

# City of Palm Beach Gardens, Florida



Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
September 30, 2013

# City of Palm Beach Gardens, Florida

Comprehensive Annual Financial Report  
Year Ended September 30, 2013

**PREPARED BY**

**THE FINANCE DEPARTMENT**

The Table of Contents contains Quick Links to various pages of this document.  
 Just click an underlined section below and you will be taken directly to that section.  
 This document also contains bookmarks for easier document navigation.

**City of Palm Beach Gardens, Florida**  
**Table of Contents**

<hr/>	
<b>Introductory Section</b>	
<hr/>	
Letter of Transmittal	iii
Principal City Officials	vii
Organization Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
<hr/>	
<b>Financial Section</b>	
<hr/>	
Report of Independent Certified Public Accountants	5
Management’s Discussion and Analysis	9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Governmental Funds	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	32
Proprietary Funds:	
Statement of Net Position – Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	35
Statement of Cash Flows – Proprietary Funds	36
Fiduciary Funds:	
Statement of Net Position – Fiduciary Funds	38
Statement of Changes in Net Position – Fiduciary Funds	39
Notes to Basic Financial Statements	43
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	72
Schedule of Funding Progress	76
Schedule of Employer Contributions	77
Schedule of OPEB Funding Progress	78
Notes to Required Supplementary Information	79

---

**Financial Section (continued)**

---

Combining and Individual Fund Financial Statements and Schedules:	
Other Governmental Funds	85
Combining Balance Sheet – Other Governmental Funds	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	90
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Police Training – Special Revenue Fund	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Recreation Programs – Special Revenue Fund	95
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Golf Course – Special Revenue Fund	96
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Local Option Gas Tax – Special Revenue Fund	97
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Recreation Impact – Capital Projects Fund	98
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road Impact – Capital Projects Fund	99
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Police Impact – Capital Projects Fund	100
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Fire Impact – Capital Projects Fund	101
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Art Impact – Capital Projects Fund	102
Combining Statement of Net Position – Internal Service Funds	103
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	104
Combining Statement of Cash Flows – Internal Service Funds	105
Combining Statement of Fiduciary Net Position – Pension Trust Funds	107
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	108

---

**Statistical Section**

---

Index	111
Financial Trends:	
Table 1 – Net Position by Component	112
Table 2 – Changes in Net Position	114
Table 3 – Fund Balances of Governmental Funds	118
Table 4 – Changes in Fund Balances of Governmental Funds	120

---

**Statistical Section (continued)**

---

## Revenue Capacity:

Table 5 – Net Assessed Value and Estimated Actual Value of Taxable Property	122
Table 6 – Property Tax Rates – Direct and Overlapping Governments	124
Table 7 – Principal Property Taxpayers	126
Table 8 – Property Tax Levies and Collections	127

## Debt Capacity:

Table 9 – Ratios of Outstanding Debt by Type	128
Table 10 – Ratios of General Bonded Debt Outstanding	130
Table 11 – Direct and Overlapping Governmental Activities Debt	131
Table 12 – Pledged Revenue Coverage	132

## Demographic and Economic Information:

Table 13 – Demographic and Economic Statistics	134
Table 14 – Principal Employers	135

## Operating Information:

Table 15 – Full-time Equivalent City Government Employees by Function	136
Table 16 – Operating Indicators by Function/Program	138
Table 17 – Capital Assets Statistics by Function/Program	140

---

**Compliance Section**

---

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	143
Management Letter In Accordance with the Rules of the Auditor General of the State of Florida	145

---

---

## **INTRODUCTORY SECTION**

---

---

This page intentionally left blank.



**CITY OF PALM BEACH GARDENS**  
10500 N. Military Trail • Palm Beach Gardens, Florida 33410-4698

April 18, 2014

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 nine 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, 2013.

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, 2013, 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 unmodified opinion that the City of Palm Beach Gardens' financial statements for the year ended September 30, 2013, 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 49,434. 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 72-75.

**Local Economy.** The City of Palm Beach Gardens has evolved into an upscale community with the current tax base of the City reflecting a dependence on residential tax assessments with approximately 79% 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.

Because the City of Palm Beach Gardens has been fortunate to have land mass that has been available for residential development, 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's tax revenues was substantial, and necessitated the exploration of alternate funding sources and expenditure reductions to maintain current levels of services.

In an effort to diversify and thus stabilize the economic base, the City of Palm Beach Gardens realized the need to attract industries and employers. Before state and local officials began courting The Scripps Research Institute, the City adopted an Economic Development Element in the City's Comprehensive Plan in January, 2005. Its adoption indicated the City's commitment to its economic goal to achieve a balanced and diversified economy which is compatible with the City's quality built environment and protects important natural resources. The City adopted policies in order to attain the objectives of a balanced and diversified economy, moderate seasonality in employment, increase opportunity for small business enterprises, improve the availability of education and training opportunities, and maintain the balance between man-made and natural environments. Based on the skill sets of the citizenry (available work force) and demographic data collected, growth in targeted cluster industries such as biotechnology, communications, information technology, medical products, marine biology, aerospace research, and associated ancillary businesses would be encouraged. The City has committed a portion of fund balance that will be used to provide future economic incentives as a way to attract companies in these industries.

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, and leisure service industries. Major employers include G4S Headquarters, Palm Beach Gardens Medical Center, Palm Beach County School Board, PGA National Resort & Spa, TBC Corp, Biomet 3i, Belcan Engineering Group, Cross Match Technologies, and Anspach Companies. The bioscience industry will continue to grow rapidly within the City's boundaries as the expansion of the Scripps Research Institute develops.

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 building has also been completed 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.

In July of 2013, Florida Power & Light (FPL) was granted approval by the City for a master plan to develop a 1,000,000 square foot corporate headquarter within the City that will employ up to 3,500 people.

The City of Palm Beach Gardens had an unemployment rate of 4.9%. This rate compares favorably to the state of Florida rate of 6.8% and to the national unemployment rate of 7.2%. With the prospect of a major biotech medical research facility expanding within the City and the addition of a number of corporate headquarters, 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.

Unassigned fund balance in the general fund (39% of total general fund expenditures) exceeds the policy guideline of a minimum of 17%. 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 2013, there were several projects that will further enhance the City's parks, facilities, and roadways. Three major projects included the Golf Course Modernization project, the construction of a new fire station, and the Plant/Lilac Park improvement project.

The Golf Course Modernization project will be completed during the next fiscal year and includes improvements to the irrigation system, playing surfaces, drainage upgrades, and other course improvements. The project was 85% complete as of September 30, 2013.

A new fire station was approved during the fiscal year but construction will begin during the next fiscal year. Funding was received in the amount of \$2.6 million.

The Plant/Lilac Park Improvement project includes the construction of restrooms and concession stands at both Lilac and Plant Drive parks as well as installation of additional fencing, parking, and other amenities to improve the current use. The project was 61% complete as of September 30, 2013.

#### 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, 2012. This was the eighteenth 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, 2013. 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 unfailing 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 Administrator

**City of Palm Beach Gardens, Florida**  
**Principal City Officials**  
As of September 30, 2013

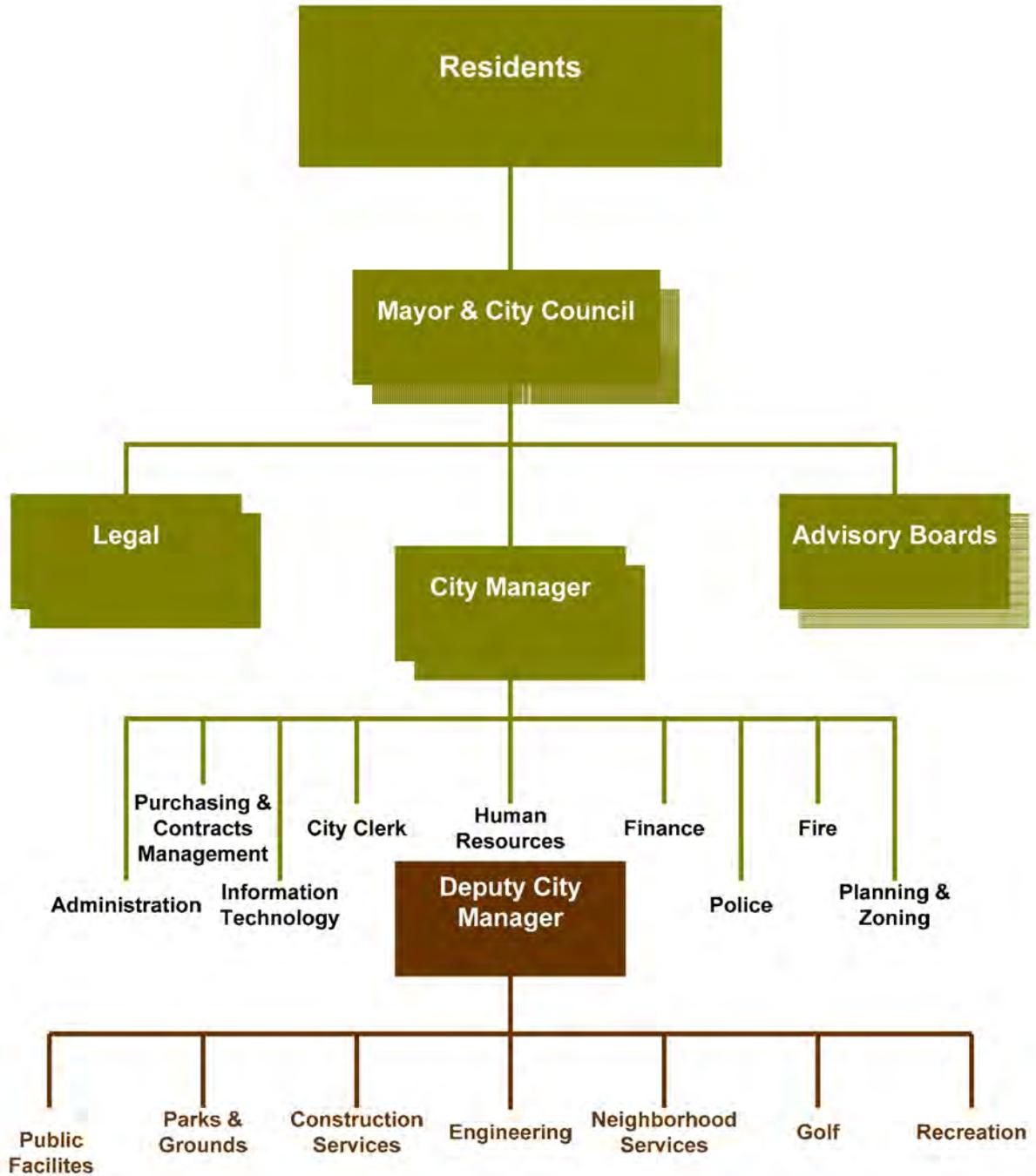
**TITLE**

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

**NAME**

Robert G. Premuroso  
Eric Jablin  
Joseph R. Russo  
Marcie Tinsley  
David Levy  
Ronald M. Ferris  
Jack Doughney  
Corbett & White, P.A.  
Patricia Snider  
Allan Owens  
Sheryl Stewart  
Eric Holdt  
Stephen Stepp  
Michael Southard

City of Palm Beach Gardens, Florida  
Organization Chart





Government Finance Officers Association

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, 2012**

Executive Director/CEO



---

---

## **FINANCIAL SECTION**

---

---

This page intentionally left blank.

---

---

**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

---

---

This page intentionally left blank.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Palm Beach Gardens, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Palm Beach Gardens, Florida's Police Officers' Pension Fund and the City of Palm Beach Gardens, Florida's Firefighters' Pension Fund (collectively, the Pension Trust Funds), which represents 98% of the total assets and total additions of the Fiduciary Funds of the City of Palm Beach Gardens, Florida. 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 from material misstatement.

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

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

***Opinions***

In our opinion, 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 of Palm Beach Gardens, Florida, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the

year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 19 and the budgetary comparison schedule, schedules of funding progress and employer contributions for the defined benefit pension plans, and the schedule of funding progress for other postemployment benefits on pages 72 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

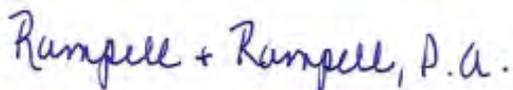
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Palm Beach Gardens, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2014, on our consideration of the City of Palm Beach Gardens, Florida'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Palm Beach Gardens, Florida's internal control over financial reporting and compliance.



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

April 18, 2014

---

---

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

---

This page intentionally left blank.

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

---

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, 2013. 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 and deferred outflows of resources of the City of Palm Beach Gardens exceeded its liabilities at the close of the most recent fiscal year by \$110.3 million (*net position*). Of this amount, \$29.0 million (*unrestricted net position*) may be used to meet the ongoing obligations to citizens and creditors. During the year ended September 30, 2013, the City's net position increased by approximately \$4.8 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43.5 million, an increase of approximately \$6.3 million in comparison with the prior year. 62.3% of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance of the general fund was \$27.1 million, or 39.0% of total general fund expenditures for financial reporting purposes. This amount includes the \$3.6 million budget stabilization fund.
- The City's total governmental debt increased by \$1.7 million (7.0%) during the current fiscal year due to bonds issued for improvements to the City's golf course and the construction of a fire station.

### 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 position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 86 – 102 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 72 – 75).

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 103 – 106 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 statements 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 107 – 108 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.

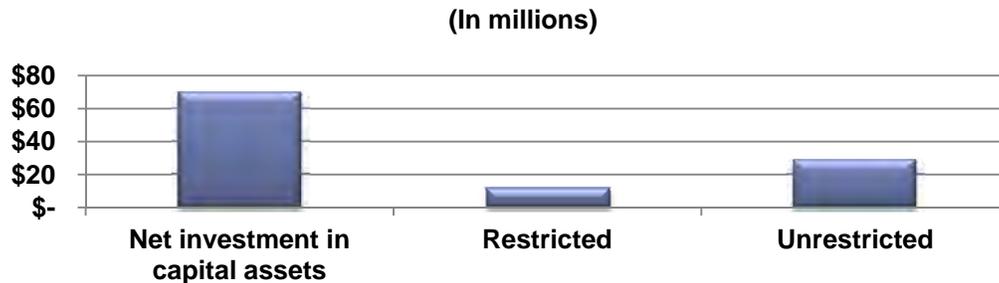
The notes to the basic financial statements can be found on pages 43 – 67 of this report.

**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 72 – 81 of this report.

## Government-wide Financial Analysis

As noted earlier, net position 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 and deferred outflows of resources exceeded liabilities by \$110.3 million at the close of the most recent fiscal year. By far the largest portion of the City's net position (63.4%) 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 position, \$11.5 million (10.4%), represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$29.0 million (26.2%) may be used to meet the City's ongoing obligations to citizens and creditors.

### City of Palm Beach Gardens Net Position September 30, 2013 and 2012

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

	Governmental Activities	
	2013	2012
Current and other assets	\$ 58,172,127	\$ 49,772,592
Capital assets, net	91,578,861	91,828,868
<b>Total assets</b>	<b>\$ 149,750,988</b>	<b>\$ 141,601,460</b>
<b>Total deferred outflows of resources</b>	<b>1,490,413</b>	<b>1,725,352</b>
Long-term liabilities	\$ 27,621,596	\$ 25,269,611
Other liabilities	13,301,152	12,536,087
<b>Total liabilities</b>	<b>\$ 40,922,748</b>	<b>\$ 37,805,698</b>
Net investment in capital assets	<b>\$ 70,034,049</b>	<b>\$ 69,245,447</b>
Restricted	<b>11,487,326</b>	<b>7,934,680</b>
Unrestricted	<b>28,797,278</b>	<b>28,340,987</b>
<b>Total net position</b>	<b>\$ 110,318,653</b>	<b>\$ 105,521,114</b>

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

There was an overall increase in the City's assets of \$8.1 million or 5.8% during the current fiscal year. The increase is a result of increased revenues relating to the increase in City construction activity and the portion of bonds issued that has not been spent at fiscal year end.

The City's liabilities increased by \$3.1 million or 8.2% during the current fiscal year. The increase is caused by the issuance of debt to fund improvements to the City's golf course and for the construction of a new fire station.

**City of Palm Beach Gardens  
Changes in Net Position  
September 30, 2013 and 2012**

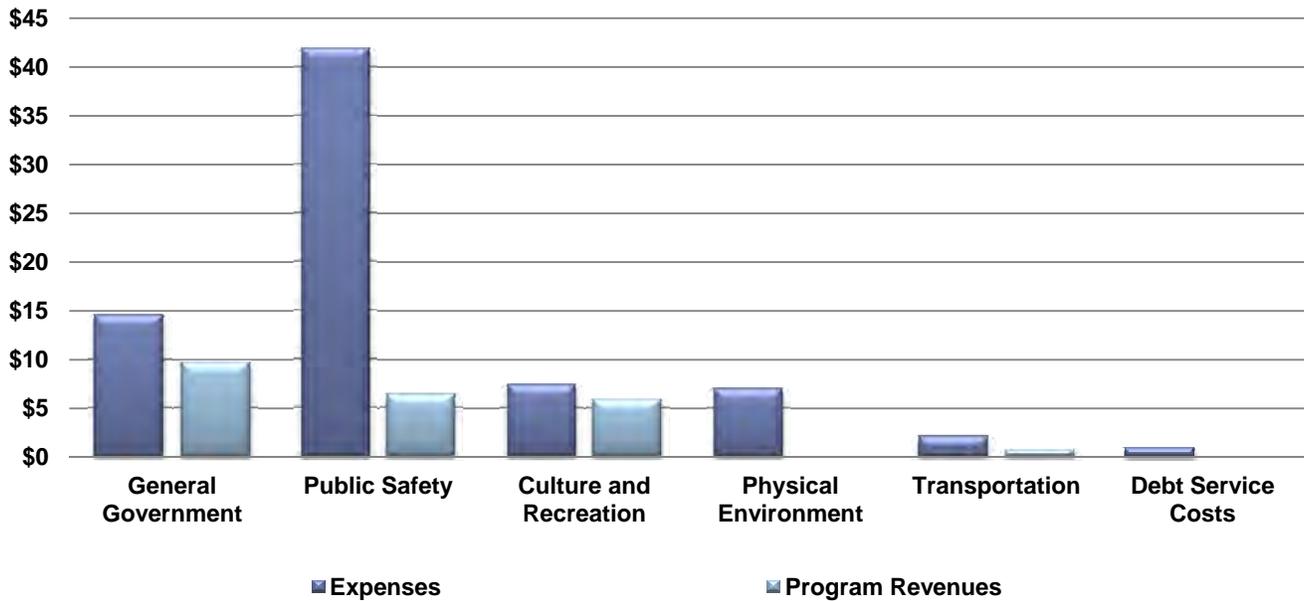
	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 21,101,176	\$ 18,211,246
Operating grants and contributions	1,470,016	1,650,949
Capital grants and contributions	123,665	167,897
General revenues:		
Taxes:		
Property taxes	44,946,393	44,232,540
Local business tax	1,424,382	1,370,720
Public service taxes	2,220,036	1,829,028
Unrestricted intergovernmental:		
Sales tax and local option gas tax	4,013,779	3,850,419
State shared revenue	1,304,870	1,236,054
Local shared revenue	74,589	119,452
Unrestricted investment earnings	165,741	299,589
Gain/(loss) on disposal of capital assets	290,676	(7,165)
Miscellaneous	1,837,258	1,294,975
<b>Total revenues</b>	<b>78,972,581</b>	<b>74,255,704</b>
<b>Expenses:</b>		
General government	14,577,754	13,772,084
Public safety	41,943,456	43,586,151
Culture/recreation	7,435,778	7,470,717
Physical environment	7,031,948	6,876,606
Transportation	2,214,405	1,927,567
Interest on long-term debt	935,201	945,926
Other debt service costs	36,500	91,923
<b>Total expenses</b>	<b>74,175,042</b>	<b>74,670,974</b>
Change in net position	4,797,539	(415,270)
Net position – beginning as previously stated	105,521,114	106,089,588
Prior year adjustment – implementation of GASB 65	-	(153,204)
<b>Net position – ending</b>	<b>\$ 110,318,653</b>	<b>\$ 105,521,114</b>

**Governmental Activities.** As illustrated in the table on the previous page, net position of the City's governmental activities increased by approximately \$4.8 million or 4.6% from \$105.5 million in last fiscal year to \$110.3 million in the current fiscal year. Key elements of this increase are:

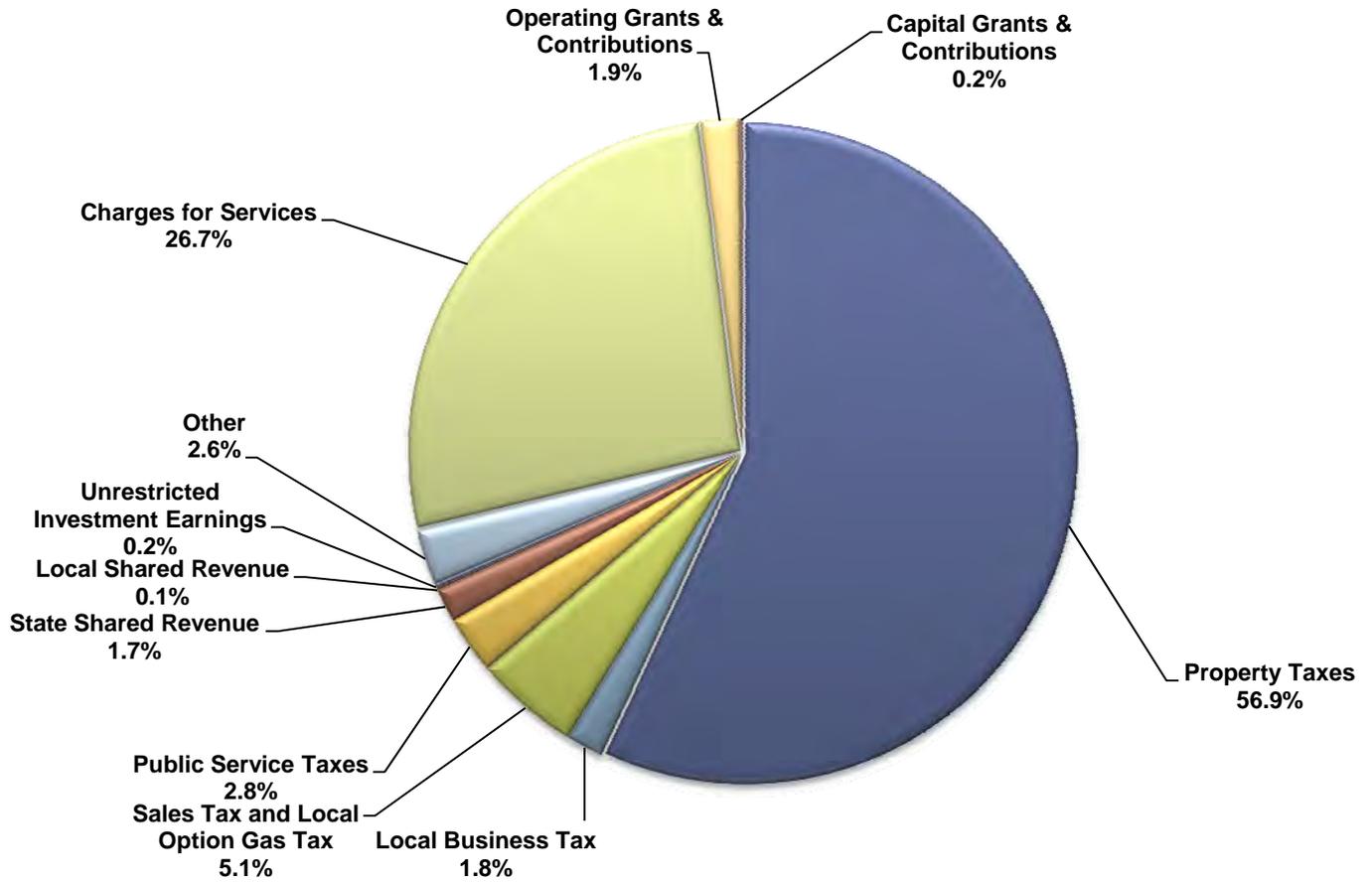
- Charges for services increased by \$2.9 million (15.9%), due to an increase in new construction activity resulting in an increase of approximately \$1.1 million (49.6%) in building permit revenue and \$1.8 million (240%) in impact fee collections.
- Total revenues increased \$4.7 million as a net result of the increase in charges for services listed above, the first full year of the increase in the public service tax rate from 1.5% to 3.5% resulting in a 21.4% (\$391,000) increase and an increase in property taxes of \$714,000 (1.6%) due to rising property values.
- Total expenses remained consistent with the prior year, decreasing slightly by less than 1% (649,000). Public safety expenses decreased by \$1.6 million due to the results of pension reform and other contractual changes that went into effect at the start of the fiscal year.

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, 2013**



**City of Palm Beach Gardens  
Revenues by Source - Governmental Activities  
Year Ended September 30, 2013**



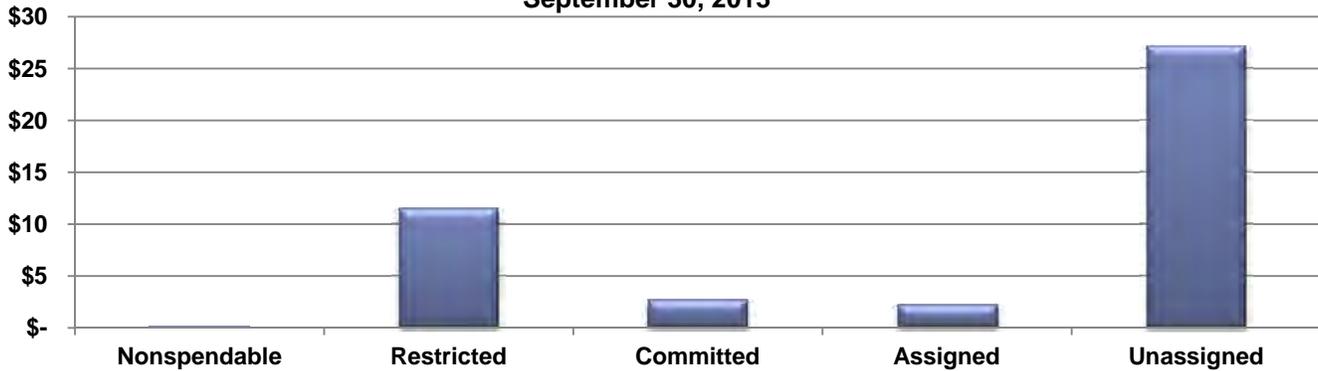
As illustrated in the chart above, property taxes comprise 56.9% of total governmental activity revenues.

**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, unassigned 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, 2013**



As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43.5 million, an increase of \$6.3 million in comparison with the prior year.

Approximately 62.3% of this total amount (\$27.1 million) represents unassigned fund balance, which includes the budget stabilization fund and amounts available for spending at the City's discretion. The remainder of fund balance was restricted, committed, assigned, or nonspendable for a variety of purposes, such as construction projects, economic development, and law enforcement.

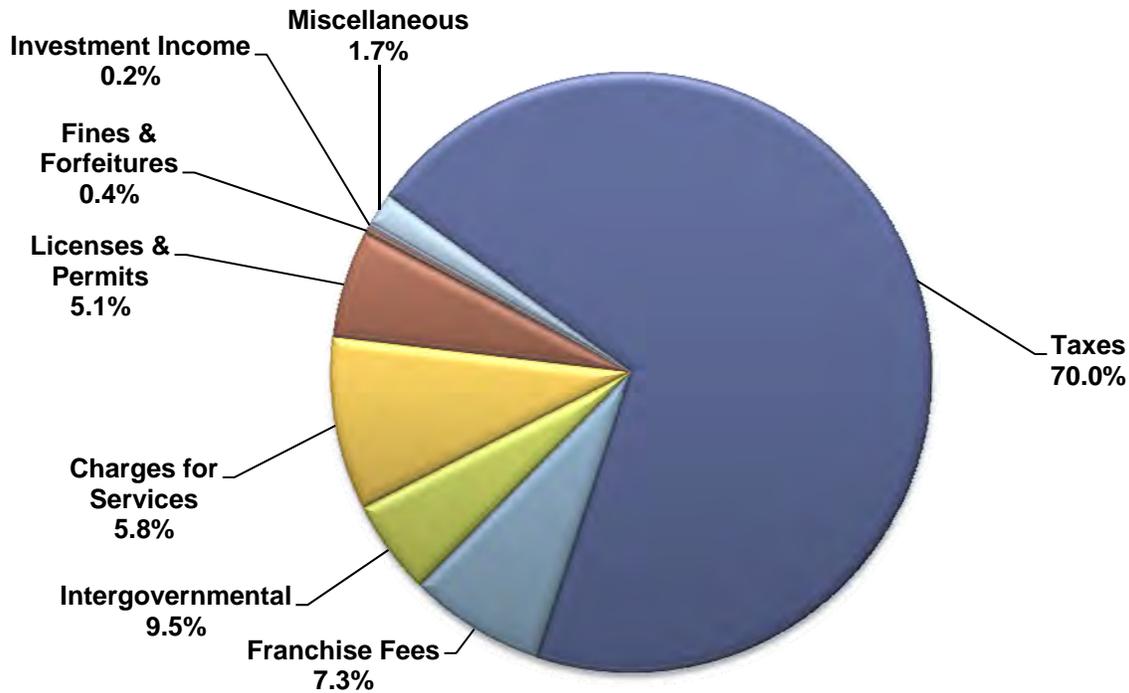
The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$27.1 million, nonspendable fund balance was approximately \$78,000, restricted fund balance was approximately \$3.5 million, committed fund balance was approximately \$2.6 million, and assigned fund balance was \$1.4 million for a total fund balance of \$34.7 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	2013 Amount	Percent of Total	2012 Amount	Percent of Total	Increase (Decrease) From 2012	Percentage of Increase (Decrease)
Taxes	\$48,590,811	70.0%	\$47,432,288	71.1%	\$ 1,158,523	2.4 %
Franchise fees	5,101,610	7.3%	5,327,897	7.9%	(226,287)	(4.2)%
Licenses and permits	3,537,512	5.1%	2,414,586	3.6%	1,122,926	46.5 %
Intergovernmental	6,488,781	9.5%	6,214,031	9.4%	274,750	4.4 %
Charges for services	3,995,591	5.8%	3,910,601	5.9%	84,990	2.2 %
Fines and forfeitures	297,308	0.4%	150,291	0.2%	147,017	97.8 %
Investment income	155,479	0.2%	297,271	0.4%	(141,792)	(47.7)%
Miscellaneous	1,184,987	1.7%	988,550	1.5%	196,437	19.9 %
<b>Total revenues</b>	<b>\$69,352,079</b>	<b>100.0%</b>	<b>\$66,735,515</b>	<b>100.0%</b>	<b>\$ 2,616,564</b>	<b>3.9 %</b>

As illustrated above, General Fund revenues increased by approximately \$2.6 million, or 3.9%, in fiscal year 2013.

Taxes increased by \$1.2 million or 2.4% as a result of an increase in property values. Licenses and permits increased by \$1.1 million or 46.5% due to an increase in building permits on new construction activity.

**City of Palm Beach Gardens  
General Fund Revenues  
Year Ended September 30, 2013**



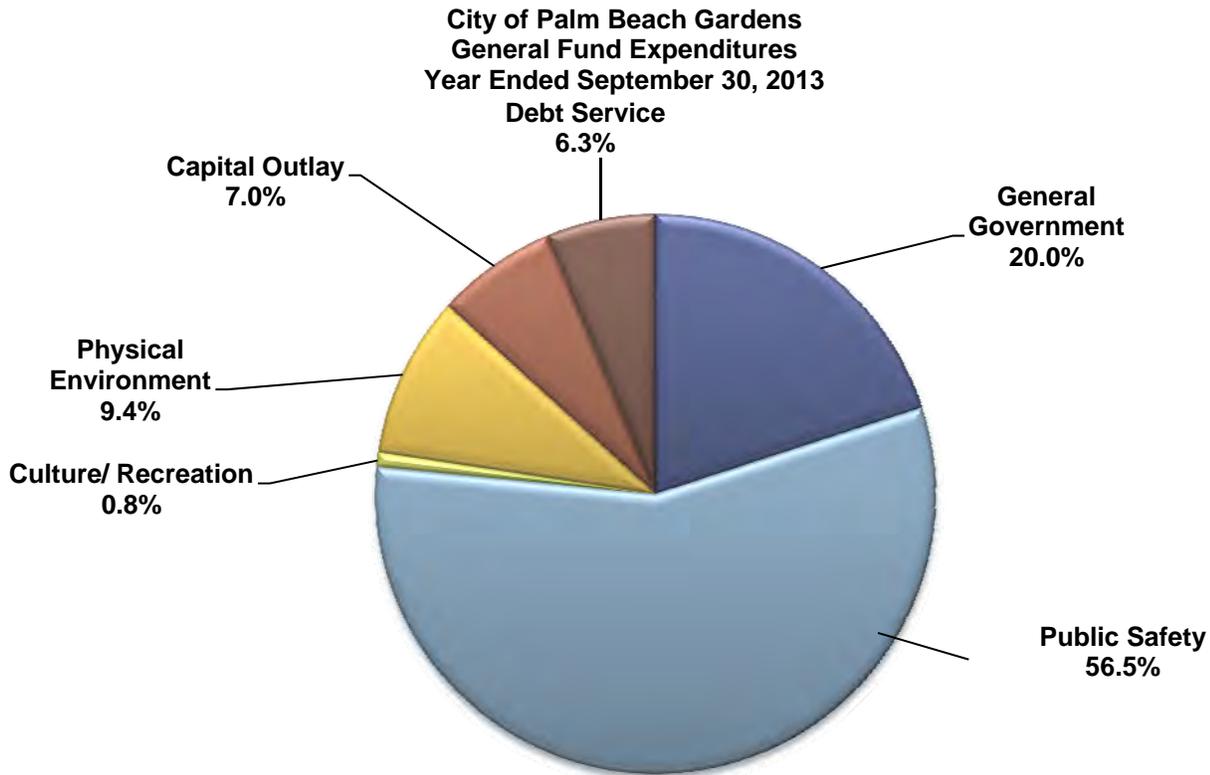
The graph above illustrates the percentage composition of General Fund revenues by type. As can be seen, Taxes comprise the majority of General Fund revenues, with the next largest sources of revenues being Intergovernmental revenues and Franchise Fees.

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

Expenditures	2013 Amount	Percent of Total	2012 Amount	Percent of Total	Increase (Decrease) From 2012	Percentage of Increase (Decrease)
General government	\$ 13,891,617	20.0%	\$ 13,101,603	19.3%	\$ 790,014	6.0 %
Public safety	39,268,996	56.5%	41,127,279	61.0%	(1,858,283)	(4.5)%
Culture and recreation	585,825	.8%	832,609	1.2%	(246,784)	(29.6)%
Physical environment	6,496,310	9.4%	6,151,650	9.1%	344,660	5.6 %
Capital outlay	4,835,916	7.0%	1,615,525	2.4%	3,220,391	199.3 %
Debt Service	4,373,414	6.3%	4,541,768	6.7%	(15,150)	(0.3)%
<b>Total expenditures</b>	<b>\$ 69,452,078</b>	<b>100.0%</b>	<b>\$ 67,370,434</b>	<b>100.0%</b>	<b>\$ 2,234,848</b>	<b>3.3 %</b>

In fiscal year 2013, total General Fund expenditures increased \$2.2 million or 3.3% compared to the prior year. The net increase is due to an increase in capital outlay and partially offset by a decrease in public safety expenditures. The increase in capital outlay expenditures of \$3.2 million related to new capital leases for a fire truck and two rescue units and capital improvements to the City's golf course. Public safety expenses decreased by \$1.9 million due to the results of pension reform and other contractual changes that went into effect at the start of the fiscal year.

As illustrated in the graph below, Public Safety expenditures account for 56.5% 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 \$627,000 from impact fees and \$2,000 from investment income. Capital outlay expenditures of \$338,000 were for a traffic signal installed within the City. At the end of the current fiscal year, fund balance was \$1,514,818.

### General Fund Budgetary Highlights

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

- Adjust the carryover of funds by the amounts restricted, committed, or assigned for purchase orders and projects from the previous fiscal year.
- Adjust fund balance carryovers to actual amounts per the fiscal year 2012 audit.
- Authorize the issuance of public improvement bonds for the purpose of golf course improvements and the construction of a new fire station.
- Allocate a portion of fund balance to fund irrigation improvements at the golf course.

Actual revenue exceeded final budgeted revenue by approximately \$2.9 million mostly due to favorable variances in building permit activity of \$1.3 million, EMS transport fees of \$465,000, and ad valorem taxes of \$315,000.

Expenditures were \$5.6 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, 2013, which amount to \$91.6 million (net of accumulated depreciation). This investment in capital

assets includes 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 less than 1%.

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	<b>\$14,852,345</b>	\$14,852,345
Construction in progress	<b>4,589,024</b>	2,325,137
Buildings	<b>19,561,268</b>	20,529,813
Roadways	<b>24,878,536</b>	25,974,469
Drainage and structures	<b>13,568,695</b>	13,765,900
Machinery and equipment	<b>6,154,566</b>	6,048,881
Improvements other than buildings	<b>7,974,427</b>	8,332,323
<b>Total</b>	<b>\$91,578,861</b>	\$91,828,868

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

- Capital lease purchase of two fire rescue units and a fire truck totaling approximately \$1.2 million.
- Gardens Park improvements totaling approximately \$700,000.
- Purchase of seventeen vehicles including ten police vehicles and a maintenance shop truck totaling approximately \$404,000.

Additional information on the City's capital assets can be found in Note 5 starting on page 52 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 \$26.1 million. All of the City's outstanding debt is secured by specified revenue sources.

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Debt payable:</b>		
General obligation	<b>\$ 6,365,138</b>	\$ 7,489,697
Non ad valorem bonds payable	<b>18,109,251</b>	16,080,348
Capital leases payable	<b>1,608,643</b>	801,213
<b>Total</b>	<b>\$ 26,083,032</b>	\$ 24,371,258

All of the City's general obligation debt is rated AA+ by Standard & Poor's and Fitch Ratings and AAA by Moody's. The City's non-ad valorem debt is rated AA by Standard & Poor's and Fitch and Aa1 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.

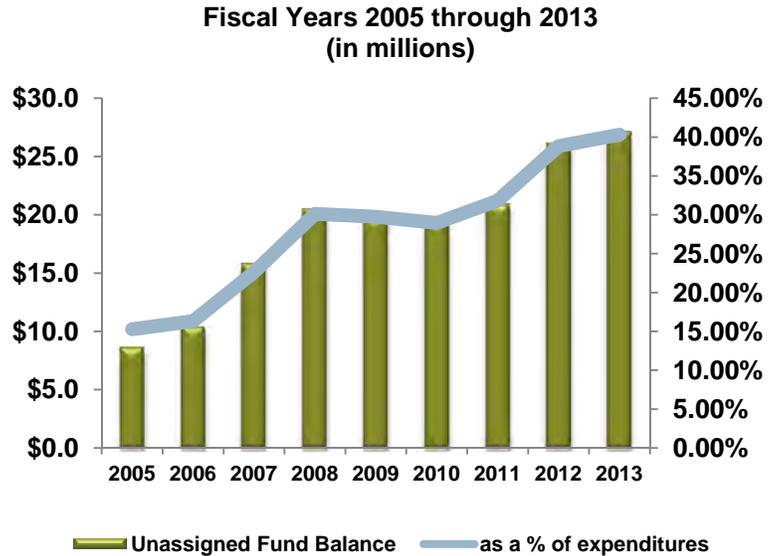
Additional information on the City's long-term debt can be found in Note 6 starting on page 53 of this report.

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

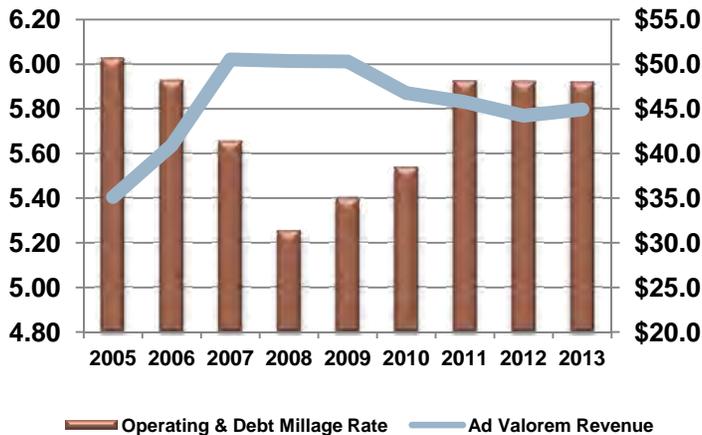
The City's local economy is primarily based upon construction, retail and service activities. The unemployment rate for the City is currently 4.9%. The City's current economic condition continues to improve as new construction increased to \$294 million (40%) in permit valuation issued during the fiscal year.

These factors were considered in preparing the City of Palm Beach Gardens' budget for the year ended September 30, 2014.

During the current fiscal year, unassigned fund balance in the General Fund was \$27.1 million. It is approximately equal to four and a half months of the General Fund expenditures. The current year balance includes approximately \$3.6 million as part of the budget stabilization fund. Over the last nine years, the City has been able to increase its unassigned fund balance not only in dollar value but as a percentage of expenditures as shown in the graph to the right.



**Fiscal Years 2005 through 2013  
(in millions)**



In 1995, the State of Florida limited increases in homesteaded 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 revenue collected and millage rate trends over the last nine years. The left axis refers to the millage rate and the right axis refers to the dollar value (millions) of revenue collected. The millage rate will fluctuate from year to year depending on the total taxable value of the City and the required amount of revenue needed to maintain current levels of service. Since 2007, as property values have fallen, 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.



---

---

## **BASIC FINANCIAL STATEMENTS**

---

---

This page intentionally left blank.

**City of Palm Beach Gardens, Florida**  
**Statement of Net Position**  
**September 30, 2013**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 11,653,103
Investments	42,985,824
Receivables (net of allowance for doubtful accounts of \$1,438,598)	1,552,212
Due from other governments	353,576
Inventories	102,867
Prepaid expenses	103,119
Net pension asset	187,686
Investment in joint venture	1,233,740
Capital assets not being depreciated	19,441,369
Capital assets being depreciated, net	72,137,492
<b>Total assets</b>	<b>\$ 149,750,988</b>
<b>Deferred outflows of resources:</b>	
Deferred amount on refunding	\$ 1,490,413
<b>Total deferred outflows of resources</b>	<b>\$ 1,490,413</b>
<b>Liabilities:</b>	
Accounts payable	\$ 2,675,400
Contracts and retainage payable	314,083
Accrued liabilities	1,640,955
Claims payable	840,401
Unearned revenue	3,333,394
Accrued interest payable	231,247
Net pension obligation	46,062
Noncurrent liabilities:	
Due within one year	4,219,610
Due in more than one year	27,621,596
<b>Total liabilities</b>	<b>\$ 40,922,748</b>
<b>Net position:</b>	
Net investment in capital assets	\$ 70,034,049
Restricted for:	
Capital improvements	6,354,378
Road improvements	3,499,587
Other purposes	1,633,361
Unrestricted	28,797,278
<b>Total net position</b>	<b>\$ 110,318,653</b>

*See notes to basic financial statements.*

City of Palm Beach Gardens, Florida  
Statement of Activities  
Year Ended September 30, 2013

Functions/Programs Programs Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 14,577,754	\$ 9,710,901	\$ -	\$ -
Public safety	41,943,456	4,883,193	1,387,775	123,665
Culture and recreation	7,435,778	5,879,675	-	-
Physical environment	7,031,948	-	-	-
Transportation	2,214,405	627,407	82,241	-
Interest on long-term debt	935,201	-	-	-
Other debt service costs	36,500	-	-	-
<b>Total governmental activities</b>	<b>\$ 74,175,042</b>	<b>\$ 21,101,176</b>	<b>\$ 1,470,016</b>	<b>\$ 123,665</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 position

Net position, beginning (as previously stated)

Prior year adjustment - implementation of GASB 65

**Net position, ending**

See notes to basic financial statements.

---

**Net (Expense)  
Revenue and  
Change in  
Net Position**

---

**Governmental  
Activities**

---

\$ (4,866,853)  
(35,548,823)  
(1,556,103)  
(7,031,948)  
(1,504,757)  
(935,201)  
(36,500)

---

(51,480,185)

---

44,946,393  
1,424,382  
2,220,036

4,013,779  
1,304,870  
74,589  
165,741  
290,676  
1,837,258

---

56,277,724

4,797,539

105,674,318  
(153,204)

---

**\$ 110,318,653**

---

---

City of Palm Beach Gardens, Florida  
 Balance Sheet  
 Governmental Funds  
 September 30, 2013

	General Fund	Road Impact Fund	Other Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,756,470	\$ 1,507,220	\$ 4,263,890
Investments	36,261,824	1,651,000	3,901,400
Receivables:			
Accounts (net of allowance for doubtful accounts of \$1,438,598)	245,088	-	25,310
Franchise fees	1,032,945	-	-
Utility taxes	178,884	-	-
Interest	65,910	-	-
Due from other governments	295,977	-	57,599
Inventory	-	-	29,970
Prepaid expenditures	77,819	-	1,300
<b>Total assets</b>	<b>\$ 39,914,917</b>	<b>\$ 3,158,220</b>	<b>\$ 8,279,469</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,927,365	\$ 18,450	\$ 595,436
Contracts and retainage payable	-	-	314,083
Accrued liabilities	1,640,955	-	-
<b>Total liabilities</b>	<b>3,568,320</b>	<b>18,450</b>	<b>909,519</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	1,596,867	1,624,952	111,575
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid expenditures	77,819	-	1,300
Inventory	-	-	29,970
Restricted for:			
Capital improvements	2,961,716	-	3,392,662
Road improvements	-	1,514,818	1,984,769
Law enforcement	556,537	-	255,502
Art improvements	-	-	821,322
Committed to:			
Economic development	2,632,575	-	-
Assigned to:			
Capital improvement and replacement	694,063	-	-
Special projects	362,206	-	-
Other purposes	355,090	-	772,850
Unassigned	27,109,724	-	-
<b>Total fund balances</b>	<b>34,749,730</b>	<b>1,514,818</b>	<b>7,258,375</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 39,914,917</b>	<b>\$ 3,158,220</b>	<b>\$ 8,279,469</b>

See notes to basic financial statements.

---

**Total  
Governmental  
Funds**

---

**\$ 7,527,580  
41,814,224**

**270,398  
1,032,945  
178,884  
65,910  
353,576  
29,970  
79,119**

---

**\$ 51,352,606**

---

---

**\$ 2,541,251  
314,083  
1,640,955**

---

**4,496,289**

---

---

**3,333,394**

---

**79,119  
29,970**

**6,354,378  
3,499,587  
812,039  
821,322**

**2,632,575**

**694,063  
362,206  
1,127,940  
27,109,724**

---

**43,522,923**

---

---

**\$ 51,352,606**

---

---

**City of Palm Beach Gardens, Florida**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**September 30, 2013**

Total fund balances – governmental funds (page 27)	<b>\$ 43,522,923</b>
Amounts reported for governmental activities in the statement of net position 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>90,354,130</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>\$ (24,553,154)</b>
Refunding loss on bonds payable	<b>1,490,413</b>
Capital leases payable	<b>(1,608,643)</b>
Net other postemployment benefit obligation	<b>(2,313,000)</b>
Accrued interest payable	<b>(231,247)</b>
Compensated absences	<b>(3,071,821)</b>
	<b>(30,287,452)</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>5,353,688</b>
Other long term assets and liabilities are not available to pay for current period expenditures, and therefore, are not recognized in the funds.	
Investment in joint venture	<b>1,233,740</b>
Net pension asset	<b>187,686</b>
Net pension obligation	<b>(46,062)</b>
<b>Total net position of governmental activities (page 23)</b>	<b>\$ 110,318,653</b>

*See notes to basic financial statements.*

This page intentionally left blank.

**City of Palm Beach Gardens, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2013**

	General Fund	Road Impact Fund	Other Governmental Funds
<b>Revenues:</b>			
Taxes:			
Ad valorem taxes	\$ 44,946,393	\$ -	\$ -
Local business taxes	1,424,382	-	-
Utility taxes	2,220,036	-	-
Franchise fees	5,101,610	-	-
Licenses and permits	3,537,512	-	-
Intergovernmental	6,488,781	-	670,569
Impact fees	-	627,407	1,936,338
Charges for services	3,995,591	-	4,360,596
Fines and forfeitures	297,308	-	10,787
Investment income	155,479	2,177	5,191
Miscellaneous	1,184,987	-	689,064
<b>Total revenues</b>	<b>69,352,079</b>	<b>629,584</b>	<b>7,672,545</b>
<b>Expenditures:</b>			
Current:			
General government	13,891,617	-	-
Public safety	39,268,996	-	421,038
Culture and recreation	585,825	-	4,875,692
Physical environment	6,496,310	-	-
Transportation	-	39,335	843,522
Capital outlay	4,835,916	337,536	871,900
Debt service:			
Principal	3,623,063	-	-
Interest	713,851	-	-
Bond issuance costs	36,500	-	-
<b>Total expenditures</b>	<b>69,452,078</b>	<b>376,871</b>	<b>7,012,152</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(99,999)</b>	<b>252,713</b>	<b>660,393</b>
<b>Other financing sources (uses):</b>			
Transfers in	559,748	-	71,038
Transfers out	(87,746)	(559,748)	-
Capital lease financing	1,208,074	-	-
Issuance of debt	4,300,000	-	-
Sale of capital assets	30,000	-	-
<b>Total other financing sources (uses)</b>	<b>6,010,076</b>	<b>(559,748)</b>	<b>71,038</b>
<b>Net change in fund balances</b>	<b>5,910,077</b>	<b>(307,035)</b>	<b>731,431</b>
Fund balances, beginning	28,839,653	1,821,853	6,526,944
<b>Fund balances, ending</b>	<b>\$ 34,749,730</b>	<b>\$ 1,514,818</b>	<b>\$ 7,258,375</b>

See notes to basic financial statements.

---

**Total  
Governmental  
Funds**

---

\$ 44,946,393  
1,424,382  
2,220,036  
5,101,610  
3,537,512  
7,159,350  
2,563,745  
8,356,187  
308,095  
162,847  
1,874,051

---

77,654,208

---

13,891,617  
39,690,034  
5,461,517  
6,496,310  
882,857  
6,045,352

3,623,063  
713,851  
36,500

---

76,841,101

---

813,107

---

630,786  
(647,494)  
1,208,074  
4,300,000  
30,000

---

5,521,366

---

6,334,473

37,188,450

---

**\$ 43,522,923**

---

---

**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, 2013**

Net change in fund balances— total governmental funds (page 31) **\$ 6,334,473**

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 depreciation exceeded capital outlays 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>\$ 5,575,529</b>	
Less current year depreciation	<b><u>(5,752,045)</u></b>	<b>(176,516)</b>

In the statement of activities, the net effect of various miscellaneous transactions involving capital assets (disposals) is to increase net assets, whereas in the governmental funds these items have no effect on current financial resources:

Gain on disposal of capital assets	<b><u>168,997</u></b>	<b>168,997</b>
------------------------------------	-----------------------	----------------

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 position. Also, governmental funds report the payment of issuance costs, premiums, discounts and similar items when debt is first issued.

Capital lease financing	<b>(1,208,074)</b>	
Issuance of debt	<b>(4,300,000)</b>	
Principal payments on debt	<b>3,623,063</b>	
Amortization of deferred amount on refunding	<b>(234,939)</b>	
Amortization of premium	<b><u>11,954</u></b>	<b>(2,107,996)</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:

Decrease in accrued interest payable	<b>1,635</b>	
Increase in compensated absences	<b>(321,364)</b>	
Increase in net other postemployment benefit obligation	<b>(407,000)</b>	
Decrease in net pension benefit asset	<b>(4,330)</b>	
Decrease in net pension benefit obligation	<b><u>209</u></b>	<b>(730,850)</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, 2013**

---

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 statement of net position.

**\$ 98,732**

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.

**1,210,699**

Change in net position of governmental activities (page 25)

**\$ 4,797,539**

*See notes to basic financial statements.*

**City of Palm Beach Gardens, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2013**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 4,125,523
Investments	1,171,600
Accounts receivable	4,075
Inventory	72,897
Prepaid expenses	24,000
Total current assets	<u>5,398,095</u>
Noncurrent assets:	
Capital assets being depreciated, net	1,224,731
Total noncurrent assets	<u>1,224,731</u>
<b>Total assets</b>	<u><b>\$ 6,622,826</b></u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	\$ 134,150
Claims payable	840,401
Total current liabilities	<u>974,551</u>
Noncurrent liabilities:	
Claims payable	259,532
Compensated absences payable	35,055
Total noncurrent liabilities	<u>294,587</u>
<b>Total liabilities</b>	<u><b>\$ 1,269,138</b></u>
<b>Net Position:</b>	
Net investment in capital assets	\$ 1,224,731
Unrestricted	4,128,957
<b>Total net position</b>	<u><b>\$ 5,353,688</b></u>

See notes to basic financial statements.

City of Palm Beach Gardens, Florida  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended September 30, 2013

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>Operating revenues:</b>	
Charges for service	\$ 2,238,013
Employer contributions	6,629,598
Employee contributions	779,700
Miscellaneous	245,103
<b>Total operating revenues</b>	<b>9,892,414</b>
<b>Operating expenses:</b>	
Personnel expenses	840,042
Claims expense	5,077,268
Insurance premiums	432,718
Repair and maintenance	348,910
Fuel and chemicals	687,478
Operating supplies	178,516
Other professional and contractual	735,168
Other expenses	19,176
Depreciation	473,720
<b>Total operating expenses</b>	<b>8,792,996</b>
Operating income	<b>1,099,418</b>
<b>Nonoperating revenues:</b>	
Investment income	2,894
Gain on disposal of capital assets	91,679
<b>Total nonoperating revenues</b>	<b>94,573</b>
Income before transfers	1,193,991
Transfers in	16,708
<b>Change in net position</b>	<b>1,210,699</b>
Net position, beginning	4,142,989
<b>Net position, ending</b>	<b>\$ 5,353,688</b>

See notes to basic financial statements.

**City of Palm Beach Gardens, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2013**

	<b>Governmental Activities</b>
	<u>Internal Service Funds</u>
<b>Cash flows from operating activities:</b>	
Receipts for interfund services provided	\$ 9,643,236
Payments to suppliers for goods and services	(2,439,735)
Payments to employees for services	(834,942)
Payments for claims	(5,061,269)
Other operating revenues	245,103
<b>Net cash provided by operating activities</b>	<u>1,552,393</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers from other funds	16,708
<b>Net cash provided by noncapital financing activities</b>	<u>16,708</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchases of capital assets	(404,469)
Proceeds from sale of capital assets	91,679
<b>Net cash used in capital and related financing activities</b>	<u>(312,790)</u>
<b>Cash flows from investing activities:</b>	
Purchases of investments	478,400
Interest earned	2,894
<b>Net cash used in investing activities</b>	<u>481,294</u>
Net increase in cash and cash equivalents	1,737,605
Cash and cash equivalents, beginning of year	2,387,918
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 4,125,523</u></u>

*Continued on next page.*

**City of Palm Beach Gardens, Florida**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2013**

	<b>Governmental Activities</b>
	<u>Internal Service Funds</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 1,099,418</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	473,720
Changes in operating assets and liabilities:	
Accounts receivable	(4,075)
Inventory	9,400
Accounts payable	(47,169)
Claims payable	15,999
Compensated absences	5,100
<b>Total adjustments</b>	<u>452,975</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 1,552,393</u></u>

*See notes to basic financial statements.*

**City of Palm Beach Gardens, Florida**  
**Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2013**

	<b>Pension Trust Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 4,950,571
Investments, at fair values:	
U.S. Government obligations	4,607,447
Mortgage backed securities	5,760,415
Fixed income funds	844,420
Collateralized mortgage obligations	363,569
Corporate obligations	16,662,423
Equity securities	26,660,439
Equity funds	42,881,575
Foreign bonds	33,921
International funds	11,974,648
International bond funds	4,405,862
Real estate funds	5,805,781
Total investments	<u>120,000,500</u>
Receivables:	
Interest and dividends	202,567
Pending trades	416,078
Employer	864,495
State of Florida	750,073
Employees	42,712
Accounts receivable - other	1,200
Total receivables	<u>2,277,125</u>
Prepaid expenses	<u>140,939</u>
<b>Total assets</b>	<b><u>\$ 127,369,135</u></b>
<b>Liabilities:</b>	
Accounts payable	\$ 110,006
Pending trades payable	474,492
Due to DROP Account	898,784
<b>Total liabilities</b>	<b><u>\$ 1,483,282</u></b>
<b>Net position:</b>	
<b>Net position held in trust for pension benefits</b>	<b><u>\$ 125,885,853</u></b>

*See notes to basic financial statements.*

**City of Palm Beach Gardens, Florida**  
**Statement of Changes Net Position**  
**Fiduciary Funds**  
**Year Ended September 30, 2013**

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
Contributions:	
Employer	\$ 6,168,979
Insurance premium taxes collected by the State of Florida on behalf of the City of Palm Beach Gardens	1,225,288
Employee	940,760
Total contributions	<u>8,335,027</u>
Investment earnings:	
Net appreciation in fair value of investments	12,724,982
Interest and dividends	2,295,919
Other	4,636
Total investment earnings	<u>15,025,537</u>
Less investment expense	<u>(471,069)</u>
Net investment earnings	<u>14,554,468</u>
<b>Total additions</b>	<u>22,889,495</u>
<b>Deductions:</b>	
Pension benefits	3,121,477
DROP expenses	768,091
Refund of participant contributions	32,872
Administrative expenses	224,930
<b>Total deductions</b>	<u>4,147,370</u>
<b>Change in net position</b>	<b>18,742,125</b>
Net position, beginning	<u>107,143,728</u>
<b>Net position, ending</b>	<b><u>\$ 125,885,853</u></b>

See notes to basic financial statements.



---

## **NOTES TO BASIC FINANCIAL STATEMENTS**

---

This page intentionally left blank.

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

---

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 position 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 nonmajor 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)

---

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 and other postemployment benefits 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 generally 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 Governmental Accounting Standards Board. The City elected to follow all pre-November 30, 1989 FASB pronouncements, which are now codified in GASB Statement No. 62.

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

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

---

fund are charges to other funds for usage. Operating expenses for an 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 rate. 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 recreation and golf funds consists of merchandise held for resale. Inventory in the internal service fund consists of vehicle engine parts and fuel held for consumption. The non-spendable portion of fund balance 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 non-spendable category of fund balance to indicate that these amounts are not available for appropriation.

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)**

---

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	15 – 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.

Deferred outflows and inflows of resources: In addition to assets and liabilities, the government-wide Statement of Net Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

The City has one item, unavailable revenues, which arises only under the modified accrual basis of accounting and is reported as a deferred inflow of resources on the governmental funds Balance Sheet. The unavailable revenue consists mainly of business taxes and impact fees received in advance of the year for which they are levied. These amounts are deferred and recognized as an inflow of resources in the year that the amounts become available.

The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has one item, a refunding loss on bonds payable, which qualifies for reporting as a deferred outflow of resources on the government-wide Statement of Net Position. The refunding loss on bonds payable resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unearned revenue: Unearned revenue in the Governmental Activities and unavailable revenue in the Governmental Funds includes amounts received in advance by the City for licenses and permits, impact fees and charges for services that are applicable to the following fiscal year.

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 \$1,225,288 for the year ended September 30, 2013. 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.

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

---

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 position. Bond premiums and discounts 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.

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 postemployment benefit obligation at September 30, 2013. The net other postemployment benefit obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since October 1, 2012. Net other postemployment benefit obligations have typically been liquidated in the general fund.

Net position: Equity in the government-wide statement of net position is displayed in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets 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 position is 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 position consists of all remaining net position that do not meet the definition of either of the other two components.

Fund equity: In the fund financial statements, fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund. Governmental accounting principles distinguish fund balance classification based on the relative strength of the constraints that control the purposes for which specified amounts can be spent. Beginning with the most restrictive constraints, the City's fund balance amounts will be reported in the following categories:

Nonspendable – Represents amounts that are not in a spendable form, or are legally or contractually required to be maintained intact.

Restricted – Represents amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation.

Committed – Represents amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council.

Assigned – Represents amounts intended to be used by the City for specific purposes. Intent can be expressed by the City Council or by a designee to whom the governing body delegates the authority. Under the City's adopted policy through resolution, only the City Council or City Manager may assign amounts for specific purposes. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – Includes all amounts not contained in other classifications and is the residual classification of the General Fund only. Unassigned amounts are the portion of Fund Balance which is not obligated or specifically designated and is available for any purpose.

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

---

The goal of the City's fund balance policy is to achieve and maintain an Unassigned Fund Balance in the General Fund at fiscal year-end of not less than 17% of expenditures, which represents approximately two (2) months' operating expenditures. If the Unassigned Fund Balance at fiscal year-end falls below the goal, the City shall develop a restoration plan to achieve and maintain the minimum fund balance. At the end of the fiscal year, the City's unassigned fund balance equaled 39.0% of expenditures.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

New Accounting Pronouncements: The City implemented the following GASB Statements during the fiscal year ended September 30, 2013:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement codifies all sources of GAAP for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. The City elected to include all pre-November 30 1989 FASB pronouncements, which are now codified in GASB Statement No. 62.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This provides financial reporting guidance for deferred outflows and inflows of resources, and identifies net position as the residual of all other elements presented in a statement of financial position. This Statement re-defines certain assets and liabilities as deferred outflows/inflows of resources and requires the financial statement line items "Investment in capital assets, net of related debt" and "Net Assets" to be re-titled as "Net investment in capital assets" and "Net Position" respectively.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides additional guidance for the accounting and financial reporting for deferred outflows/inflows of resources and certain items that were previously reported as assets, as set forth in GASB Statement No. 63. This Statement specifically addresses the calculation of a deferred outflow or inflow related to the refunding of debt and requires that debt issuance costs be expensed in the period the debt was issued. This Statement also requires that revenues received prior to the period to which they relate, are to be classified as *unavailable revenues* (a deferred inflow of resources).

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**

---

Cash and Cash Equivalents: Cash and cash equivalents at September 30, 2013, excluding amounts held by Fiduciary Funds, include petty cash of \$2,955 and deposits with financial institutions with a carrying value of \$11,521,237 and a bank balance of \$12,255,509. Money market mutual funds have a carrying value of \$128,910. Cash and short term investments of the Fiduciary Funds at September 30, 2013, consist of money market mutual funds and cash and cash equivalents with a carrying value of \$4,950,571.

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

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

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; 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, 2013, was as follows:

	<b>Primary Government</b>	<b>Fiduciary Funds</b>
U.S. Government obligations	\$ 12,106,526	\$ 4,607,447
Mortgage backed securities	12,140,946	5,760,415
Commercial paper	18,738,352	-
Fixed income funds	-	844,420
Collateralized mortgage obligations	-	363,569
Corporate obligations	-	16,662,423
Equity securities	-	26,660,439
Equity funds	-	42,881,575
Foreign bonds	-	33,921
International funds	-	11,974,648
International bond funds	-	4,405,862
Real estate funds	-	5,805,781
<b>Total Investments</b>	<b>\$ 42,985,824</b>	<b>\$ 120,000,500</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. Interest rate risk disclosures are required for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool. 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, 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 securities included within the short term fund will have maturities of less than one year. Investments included in the core fund will have a maximum maturity of five (5) 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

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

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, 2013:

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	\$12,106,526	\$ -	\$12,106,526	\$ -	\$ -
Mortgage backed securities	12,140,946	-	12,140,946	-	-
Commercial paper	18,738,352	18,738,352	-	-	-
<b>Total Primary Government</b>	<b>\$42,985,824</b>	<b>\$ 18,738,352</b>	<b>\$24,247,472</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fiduciary Funds</b>					
U.S. Government obligations	\$ 4,607,447	\$ 30,096	\$ 2,992,285	\$ 1,469,613	\$ 115,453
Mortgage backed securities	5,760,415	-	78,942	2,076,617	3,604,856
Collateralized mortgage obligations	363,569	60,514	32,791	-	270,264
Fixed income funds	844,420	-	844,420	-	-
Corporate obligations	16,662,423	497,841	6,617,933	8,604,966	941,683
Foreign bonds	33,921	-	33,921	-	-
<b>Total Fiduciary Funds</b>	<b>\$28,272,195</b>	<b>\$ 588,451</b>	<b>\$10,600,292</b>	<b>\$12,151,196</b>	<b>\$ 4,932,256</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. 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. The Fire Pension Plan's policy limits investments to securities with a rating of investment grade or a higher classification by an NRSRO. The General Employee Pension Plan's investment policy does not 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, 2013, are summarized below.

Investment Type	NRSRO Rating	Fair Value
Fixed income funds	AA/V4	\$ 844,420
U.S. Gov't bonds & notes	AA+	12,106,526
U.S. Gov't obligations	AA+	15,008,941
U.S. Gov't obligations	Aaa	1,739,452
Commerical paper	A-1+...A-1	18,738,352
Mortgage/Asset backed securities	AA+	1,348,340
Mortgage backed securities	Aaa	4,412,075
Collateralized mortgage obligations	Aaa...Aa2	363,569
Corporate obligations	AAA...BBB+	10,867,750
Corporate bonds	Aaa...Ba1	5,504,777
Municipal obligations	AAA...AA-	289,896
Equity securities	Unrated	27,964,067
Pooled equity trust funds	Unrated	30,668,482
Equity mutual funds	Unrated	10,909,465
International equity securities	Unrated	1,045,616

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

<b>Investment Type</b>	<b>NRSRO Rating</b>	<b>Fair Value</b>
International bonds, notes and debentures	Ba1	33,921
Int'l equity mutual funds	Unrated	7,974,212
Int'l fixed income mutual funds	Unrated	2,903,577
Int'l equity common trust funds	Unrated	2,954,820
Int'l bond mutual funds	Unrated	1,502,285
Comingled real estate funds	Unrated	5,805,781

**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's investment policy limits the concentration of credit risk by setting limits on the maximum amount of securities held by type and by single issuer. The City's Police Pension Plan's investment policy limits 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. The City's Fire Pension Plan's investment policy limits investments in the stock of any one issuing company to 3% of the Fund's assets, and to 3% 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.

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

**Note 3. Accounts Receivable**

Accounts receivable and the related allowance for doubtful accounts at September 30, 2013, are summarized as follows:

	<b>Gross Accounts Receivable</b>	<b>Allowance For Doubtful Accounts</b>	<b>Net Accounts Receivable</b>
<b>Governmental Activities</b>			
Due from EMS	\$ 1,666,470	\$ (1,438,597)	\$ 227,873
Franchise fees	1,032,945	-	1,032,945
Utility taxes	178,884	-	178,884
Interest	65,910	-	65,910
Extra police services	25,310	-	25,310
Other miscellaneous services	21,290	-	21,290
<b>Total governmental activities</b>	<b>\$ 2,990,809</b>	<b>\$ (1,438,597)</b>	<b>\$ 1,552,212</b>

**Note 4. Property Taxes**

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

**Note 4. Property Taxes (continued)**

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, 2013, was 5.9194 (\$5.9194 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. Unsold 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, 2013, unpaid delinquent taxes are not material and have not been recorded by the City.

**Note 5. Capital Assets**

Capital assets activity for the year ended September 30, 2013, was as follows:

	Balance October 1, 2012	Additions/ Transfers	Retirements/ Transfers	Balance September 30, 2013
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 14,852,345	\$ -	\$ -	\$ 14,852,345
Construction in progress	2,325,137	3,832,132	(1,568,245)	4,589,024
<b>Total capital assets not being depreciated</b>	<b>17,177,482</b>	<b>3,832,132</b>	<b>(1,568,245)</b>	<b>19,441,369</b>
<b>Capital assets being depreciated:</b>				
Buildings	\$ 35,623,527	\$ 401,000	\$ -	\$ 36,024,527
Roadways	65,632,413	141,736	-	65,774,149
Drainage and structures	17,760,417	-	-	17,760,417
Machinery and equipment	25,467,593	2,550,864	(1,788,680)	26,229,777
Improvements other than buildings	16,844,256	622,511	(4,000)	17,462,767
<b>Total capital assets being depreciated</b>	<b>161,328,206</b>	<b>3,716,111</b>	<b>(1,792,680)</b>	<b>163,251,637</b>
Less accumulated depreciation:				
Buildings	(15,093,714)	(1,369,545)	-	(16,463,259)
Roadways	(39,657,944)	(1,237,669)	-	(40,895,613)
Drainage and structures	(3,994,517)	(197,205)	-	(4,191,722)
Machinery and equipment	(19,418,712)	(2,443,295)	1,786,796	(20,075,211)
Improvements other than buildings	(8,511,933)	(978,051)	1,644	(9,488,340)
<b>Total accumulated depreciation</b>	<b>(86,676,820)</b>	<b>(6,225,765)</b>	<b>1,788,440</b>	<b>(91,114,145)</b>
<b>Total capital assets being depreciated, net</b>	<b>74,651,386</b>	<b>(2,509,654)</b>	<b>(4,240)</b>	<b>72,137,492</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 91,828,868</b>	<b>\$ 1,322,478</b>	<b>\$ (1,572,485)</b>	<b>\$ 91,578,861</b>

**Note 5. Capital Assets (continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 596,488
Public safety	1,966,886
Culture and recreation	1,933,367
Physical environment	443,807
Transportation	1,285,217
<b>Total depreciation expense – governmental activities</b>	<b>\$ 6,225,765</b>

**Note 6. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Due Within One Year
<b>Governmental activities:</b>					
Capital leases payable	\$ 801,213	\$ 1,208,074	\$ (400,644)	\$ 1,608,643	\$ 194,838
Compensated absences	2,780,413	2,947,810	(2,621,347)	3,106,876	233,944
General obligation bonds payable	7,489,697	-	(1,124,559)	6,365,138	1,161,067
Public improvement and refunding bonds payable	14,425,000	-	(1,880,000)	12,545,000	1,545,000
Add premium on revenue bonds	90,719	-	(11,954)	78,765	-
Public improvement bonds payable	1,655,348	4,300,000	(391,097)	5,564,251	825,229
Claims payable	284,984	4,701,443	(4,726,895)	259,532	259,532
Net OPEB obligation	1,906,000	565,000	(158,000)	2,313,000	-
<b>Total governmental activities</b>	<b>\$ 29,433,374</b>	<b>\$ 13,722,327</b>	<b>\$(11,314,496)</b>	<b>\$ 31,841,205</b>	<b>\$ 4,219,610</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:

	<b>Governmental Activities</b>
Assets:	
Machinery and equipment	\$ 2,292,943
Less accumulated depreciation	(979,327)
<b>Total</b>	<b>\$ 1,313,616</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 were as follows:

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

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>
2014	\$ 261,539
2015	261,539
2016	249,003
2017	223,932
2018	334,584
2019-2023	577,063
<b>Total minimum lease payments</b>	<b>1,907,660</b>
<b>Less amount representing interest</b>	<b>(299,017)</b>
<b>Present value of minimum lease payments</b>	<b>\$ 1,608,643</b>

<b>Bonds Payable</b>	<b>Outstanding Balance</b>
<b><u>General Obligation Bonds</u></b>	
<p>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, 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.</p>	
<u>Series 2000</u>	
<p>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.</p>	<b>\$ 218,071</b>
<u>Series 2005</u>	
<p>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.</p>	<b>3,107,930</b>
<u>Series 2010</u>	
<p>The City issued \$4,440,997 General Obligation Refunding Bonds, Series 2010 on December 17, 2010, for the purpose of refunding all of the City's General Obligation Bonds that were issued in 1998 and 1999. Interest on the bonds is 2.67% and is payable semi-annually on January 1 and July 1, commencing on July 1, 2011. Principal payments will be due July 1 each year beginning July 1, 2011 through July 1, 2019. Debt service payments will be made from the general fund.</p>	<b>3,039,137</b>
<b>Total general obligation bonds</b>	<b>\$ 6,365,138</b>

**Public Improvement Bonds**

Series 2005

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.

**\$ 391,970**

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

<b>Bonds Payable</b>	<b>Outstanding Balance</b>
<b><u>Public Improvement Bonds</u></b>	
<u>Series 2006</u>	
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.	<b>\$ 872,281</b>
<u>Series 2011</u>	
The City issued \$16,190,000 Public Improvement Refunding Bonds, Series 2011 on November 8, 2011, to advance refund the outstanding Public Improvement Refunding Bonds, Series 2003. Interest at rates ranging from .85% to 3.75% is payable semi-annually on May 1 and November 1. Principal is payable in annual installments of \$325,000 to \$1,880,000, with the final payment due May 1, 2023. Debt service payments will be made from the general fund.	<b>12,545,000</b>
<u>Series 2013</u>	
On June 6, 2013, the City approved, through adoption of Resolution 39, 2013, the issuance of the Public Improvement Bond, Series 2013, in the amount of \$4,300,000 for the purpose of financing the cost of improvements to the City's Golf Course and the construction of a new fire station. Interest at rates ranging from 1.77% to 1.89% is payable semiannually on June 1 and December 1. Principal is payable in annual installments of \$209,370 to \$245,403, with the final payment due December 1, 2022. Debt service payments will be made from the general fund.	<b>4,300,000</b>
<b>Total public improvement bonds</b>	<b>\$ 18,109,251</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
2014	\$ 1,161,067	\$ 184,689	\$ 2,370,229	\$ 440,310	\$ 3,531,296	\$ 624,999	\$ 4,156,295
2015	1,198,790	146,804	2,417,001	395,668	3,615,791	542,472	4,158,263
2016	1,120,300	109,138	2,475,804	342,067	3,596,104	451,205	4,047,309
2017	1,154,419	74,845	2,086,685	290,953	3,241,104	365,798	3,606,902
2018	1,189,590	39,495	2,124,860	240,927	3,314,450	280,422	3,594,872
2019-2023	540,972	14,936	6,634,672	415,975	7,175,644	430,911	7,606,555
	<b>\$ 6,365,138</b>	<b>\$ 569,907</b>	<b>\$ 18,109,251</b>	<b>\$ 2,125,900</b>	<b>\$ 24,474,389</b>	<b>\$ 2,695,807</b>	<b>\$ 27,170,196</b>

**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, 2013, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements is \$10,355,000.

In 2011, the City defeased the Public Improvement and Refunding Bonds, Series 2003 by creating a separate irrevocable trust fund. New debt was issued and the proceeds of the new debt were used to purchase U.S.

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

---

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, 2013, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements is \$11,890,000.

**Note 7. Interfund Transfers**

---

The following is a summary of transfers by fund type for the year ended September 30, 2013:

Transfer Out	Transfer In			Total
	General Fund	Non-major governmental funds	Internal service funds	
General fund	\$ -	\$ 71,038	\$ 16,708	\$ 87,746
Road Impact fund	559,748	-	-	559,748
	<b>\$ 559,748</b>	<b>\$ 71,038</b>	<b>\$ 16,708</b>	<b>\$ 647,494</b>

Transfers were made to move funds from the general fund as part of mid-year budget authorizations to fund salary increases. A transfer to the general fund from the road impact fund was made for scheduled debt service payments.

**Note 8. Pension Plans**

---

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. 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.

Employees in the Florida Retirement System Pension Plan and Investment Plan are required to contribute 3% of their income as part of SB 2100 FRS reform measures that passed in the 2011 Florida legislative session. Contribution percentage amounts are subject to change each year based on legislative law changes, investment experience and the actuarial experience of the trust fund. As of September 30, 2013, the City's required annual contribution is 6.95% of the covered salary for general employees, 18.31% for senior management, and 33.03% for elected officials. The City's contributions to FRS for the years ended September 30, 2013, 2012, and 2011

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

---

were \$752,510, \$620,532, and \$1,127,214, 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.

#### 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.

#### Plan Amendments During the Fiscal Year:

On September 13, 2012, the City approved Ordinances 23 and 24, 2012, amending benefit provisions of the Firefighters and Police Officers Pension Plans, respectively. The impacts of these changes affected the City's required contributions for the current fiscal year ending September 30, 2013. A summary of the changes is as follows:

##### Firefighters Pension

- The maximum benefit was reduced from 99% to 75%.
- Compensation was changed from total W-2 earnings to base pay.
- The COLA was reduced from 3% to 1.5%.
- Chapter 175 funds in the amount of \$507,634 will be used to offset the City's contribution, rather than to fund member share accounts.

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

Police Officers Pension

- The benefit multiplier was lowered from 3.5% to 2.75%.
- The maximum benefit that may be accrued was reduced from 100% to 75%.
- Compensation was changed from total W-2 earnings to base pay.
- Normal retirement was changed to age 59 with 10 years of service from age 52 with 10 years of service or 20 years of service at any age.
- The COLA provided by actuarial gains was eliminated.

The impacts on the Plans' required contributions and funded levels were determined by actuarial impact statements dated August 15, 2012, and September 12, 2012, for the Police Pension and Fire Pension Plans, respectively. The following Actuarial Assumptions, Annual Pension Cost and Net Pension Asset, Three Year Trend Information, and Funded Status schedules are derived from the October 1, 2011 actuarial valuations, and, for items affected by the above revisions, the actuarial impact statements issued subsequent to October 1, 2011, were used, and are noted in the schedules.

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, 2013.

	<b>General Employees'</b>	<b>Police</b>	<b>Fire</b>
Asset Valuation:			
Reporting	Fair value	Fair value	Fair value
Actuarial Valuation	4-year smoothed	<sup>(1)</sup>	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	84	111
Retirees and Beneficiaries	13	56	14
Terminated Vested	2	1	2
Normal Retirement Benefits:			
Retirement Age	62	59 <sup>(5)</sup>	52
Years of Service (minimum)	None	10	10
Accrual	2.50%	2.75% <sup>(5)</sup>	3.00%
Maximum	None	75.00% <sup>(5)</sup>	75.00% <sup>(6)</sup>
Years to Vest	10	10	10
Contributions:			
Actuarial Rate:			
City	119.28%	44.93% <sup>(5)</sup>	29.40% <sup>(6)</sup>
State	N/A	6.87% <sup>(5)</sup>	6.47% <sup>(6)</sup>
Participants	6.00%	8.60%	5.44% <sup>(6)</sup>
Actuarial Valuation Date	10/1/2012	10/1/2011	10/1/2011
Asset Valuation Method	4-year smoothed market	<sup>(1)</sup>	<sup>(4)</sup>
Actuarial Methods:			
Actuarial Cost Method	Aggregate Cost	Entry Age Normal	Projected Unit Credit

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

	<b>General Employees'</b>	<b>Police</b>	<b>Fire</b>
Amortization Method	Level percent of pay, open	Level percent of pay, closed	Level percent of pay, closed
Amortization Period	30 years	25 years	25 years
Significant Actuarial Assumptions:			
Investment return	7.25%	7.40% <sup>(5)</sup>	8.25%
Projected salary increases	5.00%	7.50%	4.50%
Inflation	<sup>(3)</sup>	3.00%	4.50%
Cost of living adjustments	<sup>(3)</sup>	N/A	1.50% <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 for employees who had reached Normal Retirement eligibility as of September 13, 2012. After this date, the COLA is 1.5%.

<sup>(3)</sup> Included in projected salary increases.

<sup>(4)</sup> Effective October 1, 2012, the asset valuation method was changed from the four year smoothed method to a method that recognizes 25% of the difference between market value of assets and expected actuarial asset value.

<sup>(5)</sup> Reflects changes made to the Plan subsequent to the 10/1/2011 valuation, as set forth in the actuarial impact statement dated 8/15/2012. These changes were approved with adoption of Ordinance 24, 2012.

<sup>(6)</sup> Reflects changes made to the Plan subsequent to the 10/1/2011 valuation, as set forth in the actuarial impact statement dated 9/12/2012. These changes were approved with adoption of Ordinance 23, 2012.

Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension (obligation)/asset for the General Employees' Pension and the Police Pension for the current year were as follows. The Annual Required Contribution for the Police Pension reflects the changes previously discussed, and was calculated in the actuarial impact statement dated August 15, 2012:

	<b>General Employees' Pension</b>	<b>Police Pension</b>
Annual Required Contributions (ARC)	\$ 120,572	\$ 3,113,406
Interest on net pension obligation/(asset)	3,355	(14,017)
Adjustment to annual required contribution	(3,564)	18,347
Annual Pension Cost (APC)	<b>120,363</b>	<b>3,117,736</b>
Contributions made	<b>120,572</b>	<b>3,113,406</b>
Increase/(decrease) in net pension (obligation)/asset	<b>(209)</b>	<b>4,330</b>
Net pension obligation/(asset), beginning of year	<b>46,271</b>	<b>(192,016)</b>
Net pension obligation/(asset), end of year	<b>\$ 46,062</b>	<b>\$ (187,686)</b>

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 2013 required contributions were determined as part of the actuarial valuation pertaining to the year ended September 30, 2013, for each plan. The Annual Pension Costs for the Police and Fire Pension Plans were determined by the actuarial impact statements dated August 15, 2012 and September 12, 2012, respectively:

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

	Three Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Obligation) Asset
General Employees' Pension:			
2011	\$ 127,701	98.0%	\$ (46,482)
2012	130,599	100.2%	(46,271)
<b>2013</b>	<b>120,363</b>	<b>100.0%</b>	<b>(46,062)</b>
Police Pension:			
2011	\$4,308,678	99.7%	\$ 200,973
2012	4,207,140	99.7%	192,016
<b>2013</b>	<b>3,117,736</b>	<b>99.9%</b>	<b>187,686</b>
Fire Pension:			
2011	\$3,745,497	100.0%	\$ -
2012	3,974,487	100.0%	-
<b>2013</b>	<b>3,347,645</b>	<b>100.0%</b>	<b>-</b>

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, 2013. Data for the Police and Fire Pension Plans include information derived from both the October 1, 2011 valuation reports and the subsequent actuarial impact statements issued August 15, 2012 and September 12, 2012, respectively. The Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability amounts were extracted from the actuarial impact statements.

**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>						
10/1/2012	\$ 2,059,833	\$ 3,145,606	\$ 1,085,773	65.48%	\$ 101,085	1,074.12%
<b>Police Pension</b>						
10/1/2011	45,709,740	68,822,738	23,112,998	66.42%	5,724,225	403.78%
<b>Fire Pension</b>						
09/30/2011	35,151,000	51,773,000	16,622,000	67.89%	10,576,000	157.17%

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, 2013:

**General Employees Pension Trust Fund**

<b>Assets:</b>	
Cash and cash equivalents	\$ 28,293
Investments	2,148,048
Receivables	27,930
<b>Total assets</b>	<b>2,204,271</b>
<b>Liabilities:</b>	
Accounts payable	1,088
<b>Net assets held in trust for pension benefits</b>	<b>\$ 2,203,183</b>

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

---

**General Employees Pension Trust Fund**

**Additions:**

Contributions:	
Employer	\$ 120,572
Employees	9,780
Total contributions	<u>130,352</u>

Investment earnings (loss):	
Net appreciation in the fair value of investments	240,658
Less investment expenses	(4,248)
Net investment earnings	<u>236,410</u>

**Total additions** 366,762

**Deductions:**

Pension benefits	254,313
Administrative expenses	5,965

**Total deductions** 260,278

**Change in net position** 106,484

Net position, beginning 2,096,699

**Net position, ending** \$ 2,203,183

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 at the time of election (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 \$1,118,371 for the General Plan and \$196,203 for the Executive Plan. The City made its required contributions of \$118,792 for the General Plan and \$35,316 for the Executive Plan and employees made their required contributions of \$44,735 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**

---

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.

Membership

As of September 30, 2013, membership consisted of:

<b>Membership September 30, 2013</b>	
Active Employees	425
Retirees	17
<b>Total</b>	<b>442</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, 2013, retired employees contributed \$188,092 to the plan. For those employees, through its Self Insurance Fund, the City paid \$147,649 in claims and administrative costs resulting in a net contribution of \$40,443. 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, 2012 and determined the employer's annual required contribution (ARC) for the year ended September 30, 2013. 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.

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

Annual Required Contribution (ARC)	\$ 574,000
Interest on net OPEB obligation	67,000
Adjustment to annual required contribution	(76,000)
Annual OPEB cost	565,000
Benefit payments made	(158,000)
Increase in net OPEB obligation	407,000
Net OPEB obligation, beginning of year	1,906,000
<b>Net OPEB obligation, end of year</b>	<b>\$ 2,313,000</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:

<b>Fiscal Year Ended</b>	<b>Beginning Net OPEB Obligation</b>	<b>Annual OPEB Cost</b>	<b>Benefit Payments</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2011	\$ 864,000	\$ 631,000	\$ 129,000	20.44%	\$ 1,366,000
9/30/2012	1,366,000	675,000	135,000	20.00%	1,906,000
<b>9/30/2013</b>	<b>1,906,000</b>	<b>565,000</b>	<b>158,000</b>	<b>27.96%</b>	<b>2,313,000</b>

Funded Status

The funded status of the plan at October 1, 2012, the most recent actuarial valuation date, was as follows:

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) – (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
10/1/2012	\$ -	\$ 6,376,000	\$ 6,376,000	0.00%	\$ 28,739,392	22.19%

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.

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

---

In the October 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included 4% investment rate of return (net of administrative expenses), a discount rate of 3.5%, inflation rate of 2.5%, an annual healthcare cost trend rate of 7% decreasing until it reaches 4.20%, and salary scale growth of 3.5%. Life expectancies were based upon data found in the RP-2000 healthy and disabled tables. The actuarial value of assets was not determined as the City has not advance funded 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, 2013 was twenty-six 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.

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management of the City believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**Note 11. Commitments**

---

Commitments on major construction contracts consist of the following:

Project	Total Project Authorization	Expended at September 30, 2013	Balance to Complete
Fire Station Replacement	\$ 2,579,100	\$ -	\$ 2,579,100
Bridge Refurbishment Project	1,367,000	101,976	1,265,024
City Park Expansion Phase III	850,000	54,900	795,100
Golf Course Modernization	2,588,153	2,205,534	382,619
Plant/Lilac Park Expansion	500,000	303,864	196,136
Municipal Complex Civic Enhancement	818,000	626,065	191,935
	<b>\$ 8,702,253</b>	<b>\$ 3,292,339</b>	<b>\$ 5,409,914</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 City renewed a five year option for the agreement on April 5, 2012 which will terminate on March 30, 2018. The cost of the contract totaled \$2,598,193 for the year ended September 30, 2013.

## Note 12. Jointly Governed Organization

---

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 \$106,572 to Seacoast during the fiscal year for water and sewer service.

## Note 13. Risk Management and Health Insurance

---

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 \$200,000/\$300,000 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 an unlimited lifetime maximum benefit. A maximum deductible of \$200,000 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.

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:

---

<b>Year Ended September 30,</b>	<b>Claims Payable Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Claims Payable End of Year</b>
2011	\$ 556,710	\$ 4,336,082	\$ (4,330,939)	\$ 561,853
2012	561,853	4,468,885	(4,745,754)	284,984
<b>2013</b>	<b>284,984</b>	<b>4,384,601</b>	<b>(4,410,053)</b>	<b>259,532</b>

## Note 14. Investment in Joint Venture

---

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

---

**Note 14. Investment in Joint Venture (continued)**

---

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 \$98,732 relating to the consortium. The City's investment in the Joint Venture is \$1,233,740 as of September 30, 2013. Separate financial statements for the MPSCC may be obtained from the Palm Beach Gardens Police Department, Attention: Colonel Ernie Carr, 10500 Military Trail, Palm Beach Gardens, Florida 33410.

---

**Note 15. Interlocal Agreement**

---

On September 30, 2010, the City adopted Resolution 74, 2010, entering into an agreement with three other municipalities (the Town of Jupiter, Town of Juno Beach, and Jupiter Inlet Colony) to provide consolidated police dispatch operations in Palm Beach County. The Northern Municipal Regional Communications Center's (NMRCC) budget for the fiscal year was \$2,588,239 which was offset by \$42,870 in Palm Beach County 911 reimbursements. In addition, each participating municipality was responsible for its pro-rata share of administrative service fees totaling \$389,307.

The allocation of expenditures to the three municipalities is based on population with the City's share at 45.2%, the Town of Jupiter at 51.5%, the Town of Juno Beach at 3% and Jupiter Inlet Colony at .4%. The City received payments from the Town of Jupiter, Town of Juno Beach, and Jupiter Inlet Colony for dispatch services totaling \$1,631,467, which included an administrative services fee of \$213,323. The City was responsible for \$1,150,622. Actual expenditures were greater than the dispatch operations budget during the fiscal year by \$67,507. The accumulated portion of payments from municipalities that exceed actual expenditures is shown as restricted to law enforcement on the governmental funds balance sheet.

---

**Note 16. Restatement of Beginning Net Position**

---

Due to the changes in accounting principles described in Note 1, beginning net position has been decreased by \$153,204 from \$105,674,318 to \$105,521,114. The difference represents a restatement for bond issuance costs that were previously amortized under prior standards, but are now expensed in the period incurred under the new standards.

---

**Note 17. Pronouncements Issued, But Not Yet Adopted**

---

Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62* issued March 2012, is effective for the City beginning with its fiscal year ending September 30, 2014. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* issued June 2012, is effective for the City beginning with its fiscal year ending September 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of

## **Note 17. Pronouncements Issued, But Not Yet Adopted**

---

Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* issued June 2012, is effective for the City beginning with its fiscal year ending September 30, 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency.

Statement No. 69, *Government Combinations and Disposals of Government Operations* issued January 2013, is effective for the City beginning with its fiscal year ending September 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations*, includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* issued April 2013, is effective for the City beginning with its fiscal year ending September 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* issued November 2013, is effective for the City beginning with its fiscal year ending September 30, 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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



---

---

**REQUIRED SUPPLEMENTARY INFORMATION**

---

---

This page intentionally left blank.



City of Palm Beach Gardens, Florida  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended September 30, 2013

	Original Adopted Budget	Legally Adopted Budget Amendments	Final Revised Budget
<b>Revenues:</b>			
Taxes:			
Ad valorem taxes	\$ 44,631,449	\$ -	\$ 44,631,449
Local business taxes	1,375,000	-	1,375,000
Utility taxes	2,352,000	-	2,352,000
Franchise fees	5,360,000	-	5,360,000
Licenses and permits	2,251,551	(105,000)	2,146,551
Intergovernmental	4,576,500	317,849	4,894,349
Charges for services	3,505,671	(202,849)	3,302,822
Fines and forfeitures	151,000	140,131	291,131
Investment income	260,000	-	260,000
Miscellaneous	601,450	20,000	621,450
<b>Total revenues</b>	<b>65,064,621</b>	<b>170,131</b>	<b>65,234,752</b>
<b>Expenditures:</b>			
<b>General Government:</b>			
City Council	385,207	(31,225)	353,982
Administration	545,144	7,969	553,113
Purchasing and Contract Management	165,348	3,151	168,499
Information Technology	1,456,566	41,256	1,497,822
City Clerk	489,576	6,720	496,296
Legal Services	337,317	1,822	339,139
Engineering Services	272,666	4,869	277,535
Human Resources	603,927	8,700	612,627
Finance	896,220	18,104	914,324
General Services	5,482,506	100,500	5,583,006
Planning and Zoning:			
Administration	341,387	48,334	389,721
Development Compliance	442,368	8,222	450,590
Planning	328,658	6,141	334,799
GIS	157,443	2,863	160,306
Construction Services - Building	1,647,386	28,871	1,676,257
Code Enforcement	665,095	10,006	675,101
<b>Total general government</b>	<b>14,216,814</b>	<b>266,303</b>	<b>14,483,117</b>
<b>Public safety:</b>			
Police	20,937,686	552,491	21,490,177
Fire and Emergency Services	17,370,583	294,800	17,665,383
<b>Total public safety</b>	<b>38,308,269</b>	<b>847,291</b>	<b>39,155,560</b>

	Variance With Final Budget	
Actual	Positive	(Negative)
\$ 44,946,393	\$ 314,944	
1,424,382	49,382	
2,220,036	(131,964)	
5,101,610	(258,390)	
3,537,512	1,390,961	
5,263,493	369,144	
3,995,591	692,769	
297,308	6,177	
155,479	(104,521)	
1,184,987	563,537	
<b>68,126,791</b>	<b>2,892,039</b>	
275,840	78,142	
571,410	(18,297)	
140,160	28,339	
1,459,240	38,582	
451,886	44,410	
356,382	(17,243)	
261,013	16,522	
548,882	63,745	
921,140	(6,816)	
5,661,558	(78,552)	
272,546	117,175	
437,341	13,249	
319,994	14,805	
150,053	10,253	
1,484,972	191,285	
579,200	95,901	
<b>13,891,617</b>	<b>591,500</b>	
20,216,234	1,273,943	
17,827,474	(162,091)	
<b>38,043,708</b>	<b>1,111,852</b>	

Continued on next page.

City of Palm Beach Gardens, Florida  
Required Supplementary Information  
Budgetary Comparison Schedule (continued)  
General Fund  
Year Ended September 30, 2013

	Original Adopted Budget	Legally Adopted Budget Amendments	Final Revised Budget
<b>Culture and Recreation:</b>			
Administrative services	\$ 183,396	\$ 2,291	\$ 185,687
Seniors and wellness	40,938	6,992	47,930
Aquatics	170,043	2,227	172,270
Tennis	130,978	1,943	132,921
Programs	96,643	(5,063)	91,580
<b>Total cultural and recreation</b>	<b>621,998</b>	<b>8,390</b>	<b>630,388</b>
<b>Physical Environment:</b>			
Administrative services	405,472	31,879	437,351
Facilities maintenance	2,259,717	154,975	2,414,692
Stormwater and street maintenance	1,090,985	(17,038)	1,073,947
Parks and grounds	3,039,981	9,346	3,049,327
<b>Total physical environment</b>	<b>6,796,155</b>	<b>179,162</b>	<b>6,975,317</b>
<b>Capital outlay</b>	<b>1,344,300</b>	<b>6,859,519</b>	<b>8,203,819</b>
<b>Debt Service:</b>			
Principal	3,623,089	-	3,623,089
Interest	713,744	-	713,744
Bond Issuance costs	-	29,000	29,000
<b>Total debt service</b>	<b>4,336,833</b>	<b>29,000</b>	<b>4,365,833</b>
<b>Total expenditures</b>	<b>65,624,369</b>	<b>8,189,665</b>	<b>73,814,034</b>
Excess (deficiency) of revenues over (under) expenditures	(559,748)	(8,019,534)	(8,579,282)
<b>Other financing sources/(uses):</b>			
Transfers in	559,748	-	559,748
Transfers out	-	(87,746)	(87,746)
Capital lease	-	1,206,362	1,206,362
Bonds issued	-	4,292,500	4,292,500
Sale of capital assets	-	-	-
<b>Total other financing sources/(uses)</b>	<b>559,748</b>	<b>5,411,116</b>	<b>5,970,864</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(2,608,418)</b>	<b>(2,608,418)</b>
Fund balance, beginning	25,653,723	3,185,930	28,839,653
<b>Fund balance, ending</b>	<b>\$ 25,653,723</b>	<b>\$ 577,512</b>	<b>\$ 26,231,235</b>

See notes to required supplementary information.

		Variance With Final Budget Positive (Negative)	
Actual			
\$ 187,372	\$	(1,685)	
38,688		9,242	
164,129		8,141	
127,730		5,191	
67,906		23,674	
<b>585,825</b>		<b>44,563</b>	
345,411		91,940	
2,152,109		262,583	
992,699		81,248	
3,006,091		43,236	
<b>6,496,310</b>		<b>479,007</b>	
<b>4,835,916</b>		<b>3,367,903</b>	
3,623,063		26	
713,851		(107)	
36,500		(7,500)	
<b>4,373,414</b>		<b>(7,581)</b>	
<b>68,226,790</b>		<b>5,587,244</b>	
<b>(99,999)</b>		<b>8,479,283</b>	
559,748		-	
(87,746)		-	
1,208,074		1,712	
4,300,000		7,500	
30,000		30,000	
<b>6,010,076</b>		<b>39,212</b>	
5,910,077		8,518,495	
28,839,653		-	
<b>\$ 34,749,730</b>	<b>\$</b>	<b>8,518,495</b>	

**City of Palm Beach Gardens, Florida**  
**Required Supplemental Information**  
**Schedule of Funding Progress**  
**Defined Benefit Pension Plans**  
**Year Ended September 30, 2013**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
<b>General Employees' Pension</b>						
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	<sup>(2)</sup> 2,501,664	3,188,958	687,294	78.45%	157,437	436.55%
10/1/2011	2,081,483	3,143,437	1,061,954	66.22%	122,051	870.09%
10/1/2012	2,059,833	3,145,606	1,085,773	65.48%	101,085	1074.12%
<b>Police Pension</b>						
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	56.19%	9,290,829	309.07%
10/1/2010	41,948,009	71,341,740	29,393,731	58.81%	8,499,722	345.82%
10/1/2011	45,709,740	68,822,738	23,112,998	66.42%	5,724,225	403.78%
<b>Fire Pension</b>						
10/1/2006	<sup>(1)</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	26,483,794	44,357,377	17,873,583	59.71%	9,994,000	178.84%
10/1/2010	31,110,381	49,208,059	18,097,678	63.22%	10,072,000	179.68%
10/1/2011	35,151,000	51,773,000	16,622,000	67.89%	10,576,000	157.17%

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

<sup>(2)</sup> Effective October 1, 2009, the General Employees Pension plan changed its actuarial cost method from the entry age actuarial cost method to the aggregate actuarial cost method.

See notes to required supplementary information.

**City of Palm Beach Gardens, Florida**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**  
**Defined Benefit Pension Plans**  
**Year Ended September 30, 2013**

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed
<b>General Employees' Pension</b>			
2008	\$ 91,488	\$ 91,488	100.00%
2009	60,503	60,503	100.00%
2010	77,437	77,437	100.00%
2011	125,273	125,273	100.00%
2012	130,810	130,810	100.00%
<b>2013</b>	<b>120,572</b>	<b>120,572</b>	<b>100.00%</b>
<b>Police Pension</b>			
2008	\$ 3,556,548	\$ 3,556,548	100.00%
2009	3,762,323	3,762,323	100.00%
2010	4,368,612	4,368,612	100.00%
2011	4,298,216	4,298,216	100.00%
2012	4,198,183	4,198,183	100.00%
<b>2013</b>	<b>3,113,406</b>	<b>3,113,406</b>	<b>100.00%</b>
<b>Fire Pension</b>			
2008	\$ 3,055,991	\$ 3,055,991	100.00%
2009	3,180,731	3,180,731	100.00%
2010	3,550,238	3,550,238	100.00%
2011	3,745,497	3,745,497	100.00%
2012	3,974,487	3,974,487	100.00%
<b>2013</b>	<b>3,347,645</b>	<b>3,347,645</b>	<b>100.00%</b>

See notes to required supplementary information.

**City of Palm Beach Gardens, Florida**  
**Required Supplemental Information**  
**Schedule of OPEB Funding Progress**  
**Other Postemployment Benefits**  
**Year Ended September 30, 2013**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
10/1/2008	\$ -	\$ 5,912,000	\$ 5,912,000	0.00%	\$ 29,593,635	19.98%
10/1/2010	-	6,693,000	6,693,000	0.00%	27,872,696	24.01%
10/1/2011	-	7,208,000	7,208,000	0.00%	28,366,590	25.41%
10/1/2012	-	6,376,000	6,376,000	0.00%	28,739,392	22.19%

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*.

See notes to required supplementary information.

**City of Palm Beach Gardens, Florida**  
**Notes to Required Supplementary Information**  
**September 30, 2013**

**Note 1. Budgetary Information**

---

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 part of restricted and assigned fund balances. Below is a listing of outstanding encumbrances by fund at September 30, 2013:

	<b>Encumbrances Outstanding</b>
Fund:	
General fund	\$ 871,571
Road impact fund	11,046
Non-major governmental funds	279,301
Internal service funds	7,893
<b>Total</b>	<b>\$ 1,169,811</b>

**Note 2. Budget and Actual Comparisons**

---

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

**Note 2. Budget and Actual Comparisons (continued)**

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:

	<b>Revenues</b>	<b>Expenditures</b>
Budgetary basis	\$ 68,126,791	\$ 68,226,790
State on-behalf payments for Police and Fire-Rescue pension contributions not included in budgetary basis	1,225,288	1,225,288
	<u>\$ 69,352,079</u>	<u>\$ 69,452,078</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:

	<b>General Employees' Pension</b>	<b>Police Pension</b>	<b>Fire Pension</b>
Actuarial Valuation Date	10/1/2012	10/1/2011	10/1/2011
Asset Valuation Method	4-year smoothed market	<sup>(1)</sup>	<sup>(4)</sup>
Actuarial Methods:			
Actuarial Cost Method	Aggregate Cost	Entry Age Normal	Projected Unit Credit
Amortization Method	Level percent of pay, open	Level percent of pay, closed	Level percent of pay, closed
Amortization Period	30 years	25 years	25 years
Actuarial Assumptions:			
Investment rate of return	7.25%	7.40%	8.25%
Projected salary increase	5.00%	7.50%	4.50%
Inflation	<sup>(3)</sup>	3.00%	4.50%
Cost of living adjustments	<sup>(3)</sup>	N/A	1.50% <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 for employees who had reached Normal Retirement eligibility as of September 13, 2012. After this date, the COLA is 1.5%.

<sup>(3)</sup> Included in projected salary increases.

<sup>(4)</sup> Effective October 1, 2012, the asset valuation method was changed from the four year smoothed method to a method that recognizes 25% of the difference between market value of assets and expected actuarial asset value.

**Note 4. Other Postemployment Benefit Plan**

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:

**Note 4. Other Postemployment Benefit Plan (continued)**

---

Actuarial Valuation Date	October 1, 2012
Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Level Percentage
Amortization Period	26 years
Actuarial Assumptions:	
Discount rate	3.50%
Inflation rate	2.50%
Investment rate of return	4.00%
Salary growth rate	3.50%
Annual healthcare cost trend rate	7.00% decreasing until it reaches 4.20%



---

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

---

This page intentionally left blank.

## OTHER GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes, other than debt service or capital projects. 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.

### 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.

City of Palm Beach Gardens, Florida  
Combining Balance Sheet  
Other Governmental Funds  
September 30, 2013

	Special Revenue Funds				
	Police Training	Recreation Programs	Golf	Extra Duty Police	Local Option Gas Tax
<b>Assets:</b>					
Cash and cash equivalents	\$ 20,026	\$ 575,925	\$ 8,804	\$ 210,637	\$ 824,526
Investments	-	306,600	59,000	-	1,590,000
Receivables	-	-	-	25,310	-
Due from other governments	822	-	-	-	56,777
Inventory	-	4,293	25,677	-	-
Prepaid expenditures	-	1,300	-	-	-
<b>Total assets</b>	<b>\$ 20,848</b>	<b>\$ 888,118</b>	<b>\$ 93,481</b>	<b>\$ 235,947</b>	<b>\$ 2,471,303</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,145	\$ 45,059	\$ 20,845	\$ 148	\$ 486,534
Contracts and retainage payable	-	-	-	-	-
<b>Total liabilities</b>	<b>1,145</b>	<b>45,059</b>	<b>20,845</b>	<b>148</b>	<b>486,534</b>
<b>Deferred inflows of resources</b>					
Unavailable revenues	-	102,434	9,141	-	-
<b>Fund balances:</b>					
Nonspendable:					
Prepaid expenditures	-	1,300	-	-	-
Inventory	-	4,293	25,677	-	-
Restricted for:					
Capital improvements	-	-	-	-	-
Road improvements	-	-	-	-	1,984,769
Law enforcement	19,703	-	-	235,799	-
Art improvements	-	-	-	-	-
Assigned	-	735,032	37,818	-	-
<b>Total fund balances</b>	<b>19,703</b>	<b>740,625</b>	<b>63,495</b>	<b>235,799</b>	<b>1,984,769</b>
<b>Total liabilities and fund balances</b>	<b>\$ 20,848</b>	<b>\$ 888,118</b>	<b>\$ 93,481</b>	<b>\$ 235,947</b>	<b>\$ 2,471,303</b>

---

---

**Total**

**\$ 1,639,918**  
**1,955,600**  
**25,310**  
**57,599**  
**29,970**  
**1,300**  

---

**\$ 3,709,697**

---

**\$ 553,731**  
**-**  

---

**553,731**

---

---

**111,575**

---

**1,300**  
**29,970**

**-**  
**1,984,769**  
**255,502**  
**-**  

---

**772,850**

---

**3,044,391**

---

**\$ 3,709,697**

---

*Continued on next page.*

City of Palm Beach Gardens, Florida  
Combining Balance Sheet  
Other Governmental Funds (continued)  
September 30, 2013

	Capital Projects Funds			
	Recreation Impact	Police Impact	Fire Impact	Art Impact
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,252,537	\$ 410,043	\$ 217,340	\$ 744,052
Investments	1,770,000	97,000	-	78,800
Receivables	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Prepaid expenditures	-	-	-	-
<b>Total assets</b>	<b>\$ 3,022,537</b>	<b>\$ 507,043</b>	<b>\$ 217,340</b>	<b>\$ 822,852</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 40,175	\$ -	\$ -	\$ 1,530
Contracts and retainage payable	314,083	-	-	-
Total liabilities	354,258	-	-	1,530
<b>Deferred inflows of resources</b>				
Unavailable revenues	-	-	-	-
<b>Fund balances:</b>				
Nonspendable:				
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Restricted for:				
Capital improvements	2,668,279	507,043	217,340	-
Road improvements	-	-	-	-
Law enforcement	-	-	-	-
Art improvements	-	-	-	821,322
Assigned	-	-	-	-
Total fund balances	2,668,279	507,043	217,340	821,322
<b>Total liabilities and fund balances</b>	<b>\$ 3,022,537</b>	<b>\$ 507,043</b>	<b>\$ 217,340</b>	<b>\$ 822,852</b>

---



---

	Total Other Governmental Funds
Total	
\$ 2,623,972	\$ 4,263,890
1,945,800	3,901,400
-	25,310
-	57,599
-	29,970
-	1,300
<b>\$ 4,569,772</b>	<b>\$ 8,279,469</b>

\$ 41,705	\$ 595,436
314,083	314,083
<b>355,788</b>	<b>909,519</b>

---

-	111,575
---	---------

-	1,300
-	29,970
3,392,662	3,392,662
-	1,984,769
-	255,502
821,322	821,322
-	772,850
<b>4,213,984</b>	<b>7,258,375</b>
<b>\$ 4,569,772</b>	<b>\$ 8,279,469</b>

City of Palm Beach Gardens, Florida  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Other Governmental Funds  
Year Ended September 30, 2013

	Special Revenue Funds				
	Police Training	Recreation Programs	Golf	Extra Duty Police	Local Option Gas Tax
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 670,569
Impact fees	-	-	-	-	-
Charges for services	-	3,307,273	1,053,323	-	-
Fines and forfeitures	10,787	-	-	-	-
Investment income	-	771	211	-	1,458
Miscellaneous	-	34,193	92,612	445,018	82,241
<b>Total revenues</b>	<b>10,787</b>	<b>3,342,237</b>	<b>1,146,146</b>	<b>445,018</b>	<b>754,268</b>
<b>Expenditures:</b>					
Current:					
Public safety	15,271	-	-	374,079	-
Culture and recreation	-	3,433,040	1,352,306	-	-
Transportation	-	-	-	-	843,522
Capital outlay	-	-	10,355	-	60,856
<b>Total expenditures</b>	<b>15,271</b>	<b>3,433,040</b>	<b>1,362,661</b>	<b>374,079</b>	<b>904,378</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(4,484)</b>	<b>(90,803)</b>	<b>(216,515)</b>	<b>70,939</b>	<b>(150,110)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	55,063	15,975	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>55,063</b>	<b>15,975</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,484)</b>	<b>(35,740)</b>	<b>(200,540)</b>	<b>70,939</b>	<b>(150,110)</b>
Fund balances, beginning	24,187	776,365	264,035	164,860	2,134,879
<b>Fund balances, ending</b>	<b>\$ 19,703</b>	<b>\$ 740,625</b>	<b>\$ 63,495</b>	<b>\$ 235,799</b>	<b>\$ 1,984,769</b>

---

---

**Total**

**\$ 670,569**  
-  
4,360,596  
10,787  
2,440  
**654,064**  

---

**5,698,456**  

---

389,350  
4,785,346  
843,522  
71,211  

---

**6,089,429**  

---

**(390,973)**  

---

71,038

71,038  

---

(319,935)  
**3,364,326**  

---

**\$ 3,044,391**  

---

---

*Continued on next page.*

City of Palm Beach Gardens, Florida  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Other Governmental Funds (continued)  
Year Ended September 30, 2013

	<b>Capital Projects Funds</b>			
	<b>Recreation Impact</b>	<b>Police Impact</b>	<b>Fire Impact</b>	<b>Art Impact</b>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Impact fees	1,519,079	234,780	182,479	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	1,749	314	159	529
Miscellaneous	35,000	-	-	-
<b>Total revenues</b>	<b>1,555,828</b>	<b>235,094</b>	<b>182,638</b>	<b>529</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	9,391	22,297	-
Culture and recreation	60,763	-	-	29,583
Transportation	-	-	-	-
Capital outlay	654,214	102,455	44,020	-
<b>Total expenditures</b>	<b>714,977</b>	<b>111,846</b>	<b>66,317</b>	<b>29,583</b>
Excess (deficiency) of revenues over (under) expenditures	<b>840,851</b>	<b>123,248</b>	<b>116,321</b>	<b>(29,054)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>840,851</b>	<b>123,248</b>	<b>116,321</b>	<b>(29,054)</b>
Fund balances, beginning	1,827,428	383,795	101,019	850,376
<b>Fund balances, ending</b>	<b>\$ 2,668,279</b>	<b>\$ 507,043</b>	<b>\$ 217,340</b>	<b>\$ 821,322</b>

	Other Governmental	
Total	Funds	
\$ -	\$	670,569
1,936,338		1,936,338
-		4,360,596
-		10,787
2,751		5,191
35,000		689,064
<b>1,974,089</b>		<b>7,672,545</b>
31,688		421,038
90,346		4,875,692
-		843,522
800,689		871,900
<b>922,723</b>		<b>7,012,152</b>
<b>1,051,366</b>		<b>660,393</b>
-		71,038
-		71,038
1,051,366		731,431
3,162,618		6,526,944
<b>\$ 4,213,984</b>	<b>\$</b>	<b>7,258,375</b>

**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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Fines and forfeitures	\$ 12,400	\$ 12,400	\$ 10,787	\$ (1,613)
<b>Total revenues</b>	<b>12,400</b>	<b>12,400</b>	<b>10,787</b>	<b>(1,613)</b>
<b>Expenditures:</b>				
Current:				
Public Safety	12,000	12,000	15,271	(3,271)
<b>Total expenditures</b>	<b>12,000</b>	<b>12,000</b>	<b>15,271</b>	<b>(3,271)</b>
<b>Net change in fund balances</b>	<b>400</b>	<b>400</b>	<b>(4,484)</b>	<b>(4,884)</b>
Fund balances, beginning	25,340	24,186	24,187	1
<b>Fund balances, ending</b>	<b>\$ 25,740</b>	<b>\$ 24,586</b>	<b>\$ 19,703</b>	<b>\$ (4,883)</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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 3,145,803	\$ 3,145,803	\$ 3,307,273	\$ 161,470
Investment income	-	-	771	771
Miscellaneous	23,000	23,000	34,193	11,193
<b>Total revenues</b>	<b>3,168,803</b>	<b>3,168,803</b>	<b>3,342,237</b>	<b>173,434</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	3,698,201	3,753,264	3,433,040	320,224
<b>Total expenditures</b>	<b>3,698,201</b>	<b>3,753,264</b>	<b>3,433,040</b>	<b>320,224</b>
<b>Deficiency of revenues under expenditures</b>	<b>(529,398)</b>	<b>(584,461)</b>	<b>(90,803)</b>	<b>493,658</b>
<b>Other financing sources:</b>				
Transfers in	-	55,063	55,063	-
<b>Net change in fund balances</b>	<b>(529,398)</b>	<b>(529,398)</b>	<b>(35,740)</b>	<b>493,658</b>
Fund balances, beginning	768,336	776,365	776,365	-
<b>Fund balances, ending</b>	<b>\$ 238,938</b>	<b>\$ 246,967</b>	<b>\$ 740,625</b>	<b>\$ 493,658</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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 1,381,400	\$ 1,475,400	\$ 1,053,323	\$ (422,077)
Investment income	100	100	211	111
Miscellaneous	192,700	98,700	92,612	(6,088)
<b>Total revenues</b>	<b>1,574,200</b>	<b>1,574,200</b>	<b>1,146,146</b>	<b>(428,054)</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	1,413,351	1,429,326	1,352,306	77,020
Capital outlay	20,000	20,000	10,355	9,645
<b>Total expenditures</b>	<b>1,433,351</b>	<b>1,449,326</b>	<b>1,362,661</b>	<b>86,665</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>140,849</b>	<b>124,874</b>	<b>(216,515)</b>	<b>(341,389)</b>
<b>Other financing sources:</b>				
Transfers in	-	15,975	15,975	-
<b>Net change in fund balances</b>	<b>140,849</b>	<b>140,849</b>	<b>(200,540)</b>	<b>(341,389)</b>
Fund balances, beginning	315,668	264,036	264,035	(1)
<b>Fund balances, ending</b>	<b>\$ 456,517</b>	<b>\$ 404,885</b>	<b>\$ 63,495</b>	<b>\$ (341,390)</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, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 680,000	\$ 680,000	\$ 670,569	\$ (9,431)
Investment income	250	250	1,458	1,208
Miscellaneous	93,750	93,750	82,241	(11,509)
<b>Total revenues</b>	<b>774,000</b>	<b>774,000</b>	<b>754,268</b>	<b>(19,732)</b>
<b>Expenditures:</b>				
Current:				
Transportation	895,538	953,256	843,522	109,734
Capital outlay	310,000	1,581,137	60,856	1,520,281
<b>Total expenditures</b>	<b>1,205,538</b>	<b>2,534,393</b>	<b>904,378</b>	<b>1,630,015</b>
<b>Net change in fund balances</b>	<b>(431,538)</b>	<b>(1,760,393)</b>	<b>(150,110)</b>	<b>1,610,283</b>
Fund balances, beginning	815,600	2,134,879	2,134,879	-
<b>Fund balances, ending</b>	<b>\$ 384,062</b>	<b>\$ 374,486</b>	<b>\$ 1,984,769</b>	<b>\$ 1,610,283</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, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ 544,935	\$ 544,935	\$ 1,519,079	\$ 974,144
Investment income	300	300	1,749	1,449
Miscellaneous	-	30,000	35,000	5,000
<b>Total revenues</b>	<b>545,235</b>	<b>575,235</b>	<b>1,555,828</b>	<b>980,593</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	-	-	60,763	(60,763)
Capital outlay	1,100,000	1,793,254	654,214	1,139,040
<b>Total expenditures</b>	<b>1,100,000</b>	<b>1,793,254</b>	<b>714,977</b>	<b>1,078,277</b>
<b>Net change in fund balances</b>	<b>(554,765)</b>	<b>(1,218,019)</b>	<b>840,851</b>	<b>2,058,870</b>
Fund balances, beginning	632,428	1,827,429	1,827,428	(1)
<b>Fund balances, ending</b>	<b>\$ 77,663</b>	<b>\$ 609,410</b>	<b>\$ 2,668,279</b>	<b>\$ 2,058,869</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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ 167,983	\$ 167,983	\$ 627,407	\$ 459,424
Investment income	1,000	1,000	2,177	1,177
<b>Total revenues</b>	<b>168,983</b>	<b>168,983</b>	<b>629,584</b>	<b>460,601</b>
<b>Expenditures:</b>				
Current:				
Transportation	-	22,490	39,335	(16,845)
Capital outlay	-	1,046,739	337,536	709,203
<b>Total expenditures</b>	<b>-</b>	<b>1,069,229</b>	<b>376,871</b>	<b>692,358</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>168,983</b>	<b>(900,246)</b>	<b>252,713</b>	<b>1,152,959</b>
<b>Other financing uses:</b>				
Transfers out	(559,748)	(559,748)	(559,748)	-
<b>Net change in fund balances</b>	<b>(390,765)</b>	<b>(1,459,994)</b>	<b>(307,035)</b>	<b>1,152,959</b>
Fund balances, beginning	752,978	1,821,852	1,821,853	1
<b>Fund balances, ending</b>	<b>\$ 362,213</b>	<b>\$ 361,858</b>	<b>\$ 1,514,818</b>	<b>\$ 1,152,960</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, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ 74,560	\$ 74,560	\$ 234,780	\$ 160,220
Investment income	90	90	314	224
<b>Total revenues</b>	<b>74,650</b>	<b>74,650</b>	<b>235,094</b>	<b>160,444</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	9,391	(9,391)
Capital outlay	130,000	325,291	102,455	222,836
<b>Total expenditures</b>	<b>130,000</b>	<b>325,291</b>	<b>111,846</b>	<b>213,445</b>
<b>Net change in fund balances</b>	<b>(55,350)</b>	<b>(250,641)</b>	<b>123,248</b>	<b>373,889</b>
Fund balances, beginning	176,919	383,795	383,795	-
<b>Fund balances, ending</b>	<b>\$ 121,569</b>	<b>\$ 133,154</b>	<b>\$ 507,043</b>	<b>\$ 373,889</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, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ 79,230	\$ 79,230	\$ 182,479	\$ 103,249
Investment income	15	15	159	144
<b>Total revenues</b>	<b>79,245</b>	<b>79,245</b>	<b>182,638</b>	<b>103,393</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	22,297	(22,297)
Capital outlay	51,562	51,562	44,020	7,542
<b>Total expenditures</b>	<b>51,562</b>	<b>51,562</b>	<b>66,317</b>	<b>(14,755)</b>
<b>Net change in fund balances</b>	<b>27,683</b>	<b>27,683</b>	<b>116,321</b>	<b>88,638</b>
Fund balances, beginning	101,019	101,019	101,019	-
<b>Fund balances, ending</b>	<b>\$ 128,702</b>	<b>\$ 128,702</b>	<b>\$ 217,340</b>	<b>\$ 88,638</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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ 150	\$ 150	\$ 529	\$ 379
<b>Total revenues</b>	<b>150</b>	<b>150</b>	<b>529</b>	<b>379</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	-	118,864	29,583	89,281
<b>Total expenditures</b>	<b>-</b>	<b>118,864</b>	<b>29,583</b>	<b>89,281</b>
<b>Net change in fund balances</b>	<b>150</b>	<b>(118,714)</b>	<b>(29,054)</b>	<b>89,660</b>
Fund balances, beginning	838,400	850,376	850,376	-
<b>Fund balances, ending</b>	<b>\$ 838,550</b>	<b>\$ 731,662</b>	<b>\$ 821,322</b>	<b>\$ 89,660</b>

City of Palm Beach Gardens, Florida  
Internal Service Funds  
Combining Statement of Net Position  
September 30, 2013

	Fleet Management	Self Insurance	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 196,521	\$ 3,929,002	\$ 4,125,523
Investments	96,700	1,074,900	1,171,600
Accounts receivable	4,075	-	4,075
Inventory	72,897	-	72,897
Prepaid expenses	-	24,000	24,000
<b>Total current assets</b>	<b>370,193</b>	<b>5,027,902</b>	<b>5,398,095</b>
<b>Noncurrent assets:</b>			
Capital assets being depreciated, net	1,185,459	39,272	1,224,731
<b>Total noncurrent assets</b>	<b>1,185,459</b>	<b>39,272</b>	<b>1,224,731</b>
<b>Total assets</b>	<b>\$ 1,555,652</b>	<b>\$ 5,067,174</b>	<b>\$ 6,622,826</b>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 89,120	\$ 45,030	\$ 134,150
Claims payable	-	840,401	840,401
<b>Total current liabilities</b>	<b>89,120</b>	<b>885,431</b>	<b>974,551</b>
<b>Noncurrent liabilities:</b>			
Claims payable	-	259,532	259,532
Compensated absences payable	35,055	-	35,055
<b>Total noncurrent liabilities</b>	<b>35,055</b>	<b>259,532</b>	<b>294,587</b>
<b>Total liabilities</b>	<b>\$ 124,175</b>	<b>\$ 1,144,963</b>	<b>\$ 1,269,138</b>
<b>Net Position:</b>			
Net investment in capital assets	\$ 1,185,459	\$ 39,272	\$ 1,224,731
Unrestricted	246,018	3,882,939	4,128,957
<b>Total net position</b>	<b>\$ 1,431,477</b>	<b>\$ 3,922,211</b>	<b>\$ 5,353,688</b>

City of Palm Beach Gardens, Florida  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Year Ended September 30, 2013

	Fleet Management	Self Insurance	Total
<b>Operating revenues:</b>			
Charges for service	\$ 2,238,013	\$ -	\$ 2,238,013
Employer contributions	-	6,629,598	6,629,598
Employee contributions	-	779,700	779,700
Miscellaneous	109,500	135,603	245,103
<b>Total operating revenues</b>	<b>2,347,513</b>	<b>7,544,901</b>	<b>9,892,414</b>
<b>Operating expenses:</b>			
Personnel expenses	840,042	-	840,042
Claims expense	-	5,077,268	5,077,268
Insurance premiums	-	432,718	432,718
Repair and maintenance	348,910	-	348,910
Fuel and chemicals	687,478	-	687,478
Operating supplies	141,554	36,962	178,516
Other professional and contractual	18,313	716,855	735,168
Other expenses	19,176	-	19,176
Depreciation	470,599	3,121	473,720
<b>Total operating expenses</b>	<b>2,526,072</b>	<b>6,266,924</b>	<b>8,792,996</b>
Operating income (loss)	<b>(178,559)</b>	<b>1,277,977</b>	<b>1,099,418</b>
<b>Nonoperating revenues:</b>			
Investment income	162	2,732	2,894
Gain on disposal of capital assets	91,679	-	91,679
<b>Total nonoperating revenues</b>	<b>91,841</b>	<b>2,732</b>	<b>94,573</b>
Income (loss) before transfers	<b>(86,718)</b>	<b>1,280,709</b>	<b>1,193,991</b>
Transfers in	<b>16,708</b>	<b>-</b>	<b>16,708</b>
<b>Change in net position</b>	<b>(70,010)</b>	<b>1,280,709</b>	<b>1,210,699</b>
Net position, beginning	<b>1,501,487</b>	<b>2,641,502</b>	<b>4,142,989</b>
<b>Net position, ending</b>	<b>\$ 1,431,477</b>	<b>\$ 3,922,211</b>	<b>\$ 5,353,688</b>

City of Palm Beach Gardens, Florida  
Internal Service Funds  
Combining Statement of Cash Flows  
Year Ended September 30, 2013

	Fleet Management	Self Insurance	Total
<b>Cash flows from operating activities:</b>			
Receipts for interfund services provided	\$ 2,233,938	\$ 7,409,298	\$ 9,643,236
Payments to suppliers for goods and services	(1,196,659)	(1,243,076)	(2,439,735)
Payments to employees for services	(834,942)	-	(834,942)
Payments for claims	-	(5,061,269)	(5,061,269)
Other operating revenues	109,500	135,603	245,103
<b>Net cash provided by operating activities</b>	<b>311,837</b>	<b>1,240,556</b>	<b>1,552,393</b>
<b>Cash flows from noncapital financing activities:</b>			
Transfers from other funds	16,708	-	16,708
<b>Net cash provided by noncapital financing activities</b>	<b>16,708</b>	<b>-</b>	<b>16,708</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchases of capital assets	(404,469)	-	(404,469)
Proceeds from sale of capital assets	91,679	-	91,679
<b>Net cash used in capital and related financing activities</b>	<b>(312,790)</b>	<b>-</b>	<b>(312,790)</b>
<b>Cash flows from investing activities:</b>			
Purchases of investments	153,300	325,100	478,400
Interest earned	162	2,732	2,894
<b>Net cash provided by investing activities</b>	<b>153,462</b>	<b>327,832</b>	<b>481,294</b>
Net increase in cash and cash equivalents	169,217	1,568,388	1,737,605
Cash and cash equivalents, beginning of year	27,305	2,360,613	2,387,918
<b>Cash and cash equivalents, end of year</b>	<b>\$ 196,522</b>	<b>\$ 3,929,001</b>	<b>\$ 4,125,523</b>

*Continued on next page.*

**City of Palm Beach Gardens, Florida**  
**Internal Service Funds**  
**Combining Statement of Cash Flows (Continued)**  
**Year Ended September 30, 2013**

	Fleet Management	Self Insurance	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (178,559)	\$ 1,277,977	\$ 1,099,418
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	470,599	3,121	473,720
Changes in operating assets and liabilities:			
Accounts receivable	(4,075)	-	(4,075)
Inventory	9,400	-	9,400
Prepaid expenses	-	-	-
Accounts payable	9,372	(56,541)	(47,169)
Claims payable	-	15,999	15,999
Compensated absences	5,100	-	5,100
<b>Total adjustments</b>	<b>490,396</b>	<b>(37,421)</b>	<b>452,975</b>
<b>Net cash provided by operating activities</b>	<b>\$ 311,837</b>	<b>\$ 1,240,556</b>	<b>\$ 1,552,393</b>

City of Palm Beach Gardens, Florida  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2013

	Pension Trust Funds			
	General Employees	Police	Fire	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 28,293	\$ 2,745,686	\$ 2,176,592	\$ 4,950,571
Investments, at fair values:				
U.S. Government obligations	-	2,867,995	1,739,452	4,607,447
Mortgage backed securities	-	1,348,340	4,412,075	5,760,415
Fixed income funds	844,420	-	-	844,420
Collateralized mortgage obligations	-	-	363,569	363,569
Corporate obligations	-	11,157,646	5,504,777	16,662,423
Equity securities	-	7,330,517	19,329,922	26,660,439
Equity funds	1,303,628	30,668,482	10,909,465	42,881,575
Foreign bonds	-	-	33,921	33,921
International funds	-	5,016,371	6,958,277	11,974,648
International bond funds	-	1,502,285	2,903,577	4,405,862
Real estate funds	-	1,696,507	4,109,274	5,805,781
<b>Total investments</b>	<b>2,148,048</b>	<b>61,588,143</b>	<b>56,264,309</b>	<b>120,000,500</b>
<b>Receivables:</b>				
Interest and dividends	-	98,301	104,266	202,567
Pending trades	-	20,869	395,209	416,078
Employer	27,584	-	836,911	864,495
State of Florida	-	-	750,073	750,073
Employees	346	30,655	11,711	42,712
Accounts receivable - other	-	1,200	-	1,200
<b>Total receivables</b>	<b>27,930</b>	<b>151,025</b>	<b>2,098,170</b>	<b>2,277,125</b>
<b>Prepaid expenses</b>	<b>-</b>	<b>140,939</b>	<b>-</b>	<b>140,939</b>
<b>Total assets</b>	<b>\$ 2,204,271</b>	<b>\$ 64,625,793</b>	<b>\$ 60,539,071</b>	<b>\$ 127,369,135</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,088	\$ 50,340	\$ 58,578	\$ 110,006
Pending trades payable	-	-	474,492	474,492
Due to DROP account	-	-	898,784	898,784
<b>Total liabilities</b>	<b>\$ 1,088</b>	<b>\$ 50,340</b>	<b>\$ 1,431,854</b>	<b>\$ 1,483,282</b>
<b>Net position:</b>				
<b>Net position held in trust for pension benefits</b>	<b>\$ 2,203,183</b>	<b>\$ 64,575,453</b>	<b>\$ 59,107,217</b>	<b>\$ 125,885,853</b>

City of Palm Beach Gardens, Florida  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended September 30, 2013

	Pension Trust Funds			
	General Employees	Police	Fire	Total
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 120,572	\$ 2,700,762	\$ 3,347,645	\$ 6,168,979
Insurance premium taxes collected by the State of Florida on behalf of the City of Palm Beach Gardens	-	475,215	750,073	1,225,288
Employees	9,780	432,301	498,679	940,760
<b>Total contributions</b>	<b>130,352</b>	<b>3,608,278</b>	<b>4,596,397</b>	<b>8,335,027</b>
<b>Investment earnings (loss):</b>				
Net appreciation in fair value of investments	240,658	7,347,888	5,136,436	12,724,982
Interest and dividends	-	752,092	1,543,827	2,295,919
Other	-	-	4,636	4,636
Total investment earnings	240,658	8,099,980	6,684,899	15,025,537
Less investment expenses	(4,248)	(174,307)	(292,514)	(471,069)
<b>Net investment earnings</b>	<b>236,410</b>	<b>7,925,673</b>	<b>6,392,385</b>	<b>14,554,468</b>
<b>Total additions</b>	<b>366,762</b>	<b>11,533,951</b>	<b>10,988,782</b>	<b>22,889,495</b>
<b>Deductions:</b>				
Pension benefits	254,313	2,068,119	799,045	3,121,477
DROP expenses	-	-	768,091	768,091
Refund of participant contributions	-	32,872	-	32,872
Administrative expenses	5,965	118,659	100,306	224,930
<b>Total deductions</b>	<b>260,278</b>	<b>2,219,650</b>	<b>1,667,442</b>	<b>4,147,370</b>
<b>Change in net position</b>	<b>106,484</b>	<b>9,314,301</b>	<b>9,321,340</b>	<b>18,742,125</b>
Net position, beginning	2,096,699	55,261,152	49,785,877	107,143,728
<b>Net position, ending</b>	<b>\$ 2,203,183</b>	<b>\$ 64,575,453</b>	<b>\$ 59,107,217</b>	<b>\$ 125,885,853</b>

---

## **STATISTICAL SECTION**

---

This page intentionally left blank.

## STATISTICAL SECTION

This part of the City of Palm Beach Garden's 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

<u>Contents</u>	<u>Page</u>
<b><u>Financial Trends</u></b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:	
Net Position by Component	112
Changes in Net Position	114
Fund Balances of Governmental Funds	118
Changes in Fund Balances of Governmental Funds	120
<b><u>Revenue Capacity</u></b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Net Assessed Value and Estimated Actual Value of Taxable Property	122
Property Tax Rates - Direct and Overlapping Governments	124
Principal Property Taxpayers	126
Property Tax Levies and Collections	127
<b><u>Debt Capacity</u></b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Ratios of Outstanding Debt by Type	128
Ratios of General Bonded Debt Outstanding	130
Direct and Overlapping Governmental Activities Debt	131
Pledged Revenue Coverage	132
<b><u>Demographic and Economic Information</u></b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Demographic and Economic Statistics	134
Principal Employers	135
<b><u>Operating Information</u></b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Full-Time Equivalent City Government Employees by Function	136
Operating Indicators by Function/Program	138
Capital Asset Statistics by Function/Program	140

Sources: Unless other wise 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 Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year</b>			
	2004	2005	2006	2007
<b>Governmental activities:</b>				
Net Investment in capital assets	\$ 47,266,504	\$ 52,524,730	\$ 55,645,259	\$ 62,235,884
Restricted	15,671,654	18,706,997	14,898,785	14,083,021
Unrestricted	14,361,514	11,839,633	19,024,256	20,235,445
<b>Total governmental activities net position</b>	<b>77,299,672</b>	<b>83,071,360</b>	<b>89,568,300</b>	<b>96,554,350</b>
<b>Business-type activities:</b>				
Net Investment in capital assets	(1,391,784)	(1,377,423)	-	-
Restricted	-	-	-	-
Unrestricted	221,741	220,103	-	-
<b>Total business-type activities net position</b>	<b>(1,170,043)</b>	<b>(1,157,320)</b>	<b>-</b>	<b>-</b>
<b>Primary government:</b>				
Net Investment in capital assets	45,874,720	51,147,307	55,645,259	62,235,884
Restricted	15,671,654	18,706,997	14,898,785	14,083,021
Unrestricted	14,583,255	12,059,736	19,024,256	20,235,445
<b>Total primary government net position</b>	<b>\$ 76,129,629</b>	<b>\$ 81,914,040</b>	<b>\$ 89,568,300</b>	<b>\$ 96,554,350</b>

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 63,743,178	\$ 67,009,120	\$ 67,825,780	\$ 70,503,248	\$ 69,245,447	<b>\$ 70,034,049</b>
12,679,885	13,449,860	12,950,242	9,383,210	7,934,680	<b>11,487,326</b>
25,149,412	25,731,157	26,836,009	26,203,130	28,494,191	<b>28,797,278</b>
101,572,475	106,190,137	107,612,031	106,089,588	105,674,318	<b>110,318,653</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
63,743,178	67,009,120	67,825,780	70,503,248	69,245,447	<b>70,034,049</b>
12,679,885	13,449,860	12,950,242	9,383,210	7,934,680	<b>11,487,326</b>
25,149,412	25,731,157	26,836,009	26,203,130	28,494,191	<b>28,797,278</b>
<b>\$ 101,572,475</b>	<b>\$ 106,190,137</b>	<b>\$ 107,612,031</b>	<b>\$ 106,089,588</b>	<b>\$ 105,674,318</b>	<b>\$ 110,318,653</b>

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

	<b>Fiscal Year</b>		
	2004	2005	2006
<b>Expenses:</b>			
<b>Governmental activities:</b>			
General Government	\$ 13,899,785	\$ 13,548,562	\$ 11,413,853
Public Safety	26,944,280	30,419,891	33,064,986
Culture/Recreation	5,927,344	7,139,745	10,071,747
Physical Environment	4,639,930	4,568,664	9,036,996
Transportation	2,962,465	2,758,280	2,121,258
Interest on long-term debt	1,095,103	1,254,477	1,834,969
Other debt service costs	-	-	-
<b>Total governmental activities expenses</b>	<b>55,468,907</b>	<b>59,689,619</b>	<b>67,543,809</b>
<b>Business-type activities:</b>			
Golf Course	1,677,140	1,896,021	-
<b>Total business-type activities expenses</b>	<b>1,677,140</b>	<b>1,896,021</b>	<b>-</b>
<b>Total primary government expenses</b>	<b>\$ 57,146,047</b>	<b>\$ 61,585,640</b>	<b>\$ 67,543,809</b>
<b>Program revenues:</b>			
<b>Governmental activities:</b>			
Charges for services:			
General Government	\$ 6,048,502	\$ 5,599,809	\$ 6,690,824
Public Safety	1,995,627	2,039,879	2,344,719
Culture/Recreation	1,265,684	1,902,858	4,284,306
Transportation	-	-	2,400,886
Operating grants and contributions	1,762,120	114,005	348,059
Capital grants and contributions	3,758,850	2,168,711	4,011,982
<b>Total governmental activities program revenues</b>	<b>14,830,783</b>	<b>11,825,262</b>	<b>20,080,776</b>
<b>Business-type activities:</b>			
Charges for services:			
Golf Course	1,246,536	1,377,545	-
<b>Total business-type activities program revenues</b>	<b>1,246,536</b>	<b>1,377,545</b>	<b>-</b>
<b>Total primary government program revenues</b>	<b>\$ 16,077,319</b>	<b>\$ 13,202,807</b>	<b>\$ 20,080,776</b>

Table 2

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 15,695,350	\$ 14,954,447	\$ 15,136,680	\$ 14,021,839	\$ 13,637,124	\$ 13,772,084	<b>\$ 14,577,754</b>
37,209,988	39,223,990	41,112,818	43,008,415	43,117,470	43,586,151	<b>41,943,456</b>
10,178,475	8,784,481	9,151,914	10,140,073	7,586,300	7,470,717	<b>7,435,778</b>
7,059,139	6,067,686	5,771,316	3,962,941	6,688,611	6,876,606	<b>7,031,948</b>
2,262,265	3,860,350	3,954,595	2,613,051	2,558,809	1,927,567	<b>2,214,405</b>
1,557,260	1,662,578	1,492,723	1,396,709	1,148,800	945,926	<b>935,201</b>
-	-	-	-	-	91,923	<b>36,500</b>
<b>73,962,477</b>	<b>74,553,532</b>	<b>76,620,046</b>	<b>75,143,028</b>	<b>74,737,114</b>	<b>74,670,974</b>	<b>74,175,042</b>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>\$ 73,962,477</b>	<b>\$ 74,553,532</b>	<b>\$ 76,620,046</b>	<b>\$ 75,143,028</b>	<b>\$ 74,737,114</b>	<b>\$ 74,670,974</b>	<b>\$ 74,175,042</b>
<b>\$ 3,751,106</b>	<b>\$ 8,518,696</b>	<b>\$ 8,594,096</b>	<b>\$ 8,409,479</b>	<b>\$ 8,006,806</b>	<b>\$ 8,749,869</b>	<b>\$ 9,710,901</b>
2,816,679	2,438,907	2,423,564	2,587,741	3,267,903	4,321,215	<b>4,883,193</b>
4,756,464	4,650,101	4,168,677	4,459,166	4,717,578	5,030,609	<b>5,879,675</b>
924,325	580,406	237,674	446,235	120,663	109,553	<b>627,407</b>
223,287	1,483,394	1,296,236	2,576,479	1,458,831	1,650,949	<b>1,470,016</b>
1,219,771	557,820	3,551,406	744,438	579,543	167,897	<b>123,665</b>
<b>13,691,632</b>	<b>18,229,324</b>	<b>20,271,653</b>	<b>19,223,538</b>	<b>18,151,324</b>	<b>20,030,092</b>	<b>22,694,857</b>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>\$ 13,691,632</b>	<b>\$ 18,229,324</b>	<b>\$ 20,271,653</b>	<b>\$ 19,223,538</b>	<b>\$ 18,151,324</b>	<b>\$ 20,030,092</b>	<b>\$ 22,694,857</b>

Continued on next page.

**City of Palm Beach Gardens, Florida**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year</b>			
	2004	2005	2006	2007
<b>Net (expense) revenue:</b>				
Governmental activities	\$ (40,638,124)	\$ (47,864,357)	\$ (47,463,033)	\$ (60,270,845)
Business-type activities	(430,604)	(518,476)	-	-
<b>Total primary government net expense</b>	<b>\$ (41,068,728)</b>	<b>\$ (48,382,833)</b>	<b>\$ (47,463,033)</b>	<b>\$ (60,270,845)</b>
<b>General revenues and other changes in net position:</b>				
<b>Governmental activities:</b>				
Taxes:				
Property taxes	\$ 30,581,316	\$ 35,118,504	\$ 40,923,938	\$ 50,541,564
Local business tax	-	-	-	-
Franchise taxes	3,370,103	3,832,276	4,964,878	5,380,778
Public service taxes	675,624	721,730	796,705	860,052
Unrestricted intergovernmental:				
Sales tax and local option gas tax	3,378,464	3,597,796	4,062,558	4,060,521
State shared revenue	850,494	1,115,490	1,252,205	1,265,548
Impact fees	6,260,509	6,812,932	-	-
Unrestricted investment earnings	554,197	1,129,469	2,548,250	3,159,845
Gain/(loss) on disposal of capital assets	-	-	-	55,284
Miscellaneous	1,573,389	1,803,848	1,374,851	1,601,212
Transfers	(422,889)	(496,000)	(1,157,320)	-
Cumulative effect of change in accounting principle	-	-	(806,092)	-
Special item - change in retirement plans	-	-	-	332,091
<b>Total governmental activities</b>	<b>\$ 46,821,207</b>	<b>\$ 53,636,045</b>	<b>\$ 53,959,973</b>	<b>\$ 67,256,895</b>
<b>Business-type activities:</b>				
Investment earnings	\$ 15,904	\$ 11,199	\$ -	\$ -
Miscellaneous	25,616	24,000	-	-
Transfers	422,889	496,000	1,157,320	-
<b>Total business-type activities</b>	<b>464,409</b>	<b>531,199</b>	<b>1,157,320</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 47,285,616</b>	<b>\$ 54,167,244</b>	<b>\$ 55,117,293</b>	<b>\$ 67,256,895</b>
Change in net position:				
Governmental activities	\$ 6,183,083	\$ 5,771,688	\$ 6,496,940	\$ 6,986,050
Business-type activities	33,805	12,723	1,157,320	-
<b>Total primary government</b>	<b>\$ 6,216,888</b>	<b>\$ 5,784,411</b>	<b>\$ 7,654,260</b>	<b>\$ 6,986,050</b>

<b>Fiscal Year</b>					
2008	2009	2010	2011	2012	2013
\$ (56,324,208)	\$ (56,348,393)	\$ (55,919,490)	\$ (56,585,790)	\$ (54,640,882)	<b>\$ (51,480,185)</b>
-	-	-	-	-	-
<b>\$ (56,324,208)</b>	<b>\$ (56,348,393)</b>	<b>\$ (55,919,490)</b>	<b>\$ (56,585,790)</b>	<b>\$ (54,640,882)</b>	<b>\$ (51,480,185)</b>
\$ 50,362,460	\$ 50,314,207	\$ 46,762,961	\$ 45,755,279	\$ 44,232,540	<b>\$ 44,946,393</b>
1,531,977	1,540,700	1,464,400	1,421,834	1,370,720	<b>1,424,382</b>
-	-	-	-	-	-
956,919	1,278,766	1,087,582	1,005,079	1,829,028	<b>2,220,036</b>
4,039,597	3,726,391	3,754,372	3,864,850	3,850,419	<b>4,013,779</b>
1,193,969	1,076,977	1,802,019	1,195,559	1,236,054	<b>1,304,870</b>
-	-	121,564	188,040	119,452	<b>74,589</b>
1,741,515	1,415,326	764,799	348,553	299,589	<b>165,741</b>
242,496	17,141	43,748	32,867	(7,165)	<b>290,676</b>
1,273,400	1,596,547	1,539,939	1,251,286	1,294,975	<b>1,837,258</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 61,342,333</b>	<b>\$ 60,966,055</b>	<b>\$ 57,341,384</b>	<b>\$ 55,063,347</b>	<b>\$ 54,225,612</b>	<b>\$ 56,277,724</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 61,342,333</b>	<b>\$ 60,966,055</b>	<b>\$ 57,341,384</b>	<b>\$ 55,063,347</b>	<b>\$ 54,225,612</b>	<b>\$ 56,277,724</b>
\$ 5,018,125	\$ 4,617,662	\$ 1,421,894	\$ (1,522,443)	\$ (415,270)	<b>\$ 4,797,539</b>
-	-	-	-	-	-
<b>\$ 5,018,125</b>	<b>\$ 4,617,662</b>	<b>\$ 1,421,894</b>	<b>\$ (1,522,443)</b>	<b>\$ (415,270)</b>	<b>\$ 4,797,539</b>

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

	<b>Fiscal Year</b>	
	2011	2012
<b>General fund:</b>		
Nonspendable	\$ 47,033	\$ 114,228
Restricted	3,050,763	626,283
Committed	1,253,889	1,253,889
Assigned	2,836,036	786,693
Unassigned	20,964,535	26,058,560
<b>Total general fund</b>	<b>28,152,256</b>	<b>28,839,653</b>
<b>All other governmental funds:</b>		
Nonspendable	25,662	36,357
Restricted	7,650,881	7,308,397
Committed	-	-
Assigned	1,034,597	1,004,043
<b>Total all other governmental funds</b>	<b>8,711,140</b>	<b>8,348,797</b>
<b>Total governmental funds</b>	<b>\$ 36,863,396</b>	<b>\$ 37,188,450</b>

Note: Data not available prior to fiscal year 2011 implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*.

**Table 3**

---

---

<b>2013</b>
\$ 77,819
3,518,253
2,632,575
1,411,359
<u>27,109,724</u>
<u>34,749,730</u>
31,270
7,969,073
-
<u>772,850</u>
<u>8,773,193</u>
<u><u>\$43,522,923</u></u>

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

	<b>Fiscal Year</b>		
	2004	2005	2006
<b>Revenues:</b>			
Ad valorem taxes	\$ 30,581,316	\$ 35,118,504	\$ 40,923,938
Local business tax	-	-	-
Utility taxes	675,624	721,730	796,705
Franchise fees	3,370,103	3,832,276	4,964,878
Licenses and permits	5,654,010	5,599,810	3,988,155
Intergovernmental	6,979,749	6,996,002	9,597,521
Impact fees	6,260,509	6,812,932	4,508,074
Charges for services	3,063,717	3,942,738	3,998,671
Fines and forfeitures	535,148	312,599	2,079,227
Investment income	550,916	1,125,900	2,548,247
Miscellaneous	4,313,325	1,544,895	2,653,313
<b>Total revenues</b>	<b>61,984,417</b>	<b>66,007,386</b>	<b>76,058,729</b>
<b>Expenditures:</b>			
Current:			
General Government	12,910,353	12,703,284	10,343,003
Public Safety	25,566,510	29,250,972	32,321,657
Culture and Recreation	5,593,314	6,764,046	9,125,769
Physical Environment	4,310,982	4,434,178	6,294,347
Transportation	1,634,307	1,233,738	762,383
Capital outlay	5,844,148	7,542,442	13,831,316
Debt service:			
Principal	1,993,273	1,926,679	2,364,709
Interest	1,328,080	1,234,078	1,478,670
Bond issuance costs	329,811	30,475	39,500
Other debt service costs	-	123,775	-
<b>Total expenditures</b>	<b>59,510,778</b>	<b>65,243,667</b>	<b>76,561,354</b>
Excess (deficiency) of revenues over (under) expenditures	2,473,639	763,719	(502,625)
<b>Other financing sources (uses):</b>			
Transfers in	1,021,177	1,584,962	1,488,139
Transfers out	(1,391,304)	(2,028,200)	(1,333,704)
Capital leases	-	-	-
Sale of capital assets	-	-	-
Bonds and notes issued	5,359,401	-	3,755,200
Refunding bonds issued	15,515,000	6,901,176	-
Premium on bond issuance	424,476	-	-
Refunded bonds redeemed	-	-	-
Payment to refunded bond escrow agent	(16,629,633)	(6,870,701)	-
<b>Total other financing sources (uses)</b>	<b>4,299,117</b>	<b>(412,763)</b>	<b>3,909,635</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>
<b>Net change in fund balances</b>	<b>\$ 6,772,756</b>	<b>\$ 350,956</b>	<b>\$ 3,407,010</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.80%</b>	<b>5.75%</b>	<b>6.19%</b>

Table 4

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 50,541,564	\$ 50,362,460	\$ 50,314,207	\$ 46,762,961	\$ 45,755,279	\$ 44,232,540	\$ 44,946,393
-	-	1,540,700	1,464,400	1,421,834	1,370,720	1,424,382
860,052	956,919	1,278,766	1,087,582	1,005,079	1,829,028	2,220,036
5,380,778	5,516,091	5,702,964	5,040,183	4,946,864	5,327,897	5,101,610
3,718,105	4,364,095	2,020,336	2,363,552	2,066,521	2,414,586	3,537,512
6,757,761	6,906,638	6,454,771	8,693,914	7,250,927	6,894,564	7,159,350
2,270,519	1,467,356	567,498	1,024,537	535,700	754,853	2,563,745
5,502,144	5,641,891	5,865,175	6,263,022	7,306,291	8,427,574	8,356,187
524,216	320,944	436,227	301,780	184,221	163,076	308,095
3,159,847	1,740,605	1,414,745	763,632	348,002	299,204	162,847
1,858,214	2,028,842	2,070,220	1,738,946	1,537,789	1,621,486	1,874,051
80,573,200	79,305,841	77,665,609	75,504,509	72,358,507	73,335,528	77,654,208
15,293,318	14,613,265	14,592,013	13,579,416	12,820,887	13,101,603	13,891,617
35,103,794	37,695,130	39,078,675	41,375,382	40,678,920	41,616,208	39,690,034
8,775,280	7,354,317	7,363,738	8,360,697	5,688,357	5,505,915	5,461,517
6,892,190	5,848,500	5,375,753	3,602,222	6,081,652	6,151,650	6,496,310
890,103	818,837	809,220	685,673	827,068	591,089	882,857
9,026,003	6,305,054	5,239,712	3,940,814	5,974,920	2,081,097	6,045,352
2,787,745	2,848,158	2,929,195	2,948,742	3,113,455	3,328,573	3,623,063
1,573,958	1,488,484	1,398,206	1,304,010	1,066,464	850,124	713,851
-	-	-	-	28,000	117,944	36,500
-	-	-	-	-	91,923	-
80,342,391	76,971,745	76,786,512	75,796,956	76,279,723	73,436,126	76,841,101
230,809	2,334,096	879,097	(292,447)	(3,921,216)	(100,598)	813,107
1,845,332	1,373,777	4,291,078	1,454,187	2,338,257	803,596	630,786
(1,787,528)	(1,321,015)	(4,238,316)	(1,454,187)	(2,338,257)	(743,460)	(647,494)
-	712,418	-	-	-	136,451	1,208,074
-	206,000	7,278	-	-	-	30,000
-	-	-	-	-	-	4,300,000
-	-	-	-	4,440,997	16,190,000	-
-	-	-	-	-	101,429	-
-	-	-	-	(4,412,997)	-	-
-	-	-	-	-	(16,062,364)	-
57,804	971,180	60,040	-	28,000	425,652	5,521,366
3,642,218	-	-	-	-	-	-
(3,310,127)	-	-	-	-	-	-
332,091	-	-	-	-	-	-
\$ 620,704	\$ 3,305,276	\$ 939,137	\$ (292,447)	\$ (3,893,216)	\$ 325,054	\$ 6,334,473
6.08%	6.10%	5.88%	5.87%	5.96%	5.84%	6.09%

**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	
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
2010	6,420,991,961	1,669,597,264	187,362,285	54,338,191	8,332,289,701
2011	5,848,513,461	1,449,291,192	159,894,950	46,154,142	7,503,853,745
2012	5,845,989,740	1,356,197,434	158,956,614	46,668,841	7,407,812,629
<b>2013</b>	<b>5,971,391,486</b>	<b>1,362,505,644</b>	<b>137,804,685</b>	<b>54,067,590</b>	<b>7,525,769,405</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
\$ 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%
435,423,487	1,525,288	8,769,238,476	5.5390	10,584,957,812	82.85%
419,393,252	1,530,479	7,924,777,476	5.9258	9,478,563,840	83.61%
355,387,197	1,580,454	7,764,780,280	5.9225	9,524,962,077	81.52%
<b>357,685,952</b>	<b>1,261,843</b>	<b>7,884,717,200</b>	<b>5.9194</b>	<b>9,634,287,354</b>	<b>81.84%</b>

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

<b>City of Palm Beach Gardens</b>					
<b>Fiscal Year</b>	<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total City Millage</b>	<b>Palm Beach County School District</b>	<b>Palm Beach County</b>
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
2010	5.3900	0.1490	5.5390	7.9830	4.5614
2011	5.7404	0.1854	5.9258	8.1540	4.9960
2012	5.7404	0.1821	5.9225	8.1800	4.9925
<b>2013</b>	<b>5.7404</b>	<b>0.1790</b>	<b>5.9194</b>	<b>7.7780</b>	<b>4.9902</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
1.1300	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
1.1451	0.5518	0.6240	0.6898	0.0345	21.1286
1.1451	0.5491	0.6240	0.7513	0.0345	22.1798
1.1250	0.6081	0.4363	0.7475	0.0345	22.0464
<b>1.1220</b>	<b>0.6066</b>	<b>0.4289</b>	<b>0.7300</b>	<b>0.0345</b>	<b>21.6096</b>

**City of Palm Beach Gardens, Florida  
Principal Property Taxpayers  
September 30, 2013**

**Table 7**

Taxpayer	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value <sup>(1)</sup>
Landry, Lawrence L.	\$ 205,000,000	1	2.60%
Florida Power & Light	79,926,052	2	1.01%
GLL US Retail LP	75,000,034	3	0.95%
Realty Associates Fund IX LP	60,963,354	4	0.77%
Northlake Blvd LLC	43,721,685	6	0.55%
Devonshire at PGA National LLC	40,702,679	7	0.52%
3801 PGA Acquisition Co	37,454,901	5	0.48%
Old Palm Holdings LP	33,273,000	8	0.42%
Downtown at the Gardens LLC	30,000,000	9	0.38%
Mirasol Club Inc.	15,852,845	10	0.20%
	<u>\$ 621,894,550</u>		<u>7.88%</u>

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.

(1) See the Schedule of Net Assessed Value on page 122 for Estimated Actual Value of Taxable Property.

City of Palm Beach Gardens, Florida  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
September 30, 2013

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
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%	139,886	50,615,457	96.37%
2008	52,378,653	50,382,769	96.19%	629,858	51,012,627	97.39%
2009	52,198,753	49,743,531	95.30%	265,618	50,009,149	95.81%
2010	48,572,811	46,500,965	95.73%	553,665	47,054,630	96.87%
2011	46,934,495	45,094,498	96.08%	12,386	45,106,884	96.11%
2012	45,986,911	44,142,070	95.99%	57,433	44,199,503	96.11%
<b>2012</b>	<b>46,672,795</b>	<b>44,866,669</b>	<b>96.13%</b>	<b>-</b>	<b>44,866,669</b>	<b>96.13%</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	Notes	Loans
	Bonds	Obligation Bonds	Leases		
2004	\$ 18,666,151	\$ 14,421,071	\$ 1,173,370	\$ 364,401	\$ -
2005	17,271,233	13,970,914	850,515	291,521	-
2006	25,150,643	13,342,497	515,637	218,641	-
2007	23,471,241	12,451,896	388,260	145,761	-
2008	21,784,903	11,527,046	996,465	72,881	-
2009	20,056,285	10,567,106	922,247	-	-
2010	18,279,922	9,566,340	844,172	-	-
2011	16,366,001	8,579,140	762,039	-	-
2012	14,445,715	7,489,697	801,213	-	-
<b>2013</b>	<b>16,697,603</b>	<b>6,365,138</b>	<b>1,608,643</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 134 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			
\$ 6,410,000	\$ 66,008	\$ -	\$ 41,101,001	0.0743%	\$ 970
6,090,000	33,116	-	38,507,299	0.0604%	845
-	-	-	39,227,418	0.0552%	814
-	-	-	36,457,158	0.0489%	738
-	-	-	34,381,295	0.0464%	684
-	-	-	31,545,638	0.0429%	632
-	-	-	28,690,434	0.0413%	573
-	-	-	25,707,180	0.0360%	531
-	-	-	22,736,625	N/A	469
-	-	-	<b>24,671,384</b>	<b>N/A</b>	<b>499</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 Estimated Actual Taxable Value <sup>(1)</sup>	Per Capita <sup>(2)</sup>
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
2010	9,566,340	0.11%	191
2011	8,579,140	0.11%	177
2012	7,489,697	0.10%	155
<b>2013</b>	<b>6,365,138</b>	<b>0.08%</b>	<b>129</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 122 for Estimated Actual Value of Taxable Property.

(2) See the Schedule of Demographic and Economic Statistics on page 134 for population data.

**City of Palm Beach Gardens, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2013**

**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	\$ 187,210,000	5.22%	\$ 9,772,362
Palm Beach County School Board	-	5.21%	-
Other debt:			
Palm Beach County	745,634,291	5.22%	38,922,110
Palm Beach County School Board	1,797,703,000	5.21%	93,660,326
Subtotal, Overlapping Debt			<u>142,354,798</u>
City of Palm Beach Gardens Direct Debt			<u>24,671,384</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 167,026,182</u></u>

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 Eight Fiscal Years

**2011 Public Improvement and Refunding Bonds**

<b>Year Ended September 30,</b>	<b>Local Business Tax</b>	<b>Franchise Fees</b>	<b>Utility Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-governmental</b>
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
2010	1,464,400	5,040,183	1,087,582	2,363,552	8,693,914
2011	1,421,834	4,946,864	1,005,079	2,066,521	7,250,927
2012	1,370,720	5,327,897	1,829,028	2,414,586	6,894,564
<b>2013</b>	<b>1,424,382</b>	<b>5,101,610</b>	<b>2,220,036</b>	<b>3,537,512</b>	<b>7,159,350</b>

	<b>Non Ad Valorem Revenue Available for Debt Coverage</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2006	\$ 24,759,337	\$ 2,020,874	\$ 916,835	8.43
2007	27,761,117	1,973,197	1,042,338	9.21
2008	27,476,025	1,923,309	992,714	9.42
2009	26,783,904	1,969,256	943,136	9.20
2010	27,717,011	1,947,976	887,781	9.77
2011	26,067,528	2,005,259	828,446	9.20
2012	28,348,135	2,005,259	828,446	10.00
<b>2013</b>	<b>30,144,070</b>	<b>2,498,505</b>	<b>492,496</b>	<b>10.08</b>

Note: The City's 2011 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.

Data not available prior to fiscal year 2006.

Source: City of Palm Beach Gardens Finance Department

Table 12

---

<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Investment Income</b>	<b>Miscellaneous</b>	<b>Non Ad Valorem Revenue Available for Debt Coverage</b>
\$ 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
6,263,022	301,780	763,632	1,738,946	27,717,011
7,306,291	184,221	348,002	1,537,789	26,067,528
8,427,574	163,076	299,204	1,621,486	28,348,135
<b>8,356,187</b>	<b>308,095</b>	<b>162,847</b>	<b>1,874,051</b>	<b>30,144,070</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>
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	58,358	9,933	4.3%
2009	49,941	73,546,909	57,461	10,338	7.3%
2010	50,075	69,488,201	52,526	10,549	7.8%
2011	48,452	71,432,467	53,500	11,234	7.2%
2012	48,452	N/A	N/A	10,937	6.0%
<b>2013</b>	<b>49,434</b>	<b>N/A</b>	<b>N/A</b>	<b>10,909</b>	<b>4.9%</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) U.S. Bureau of Labor Statistics

N/A: Information not available

**City of Palm Beach Gardens, Florida  
Principal Employers  
September 30, 2013**

**Table 14**

Employer	2012		
	Employees	Rank	Percentage of Total City Employment
G4S (Headquarters)	3,000	1	12.16%
Palm Beach County School Board	1,193	2	4.83%
Westport Senior Living Investment Fund	1,000	3	4.05%
Tenet Healthcare Corp	855	4	3.46%
PGA National Resort & Spa	700	5	2.84%
TBC Corporation (Headquarters)	600	6	2.43%
Biomet 3i, Inc.	476	7	1.93%
City of Palm Beach Gardens	455	8	1.84%
Belcan Corporation	329	9	1.33%
Anspach Companies	256	10	1.04%
	<u>8,864</u>		<u>35.91%</u>

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

Source: 2012 Business Development Board of Palm Beach County

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

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

**Table 15**

---

2011	2012	<b>2013</b>
66	71	<b>71</b>
280	278	<b>281</b>
38	38	<b>39</b>
66	65	<b>64</b>
450	452	<b>455</b>

---

---

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

Function/Program:	Fiscal Year		
	2006	2007	2008
<b>General Government:</b>			
Information Technology:			
Number of online inspections scheduled	7,000	10,000	7,808
City Clerk:			
Public records request	1,478	520	486
Finance:			
A/P checks issued	6,328	6,793	6,366
Growth Management:			
Number of projects completed	12	35	25
<b>Public Safety:</b>			
Police personnel and officers	158	158	157
Fire personnel	128	128	125
Number of foot patrols			
conducted in business districts	8,500	8,500	11,497
Number of foot patrols conducted in neighborhood communities	36	36	36
Number of fire rescue calls	4,000	7,073	7,155
<b>Culture and Recreation:</b>			
Special event attendees	79,000	60,000	71,600
General program participants	115,048	125,000	126,000
Youth camp registrations	2,729	3,503	3,636
Number of Signature City magazines mailed	84,000	89,000	89,000
Tennis members	278	333	566
Rounds of golf played	29,132	44,977	43,657
General pool admissions	20,393	45,490	36,401
<b>Physical Environment:</b>			
Curb miles swept	2,000	2,100	3,095
Linear feet of storm drains cleaned	1,500	1,600	13,200
Permits issued	8,202	9,191	8,929
Value of permits	\$ 375,192,522	\$ 336,554,569	\$ 343,341,142
Inspections performed	40,000	26,000	23,442

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

Sources: Various City Departments

**Table 16**

2009	2010	2011	2012	2013
6,188	6,495	12,150	7,720	<b>9,800</b>
553	140	110	95	<b>119</b>
6,829	5,849	4,914	3,863	<b>3,239</b>
23	33	35	8	<b>9</b>
150	150	162	163	<b>158</b>
122	122	118	118	<b>113</b>
16,400	13,473	10,874	9,028	<b>8,412</b>
36	35	35	35	<b>35</b>
7,410	8,000	7,836	7,582	<b>9,492</b>
75,000	104,100	110,000	144,000	<b>167,000</b>
9,220	16,710	17,000	16,500	<b>17,000</b>
3,805	3,750	3,775	3,988	<b>4,072</b>
5,241	-	-	-	-
356	360	367	455	<b>409</b>
43,000	38,835	41,954	39,107	<b>28,904</b>
32,144	32,910	37,826	31,723	<b>30,530</b>
800	2,560	2,779	2,335	<b>1,320</b>
800	4,400	-	-	-
5,272	6,013	6,315	6,822	<b>7,560</b>
\$ 189,340,190	\$ 178,555,009	\$ 188,625,476	\$ 208,997,432	<b>\$ 293,661,857</b>
19,250	18,170	18,100	18,605	<b>22,100</b>

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

**Table 17**

Function/Program:	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
General Government:								
Number of general government buildings	1	1	1	1	1	1	1	1
Public Safety:								
Fire stations	5	5	5	5	5	5	5	5
Transportation:								
Miles of streets	53	53	53	54	54	54	54	54
Culture and Recreation:								
Parks acreage	168	168	168	168	168	172	172	172
Parks	9	9	11	11	11	11	11	11
Golf courses	1	1	1	1	1	1	1	1
Soccer fields	10	10	10	10	10	11	11	11
Roller hockey rinks	2	2	2	2	2	2	2	2
Baseball/softball fields	17	17	15	15	15	15	15	15
Tennis courts	17	17	19	19	19	19	19	19
Playgrounds	8	8	9	9	9	9	9	9
Basketball courts	12	12	12	12	13	13	13	13
Racquetball courts	2	2	6	6	6	6	6	6
Skatepark	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3

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

Sources: Various City Departments

---

## **COMPLIANCE SECTION**

---

This page intentionally left blank.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palm Beach Gardens, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Palm Beach Gardens, Florida's basic financial statements, and have issued our report thereon dated April 18, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Palm Beach Gardens, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Rampell + Rampell, P.A.*

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

April 18, 2013

**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, 2013, and have issued our report thereon dated April 18, 2014.

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; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated April 18, 2014, 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. No recommendations were made in the preceding annual financial 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 of Palm Beach Gardens, Florida complied with 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 noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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. This information is disclosed in Note 1 to the financial statements.

- Section 10.554(1)(i)6.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 of Palm Beach Gardens, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Palm Beach Gardens, Florida for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.557(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Palm Beach Gardens, Florida'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.

Our management letter is intended solely for the use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, 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

April 18, 2014