,901)	2,395,327	363,126
Claims payable	576,801	-	(20,091)	556,710	556,710
Net OPEB obligation	327,000	678,000	(141,000)	864,000	-
<b>Total governmental activities</b>	<b>\$ 35,423,919</b>	<b>\$ 3,796,339</b>	<b>\$(6,477,569)</b>	<b>\$ 32,742,689</b>	<b>\$ 3,805,223</b>

**Capital Leases Payable**

The City has entered into various lease agreements as lessee for financing the acquisition of fire rescue vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

Assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$1,416,988
Less accumulated depreciation	(870,311)
<b>Total</b>	<b>\$ 546,677</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010 were as follows:

Year Ending September 30,	Governmental Activities
2011	\$ 125,792
2012	125,792
2013	299,028
2014	73,749
2015	73,749
2016-2018	331,897
<b>Total minimum lease payments</b>	<b>1,030,007</b>
<b>Less amount representing interest</b>	<b>(185,835)</b>
<b>Present value of minimum lease payments</b>	<b>\$ 844,172</b>

**Note 6. Long-Term Debt (continued)**

<b>Bonds Payable</b>	<b>Outstanding Balance</b>
<u>General Obligation Bonds</u>	
The City's voters authorized by special referendum on September 3, 1996, the issuance of bonds, not to exceed \$19.1 million, for payment of the cost of demolition of the old City Hall and Police Station; acquisition, construction and furnishing of the new City Hall, new Police Station, and an addition to the central Fire Station; and improvements to certain recreational facilities. The bonds are general obligations of the City, payable from ad valorem taxes to be levied upon all taxable property in the City, in addition to all other taxes, without limitation as to rate or amount. The bonds were issued in series.	
<u>Series 1998</u>	
The City issued \$4,400,000 General Obligation Bonds, Series 1998 on July 1, 1998. Interest on the bonds is 4.50% and is payable semi-annually on January 1 and July 1, commencing on January 1, 1999. Principal payments will be due July 1 each year beginning July 1, 1999 through July 1, 2018. Debt service payments will be made from the general fund.	\$ 2,240,000
<u>Series 1999</u>	
The City issued \$3,700,000 General Obligation Bonds, Series 1999 on July 1, 1999. Interest on the bonds is 4.85% and is payable semi-annually on January 1 and July 1 commencing on January 1, 2000. Principal payments will be due July 1 each year beginning July 1, 2000 through July 1, 2019. Debt service payments will be made from the general fund.	\$ 2,080,000
<u>Series 2000</u>	
The City issued \$1,200,000 General Obligation Bonds, Series 2000 on July 28, 2000. Interest on the bonds is 5.23% and is payable semi-annually on January 1 and July 1 commencing on January 2, 2001. Principal payments will be due July 1 each year beginning July 1, 2001 through July 1, 2015. Debt service payments will be made from the general fund.	\$ 504,952
<u>Series 2005</u>	
The City issued \$6,901,176 General Obligation Refunding Bonds, Series 2005 on May 20, 2005, to retire the General Obligation Bonds that were issued in 1996 and 1997. Interest on the bonds is 3.32% and is payable semi-annually on June 1 and December 1. Principal is payable in annual installments of \$218,298 to \$334,319, with the final payment due December 1, 2017. Debt service payments will be made from the general fund.	\$ 4,741,388
<b>Total general obligation bonds</b>	<b>\$ 9,566,340</b>
<u>Public Improvement Bonds</u>	
On November 6, 2003, the City Council approved, through adoption of Resolution 174, 2003, the issuance of Public Improvement Bonds in one or more series for the purpose of financing the costs of acquiring, constructing and installing capital and non-capital projects and refunding prior obligations issued by the City. The bonds are payable from non ad valorem revenues.	
<u>Series 2003</u>	
On November 6, 2003, the City approved through adoption of Resolution 175, 2003, the issuance of Public Improvement and Refunding Bonds, Series 2003 in the amount of \$27,220,000 for the purpose of refunding certain prior obligations of the City. Interest at rates ranging from 2.00% to 5.00% is payable semi-annually on May 1 and November 1. Principal is payable in annual installments of \$1,020,000 to \$3,460,000, with the final payment due May 1, 2021. Debt service payments will be made from the general fund.	\$ 16,715,000
<u>Series 2005</u>	
On December 15, 2005, the City approved, through adoption of Resolution 170, 2005, the issuance of Public Improvement Bond, Series 2005, in the amount of \$1,155,200 for the purpose of financing the cost of improvements to the City's Golf Course. Interest at the rate of 3.78% is payable semi-annually on June 1 and December 1. Principal is payable in annual installments of \$98,809 to \$135,533, with the final payment due December 1, 2015. Debt service payments will be made from the general fund.	\$ 742,650

**Note 6. Long-Term Debt (continued)**

Series 2006

On April 6, 2006, the City approved, through adoption of Resolution 37, 2006, the issuance of Public Improvement Bond, Series 2006, in the amount of \$2,600,000 for the purpose of financing the cost of improvements to the City's Parks and Public Safety Facilities. Interest at the rate of 3.78% is payable semi-annually on June 1 and December 1. Principal is payable in annual installments of \$224,151 to \$301,613, with the final payment due December 1, 2015. Debt service payments will be made from the general fund.

	\$ 1,652,677
<b>Total public improvement bonds</b>	<b>\$ 19,110,327</b>

Annual debt service payments to maturity for all bonds are as follows:

Year Ending September 30	General Obligation Bonds		Public Improvement Bonds		Total All Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2011	\$ 1,042,429	\$ 375,569	\$ 1,923,126	\$ 784,788	\$ 2,965,555	\$ 1,160,357	\$ 4,125,912
2012	1,079,868	333,192	1,981,853	724,002	3,061,721	1,057,194	4,118,915
2013	1,128,153	289,273	2,051,097	657,325	3,179,250	946,598	4,125,848
2014	1,177,316	243,309	1,760,881	585,823	2,938,197	829,132	3,767,329
2015	1,227,389	195,253	1,826,224	521,410	3,053,613	716,663	3,770,276
2016-2020	3,911,185	302,653	8,547,146	1,431,949	12,458,331	1,734,602	14,192,933
2021-2023	-	-	1,020,000	90,563	1,020,000	90,563	1,110,563
	\$ 9,566,340	\$ 1,739,249	\$ 19,110,327	\$ 4,795,860	\$ 28,676,667	\$ 6,535,109	\$ 35,211,776

In-Substance Defeasance – Prior Years

In 2003, the City defeased a bond issue (Florida Intergovernmental Finance Commission Capital Revenue Bonds, 2001 Series B) by creating a separate irrevocable trust fund. New debt was issued and the proceeds of the new debt were used to purchase U.S. government securities that were placed in an irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of September 30, 2010, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements is \$13,255,000.

**Note 7. Interfund Transfers**

The following is a summary of transfers by fund type for the year ended September 30, 2010:

Transfer Out	Transfer In
	Nonmajor Governmental
General fund	\$ 625,000
Road impact fees	691,677
Non-major governmental funds	137,510
	<u>\$ 1,454,187</u>

A transfer was made to move unrestricted general fund revenues to the PGA Flyover fund to subsidize operations in accordance with budgetary authorizations. A transfer was made from the fire impact fund to the police impact fund to partially fund the construction of an Emergency Operations and Communications Center. A transfer between nonmajor governmental funds was made for scheduled debt service payments.

## **Note 8. Pension Plans**

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### Florida Retirement System – Defined Benefit Plan

In October 2006, the City approved, through the adoption of Resolution 84, 2006, the participation in the Florida Retirement System (“FRS”) for general employees, including elected officials and senior management. Employees participating in another City retirement plan that were hired prior to October 1, 2006, had the right to elect to continue participating in the City plan or discontinue participation in the City plan and join the FRS. Employees that elected to join the FRS were eligible for past service credit, at the City’s expense, for the period of the participation in the City retirement plan, up to 9.75 years. Additional past service credit could be purchased at the employee’s expense. Employees are vested in FRS after six years of service.

The FRS is a cost-sharing, multiple employer defined benefit pension plan. Plan members are not required to contribute to the plan. FRS was created by the Florida Legislature and is administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability or death benefits for retirees or their designated beneficiaries. All retirement legislation must comply with Article X, Section 14 of the State Constitution and Part VII, Chapter 112 Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis.

FRS issues a publicly available financial report that includes statements of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants, and benefit payments, as well as a description of the retirement plans. The report may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

As of September 30, 2010, the City’s required annual contribution is 9.85% of the covered salary for general employees, 13.12% for senior management, and 16.53% for elected officials. The City’s contributions to FRS for the years ended September 30, 2010, 2009, and 2008 were \$1,222,317, \$1,288,364, and \$1,276,293, respectively, equal to 100% of the required contributions for each year.

### City Sponsored – Defined Benefit Plans

#### Plan Descriptions:

The City is the sponsor of three single employer defined benefit plans: City of Palm Beach Gardens Police Officers’ Pension Fund (the “Police Pension”) covering police officers, City of Palm Beach Gardens Retirement Plan for Firefighters (the “Fire Pension”) covering Firefighters and City of Palm Beach Gardens Retirement Plan for General Employees (the “General Employees’ Pension”). The defined benefit plan for general employees was closed to new employees hired after May 1, 1995. All three plans are reported as pension trust funds. The City Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

At the election of the Pension Boards, separate audited financial statements are produced for the Police Pension and the Fire Pension. The General Employees Pension does not issue separate statements. The stand-alone statements for the Police Pension and the Fire Pension can be obtained from the respective pension boards.

Each pension plan has its own board that acts as plan administrator and trustee. Each plan’s assets may only be used for the payment of benefits to the members and beneficiaries of the plan in accordance with the terms of each plan document. The costs of administering each plan are financed in the appropriate pension trust fund.

The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government’s actuarial report for funding purposes. Additionally, the State collects two locally authorized insurance premium surcharges (one for the Police Pension Plan on casualty insurance policies and one for the Fire Pension Plan on certain real and personal property insurance policies within the corporate limits) which can only be distributed after the State has ascertained that the local government has met their actuarial funding requirement for the then most recently completed fiscal year.

**Note 8. Pension Plans (continued)**

Basis of Accounting:

The Plan's financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer and State of Florida contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments:

Investments are reported at fair value and are managed by third party money managers. The Plans' independent custodians and individual money managers price each instrument using various third party pricing sources. The benefits and refunds of the defined benefit pension plans are recognized when due and payable in accordance with the terms of the plan.

Actuarial Assumptions:

The following schedule is derived from the respective actuarial reports and City information for the three pension plans as part of the actuarial valuation pertaining to the year ended September 30, 2010:

	General Employees'	Police	Fire
Asset Valuation:			
Reporting	Fair value	Fair value	Fair value
Actuarial Valuation	4-year smoothed	(1)	4-year smoothed
Legal Reserves	None	None	None
Long-Term Receivable	None	None	None
Internal/Participant Loans	None	None	None
Membership and Plan Provisions:			
Members:			
Active Participants	2	106	117
Retirees and Beneficiaries	13	30	8
Terminated Vested	3	0	2
Normal Retirement Benefits:			
Retirement Age	62	52	52
Years of Service (minimum)	None	10	10
Accrual	2.50%	3.50%	3.00%
Maximum	None	100.00%	99.00%
Years to Vest	10	10	10
Contributions:			
Actuarial Rate:			
City	30.40%	38.28%	33.73%
State	N/A	3.99%	1.91%
Participants	6.00%	8.60%	6.00%
Actuarial Methods:			
Valuation Date	10/1/08	10/1/08	10/1/08
Asset Valuation Method	4-year smoothed	(1)	4-year smoothed market
Actuarial Cost Method	Entry age Normal	Entry age Normal	Projected Unit Credit
Amortization Method	Level dollar	Level percent of pay, closed	Level percent of pay, closed
Amortization Period	30 years	28 years	27 years

**Note 8. Pension Plans (continued)**

	General Employees'	Police	Fire
Significant Actuarial Assumptions:			
Investment return	8.00%	7.50%	8.25%
Projected salary increases	6.50%	7.50%	4.50%
Inflation	3.00%	3.00%	4.50%
Cost of living adjustments	0.00%	N/A	1%-3% <sup>(2)</sup>

(1) Effective October 1, 2006, the asset valuation method was changed from the five year smoothed method to a method that recognizes 20% of the difference between market value of assets and expected actuarial asset value.

(2) 1.0% for age 53, 2% for age 54, and 3% over age 55.

**Annual Pension Cost and Net Pension Asset**

The City's annual pension cost and net pension asset for the Police Pension for the current year was as follows:

Annual Required Contributions (ARC)	\$ 4,368,612
Interest on net pension asset	(16,722)
Adjustment to annual required contribution	<u>28,243</u>
Annual Pension Cost (APC)	4,380,133
Contributions made	<u>4,368,612</u>
Decrease in net pension asset	(11,521)
Net pension asset, beginning of year	<u>222,956</u>
Net pension asset, end of year	<u><u>\$ 211,435</u></u>

**Three Year Trend Information:**

The City's annual required contribution and actual contributions for each plan for the last three fiscal years ended September 30, is shown below. The 2010 required contributions were determined as part of the actuarial valuation pertaining to year ended September 30, 2010, for each plan:

	<b>Three Year Trend Information</b>		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Obligation) Asset
General Employees' Pension:			
2008	\$ 91,488	100.0%	\$ -
2009	60,503	100.0%	-
2010	77,437	100.0%	-
Police Pension:			
2008	3,567,231	99.7%	233,826
2009	3,773,193	99.7%	222,956
2010	4,380,133	99.7%	211,435
Fire Pension:			
2008	3,055,991	100.0%	-
2009	3,180,731	100.0%	-
2010	3,550,238	100.0%	-

**Funded Status:**

The schedule of funding progress presents information about the actuarial value of plan assets relative to the actuarial accrued liability for the year ended September 30, 2010.

**Note 8. Pension Plans (continued)**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>General Employees' Pension</b>						
10/1/2009	\$ 2,501,664	\$ 3,188,958	\$ 687,294	78.45%	\$ 157,437	436.55%
<b>Police Pension</b>						
10/1/2009	36,834,622	65,550,027	28,715,405	56.20%	9,290,829	309.10%
<b>Fire Pension</b>						
10/1/2009	26,484,000	44,357,000	17,873,000	59.70%	9,994,000	178.80%

The required Schedule of Funding Progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The General Employees Pension does not issue separate stand-alone financial statements, therefore, included below is the financial information for the Plan as of and for the year ended September 30, 2010:

**General Employees Pension Trust Fund**

Assets:	
Cash and cash equivalents	\$ 24,327
Investments	2,002,892
Receivables	471
<b>Total assets</b>	<u>2,027,690</u>
Liabilities:	
Accounts payable	4,501
<b>Net assets held in trust for pension benefits</b>	<u>\$ 2,023,189</u>
Additions:	
Contributions:	
Employer	\$ 77,437
Employees	10,446
<b>Total contributions</b>	<u>87,883</u>
Investment earnings (loss):	
Net decrease in the fair value of investments	148,801
Interest and dividends	18,221
Less investment expenses	(7,524)
Net investment loss	<u>159,498</u>
<b>Total additions</b>	<u>247,381</u>
Deductions:	
Pension benefits	293,361
Administrative expenses	15,550
<b>Total deductions</b>	<u>308,911</u>
<b>Change in net assets</b>	(61,530)
Net assets, beginning	<u>2,084,719</u>
<b>Net assets, ending</b>	<u>\$ 2,023,189</u>

## **Note 8. Pension Plans (continued)**

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### Defined Contribution Plan

The City of Palm Beach Gardens Money Purchase Plan (the "General Plan") and the City of Palm Beach Gardens Executive Plan (the "Executive Plan") are defined contribution pension plans established by the City and administered by ICMA Retirement Corporation to provide benefits at retirement to the employees of the City. The General Plan was closed to new employees hired on or after October 1, 2006.

Employees of the City that were hired prior to October 1, 2006, and elected not to join the FRS are eligible to participate in the General Plan. The City contributes to the General Plan an amount equal to the FRS contribution rate (9.85% general employee and 13.12% senior management) of the employee's base salary each month. Employees also contribute an amount equal to 4% of their base salary in the General Plan. The City's contributions for each employee (and interest allocated to the employees' accounts) are fully vested after one year of continuous service. Plan revisions and contribution requirements are established and may be amended by the City Council.

The City Manager is the only employee eligible to participate in the Executive Plan. The City contributes 15% to the Executive Plan. As part of the employment agreement with the City Manager, the City contributes 3% of the base salary to the Executive Plan, in addition to the 15%.

The City's contributions were calculated using the base salary amount of \$1,644,055 for the General Plan and \$194,414 for the Executive Plan. The City made its required contributions of \$174,033 for the General Plan and \$34,995 for the Executive Plan and employees made their required contributions of \$65,762 to the General Plan.

### Deferred Compensation Plan

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Service Code Section 457. This plan, available to all City employees, permits them to defer the payment of a portion of their salary until future years. Participation in this plan is voluntary and the City makes no contributions to these plans on behalf of the employee. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred, including the investments and earnings thereon, vest with the employee and are not subject to the claims of the City's general creditors.

## **Note 9. Other Postemployment Benefits**

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The cost of postemployment healthcare benefits generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The City recognizes the cost of postemployment healthcare benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows.

### Plan Description

The City provides certain healthcare benefits to active and retired employees and their dependents. The health plan is a single employer plan administered by the City. The benefits, levels of benefit, employee contributions, and employer contributions are governed by the City and can be amended by the City through management recommendations to, and approval by, City Council as part of the annual budget adoption process. The plan is not reported as a trust fund nor has an irrevocable trust or equivalent arrangement been established to account for the plan. As a result, the plan does not issue a separate financial report. The activity of the plan is reported in the City's Self Insurance fund, an internal service fund.

### Benefits Provided

Retired City employees can continue the same medical coverage they had as active employees. The City provides postemployment health care benefits to its retired employees and their dependents. To be eligible for benefits, an employee must reach retirement eligibility in their respective pension plan.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, and substance abuse care; dental care; and prescriptions. Upon a retired employee reaching 65 years of age, Medicare becomes the primary insurer and the City's plan will not pay benefits already paid by Medicare.

**Note 9. Other Postemployment Benefits (continued)**

Membership

As of September 30, 2010, membership consisted of:

Membership September 30, 2010	
Active Employees	415
Retirees	14
<b>Total</b>	<b>429</b>

Funding Policy

The City establishes the individual premium to be paid by the retired employees. The State of Florida prohibits the City from separately rating retired employees and active employees. As a result, the City's premium charges to retired employees can be no more than the premium cost applicable to active employees. Generally accepted accounting principles, however, require that the actuarial information presented below be calculated using age adjusted premiums approximating claims costs for retirees separate from the active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. For the year ended September 30, 2010, retired employees contributed \$68,618 to the plan. For those employees, through its Self Insurance Fund, the City paid \$65,048 in claims and administrative costs resulting in a net contribution of \$3,570. Active employees do not contribute 100% of the premium cost to the plan until retirement.

Annual OPEB Cost and Annual OPEB Obligation

The City's actuarial valuation was performed for the plan as of October 1, 2008 and determined the employer's annual required contribution (ARC) for the year ended September 30, 2010. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, benefit payments made, and the changes in the net OPEB obligation.

Annual Required Contribution (ARC)	\$ 677,000
Interest on net OPEB obligation	13,000
Adjustment to annual required contribution	(12,000)
Annual OPEB cost	678,000
Benefit payments made	(141,000)
Increase in net OPEB obligation	537,000
Net OPEB obligation, beginning of year	327,000
<b>Net OPEB obligation, end of year</b>	<b>\$ 864,000</b>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

Fiscal Year Ended	Beginning Net OPEB Obligation	Annual OPEB Cost	Benefit Payments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$ -	\$ 446,000	\$ 119,000	26.68%	\$ 327,000
9/30/2010	327,000	678,000	141,000	20.80%	864,000

Funded Status

The funded status of the plan at October 1, 2008, the most recent actuarial valuation date, was as follows:

**Note 9. Other Postemployment Benefits (continued)**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2008	\$ -	\$ 5,912,000	\$ 5,912,000	0.00%	\$ 29,593,635	19.98%

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. 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.

The City has not established an irrevocable trust fund or equivalent arrangement to accumulate assets to cover the unfunded actuarial accrued liability, but instead has elected to account for the OPEB liability on a pay as you go basis.

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 projections do not explicitly incorporate the potential effects of legal or contractual funding limitations. 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.

In the October 1, 2008 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included 4 percent investment rate of return (net of administrative expenses), a discount rate of 4%, an annual healthcare cost trend rate of 10.5 percent decreasing 1 percent each year until it reaches an ultimate rate of 6.5 percent and salary scale growth of 4 percent. Life expectancies were based upon data found in the RP-2000 mortality and disability tables. The actuarial value of assets was not determined as the City has not advanced its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2010 was thirty years.

**Note 10. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various claims and legal actions occurring in the course of operations. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

## **Note 11. Commitments**

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Commitments on major construction contracts consist of the following:

Project	Total Project Authorization	Expended at September 30, 2010	Contracts and Retainage Payable	Balance to Complete
Bridge Refurbishment Project	\$ 897,000	\$ 39,000	\$ -	\$ 858,000
PGA Park Improvements	2,469,260	1,727,012	-	742,248
Emergency Operations Center	4,128,378	1,069,174	198,684	3,059,204
Municipal Complex Civic Enhancement	818,000	337,347	-	480,653
	<b>\$ 8,312,638</b>	<b>\$ 3,172,533</b>	<b>\$ 198,684</b>	<b>\$ 5,140,105</b>

### Solid Waste, Recycling, and Vegetative Waste Collection Services

On February 17, 2006, the City entered into an agreement with Waste Management, Inc. of Florida granting an exclusive solid waste, recycling and vegetative waste collection services franchise. The term of the contract is seven years from April 1, 2006 to March 30, 2012. The cost of the contract totaled \$2,592,343 for the year ended September 30, 2010.

## **Note 12. Jointly Governed Organization**

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The City, through an interlocal agreement with certain other municipalities and Palm Beach County, created the Seacoast Utility Authority ("Seacoast") which provides water and sewer service to the citizens of each of the participating municipalities and a portion of Palm Beach County. Seacoast's governing board is comprised of one member from each participating entity. Seacoast is an independent authority organized under the laws of the State of Florida and the City has no participating equity ownership in Seacoast. The City paid \$100,167 to Seacoast during the fiscal year for water and sewer service.

## **Note 13. Risk Management and Health Insurance**

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The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the City carries commercial insurance. Specifically, the City purchases commercial insurance for property, liability, and workers' compensation. The City is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$100,000/\$200,000 for all claims relating to the same accident. There have been no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements in excess of insurance coverage for the past three fiscal years.

### Self-Insurance Fund

During fiscal year 2009, the City established the Self Insurance Fund (internal service fund) to account for medical insurance claims of City employees and their covered dependents. Under this program, the fund provides the employee with a lifetime maximum benefit of \$5,000,000. A maximum deductible of \$180,000 for specific claims has been set. Commercial insurance for specific loss claims in excess of the coverage provided by the fund is supplied by Symetra Life Insurance Company. The City has contracted with Blue Cross/Blue Shield to perform certain administrative functions, such as monitoring, reviewing and paying claims. Settled claims have not exceeded the excess insurance limits during the fiscal year.

All City departments participate in the program and make payments to the self insurance fund based upon actuarial estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs.

**Note 13. Risk Management and Health Insurance (continued)**

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Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether the expenses are allocated to specific claims. Changes in claims liabilities were as follows:

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<b>Year Ended September 30,</b>	<b>Claims Payable Beginning of Year as Restated</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Claims Payable End of Year as Restated</b>
2009	\$ -	\$ 4,409,792	\$ (3,832,991)	\$ 576,801
2010	576,801	4,370,094	(4,390,185)	556,710

**Note 14. Investment in Joint Venture**

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The City entered into an interlocal agreement with two other municipalities in Palm Beach County to purchase and operate a county-wide public safety communications system. The interlocal agreement established the Municipal Public Safety Communications Consortium of Palm Beach County (“MPSCC”) whose purpose is to provide its members with expanded radio communications services (via the 800MHz trunked radio system) to aid in public safety over a larger geographical region. The MPSCC is a cost sharing organization. Its annual budget is prepared by the Executive Director and approved by the Board of Directors. The member municipalities of the MPSCC are obligated for the debt incurred by the consortium and each municipality is responsible for their respective portion of costs incurred by the MPSCC. The City’s initial investment in this joint venture was \$676,200, which represents 13.8% of the total consortium investment. During the current fiscal year, the City had expenditures of \$58,459 relating to the consortium. The City’s investment in the Joint Venture is \$1,003,124 as of September 30, 2010. Separate financial statements for the MPSCC may be obtained from, Palm Beach Gardens Police Commander, Attention: Ernie Carr, 10500 Military Trail, Palm Beach Gardens, Florida 33410.

**Note 15. Subsequent Event**

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On December 17, 2010, the City issued General Obligation Refunding Bonds, Series 2010 in the amount of \$4,440,997. The bonds are being issued for the purpose of redeeming the outstanding balance of the General Obligation Bonds, Series 1998 and 1999. The refunding resulted in a present value economic gain of \$336,688 and reduced required debt service payments by \$343,273.

**Note 16. Pronouncements Issued, But Not Yet Adopted**

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Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* issued March 2009, is effective for the City beginning with its fiscal year ending September 30, 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* issued December 2009, is effective for the City beginning with its fiscal year ending September 30, 2012. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and

## **Note 16. Pronouncements Issued, But Not Yet Adopted (continued)**

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timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. This Statement amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Statement No. 59, *Financial Instruments Omnibus* issued June 2010, is effective for the City beginning with its fiscal year ending September 30, 2011. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* issued November 2010, is effective for the City beginning with its fiscal year ending September 30, 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* issued November 2010, is effective for the City beginning with its fiscal year ending September 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* issued December 2010, is effective for the City beginning with its fiscal year ending September 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Palm Beach Gardens, Florida**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended September 30, 2010**

	Original Adopted Budget	Legally Adopted Budget Amendments	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>					
<b>Taxes:</b>					
Ad valorem taxes	\$ 46,847,492	\$ -	\$ 46,847,492	\$ 46,762,961	\$ (84,531)
Local business taxes	1,569,469	-	1,569,469	1,464,400	(105,069)
Utility taxes	1,069,216	-	1,069,216	1,087,582	18,366
Franchise fees	5,875,999	-	5,875,999	5,040,183	(835,816)
Licenses and permits	1,611,107	-	1,611,107	2,363,552	752,445
Intergovernmental	4,341,100	-	4,341,100	6,696,683	2,355,583
Charges for services	1,970,768	-	1,970,768	2,219,762	248,994
Fines and forfeitures	443,281	-	443,281	287,126	(156,155)
Investment income	922,394	-	922,394	731,246	(191,148)
Miscellaneous	792,794	-	792,794	945,103	152,309
<b>Total revenues</b>	<b>65,443,620</b>	<b>-</b>	<b>65,443,620</b>	<b>67,598,598</b>	<b>2,154,978</b>
<b>Expenditures:</b>					
<b>General Government:</b>					
City Council	274,835	(2,000)	272,835	228,364	44,471
Administration	551,868	-	551,868	565,100	(13,232)
Information Technology	1,124,705	38,947	1,163,652	1,074,131	89,521
City Clerk	486,190	-	486,190	433,100	53,090
Legal Services	333,359	2,000	335,359	337,113	(1,754)
Public Relations	121,425	-	121,425	118,163	3,262
Engineering services	381,719	-	381,719	257,577	124,142
Human Resources	697,615	-	697,615	620,286	77,329
Finance	981,234	6,707	987,941	918,436	69,505
General Services	6,054,074	-	6,054,074	5,443,717	610,357
<b>Growth Management:</b>					
Administration	467,968	87,645	555,613	483,530	72,083
Development compliance	264,418	2,100	266,518	323,621	(57,103)
Planning	558,013	(15,100)	542,913	404,103	138,810
GIS	156,868	2,800	159,668	152,530	7,138
Construction Services - Building	1,537,147	-	1,537,147	1,520,392	16,755
Code Enforcement	752,978	-	752,978	699,253	53,725
<b>Total general government</b>	<b>14,744,416</b>	<b>123,099</b>	<b>14,867,515</b>	<b>13,579,416</b>	<b>1,288,099</b>
<b>Public safety:</b>					
Police	21,600,707	131,944	21,732,651	22,039,298	(306,647)
Fire and Emergency Services	17,418,098	84,934	17,503,032	17,873,863	(370,831)
<b>Total public safety</b>	<b>39,018,805</b>	<b>216,878</b>	<b>39,235,683</b>	<b>39,913,161</b>	<b>(677,478)</b>

City of Palm Beach Gardens, Florida  
Required Supplementary Information  
Budgetary Comparison Schedule (Continued)  
General Fund  
Year Ended September 30, 2010

	Original Adopted Budget	Legally Adopted Budget Amendments	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Culture and Recreation:					
Administrative Services	\$ 419,299	\$ 3,450	\$ 422,749	\$ 420,935	\$ 1,814
Athletics	162,787	-	162,787	161,437	1,350
Seniors and Wellness	42,273	-	42,273	31,104	11,169
Aquatics	362,945	-	362,945	383,278	(20,333)
Tennis	130,332	8,515	138,847	141,828	(2,981)
Programs	300,002	-	300,002	202,535	97,467
Parks and Grounds	3,132,437	-	3,132,437	2,900,746	231,691
<b>Total cultural and recreation</b>	<b>4,550,075</b>	<b>11,965</b>	<b>4,562,040</b>	<b>4,241,863</b>	<b>320,177</b>
Physical Environment:					
Administrative Services	758,013	28,602	786,615	722,801	63,814
Facilities Maintenance	1,499,100	21,016	1,520,116	1,482,291	37,825
Stormwater and Street Maintenance	1,571,978	(72)	1,571,906	1,397,130	174,776
<b>Total physical environment</b>	<b>3,829,091</b>	<b>49,546</b>	<b>3,878,637</b>	<b>3,602,222</b>	<b>276,415</b>
Capital outlay	653,576	1,821,759	2,475,335	1,652,047	823,288
Debt Service:					
Principal	2,342,058	(14,820)	2,327,238	2,318,742	8,496
Interest	934,324	14,820	949,144	957,639	(8,495)
<b>Total debt service</b>	<b>3,276,382</b>	<b>-</b>	<b>3,276,382</b>	<b>3,276,381</b>	<b>1</b>
<b>Total expenditures</b>	<b>66,072,345</b>	<b>2,223,247</b>	<b>68,295,592</b>	<b>66,265,090</b>	<b>2,030,502</b>
Excess (deficiency) of revenues over (under) expenditures	(628,725)	(2,223,247)	(2,851,972)	1,333,508	4,185,480
Other financing uses:					
Transfers out	(625,000)	-	(625,000)	(625,000)	-
<b>Total other financing uses</b>	<b>(625,000)</b>	<b>-</b>	<b>(625,000)</b>	<b>(625,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,253,725)</b>	<b>(2,223,247)</b>	<b>(3,476,972)</b>	<b>708,508</b>	<b>4,185,480</b>
Fund balance, beginning	20,255,731	6,992,566	27,248,297	27,250,097	(1,800)
<b>Fund balance, ending</b>	<b>\$19,002,006</b>	<b>\$ 4,769,319</b>	<b>\$23,771,325</b>	<b>\$27,958,605</b>	<b>\$ 4,183,680</b>

**City of Palm Beach Gardens, Florida**  
**Required Supplemental Information**  
**Schedule of Funding Progress**  
**Year Ended September 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>General Employees' Pension</b>						
10/1/2004 <sup>(1)</sup>	\$ 2,585,580	\$ 3,115,591	\$ 530,011	82.99%	\$ 241,400	219.56%
10/1/2005	2,590,706	3,213,215	622,509	80.63%	258,902	240.44%
10/1/2006	2,665,022	3,282,189	617,167	81.20%	273,962	225.27%
10/1/2007	2,761,142	3,242,068	480,926	85.17%	130,793	367.70%
10/1/2008	2,823,246	3,304,981	481,735	85.42%	149,940	321.29%
10/1/2009	2,501,664	3,188,958	687,294	78.45%	157,437	436.55%
<b>Police Pension</b>						
10/1/2004	\$ 16,405,794	\$ 24,962,551	\$ 8,556,757	65.72%	\$ 6,755,078	126.67%
10/1/2005	18,950,104	35,004,203	16,054,099	54.14%	7,332,448	218.95%
10/1/2006	22,740,838	46,503,218	23,762,380	48.90%	8,322,332	285.53%
10/1/2007	27,799,386	52,230,511	24,431,125	53.22%	8,915,563	274.03%
10/1/2008	32,261,274	60,450,441	28,189,167	53.37%	9,842,874	286.39%
10/1/2009	36,834,622	65,550,027	28,715,405	56.20%	9,290,829	309.10%
<b>Fire Pension</b>						
10/1/2004	\$ 8,146,028	\$ 21,254,309	\$ 13,108,281	38.33%	\$ 7,567,887	173.21%
10/1/2005	10,791,299	28,083,380	17,292,081	38.43%	8,774,107	197.08%
10/1/2006 <sup>(2)</sup>	13,973,768	29,845,862	15,872,094	46.82%	9,205,470	172.42%
10/1/2007	18,247,947	33,826,082	15,578,135	53.95%	9,549,000	163.14%
10/1/2008	22,307,415	39,302,237	16,994,822	56.76%	9,852,960	172.48%
10/1/2009	26,484,000	44,357,000	17,873,000	59.70%	9,994,000	178.80%

<sup>(1)</sup> Effective 10/1/04, the General Employees Pension plan changed its actuarial method from the Aggregate Actuarial Cost Method to the Entry Age Normal Actuarial Cost Method.

<sup>(2)</sup> Effective October 1, 2006, the Fire Pension plan changed its actuarial cost method from the forzen entry age actuarial cost method to the projected unit credit actuarial cost method.

**City of Palm Beach Gardens, Florida  
Required Supplementary Information  
Schedule of Employer Contributions  
Year Ended September 30, 2010**

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed
<b>General Employees' Pension</b>			
2005	\$ 102,863	\$ 102,863	100.00%
2006	79,392	79,392	100.00%
2007	90,703	90,703	100.00%
2008	91,488	91,488	100.00%
2009	60,503	60,503	100.00%
<b>2010</b>	<b>77,437</b>	<b>77,437</b>	<b>100.00%</b>
<b>Police Pension</b>			
2005	\$ 1,704,041	\$ 1,704,041	100.00%
2006	1,931,054	2,107,880	109.16%
2007	3,176,791	3,176,791	100.00%
2008	3,556,548	3,556,548	100.00%
2009	3,762,323	3,762,323	100.00%
<b>2010</b>	<b>4,368,612</b>	<b>4,368,612</b>	<b>100.00%</b>
<b>Fire Pension</b>			
2005	\$ 1,188,002	\$ 1,188,002	100.00%
2006	1,542,934	1,542,934	100.00%
2007	2,247,828	2,247,828	100.00%
2008	3,055,991	3,055,991	100.00%
2009	3,180,731	3,180,731	100.00%
<b>2010</b>	<b>3,550,238</b>	<b>3,550,238</b>	<b>100.00%</b>

**City of Palm Beach Gardens, Florida**  
**Required Supplemental Information**  
**Schedule of OPEB Funding Progress**  
**Year Ended September 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2008	\$ -	\$ 5,912,000	\$ 5,912,000	0.00%	\$ 29,593,635	19.98%

Note: Data not available prior to fiscal year 2009 implementation of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

**City of Palm Beach Gardens, Florida**  
**Notes to Required Supplementary Information**  
**September 30, 2010**

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**Note 1. Budgetary Information**

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State of Florida statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Council annually adopts an operating budget and appropriates funds for the general fund, special revenue funds (except the extra duty police fund), capital projects funds and the proprietary fund. The procedures for establishing budgetary data are as follows:

Prior to the first Council meeting in August of each year, the City Manager submits a proposed operating budget to the Council for the next fiscal year commencing the following October 1. The proposed budget includes expenditures and the means of financing them.

The Council holds public meetings to obtain taxpayer comments.

Upon completion of the public hearings, a final operating budget is legally enacted through the passage of an ordinance before September 30<sup>th</sup>. Estimated fund balances are considered in the budgetary process.

A City ordinance establishes the legal level of budgetary control at the fund level. Any increase in the total amount appropriated for all funds must be approved by ordinance of the Council. Any transfer between funds must be approved by the City Manager and by ordinance of the City Council. Transfers from the Council contingency account must be approved by the City Council. Any other budget transfer within the same fund must be approved by the City Manager.

The adopted budgets are prepared in accordance with generally accepted accounting principles. The Council also adopts non-appropriated operating budgets for the proprietary funds substantially on a basis consistent with generally accepted accounting principles, except that depreciation is not budgeted and capital outlay purchases are presented as expenses. The reported budgetary data represents the final appropriated budgets after amendments adopted by the Council.

Encumbrances

Encumbrance accounting, in which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized by the City during the year. Because appropriations expire at year end, even if encumbered, it is the City's policy to re-appropriate such amounts at the beginning of the next fiscal year. Encumbrances outstanding at year end are reported as reservations of fund balances.

**Note 2. Budget and Actual Comparisons**

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The Budgetary Comparison Schedule for the General Fund is required to be prepared under the basis of accounting used in preparing the budget. As indicated in Note 1, the modified accrual basis of accounting is used for budgetary purposes. On-behalf payments from the State of Florida for Police and Fire-Rescue pensions are not included in the budget. As a result, General Fund revenue and expenditures reported in the budget and actual statement differ from the corresponding amounts reported on the basis of U.S. generally accepted accounting principles. These differences can be reconciled as follows:

	Revenue	Expenditures
Budgetary basis	\$ 67,598,598	\$ 66,265,090
State on-behalf payments for Police and Fire-Rescue pension contributions not included in budgetary basis	1,094,449	1,094,449
	<u>\$ 68,693,047</u>	<u>\$ 67,359,539</u>

### Note 3. Pension Plans

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation was as follows:

	General Employees' Pension	Police Pension	Fire Pension
Actuarial Valuation Date	10/1/08	10/1/08	10/1/08
Asset Valuation Method	4-year smoothed market	(1)	4-year smoothed market
Actuarial Methods:			
Actuarial Cost Method	Entry age Normal	Entry age Normal	Projected Unit Credit
Amortization Method	Level dollar	Level percent of pay, closed	Level percent of pay, closed
Amortization Period	30 years	28 years	27 years
Actuarial Assumptions:			
Investment rate of return	8.0%	7.5%	8.25%
Projected salary increase	6.5%	7.5%	4.50%
Inflation	3.0%	3.0%	4.50%
Cost of living adjustments	0.0%	N/A	1%-3% <sup>(2)</sup>

<sup>(1)</sup> Effective October 1, 2006, the asset valuation method was changed from the five year smoothed method to a method that recognizes 20% of the difference between market value of assets and expected actuarial asset value.

<sup>(2)</sup> 1.0% for age 53, 2% for age 54, and 3% over age 55.

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The nonmajor special revenue funds of the City are as follows:*

Police Training Fund – This fund is established to account for fees collected from traffic citations to be used for the training and education of the City's police.

Recreation Programs Fund – This fund is used to account for revenues and costs related to special programs such as special events and athletic programs.

Golf Course Fund – This fund is used to account for revenues and costs related to the operations of the City's Golf Course.

Extra Duty Police Fund – This fund is used to account for revenues to be used to fund extra police duty.

Local Option Gas Tax Fund – This fund is established to account for the receipt of local option gas taxes. The use of these funds is restricted for transportation related capital improvements or maintenance costs.

Police Grant Fund – This fund is established to comply with Federal guidelines governing the accounting for Department of Justice Law Enforcement grants.

### CAPITAL PROJECTS FUNDS

*The Capital Projects Funds are established to account for financial resources to be used for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. The nonmajor capital projects funds of the City are as follows:*

Recreation Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of improving recreational facilities within the City.

Police Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of enhancing the level of law enforcement services in the City.

Fire Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of enhancing the level of fire/rescue services in the City.

Art Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of providing art and cultural activities.

PGA Flyover Capital Projects Fund – This fund is established to account for the activity related to the construction of the PGA Flyover Improvement Project.

Burns Road Capital Projects Fund – This fund is established to account for the activity related to the construction of the Burns Road Improvement Project.

**City of Palm Beach Gardens, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2010**

	<b>Special Revenue Funds</b>				
	Police Training	Recreation Programs	Golf Course	Extra Duty Police	Local Option Gas Tax
<b>Assets:</b>					
Cash and cash equivalents	\$ 18,397	\$ 941,204	\$ 186,565	\$ 64,509	\$ 1,707,636
Investments	-	54,018	12,270	-	88,367
Receivables	-	677	154	63,727	1,107
Due from other governments	1,223	-	-	-	53,396
Inventory	-	3,669	21,049	-	-
Prepaid expenditures	-	660	1,000	-	-
<b>Total assets</b>	<b>\$ 19,620</b>	<b>\$ 1,000,228</b>	<b>\$ 221,038</b>	<b>\$ 128,236</b>	<b>\$ 1,850,506</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 49,988	\$ 15,475	\$ -	\$ 3,008
Accrued liabilities	-	1,326	3,394	-	-
Contracts and retainage payable	-	-	-	-	-
Unearned revenue	-	117,091	10,297	-	-
<b>Total liabilities</b>	<b>-</b>	<b>168,405</b>	<b>29,166</b>	<b>-</b>	<b>3,008</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	-	-	-	-	-
Prepaid expenditures	-	660	1,000	-	-
Inventory	-	3,669	21,049	-	-
Unreserved, designated	-	-	-	-	-
Unreserved, undesignated	19,620	827,494	169,823	128,236	1,847,498
<b>Total fund balances</b>	<b>19,620</b>	<b>831,823</b>	<b>191,872</b>	<b>128,236</b>	<b>1,847,498</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,620</b>	<b>\$ 1,000,228</b>	<b>\$ 221,038</b>	<b>\$ 128,236</b>	<b>\$ 1,850,506</b>

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Police Grant		
	Fund	Total
\$	-	\$ 2,918,311
	-	154,655
	-	65,665
	-	54,619
	-	24,718
	-	1,660
<b>\$</b>	<b>-</b>	<b>\$ 3,219,628</b>

\$	-	\$ 68,471
	-	4,720
	-	-
	-	127,388
	-	200,579

	-	-
	-	1,660
	-	24,718
	-	-
	-	2,992,671
	-	3,019,049
<b>\$</b>	<b>-</b>	<b>\$ 3,219,628</b>

**City of Palm Beach Gardens, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2010**

	<b>Capital Projects Funds</b>				
	Recreation Impact	Police Impact	Fire Impact	Art Impact	PGA Flyover
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,944,790	\$ 3,232,520	\$ 33,148	\$ 820,557	\$ 341,382
Investments	-	175,470	65,703	87,259	-
Receivables	-	2,198	882	1,093	30,817
Due from other governments	36,229	-	-	-	-
Inventory	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,981,019</b>	<b>\$ 3,410,188</b>	<b>\$ 99,733</b>	<b>\$ 908,909</b>	<b>\$ 372,199</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 50,420	\$ 100,738	\$ -	\$ 9,696	\$ 16,161
Accrued liabilities	-	-	-	1,000	-
Contracts and retainage payable	-	198,684	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>50,420</b>	<b>299,422</b>	<b>-</b>	<b>10,696</b>	<b>16,161</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	123,649	2,582,808	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Unreserved, designated	1,806,950	527,958	99,733	898,213	356,038
Unreserved, undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b>1,930,599</b>	<b>3,110,766</b>	<b>99,733</b>	<b>898,213</b>	<b>356,038</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,981,019</b>	<b>\$ 3,410,188</b>	<b>\$ 99,733</b>	<b>\$ 908,909</b>	<b>\$ 372,199</b>

	Burns Road	Total	Total Nonmajor Funds
\$	282,413	\$ 6,654,810	\$ 9,573,121
	-	328,432	483,087
	-	34,990	100,655
	-	36,229	90,848
	-	-	24,718
	-	-	1,660
<b>\$</b>	<b>282,413</b>	<b>\$ 7,054,461</b>	<b>\$ 10,274,089</b>

\$	-	\$ 177,015	\$ 245,486
	-	1,000	5,720
	-	198,684	198,684
	-	-	127,388
	-	376,699	577,278

	-	2,706,457	2,706,457
	-	-	1,660
	-	-	24,718
	282,413	3,971,305	3,971,305
	-	-	2,992,671
	282,413	6,677,762	9,696,811
<b>\$</b>	<b>282,413</b>	<b>\$ 7,054,461</b>	<b>\$ 10,274,089</b>

**City of Palm Beach Gardens, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2010**

	<b>Special Revenue Funds</b>				
	Police Training	Recreation Programs	Golf Course	Extra Duty Police	Local Option Gas Tax
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 669,343
Impact fees	-	-	-	-	-
Charges for services	-	2,725,689	1,317,571	-	-
Fines and forfeitures	14,654	-	-	-	-
Investment income	-	1,608	462	-	2,437
Miscellaneous	800	14,914	80,392	398,240	93,754
<b>Total revenues</b>	<b>15,454</b>	<b>2,742,211</b>	<b>1,398,425</b>	<b>398,240</b>	<b>765,534</b>
<b>Expenditures:</b>					
Current:					
Public safety	10,940	-	-	348,329	-
Culture and recreation	-	2,611,517	1,472,900	-	-
Transportation	-	-	-	-	440,150
Capital outlay	-	2,232	-	-	3,900
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>10,940</b>	<b>2,613,749</b>	<b>1,472,900</b>	<b>348,329</b>	<b>444,050</b>
Excess (deficiency) of revenues over (under) expenditures	4,514	128,462	(74,475)	49,911	321,484
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>4,514</b>	<b>128,462</b>	<b>(74,475)</b>	<b>49,911</b>	<b>321,484</b>
Fund balances, beginning	15,106	703,361	266,347	78,325	1,526,014
<b>Fund balances, ending</b>	<b>\$19,620</b>	<b>\$ 831,823</b>	<b>\$ 191,872</b>	<b>\$128,236</b>	<b>\$1,847,498</b>

	Police Grant	Total
\$	-	\$ 669,343
	-	-
	-	4,043,260
	-	14,654
	-	4,507
	-	588,100
	-	5,319,864
	-	359,269
	-	4,084,417
	-	440,150
	-	6,132
	-	-
	-	-
	-	4,889,968
	-	429,896
	-	-
	-	-
	-	-
	-	429,896
	-	2,589,153
\$	-	\$3,019,049

**City of Palm Beach Gardens, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2010**

	<b>Capital Projects Funds</b>				
	Recreation Impact	Police Impact	Fire Impact	Art Impact	PGA Flyover
<b>Revenues:</b>					
Intergovernmental	\$ 233,439	\$ -	\$ -	\$ -	\$ -
Impact fees	415,907	64,299	98,095	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	1,091	4,198	1,308	2,076	-
Miscellaneous	-	-	-	92,591	113,152
<b>Total revenues</b>	<b>650,437</b>	<b>68,497</b>	<b>99,403</b>	<b>94,667</b>	<b>113,152</b>
<b>Expenditures:</b>					
Current:					
Public safety	-	4,579	3,924	-	-
Culture and recreation	16,636	-	-	17,781	-
Transportation	-	-	-	-	227,674
Capital outlay	565,528	940,461	-	69,935	-
Debt service:					
Principal	-	-	-	-	185,000
Interest	-	-	-	-	99,693
<b>Total expenditures</b>	<b>582,164</b>	<b>945,040</b>	<b>3,924</b>	<b>87,716</b>	<b>512,367</b>
Excess (deficiency) of revenues over (under) expenditures	68,273	(876,543)	95,479	6,951	(399,215)
Other financing sources (uses):					
Transfers in	-	137,510	-	-	625,000
Transfers out	-	-	(137,510)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>137,510</b>	<b>(137,510)</b>	<b>-</b>	<b>625,000</b>
<b>Net change in fund balances</b>	<b>68,273</b>	<b>(739,033)</b>	<b>(42,031)</b>	<b>6,951</b>	<b>225,785</b>
Fund balances, beginning	1,862,326	3,849,799	141,764	891,262	130,253
<b>Fund balances, ending</b>	<b>\$ 1,930,599</b>	<b>\$ 3,110,766</b>	<b>\$ 99,733</b>	<b>\$ 898,213</b>	<b>\$ 356,038</b>

	Burns Road	Total	Total Nonmajor Funds
\$	-	\$ 233,439	\$ 902,782
	-	578,301	578,301
	-	-	4,043,260
	-	-	14,654
	142	8,815	13,322
	-	205,743	793,843
	142	1,026,298	6,346,162
	-	8,503	367,772
	-	34,417	4,118,834
	-	227,674	667,824
	-	1,575,924	1,582,056
	445,000	630,000	630,000
	246,678	346,371	346,371
	691,678	2,822,889	7,712,857
	(691,536)	(1,796,591)	(1,366,695)
	691,677	1,454,187	1,454,187
	-	(137,510)	(137,510)
	691,677	1,316,677	1,316,677
	141	(479,914)	(50,018)
	282,272	7,157,676	9,746,829
\$	282,413	\$ 6,677,762	\$ 9,696,811

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Police Training – Special Revenue Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 14,654	\$ (346)
Miscellaneous	-	-	800	800
<b>Total revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>15,454</b>	<b>454</b>
<b>Expenditures:</b>				
Current:				
Public Safety	14,000	14,000	10,940	3,060
<b>Total expenditures</b>	<b>14,000</b>	<b>14,000</b>	<b>10,940</b>	<b>3,060</b>
<b>Net change in fund balances</b>	<b>1,000</b>	<b>1,000</b>	<b>4,514</b>	<b>3,514</b>
Fund balances, beginning	19,631	15,107	15,106	(1)
<b>Fund balances, ending</b>	<b>\$ 20,631</b>	<b>\$ 16,107</b>	<b>\$ 19,620</b>	<b>\$ 3,513</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Recreation Programs – Special Revenue Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 2,903,573	\$ 2,903,573	\$ 2,725,689	\$ (177,884)
Investment income	2,909	2,909	1,608	(1,301)
Miscellaneous	6,279	6,279	14,914	8,635
<b>Total revenues</b>	<b>2,912,761</b>	<b>2,912,761</b>	<b>2,742,211</b>	<b>(170,550)</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	2,890,340	2,935,340	2,611,517	323,823
Capital outlay	-	-	2,232	(2,232)
<b>Total expenditures</b>	<b>2,890,340</b>	<b>2,935,340</b>	<b>2,613,749</b>	<b>321,591</b>
<b>Net change in fund balances</b>	<b>22,421</b>	<b>(22,579)</b>	<b>128,462</b>	<b>151,041</b>
Fund balances, beginning	838,650	703,361	703,361	-
<b>Fund balances, ending</b>	<b>\$ 861,071</b>	<b>\$ 680,782</b>	<b>\$ 831,823</b>	<b>\$ 151,041</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Golf Course – Special Revenue Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 1,372,548	\$ 1,415,091	\$ 1,317,571	\$ (97,520)
Investment income	678	678	462	(216)
Miscellaneous	131,134	88,591	80,392	(8,199)
<b>Total revenues</b>	<b>1,504,360</b>	<b>1,504,360</b>	<b>1,398,425</b>	<b>(105,935)</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	1,489,634	1,489,634	1,472,900	16,734
<b>Total expenditures</b>	<b>1,489,634</b>	<b>1,489,634</b>	<b>1,472,900</b>	<b>16,734</b>
<b>Net change in fund balances</b>	<b>14,726</b>	<b>14,726</b>	<b>(74,475)</b>	<b>(89,201)</b>
Fund balances, beginning	256,101	264,615	266,347	1,732
<b>Fund balances, ending</b>	<b>\$ 270,827</b>	<b>\$ 279,341</b>	<b>\$ 191,872</b>	<b>\$ (87,469)</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Local Option Gas Tax – Special Revenue Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 656,305	\$ 656,305	\$ 669,343	\$ 13,038
Investment income	4,886	4,886	2,437	(2,449)
Miscellaneous	-	-	93,754	93,754
<b>Total revenues</b>	<b>661,191</b>	<b>661,191</b>	<b>765,534</b>	<b>104,343</b>
<b>Expenditures:</b>				
Current:				
Transportation	490,000	494,822	440,150	54,672
Capital outlay	299,000	861,900	3,900	858,000
<b>Total expenditures</b>	<b>789,000</b>	<b>1,356,722</b>	<b>444,050</b>	<b>912,672</b>
<b>Net change in fund balances</b>	<b>(127,809)</b>	<b>(695,531)</b>	<b>321,484</b>	<b>1,017,015</b>
Fund balances, beginning	784,441	1,526,015	1,526,014	(1)
<b>Fund balances, ending</b>	<b>\$ 656,632</b>	<b>\$ 830,484</b>	<b>\$ 1,847,498</b>	<b>\$ 1,017,014</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Police Grant – Special Revenue Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
<b>Total revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>(10,000)</b>
<b>Expenditures:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>(10,000)</b>
Fund balances, beginning	16,381	-	-	-
<b>Fund balances, ending</b>	<b>\$ 26,381</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ (10,000)</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Recreation Impact – Capital Projects Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 400,000	\$ 670,398	\$ 233,439	\$ (436,959)
Impact fees	40,807	40,807	415,907	375,100
Investment income	2,000	2,000	1,091	(909)
<b>Total revenues</b>	<b>442,807</b>	<b>713,205</b>	<b>650,437</b>	<b>(62,768)</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	-	-	16,636	(16,636)
Capital outlay	800,000	2,574,280	565,528	2,008,752
<b>Total expenditures</b>	<b>800,000</b>	<b>2,574,280</b>	<b>582,164</b>	<b>1,992,116</b>
<b>Net change in fund balances</b>	<b>(357,193)</b>	<b>(1,861,075)</b>	<b>68,273</b>	<b>1,929,348</b>
Fund balances, beginning	361,668	1,862,326	1,862,326	-
<b>Fund balances, ending</b>	<b>\$ 4,475</b>	<b>\$ 1,251</b>	<b>\$ 1,930,599</b>	<b>\$ 1,929,348</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Road Impact – Capital Projects Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ 310,349	\$ 310,349	\$ 446,236	\$ 135,887
Investment income	20,000	20,000	19,064	(936)
<b>Total revenues</b>	<b>330,349</b>	<b>330,349</b>	<b>465,300</b>	<b>134,951</b>
<b>Expenditures:</b>				
Current:				
Transportation	-	-	17,849	(17,849)
Capital outlay	-	2,481,471	706,711	1,774,760
<b>Total expenditures</b>	<b>-</b>	<b>2,481,471</b>	<b>724,560</b>	<b>1,756,911</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>330,349</b>	<b>(2,151,122)</b>	<b>(259,260)</b>	<b>1,891,862</b>
<b>Other financing uses:</b>				
Transfers out	(691,677)	(691,677)	(691,677)	-
<b>Net change in fund balances</b>	<b>(361,328)</b>	<b>(2,842,799)</b>	<b>(950,937)</b>	<b>1,891,862</b>
Fund balances, beginning	2,029,213	4,052,134	4,052,133	(1)
<b>Fund balances, ending</b>	<b>\$ 1,667,885</b>	<b>\$ 1,209,335</b>	<b>\$ 3,101,196</b>	<b>\$ 1,891,861</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Police Impact – Capital Projects Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ 35,698	\$ 35,698	\$ 64,299	\$ 28,601
Investment income	4,000	4,000	4,198	198
<b>Total revenues</b>	<b>39,698</b>	<b>39,698</b>	<b>68,497</b>	<b>28,799</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	4,579	(4,579)
Capital outlay	-	3,999,665	940,461	3,059,204
<b>Total expenditures</b>	<b>-</b>	<b>3,999,665</b>	<b>945,040</b>	<b>3,054,625</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>39,698</b>	<b>(3,959,967)</b>	<b>(876,543)</b>	<b>3,083,424</b>
Other financing sources:				
Transfers in	-	137,510	137,510	-
<b>Net change in fund balances</b>	<b>39,698</b>	<b>(3,822,457)</b>	<b>(739,033)</b>	<b>3,083,424</b>
Fund balances, beginning	401,845	3,849,799	3,849,799	-
<b>Fund balances, ending</b>	<b>\$ 441,543</b>	<b>\$ 27,342</b>	<b>\$ 3,110,766</b>	<b>\$ 3,083,424</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Fire Impact – Capital Projects Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ 113,746	\$ 113,746	\$ 98,095	\$ (15,651)
Investment income	2,000	2,000	1,308	(692)
<b>Total revenues</b>	<b>115,746</b>	<b>115,746</b>	<b>99,403</b>	<b>(16,343)</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	3,924	(3,924)
Capital outlay	120,000	120,000	-	120,000
<b>Total expenditures</b>	<b>120,000</b>	<b>120,000</b>	<b>3,924</b>	<b>116,076</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,254)</b>	<b>(4,254)</b>	<b>95,479</b>	<b>99,733</b>
<b>Other financing uses:</b>				
Transfers out	-	(137,510)	(137,510)	-
<b>Net change in fund balances</b>	<b>(4,254)</b>	<b>(141,764)</b>	<b>(42,031)</b>	<b>99,733</b>
Fund balances, beginning	129,017	141,764	141,764	-
<b>Fund balances, ending</b>	<b>\$ 124,763</b>	<b>\$ -</b>	<b>\$ 99,733</b>	<b>\$ 99,733</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Art Impact – Capital Projects Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	2,076	2,076
Miscellaneous	-	-	92,591	92,591
<b>Total revenues</b>	-	-	94,667	94,667
<b>Expenditures:</b>				
Current:				
Culture and recreation	-	150,000	17,781	132,219
Capital outlay	-	605,000	69,935	535,065
<b>Total expenditures</b>	-	755,000	87,716	667,284
<b>Net change in fund balances</b>	-	(755,000)	6,951	761,951
Fund balances, beginning	-	891,262	891,262	-
<b>Fund balances, ending</b>	\$ -	\$ 136,262	\$ 898,213	\$ 761,951

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**PGA Flyover – Capital Projects Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Miscellaneous	\$ 286,187	\$ 286,187	\$ 113,152	\$ (173,035)
<b>Total revenues</b>	<b>286,187</b>	<b>286,187</b>	<b>113,152</b>	<b>(173,035)</b>
<b>Expenditures:</b>				
Current:				
Transportation	337,600	337,600	227,674	109,926
Debt service:				
Principal	185,000	185,000	185,000	-
Interest	99,963	99,963	99,693	270
<b>Total expenditures</b>	<b>622,563</b>	<b>622,563</b>	<b>512,367</b>	<b>110,196</b>
<b>Deficiency of revenues under expenditures</b>	<b>(336,376)</b>	<b>(336,376)</b>	<b>(399,215)</b>	<b>(62,839)</b>
Other financing sources:				
Transfers in	625,000	625,000	625,000	-
<b>Net change in fund balances</b>	<b>288,624</b>	<b>288,624</b>	<b>225,785</b>	<b>(62,839)</b>
Fund balances, beginning	223,835	130,253	130,253	-
<b>Fund balances, ending</b>	<b>\$ 512,459</b>	<b>\$ 418,877</b>	<b>\$ 356,038</b>	<b>\$ (62,839)</b>

**City of Palm Beach Gardens, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual**  
**Burns Road – Capital Projects Fund**  
**Year Ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 142	\$ 142
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>142</b>
<b>Expenditures:</b>				
Debt service:				
Principal	445,000	445,000	445,000	-
Interest	246,678	246,678	246,678	-
<b>Total expenditures</b>	<b>691,678</b>	<b>691,678</b>	<b>691,678</b>	<b>-</b>
<b>Deficiency of revenues under expenditures</b>	<b>(691,678)</b>	<b>(691,678)</b>	<b>(691,536)</b>	<b>142</b>
Other financing sources:				
Transfers in	691,678	691,678	691,677	(1)
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>141</b>	<b>141</b>
Fund balances, beginning	281,853	282,272	282,272	-
<b>Fund balances, ending</b>	<b>\$ 281,853</b>	<b>\$ 282,272</b>	<b>\$ 282,413</b>	<b>\$ 141</b>

**City of Palm Beach Gardens, Florida**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**September 30, 2010**

	<b>Fleet Management</b>	<b>Self Insurance</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 351,364	\$ 2,655,334	\$ 3,006,698
Accounts receivable	-	58,557	58,557
Inventory	195,863	-	195,863
<b>Total current assets</b>	<b>547,227</b>	<b>2,713,891</b>	<b>3,261,118</b>
Noncurrent assets:			
Capital assets being depreciated, net	1,471,970	-	1,471,970
<b>Total noncurrent assets</b>	<b>1,471,970</b>	<b>-</b>	<b>1,471,970</b>
<b>Total assets</b>	<b>\$ 2,019,197</b>	<b>\$ 2,713,891</b>	<b>\$ 4,733,088</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 69,045	\$ 897,401	\$ 966,446
<b>Total current liabilities</b>	<b>69,045</b>	<b>897,401</b>	<b>966,446</b>
Noncurrent liabilities:			
Claims payable	-	556,710	556,710
Compensated absences payable	26,348	-	26,348
<b>Total noncurrent liabilities</b>	<b>26,348</b>	<b>556,710</b>	<b>583,058</b>
<b>Total liabilities</b>	<b>\$ 95,393</b>	<b>\$ 1,454,111</b>	<b>\$ 1,549,504</b>
<b>Net Assets:</b>			
Invested in capital assets	\$ 1,471,970	\$ -	\$ 1,471,970
Unrestricted	451,834	1,259,780	1,711,614
<b>Total net assets</b>	<b>\$ 1,923,804</b>	<b>\$ 1,259,780</b>	<b>\$ 3,183,584</b>

**City of Palm Beach Gardens, Florida**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Year Ended September 30, 2010**

	Fleet Management	Self Insurance	Total
Operating revenues:			
Charges for service	\$ 2,240,138	\$ -	\$ 2,240,138
Employer contributions	-	5,616,277	5,616,277
Employee contributions	-	697,839	697,839
Miscellaneous	12,918	286,514	299,432
<b>Total operating revenues</b>	<b>2,253,056</b>	<b>6,600,630</b>	<b>8,853,686</b>
Operating expenses:			
Personnel expenses	675,342	-	675,342
Claims expense	-	5,207,470	5,207,470
Repair and maintenance	314,047	-	314,047
Fuel and chemicals	594,380	-	594,380
Operating supplies	114,338	-	114,338
Other professional and contractual	11,023	599,443	610,466
Other expenses	3,058	-	3,058
Depreciation	535,230	-	535,230
<b>Total operating expenses</b>	<b>2,247,418</b>	<b>5,806,913</b>	<b>8,054,331</b>
Operating income	5,638	793,717	799,355
Nonoperating revenues:			
Investment income	-	1,167	1,167
Loss on disposal of capital assets	43,600	-	43,600
<b>Total nonoperating revenues</b>	<b>43,600</b>	<b>1,167</b>	<b>44,767</b>
<b>Change in net assets</b>	<b>49,238</b>	<b>794,884</b>	<b>844,122</b>
Net assets, beginning	1,874,566	464,896	2,339,462
<b>Net assets, ending</b>	<b>\$ 1,923,804</b>	<b>\$ 1,259,780</b>	<b>\$ 3,183,584</b>

**City of Palm Beach Gardens, Florida**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year Ended September 30, 2010**

	Fleet Management	Self Insurance	Total
Cash flows from operating activities:			
Receipts for interfund services provided	\$ 2,240,138	\$ 6,334,913	\$ 8,575,051
Payments to suppliers for goods and services	(1,006,549)	(608,343)	(1,614,892)
Payments to employees for services	(680,566)	-	(680,566)
Payments for claims	-	(5,238,415)	(5,238,415)
Other operating revenues	12,918	286,514	299,432
<b>Net cash provided by operating activities</b>	<b>565,941</b>	<b>774,669</b>	<b>1,340,610</b>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(362,323)	-	(362,323)
Proceeds from sale of capital assets	43,600	-	43,600
<b>Net cash used in capital and related financing activities</b>	<b>(318,723)</b>	<b>-</b>	<b>(318,723)</b>
Cash flows from investing activities:			
Interest earned	-	1,167	1,167
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>1,167</b>	<b>1,167</b>
Net increase in cash and cash equivalents	247,218	775,836	1,023,054
Cash and cash equivalents, beginning of year	104,146	1,879,498	1,983,644
<b>Cash and cash equivalents, end of year</b>	<b>\$ 351,364</b>	<b>\$ 2,655,334</b>	<b>\$ 3,006,698</b>

*Continued on next page.*

**City of Palm Beach Gardens, Florida**  
**Internal Service Funds**  
**Combining Statement of Cash Flows (Continued)**  
**Year Ended September 30, 2010**

	Fleet Management	Self Insurance	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 5,638	\$ 793,717	\$ 799,355
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	535,230	-	535,230
Changes in operating assets and liabilities:			
Accounts receivable	-	20,797	20,797
Inventory	3,114	-	3,114
Accounts payable and accrued liabilities	27,183	(39,845)	(12,662)
Compensated absences	(5,224)	-	(5,224)
<b>Total adjustments</b>	<b>560,303</b>	<b>(19,048)</b>	<b>541,255</b>
<b>Net cash provided by operating activities</b>	<b>\$ 565,941</b>	<b>\$ 774,669</b>	<b>\$ 1,340,610</b>

**City of Palm Beach Gardens, Florida**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2010**

	<b>Pension Trust Funds</b>			
	General Employees	Police	Fire	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 24,327	\$ 2,556,070	\$ 3,574,524	\$ 6,154,921
Investments, at fair values:				
U.S. Government obligations	-	3,219,802	4,761,887	7,981,689
Mortgage backed securities	-	3,027,928	-	3,027,928
Fixed income funds	760,207	-	-	760,207
Corporate bonds	-	8,429,942	4,412,613	12,842,555
Equity securities	-	5,038,662	14,222,217	19,260,879
Equity funds	1,242,685	13,969,719	-	15,212,404
International equity funds	-	3,468,678	5,223,393	8,692,071
International bond funds	-	1,428,171	-	1,428,171
Real estate funds	-	-	2,269,135	2,269,135
<b>Total investments</b>	<b>2,002,892</b>	<b>38,582,902</b>	<b>30,889,245</b>	<b>71,475,039</b>
<b>Receivables:</b>				
Interest	-	149,629	109,959	259,588
Employer	-	-	-	-
State of Florida	-	-	42,854	42,854
Employees	471	63,525	31,204	95,200
Total receivables	471	213,154	184,017	397,642
Prepaid expenses	-	93,580	-	93,580
<b>Total assets</b>	<b>2,027,690</b>	<b>41,445,706</b>	<b>34,647,786</b>	<b>78,121,182</b>
<b>Liabilities:</b>				
Accounts payable	4,501	41,854	56,438	102,793
Due to DROP account	-	-	244,680	244,680
<b>Total liabilities</b>	<b>4,501</b>	<b>41,854</b>	<b>301,118</b>	<b>347,473</b>
<b>Net assets:</b>				
<b>Net assets held in trust     for pension benefits</b>	<b>\$ 2,023,189</b>	<b>\$ 41,403,852</b>	<b>\$ 34,346,668</b>	<b>\$ 77,773,709</b>

**City of Palm Beach Gardens, Florida**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September 30, 2010**

	<b>Pension Trust Funds</b>			
	General Employees	Police	Fire	Total
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 77,437	\$ 3,955,968	\$ 3,550,238	\$ 7,583,643
Insurance premium taxes collected by the State of Florida on behalf of the City of Palm Beach Gardens	-	435,832	658,617	1,094,449
Employees	10,446	779,843	597,752	1,388,041
<b>Total contributions</b>	<b>87,883</b>	<b>5,171,643</b>	<b>4,806,607</b>	<b>10,066,133</b>
<b>Investment earnings (loss):</b>				
Net appreciation/(depreciation) in fair value of investments	148,801	2,895,214	1,771,610	4,815,625
Interest and dividends	18,221	760,191	754,800	1,533,212
<b>Total investment earnings</b>	<b>167,022</b>	<b>3,655,405</b>	<b>2,526,410</b>	<b>6,348,837</b>
Less investment expenses	(7,524)	(139,283)	(169,740)	(316,547)
<b>Net investment earnings (loss)</b>	<b>159,498</b>	<b>3,516,122</b>	<b>2,356,670</b>	<b>6,032,290</b>
<b>Total additions</b>	<b>247,381</b>	<b>8,687,765</b>	<b>7,163,277</b>	<b>16,098,423</b>
<b>Deductions:</b>				
Pension benefits	293,361	1,196,160	567,897	2,057,418
Refund of participant contributions	-	27,142	-	27,142
Administrative expenses	15,550	92,864	88,661	197,075
<b>Total deductions</b>	<b>308,911</b>	<b>1,316,166</b>	<b>656,558</b>	<b>2,281,635</b>
<b>Change in net assets</b>	<b>(61,530)</b>	<b>7,371,599</b>	<b>6,506,719</b>	<b>13,816,788</b>
Net assets, beginning	2,084,719	34,032,253	27,839,949	63,956,921
<b>Net assets, ending</b>	<b>\$ 2,023,189</b>	<b>\$ 41,403,852</b>	<b>\$ 34,346,668</b>	<b>\$ 77,773,709</b>

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## **STATISTICAL SECTION**

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## **Statistical Section Index**

This part of the City of Palm Beach Gardens' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

### **Page**

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Palm Beach Gardens, Florida**  
**Net Assets by Component**  
**Last Eight Fiscal Years**  
**(Accrual Basis of Accounting)**

	2003	2004	2005
Governmental activities:			
Invested in capital assets, net of related debt	\$ 41,678,672	\$ 47,266,504	\$ 52,524,730
Restricted	8,912,604	15,671,654	18,706,997
Unrestricted	16,961,768	14,361,514	11,839,633
<b>Total governmental activities net assets</b>	<b>67,553,044</b>	<b>77,299,672</b>	<b>83,071,360</b>
Business-type activities:			
Invested in capital assets, net of related debt	(2,236,869)	(1,391,784)	(1,377,423)
Restricted	611,313	-	-
Unrestricted	421,708	221,741	220,103
<b>Total business-type activities net assets</b>	<b>(1,203,848)</b>	<b>(1,170,043)</b>	<b>(1,157,320)</b>
Primary government:			
Invested in capital assets, net of related debt	39,441,803	45,874,720	51,147,307
Restricted	9,523,917	15,671,654	18,706,997
Unrestricted	17,383,476	14,583,255	12,059,736
<b>Total primary government net assets</b>	<b>\$ 66,349,196</b>	<b>\$ 76,129,629</b>	<b>\$ 81,914,040</b>

Note: Data not available prior to fiscal year 2003 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Table 1

<b>Fiscal Year</b>				
2006	2007	2008	2009	2010
\$ 55,645,259	\$ 62,235,884	\$ 63,743,178	\$ 67,009,120	\$ <b>67,825,780</b>
14,898,785	14,083,021	12,679,885	13,449,860	<b>12,950,242</b>
19,024,256	20,235,445	25,149,412	25,731,157	<b>26,836,009</b>
89,568,300	96,554,350	101,572,475	106,190,137	<b>107,612,031</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
55,645,259	62,235,884	63,743,178	67,009,120	<b>67,825,780</b>
14,898,785	14,083,021	12,679,885	13,449,860	<b>12,950,242</b>
19,024,256	20,235,445	25,149,412	25,731,157	<b>26,836,009</b>
\$ 89,568,300	\$ 96,554,350	\$ 101,572,475	\$ 106,190,137	\$ <b>107,612,031</b>

**City of Palm Beach Gardens, Florida**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year</b>		
	2003	2004	2005
<b>Expenses:</b>			
Governmental activities:			
General Government	\$ 7,912,852	\$ 13,899,785	\$ 13,548,562
Public Safety	22,860,109	26,944,280	30,419,891
Culture/Recreation	5,353,104	5,927,344	7,139,745
Physical Environment	3,128,692	4,639,930	4,568,664
Transportation	3,105,384	2,962,465	2,758,280
Interest on long-term debt	1,576,511	1,095,103	1,254,477
<b>Total governmental activities expenses</b>	<b>43,936,652</b>	<b>55,468,907</b>	<b>59,689,619</b>
Business-type activities:			
Golf Course	1,729,909	1,677,140	1,896,021
<b>Total business-type activities expenses</b>	<b>1,729,909</b>	<b>1,677,140</b>	<b>1,896,021</b>
<b>Total primary government expenses</b>	<b>\$ 45,666,561</b>	<b>\$ 57,146,047</b>	<b>\$ 61,585,640</b>
<b>Program revenues:</b>			
Governmental activities:			
Charges for services:			
General Government	\$ 4,167,758	\$ 6,048,502	\$ 5,599,809
Public Safety	1,940,783	1,995,627	2,039,879
Culture/Recreation	1,367,552	1,265,684	1,902,858
Transportation	17,037	-	-
Operating grants and contributions	-	1,762,120	114,005
Capital grants and contributions	6,204,026	3,758,850	2,168,711
<b>Total governmental activities program revenues</b>	<b>13,697,156</b>	<b>14,830,783</b>	<b>11,825,262</b>
Business-type activities:			
Charges for services:			
Golf Course	1,254,384	1,246,536	1,377,545
<b>Total business-type activities program revenues</b>	<b>1,254,384</b>	<b>1,246,536</b>	<b>1,377,545</b>
<b>Total primary government program revenues</b>	<b>\$ 14,951,540</b>	<b>\$ 16,077,319</b>	<b>\$ 13,202,807</b>

Note: Data not available prior to fiscal year 2003 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Table 2

Fiscal Year				
2006	2007	2008	2009	2010
\$ 11,413,853	\$ 15,695,350	\$ 14,954,447	\$ 15,136,680	\$ <b>14,021,839</b>
33,064,986	37,209,988	39,223,990	41,112,818	<b>43,008,415</b>
10,071,747	10,178,475	8,784,481	9,151,914	<b>10,140,073</b>
9,036,996	7,059,139	6,067,686	5,771,316	<b>3,962,941</b>
2,121,258	2,262,265	3,860,350	3,954,595	<b>2,613,051</b>
1,834,969	1,557,260	1,662,578	1,492,723	<b>1,396,709</b>
<b>67,543,809</b>	<b>73,962,477</b>	<b>74,553,532</b>	<b>76,620,046</b>	<b>75,143,028</b>
-	-	-	-	-
-	-	-	-	-
<b>\$ 67,543,809</b>	<b>\$ 73,962,477</b>	<b>\$ 74,553,532</b>	<b>\$ 76,620,046</b>	<b>\$ 75,143,028</b>
\$ 6,690,824	\$ 3,751,106	\$ 8,518,696	\$ 8,594,096	\$ <b>8,409,479</b>
2,344,719	2,816,679	2,438,907	2,423,564	<b>2,587,741</b>
4,284,306	4,756,464	4,650,101	4,168,677	<b>4,459,166</b>
2,400,886	924,325	580,406	237,674	<b>446,235</b>
348,059	223,287	1,483,394	1,296,236	<b>2,576,479</b>
4,011,982	1,219,771	557,820	3,551,406	<b>744,438</b>
<b>20,080,776</b>	<b>13,691,632</b>	<b>18,229,324</b>	<b>20,271,653</b>	<b>19,223,538</b>
-	-	-	-	-
-	-	-	-	-
<b>\$ 20,080,776</b>	<b>\$ 13,691,632</b>	<b>\$ 18,229,324</b>	<b>\$ 20,271,653</b>	<b>\$ 19,223,538</b>

*Continued on next page.*

**City of Palm Beach Gardens, Florida**  
**Changes in Net Assets (Continued)**  
**Last Eight Fiscal Years**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year</b>		
	2003	2004	2005
Net (expense) revenue:			
Governmental activities	\$ (30,239,496)	\$ (40,638,124)	\$ (47,864,357)
Business-type activities	(475,525)	(430,604)	(518,476)
<b>Total primary government net expense</b>	<b>\$ (30,715,021)</b>	<b>\$ (41,068,728)</b>	<b>\$ (48,382,833)</b>
<b>General revenues and other changes in net assets:</b>			
Governmental activities:			
Taxes:			
Property taxes	\$ 26,979,019	\$ 30,581,316	\$ 35,118,504
Local business tax	-	-	-
Franchise taxes	3,049,795	3,370,103	3,832,276
Public service taxes	739,827	675,624	721,730
Unrestricted intergovernmental:			
Sales tax and local option gas tax	3,636,355	3,378,464	3,597,796
State shared revenue	170,428	850,494	1,115,490
Local shared revenue	-	-	-
Impact fees	5,357,006	6,260,509	6,812,932
Unrestricted investment earnings	657,101	554,197	1,129,469
Gain on disposal of capital assets	-	-	-
Miscellaneous	405,875	1,573,389	1,803,848
Transfers	(451,416)	(422,889)	(496,000)
Cumulative effect of change in accounting principle	-	-	-
Special item - change in retirement plans	-	-	-
<b>Total governmental activities</b>	<b>\$ 40,543,990</b>	<b>\$ 46,821,207</b>	<b>\$ 53,636,045</b>
Business-type activities:			
Investment earnings	\$ 38,048	\$ 15,904	\$ 11,199
Miscellaneous	24,000	25,616	24,000
Transfers	451,416	422,889	496,000
<b>Total business-type activities</b>	<b>513,464</b>	<b>464,409</b>	<b>531,199</b>
<b>Total primary government</b>	<b>\$ 41,057,454</b>	<b>\$ 47,285,616</b>	<b>\$ 54,167,244</b>
Change in net assets:			
Governmental activities	\$ 10,304,494	\$ 6,183,083	\$ 5,771,688
Business-type activities	37,939	33,805	12,723
<b>Total primary government</b>	<b>\$ 10,342,433</b>	<b>\$ 6,216,888</b>	<b>\$ 5,784,411</b>

Note: Data not available prior to fiscal year 2003 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

<b>Fiscal Year</b>				
2006	2007	2008	2009	2010
\$ (47,463,033)	\$ (60,270,845)	\$ (56,324,208)	\$ (56,348,393)	<b>\$ (55,919,490)</b>
-	-	-	-	-
<b>\$ (47,463,033)</b>	<b>\$ (60,270,845)</b>	<b>\$ (56,324,208)</b>	<b>\$ (56,348,393)</b>	<b>\$ (55,919,490)</b>
\$ 40,923,938	\$ 50,541,564	\$ 50,362,460	\$ 50,314,207	<b>\$ 46,762,961</b>
-	-	1,531,977	1,540,700	<b>1,464,400</b>
4,964,878	5,380,778	-	-	-
796,705	860,052	956,919	1,278,766	<b>1,087,582</b>
4,062,558	4,060,521	4,039,597	3,726,391	<b>3,754,372</b>
1,252,205	1,265,548	1,193,969	1,076,977	<b>1,802,019</b>
-	-	-	-	<b>121,564</b>
-	-	-	-	-
2,548,250	3,159,845	1,741,515	1,415,326	<b>764,799</b>
-	55,284	242,496	17,141	<b>43,748</b>
1,374,851	1,601,212	1,273,400	1,596,547	<b>1,539,939</b>
(1,157,320)	-	-	-	-
(806,092)	-	-	-	-
-	332,091	-	-	-
<b>\$ 53,959,973</b>	<b>\$ 67,256,895</b>	<b>\$ 61,342,333</b>	<b>\$ 60,966,055</b>	<b>\$ 57,341,384</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,157,320	-	-	-	-
1,157,320	-	-	-	-
<b>\$ 55,117,293</b>	<b>\$ 67,256,895</b>	<b>\$ 61,342,333</b>	<b>\$ 60,966,055</b>	<b>\$ 57,341,384</b>
\$ 6,496,940	\$ 6,986,050	\$ 5,018,125	\$ 4,617,662	<b>\$ 1,421,894</b>
1,157,320	-	-	-	-
<b>\$ 7,654,260</b>	<b>\$ 6,986,050</b>	<b>\$ 5,018,125</b>	<b>\$ 4,617,662</b>	<b>\$ 1,421,894</b>

**City of Palm Beach Gardens, Florida**  
**Fund Balances of Governmental Funds**  
**Last Eight Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	<b>Fiscal Year</b>		
	2003	2004	2005
General fund:			
Reserved	\$ 1,696,120	\$ 2,605,845	\$ 4,685,857
Unreserved	9,580,486	14,127,469	10,470,244
<b>Total general fund</b>	<b>11,276,606</b>	<b>16,733,314</b>	<b>15,156,101</b>
All other governmental funds:			
Reserved	11,229,646	15,275,028	14,021,140
Unreserved, reported in:			
Capital projects funds	2,472,044	-	3,081,755
Special revenue funds	674,927	417,637	517,938
<b>Total all other governmental funds</b>	<b>14,376,617</b>	<b>15,692,665</b>	<b>17,620,833</b>
<b>Total governmental funds</b>	<b>\$ 25,653,223</b>	<b>\$ 32,425,979</b>	<b>\$ 32,776,934</b>

Note: Data not available prior to fiscal year 2003 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Table 3

<b>Fiscal Year</b>				
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 1,867,692	\$ 1,948,873	\$ 753,223	\$ 3,477,030	\$ <b>3,683,178</b>
17,701,909	19,195,329	24,375,131	23,773,067	<b>24,275,427</b>
19,569,601	21,144,202	25,128,354	27,250,097	<b>27,958,605</b>
15,461,972	14,227,898	13,054,853	574,931	<b>2,750,338</b>
-	-	-	10,675,542	<b>7,054,998</b>
1,152,372	1,432,549	1,926,716	2,548,489	<b>2,992,671</b>
16,614,344	15,660,447	14,981,569	13,798,962	<b>12,798,007</b>
\$36,183,945	\$36,804,649	\$ 40,109,923	\$ 41,049,059	\$ <b>40,756,612</b>

**City of Palm Beach Gardens, Florida**  
**Changes in Fund Balances of Governmental Funds**  
**Last Eight Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	<b>Fiscal Year</b>		
	2003	2004	2005
<b>Revenues:</b>			
Ad valorem taxes	\$ 26,979,019	\$ 30,581,316	\$ 35,118,504
Local business tax	-	-	-
Utility taxes	739,827	675,624	721,730
Franchise fees	3,049,795	3,370,103	3,832,276
Licenses and permits	3,955,167	5,654,010	5,599,810
Intergovernmental	8,977,875	6,979,749	6,996,002
Impact fees	5,357,006	6,260,509	6,812,932
Charges for services	3,046,124	3,063,717	3,942,738
Fines and forfeitures	368,171	535,148	312,599
Investment income	652,658	550,916	1,125,900
Miscellaneous	1,775,169	4,313,325	1,544,895
<b>Total revenues</b>	<b>54,900,811</b>	<b>61,984,417</b>	<b>66,007,386</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	7,539,311	12,910,353	12,703,284
Public Safety	21,708,478	25,566,510	29,250,972
Culture and Recreation	5,127,967	5,593,314	6,764,046
Physical Environment	2,927,775	4,310,982	4,434,178
Transportation	1,684,572	1,634,307	1,233,738
Capital outlay	11,661,632	5,844,148	7,542,442
<b>Debt service:</b>			
Principal	885,267	1,993,273	1,926,679
Interest	1,553,386	1,328,080	1,234,078
Bond issuance costs	-	329,811	30,475
Other debt service costs	-	-	123,775
<b>Total expenditures</b>	<b>53,088,388</b>	<b>59,510,778</b>	<b>65,243,667</b>
Excess (deficiency) of revenues over (under) expenditures	1,812,423	2,473,639	763,719
<b>Other financing sources (uses):</b>			
Transfers in	683,717	1,021,177	1,584,962
Transfers out	(1,083,908)	(1,391,304)	(2,028,200)
Capital leases	-	-	-
Sale of capital assets	-	-	-
Bonds and notes issued	584,387	5,359,401	-
Refunding bonds issued	-	15,515,000	6,901,176
Premium on bond issuance	-	424,476	-
Payment to refunded bond escrow agent	-	(16,629,633)	(6,870,701)
<b>Total other financing sources (uses)</b>	<b>184,196</b>	<b>4,299,117</b>	<b>(412,763)</b>
<b>Special items:</b>			
Proceeds from defined contribution plan	-	-	-
Payment to defined benefit plan	-	-	-
<b>Total special items</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	<b>\$ 1,996,619</b>	<b>\$ 6,772,756</b>	<b>\$ 350,956</b>
Debt service as a percentage of noncapital expenditures	<b>5.89%</b>	<b>6.80%</b>	<b>5.75%</b>

Note: Data not available prior to fiscal year 2003 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Table 4

Fiscal Year				
2006	2007	2008	2009	2010
\$ 40,923,938	\$ 50,541,564	\$ 50,362,460	\$ 50,314,207	<b>\$46,762,961</b>
-	-	-	1,540,700	<b>1,464,400</b>
796,705	860,052	956,919	1,278,766	<b>1,087,582</b>
4,964,878	5,380,778	5,516,091	5,702,964	<b>5,040,183</b>
3,988,155	3,718,105	4,364,095	2,020,336	<b>2,363,552</b>
9,597,521	6,757,761	6,906,638	6,454,771	<b>8,693,914</b>
4,508,074	2,270,519	1,467,356	567,498	<b>1,024,537</b>
3,998,671	5,502,144	5,641,891	5,865,175	<b>6,263,022</b>
2,079,227	524,216	320,944	436,227	<b>301,780</b>
2,548,247	3,159,847	1,740,605	1,414,745	<b>763,632</b>
2,653,313	1,858,214	2,028,842	2,070,220	<b>1,738,946</b>
<b>76,058,729</b>	<b>80,573,200</b>	<b>79,305,841</b>	<b>77,665,609</b>	<b>75,504,509</b>
10,343,003	15,293,318	14,613,265	14,592,013	<b>13,579,416</b>
32,321,657	35,103,794	37,695,130	39,078,675	<b>41,375,382</b>
9,125,769	8,775,280	7,354,317	7,363,738	<b>8,360,697</b>
6,294,347	6,892,190	5,848,500	5,375,753	<b>3,602,222</b>
762,383	890,103	818,837	809,220	<b>685,673</b>
13,831,316	9,026,003	6,305,054	5,239,712	<b>3,940,814</b>
2,364,709	2,787,745	2,848,158	2,929,195	<b>2,948,742</b>
1,478,670	1,573,958	1,488,484	1,398,206	<b>1,304,010</b>
39,500	-	-	-	-
-	-	-	-	-
<b>76,561,354</b>	<b>80,342,391</b>	<b>76,971,745</b>	<b>76,786,512</b>	<b>75,796,956</b>
<b>(502,625)</b>	<b>230,809</b>	<b>2,334,096</b>	<b>879,097</b>	<b>(292,447)</b>
1,488,139	1,845,332	1,373,777	4,291,078	<b>1,454,187</b>
(1,333,704)	(1,787,528)	(1,321,015)	(4,238,316)	<b>(1,454,187)</b>
-	-	712,418	-	-
-	-	206,000	7,278	-
3,755,200	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>3,909,635</b>	<b>57,804</b>	<b>971,180</b>	<b>60,040</b>	<b>-</b>
-	3,642,218	-	-	-
-	(3,310,127)	-	-	-
-	332,091	-	-	-
<b>\$ 3,407,010</b>	<b>\$ 620,704</b>	<b>\$ 3,305,276</b>	<b>\$ 939,137</b>	<b>\$ (292,447)</b>
<b>6.19%</b>	<b>6.08%</b>	<b>6.10%</b>	<b>5.88%</b>	<b>5.87%</b>

**City of Palm Beach Gardens, Florida**  
**Net Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Year Ended September 30,	Real Property					Total
	Residential Property	Commercial Property	Industrial Property	Other Property		
2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,422,435,298
2002	-	-	-	-	-	3,694,841,329
2003	-	-	-	-	-	4,180,491,898
2004	-	-	-	-	-	4,924,323,436
2005	4,560,597,118	1,068,583,139	31,022,658	58,639,528		5,718,842,443
2006	5,556,032,957	1,150,418,815	51,770,706	57,740,577		6,815,963,055
2007	7,175,984,136	1,584,435,691	67,918,360	67,073,542		8,895,411,729
2008	7,633,899,238	1,760,317,064	76,620,371	65,923,845		9,536,760,518
2009	7,229,265,998	1,871,391,912	81,429,357	57,716,346		9,239,803,613
<b>2010</b>	<b>6,420,991,961</b>	<b>1,669,597,264</b>	<b>187,362,285</b>	<b>54,338,191</b>		<b>8,332,289,701</b>

Note: Assessed values are established by the Palm Beach County Property Appraiser's Office as of January 1, each year. Assessments were increased to 100% of market value as of 1980.

Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

The City does not have information on the assessed value per category prior to September 30, 2005, therefore, only total taxable property assessed value is presented.

Source: Palm Beach County Property Appraiser's Office

N/A - Information not available

**Table 5**

Personal Property	Centrally Assessed	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 290,919,559	\$ 914,685	\$ 3,714,269,542	5.1748	N/A	N/A
306,033,226	917,667	4,001,792,222	6.1679	N/A	N/A
320,720,228	944,192	4,502,156,318	6.2500	N/A	N/A
322,568,279	1,071,152	5,247,962,867	6.0400	N/A	N/A
326,789,276	1,116,960	6,046,748,679	6.0260	N/A	N/A
353,028,500	1,118,109	7,170,109,664	5.9280	N/A	N/A
407,846,639	1,263,926	9,304,522,294	5.6550	\$ 11,805,444,204	78.82%
431,242,245	1,287,840	9,969,290,603	5.2540	12,266,508,331	81.27%
445,097,893	2,302,570	9,687,204,076	5.3990	11,905,455,511	81.37%
<b>435,423,487</b>	<b>1,525,288</b>	<b>8,769,238,476</b>	<b>5.5390</b>	<b>10,584,957,812</b>	<b>82.85%</b>

**City of Palm Beach Gardens, Florida**  
**Property Tax Rates – Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	City of Palm Beach Gardens			Palm Beach County School District	Palm Beach County
	Operating Millage	Debt Service Millage	Total City Millage		
2001	4.7548	0.4200	5.1748	8.9180	4.9362
2002	5.7765	0.3914	6.1679	8.9480	4.9351
2003	5.9067	0.3433	6.2500	8.7790	4.8084
2004	5.7450	0.2950	6.0400	8.5710	4.7910
2005	5.7680	0.2580	6.0260	8.4320	4.7677
2006	5.7080	0.2200	5.9280	8.1060	4.7192
2007	5.4950	0.1600	5.6550	7.8720	4.4775
2008	5.1050	0.1490	5.2540	7.3560	3.9813
2009	5.2500	0.1490	5.3990	7.2510	3.9656
<b>2010</b>	<b>5.3900</b>	<b>0.1490</b>	<b>5.5390</b>	<b>7.9830</b>	<b>4.5614</b>

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Source: City of Palm Beach Gardens Finance Department and Palm Beach County Property Appraiser's Office

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Palm Beach Gardens. Not all overlapping rates apply to all City of Palm Beach Gardens property owners (i.e. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

**Table 6**

Overlapping Rates <sup>(1)</sup>					
Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	Total Direct and Overlapping Rates
1.0250	0.5403	0.6970	0.5000	0.0410	21.8323
1.1500	0.5403	0.6970	0.5703	0.0385	23.0471
1.1300	0.5403	0.6970	0.6228	0.0385	22.8660
1.1300	0.5833	0.6970	0.6902	0.0385	22.5410
1.1000	0.5807	0.6970	0.6902	0.0385	22.3321
1.0800	0.6250	0.6970	0.6887	0.0385	21.8824
0.9700	0.5989	0.6970	0.6199	0.0385	20.9288
0.8900	0.5441	0.6240	0.5823	0.0345	19.2662
0.9975	0.5427	0.6240	0.6009	0.0345	19.4152
<b>1.1451</b>	<b>0.5518</b>	<b>0.6240</b>	<b>0.6898</b>	<b>0.0345</b>	<b>21.1286</b>

**City of Palm Beach Gardens, Florida  
Principal Property Taxpayers  
September 30, 2010**

**Table 7**

Taxpayer	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value <sup>(1)</sup>
Landry, Lawrence L.	\$ 205,000,000	1	2.34%
GLL US Retail LP	105,147,822	2	1.20%
Downtown at the Gardens LLC	67,247,126	3	0.77%
WCI Communities	65,208,300	4	0.74%
Northlake Blvd LLC	56,833,511	5	0.65%
Devonshire at PGA National LLC	54,455,275	6	0.62%
Grande at Mirasol, Inc.	54,206,475	7	0.62%
3801 PGA Acquisition Co	50,622,243	8	0.58%
WFGR Resort Core V LLC	50,000,000	9	0.57%
GB Investors LLC	44,060,479	10	<u>0.50%</u>
	<u>\$ 752,781,231</u>		<u>8.59%</u>

Note: Information for 2010 was not available from the Palm Beach County Tax Collector. Prior year information for 2009 was the most recent year available.

Note: Information is not available prior to 2006. Therefore, the 10 year comparison is not included.

Source: Tax roll provided by Palm Beach County Property Appraisers Office.

**City of Palm Beach Gardens, Florida**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**September 30, 2010**

**Table 8**

Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2001	\$ 19,220,602	\$ 18,459,195	96.04%	\$ 24,374	\$ 18,483,569	96.17%
2002	24,683,054	23,716,342	96.08%	72,692	23,789,034	96.38%
2003	28,138,476	26,947,136	95.77%	31,106	26,978,242	95.88%
2004	31,697,696	30,542,942	96.36%	59,393	30,602,335	96.54%
2005	36,437,708	35,080,464	96.28%	23,068	35,103,532	96.34%
2006	42,572,206	40,896,417	96.06%	12,127	40,908,544	96.09%
2007	52,521,899	50,475,571	96.10%	136,736	50,612,307	96.36%
2008	52,378,653	50,382,769	96.19%	616,696	50,999,465	97.37%
2009	52,198,753	49,743,531	95.30%	79,882	49,823,413	95.45%
<b>2010</b>	<b>48,572,811</b>	<b>46,500,965</b>	<b>95.73%</b>	<b>-</b>	<b>46,500,965</b>	<b>95.73%</b>

Source: City of Palm Beach Gardens Finance Department and Palm Beach County Tax Collector's Office.

**City of Palm Beach Gardens, Florida**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Year Ended September 30,	Governmental Activities				
	Revenue	General	Capital		
	Bonds	Obligation Bonds	Leases	Notes	Loans
2001	\$ 11,985,000	\$ 16,591,247	\$ -	\$ 3,858,403	\$ -
2002	-	15,899,211	-	3,701,991	11,985,000
2003	-	15,179,154	1,386,119	3,538,375	11,985,000
2004	19,320,000	14,421,071	1,173,370	364,401	-
2005	18,090,000	13,970,914	850,515	291,521	-
2006	26,355,200	13,342,497	515,637	218,641	-
2007	24,582,260	12,451,896	388,260	145,761	-
2008	22,802,384	11,527,046	996,465	72,881	-
2009	20,980,228	10,567,106	922,247	-	-
<b>2010</b>	<b>19,110,327</b>	<b>9,566,340</b>	<b>844,172</b>	<b>-</b>	<b>-</b>

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 130 for population data.

**Table 9**

Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
Revenue Bonds	Capital Leases	Loans			
\$ 7,245,000	\$ 251,832	\$ -	\$ 39,931,482	0.0787%	\$ 1,126
-	584,696	7,015,000	39,185,898	0.0751%	1,074
-	98,677	6,775,000	38,962,325	0.0730%	988
6,410,000	66,008	-	41,754,850	0.0755%	985
6,090,000	33,116	-	39,326,066	0.0617%	863
-	-	-	40,431,975	0.0569%	839
-	-	-	37,568,177	0.0504%	761
-	-	-	35,398,776	0.0478%	704
-	-	-	32,469,581	N/A	650
-	-	-	<b>29,520,839</b>	<b>N/A</b>	<b>590</b>

**City of Palm Beach Gardens, Florida**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 10**

Year Ended September 30,	General Obligation Bonds	Percentage of Total Taxable Assessed Value <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2001	\$ 16,591,247	0.45%	\$ 468
2002	15,899,211	0.40%	436
2003	15,179,154	0.34%	385
2004	14,421,071	0.27%	340
2005	13,970,914	0.23%	306
2006	13,342,497	0.19%	277
2007	12,451,896	0.13%	252
2008	11,527,046	0.12%	229
2009	10,567,106	0.11%	212
<b>2010</b>	<b>9,566,340</b>	<b>0.11%</b>	<b>191</b>

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statement.

(1) See the Schedule of Net Assessed Value on page 119 for Total Taxable Assessed Value of Taxable Property.

(2) See the Schedule of Demographic and Economic Statistics on page 130 for population data.

**City of Palm Beach Gardens, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2010**

**Table 11**

Government Unit	Net Debt Outstanding	Percentage Applicable to the City of Palm Beach Gardens <sup>(1)</sup>	Amount Applicable to the City of Palm Beach Gardens
Debt repaid with property taxes:			
Palm Beach County	\$ 250,470,000	5.22%	\$ 13,074,534
Palm Beach County School Board	-	5.21%	-
Other debt:			
Palm Beach County	888,161,139	5.22%	46,362,011
Palm Beach County School Board	1,915,848	5.21%	99,816
Subtotal, Overlapping Debt			59,536,361
City of Palm Beach Gardens Direct Debt			29,520,839
<b>Total Direct and Overlapping Debt</b>			<b>\$ 89,057,200</b>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business.

Source: Data provided by the Palm Beach County Finance Department and the Palm Beach County School Board.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's and School Board's taxable assessed value that is within the City's boundaries.

**City of Palm Beach Gardens, Florida**  
**Pledged Revenue Coverage**  
**Last Five Fiscal Years**

**2003 Public Improvement and Refunding Bonds**

Year Ended September 30,	Local Business Tax	Franchise Fees	Utility Taxes	Licenses and Permits	Inter-governmental
2006	\$ -	\$ 4,964,878	\$ 796,705	\$ 3,988,155	\$ 8,597,198
2007	-	5,380,778	860,052	3,718,105	6,757,761
2008	-	5,516,091	956,919	4,364,095	6,906,638
2009	1,540,700	5,702,964	1,278,766	2,020,336	6,454,771
<b>2010</b>	<b>1,464,400</b>	<b>5,040,183</b>	<b>1,087,582</b>	<b>2,363,552</b>	<b>8,693,914</b>

	Non Ad Valorem Revenue Available for Debt Coverage	Debt Service		Coverage
		Principal	Interest	
2006	\$ 24,759,337	\$ 1,580,000	\$ 872,142	10.10
2007	27,761,117	1,425,000	840,544	12.25
2008	27,476,025	1,455,000	812,042	12.12
2009	26,783,904	1,485,000	780,032	11.82
<b>2010</b>	<b>27,717,011</b>	<b>1,520,000</b>	<b>742,908</b>	<b>12.25</b>

Note: The City's 2003 Public Improvement Revenue Bonds are obligations of the City payable solely from and secured solely by non ad valorem revenue. The original bonds were issued in November 2003 to refund certain prior obligations of the City. Additional bonds were issued in 2005 and 2006 to finance the cost of improvements to the City's golf course, parks and public safety facilities ad valorem revenue.

Data not available prior to fiscal year 2006.

Source: City of Palm Beach Gardens Finance Department

Table 12

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	Charges for Services	Fines and Forfeitures	Investment Income	Miscellaneous	Non Ad Valorem Revenue Available for Debt Coverage
\$	1,285,282	\$ 2,078,519	\$ 1,538,635	\$ 1,509,965	\$ 24,759,337
	5,502,144	524,216	3,159,847	1,858,214	27,761,117
	5,641,891	320,944	1,740,605	2,028,842	27,476,025
	5,865,175	436,227	1,414,745	2,070,220	26,783,904
	<b>6,263,022</b>	<b>301,780</b>	<b>763,632</b>	<b>1,738,946</b>	<b>27,717,011</b>

**City of Palm Beach Gardens, Florida  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Table 13**

Year	Population <sup>(1)</sup>	Palm Beach County Personal Income <sup>(2)</sup> (In Thousands)	Palm Beach County Per Capita Income <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
2001	35,463	\$ 50,712,143	\$ 43,876	9,226	2.5%
2002	36,498	52,147,502	43,822	9,544	3.3%
2003	39,423	53,357,809	44,050	9,010	3.2%
2004	42,384	55,310,321	44,518	8,985	3.1%
2005	45,584	63,756,287	50,371	8,854	2.2%
2006	48,176	71,061,748	55,311	8,764	3.7%
2007	49,387	74,548,299	59,147	8,417	3.7%
2008	50,282	74,099,427	52,725	9,933	4.3%
2009	49,941	N/A	N/A	10,338	7.3%
<b>2010</b>	<b>50,075</b>	<b>N/A</b>	<b>N/A</b>	<b>10,549</b>	<b>7.6%</b>

Sources:

- (1) University of Florida, Bureau of Business and Economic Research
- (2) U.S. Department of Commerce, Bureau of Economic analysis
- (3) Palm Beach County School Board Budget Office
- (4) Business Development Board of Palm Beach County

N/A: Information not available

**City of Palm Beach Gardens, Florida**  
**Principal Employers**  
**September 30, 2010**

**Table 14**

Employer	2010		
	Employees	Rank	Percentage of Total City Employment
Palm Beach County School Board	1,193	1	4.39%
Tenet Healthcare Corp	855	2	3.15%
PGA National Resort & Spa	780	3	2.87%
Biomet 3i, Inc.	519	4	1.91%
Virtual Bank	497	5	1.83%
Belcan Corporation	467	6	1.72%
City of Palm Beach Gardens	437	7	1.61%
Palm Beach Gardens Marriott	277	8	1.02%
Global Care Solutions	250	9	0.92%
Anspach Companies	<u>242</u>	10	<u>0.89%</u>
	<u>5,517</u>		<u>20.31%</u>

Note: Information is not available prior to 2006. Therefore, the 10 year comparison is not included.

Source: Business Development Board of Palm Beach County

**City of Palm Beach Gardens, Florida**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Five Fiscal Years**

**Table 15**

	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Number of Employees:					
General Government	82	73	97	95	<b>80</b>
Public Safety	277	286	282	272	<b>272</b>
Culture and Recreation	74	75	65	64	<b>72</b>
Physical Environment	68	80	57	53	<b>40</b>
<b>Total Number of Employees</b>	<b>501</b>	<b>514</b>	<b>501</b>	<b>484</b>	<b>464</b>

Note: Indicators are not available prior to 2006.

Source: City of Palm Beach Gardens Finance Department

**City of Palm Beach Gardens, Florida**  
**Operating Indicators by Function/Program**  
**Last Five Fiscal Years**

**Table 16**

Function/Program:	Fiscal Year				
	2006	2007	2008	2009	2010
<b>General Government:</b>					
Information Technology:					
Number of online inspections scheduled	7,000	10,000	7,808	6,188	<b>6,495</b>
City Clerk:					
Public records request	1,478	520	486	553	<b>140</b>
Finance:					
A/P checks issued	6,328	6,793	6,366	6,829	<b>6,829</b>
Growth Management:					
Number of projects completed	12	35	25	23	<b>23</b>
<b>Public Safety:</b>					
Police personnel and officers	158	158	157	150	<b>150</b>
Fire personnel	128	128	125	122	<b>122</b>
Number of foot patrols conducted in business districts	8,500	8,500	11,497	16,400	<b>14,500</b>
Number of foot patrols conducted in neighborhood communities	36	36	36	36	<b>35</b>
Number of fire rescue calls	4,000	7,073	7,155	7,410	<b>8,000</b>
<b>Culture and Recreation:</b>					
Special event attendees	79,000	60,000	71,600	75,000	<b>104,100</b>
General program participants	115,048	125,000	126,000	9,220	<b>16,710</b>
Youth camp registrations	2,729	3,503	3,636	3,805	<b>3,750</b>
Number of Signature City magazines mailed	84,000	89,000	89,000	5,241	-
Tennis members	278	333	566	356	<b>360</b>
Rounds of golf played	29,132	44,977	43,657	43,000	<b>38,835</b>
General pool admissions	20,393	45,490	36,401	32,144	<b>32,910</b>
<b>Physical Environment:</b>					
Curb miles swept	2,000	2,100	3,095	800	<b>800</b>
Linear feet of storm drains cleaned	1,500	1,600	13,200	800	<b>1,000</b>
Permits issued	8,202	9,191	8,929	5,272	<b>6,013</b>
Value of permits	375,192,522	336,554,569	343,341,142	189,340,190	<b>178,555,009</b>
Inspections performed	40,000	26,000	23,442	19,250	<b>18,950</b>

Note: Indicators are not available prior to 2006 and for the transportation function.

Sources: Various City Departments

**City of Palm Beach Gardens, Florida**  
**Capital Asset Statistics by Function/Program**  
**Last Five Fiscal Years**

**Table 17**

Function/Program:	Fiscal Year				
	2006	2007	2008	2009	<b>2010</b>
General Government:					
Number of general government buildings	1	1	1	1	<b>1</b>
Public Safety:					
Fire stations	5	5	5	5	<b>5</b>
Transportation:					
Miles of streets	53	53	53	54	<b>54</b>
Culture and Recreation:					
Parks acreage	168	168	168	168	<b>168</b>
Parks	9	9	11	11	<b>11</b>
Golf courses	1	1	1	1	<b>1</b>
Soccer fields	10	10	10	10	<b>10</b>
Roller hockey rinks	2	2	2	2	<b>2</b>
Baseball/softball fields	17	17	15	15	<b>15</b>
Tennis courts	17	17	19	19	<b>19</b>
Playgrounds	8	8	9	9	<b>9</b>
Basketball courts	12	12	12	12	<b>13</b>
Racquetball courts	2	2	6	6	<b>6</b>
Skatepark	1	1	1	1	<b>1</b>
Swimming pools	3	3	3	3	<b>3</b>

Note: Indicators are not available prior to 2006 and for the physical environment function.

Sources: Various City Departments

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## **COMPLIANCE SECTION**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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**

To the Honorable Mayor, City Council  
City of Palm Beach Gardens, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palm Beach Gardens, Florida (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 22, 2011. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting 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 financial reporting 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 above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

This report is intended solely for the information and use of management, City Council, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

*Rampell + Rampell, P.A.*

Rampell & Rampell, P.A.  
Palm Beach, Florida

February 22, 2011



**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES  
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor, City Council  
City of Palm Beach Gardens, Florida

We have audited the financial statements of the City of Palm Beach Gardens, Florida, as of and for the fiscal year ended September 30, 2010 and have issued our report thereon dated February 22, 2011.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in this report, which is dated February 22, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action has been taken to address the recommendation made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City was in compliance with the provisions of Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City has disclosed this information in the notes to the financial statements. There are no component units related to the City.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Rampell + Rampell, P.A.*

Rampell & Rampell, P.A.  
Palm Beach, Florida

February 22, 2011