THE CITY OF PALM BEACH GARDENS, FLORIDA

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2014

CITY OF PALM BEACH GARDENS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared By
Finance Department
City of Palm Beach Gardens, Florida

CITY OF PALM BEACH GARDENS, FLORIDA

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INTRODUCTORY SECTION

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

April 30, 2015

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, 2014.

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 Marcum LLP, 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, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditors' 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 the MD&A and should be read in conjunction with it. The City of Palm Beach Gardens' MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Palm Beach Gardens, incorporated in 1959, is located in the southeastern part of Florida, approximately 7 miles north of West Palm Beach and 70 miles north of Miami. The City currently has a land area of 56 square miles, making it one of the largest cities in Palm Beach County, and has a population of 50,067. 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 70-73.

Local Economy. The City of Palm Beach Gardens has evolved into an upscale community with a fairly diverse economic base including employment in the fields of healthcare, tourism and leisure, engineering, and education. The City also benefits from having the Scripps Florida Research Institute and Max Planck Society located in Northern Palm Beach County. The City has a strong tax base 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.

The City of Palm Beach Gardens has been fortunate to have land mass that has been available for future development, which will only further enhance the City's economic base and allow the City to continue to prosper with additional employment opportunities and increases in property valuations and revenues. Three major developments that could potentially increase employment include the following:

Florida Power & Light - Purchased a vacant parcel with plans on constructing a new 993,000 square foot corporate research and development center, which will create additional jobs and provide a boost to the local economy.

Avenir – The proposed project includes a 4,763 acre site with plans for 4,410 single family homes, 350 multifamily townhomes, a university for 2,500 students and 2,000 student dorm units, 1 million square feet of office, 600,000 square feet of retail and 300 hotel rooms. The proposed increase in population from this project represents approximately 17% of the City's current population.

Briger Tract – The first phase of the Briger Tract, known as Alton, is a 681 acre Development of Regional Impact (DRI) project with approval for 600 single family homes, 1,400 multifamily townhomes, 700 apartment units, 2.6 million square feet of industrial/research, 1.2 million square feet of office, 500,000 square feet of retail, and 300 hotel rooms. The site has currently received approval to start construction on 217 single family homes and 143 multifamily townhomes.

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.

The City has currently earmarked funds for two companies that have expanded and established headquarters within the City of Palm Beach Gardens. Chromalloy Gas Turbine LLC which manufactures jet turbines and TBC Corporation which is a tire distribution company.

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, and Anspach Companies.

The City of Palm Beach Gardens had an unemployment rate of 4.4% as of September 2014. This rate compares favorably to the state of Florida rate of 6.1% and to the national unemployment rate of 5.9%. With the prospect of new development projects 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, there are three major developments that present 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 (40.4% 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 2014, there were several projects that will further enhance the City's parks and facilities. Four major projects included the golf course modernization project, the construction of a new fire station, the tennis center expansion project, and Plant/Lilac park improvements.

The Golf Course Modernization project was completed during the fiscal year for a cost of approximately $2.4 million and included improvements to the irrigation system, playing surfaces, drainage upgrades, and other course improvements.

The new fire station project is in the planning phase with construction beginning during the next fiscal year. Funding was received in the amount of $2.6 million. The project was 1% complete as of September 30, 2014.

The Tennis Center expansion project was started at the end of the fiscal year and is projected to be completed during the next fiscal year. The project will include the addition of five clay courts with lighting which will bring the total number of courts to 18. The project was 2% complete as of September 30, 2014.

Lilac Park Improvements Phase III & IV were completed during the fiscal year. Improvements included construction of restrooms and concession stands and other amenities to improve the current use.

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, 2013. This was the 19th 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, 2014. This was the 17th consecutive year the government has received this prestigious award. 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

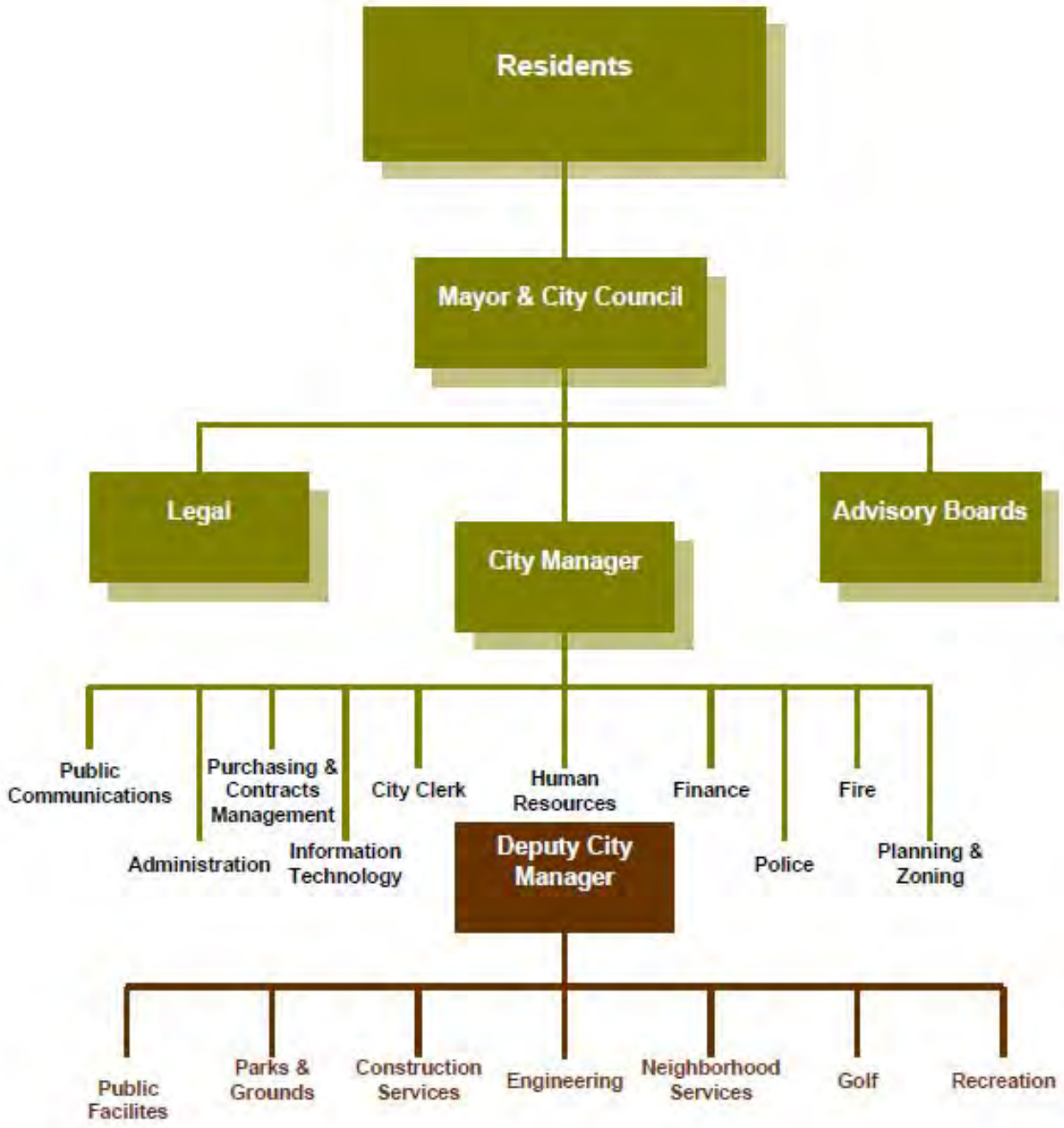
LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2014

TITLE	NAME
Mayor	Robert G. Premuroso
Vice-Mayor	Eric Jablin
Council Member	Joseph R. Russo
Council Member	Marcie Tinsley
Council Member	David Levy
City Manager	Ronald M. Ferris
Deputy City Manager	Jack Doughney
City Attorney	Lohman Law Group
City Clerk	Patricia Snider
Finance Administrator	Allan Owens
Human Resources Administrator	Sheryl Stewart
Information Technology Administrator	Eric Holdt
Chief of Police	Stephen Stepp
Fire Chief	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, 2013

Executive Director/CEO

1959

City of Palm Beach Gardens Florida

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council and City Manager
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 the City, as of and for the year ended September 30, 2014, 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.

Auditors' 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's Police Officers' Pension Fund and the City's Firefighters' Pension Fund, which represent 88 percent, 89 percent, and 55 percent, respectively, of the assets, net position/fund balance, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City's Police Officers' Pension Fund and the City's Firefighters' Pension Fund, is based solely on the report 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 auditors' 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.

MARCUMGROUP
MEMBER

Marcum LLP ▪ 525 Okeechobee Boulevard ▪ Suite 750 ▪ West Palm Beach, Florida 33401 ▪ **Phone** 561.653.7300 ▪ **Fax** 561.653.7301 ▪ **marcumllp.com**

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, as of October 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the budgetary comparison schedule and notes, schedules of funding progress and the required supplementary for the general employees' pension trust fund, as required by GASB Statement No. 67, on pages 70 through 78 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual

supplementary and fund financial statements and schedules, and the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, FL
April 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2014. 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 i to v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Palm Beach Gardens exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $117.2 million *(net position).* Of this amount, $37.1 million *(unrestricted net position)* may be used to meet the ongoing obligations to citizens and creditors. During the year ended September 30, 2014, the City's net position increased by approximately $6.9 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $48.5 million, an increase of approximately $5.0 million in comparison with the prior year. 56.8% 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 $27.5 million, or 40.4% of total general fund expenditures for financial reporting purposes. This amount includes the $4.4 million budget stabilization fund.
- The City's total governmental activities debt decreased by $2.8 million (10.9%) during the current fiscal year.

Overview of the Financial Statements

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

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

The statement of net 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 17 – 18 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 79 – 92 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 70 – 71).

The basic governmental fund financial statements can be found on pages 19 – 22 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 23 – 25 of this report. Combining and individual fund statements for the internal service funds can be found on pages 93 – 95 of this report.

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

The basic fiduciary fund financial statements can be found on pages 26 – 27 of this report. Combining and individual fund statements for the fiduciary funds can be found on pages 96 – 97 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.

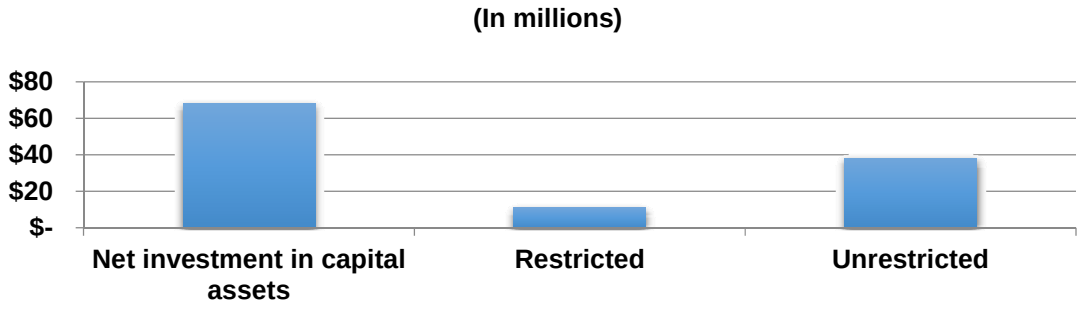
The notes to the basic financial statements can be found on pages 28 – 69 of this report.

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 70 – 78 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 and deferred inflows of resources by $117.2 million at the close of the most recent fiscal year. The largest portion of the City's net position (59%) 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, $10.9 million (9.3%), represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $37.1 million (31.7%) may be used to meet the City's ongoing obligations to citizens and creditors.

City of Palm Beach Gardens
Net Position
September 30, 2014 and 2013

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

	Governmental Activities	
	2014	2013
Current and other assets	$ 64,605,637	$ 58,172,127
Capital assets, net	88,729,616	91,578,861
Total assets	153,335,253	149,750,988
Total deferred outflows of resources	1,255,474	1,490,413
Long-term liabilities	25,145,411	27,621,596
Other liabilities	10,708,868	13,301,152
Total liabilities	35,854,279	40,922,748
Total defered inflows of resources	1,524,714	--
Net investment in capital assets	69,151,586	70,034,049
Restricted	10,927,847	11,487,326
Unrestricted	37,132,301	28,797,278
Total net position	$ 117,211,734	$ 110,318,653

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 $3.6 million or 2.4% during the current fiscal year. This was mainly due to an increase in ad valorem tax revenues relating to rising property valuations and a reduction in capital costs related to the prior year golf course improvements project.

The City’s liabilities decreased by $5.1 million, or 12.4%, during the current fiscal year. The decrease is caused by a reduction in debt of approximately $2.5 million and a decrease in accounts payable of approximately $1 million relating to prior year capital projects.

The following table summarizes changes in net position for governmental activities:

City of Palm Beach Gardens
Changes in Net Position
Years Ended September 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	$ 20,896,759	$ 21,101,176
Operating grants and contributions	1,794,424	1,470,016
Capital grants and contributions	63,000	123,665
General Revenues:		
Taxes:		
Property taxes	46,310,990	44,946,393
Local business tax	1,480,360	1,424,382
Public service taxes	2,162,550	2,220,036
Unrestricted intergovernmental:		
Sales Tax and local option gas tax	4,280,034	4,013,779
State shared revenue	1,405,807	1,304,870
Local shared revenue	65,982	74,589
Unrestricted investment earnings	223,316	165,741
Gain on disposal of capital assets	146,150	290,676
Miscellaneous	1,645,457	1,837,258
Total revenues	80,474,829	78,972,581
Expenses:		
General government	14,130,886	14,577,754
Public safety	40,628,867	41,943,456
Culture/recreation	7,753,447	7,435,778
Physical environment	7,822,306	7,031,948
Transportation	2,329,334	2,214,405
Interest on long-term debt	916,908	935,201
Other debt service costs	--	36,500
Total expenses	73,581,748	74,175,042
Change in net position	6,893,081	4,797,539
Net position – beginning	110,318,653	105,521,114
Net position – ending	$ 117,211,734	$ 110,318,653

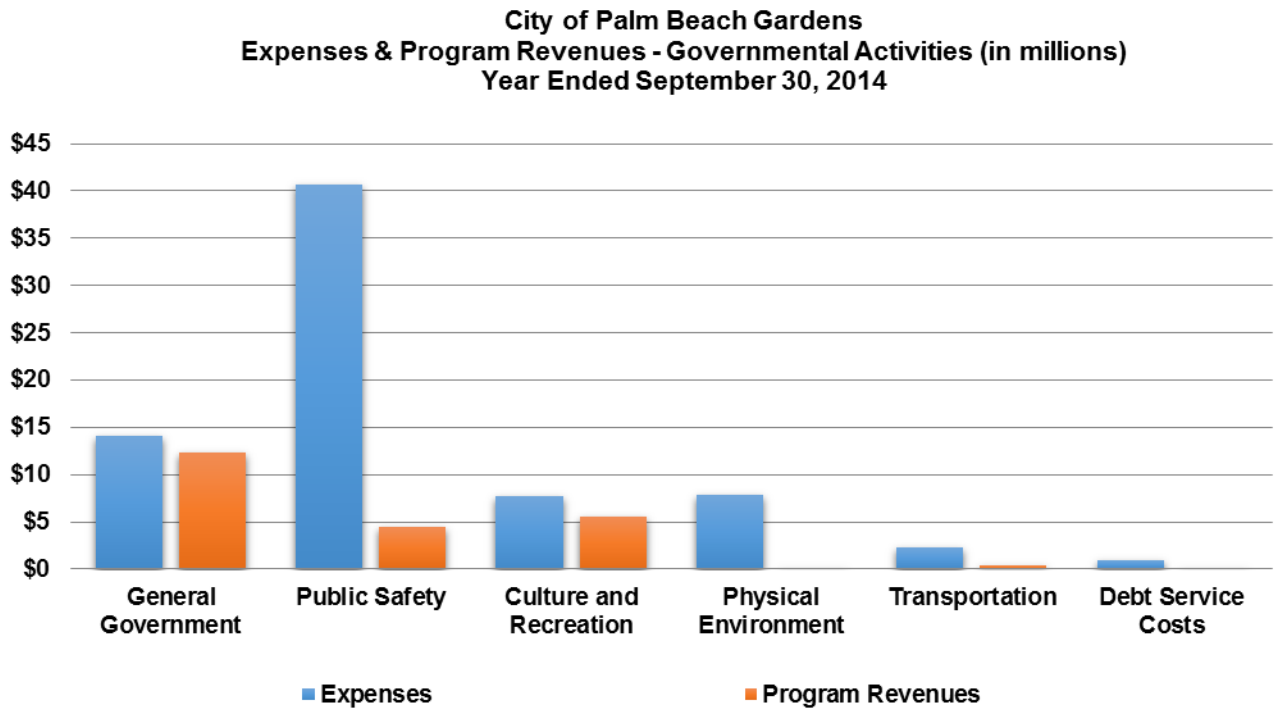
Governmental Activities. As illustrated in the table on the previous page, net position of the City's governmental activities increased by approximately $6.9 million or 6.3% from $110.3 million in last fiscal year to $117.2 million in the current fiscal year. Key elements of this increase are:

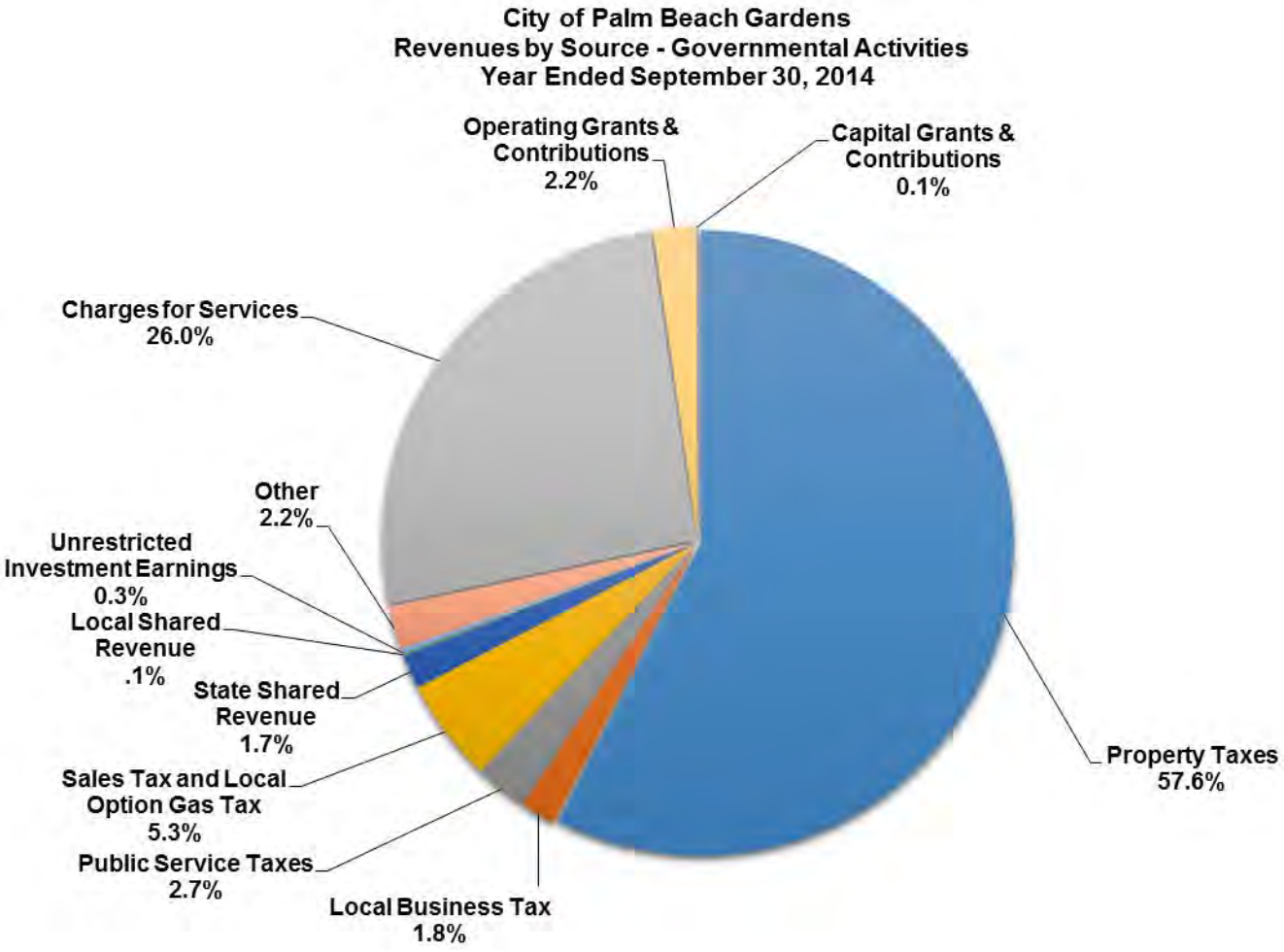
- Total revenues exceeded expenses mostly due to a continued increase in taxable values, new construction activity, and an increase in sales tax and state shared revenues as the economy continues to improve.

- Total revenues increased $1.5 million as a result of an increase in property taxes of $1.4 million (3.0%) due to rising property values.

- Total expenses remained consistent with the prior year, decreasing slightly by less than 1% (593 thousand). The net decrease is due to an increase in physical environment of $790 thousand, relating to facility repairs and maintenance projects, and a decrease in public safety of $1.3 million due to personnel changes that reduced expenses.

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.



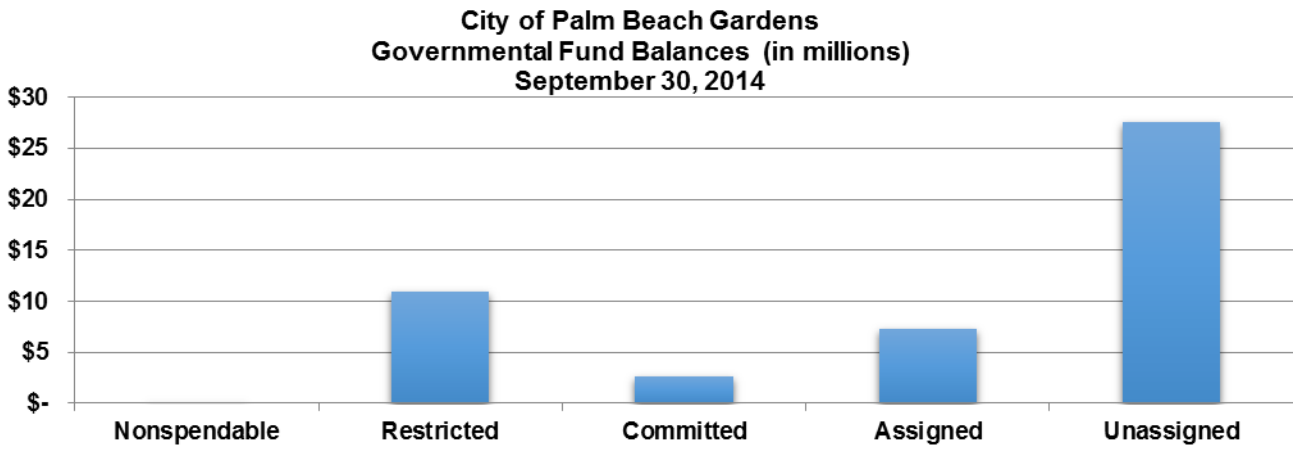


As illustrated in the chart above, property taxes comprise 57.6% of total governmental activity revenues.

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.



As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $48.5 million, an increase of $5.0 million in comparison with the prior year.

Approximately 56.8% of this total amount ($27.5 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.

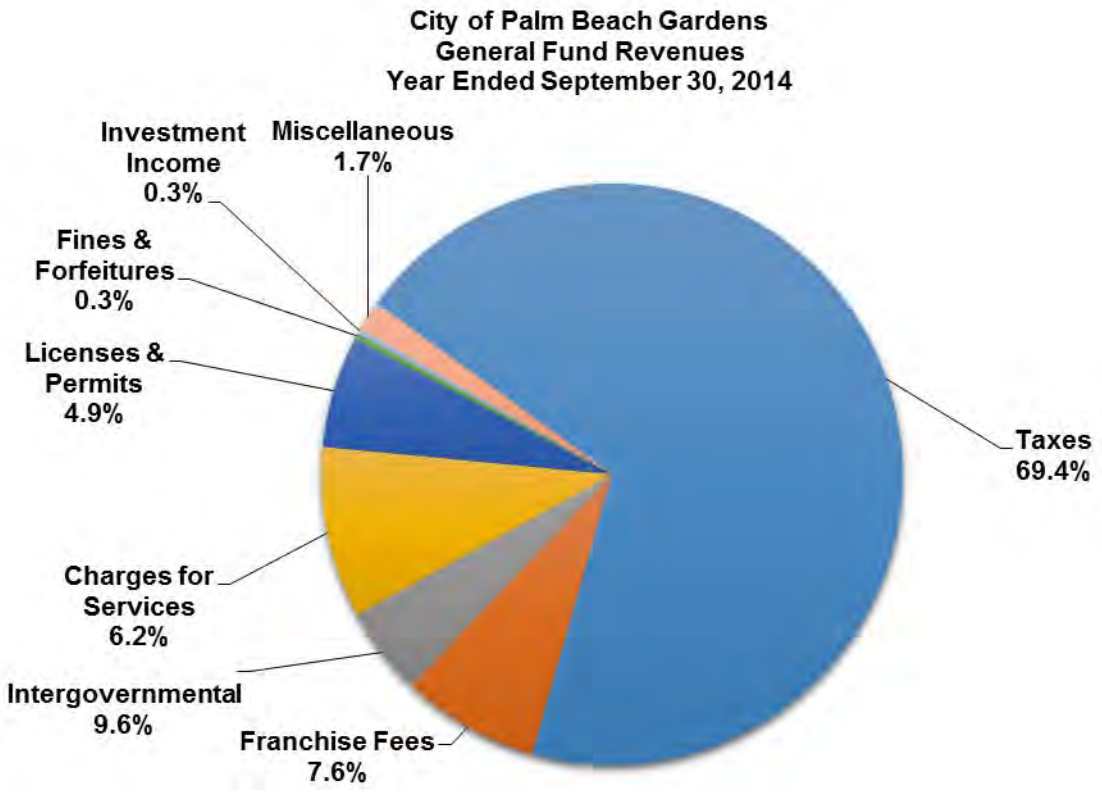
At the end of the current fiscal year, unassigned fund balance of the General Fund was $27.5 million, nonspendable fund balance was approximately $15 thousand, restricted fund balance was approximately $3.4 million, committed fund balance was approximately $2.6 million, and assigned fund balance was $5.1 million for a total fund balance of $38.6 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	2014 Amount	Percent of Total	2013 Amount	Percent of Total	Increase (Decrease) From 2013	Percentage of Increase (Decrease)
Taxes	$ 49,953,900	69.4%	$ 48,590,811	70.0%	$ 1,363,089	2.8%
Franchise fees	5,493,667	7.6%	5,101,610	7.3%	392,057	7.7%
Licenses and permits	3,537,090	4.9%	3,537,512	5.1%	(422)	0.0%
Intergovernmental	6,844,038	9.6%	6,488,781	9.5%	355,257	5.5%
Charges for services	4,457,724	6.2%	3,995,591	5.8%	462,133	11.6%
Fines and forfeitures	242,211	0.3%	297,308	0.4%	(55,097)	-18.5%
Investment income	213,648	0.3%	155,479	0.2%	58,169	37.4%
Miscellaneous	1,189,152	1.7%	1,184,987	1.7%	4,165	0.4%
Total revenues	$ 71,931,430	100.0%	$ 69,352,079	100.0%	$ 2,579,351	3.7%

As illustrated above, General Fund revenues increased by approximately $2.6 million, or 3.7%, in fiscal year 2014.

Taxes increased by $1.4 million or 2.8% as a result of an increase in property values. Franchise fees increased by $392 thousand or 7.7% as a result of a change in the method electric franchise fees are calculated. Charges for services increased $462 thousand or 11.6% due to an increase in engineering cost recovery fees relating to approved developments within the city and a re-class of police dispatch administrative fees charged to other municipalities that was grouped as part of intergovernmental in the prior year.



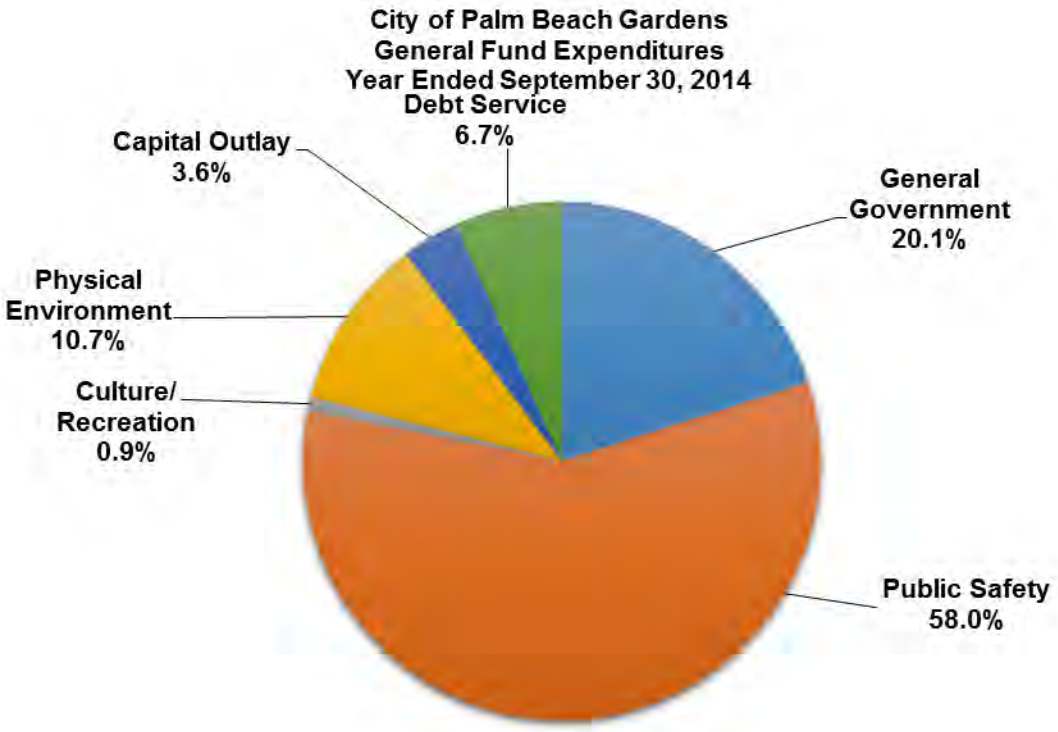
The graph above illustrates the percentage composition of General Fund revenues by type. As can be seen, Taxes comprise the majority of General Fund revenues, with the next largest sources of revenues being Intergovernmental revenues and Franchise Fees.

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

Expenditures	2014 Amount	Percent of Total	2013 Amount	Percent of Total	Increase (Decrease) From 2013	Percentage of Increase (Decrease)
General government	$ 13,670,394	20.1%	$ 13,891,617	20.0%	$ (221,223)	(1.6)%
Public safety	39,543,088	58.0%	39,268,996	56.5%	274,092	0.7%
Culture and recreation	608,027	0.9%	585,825	0.8%	22,202	3.8%
Physical environment	7,311,775	10.7%	6,496,310	9.4%	815,465	12.6%
Capital outlay	2,411,651	3.6%	4,835,916	7.0%	(2,424,265)	(50.1)%
Debt service	4,578,643	6.7%	4,373,414	6.3%	205,229	4.7%
Total expenditures	$ 68,123,578	100.0%	$ 69,452,078	100.0%	$ (1,328,500)	(1.9)%

In fiscal year 2014, total General Fund expenditures decreased $1.3 million or 1.9% compared to the prior year. The net decrease is due to an increase in physical environment of $815 thousand, relating to facility repairs and maintenance projects, and a decrease in capital outlay of $2.4 million due to the prior year golf course capital improvement project.

As illustrated in the graph below, Public Safety expenditures account for 58.0% 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 $339 thousand from impact fees and $2 thousand from investment income. Capital outlay expenditures of $28 thousand were related to road improvements and a traffic signal installed within the City. At the end of the current fiscal year, fund balance was $1.1 million. Current year impact fees were significantly lower than prior year collections due to a 240 unit apartment complex that was collected in the prior year.

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 2013 audit.
- Record the capital lease purchase of two rescue units and a fire truck and to adjust golf revenues and expenditures.

- Transfer a portion of general fund balance to a newly created capital projects fund that will be used to track the costs of certain water and street improvements to Sunset Drive, 40th Terrace North, and Brenna Lane in an amount not to exceed $1,545,013.

Actual revenue exceeded final budgeted revenue by approximately $3.5 million mostly due to favorable variances in building permit activity of $1.2 million, state sharing revenues of $500 thousand, EMS transport fees of $200 thousand, and ad valorem taxes of $166 thousand.

Expenditures were $6.0 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, 2014, which amount to $88.7 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 3.1%.

	Governmental Activities	
	2014	2013
Land	$ 14,852,345	$ 14,852,345
Construction in progress	1,924,566	4,589,024
Buildings	18,259,090	19,561,268
Roadways	23,776,473	24,878,536
Drainage and structures	13,377,806	13,568,695
Machinery and equipment	6,575,003	6,154,566
Improvements other than buildings	9,964,333	7,974,427
Total	$ 88,729,616	$ 91,578,861

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 million.

- Golf course improvements totaling approximately $2.4 million.

- Lilac Park improvements totaling approximately $440 thousand.

- Purchase of twenty-one vehicles including fourteen police vehicles and two maintenance trucks totaling approximately $495 thousand.

Additional information on the City's capital assets can be found in Note 5 starting on page 45 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 $23.2 million. All of the City's outstanding debt is secured by specified revenue sources.

	Governmental Activities	
	2014	2013
Debt payable:		
General obligation	$ 5,204,098	$ 6,365,138
Non ad valorem bonds payable	15,739,022	18,109,251
Capital leases payable	2,304,750	1,608,643
Total	$ 23,247,870	$ 26,083,032

All of the City's general obligation debt is rated AAA 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.

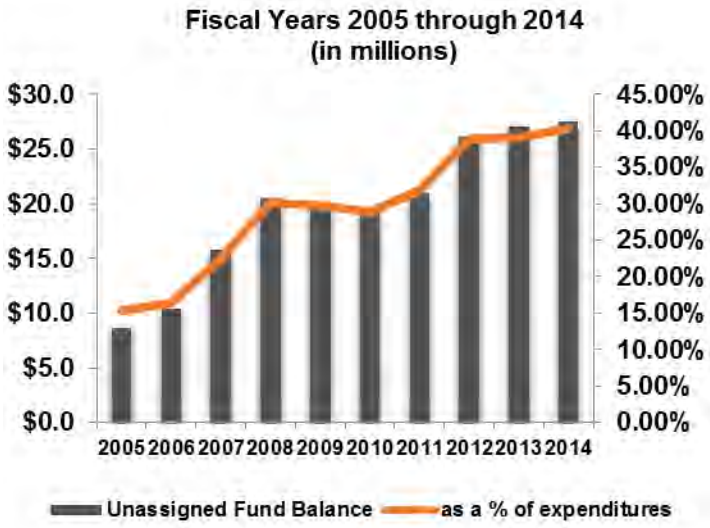
Additional information on the City's long-term debt can be found in Note 6 starting on page 46 of this report.

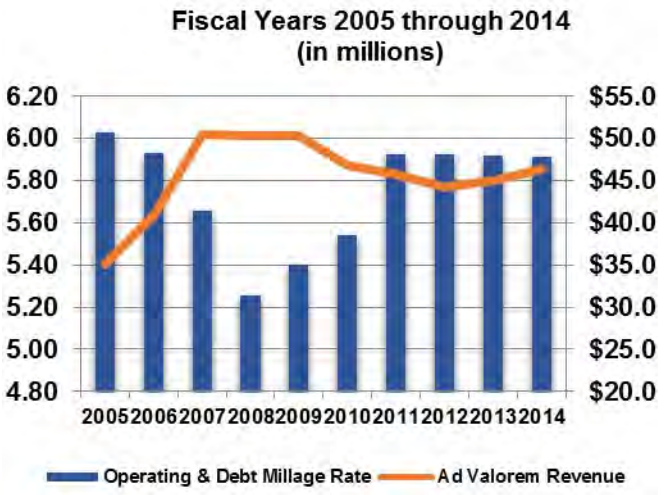
Economic Factors and Next Year's Budgets and Rates

The City's local economy is primarily based upon construction, retail and service activities. The unemployment rate for the City is currently 4.4%, which is in line with prerecession levels. The City's current economic condition continues to improve as new construction continues to grow with $232 million in permit valuation issued during the fiscal year.

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

During the current fiscal year, unassigned fund balance in the General Fund was $27.5 million. It is approximately equal to five months of the General Fund expenditures. The current year balance includes approximately $4.4 million as part of the budget stabilization fund. Over the last ten 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.





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 ten 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. In next year's budget, the City has reduced the millage rate slightly as taxable property values have continued to increase.

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 North Military Trail, Palm Beach Gardens, Florida 33410.

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City of Palm Beach Gardens Florida

BASIC FINANCIAL STATEMENTS

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	$ 20,943,327
Investments	38,892,211
Receivables (net)	1,648,257
Due from other governments	401,094
Inventory	100,913
Prepaid items	38,857
Net pension asset	1,215,832
Investment in joint venture	1,365,146
Capital assets not being depreciated	16,776,911
Capital assets being depreciated, net	71,952,705
Total Assets	153,335,253
Deferred Outflows of Resources	
Deferred amount on refunding	1,255,474
Total Deferred Outflows of Resources	1,255,474
Liabilities	
Accounts payable	1,863,022
Contracts and retainage payable	79,869
Accrued liabilities	1,739,909
Claims payable	938,560
Unearned revenue	1,398,640
Accrued interest payable	204,299
Net pension obligation	45,853
Noncurrent liabilities:	
Due within one year	4,438,716
Due in more than one year	25,145,411
Total Liabilities	35,854,279
Deferred Inflows of Resources	
Deferred revenues	1,524,714
Total Deferred Inflows of Resources	1,524,714
Net Position	
Net investment in capital assets	69,151,586
Restricted for:	
Capital improvements	6,547,320
Road improvements	2,450,854
Other purposes	1,929,673
Unrestricted	37,132,301
Total Net Position	$ 117,211,734

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs Programs Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental Activities					
General government	$ 14,130,886	$ 12,320,246	$ --	$ --	$ (1,810,640)
Public safety	40,628,867	2,709,767	1,709,719	63,000	(36,146,381)
Culture and recreation	7,753,447	5,528,028	--	--	(2,225,419)
Physical environment	7,822,306	--	--	--	(7,822,306)
Transportation	2,329,334	338,718	84,705	--	(1,905,911)
Interest on long-term debt	916,908	--	--	--	(916,908)
Total Governmental Activities	$ 73,581,748	$ 20,896,759	$ 1,794,424	$ 63,000	(50,827,565)
General Revenues					
Taxes:					
Property taxes					46,310,990
Local business tax					1,480,360
Public service taxes					2,162,550
Unrestricted intergovernmental:					
Sales tax and local option gas tax					4,280,034
State shared revenue					1,405,807
Local shared revenue					65,982
Unrestricted investment earnings					223,316
Gain on disposal of capital assets					146,150
Miscellaneous					1,645,457
Total General Revenues					57,720,646
Change in Net Position					6,893,081
Net Position - Beginning					110,318,653
Net Position - End					$ 117,211,734

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General Fund	Road Impact Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 8,909,742	$ 871,860	$ 5,399,644	$ 15,181,246
Investments	32,493,211	1,651,000	3,576,400	37,720,611
Receivables:				
Accounts (net of allowance for doubtful accounts of $1,376,058)	265,896	--	37,440	303,336
Franchise fees	1,103,019	--	--	1,103,019
Utility taxes	172,733	--	--	172,733
Interest	63,185	--	--	63,185
Due from other governments	343,865	--	57,229	401,094
Inventory	--	--	36,743	36,743
Prepaid items	14,857	--	--	14,857
Total Assets	$ 43,366,508	$ 2,522,860	$ 9,107,456	$ 54,996,824
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 1,641,060	$ --	$ 119,307	$ 1,760,367
Contracts and retainage payable	9,198	5,795	64,876	79,869
Accrued liabilities	1,732,352	--	7,557	1,739,909
Unearned revenue	--	1,398,640	--	1,398,640
Total Liabilities	3,382,610	1,404,435	191,740	4,978,785
Deferred Inflows of Resources				
Unavailable revenues	1,369,688	--	155,026	1,524,714
Fund Balances				
Nonspendable:				
Prepaid items	14,857	--	--	14,857
Inventory	--	--	36,743	36,743
Restricted for:				
Capital improvements	2,557,520	--	3,989,799	6,547,319
Road improvements	--	1,118,425	1,332,429	2,450,854
Law enforcement	816,794	--	293,574	1,110,368
Art improvements	--	--	819,306	819,306
Committed to:				
Economic development	2,632,575	--	--	2,632,575
Assigned to:				
Capital improvement and replacement	2,856,604	--	1,522,493	4,379,097
Special projects	172,379	--	--	172,379
Other purposes	275,500	--	766,346	1,041,846
Subsequent year budget	1,758,466	--	--	1,758,466
Unassigned	27,529,515	--	--	27,529,515
Total Fund Balances	38,614,210	1,118,425	8,760,690	48,493,325
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 43,366,508	$ 2,522,860	$ 9,107,456	$ 54,996,824

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

Total fund balances - governmental funds (page 19)		$ 48,493,325
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.)		87,494,103
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	(21,009,931)	
Deferred amount on refunding	1,255,474	
Capital leases payable	(2,304,750)	
Net other postemployment benefit obligation	(2,729,000)	
Accrued interest payable	(204,299)	
Compensated absences	(3,250,148)	
		(28,242,654)
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.		6,931,835
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		1,365,146
Net pension asset		1,215,832
Net pension obligation		(45,853)
Total Net Position of Governmental Activities (page 17)		$ 117,211,734

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Road Impact Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Ad valorem taxes	$46,310,990	$ --	$ --	$46,310,990
Local business taxes	1,480,360	--	--	1,480,360
Utility taxes	2,162,550	--	--	2,162,550
Franchise fees	5,493,667	--	--	5,493,667
Licenses and permits	3,537,090	--	--	3,537,090
Intergovernmental	6,844,038	--	687,531	7,531,569
Impact fees	--	338,718	921,130	1,259,848
Charges for services	4,457,724	--	4,697,718	9,155,442
Fines and forfeitures	242,211	--	10,996	253,207
Investment earnings	213,648	1,385	4,198	219,231
Miscellaneous	1,189,152	--	728,077	1,917,229
Total Revenues	71,931,430	340,103	7,049,650	79,321,183
Expenditures				
Current:				
General government	13,670,394	--	--	13,670,394
Public safety	39,543,088	--	375,316	39,918,404
Culture and recreation	608,027	--	5,141,574	5,749,601
Physical environment	7,311,775	--	--	7,311,775
Transportation	--	19,401	783,372	802,773
Capital outlay	2,411,651	28,065	992,086	3,431,802
Debt service:				
Principal	3,857,772	--	--	3,857,772
Interest	720,871	--	--	720,871
Total Expenditures	68,123,578	47,466	7,292,348	75,463,392
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,807,852	292,637	(242,698)	3,857,791
Other Financing Sources (Uses)				
Transfers in	689,030	--	1,745,013	2,434,043
Transfers out	(1,745,013)	(689,030)	--	(2,434,043)
Capital lease financing	1,022,611	--	--	1,022,611
Sale of capital assets	90,000	--	--	90,000
Total Other Financing Sources (Uses)	56,628	(689,030)	1,745,013	1,112,611
Net Change in Fund Balances	3,864,480	(396,393)	1,502,315	4,970,402
Fund Balances - Beginning	34,749,730	1,514,818	7,258,375	43,522,923
Fund Balances - Ending	$38,614,210	$1,118,425	$ 8,760,690	$48,493,325

See notes to basic financial statements.

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, 2014

Net change in fund balances - total governmental funds (page 21)		$4,970,402
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	$2,512,483	
Less: current year depreciation	(5,372,175)	
		(2,859,692)
In the statement of activities, the net effect of various miscellaneous transactions involving capital assets (disposals) is to increase net position, whereas in the governmental funds these items have no effect on current financial resources:		
Loss on disposal of capital assets		(335)
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 premiums, discounts and similar items when debt is first issued.		
Capital lease financing	(1,022,610)	
Principal payments on debt	3,857,772	
Amortization of deferred amount on refunding	(234,939)	
Amortization of premium	11,954	
		2,612,177
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	26,948	
Increase in compensated absences	(178,327)	
Increase in net other postemployment benefit obligation	(416,000)	
Increase in net pension asset	1,028,146	
Decrease in net pension obligation	209	
		460,976
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		131,406
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.		1,578,147
Change in Net Position of Governmental Activities (page 18)		$6,893,081

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2014

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and cash equivalents	$ 5,762,081
Investments	1,171,600
Accounts receivable	5,984
Inventory	64,170
Prepaid items	24,000
Total current assets	7,027,835
Noncurrent assets:	
Capital assets being depreciated, net	1,235,513
Total noncurrent assets	1,235,513
Total Assets	8,263,348
Liabilities	
Current liabilities:	
Accounts payable	102,655
Claims payable	938,560
Total current liabilities	1,041,215
Noncurrent liabilities:	
Claims payable	250,106
Compensated absences payable	40,192
Total noncurrent liabilities	290,298
Total Liabilities	1,331,513
Net Position	
Net investment in capital assets	1,235,513
Unrestricted	5,696,322
Total Net Position	$ 6,931,835

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, 2014

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for service	$ 2,556,083
Employer contributions	6,924,126
Employee contributions	835,902
Miscellaneous	167,508
Total Operating Revenues	10,483,619
Operating Expenses	
Personnel expenses	889,902
Claims expense	5,123,673
Insurance premiums	457,037
Repair and maintenance	318,225
Fuel and chemicals	696,290
Operating supplies	175,380
Other professional and contractual	803,607
Other expenses	30,679
Depreciation	471,249
Total Operating Expenses	8,966,042
Operating Income	1,517,577
Nonoperating Revenues	
Investment earnings	4,085
Gain on disposal of capital assets	56,485
Total Nonoperating Revenues	60,570
Change in Net Position	1,578,147
Net Position - Beginning	5,353,688
Net Position - End	$ 6,931,835

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities	
Receipts for interfund services provided	$ 10,314,202
Payments to suppliers for goods and services	(2,503,985)
Payments to employees for services	(884,765)
Payments for claims	(5,034,941)
Other operating revenues	167,509
Net Cash Provided by Operating Activities	2,058,020
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(482,032)
Proceeds from sale of capital assets	56,485
Net Cash used in Capital and Related Financing Activities	(425,547)
Cash Flows from Investing Activities	
Interest earned	4,085
Net Cash Provided by Investing Activities	4,085
Net increase in cash and cash equivalents	1,636,558
Cash and cash equivalents, beginning of year	4,125,523
Cash and Cash Equivalents, End of Year	$ 5,762,081
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 1,517,577
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	471,249
Changes in operating assets and liabilities:	
Accounts receivable	(1,908)
Inventory	8,727
Accounts payable	(31,495)
Claims payable	88,733
Compensated absences	5,137
Total Adjustments	540,443
Net Cash Provided by Operating Activities	$ 2,058,020

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2014

	Pension Trust Funds
Assets	
Cash and cash equivalents	$ 3,730,202
Investments, at fair values:	
U.S. Government obligations	7,460,783
Mortgage backed securities	5,238,121
Fixed income funds	882,720
Collateralized mortgage obligations	656,772
Corporate obligations	15,322,681
Equity securities	28,100,983
Equity funds	50,114,910
Foreign bonds	147,295
International funds	14,656,233
International bond funds	5,674,370
Real estate funds	9,420,290
Self directed DROP investments	343,372
Total investments	138,018,530
Receivables:	
Interest and dividends	267,380
Due for securities purchased	195,652
Employer	793,537
State of Florida tax contributions	1,390,282
Employees	32,080
Total receivables	2,678,931
Prepaid items	156,028
Total Assets	144,583,691
Liabilities	
Accounts payable	114,653
Pending trades payable	741
Due for securities purchased	260,720
Total Liabilities	376,114
Net Position	
Net position held in trust for pension benefits	$ 144,207,577

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Pension Trust Funds
Additions	
Contributions:	
Employer	$ 5,699,324
State of Florida taxes	1,390,282
Employees	887,053
Total contributions	7,976,659
Investment earnings:	
Net appreciation in fair value of investments	11,939,833
Interest and dividends	2,614,556
Other	3,271
Total investment earnings	14,557,660
Less: investment expense	(540,408)
Net investment earnings	14,017,252
Miscellaneous income	3,579
Total Additions	21,997,490
Deductions	
Pension benefits	4,356,186
Refunds of participant contributions	6,852
Administrative expenses	211,512
Total Deductions	4,574,550
Change in Net Position	17,422,940
Net Position Held in Trust for Pension Benefits	
Beginning of year, as previously reported	125,885,853
Prior period adjustment - refer to Note 16	898,784
Beginning of year, as restated	126,784,637
End of year	$ 144,207,577

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

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.

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of an internal service fund are charges to other funds for usage. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

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.

D. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The City implemented the following GASB Statement during the year ended September 30, 2014 that had an impact on the financial statements:

GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*

For defined benefit pension plans, this Statement establishes standards of financial reporting for pension trust funds and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefit provided through the plan (net pension liability), about which information is required to be presented.

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as deposits with financial institutions, money market accounts 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 that are described above. Each fund is able to withdraw cash at any time without prior notice or penalty and there is sufficient liquidity to meet the daily cash needs of each fund.

INVESTMENTS

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

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.

PREPAIDS

Prepaids 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

CAPITAL ASSETS (CONTINUED)

estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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. The City did not retroactively record their intangible assets with the implementation of GASB Statement No. 51. For fiscal year 2014, no separately identifiable assets met the threshold for recording.

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

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

	Years
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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (CONTINUED)

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 and deferred revenue on the government-wide statement of net position. 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 will not be recognized as an outflow of resources (expenditure) until that time. The City has one item, a deferred charge on refunding, which qualifies for reporting as a deferred outflow of resources reported 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 includes amounts received in advance by the City for impact fees that are applicable to the following 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

ON-BEHALF PAYMENTS (CONTINUED)

budgetary comparison schedule. On-behalf payments paid to the City by the State totaled $1,390,282 for the year ended September 30, 2014. Pursuant to City Ordinance, the Fire Pension deducts 2% of the total compensation for participants from the Chapter 175 taxes received during the fiscal year and allocates this amount as Employee Contributions in lieu of increasing the members' contribution rate.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized during the current period. 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, 2014. The net other postemployment benefit obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions. 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 and any deferred inflows/outflows associated with the debt, incurred to acquire,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

NET POSITION

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 BALANCE

In the fund financial statements, fund balance is a measurement of available financial resources and is the difference between total assets and deferred outflows and total liabilities and deferred inflows 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 (ordinance or resolution which are of equal authority) 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)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

FUND BALANCE (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 40.4% of expenditures.

FLOW ASSUMPTIONS

Net Position Flow Assumption
Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption
Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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, 2014, excluding amounts held by Fiduciary Funds, include petty cash of $3,855 and deposits with financial institutions with a carrying value of $14,592,184 and a bank balance of $15,134,043 and money market mutual funds with a carrying value of $6,347,288. Cash and short term investments of the Fiduciary Funds at September 30, 2014, consist of money market mutual funds with a carrying value of $3,730,202.

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

INVESTMENTS

Florida Statutes and the City's investment policy authorize the City to invest in obligations and agencies of the U.S. Government; fully collateralized interest bearing time deposits or savings accounts with banks or savings and loan associations; the State Board of Administration Florida Prime Fund; 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.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The General Employees' Pension Plan is a participating member in the Florida Municipal Pension Trust Fund (FMPTF) and therefore the investments follow the policies established by the Master Trust Agreement. The agreement provides that the Master Trustees have the authority and discretion to manage and control the assets of the FMPTF. The established investment policy and portfolio guidelines are designed to assist the plan administrator in monitoring the assets and to guide investment managers with structuring portfolios that are consistent with the FMPTF desired performance results and levels of acceptable risk. A variance of more than 5% from the approved allocation percentages of any asset class requires approval by the Master Trustees.

The long-term expected rate of return on the General Employees' pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized and included in the following table.

The following was FMPTF's target asset allocation and long-term expected real rate of return as of September 30, 2014:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core bonds	16%	6.29%
Multi-sector	24%	7.24%
U.S. large cap equity	39%	9.92%
U.S. small cap equity	11%	10.46%
Non-U.S. equity	10%	10.07%
Total	100%	

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The carrying value (fair value) of investments at September 30, 2014, was as follows:

	Primary Government	Fiduciary Funds
Money market funds	$ --	$ 1,159,131
U.S. Government obligations	13,398,425	7,460,783
Mortgage backed securities	5,849,098	5,238,121
Commercial paper	14,490,751	--
Collateralized mortgage obligations	--	656,772
Fixed income funds	--	4,356,606
Municipal obligations	--	633,280
Corporate obligations	5,153,937	14,689,401
Equity securities	--	28,100,983
Equity funds	--	50,114,911
International funds	--	14,656,233
International bond funds	--	2,347,778
Real estate funds	--	9,420,290
Self directed DROP investments	--	343,372
Total Investments	$ 38,892,211	$ 139,177,661

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.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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 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, 2014:

		Investment Maturities			
Investment Types	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Primary Government					
U.S. Government obligations	$ 13,398,425	$ --	$ 13,398,425	$ --	$ --
Mortgage backed securities	5,849,098	--	5,849,098	--	--
Corporate obligations	5,153,937	--	5,153,937	--	--
Commercial paper	14,490,751	14,490,751	--	--	--
Total Primary Government	$ 38,892,211	$ 14,490,751	$ 24,401,460	$ --	$ --
Fiduciary Funds					
Money market funds	$ 1,159,131	$ 1,159,131	$ --	$ --	$ --
U.S. Government obligations	7,089,571	1,275,831	3,171,210	2,419,135	223,395
Mortgage backed securities	5,609,332	243,306	315,667	1,448,036	3,602,323
Collateralized mortgage obligations	656,772	--	--	--	656,772
Fixed income funds	4,356,606	--	2,657,528	1,278,043	421,035
Corporate obligations	14,689,402	539,467	6,960,835	5,835,084	1,354,016
Municipal obligations	633,280	--	--	365,044	268,236
Foreign bonds	147,295	--	66,639	80,656	--
Total Fiduciary Funds	$ 34,341,389	$ 3,217,735	$ 13,171,879	$ 11,425,998	$ 6,525,777

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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 Plans' 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 and the Plan's investments at September 30, 2014, are summarized below.

Investment Type	NRSRO Rating	Fair Value
Money market funds	AAA-mf	$ 1,159,131
Fixed income funds	Aaa…B	3,473,887
Fixed income funds	AA	882,719
U.S. Gov't bonds & notes	Aaa…AA+	13,398,425
U.S. Gov't bonds & notes	Aaa	4,254,960
U.S. Gov't bonds & notes	Aaa	2,834,611
U.S. Gov't agency securities	Aaa…AA+	5,849,098
U.S. Gov't agency securities	Aaa	4,365,479
U.S. Gov't agency securities	Aaa	1,243,853
Commercial paper	A-1+…A1	14,490,751
Collateralized mortgage obligations	Aaa…Aa2	337,723
Collateralized mortgage obligations	Aaa	319,049
Corporate obligations	Aa1…A-	5,153,937
Corporate obligations	Aaa…Ba1	4,278,964
Corporate obligations	Aaa…Baa1	10,410,438
Municipal obligations	Aa3…A2	633,280
International bond funds	Aa2…Baa2	147,295
Equity securities	Unrated	28,100,983
Equity funds	Unrated	50,114,911
International funds	Unrated	14,656,233
International bond funds	Unrated	2,200,483
Real estate funds	Unrated	9,420,290
Self directed DROP investments	Unrated	343,372

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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 policies limit investments in the stock of any one issuing company to 5% of the Plan's 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.

The General Employees' pension plan did not hold investments in any one organization that represents 5% or more of the pension plan's fiduciary net position.

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 and the Plan's investments at September 30, 2014.

NOTE 3 – RECEIVABLES

Receivables and the related allowance for doubtful accounts at September 30, 2014, are summarized as follows:

	Gross Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Governmental Activities			
Due from EMS	$ 1,613,578	$ (1,376,058)	$ 237,520
Franchise fees	1,103,019	--	1,103,019
Utility taxes	172,733	--	172,733
Interest	63,185	--	63,185
Extra police services	37,440	--	37,440
Other miscellaneous services	34,360	--	34,360
Total Governmental Activities	$ 3,024,315	$ (1,376,058)	$ 1,648,257

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 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 1st 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, 2014, was 5.9137 ($5.9137 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 1st following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property.

NOTE 4 – PROPERTY TAXES (CONTINUED)

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, 2014, 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, 2014, was as follows:

	Balance October 1, 2013	Additions/ Transfers	Retirements/ Transfers	Balance September 30, 2014
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 14,852,345	$ --	$ --	$ 14,852,345
Construction in progress	4,589,024	1,675,385	(4,339,843)	1,924,566
Total capital assets not being depreciated	19,441,369	1,675,385	(4,339,843)	16,776,911
Capital assets being depreciated:				
Buildings	36,024,527	63,975	(12,000)	36,076,502
Roadways	65,774,149	--	--	65,774,149
Drainage and structures	17,760,417	--	--	17,760,417
Machinery and equipment	26,229,777	2,590,378	(2,001,773)	26,818,382
Improvements other than buildings	17,462,767	3,017,480	--	20,480,247
Total capital assets being depreciated	163,251,637	5,671,833	(2,013,773)	166,909,697
Less accumulated depreciation:				
Buildings	(16,463,259)	(1,366,153)	12,000	(17,817,412)
Roadways	(40,895,613)	(1,102,063)	--	(41,997,676)
Drainage and structures	(4,191,722)	(190,889)	--	(4,382,611)
Machinery and equipment	(20,075,211)	(2,156,745)	1,988,577	(20,243,379)
Improvements other than buildings	(9,488,340)	(1,027,574)	--	(10,515,914)
Total accumulated depreciation	(91,114,145)	(5,843,424)	2,000,577	(94,956,992)
Total capital assets being depreciated, net	72,137,492	(171,591)	(13,196)	71,952,705
Governmental Activities Capital Assets, Net	$ 91,578,861	$ 1,503,794	$ (4,353,039)	$ 88,729,616

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Governmental Activities	
General government	$ 352,279
Public safety	2,097,727
Culture and recreation	1,896,117
Physical environment	349,449
Transportation	1,147,852
Total Depreciation Expense – Governmental Activities	$ 5,843,424

NOTE 6 – LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Governmental Activities					
Bonds Payable					
Capital leases payable	$ 1,608,643	$ 1,022,610	$ (326,503)	$ 2,304,750	$ 338,481
Compensated absences	3,106,876	3,552,752	(3,369,288)	3,290,340	234,338
General obligation bonds payable	6,365,138	--	(1,161,040)	5,204,098	1,198,790
Pubic improvement and refunding bonds payable	12,545,000	--	(1,545,000)	11,000,000	1,570,000
Add premium on revenue bonds	78,765	--	(11,954)	66,811	--
Public improvement bonds payable	5,564,251	--	(825,229)	4,739,022	847,001
Total Bonds Payable	29,268,673	4,575,362	(7,239,014)	26,605,021	4,188,610
Other Liabilities					
Claims payable	259,532	4,716,907	(4,726,333)	250,106	250,106
Net OPEB obligation	2,313,000	596,000	(180,000)	2,729,000	--
Total Other Liabilities	2,572,532	5,312,907	(4,906,333)	2,979,106	250,106
Total Governmental Activities	$ 31,841,205	$ 9,888,269	$ (12,145,347)	$ 29,584,127	$ 4,438,716

NOTE 6 – LONG-TERM DEBT (CONTINUED)

CAPITAL LEASES PAYABLE

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

Assets acquired through capital leases are as follows:

	Governmental Activities
Assets	
Machinery and equipment	$ 3,405,514
Less accumulated depreciation	(1,434,235)
Total	$ 1,971,279

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 were as follows:

Fiscal Year Ending September 30,	Governmental Activities
2015	$ 422,360
2016	409,824
2017	384,754
2018	534,405
2019	197,638
2020-2023	702,948
Total Minimum Lease Payments	2,651,929
Less: Amount Representing Interest	(347,179)
Present Value of Minimum Lease Payments	$ 2,304,750

NOTE 6 – LONG-TERM DEBT (CONTINUED)

BONDS PAYABLE

General Obligation Bonds

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.

	Outstanding Balance
Series 2000	
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.	$ 112,122
Series 2005	
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 semiannually 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.	2,526,590
Series 2010	
The City issued $4,440,997 General Obligation Bonds, Series 2010 on December 17, 2010, to retire the 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.	2,565,386
Total General Obligation Bonds	$ 5,204,098

NOTE 6 – LONG-TERM DEBT (CONTINUED)

BONDS PAYABLE (CONTINUED)

Public Improvement Bonds

On November 6, 2003, the City Council approved, through adoption of Resolution 174, 2003, the issuance of Public Improvement Bonds in one or more series for the purpose of financing the costs of acquiring, constructing and installing capital and non-capital projects and refunding prior obligations issued by the City. The bonds are payable from non-ad valorem revenues.

	Outstanding Balance
Series 2005 On December 15, 2005, the City approved, through adoption of Resolution 170, 2005, the issuance of the 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 semiannually 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.	$ 266,130
Series 2006 On April 6, 2006, the City approved, through adoption of Resolution 37, 2006, the issuance of the 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 semiannually 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.	592,240
Series 2011 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.	11,000,000

NOTE 6 – LONG-TERM DEBT (CONTINUED)

BONDS PAYABLE (CONTINUED)

Public Improvement Bonds (continued)

	Outstanding Balance
Series 2013	
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.	3,880,652
Total Public Improvement Bonds	$ 15,739,022

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

Fiscal Year Ending	General Obligation Bonds		Public Improvement Bonds		Total All Bonds		
September 30	Principal	Interest	Principal	Interest	Principal	Interest	Total
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	540,999	13,896	2,183,187	185,800	2,724,186	199,696	2,923,882
2020-2023	--	--	4,451,485	230,175	4,451,485	230,175	4,681,660
	$ 5,204,098	$ 384,178	$ 15,739,022	$ 1,685,590	$ 20,943,120	$ 2,069,768	$ 23,012,888

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, 2014, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements is $9,290,000.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

IN-SUBSTANCE DEFEASANCE – PRIOR YEARS (CONTINUED)

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. 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, 2014, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements is $10,535,000.

NOTE 7 – INTERFUND TRANSFERS

The following is a summary of transfers by fund type for the year ended September 30, 2014:

	Transfer In		
Transfer Out	General Fund	Other Governmental Funds	Total
General Fund	$ --	$ 1,745,013	$ 1,745,013
Road Impact Fund	689,030	--	689,030
Total Funds	$ 689,030	$ 1,745,013	$ 2,434,043

Transfers were made to move funds from the general fund to the golf course to cover lost revenue during the course closing and as part of a mid-year budget authorization to fund a new capital project fund. 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 is included as a fiduciary fund in the State of Florida's Comprehensive Annual Financial Report. The report is available via the Florida Department of Financial Services' homepage at www.myfloridacfo.com. 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, 2014, the City's required annual contribution is 7.37% of the covered salary for general employees, 21.14% for senior management, and 43.24% for elected officials. The City's contributions to FRS for the years ended September 30, 2014, 2013, and 2012 were $1,077,395, $752,510, and $620,532, respectively, equal to 100% of the required contributions for each year.

NOTE 8 – PENSION PLANS (CONTINUED)

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 are available on the City's homepage at www.pbgfl.com.

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 General Employees' Pension board has three members and is comprised of a plan member or retiree or HR administrator if one of these is unable to serve; the City's finance administrator and the City manager or designee.

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 Plans' 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.

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

Investments

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

Actuarial Assumptions

The following schedule is derived from the respective actuarial reports and City information for the three pension plans as part of the latest actuarial valuation.

	General Employees'	Police	Fire
Asset Valuation:			
Reporting	Fair value	Fair value	Fair value
Actuarial Valuation	4-year smoothed	(1)	4-year smoothed
Legal Reserves	None	None	None
Long-Term Receivable	None	None	None
Internal/Participant Loans	None	None	None
Membership and Plan Provisions:			
Members:			
Active Participants	2	75	105
Retirees and Beneficiaries	11	67	23
Terminated Vested	2	2	3
Normal Retirement Benefits:			
Retirement Age	62	59	52
Years of Service (minimum)	None	10	10
Accrual	2.50%	2.75%	3.00%
Maximum	None	75.00%	75.00%
Years to Vest	10	10	10

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

Actuarial Assumptions (continued)

	General Employees'	Police	Fire
Contributions:			
Actuarial Rate:			
City	85.43%	54.08%	36.17%
State	N/A	8.02%	6.80%
Participants	6.00%	8.60%	6.00%
Actuarial Methods:			
Valuation Date	10/1/14	10/1/13	10/1/13
Asset Valuation Method	4-year smoothed	(1)	(2)
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	23 years	25 years
Significant Actuarial Assumptions:			
Investment return	7.25%	7.20%	8.05%
Projected salary increases	5.00%	7.50%	0% - 3.7%
Inflation	0.00%	3.00%	4.50%
Cost of living adjustments	0.00%	N/A	1%-2%

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

(2)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 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

Annual Pension Cost and Net Pension Obligation (Asset)

The City's annual pension cost and net pension (obligation)/asset for the General Employees' Pension, Fire Pension and the Police Pension for the current year were as follows:

	General	Fire Pension	Police
Annual Required Contributions (ARC)	$ 120,572	$ 3,404,960	$ 3,125,279
Interest on net pension asset	3,355	(83,210)	(13,513)
Adjustment to annual required contribution	(3,564)	59,645	17,537
Annual Pension Cost (APC)	120,363	3,381,395	3,129,303
Contributions made	120,572	3,404,961	3,125,279
Decrease (increase) in net pension (obligation) asset	(209)	(23,566)	4,024
Net pension obligation (asset), beginning of year	46,062	(1,008,604)	(187,686)
Net pension obligation (asset), end of year	$ 45,853	$ (1,032,170)	$ (183,662)

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 2014 required contributions were determined as part of the latest actuarial valuation for each plan:

	Three Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Obligation) Asset
General Employees' Pension:			
2012	$ 130,599	100.2%	$ (46,271)
2013	120,363	100.2%	(46,062)
2014	120,363	100.2%	(45,853)
Police Pension:			
2012	4,207,140	99.8%	192,016
2013	3,117,736	99.9%	187,686
2014	3,129,303	99.9%	183,662
Fire Pension:			
2012	3,634,796	114.5%	527,730
2013	3,430,813	114.0%	1,008,604
2014	3,381,395	100.7%	1,032,170

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

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, 2014.

Actuarial Valuation Date	Actuarial Value of of Assets (a)	Acturial 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)
General Employees' Pension						
10/1/2014	$ 2,197,889	$ 3,225,574	$ 1,027,685	68.14%	$ 166,945	615.58%
Police Pension						
10/1/2013	53,201,682	76,093,054	22,891,372	69.92%	4,899,915	467.18%
Fire Pension						
10/1/2013	56,934,843	73,736,905	16,802,062	77.21%	8,686,040	193.44%

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, 2014 as required under GASB Statement No. 67. The information for the other plans is available in the stand-alone financial statements:

The plan membership and benefits provided are listed in the table on page 54.

General Employees' Pension

Net Pension Liability

The components of the net pension liability at September 30, 2014, were as follows:

Total pension liability	$ 3,190,393	
Plan fiduciary net position	(2,276,084)	(1)
Net pension liability	$ 914,309	

(1) The variance in the fiduciary net position used in the calculation varies from the actual fiduciary net position in the statements due to net accruals of $6,296.

Plan fiduciary net position as a percentage of the total pension liability 71.34%

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

General Employees' Pension (continued)

Significant Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2013 rolled forward to September 30, 2014, using the following significant actuarial assumptions 8.07% for the discount rate, 5% for projected salary increases, and 0% assumed for cost of living increases.

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants, projected to 2007 by Scale AA.

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period of October 1, 2012 – September 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 8.07%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made as legally required. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the net pension liability of the plan, calculated by using the 8.07% discount rate, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.07%) or 1% higher (9.07%) than the current rate:

	1% Decrease (7.07%)	Current Discount Rate (8.07%)	1% Increase (9.07%)
Net pension liability	$ 1,212,041	$ 914,309	$ 655,517

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

General Employees Pension Trust Fund

Assets	
Cash and cash equivalents	$ 13,442
Investments	2,226,961
Receivables	30,505
Total assets	2,270,908
Liabilities	
Accounts payable	1,120
Net position held in trust for pension benefits	$ 2,269,788
Additions	
Contributions:	
Employer	$ 120,572
Employees	9,556
Total contributions	130,128
Investment earnings (loss):	
Net increase in the fair value of investments	186,524
Less: investment expenses	(4,519)
Net investment loss	182,005
Total additions	312,133
Deductions	
Pension benefits	244,528
Administrative expenses	1,000
Total deductions	245,528
Change in net position	66,605
Net position held in trust for pension benefits	
Net position, beginning	2,203,183
Net position, ending	$ 2,269,788

NOTE 8 – PENSION PLANS (CONTINUED)

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. There were seventeen plan members during the fiscal year. 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 $1,032,323 for the General Plan and $201,710 for the Executive Plan. The City made its required contributions of $110,818 for the General Plan and $36,308 for the Executive Plan and employees made their required contributions of $41,293 to the General Plan.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan 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, 2014, membership consisted of:

Membership	
Active Employees	426
Retirees	21
Total	447

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2014, retired employees contributed $208,292 to the plan. For those employees, through its Self-Insurance Fund, the City paid $242,490 in claims and administrative costs resulting in a net cost of $34,198. 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, 2013 and determined the employer's annual required contribution (ARC) for the year ended September 30, 2014. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, benefit payments made, and the changes in the net OPEB obligation.

Annual Required Contribution (ARC)	$ 611,000
Interest on net OPEB obligation	81,000
Adjustment to annual required contribution	(96,000)
Annual OPEB cost	596,000
Benefit payments made	(180,000)
Increase in net OPEB obligation	416,000
Net OPEB obligation, beginning of year	2,313,000
Net OPEB Obligation - End of Year	$ 2,729,000

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

ANNUAL OPEB COST AND ANNUAL OPEB OBLIGATION (CONTINUED)

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

Fiscal Year Ended	Beginning Net OPEB Obligation	Annual OPEB Cost	Benefit Payments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	$ 1,366,000	$ 675,000	$135,000	20.00%	$ 1,906,000
9/30/2013	1,906,000	565,000	158,000	27.96%	2,313,000
9/30/2014	2,313,000	596,000	180,000	30.20%	2,729,000

FUNDED STATUS

The funded status of the plan at October 1, 2013, the most recent actuarial valuation date, was as follows:

Actuarial Valuation Date	Actuarial Value of of Assets (a)	Actuarial Accrued Liability (AAL) – (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2013	$ --	$ 6,758,000	$ 6,758,000	0.00%	$ 28,817,778	23.45%

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.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projections do not explicitly incorporate the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2013 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 disability 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, 2014 was twenty-five years.

NOTE 10 – CONTINGENT LIABILITIES

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

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

NOTE 11 – COMMITMENTS

Commitments on major construction contracts consist of the following:

Project	Total Project Authorization	Expended at September 30, 2014	Balance to Complete
Fire Station Replacement	$ 2,579,100	$ 21,580	$ 2,557,520
NAIP - 40th/Sunset/Brenna Improvements	1,545,013	22,520	1,522,493
Bridge Refurbishment Project	1,195,024	523,976	671,048
City Park Expansion Phase III	805,600	2,810	802,790
Tennis Center Expansion Phase III	789,500	18,682	770,818
Johnson Dairy/Military Trail Improvements	600,000	20,565	579,435
Total Contract Commitments	$ 7,514,237	$ 610,133	$ 6,904,104

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 $2,164,571 for the year ended September 30, 2014.

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, 2014:

Fund	Encumbrances Outstanding
General fund	$ 354,916
Road impact fund	3,149
Other non-major governmental funds	337,950
Internal service funds	119,285
Total	$ 815,300

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 $111,287 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.

NOTE 13 – RISK MANAGEMENT AND HEALTH INSURANCE (CONTINUED)

SELF-INSURANCE FUND (CONTINUED)

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:

Fiscal Year Ended	Claims Payable Beginning of Year	Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
9/30/2013	$ 284,984	$ 4,384,601	$ (4,410,053)	$ 259,532
9/30/2014	259,532	4,716,907	(4,726,333)	250,106

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 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 of MPSCC. 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 $131,406 relating to the consortium. The City's investment in the Joint Venture is $1,365,146 as of September 30, 2014. Separate financial statements for the MPSCC may be obtained from, Palm Beach Gardens Police Commander, Attention: Ernie Carr, 10500 Military Trail, Palm Beach Gardens, Florida 33410.

NOTE 15 – 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 $2,746,690 which was offset by $53,000 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 the Jupiter Inlet Colony at .3%. The City received payments from the Town of Jupiter, Town of Juno Beach, and Jupiter Inlet Colony for dispatch services totaling $1,708,632, which included an administrative services fee of $213,324. The City was responsible for $1,390,263. Actual expenditures were less than the dispatch operations budget during the fiscal year by $77,904. 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 – PRIOR PERIOD ADJUSTMENT – FIDUCIARY FUNDS

In accordance with GASB Statement No. 67, the DROP balances for the Firefighters' Pension Fund have been reclassified from liabilities to be included in the total net position held in trust for pensions. The reclassification had the effect of increasing net position restricted for pensions as of September 30, 2013 by $898,784.

Additionally, activity in the DROP accounts, including withdrawals by participants and investment earnings, are now reflected in the Statement of Changes in Fiduciary Net Position.

NOTE 17 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

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.

NOTE 17 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (CONTINUED)

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. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68 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.

GASB Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2015.

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

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City of Palm Beach Gardens Florida

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Adopted Budget	Legally Adopted Budget Amendments	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues					
Taxes:					
Ad valorem taxes	$46,144,661	$ --	$ 46,144,661	$46,310,990	$ 166,329
Local business taxes	1,410,000	--	1,410,000	1,480,360	70,360
Utility taxes	2,160,000	--	2,160,000	2,162,550	2,550
Franchise fees	5,160,000	--	5,160,000	5,493,667	333,667
Licenses and permits	2,385,776	--	2,385,776	3,537,090	1,151,314
Intergovernmental	4,779,500	--	4,779,500	5,453,756	674,256
Charges for services	3,903,230	--	3,903,230	4,457,724	554,494
Fines and forfeitures	146,000	--	146,000	242,211	96,211
Investment earnings	210,000	--	210,000	213,648	3,648
Miscellaneous	742,700	--	742,700	1,189,152	446,452
Total Revenues	67,041,867	--	67,041,867	70,541,148	3,499,281
Expenditures					
General government:					
City Council	416,980	--	416,980	323,367	93,613
Administration	623,388	--	623,388	569,045	54,343
Purchasing and contract management	152,070	--	152,070	129,798	22,272
Information technology	1,553,679	6,082	1,559,761	1,420,719	139,042
City clerk	524,027	2,032	526,059	516,943	9,116
Legal services	341,526	--	341,526	333,051	8,475
Public Communications	244,650	--	244,650	77,340	
Engineering services	364,753	2,358	367,111	337,678	29,433
Human resources	640,161	--	640,161	555,987	84,174
Finance	965,801	--	965,801	949,326	16,475
General services	5,629,427	19,424	5,648,851	5,281,176	367,675
Planning and zoning:					
Administration	344,265	82,944	427,209	284,082	143,127
Development compliance	466,770	--	466,770	460,383	6,387
Planning	347,376	79,272	426,648	348,946	77,702
GIS	164,454	--	164,454	148,364	16,090
Construction services - building	1,599,303	(7,495)	1,591,808	1,299,993	291,815
Code enforcement	688,021	(2,032)	685,989	634,196	51,793
Total general government	15,066,651	182,585	15,249,236	13,670,394	1,411,532
Public safety:					
Police	21,179,993	250,889	21,430,882	20,788,746	642,136
Fire and emergency services	17,712,231	29,500	17,741,731	17,364,060	377,671
Total public safety	38,892,224	280,389	39,172,613	38,152,806	1,019,807

(Continued)

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (Continued)

YEAR ENDED SEPTEMBER 30, 2014

	Original Adopted Budget	Legally Adopted Budget Amendments	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Culture and recreation:					
Administrative services	$ 179,556	$ 388	$ 179,944	$ 190,054	$ (10,110)
Seniors and wellness	57,019	--	57,019	39,221	17,798
Aquatics	171,170	(22,330)	148,840	157,730	(8,890)
Tennis	134,147	1,041	135,188	134,054	1,134
Programs	95,363	--	95,363	86,969	8,394
Total culture and recreation	637,255	(20,901)	616,354	608,027	8,327
Physical environment:					
Administrative services	$ 489,814	$ 30,059	$ 519,873	$ 471,758	48,115
Facilities maintenance	2,327,751	333,082	2,660,833	2,540,888	119,945
Stormwater and street maintenance	1,150,175	22,985	1,173,160	1,153,534	19,626
Parks and grounds	3,152,251	42,214	3,194,465	3,145,596	48,869
Total physical environment	7,119,991	428,340	7,548,331	7,311,775	236,556
Capital outlay	1,236,150	4,525,273	5,761,423	2,411,651	3,349,772
Debt service:					
Principal	3,857,769	--	3,857,769	3,857,772	(3)
Interest	720,857	--	720,857	720,871	(14)
Total debt service	4,578,626	--	4,578,626	4,578,643	(17)
Total Expenditures	67,530,897	5,395,686	72,926,583	66,733,296	6,025,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(489,030)	(5,395,686)	(5,884,716)	3,807,852	9,692,568
Other financing sources (uses):					
Transfers in	689,030	--	689,030	689,030	--
Transfers out	(200,000)	(1,545,013)	(1,745,013)	(1,745,013)	--
Capital lease	--	1,022,611	1,022,611	1,022,611	--
Sale of capital assets	--	--	--	90,000	90,000
Total other financing sources (uses)	489,030	(522,402)	(33,372)	56,628	90,000
Net Change in Fund Balances	--	(5,918,088)	(5,918,088)	3,864,480	9,782,568
Fund Balance - Beginning	28,217,345	6,532,385	34,749,730	34,749,730	--
Fund Balance - End	$28,217,345	$ 614,297	$ 28,831,642	$38,614,210	$ 9,782,568

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULE

YEAR ENDED SEPTEMBER 30, 2014

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 30th. 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.

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 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:

NOTE 2 – BUDGET AND ACTUAL COMPARISONS (CONTINUED)

	Revenue	Expenditures
Budgetary basis	$ 70,541,148	$ 66,733,296
State on-behalf payments for Police and Fire-Rescue pension contributions not included in bugetary basis	1,390,282	1,390,282
Total	$ 71,931,430	$ 68,123,578

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLANS

YEAR ENDED SEPTEMBER 30, 2014

Actuarial Valuation Date	Actuarial Value of 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)
General Employees' Pension						
10/1/2009	$ 2,501,664	$ 3,188,958	$ 687,294	78.45%	$ 157,437	436.55%
10/1/2010	N/A	N/A	N/A	N/A	N/A	N/A
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%
10/1/2013	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2014	2,197,889	3,225,574	1,027,685	68.14%	166,945	615.58%
Police Pension						
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	58.80%	8,499,722	345.82%
10/1/2011	45,709,740	68,822,738	23,112,998	66.42%	5,724,225	403.78%
10/1/2012	49,859,298	72,156,731	22,297,433	69.10%	4,910,023	454.12%
10/1/2013	53,201,682	76,093,054	22,891,372	69.92%	4,899,915	467.18%
Fire Pension						
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	35,152,000	57,098,000	21,946,000	61.56%	10,576,000	207.51%
10/1/2012	48,969,796	68,119,057	19,149,261	71.89%	9,720,044	197.01%
10/1/2013	56,934,843	73,736,905	16,802,062	77.21%	8,686,040	193.44%

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

YEAR ENDED SEPTEMBER 30, 2014

Actuarial Valuation Date	Actuarial Value of of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2008	$ --	$5,912,000	$5,912,000	0.00%	$29,593,635	19.98%
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%
10/1/2013	--	6,758,000	6,758,000	0.00%	28,817,778	23.45%

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

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PENSION PLAN

	2014
Total Pension Liability	
Service cost	$ 22,444
Expected interest growth	247,973
Benefit payments, including refunds of member contributions	(255,756)
Net Change in Total Pension Liability	14,661
Total Pension Liability - Beginning	3,175,732
Total Pension Liability - Ending	$ 3,190,393
Plan Fiduciary Net Position	
Contributions - employer	$ 120,572
Contributions - member	9,540
Expected interest growth	173,559
Unexpected investment income	12,965
Benefit payments, including refunds of member contributions	(244,528)
Administrative expense	(5,486)
Net Change in Plan Fiduciary Net Position	66,622
Plan Fiduciary Net Position - Beginning	2,209,462
Plan Fiduciary Net Position - Ending	$ 2,276,084
City's Net Pension Liability - Ending	$ 914,309
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.34%
Covered Employee Payroll	$ 101,085
City's Net Pension Liability as a Percentage of Covered Employee Payroll	904.50%

Notes to Schedule:
Historical changes in the net pension liability are not available prior to the current fiscal year since this is the first measurement period to which GASB 67 applies. The ending pension liability, fiduciary net position, and net pension liability were available for the last three fiscal years.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION PLAN

Year Ended September 30,	Actuarially Determined Contribution	Contributions Recognized By the Plan	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2012	$ 130,810	$ 130,810	$ --	$ 122,051	107.18%
2013	120,572	120,572	--	101,085	119.28%
2014	120,572	120,572	--	101,085	119.28%

Note: Information is only included for pension plans that do not issue stand-alone financial statements. Data not available prior to 2012.

Methods and Assumptions Used to Determine Contribution Rates

Valuation Date	10/1/12
Asset Valuation Method	4-year smoothed
Actuarial Cost Method	Aggregate Cost
Amortization Method	Level percent of pay, open
Amortization Period	30 years

Actuarial Assumptions

Investment return	7.25%
Projected salary increases	5.00%
Inflation	(1)
Cost of living adjustments	(1)

(1) Included in projected salary increases

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
GENERAL EMPLOYEES' PENSION PLAN

Year Ended September 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2012	17.20%
2013	11.98%
2014	8.55%

Note: Information is only included for pension plans that do not issue stand-alone financial statements. Data not available prior to 2012.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

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City of Palm Beach Gardens Florida

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

Capital Improvement & Replacement Fund – This fund is established to account for the receipt and disbursement of debt proceeds and special assessments related to infrastructure and capital improvement and replacement projects.

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2014

	Special Revenue Funds					
	Police Training	Recreation Programs	Golf	Extra Duty Police	Local Option Gas Tax	Total
Assets						
Cash and cash equivalents	$ 12,397	$ 636,565	$ 30,616	$ 245,339	$ 80,346	$ 1,005,263
Investments	--	306,600	59,000	--	1,265,000	1,630,600
Receivables	--	--	--	37,440	--	37,440
Due from other governments	797	--	--	--	56,432	57,229
Inventory	--	6,041	30,702	--	--	36,743
Total Assets	$ 13,194	$ 949,206	$ 120,318	$ 282,779	$ 1,401,778	$ 2,767,275
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 2,399	$ 64,924	$ 38,928	$ -	$ 10,426	$ 116,677
Contracts and retainage payable	--	--	--	--	58,923	58,923
Accrued liabilities	--	3,938	3,619	--	--	7,557
Total Liabilities	2,399	68,862	42,547	--	69,349	183,157
Deferred Inflows of Resources						
Unavailable revenues	--	142,560	12,466	--	--	155,026
Fund Balances						
Nonspendable:						
Inventory	--	6,041	30,702	--	--	36,743
Restricted for:						
Capital improvements	--	--	--	--	--	--
Road improvements	--	--	--	--	1,332,429	1,332,429
Law enforcement	10,795	--	--	282,779	--	293,574
Art improvements	--	--	--	--	--	--
Assigned	--	731,743	34,603	--	--	766,346
Total Fund Balances	10,795	737,784	65,305	282,779	1,332,429	2,429,092
Total Liabilities and Fund Balances	$ 13,194	$ 949,206	$ 120,318	$ 282,779	$ 1,401,778	$ 2,767,275

(Continued)

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (CONTINUED)
CAPITAL PROJECT FUNDS

SEPTEMBER 30, 2014

	Capital Projects Funds						Total Other Governmental Funds
	Recreation Impact	Police Impact	Fire Impact	Art Impact	Capital Improvement & Replacement	Total	
Assets							
Cash and cash equivalents	$ 1,446,246	$ 377,751	$ 304,755	$ 743,136	1,522,493	$ 4,394,381	$ 5,399,644
Investments	1,770,000	97,000	--	78,800	--	1,945,800	3,576,400
Receivables	--	--	--	--	--	--	37,440
Due from other governments	--	--	--	--	--	--	57,229
Inventory	--	--	--	--	--	--	36,743
Total Assets	$ 3,216,246	$ 474,751	$ 304,755	$ 821,936	$ 1,522,493	$ 6,340,181	$ 9,107,456
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ --	$ --	$ --	$ 2,630	$ --	$ 2,630	$ 119,307
Contracts and retainage payable	5,953	--	--	--	--	5,953	64,876
Accrued liabilities	--	--	--	--	--	--	7,557
Total Liabilities	5,953	--	--	2,630	--	8,583	191,740
Deferred Inflows of Resources							
Unavailable revenues	--	--	--	--	--	--	155,026
Fund Balances							
Nonspendable:							
Inventory	--	--	--	--	--	--	36,743
Restricted for:							
Capital improvements	3,210,293	474,751	304,755	--	--	3,989,799	3,989,799
Road improvements	--	--	--	--	--	--	1,332,429
Law enforcement	--	--	--	--	--	--	293,574
Art improvements	--	--	--	819,306	--	819,306	819,306
Assigned	--	--	--	--	1,522,493	1,522,493	2,288,839
Total Fund Balances	3,210,293	474,751	304,755	819,306	1,522,493	6,331,598	8,760,690
Total Liabilities and Fund Balances	$ 3,216,246	$ 474,751	$ 304,755	$ 821,936	$ 1,522,493	$ 6,340,181	$ 9,107,456

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds					
	Police Training	Recreation Programs	Golf	Extra Duty Police	Local Option Gas Tax	Total
Revenues						
Intergovernmental	$ --	$ --	$ --	$ --	687,531	$ 687,531
Charges for services	--	3,449,655	1,248,063	--	--	4,697,718
Fines and forfeitures	10,996	--	--	--	--	10,996
Investment earnings	--	838	243	16	287	1,384
Miscellaneous	--	39,008	210,227	394,137	84,705	728,077
Total Revenues	10,996	3,489,501	1,458,533	394,153	772,523	6,125,706
Expenditures						
Current:						
Public safety	19,904	--	--	347,173	--	367,077
Culture and recreation	--	3,492,342	1,608,731	--	--	5,101,073
Transportation	--	--	--	--	783,372	783,372
Capital outlay	--	--	47,992	--	641,491	689,483
Total Expenditures	19,904	3,492,342	1,656,723	347,173	1,424,863	6,941,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,908)	(2,841)	(198,190)	46,980	(652,340)	(815,299)
Other Financing Sources (Uses)						
Transfers in	--	--	200,000	--	--	200,000
Total Other Financing Sources (Uses)	--	--	200,000	--	--	200,000
Net Change in Fund Balances	(8,908)	(2,841)	1,810	46,980	(652,340)	(615,299)
Fund Balances - Beginning	19,703	740,625	63,495	235,799	1,984,769	3,044,391
Fund Balances - End	$ 10,795	$ 737,784	$ 65,305	$ 282,779	$ 1,332,429	$ 2,429,092

(Continued)

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (CONTINUED)
CAPITAL PROJECTS FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Capital Projects Funds						
	Recreation Impact	Police Impact	Fire Impact	Art Impact	Capital Improvement & Replacement	Total	Total Other Governmental Funds
Revenues							
Intergovernmental	$ --	$ --	$ --	$ --	$ --	$ --	$ 687,531
Impact fees	687,154	115,232	90,744	28,000	--	921,130	921,130
Charges for services	--	--	--	--	--	--	4,697,718
Fines and forfeitures	--	--	--	--	--	--	10,996
Investment earnings	1,278	386	301	849	--	2,814	4,198
Miscellaneous	--	--	--	--	--	--	728,077
Total Revenues	688,432	115,618	91,045	28,849	--	923,944	7,049,650
Expenditures							
Current:							
Public safety	--	4,609	3,630	--	--	8,239	375,316
Culture and recreation	27,486	--	--	13,015	--	40,501	5,141,574
Transportation	--	--	--	--	--	--	783,372
Capital outlay	118,932	143,301	--	17,850	22,520	302,603	992,086
Total Expenditures	146,418	147,910	3,630	30,865	22,520	351,343	7,292,348
Excess (Deficiency) of Revenues Over (Under) Expenditures	542,014	(32,292)	87,415	(2,016)	(22,520)	572,601	(242,698)
Other Financing Sources (Uses)							
Transfers in	--	--	--	--	1,545,013	1,545,013	1,745,013
Total Other Financing Sources (Uses)	--	--	--	--	1,545,013	1,545,013	1,745,013
Net Change in Fund Balances	542,014	(32,292)	87,415	(2,016)	1,522,493	2,117,614	1,502,315
Fund Balances - Beginning	2,668,279	507,043	217,340	821,322	--	4,213,984	7,258,375
Fund Balances - End	$ 3,210,293	$ 474,751	$ 304,755	$ 819,306	$ 1,522,493	$ 6,331,598	$ 8,760,690

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE TRAINING - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 12,043	$ 12,043	$ 10,996	$ (1,047)
Total Revenues	12,043	12,043	10,996	(1,047)
Expenditures				
Current:				
Public Safety				
Police	14,000	14,000	19,904	(5,904)
Total Expenditures	14,000	14,000	19,904	(5,904)
Net Change in Fund Balance	(1,957)	(1,957)	(8,908)	(6,951)
Fund Balance - Beginning	18,679	19,703	19,703	--
Fund Balance - End	$ 16,722	$ 17,746	$ 10,795	$ (6,951)

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECREATION PROGRAMS - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	$ 3,167,697	$ 3,167,697	$ 3,449,655	$ 281,958
Investment earnings	572	572	838	266
Miscellaneous	35,314	35,314	39,008	3,694
Total Revenues	3,203,583	3,203,583	3,489,501	285,918
Expenditures				
Current:				
Culture and recreation	3,535,023	3,535,023	3,492,342	42,681
Total Expenditures	3,535,023	3,535,023	3,492,342	42,681
Deficiency of Revenues under Expenditures	(331,440)	(331,440)	(2,841)	328,599
Other Financing Sources				
Transfers in	--	--	--	--
Net Change in Fund Balance	(331,440)	(331,440)	(2,841)	328,599
Fund Balance - Beginning	501,050	740,625	740,625	--
Fund Balance - End	$ 169,610	$ 409,185	$ 737,784	$ 328,599

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GOLF COURSE - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	$ 1,085,299	$ 1,227,162	$ 1,248,063	$ 20,901
Investment earnings	127	127	243	116
Miscellaneous	167,746	167,746	210,227	42,481
Total Revenues	1,253,172	1,395,035	1,458,533	63,498
Expenditures				
Current:				
Culture and recreation	1,418,111	1,558,165	1,608,731	(50,566)
Capital outlay	--	--	47,992	(47,992)
Total Expenditures	1,418,111	1,558,165	1,656,723	(98,558)
Deficiency of Revenues under Expenditures	(164,939)	(163,130)	(198,190)	(35,060)
Other Financing Sources				
Transfers in	200,000	200,000	200,000	--
Net Change in Fund Balance	35,061	36,870	1,810	(35,060)
Fund Balance - Beginning	16,639	63,496	63,495	(1)
Fund Balance - End	$ 51,700	$ 100,366	$ 65,305	$ (35,061)

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL OPTION GAS TAX - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 663,710	$ 663,710	$ 687,531	$ 23,821
Investment earnings	930	930	287	(643)
Miscellaneous	82,241	82,241	84,705	2,464
Total Revenues	746,881	746,881	772,523	25,642
Expenditures				
Current:				
Transportation	856,588	981,496	783,372	198,124
Capital outlay	300,000	1,568,344	641,491	926,853
Total Expenditures	1,156,588	2,549,840	1,424,863	1,124,977
Net Change in Fund Balance	(409,707)	(1,802,959)	(652,340)	1,150,619
Fund Balance - Beginning	535,104	1,984,769	1,984,769	--
Fund Balance - End	$ 125,397	$ 181,810	$ 1,332,429	$ 1,150,619

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECREATION IMPACT - CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	$ 839,619	$ 839,619	$ 687,154	$ (152,465)
Investment earnings	984	984	1,278	294
Miscellaneous	--	--	--	--
Total Revenues	840,603	840,603	688,432	(152,171)
Expenditures				
Current:				
Culture and recreation	--	--	27,486	(27,486)
Capital outlay	800,000	1,944,106	118,932	1,825,174
Total Expenditures	800,000	1,944,106	146,418	1,797,688
Net Change in Fund Balance	40,603	(1,103,503)	542,014	1,645,517
Fund Balance - Beginning	1,367,691	2,668,280	2,668,279	(1)
Fund Balance - End	$ 1,408,294	$ 1,564,777	$ 3,210,293	$ 1,645,516

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD IMPACT - CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	$ 349,894	$ 349,894	$ 338,718	$ (11,176)
Investment earnings	1,552	1,552	1,385	(167)
Total Revenues	351,446	351,446	340,103	(11,343)
Expenditures				
Current:				
Transportation		9,001	19,401	(10,400)
Capital outlay	600,000	618,329	28,065	590,264
Total Expenditures	600,000	627,330	47,466	579,864
Excess (Deficiency) of Revenues over (under) Expenditures	(248,554)	(275,884)	292,637	568,521
Other Financing Sources				
Transfers out	(689,030)	(689,030)	(689,030)	--
Net Change in Fund Balance	(937,584)	(964,914)	(396,393)	568,521
Fund Balance - Beginning	1,390,135	1,514,818	1,514,818	--
Fund Balance - End	$ 452,551	$ 549,904	$ 1,118,425	$ 568,521

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE IMPACT - CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	$ 125,504	$ 125,504	$ 115,232	$ (10,272)
Investment earnings	200	200	386	186
Total Revenues	125,704	125,704	115,618	(10,086)
Expenditures				
Current:				
Public safety	--	--	4,609	(4,609)
Capital outlay	215,894	215,894	143,301	72,593
Total Expenditures	215,894	215,894	147,910	67,984
Net Change in Fund Balance	(90,190)	(90,190)	(32,292)	57,898
Fund Balance - Beginning	507,043	507,043	507,043	--
Fund Balance - End	$ 416,853	$ 416,853	$ 474,751	$ 57,898

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE IMPACT - CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	$ 131,211	$ 131,211	$ 90,744	$ (40,467)
Investment earnings	106	106	301	195
Total Revenues	131,317	131,317	91,045	(40,272)
Expenditures				
Current:				
Public safety	20,000	20,000	3,630	16,370
Capital outlay	40,000	40,000	--	40,000
Total Expenditures	60,000	60,000	3,630	56,370
Net Change in Fund Balance	71,317	71,317	87,415	16,098
Fund Balance - Beginning	191,912	217,340	217,340	--
Fund Balance - End	$ 263,229	$ 288,657	$ 304,755	$ 16,098

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ART IMPACT - CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	$ --	$ --	$ 28,000	$ 28,000
Investment earnings	--	--	849	849
Total Revenues	--	--	28,849	28,849
Expenditures				
Current:				
Culture and recreation	--	95,281	13,015	82,266
Capital outlay	--	--	17,850	(17,850)
Total Expenditures	--	95,281	30,865	64,416
Net Change in Fund Balance	--	(95,281)	(2,016)	93,265
Fund Balance - Beginning	813,091	821,322	821,322	--
Fund Balance - End	$ 813,091	$ 726,041	$ 819,306	$ 93,265

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT & REPLACEMENT - CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	$ --	$ --	$ --	$ --
Investment earnings	--	--	--	--
Total Revenues	--	--	--	--
Expenditures				
Current:				
Transportation	--	--	--	--
Capital outlay	--	1,545,013	22,520	1,522,493
Total Expenditures	--	1,545,013	22,520	1,522,493
Deficiency of Revenues under Expenditures	--	(1,545,013)	(22,520)	1,522,493
Other Financing Sources				
Transfers in	--	1,545,013	1,545,013	--
Net Change in Fund Balance	--	--	1,522,493	1,522,493
Fund Balance - Beginning	--	--	--	--
Fund Balance - End	$ --	$ --	$ 1,522,493	$ 1,522,493

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2014

	Fleet Management	Self-Insurance	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 324,626	$ 5,437,455	$ 5,762,081
Investments	96,700	1,074,900	1,171,600
Receivables	270	5,714	5,984
Inventory	64,170	--	64,170
Prepaid items	--	24,000	24,000
Total current assets	485,766	6,542,069	7,027,835
Noncurrent assets:			
Capital assets being depreciated, net	1,199,362	36,151	1,235,513
Total noncurrent assets	1,199,362	36,151	1,235,513
Total Assets	1,685,128	6,578,220	8,263,348
Liabilities			
Current liabilities:			
Accounts payable	53,590	49,065	102,655
Claims payable	--	938,560	938,560
Total current liabilities	53,590	987,625	1,041,215
Noncurrent liabilities:			
Claims payable	--	250,106	250,106
Compensated absences payable	40,192	--	40,192
Total noncurrent liabilities	40,192	250,106	290,298
Total Liabilities	93,782	1,237,731	1,331,513
Net Position			
Net investment in capital assets	1,199,362	36,151	1,235,513
Unrestricted	391,984	5,304,338	5,696,322
Total Net Position	$ 1,591,346	$ 5,340,489	$ 6,931,835

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Fleet Management	Self-Insurance	Total
Operating Revenues			
Charges for service	$ 2,556,083	$ --	$ 2,556,083
Employer contributions	--	6,924,126	6,924,126
Employee contributions	--	835,902	835,902
Miscellaneous	75,840	91,668	167,508
Total Operating Revenues	2,631,923	7,851,696	10,483,619
Operating Expenses			
Personnel expenses	889,902	--	889,902
Claims expense	--	5,123,673	5,123,673
Insurance premiums	--	457,037	457,037
Repair and maintenance	318,225	--	318,225
Fuel and chemicals	696,290	--	696,290
Operating supplies	105,591	69,789	175,380
Other professional and contractual	19,900	783,707	803,607
Other expenses	30,679	--	30,679
Depreciation	468,128	3,121	471,249
Total Operating Expenses	2,528,715	6,437,327	8,966,042
Operating Income	103,208	1,414,369	1,517,577
Nonoperating Revenues			
Investment earnings	176	3,909	4,085
Gain on disposal of capital assets	56,485	--	56,485
Total Nonoperating Revenues	56,661	3,909	60,570
Income before transfers	159,869	1,418,278	1,578,147
Change in Net Position	159,869	1,418,278	1,578,147
Net Position - Beginning	1,431,477	3,922,211	5,353,688
Net Position - End	$ 1,591,346	$ 5,340,489	$ 6,931,835

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Fleet Management	Self-Insurance	Total
Cash Flows from Operating Activities			
Receipts for interfund services provided	$ 2,559,888	$ 7,754,314	$ 10,314,202
Payments to suppliers for goods and services	(1,197,487)	(1,306,498)	(2,503,985)
Payments to employees for services	(884,765)	--	(884,765)
Payments for claims	--	(5,034,941)	(5,034,941)
Other operating revenues	75,840	91,669	167,509
Net Cash Provided by Operating Activities	553,476	1,504,544	2,058,020
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(482,032)	--	(482,032)
Proceeds from sale of capital assets	56,485	--	56,485
Net Cash Used in Capital and Related Financing Activities	(425,547)	--	(425,547)
Cash Flows from Investing Activities			
Interest earned	176	3,909	4,085
Net Cash Provided by Investing Activities	176	3,909	4,085
Net increase in cash and cash equivalents	128,105	1,508,453	1,636,558
Cash and cash equivalents, beginning of year	196,521	3,929,002	4,125,523
Cash and Cash Equivalents, End of Year	$ 324,626	$ 5,437,455	$ 5,762,081
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 103,208	$ 1,414,369	$ 1,517,577
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	468,128	3,121	471,249
Changes in operating assets and liabilities:			
Accounts receivable	3,806	(5,714)	(1,908)
Inventory	8,727	--	8,727
Accounts payable	(35,530)	4,035	(31,495)
Claims payable	--	88,733	88,733
Compensated absences	5,137	--	5,137
Total Adjustments	450,268	90,175	540,443
Net Cash Provided by Operating Activities	$ 553,476	$ 1,504,544	$ 2,058,020

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2014

	Pension Trust Funds			
	General Employees	Police	Fire	Total
Assets				
Cash and cash equivalents	$ 13,442	$ 2,035,957	$ 1,680,803	$ 3,730,202
Investments, at fair values:				
U.S. Government obligations	--	2,834,612	4,626,171	7,460,783
Mortgage backed securities	--	1,243,853	3,994,268	5,238,121
Fixed income funds	882,720	--	--	882,720
Collateralized mortgage obligations	--	319,049	337,723	656,772
Corporate obligations	--	11,043,717	4,278,964	15,322,681
Equity securities	--	8,693,165	19,407,818	28,100,983
Equity funds	1,131,403	35,133,421	13,850,086	50,114,910
Foreign bonds	--	--	147,295	147,295
International funds	212,838	5,412,592	9,030,803	14,656,233
International bond funds	--	2,200,483	3,473,887	5,674,370
Real estate funds	--	2,937,572	6,482,718	9,420,290
Self directed DROP investments	--	--	343,372	343,372
Total investments	2,226,961	69,818,464	65,973,105	138,018,530
Receivables:				
Interest and dividends	--	94,216	173,164	267,380
Due for securities purchased	--	--	195,652	195,652
Employer	30,143	--	763,394	793,537
State of Florida contributions	--	546,749	843,533	1,390,282
Employees	362	20,279	11,439	32,080
Total receivables	30,505	661,244	1,987,182	2,678,931
Prepaid items	--	154,853	1,175	156,028
Total Assets	2,270,908	72,670,518	69,642,265	144,583,691
Liabilities				
Accounts payable	1,120	43,446	70,087	114,653
Pending trades payable	--	741	--	741
Due for securities purchased	--	--	260,720	260,720
Total Liabilities	1,120	44,187	330,807	376,114
Net Position				
Net position held in trust for pension benefits	$ 2,269,788	$ 72,626,331	$ 69,311,458	$ 144,207,577

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Pension Trust Funds			
	General Employees	Police	Fire	Total
Additions				
Contributions:				
Employer	$ 120,572	$ 2,712,635	$ 2,866,117	$ 5,699,324
State of Florida	--	546,749	843,533	1,390,282
Employees	9,556	391,188	486,309	887,053
Total contributions	130,128	3,650,572	4,195,959	7,976,659
Investment earnings:				
Net appreciation in fair value of investments	186,524	6,205,769	5,547,540	11,939,833
Interest and dividends	--	785,258	1,829,298	2,614,556
Other	--	3,271	--	3,271
Total investment earnings	186,524	6,994,298	7,376,838	14,557,660
Less: investment expense	(4,519)	(195,370)	(340,519)	(540,408)
Net investment earnings	182,005	6,798,928	7,036,319	14,017,252
Miscellaneous income	--	--	3,579	3,579
Total Additions	312,133	10,449,500	11,235,857	21,997,490
Deductions				
Pension benefits	244,528	2,277,672	1,833,986	4,356,186
Refunds of participant contributions	--	6,852	--	6,852
Administrative expenses	1,000	114,098	96,414	211,512
Total Deductions	245,528	2,398,622	1,930,400	4,574,550
Change in Net Position	66,605	8,050,878	9,305,457	17,422,940
Net Position Held in Trust for Pension Benefits				
Beginning of year, as previously reported	2,203,183	64,575,453	59,107,217	125,885,853
Prior period adjustment	--	--	898,784	898,784
Beginning of year, as restated	2,203,183	64,575,453	60,006,001	126,784,637
End of year	$ 2,269,788	$ 72,626,331	$ 69,311,458	$144,207,577

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Palm Beach Garden's comprehensive annual financial report presents detailed

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

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CITY OF PALM BEACH GARDENS, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities				
Net Investment in capital assets	$ 52,524,730	$ 55,645,259	$ 62,235,884	$ 63,743,178
Restricted	18,706,997	14,898,785	14,083,021	12,679,885
Unrestricted	11,839,633	19,024,256	20,235,445	25,149,412
Total Governmental Activities Net Position	83,071,360	89,568,300	96,554,350	101,572,475
Business-type Activities				
Net Investment in capital assets	(1,377,423)	--	--	--
Restricted	--	--	--	--
Unrestricted	220,103	--	--	--
Total Business-type Activities Net Position	(1,157,320)	--	--	--
Primary Government				
Net Investment in capital assets	51,147,307	55,645,259	62,235,884	63,743,178
Restricted	18,706,997	14,898,785	14,083,021	12,679,885
Unrestricted	12,059,736	19,024,256	20,235,445	25,149,412
Total Primary Government Net Position	$ 81,914,040	$ 89,568,300	$ 96,554,350	$ 101,572,475

Table 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 67,009,120	$ 67,825,780	$ 70,503,248	$ 69,245,447	$ 70,034,049	$ 69,151,586
13,449,860	12,950,242	9,383,210	7,934,680	11,487,326	10,927,847
25,731,157	26,836,009	26,203,130	28,494,191	28,797,278	37,132,301
106,190,137	107,612,031	106,089,588	105,674,318	110,318,653	117,211,734
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
67,009,120	67,825,780	70,503,248	69,245,447	70,034,049	69,151,586
13,449,860	12,950,242	9,383,210	7,934,680	11,487,326	10,927,847
25,731,157	26,836,009	26,203,130	28,494,191	28,797,278	37,132,301
$ 106,190,137	$ 107,612,031	$ 106,089,588	$ 105,674,318	$ 110,318,653	$ 117,211,734

CITY OF PALM BEACH GARDENS, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
Expenses			
Governmental activities:			
General Government	$ 13,548,562	$ 11,413,853	$ 15,695,350
Public Safety	30,419,891	33,064,986	37,209,988
Culture/Recreation	7,139,745	10,071,747	10,178,475
Physical Environment	4,568,664	9,036,996	7,059,139
Transportation	2,758,280	2,121,258	2,262,265
Interest on long-term debt	1,254,477	1,834,969	1,557,260
Other debt service costs	--	--	--
Total Governmental Activities Expenses	59,689,619	67,543,809	73,962,477
Business-type activities:			
Golf Course	1,896,021	--	--
Total Business-type Activities Expenses	1,896,021	--	--
Total Primary Government Expenses	$ 61,585,640	$ 67,543,809	$ 73,962,477
Program Revenues			
Governmental activities:			
Charges for services:			
General Government	$ 5,599,809	$ 6,690,824	$ 3,751,106
Public Safety	2,039,879	2,344,719	2,816,679
Culture/Recreation	1,902,858	4,284,306	4,756,464
Transportation	--	2,400,886	924,325
Operating grants and contributions	114,005	348,059	223,287
Capital grants and contributions	2,168,711	4,011,982	1,219,771
Total Governmental Activities Program Revenues	11,825,262	20,080,776	13,691,632
Business-type activities:			
Charges for services:			
Golf Course	1,377,545	--	--
Total Business-type Activities Program Revenues	1,377,545	--	--
Total Primary Government Program Revenues	$ 13,202,807	$ 20,080,776	$ 13,691,632

Table 2

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
$ 14,954,447	$ 15,136,680	$ 14,021,839	$ 13,637,124	$ 13,772,084	$ 14,577,754	$ 14,130,877
39,223,990	41,112,818	43,008,415	43,117,470	43,586,151	41,943,456	40,628,867
8,784,481	9,151,914	10,140,073	7,586,300	7,470,717	7,435,778	7,753,450
6,067,686	5,771,316	3,962,941	6,688,611	6,876,606	7,031,948	7,822,307
3,860,350	3,954,595	2,613,051	2,558,809	1,927,567	2,214,405	2,329,335
1,662,578	1,492,723	1,396,709	1,148,800	945,926	935,201	916,909
--	--	--	--	91,923	36,500	--
74,553,532	76,620,046	75,143,028	74,737,114	74,670,974	74,175,042	73,581,745
--	--	--	--	--	--	--
--	--	--	--	--	--	--
$ 74,553,532	$ 76,620,046	$ 75,143,028	$ 74,737,114	$ 74,670,974	$ 74,175,042	$ 73,581,745
$ 8,518,696	$ 8,594,096	$ 8,409,479	$ 8,006,806	$ 8,749,869	$ 9,710,901	$ 12,320,246
2,438,907	2,423,564	2,587,741	3,267,903	4,321,215	4,883,193	2,709,767
4,650,101	4,168,677	4,459,166	4,717,578	5,030,609	5,879,675	5,528,028
580,406	237,674	446,235	120,663	109,553	627,407	338,718
1,483,394	1,296,236	2,576,479	1,458,831	1,650,949	1,470,016	1,794,424
557,820	3,551,406	744,438	579,543	167,897	123,665	63,000
18,229,324	20,271,653	19,223,538	18,151,324	20,030,092	22,694,857	22,754,183
--	--	--	--	--	--	--
--	--	--	--	--	--	--
$ 18,229,324	$ 20,271,653	$ 19,223,538	$ 18,151,324	$ 20,030,092	$ 22,694,857	$ 22,754,183

Continued

CITY OF PALM BEACH GARDENS, FLORIDA

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
Net (Expense) Revenue:				
Governmental activities	$ (47,864,357)	$ (47,463,033)	$ (60,270,845)	$ (56,324,208)
Business-type activities	(518,476)	--	--	--
Total Primary Government Net Expense	$ (48,382,833)	$ (47,463,033)	$ (60,270,845)	$ (56,324,208)
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	$ 35,118,504	$ 40,923,938	$ 50,541,564	$ 50,362,460
Local business tax	--	--	--	1,531,977
Franchise taxes	3,832,276	4,964,878	5,380,778	--
Public service taxes	721,730	796,705	860,052	956,919
Unrestricted intergovernmental:				
Sales tax and local option gas tax	3,597,796	4,062,558	4,060,521	4,039,597
State shared revenue	1,115,490	1,252,205	1,265,548	1,193,969
Impact fees	6,812,932	--	--	--
Unrestricted investment earnings	1,129,469	2,548,250	3,159,845	1,741,515
Gain (loss) on disposal of capital assets	--	--	55,284	242,496
Miscellaneous	1,803,848	1,374,851	1,601,212	1,273,400
Transfers	(496,000)	(1,157,320)	--	--
Cumulative effect of change in accounting principle	--	(806,092)	--	--
Special item - change in retirement plans	--	--	332,091	--
Total Governmental Activities	$ 53,636,045	$ 53,959,973	$ 67,256,895	$ 61,342,333
Business-type Activities:				
Investment earnings	$ 15,904	$ 11,199	$ --	$ --
Miscellaneous	25,616	24,000	--	--
Transfers	422,889	496,000	1,157,320	--
Total Business-type Activities	464,409	531,199	1,157,320	--
Total Primary Government	54,100,454	54,491,172	68,414,215	61,342,333
Change in Net Position				
Governmental activities	5,771,688	6,496,940	6,986,050	5,018,125
Business-type activities	(54,067)	531,199	1,157,320	--
Total Primary Government	$ 5,717,621	$ 7,028,139	$ 8,143,370	$ 5,018,125

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ (56,348,393)	$ (55,919,490)	$ (56,585,790)	$ (54,640,882)	$ (51,480,185)	$ (50,827,565)
--	--	--	--	--	--
$ (56,348,393)	$ (55,919,490)	$ (56,585,790)	$ (54,640,882)	$ (51,480,185)	$ (50,827,565)
$ 50,314,207	$ 46,762,961	$ 45,755,279	$ 44,232,540	$ 44,946,393	$ 46,310,990
1,540,700	1,464,400	1,421,834	1,370,720	1,424,382	1,480,360
--	--	--	--	--	--
1,278,766	1,087,582	1,005,079	1,829,028	2,220,036	2,162,550
3,726,391	3,754,372	3,864,850	3,850,419	4,013,779	4,280,034
1,076,977	1,802,019	1,195,559	1,236,054	1,304,870	1,405,807
--	121,564	188,040	119,452	74,589	65,982
1,415,326	764,799	348,553	299,589	165,741	223,316
17,141	43,748	32,867	(7,165)	290,676	146,150
1,596,547	1,539,939	1,251,286	1,294,975	1,837,258	1,645,457
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ 60,966,055	$ 57,341,384	$ 55,063,347	$ 54,225,612	$ 56,277,724	$ 57,720,646
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
60,966,055	57,341,384	55,063,347	54,225,612	56,277,724	57,720,646
4,617,662	1,421,894	(1,522,443)	(415,270)	4,797,539	6,893,081
--	--	--	--	--	--
$ 4,617,662	$ 1,421,894	$ (1,522,443)	$ (415,270)	$ 4,797,539	$ 6,893,081

CITY OF PALM BEACH GARDENS, FLORIDA

Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST FOUR FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	$ 47,033	$ 114,228	$ 77,819	$ 14,857
Restricted	3,050,763	626,283	3,518,253	3,374,314
Committed	1,253,889	1,253,889	2,632,575	2,632,575
Assigned	2,836,036	786,693	1,411,359	5,062,949
Unassigned	20,964,535	26,058,560	27,109,724	27,529,515
Total General Fund	28,152,256	28,839,653	34,749,730	38,614,210
All Other Governmental Funds				
Nonspendable	25,662	36,357	31,270	36,743
Restricted	7,650,881	7,308,397	7,969,073	7,553,533
Committed	--	--	--	--
Assigned	1,034,597	1,004,043	772,850	2,288,839
Total All Other Governmental Funds	8,711,140	8,348,797	8,773,193	9,879,115
Total Governmental Funds	$ 36,863,396	$ 37,188,450	$ 43,522,923	$ 48,493,325

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* .

CITY OF PALM BEACH GARDENS, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Ad valorem taxes	$ 35,118,504	$ 40,923,938	$ 50,541,564	$ 50,362,460
Local business tax	--	--	--	--
Utility taxes	721,730	796,705	860,052	956,919
Franchise fees	3,832,276	4,964,878	5,380,778	5,516,091
Licenses and permits	5,599,810	3,988,155	3,718,105	4,364,095
Intergovernmental	6,996,002	9,597,521	6,757,761	6,906,638
Impact fees	6,812,932	4,508,074	2,270,519	1,467,356
Charges for services	3,942,738	3,998,671	5,502,144	5,641,891
Fines and forfeitures	312,599	2,079,227	524,216	320,944
Investment income	1,125,900	2,548,247	3,159,847	1,740,605
Miscellaneous	1,544,895	2,653,313	1,858,214	2,028,842
Total Revenues	66,007,386	76,058,729	80,573,200	79,305,841
Expenditures				
Current:				
General government	12,703,284	10,343,003	15,293,318	14,613,265
Public safety	29,250,972	32,321,657	35,103,794	37,695,130
Culture and recreation	6,764,046	9,125,769	8,775,280	7,354,317
Physical environment	4,434,178	6,294,347	6,892,190	5,848,500
Transportation	1,233,738	762,383	890,103	818,837
Capital outlay	7,542,442	13,831,316	9,026,003	6,305,054
Debt service:				
Principal	1,926,679	2,364,709	2,787,745	2,848,158
Interest	1,234,078	1,478,670	1,573,958	1,488,484
Bond issuance costs	30,475	39,500	--	--
Other debt service costs	123,775	--	--	--
Total Expenditures	65,243,667	76,561,354	80,342,391	76,971,745
Excess (Deficiency) of Revenues Over (Under) Expenditures	763,719	(502,625)	230,809	2,334,096
Other Financing Sources (Uses):				
Transfers in	1,584,962	1,488,139	1,845,332	1,373,777
Transfers out	(2,028,200)	(1,333,704)	(1,787,528)	(1,321,015)
Capital leases	--	--	--	712,418
Sale of capital assets	--	--	--	206,000
Bonds and notes issued	--	3,755,200	--	--
Refunding bonds issued	6,901,176	--	--	--
Premium on bond issuance	--	--	--	--
Refunded bonds redeemed	--	--	--	--
Payment to refunded bond escrow agent	(6,870,701)	--	--	--
Total Other Financing Sources (Uses)	(412,763)	3,909,635	57,804	971,180
Special Items				
Proceeds from defined contribution plan	--	--	--	3,642,218
Payment to defined benefit plan	--	--	--	(3,310,127)
Total Special Items	--	--	--	332,091
Net Change in Fund Balances	$ 350,956	$ 3,407,010	$ 288,613	$ 3,637,367
Debt Service as a Percentage of Noncapital Expenditures	5.75%	6.19%	6.08%	6.10%

Table 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 50,314,207	$ 46,762,961	$ 45,755,279	$ 44,232,540	$ 44,946,393	$ 46,310,990
1,540,700	1,464,400	1,421,834	1,370,720	1,424,382	1,480,360
1,278,766	1,087,582	1,005,079	1,829,028	2,220,036	2,162,550
5,702,964	5,040,183	4,946,864	5,327,897	5,101,610	5,493,667
2,020,336	2,363,552	2,066,521	2,414,586	3,537,512	3,537,090
6,454,771	8,693,914	7,250,927	6,894,564	7,159,350	7,531,569
567,498	1,024,537	535,700	754,853	2,563,745	1,259,848
5,865,175	6,263,022	7,306,291	8,427,574	8,356,187	9,155,442
436,227	301,780	184,221	163,076	308,095	253,207
1,414,745	763,632	348,002	299,204	162,847	219,231
2,070,220	1,738,946	1,537,789	1,621,486	1,874,051	1,917,229
77,665,609	75,504,509	72,358,507	73,335,528	77,654,208	79,321,183
14,592,013	13,579,416	12,820,887	13,101,603	13,891,617	13,670,394
39,078,675	41,375,382	40,678,920	41,616,208	39,690,034	39,918,404
7,363,738	8,360,697	5,688,357	5,505,915	5,461,517	5,749,601
5,375,753	3,602,222	6,081,652	6,151,650	6,496,310	7,311,775
809,220	685,673	827,068	591,089	882,857	802,773
5,239,712	3,940,814	5,974,920	2,081,097	6,045,352	3,431,802
2,929,195	2,948,742	3,113,455	3,328,573	3,623,063	3,857,772
1,398,206	1,304,010	1,066,464	850,124	713,851	720,871
--	--	28,000	117,944	36,500	--
--	--	--	91,923	--	--
76,786,512	75,796,956	76,279,723	73,436,126	76,841,101	75,463,392
879,097	(292,447)	(3,921,216)	(100,598)	813,107	3,857,791
4,291,078	1,454,187	2,338,257	803,596	630,786	2,434,043
(4,238,316)	(1,454,187)	(2,338,257)	(743,460)	(647,494)	(2,434,043)
--	--	--	136,451	1,208,074	1,022,611
7,278	--	--	--	30,000	90,000
--	--	--	--	4,300,000	--
--	--	4,440,997	16,190,000	--	--
--	--	--	101,429	--	--
--	--	(4,412,997)	--	--	--
--	--	--	(16,062,364)	--	--
60,040	--	28,000	425,652	5,521,366	1,112,611
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ 939,137	$ (292,447)	$ (3,893,216)	$ 325,054	$ 6,334,473	$ 4,970,402
5.88%	5.87%	5.96%	5.84%	6.09%	6.32%

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				
	Residential Property	Commercial Property	Industrial Property	Other Property	Total
2005	$ 4,560,597,118	$ 1,068,583,139	$ 31,022,658	$ 58,639,528	$ 4,924,323,436
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
2013	5,971,391,486	1,362,505,644	137,804,685	54,067,590	7,525,769,405
2014	6,179,351,874	1,399,487,396	138,859,513	53,618,149	7,771,316,932

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
$ 326,789,276	$ 1,116,960	$ 5,252,229,672	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%
357,685,952	1,261,843	7,884,717,200	5.9194	9,634,287,354	81.84%
357,264,904	1,567,443	8,130,149,279	5.9137	10,015,793,537	81.17%

CITY OF PALM BEACH GARDENS, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

	City of Palm Beach Gardens				
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Palm Beach County School District	Palm Beach County
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
2013	5.7404	0.1790	5.9194	7.7780	4.9902
2014	5.7404	0.1733	5.9137	7.5860	4.9852

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 [1]					
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
1.1000	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
1.1220	0.6066	0.4289	0.7300	0.0345	21.6096
1.0800	0.6065	0.4110	0.7025	0.0345	21.3194

CITY OF PALM BEACH GARDENS, FLORIDA

Table 7

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS PRIOR

	2014			2006		
Taxpayer	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value (1)
The Gardens Venture LLC	$ 210,000,000	1	2.58%	$ 147,000,000	1	2.05%
Florida Power & Light	3,851,867,758	2	47.38%			
GLL US Retail LP	65,000,034	3	0.80%			
Realty Associates Fund IX LP	66,584,586	4	0.82%			
Northlake Blvd. LLC	53,194,837	6	0.65%			
Devonshire at PGA National LLC	36,525,000	7	0.45%	50,085,034	5	0.70%
Landmark at Gardens Square	45,935,560	5	0.57%			
WFGR Resort Core V LLC	44,836,422	8	0.55%			
11900 Valencia Gardens AV Apts.	40,102,261	9	0.49%			
GB Investors LLC	39,370,594	10	0.48%			
Binks Estates LTD Partnership				70,865,247	2	0.99%
Communities Finance Co.				62,212,394	3	0.87%
Grande at Palm Beach Gardens, Inc.				56,237,539	4	0.78%
Grande at Mirasol, Inc.				48,900,000	6	0.68%
Legacy Place Development LLC				39,166,335	7	0.55%
Granite Gardens LLC				38,800,000	8	0.54%
Communities Finance Company LLC				38,153,734	9	0.53%
Westport Holdings PBG				38,079,296	10	0.53%
	$ 4,453,417,052		54.77%	$ 589,499,579		8.22%

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

Note: Information is not available prior to 2006.

(1) See the Schedule of Net Assessed Value on page 107 for Estimated Actual Value of Taxable Property.

CITY OF PALM BEACH GARDENS, FLORIDA

Table 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

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
2005	$ 36,437,708	$ 35,080,464	96.28%	$ 24,491	$ 35,103,532	96.34%
2006	42,572,206	40,896,417	96.06%	13,182	40,909,599	96.09%
2007	52,521,899	50,475,571	96.10%	140,716	50,616,287	96.37%
2008	52,378,653	50,382,769	96.19%	631,057	51,013,826	97.39%
2009	52,198,753	49,743,531	95.30%	266,335	50,009,866	95.81%
2010	48,572,811	46,500,965	95.73%	555,884	47,056,849	96.88%
2011	46,934,495	45,094,498	96.08%	28,116	45,122,614	96.14%
2012	45,986,911	44,142,070	95.99%	60,339	44,202,409	96.12%
2013	46,672,795	44,866,669	96.13%	24,096	44,890,765	96.18%
2014	48,079,264	46,260,814	96.22%	--	46,260,814	96.22%

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 Bonds	General Obligation Bonds	Capital Leases	Notes
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	--
2013	18,188,016	6,365,138	1,608,643	--
2014	15,805,833	5,204,098	2,304,750	--

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 119 for population data.

Table 9

Business-Type Activities						
Loans	Revenue Bonds	Capital Leases	Loans	Total Primary Government	Percentage of Personal Income [1]	Per Capita [1]
$ --	$ 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
--	--	--	--	26,161,797	N/A	529
--	--	--	--	23,314,681	N/A	466

CITY OF PALM BEACH GARDENS, FLORIDA

Table 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Year Ended September 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value (1)	Per Capita (2)
2005	$ 13,970,914	0.27%	$ 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
2013	6,365,138	0.08%	129
2014	5,204,098	0.06%	104

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 pages 107-108 for Estimated Actual Value of Taxable Property.

(2) See the Schedule of Demographic and Economic Statistics on page 119 for population data.

CITY OF PALM BEACH GARDENS, FLORIDA

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2014

Government Unit	Net Debt Outstanding	Percentage Applicable to the City of Palm Beach Gardens [1]	Amount Applicable to the City of Palm Beach Gardens
Debt repaid with property taxes:			
Palm Beach County	$ 163,630,000	5.22%	$ 8,541,486
Palm Beach County School Board	--	5.21%	--
Other debt:			
Palm Beach County	744,351,129	5.22%	38,855,129
Palm Beach County School Board	1,807,908,000	5.21%	94,192,007
Subtotal, Overlapping Debt			141,588,622
City of Palm Beach Gardens Direct Debt			23,314,681
Total Direct and Overlapping Debt			$ 164,903,303

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 NINE FISCAL YEARS

2011 Public Improvement and Refunding Bonds

Year Ended September 30,	Local Business Tax	Franchise Fees	Utility Taxes	Licenses and Permits	Inter-governmental
2006	$ --	$ 4,964,878	$ 796,705	$ 3,988,155	$ 8,597,198
2007	--	5,380,778	860,052	3,718,105	6,757,761
2008	--	5,516,091	956,919	4,364,095	6,906,638
2009	1,540,700	5,702,964	1,278,766	2,020,336	6,454,771
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
2013	1,424,382	5,101,610	2,220,036	3,537,512	7,159,350
2014	1,480,360	5,493,667	2,162,550	3,537,089	7,531,570

	Non Ad Valorem Revenue Available for Debt Coverage	Debt Service		Coverage
		Principal	Interest	
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
2013	30,144,070	2,498,505	492,496	10.08
2014	31,750,341	2,696,732	536,167	9.82

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

Charges for Services	Fines and Forfeitures	Investment Income	Miscellaneous	Non Ad Valorem Revenue Available for Debt Coverage
$ 1,285,282	$ 2,078,519	$ 1,538,635	$ 1,509,965	$ 24,759,337
5,502,144	524,216	3,159,847	1,858,214	27,761,117
5,641,891	320,944	1,740,605	2,028,842	27,476,025
5,865,175	436,227	1,414,745	2,070,220	26,783,904
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
8,356,187	308,095	162,847	1,874,051	30,144,070
9,155,443	253,206	219,233	1,917,223	31,750,341

CITY OF PALM BEACH GARDENS, FLORIDA

Table 13

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Year	Population [1]	Palm Beach County Personal Income [2] (In Thousands)	Palm Beach County Per Capita Income [2]	School Enrollment [3]	Unemployment Rate [4]
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	75,461,490	52,191	10,937	6.0%
2013	49,434	N/A	N/A	10,909	4.9%
2014	50,067	N/A	N/A	11,175	4.4%

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

Table 14

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS PRIOR

	2014			2006		
Employer	Employees	Rank	Percentage of Total City Employment	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%	1,000	2	3.46%
TBC Corporation (Headquarters)	600	6	2.43%			
Biomet 3i, Inc.	476	7	1.93%			
City of Palm Beach Gardens	455	8	1.84%	501	6	1.73%
Belcan Corporation	329	9	1.33%	467	7	1.62%
Anspach Companies	256	10	1.04%			
Palm Beach Gardens Medical Center				1,100	1	3.81%
The Wackenhut Corp.				990	3	3.43%
Divosta & Company				925	4	3.20%
Implant Innovations, Inc.				525	5	1.82%
LRP Publications				450	8	1.56%
South Florida Blood Bank				300	9	1.04%
Catalfumo Construction				264	10	0.91%
	8,864		35.92%	6,522		22.58%

Source: Business Development Board of Palm Beach County.
Note: Information is not available prior to 2006.

CITY OF PALM BEACH GARDENS, FLORIDA

Table 15

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST NINE FISCAL YEARS

	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Employees									
General Government	82	73	97	95	80	66	71	71	73
Public Safety	277	286	282	272	272	280	278	281	278
Culture and Recreation	74	75	65	64	72	38	38	39	36
Physical Environment	68	80	57	53	40	66	65	64	67
Total Number of Employees	501	514	501	484	464	450	452	455	454

Note: Indicators are not available prior to 2006.

Source: City of Palm Beach Gardens Finance Department

CITY OF PALM BEACH GARDENS, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST NINE FISCAL YEARS

Function/Program:	Fiscal Year 2006	2007	2008
General Government:			
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
Public Safety:			
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
Culture and Recreation:			
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
Physical Environment:			
Curb miles swept	2,000	2,100	3,095
Linear feet of storm drains cleaned/repaired	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

Fiscal Year					
2009	2010	2011	2012	2013	2014
6,188	6,495	12,150	7,720	4,051	4,200
553	140	110	95	127	184
6,829	5,849	4,914	3,863	3,183	3,381
23	33	35	8	9	N/A
150	150	162	163	158	160
122	122	118	118	113	118
16,400	13,473	10,874	9,028	8,619	8,856
36	35	35	35	35	N/A
7,410	8,000	7,836	7,582	9,492	9,594
75,000	104,100	110,000	144,000	167,000	170,000
9,220	16,710	17,000	16,500	17,000	16,000
3,805	3,750	3,775	3,988	4,072	3,592
5,241	--	--	--	--	--
356	360	367	455	409	453
43,000	38,835	41,954	39,107	28,904	32,742
32,144	32,910	37,826	31,723	30,530	34,130
800	2,560	2,779	2,335	1,551	2,464
800	4,400	--	--	140	300
5,272	6,013	6,315	6,822	7,560	7,712
$ 189,340,190	$ 178,555,009	$ 188,625,476	$ 208,997,432	$ 293,661,857	$ 232,474,244
19,250	18,170	18,100	18,605	24,105	24,868

CITY OF PALM BEACH GARDENS, FLORIDA

Table 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST NINE FISCAL YEARS

	Fiscal Year								
Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government									
Number of general government buildings	1	1	1	1	1	1	1	1	1
Public Safety									
Fire stations	5	5	5	5	5	5	5	5	5
Transportation									
Miles of streets	53	53	53	54	54	54	54	54	57
Culture and Recreation									
Parks acreage	168	168	168	168	168	172	172	172	172
Parks	9	9	11	11	11	11	11	11	11
Golf courses	1	1	1	1	1	1	1	1	1
Soccer fields	10	10	10	10	10	11	11	11	11
Roller hockey rinks	2	2	2	2	2	2	2	2	2
Baseball/softball fields	17	17	15	15	15	15	15	15	15
Tennis courts	17	17	19	19	19	19	19	19	19
Playgrounds	8	8	9	9	9	9	9	9	9
Basketball courts	12	12	12	12	13	13	13	13	13
Racquetball courts	2	2	6	6	6	6	6	6	6
Skatepark	1	1	1	1	1	1	1	1	1
Swimming pools	3	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

REPORTING SECTION

INDEPENDENT AUDITORS' 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 and City Manager
City of 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 (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2015. Our report includes a reference to other auditors who audited the financial statements of the City's Police Officers' Pension Fund and the City's Firefighters' Pension Fund, as described in our report in the City's financial statements. This report does not include the results of the other auditors' testing on internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

MARCUMGROUP
MEMBER

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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'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.

Marcum LLP

West Palm Beach, FL
April 30, 2015

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Palm Beach Gardens, Florida, as of and for the year ended September 30, 2014, and have issued our report thereon dated April 30, 2015.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports

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*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 30, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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. There were no findings or recommendations made in the prior year audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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.

MARCUMGROUP
MEMBER

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Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was done as of fiscal year end.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

West Palm Beach, FL
April 30, 2015

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO SECTION 218.415 FLORIDA STATUTES

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

We have examined the City's compliance with Section 218.415 Florida Statutes for the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Palm Beach Gardens complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Marcum LLP

West Palm Beach, FL
April 30, 2015

MARCUM GROUP
MEMBER

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