

CITY OF BOCA RATON FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2012



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boca Raton
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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



Christopher P. Morrell

President

Jeffrey R. Enew

Executive Director

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF BOCA RATON, FLORIDA
FOR THE FISCAL YEAR ENDED
September 30, 2012



Prepared by the Financial Services Department

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Leslie Harmon, Grants Administrator
Ella Moore-Poitier, Budget Analyst
Jean Bonds, Office Supervisor II

ABOUT THE COVER:



This beautiful sunrise view, overlooking the Atlantic Ocean, was taken at Red Reef Park in Boca Raton, Florida. Red Reef Park is located at 1400 N. Ocean Boulevard and is a 67-acre park located on the east and west sides of AIA adjacent to the beachfront. The park contains boardwalks, picnic facilities, a nine-hole executive golf course and the 20-acre Gumbo Limbo Nature Center.

PHOTO CREDIT: Mark Witzten

DESIGN CREDIT: Mark Witzten, Video Producer/Multimedia Technician, *City of Boca Raton*, Florida.

CITY OF BOCA RATON, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2012

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March 27, 2013

The Honorable Mayor,
Members of the City Council,
Citizens of the City of Boca Raton, Florida:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Boca Raton, Florida (the City), for the fiscal year ended September 30, 2012. State law requires that all general-purpose local governments annually publish a complete set of financial statements within nine months of the close of each fiscal year. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by an independent auditing firm. We believe that this report complies with these requirements and continues to present the City's strong tradition of full financial disclosure. This philosophy is reflected by the informative financial analysis provided by the City's Financial Services Department and the exhibits and statistical tables included herein.

The CAFR's role is to assist in making economic, social and political decisions and to assist in assessing accountability to the citizenry by:

- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assessing financial condition and results of operations;
- Assisting in determining compliance with finance related laws, rules and regulations;
and
- Assisting in evaluating the efficiency and effectiveness of City operations

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly present the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

Marcum LLP, independent auditors, has issued unqualified opinions on the City of Boca Raton's financial statements for the fiscal year ended September 30, 2012. The independent auditors' report is located at the front of the financial section of this report.

The City's Financial Statements have been prepared using the reporting model in accordance with Governmental Accounting Standard Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis (MD&A). MD&A immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliments the letter of transmittal and should be read in conjunction with it.

THE CITY OF BOCA RATON

Profile

Boca Raton is a full service city located within the boundaries of Palm Beach County. The City derives its governmental authority from a charter granted by the Legislature of the State of Florida. In 1965, the Council-Manager form of government replaced the Commissioner-Manager system in Boca Raton. Four Council Members and a Mayor are elected at large on a non-partisan basis for three-year terms. The City Council appoints the City Manager who is the Chief Administrative Officer of the City and directs the business of the City and its various departments. The City Council determines policy, adopts legislation, approves the City's budget, sets taxes and fees, and appoints the City Attorney and members of various boards and committees.

Services Provided

The City provides a full range of municipal services. The public safety program includes police, fire protection and rescue services; the City's extensive recreation program includes beaches, a pool, golf courses, libraries, tennis courts, neighborhood parks, and community centers; the Municipal Services Department provides essential traffic, street maintenance, sanitation, storm water system maintenance and other technical assistance to the City; the Utility Services Department provides water and sewer services. The City's Development Services Department provides planning, zoning and building permit and inspection services and administers the City's Community Development Block Grants. The City also provides general administrative services.

Reporting Entity

This report includes all of the funds of the City. In addition to general government activities, the Community Redevelopment Agency (CRA) is included in the reporting entity. However, the Greater Boca Raton Beach and Park District, the Boca Raton Housing Authority and the Boca Raton Airport Authority have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

Accounting and Internal Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

The City is required to undergo an annual single audit performed under the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General, State of Florida. The information related to the Single Audit, including the schedule of expenditure of federal awards, schedule of findings and questioned costs, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in a separate report. This report disclosed no instances of significant deficiencies in internal control over financial reporting or significant violations of applicable laws and regulations.

Budgetary Controls

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. In accordance with state laws the Approved Budget is posted on the City's website within 30 days of adoption. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department (by fund) level. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget adoption. All expenditures for other than personal services are controlled by a procurement system, which encumbers purchase orders against budgets prior to issuance to the vendors. Purchase orders are not issued until appropriations are made available.

Administrative budget transfers may occur upon approval of the City Manager as long as the fund budget is not increased. Budget amendments are submitted quarterly to Council for their consideration and in accordance with state law are posted to the City's website five days after adoption.

LOCAL ECONOMY

The birthplace of the of the IBM personal computer, Boca Raton has grown from a small agricultural community to a large regional employment center with one of the largest business concentrations in South Florida. In fact, about half of all of the large office buildings in Palm Beach County are in Boca Raton, and a number of national and international corporations call Boca Raton home. Corporate headquarters in Boca Raton include such well-known

companies such as Office Depot, Bluegreen Corp., Campus Management, Garda Global, and Jardin Consumer Solutions, as well as innovative and high-tech start-up companies such as 3CInteractive, GeoGroup, Integrity Tracking, Modernizing Medicine, and Biotest. Nearly 3,000 businesses are located in Boca Raton, employing over 38,000 people.

Despite the continued economic downturn, Boca Raton has maintained its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs. The value of the building permit applications increased from \$7.1 million in 2011 to \$9.6 million in 2012.

Boca Raton is facing increasing competition for new and existing businesses. In order to create and retain jobs in the City, the City Council again identified economic development strategy and funding as one of the top priorities for Fiscal Year 2012-13. As a result, in addition to working with economic development agencies such as Enterprise Florida and the Palm Beach County Business Development Board, the City developed and adopted an aggressive Economic Development Incentive Program to attract businesses to the City and to retain and promote the growth of existing businesses in the City.

One of the primary components in the City's economic development efforts was the creation of the City's Economic Development Incentive Policy to provide economic development incentives for companies seeking to relocate to the City or to expand their existing business within the City. Based on the criteria listed in the policy, including job creation and/or retention, capital investment and job salaries, the City can provide incentives through a number of different methods including providing the local match for state economic development programs, making grants and/or loans, and subsidizing rents and leases. It also can provide non-financial incentives such as expedited permitting.

Through its Economic Development Incentive Policy, the City has committed \$1,117,400 to date, which has resulted in the creation of 2,473 new jobs and the retention of 1,830 existing jobs in the City. The incentives provided by the City also leveraged \$4.8 million of State of Florida incentives and \$850,000 of Palm Beach County incentives.

Major business centers within the City include the Arvida Park of Commerce (APOC), which has over 5 million square feet of office space on its 850 acres, and the Florida Atlantic University (FAU) Research Park, which is currently home to 23 companies, and which in 2012 increased the number of jobs in the businesses located there over 17% to 952 jobs

Education continues to play an important role in the Boca Raton area. The City is the location of Florida Atlantic University (FAU), Lynn University, and the southern campus of Palm Beach State College. The combined enrollment of these institutions is over 25,000 students, which adds to the stability of the City's economic base, and the educational facilities continue to expand. FAU, for example, has continued to expand its campus with new student housing, classroom buildings, a new stadium, and a state-of-the-art LEED certified engineering building. FAU has also opened an on-campus medical school.



On October 22, 2012, Lynn University hosted the third and final presidential debate on its campus in Boca Raton. The debate produced a countywide economic impact of \$13.1 million, as well as \$50 million in publicity value for the City. 59.2 million viewers tuned in to watch the event at Lynn, and 52.3 million U.S. adults were aware that the debate was held in Boca Raton or the county. When asked, 4.7 million U.S. adults said they would “absolutely”

want to visit the City or the county in the next five years, and if even one in 100 of that group did so, there would be an estimated additional \$35 million in tourism spending.

Lynn University is also celebrating its 50th anniversary this year. The institution grew up alongside the City of Boca Raton, first founded as Marymount College and later becoming the College of Boca Raton and eventually Lynn University. The university now brings students from 87 nations to the community, and many of those students remain in Boca upon graduation as productive members of the local workforce. Lynn University has created a new master plan for its campus and has opened its new performance facility as part of hosting the final Presidential Debate in October 2012.

Palm Beach State College has expanded its programs to include courses in alternative energy and environmental sustainability. Additionally, all of the public schools in the City have received an “A” rating, the highest rating possible, by the State of Florida.

Boca Raton is a major cultural location in southeast Florida, anchored by the Mizner Park Amphitheater, the Boca Raton Museum of Art, and the Mizner Park Cultural Arts Center. The City has a large number of quality hotel accommodations, including the iconic Boca Raton Resort & Beach Club.

Boca Raton also remains as a premier shopping and dining location. The Town Center at Boca Raton has continued to expand and is considered the premier regional mall in South Florida. Other destination shopping and dining areas in the City include the downtown areas of Mizner Park, whose main thoroughfare, Plaza Real, was named as one of the **Top 10 Great Public Spaces in America** by the American Planning Association, as well as Royal Palm Place. Lord & Taylor department store will open in the fall of 2013 at Mizner Park.

MAJOR INITIATIVES

For the Year

With goals and priorities of a financially sound City government, top quality municipal services, sustainable city and a strong partnership with our stakeholders, the City continues to demonstrate its ability to be one of the most financially secure local governments in Florida. As part of its strategic planning efforts a financial summit was held to ensure long term sustainability of the city.

The City's taxable value is \$16.627 billion, making the City's taxable value the highest of any municipality in Palm Beach County and the fourth highest in the three South Florida counties behind Miami, Miami Beach and Ft. Lauderdale.

The Boca Raton Community Redevelopment Agency's taxable value over the last five years has decreased an average of 4.8% annually. The City of Boca Raton's taxable property values decreased 1.65% for the 2012 tax year. This is the first year of growth after four years of declines in property values.

During 2012, Moody's Analytics, Standard and Poor's and Fitch Ratings issued "AAA" ratings on the 2011 General Obligation Refunding Bonds and affirmed the "AAA" ratings on the City of Boca Raton's other outstanding General Obligation Debt. Standard & Poor's stated "*The Aaa rating is based on the city's economic base that remains broad and diverse, reserves that remain very strong, a track record of strong financial management and low debt burden.*" Fitch stated "*The city's fiscal position remains strong, characterized by a diverse revenue stream, a commitment to a sustainable revenue structure, and robust reserve levels. Boca Raton derives its revenue from a diverse mix of sources, including property, utility, franchise, and sales taxes.*" "*Pension and other post-employment benefits (OPEB) obligations do not place significant pressure on the debt profile. The city sponsors three single-employer defined benefit plans, and payments represent a manageable 11% of spending. Fitch believes that the city's strong financial management will enable it to accommodate all increased costs.*" Boca Raton was the first city or county in Florida to receive the highest bond credit rating from all three credit rating agencies. All three of the rating agencies have also rated the Water and Sewer Revenue Bonds "AAA."

In December, 2012 the City adopted regulations to create Planned Mobility Developments overlay district which is a future land use classification that establishes guidelines for the type of development envisioned for an area. Areas for the future may include the Northwest Sector including the Arvida Park of Commerce, North Federal Highway corridor, Boca Raton Regional Hospital and Town Center Mall. Currently the Planned Mobility Development is only available for use as an overlay to the Light Industrial Research Park (LIRP), Warehouse (W-1) and Manufacturing (M-3) zoning districts, which are limited to those properties north of Spanish River Boulevard, between I-95 and Military Trail. Planned Mobility is not a zoning district rather it is an overlay that grants property owners additional development opportunities subject to certain requirements and performance standards.

Beginning in May 2012, the City implemented a new red light camera program throughout the City at 6 intersections to reduce accidents; the program generated \$768 thousand in revenues. This program is anticipated to provide annual revenue of \$1.5 million to the City. There are efforts underway at the State level to prohibit this program and the City continues to monitor the legislative actions.

For the Future

The City recognizes that a successful downtown is a critical component for Boca Raton. To be successful, downtown Boca Raton must develop a sense of place, the public and private sector must work together with a common goal, public funds need to be wisely invested and new development should provide pedestrian connections to the overall downtown.

For the 2012 fiscal year, the City approved a 8.25% increase in the operating tax rate to \$3.41 per \$1,000. The City's 2012 debt service tax rate decreased 13.24% to \$0.3125 per \$1,000 based upon voter approved bond issues. The net result was an increase of 6.05%.

The City continues to evaluate and implement user fees as part of its efforts for long term sustainability. In the 2013 budget, the sanitation fee was increased from \$16.00 to \$16.50 monthly for single family residents and from \$9.59 to \$9.89 monthly for multi-family residential units to cover the cost to provide sanitation services. The provision of solid waste services is accounted for as an enterprise fund. Also, in the 2013 operating budget, the City increased the fire assessment fee from \$80 to \$85 per household to recover a portion of the operational costs of the City's fire services.

In the 2013 Session, the Florida Legislature is considering cuts to business taxes along with pushing additional costs down to local governments as unfunded mandates. The City is closely monitoring these proposals and their potential impacts and limitations to Florida municipalities. The consequences of a combination of several of the proposals being considered could have a significant impact on the City's ability to maintain and/or improve services to residents.

LONG RANGE FINANCIAL PLANNING

The City Council has adopted financial policies for operating, capital and debt management. Management has made every effort to comply with these policies and we believe that we are in compliance with the adopted policies. A long-range financial plan is presented to the City Council annually in the spring. This document forecasts the General Fund and several other fund operations for the next five years and is used to guide the development of the annual operating budget and to achieve the long term goal of a financially sound city.

The City has also recognized the long-term financial cost implications of its pension benefits and in fiscal year 2008 adjusted benefits prospectively for new general employee hires, then in fiscal year 2010, adjusted benefits prospectively for executive employees. For 2013, \$12 million has been committed for a retirement system reserve. The City continues to monitor all of its pension costs for sustainability and to provide cost containment so as not to shift the costs to future taxpayers.

The Capital Improvements Program (CIP) is prepared and presented to the City Council as part of the annual budget process. The projects represent the City's plan for infrastructure improvement and major equipment acquisition for the next six years.

The City is currently constructing the 40,000 square foot downtown library which was funded by voter approved General Obligation Bonds. The CIP includes \$1.5 million to fund the balance of the costs of the downtown library construction, furniture, fixtures and equipment. The Friends of the Library and the Rotary Club of Boca Raton donated funds toward the new facility. The construction of the library is scheduled to be complete in late spring 2013 with the opening of the facilities in the summer of 2013.

The approved CIP also includes funding for a Police Safety Information system; this project will update the radio communications system enveloping the City's roadways, buildings and significant public venues into a video security network. Due to the lack of state and federal funding, the City will fund \$1.75 million annually to pay for future beach renourishment projects to protect and preserve our significant investment in beachfront property.

OTHER INFORMATION

Independent Audit

The City Charter, Article 3, Section II, requires an annual audit of the City's financial statements by independent accountants selected by the City Council. This requirement has been complied with and the independent auditors' report is included in the financial section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boca Raton, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This was the 32nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report 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.

Award for Distinguished Budget

The City received the GFOA Award for the Distinguished Budget Presentation for the City budget for the fiscal year ended September 30, 2012. It was the 30th consecutive year the City received the award for the document, which serves as the City's primary fiscal policy document.

ACKNOWLEDGMENTS

The completion and issuance of this report could not have been accomplished without the dedicated efforts of the entire staff of the Financial Services Department. Special thanks must be given to Patricia White, Carol Himes, Victoria Guinn, Allison Teslia and Gary Kapalka, for their dedication in the creation and compilation of this document. Our appreciation is also extended to Jean Bonds, Stephen Timberlake, Michael Woika, Sharon McGuire, Leslie Harmon and Ella Moore-Poitier for providing support in the preparation of this report.

We believe that this report clearly illustrates the strong financial posture of the City of Boca Raton and we wish to take this opportunity to thank you and the citizens of Boca Raton for the vital role you have historically played in enabling the City to achieve and maintain this high degree of fiscal responsibility.

Respectfully yours,

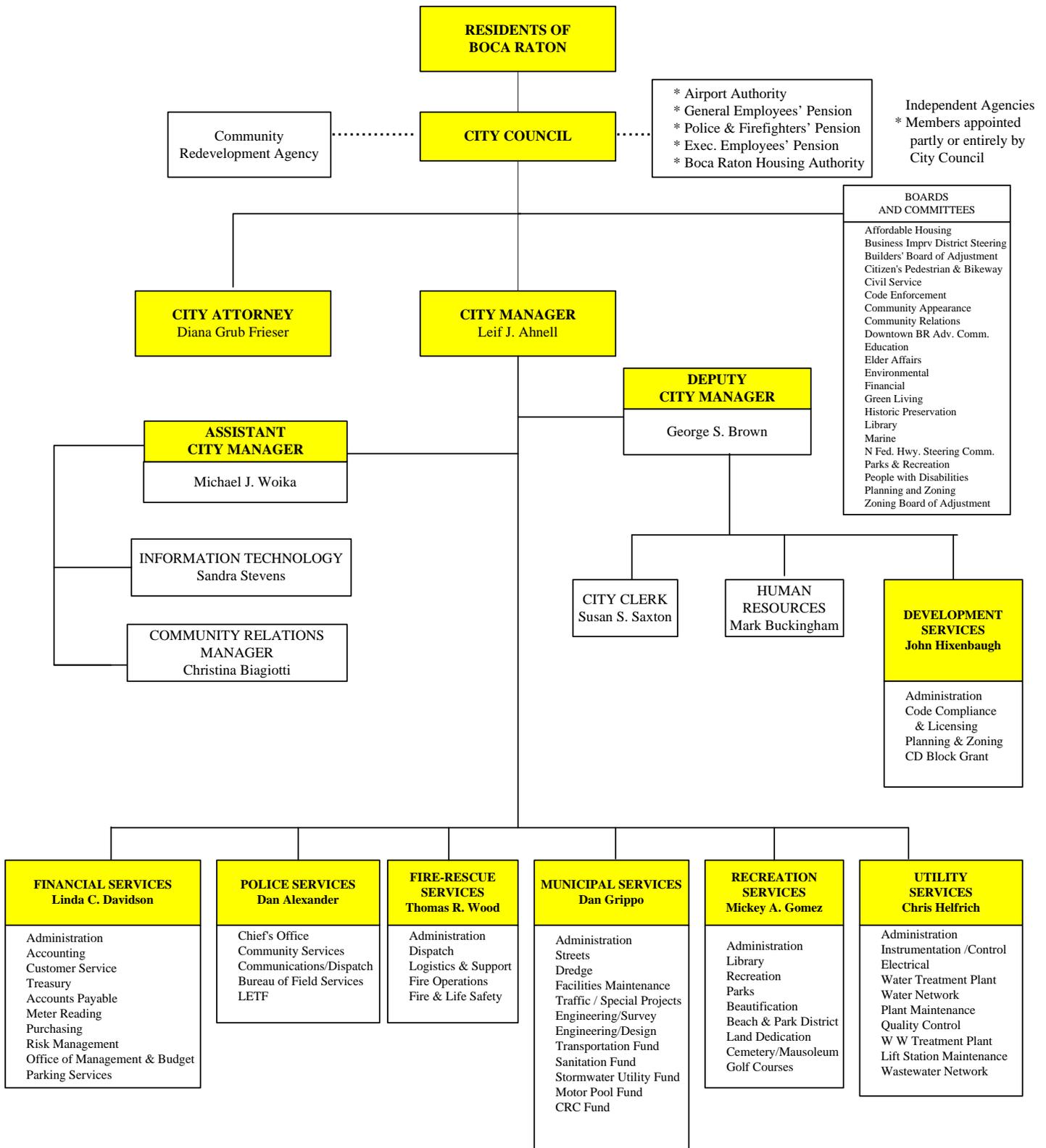
A handwritten signature in cursive script that reads "Linda C. Davidson".

Linda C. Davidson, C.P.A., C.G.F.O., C.P.F.O.
Financial Services Director

LIST OF PRINCIPAL OFFICIALS
September 30, 2012

Mayor	Susan Welchel
Deputy Mayor	Susan Haynie
Council Member	Michael Mullaugh
Council Member	Anthony Majhess
Council Member	Constance Scott
City Manager.....	Leif J. Ahnell
Deputy City Manager.....	George S. Brown
Assistant City Manager.....	Michael J. Woika
City Attorney.....	Diana Grub Frieser
City Clerk	Susan Saxton
Development Services Director.....	John Hixenbaugh III
Financial Services Director	Linda C. Davidson
Fire/Rescue Services Chief.....	Thomas R. Wood
Recreation Services Director	Mickey A. Gomez
Police Services Chief	Dan Alexander
Utility Services Director	Chris Helfrich
Municipal Services Director	Dan Grippo
Office of Management and Budget Director.....	Sharon McGuire
Information Technology Director.....	Sandra Stevens
Human Resources Director.....	Mark Buckingham

CITY OF BOCA RATON ORGANIZATIONAL STRUCTURE





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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Boca Raton, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boca Raton, Florida, (the City) as of and for the fiscal year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 2 to the financial statements, the City early implemented the requirements of Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported As Assets and Liabilities* which significantly changed classifications in the presentation of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2013, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information on pages 1 through 18 and 85 through 92 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations* are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

Marcum LLP

West Palm Beach, FL
March 27, 2013



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Management's Discussion and Analysis (Unaudited)

The purpose of financial reporting, in general, is to provide the readers of the financial statements with information that will help them make decisions or draw conclusions about an entity. As management of the City of Boca Raton, 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 fiscal year ended September 30, 2012. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets plus deferred outflows of resources of the City exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$828.357 million (net position). Of this amount, \$152.570 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$17.421 million. The increase is attributable to a significant increase in program revenues in the governmental activities and an increase in operating revenues for the business-type activities, especially in water and sewer.
- The City's business-type activities reported total net position of \$325.100 million, which is an increase of \$12,209 million, or 3.9%, in comparison to the prior year. Approximately 20.09% of the total or \$65.299 million is unrestricted and thus available for spending at the City's discretion.
- At the end of the current fiscal year, fund balance for the General Fund was \$51.839 million, or 43.2% of the general fund expenditures and other financing uses. Of this balance, \$170 thousand has been restricted for the Army Corp of Engineers for an overflow site in the event of emergency dredging of the Intracoastal Waterway, \$24.233 million has been committed for hurricane/disaster emergency, Mizner Park debt service and retirement, \$1.758 million was assigned for the subsequent years' budget, \$24.7 thousand for inventories was non-spendable and \$25.65 million was unassigned and available for new spending.
- Due to continued volatile financial market conditions, interest rates declined by a significant margin this past fiscal year, resulting in decreased interest earnings for the City. The City's average interest earnings return decreased from 1.08% in 2011 to .84% in 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The focus of the *government-wide financial statements* is on the overall financial position and activities of the City of Boca Raton. Reporting is similar to that of a private-sector business. The City's government-wide financial statements include the statement of net position and statement of activities. As described below, these statements do not include the City's fiduciary funds because resources of these funds cannot be used to finance the City's activities. However, the financial statements of fiduciary funds are included in the City's fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties.

The *Statement of Net Position* presents financial and capital resources of the City. Assets are reported when the City acquires ownership over the assets and liabilities are reported when they are incurred, regardless of the timing of the related cash flows. For example, the City reports buildings and infrastructure as assets, even though they are not available to pay the obligations incurred by the City. On the other hand, the City reports liabilities even though these liabilities might not be paid until several years into the future.

The difference between the City's total assets and outflows and total liabilities and inflows is 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. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The *Statement of Activities* presents the revenue and expenses of the City. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide 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 general government, law enforcement, fire rescue, physical environment, transportation, community development and parks and recreation. The business-type activities include water and sewer utility, cemetery/mausoleum, golf course, stormwater utility, and sanitation.

The City's government-wide financial statements are presented on pages 19-22 of this report.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established 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 (pension) funds.

Governmental Funds

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time including deferred outflows of resources, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period of time after the end of the fiscal year including deferred inflows of resources. The difference between a fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. The operating statement for governmental funds reports only those revenues and expenditures that were collected or paid during the current period or very shortly after the end of the year.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because a different accounting basis is used to prepare the fund financial statements and the government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the major funds which are the General Fund, Community Redevelopment Agency Mizner Park Revenue Fund, the Five Year Capital Improvement Fund and the Beach and Park Operations Fund. The City presents data from all other non-major governmental funds in a single column (non-major funds). Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City's governmental fund financial statements are presented on pages 23-28.

Proprietary Funds

Proprietary fund financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows. These statements are prepared on an accounting basis that is similar to the basis used

to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds and Internal Service Funds.

The City uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal Service funds are used to account for services provided and billed on an internal basis. The City uses Internal Service Funds to account for its fleet of vehicles, information technology systems and self-insurance/benefit programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City presents a separate column for the Water and Sewer Utility Fund since it is most significant to the City. The remaining four non-major enterprise funds are aggregated and reported in a single column. Internal Service Funds are aggregated and presented in a single column. A statement of cash flows is presented at the fund financial statement level for proprietary funds, but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

The City's proprietary fund financial statements are presented on pages 29-32.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. Fiduciary financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position.

The City's fiduciary fund financial statements are presented on pages 33-34.

Notes to the 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 financial statements can be found on pages 35-84.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees as well as other post employment benefits. This section also includes a comparison between the City's adopted and final budget and actual financial results. The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the general fund and for the major special revenue funds to demonstrate compliance with this budget.

Required supplementary information can be found on pages 85-92.

Combining and individual fund statements and schedules referred to earlier in connection with major and non-major governmental funds and proprietary funds are presented immediately following the required supplementary information and can be found on pages 93-130 of this report.

Government-Wide Financial Analysis

The following schedule is a summary of the fiscal 2012 Statement of Net Position, as restated, found on pages 19-20 with comparative information for fiscal 2011.

CITY OF BOCARATON, FLORIDA
Net Position (in thousands), as restated

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 190,403	\$ 185,150	\$ 126,140	\$ 112,372	\$ 316,543	\$ 297,522
Capital assets	445,328	451,776	252,238	258,465	697,566	710,241
Total assets	<u>\$ 635,731</u>	<u>\$ 636,926</u>	<u>\$ 378,378</u>	<u>\$ 370,837</u>	<u>\$1,014,109</u>	<u>\$1,007,763</u>
Deferred outflows of resources	<u>\$ 2,187</u>	<u>\$ -</u>	<u>\$ 721</u>	<u>\$ -</u>	<u>\$ 2,908</u>	<u>\$ -</u>
Long-term liabilities outstanding	\$ 120,583	\$ 127,943	\$ 47,414	\$ 50,032	\$ 167,997	\$ 177,975
Other liabilities	13,272	10,938	6,576	7,914	19,848	18,852
Total liabilities	<u>\$ 133,855</u>	<u>\$ 138,881</u>	<u>\$ 53,990</u>	<u>\$ 57,946</u>	<u>\$ 187,845</u>	<u>\$ 196,827</u>
Deferred inflows of resources	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 815</u>	<u>\$ -</u>
Net position:						
Net investment in capital assets	370,985	369,052	207,936	210,890	578,921	579,942
Restricted	45,031	43,754	51,835	48,500	96,866	92,254
Unrestricted	87,241	85,239	65,329	53,501	152,570	138,740
Total net position	<u>\$ 503,257</u>	<u>\$ 498,045</u>	<u>\$ 325,100</u>	<u>\$ 312,891</u>	<u>\$ 828,357</u>	<u>\$ 810,936</u>

The overall position of the City improved in both the 2012 and 2011 fiscal years. Changes in net position over time can be one of the best and most useful indicators of financial position. The total City's net position balance of \$828.3 million at September 30, 2012 is a 9.9%, or \$17.42 million, increase compared to the 2011 balance of \$810.9 million, as restated. The increase in net position was a result of operations in both the governmental and business-type activities.

By far, the largest portion of the City's net position (70%) reflect its investment in capital assets (such as land, roads, parks, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. Although the capital assets are shown net of 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 and pay for these liabilities. With a 2012 balance of \$578.921 million, net investment in capital assets decreased slightly by 0.18%, \$1.02 million, over the 2011 balance of \$579.942 million, as restated. This decrease was due primarily to the reduction of debt related to capital assets.

12% of the City's net position represents resources that are subject to external restrictions on how they may be used. The \$96.866 million balance in restricted net position reflects a net increase of \$4.612 million from \$92.254 million in 2011.

The remaining 18% of the City's net position are unrestricted and may be used to meet the City's on-going obligations to its citizens and creditors. The ending balance of \$152.570 million is a 9.97%, or \$13.830 million, increase from the 2011 balance of \$138.740 million. This increase in unrestricted net position is due to the overall increase in revenues.

The following schedule is a summary of the fiscal year ended September 30, 2012 Statement of Activities found on pages 21-22 with comparative information for fiscal year ended September 30, 2011, as restated.

CITY OF BOCA RATON, FLORIDA
Changes in Net Position (in thousands), as restated

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 59,378	\$ 50,628	\$ 61,246	\$ 59,337	\$ 120,624	\$ 109,965
Operating grants & contributions	5,238	5,317			5,238	5,317
Capital grants & contributions	3,503	2,720	5,769	1,259	9,272	3,979
General revenues:						
Property taxes	55,914	54,246			55,914	54,246
Other taxes	46,835	48,938			46,835	48,938
Other	3,800	3,737	863	718	4,663	4,455
Total revenues	<u>174,668</u>	<u>165,586</u>	<u>67,878</u>	<u>61,314</u>	<u>242,546</u>	<u>226,900</u>
Expenses:						
General government	\$ 18,808	16,977			\$ 18,808	\$ 16,977
Law enforcement	40,865	39,979			40,865	39,979
Fire rescue	42,227	39,140			42,227	39,140
Physical environment	4,105	4,237			4,105	4,237
Transportation	17,925	18,536			17,925	18,536
Community development	3,106	6,040			3,106	6,040
Parks and recreation	39,039	28,979			39,039	28,979
Interest and fiscal charges	2,971	4,793			2,971	4,793
Water and sewer			\$ 43,662	\$ 44,132	43,662	44,132
Cemetery			589	658	589	658
Golf			2,690	3,073	2,690	3,073
Stormwater Utility			2,545	2,023	2,545	2,023
Sanitation			6,593	6,511	6,593	6,511
Total expenses	<u>169,046</u>	<u>158,681</u>	<u>56,079</u>	<u>56,397</u>	<u>225,125</u>	<u>215,078</u>
Increase in net position before transfers	5,622	6,905	11,799	4,917	17,421	11,822
Transfers	(410)	(720)	410	720		
Increase in net position	<u>5,212</u>	<u>6,185</u>	<u>12,209</u>	<u>5,637</u>	<u>17,421</u>	<u>11,822</u>
Net position beginning, previously stated	498,764	492,579	312,891	307,254	811,655	799,833
Restatement of net position	(719)				(719)	-
Net position beginning of year, as restated	<u>498,045</u>	<u>492,579</u>	<u>312,891</u>	<u>307,254</u>	<u>810,936</u>	<u>799,833</u>
Net position end of year	<u>\$ 503,257</u>	<u>\$ 498,764</u>	<u>\$ 325,100</u>	<u>\$ 312,891</u>	<u>\$ 828,357</u>	<u>\$ 811,655</u>

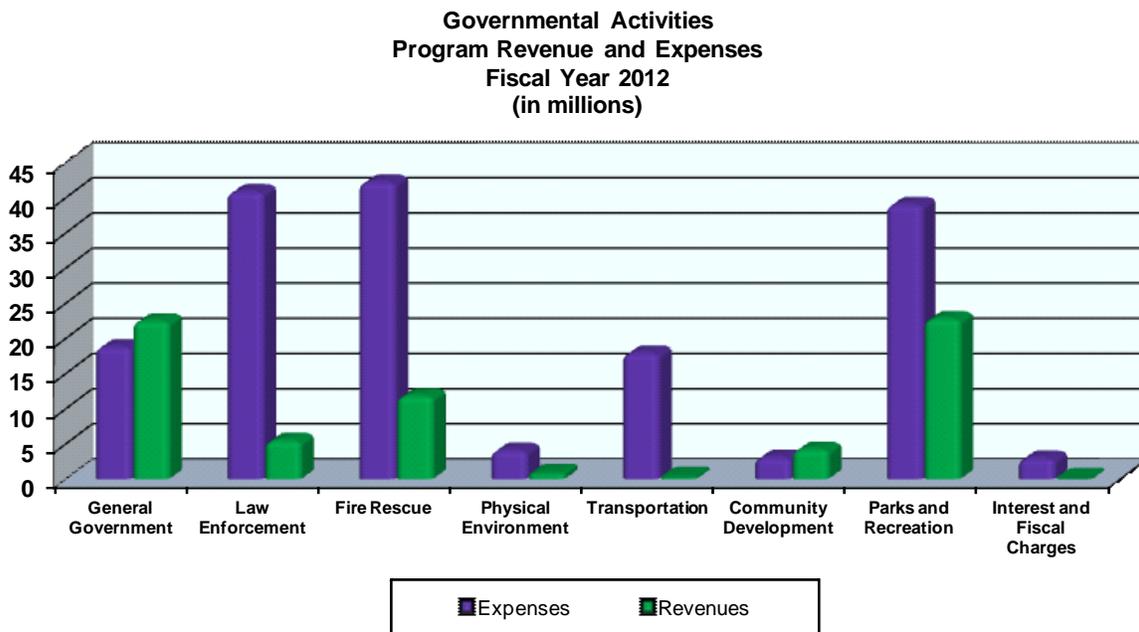
Changes in net position:

Governmental activities increased the City's net position by \$5.212 million. This net increase in position is a result of the following:

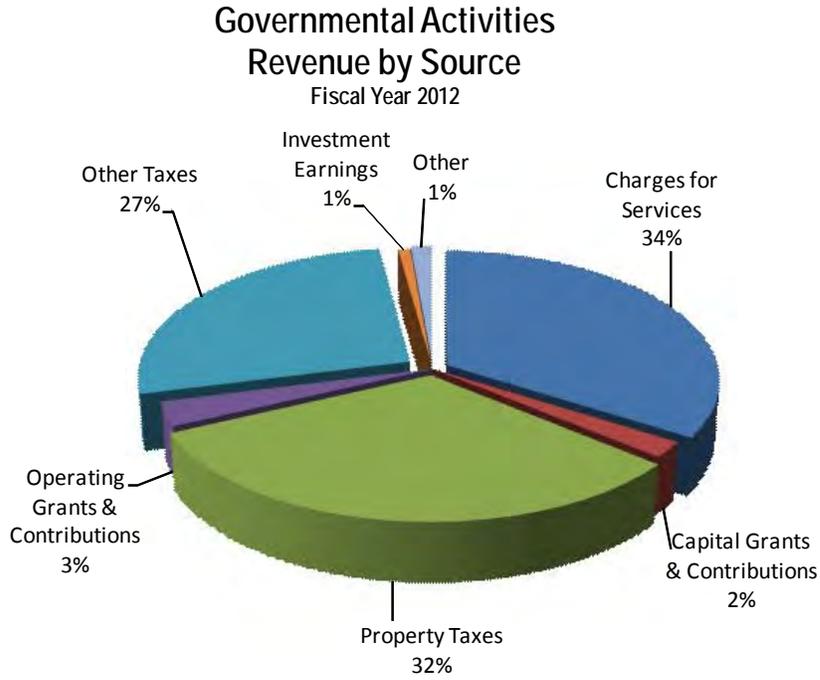
- Property tax revenues increased by approximately \$1.668 million due to an increase in new construction and property tax values and no change in the property tax rate.

- Other taxes (including utility, franchise, sales and other state shared revenue) decreased by \$2.103 million due primarily to a decline in franchise taxes (electrical, cable television, natural gas and solid waste) in the current year.
- Charges for services increased by \$8.750 million related to an increase in the fire assessment fee, metered parking program, building permits and the new red light camera program.
- Operating grants and contributions received by the City declined by approximately \$79 thousand while capital grants and contributions increased by \$783 thousand. This was primarily attributable due to the state and federal reimbursements related to beach renourishment and transportation projects that are specific to this fiscal year.
- Transfers from governmental funds to business type funds were reduced by \$400 thousand, primarily due to reduced support from the General Fund to Sanitation as part of four year plan to make Sanitation a self-sufficient operation.
- Expenses during 2012 increased by approximately \$10.365 million from 2011 due primarily to increases related to public safety, general government and parks and recreation related to new parks.

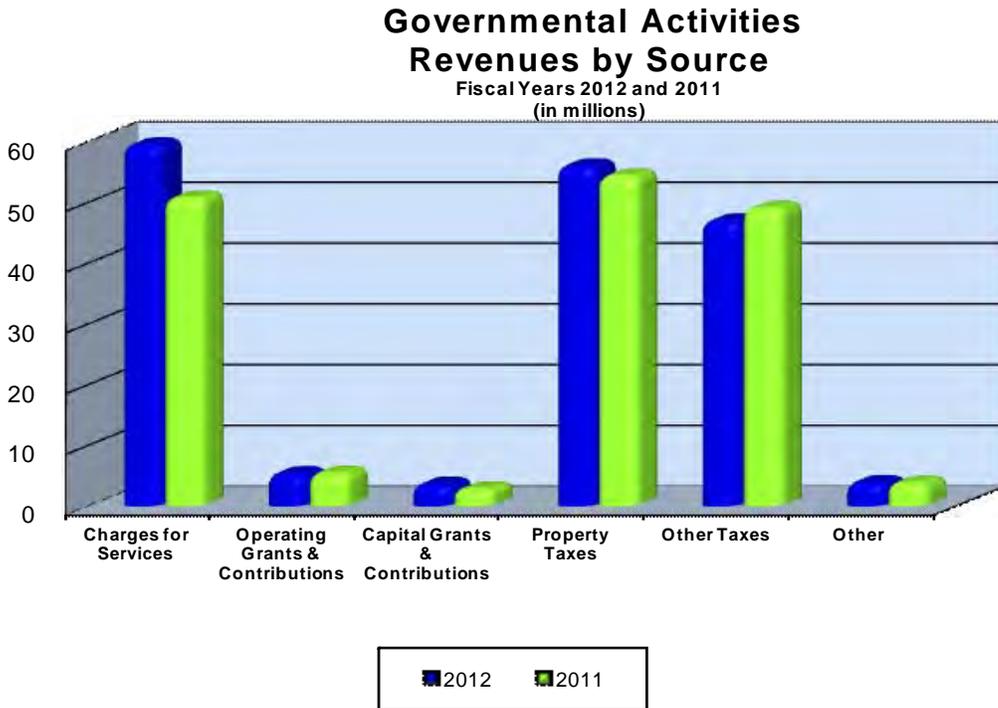
The following chart compares expenses and program revenues for the governmental activities for fiscal year 2012.



The following is a chart of the fiscal year 2012 revenues by source of governmental activities by percent of total revenues.



The following is a comparative chart of the fiscal years 2012 and 2011 revenues by source for governmental activities.

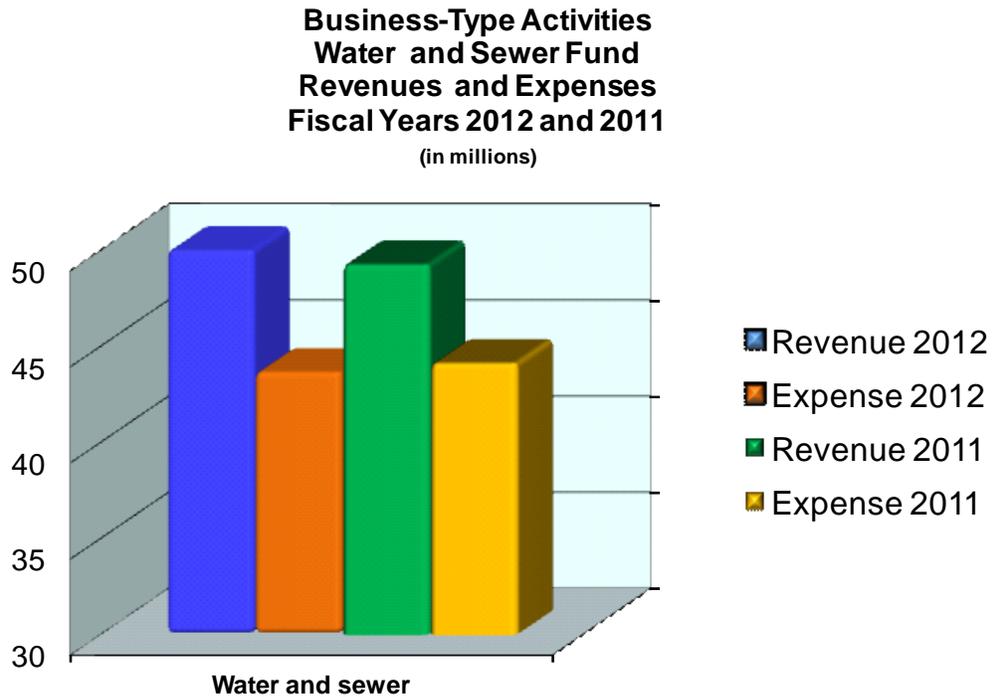


Business-Type Activities

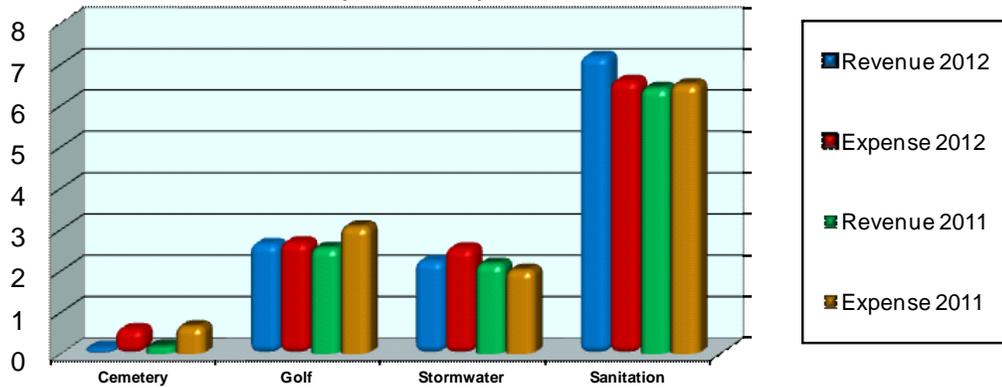
Net position for business-type activities at September 30, 2012 was \$325.1 million, a 3.9%, or \$12.2 million, increase from the 2011 balance of \$312.9 million.

The net position for the Water and Sewer Fund increased by \$11.721 million in 2012, a 109.79% increase from the \$5.590 million reported in 2011. In 2012 there were \$5.6 million of nonrecurring system development charges, an increase of \$4.6 million over 2011.

The following charts show the fiscal years 2012 and 2011 expenses and revenues by program for the business-type activities.

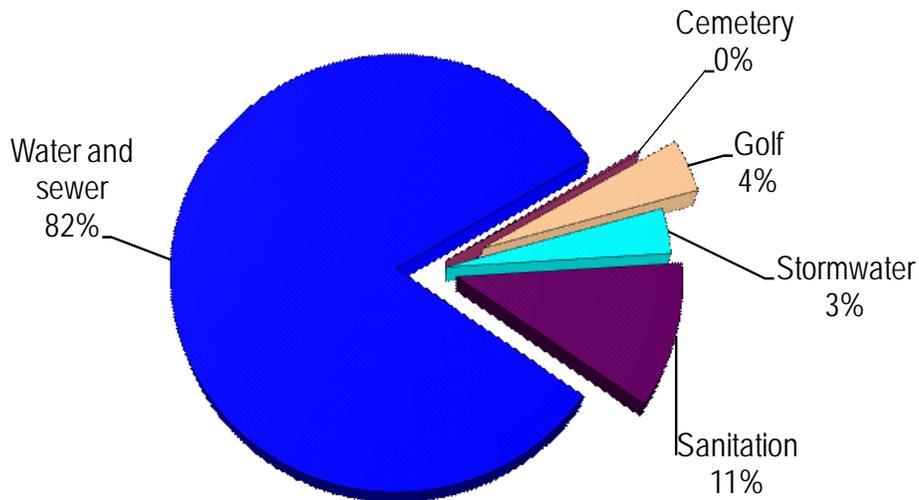


**Business-Type Activities, excluding Water/Sewer Fund
Revenues and Expenses
(in millions)**



The following is a chart of the fiscal year 2012 revenue by program for business-type activities.

**Revenues by Source
Business-Type Activities**



Financial Analysis of the City of Boca Raton's Funds

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

Governmental Funds

The fund financial statements for the governmental funds are provided on pages 23-28. 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 a government's net resources available for spending at the end of the fiscal year.

Major Fund Information (in thousands)

	<u>General</u>	<u>Community Redevelopment Agency Mizner Park Revenue Fund</u>	<u>Five Year Capital Improvement Fund</u>	<u>Beach and Park Operations Fund</u>
Fiscal Year 2012				
Revenues	\$125,252	\$7,811	\$7,171	\$16,404
Expenditures	119,119	2,000	5,310	16,394
Other financing sources (uses)	(865)	(6,150)	(2,217)	(10)
Increase (decrease) in fund balance	5,268	(339)	(355)	0
Fiscal Year 2011				
Revenues	\$116,053	\$10,203	\$8,940	\$15,333
Expenditures	116,359	2,500	5,607	15,309
Other financing sources (uses)	(48)	(6,807)	(3,953)	(24)
Increase (decrease) in fund balance	(353)	896	(620)	

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$25.65 million while the total fund balance amounted to \$51.839 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and other financing uses. Unassigned fund balance represents 19% of total general fund expenditures and other financing uses, while total fund balance represents 43.2% of that same amount.

The fund balance of the City's General Fund increased by \$5.268 million in 2012 due primarily to additional revenue received for charges for services and building permits of \$2.646 million and \$3.2 million, respectively.

The fund balance of the City's Community Redevelopment Agency (CRA) Mizner Park Revenue Fund decreased by \$339 thousand in 2012 due to additional capital improvements in the downtown in 2012.

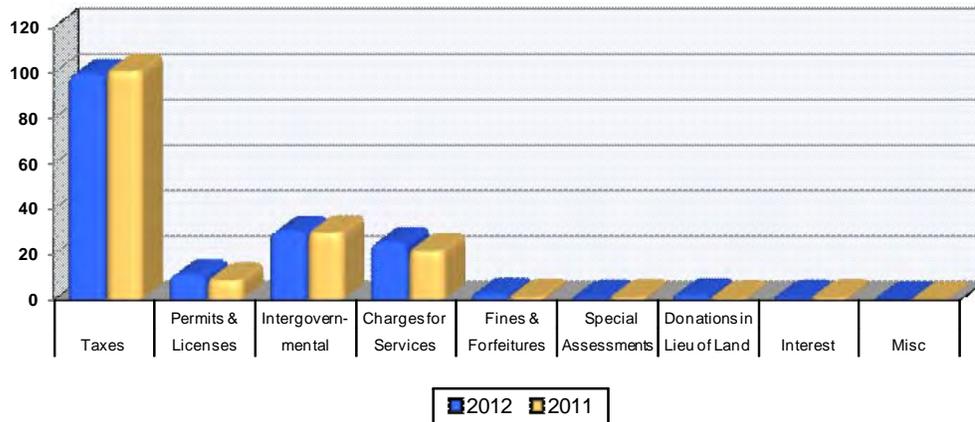
The Five Year Capital Improvement Fund had a decrease in fund balance from the prior year of \$355 thousand. Revenues decreased by \$1.769 related to property taxes and intergovernmental revenue while expenditures decreased \$297 thousand and other financing sources decreased \$1.73 million due to a decrease in the funding amount for heavy equipment transferred to the Motor Pool fund.

The Beach and Park Operations Fund increased contributions from an independent special district by \$1,071 thousand. This increase covered the district's related operating costs provided through an interlocal agreement for services by the City.

The fund balance in the other non-major governmental funds decreased \$2.030 million from \$43.795 million in 2011 to \$41.765 million in 2012. This decrease was primarily attributable to spending down the bond proceeds for the Downtown library, currently under construction.

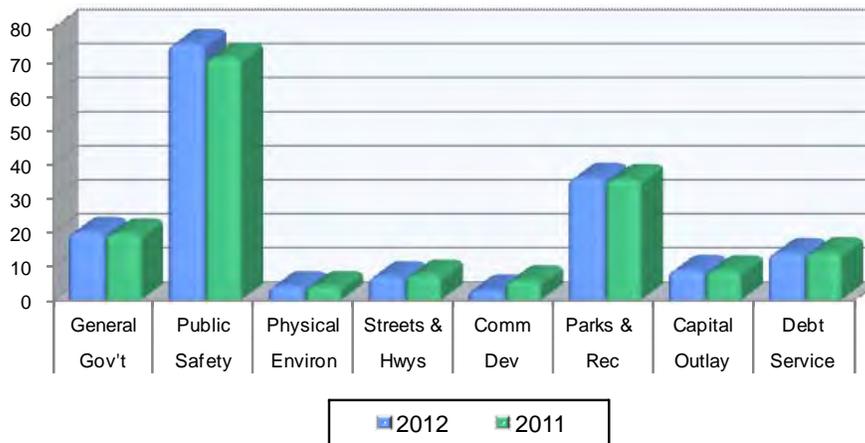
The chart below compares revenues by source for the governmental funds for fiscal years 2012 and 2011.

**Comparison of General Governmental Revenue
Fiscal Year 2012 and 2011
(Dollars in Millions)**



The following chart compares governmental expenditures by program for fiscal years 2012 and 2011.

**Comparison of Governmental Expenditures
Fiscal Year 2012 and 2011
(Dollars in Millions)**



Proprietary Funds

The table below summarizes both the operating income (loss) and the change in net position for each of the City's proprietary funds. The current year operating income in the Water and Sewer Fund was \$7.289 million as compared with \$5.987 million income in the prior year. The non operating revenues total \$5.563 million, contributed to the increase in net position.

PROPRIETARY FUNDS (in thousands)

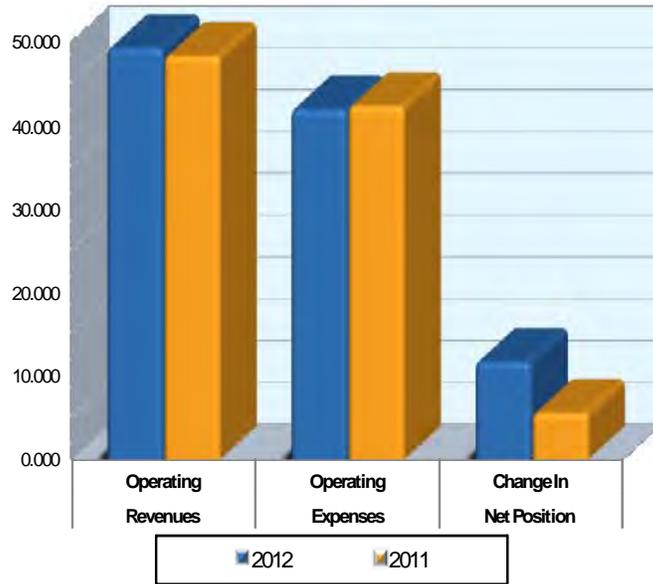
	Operating Income (Loss)		Change in Net Position	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Water and Sewer	\$ 7,289	\$ 5,987	\$ 11,721	\$ 5,590
Cemetery Mausoleum	(446)	(480)	89	(17)
Golf Course	(246)	(801)	(39)	(514)
Stormwater Utility	(305)	152	(250)	213
Sanitation	586	(88)	688	365
Fleet Management	(278)	89	859	2,173
Information Technology	(1,156)	(1,513)	54	(67)
Insurance Programs	287	3,096	446	3,358
Total	<u>\$ 5,731</u>	<u>\$ 6,442</u>	<u>\$ 13,568</u>	<u>\$ 11,101</u>

The Cemetery Mausoleum Fund experienced an operating loss and an increase in net position. The Golf Course Fund experienced an operating loss resulting in a slight decrease in net position. The Stormwater Utility Fund experienced an operating loss due to increased maintenance costs and had a decrease in net position. The Sanitation Fund generated an operating income and an increase in net position.

Fleet Management experience an operating loss of \$278 thousand and an increase in net position of \$859 thousand due to transfers from other funds for future vehicle and heavy equipment replacement. The Self Insurance Fund increased its net position by \$287 thousand due primarily to less than anticipated claim costs. The Information Technology Fund recovers part of the cost of its operations through transfers in from other departments.

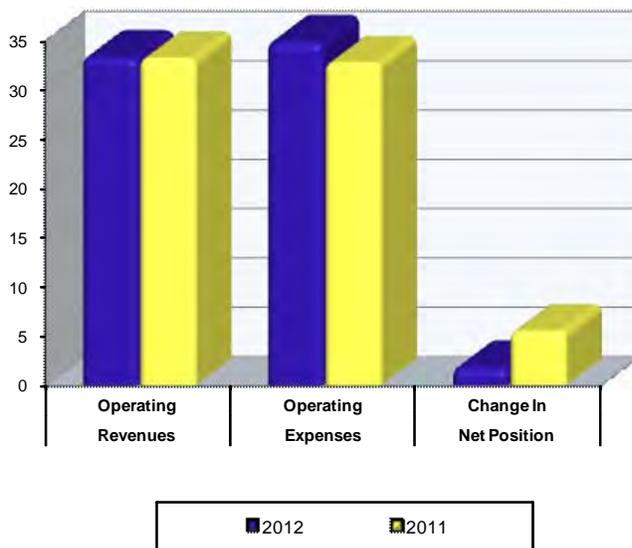
The following chart summarizes the operations of the Water and Sewer Fund for fiscal years 2012 and 2011.

Water and Sewer Fund Operations
Fiscal Years 2012 and 2011
 (Dollars in Millions)



The following chart summarizes the operations of the proprietary funds, excluding the Water and Sewer Fund, for fiscal years 2012 and 2011.

Proprietary Funds Operations
Excluding Water and Sewer Fund
Fiscal Years 2012 and 2011
 (Dollars in Millions)



General Fund Budgetary Highlights

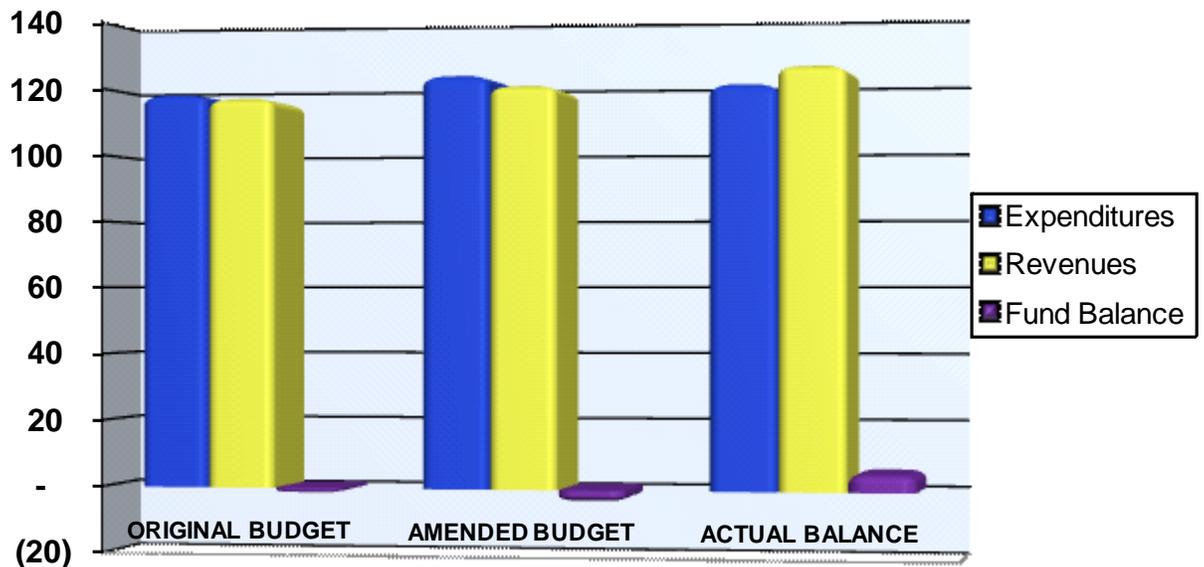
The difference between the original and final amended budget for 2012 was an increase of \$3.1 million funded from available unassigned fund balance. Of the increase, the significant item was \$2.7 million was related to insurance premium taxes.

The City generated a positive variance of approximately \$8.4 million between the final adopted budget and actual results of operations. Actual revenues were greater than final budgeted revenues by \$5.2 million due to the increased building permit activity, the new red light camera program and metered parking program. Actual expenditures during the year were less than final budgeted expenditures by \$3.2 million. This positive variance is due primarily to reductions in operating costs related to general government of \$1.5 million, physical environment of \$287 thousand, transportation of \$585 thousand and parks and recreation of \$844 thousand.

Both the original and the final budget anticipated \$1.3 and \$3.1 million, respectively, to be expended from available unassigned fund balance. During the year, however, expenditures in most areas met budgetary estimates, producing the positive budget variance of \$3.2 million.

The following chart depicts the fiscal year 2012 original and amended budgets, as well as, the actual balance.

**2012 GENERAL FUND BUDGETARY
COMPARISON (in millions)**



Capital Assets and Debt Administration

Capital Assets

As of year-end, the City had \$698 million invested in a variety of capital assets, as reflected in the following schedule. In 2012, there was a net decrease (additions less retirements and depreciation) of \$12.675 million.

Major capital asset events during the fiscal year included:

CITY OF BOCA RATON

Capital Assets

(in thousands, net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$138,136	\$138,136	\$833	\$833	\$138,969	\$138,969
Utility Plant in Service			195,977	201,320	195,977	201,320
Buildings	57,177	59,612	856	916	58,033	60,528
Improvements other than Buildings	18,364	14,670	14,580	14,361	32,944	29,031
Equipment	17,897	16,130	27,511	23,172	45,408	39,302
Intangible	338	408	4996	5,291	5,334	5,699
Infrastructure	199,998	209,482			199,998	209,482
Construction in Progress	13,418	13,338	7,485	12,572	20,903	25,910
Total	<u>\$445,328</u>	<u>\$451,776</u>	<u>\$252,238</u>	<u>\$258,465</u>	<u>\$697,566</u>	<u>\$710,241</u>

- Capital projects under construction in the governmental activities increased by \$80 thousand. Projects completed in 2012 include the downtown infrastructure projects (Visions 90). The new Downtown Library is currently under construction with an anticipated completion date in late 2013.
- During the 2012 year, several capital projects in the business-type activities relating to the water utility plant were completed and put into service. The assets were transferred from construction in progress to the appropriate asset category.

Additional information can be found in Note 6 Capital Assets on pages 58-60.

Debt Administration

As of year-end, the City had \$137 million in debt (bonds, notes, etc.) outstanding compared to the \$151 million last year, a 9% decrease (considering debt retirement). Of this amount of debt outstanding as of the end of fiscal year 2012, approximately 30% was backed by the full faith and credit of the government and the balance was secured by various revenue sources.

CITY OF BOCA RATON
Bonded Debt, Loans and Capital Lease Payable
(in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General Obligation Bonds	\$39,905	\$44,960			\$39,905	\$44,960
Revenue Bonds	39,213	43,741	\$43,640	\$46,900	82,853	90,641
Special Assessment Debt with Government Commitments	12,830	13,545			12,830	13,545
Loans Payable	1,275	1,865			1,275	1,865
Totals	<u>\$93,223</u>	<u>\$104,111</u>	<u>\$43,640</u>	<u>\$46,900</u>	<u>\$136,863</u>	<u>\$151,011</u>

The debt position of the City is summarized below and is more fully explained in Note 8 Long-Term Debt on pages 61-65.

During fiscal year 2012, the City had the following debt activity:

- Issued the 2011 General Obligation Refunding Bonds (Fire Station Projects) of \$9.525 million and issued the 2011A General Obligation Refunding Bonds (Spanish River Library Project) of \$6.060 million.
- All other decreases in the debt and notes payable were due to principal payments on the debt.

The City's General Obligation Bonds were rated AAA by all three credit rating agencies. Boca Raton was the first municipality in Florida to have been granted this credit rating by all three rating agencies. The Water and Sewer Utility Fund bonds are also rated AAA by Fitch Rating Services, Standard and Poor's and Moody's Investor Service. Under Florida Statutes, no debt limit margin is placed on local governments.

Economic Factors and Next Year's Budgets and Rates

The City Council during the annual Goal Setting Session in May 2012, established goals and priorities which included: a financially sound City government, top quality municipal services and a strong partnership with our stakeholders. These goals were used as a guide to prioritize funding for the Fiscal Year 2012-13 Approved Budget. The City expenditures have been strategically linked to the goals, objectives, core businesses, and existing obligations of the City.

- For FY 2012-13 property values increased 1.61% in the City. The net increase is composed of a 1.16% increase from reassessments of existing properties and an increase of .45% from new construction (net of CRA Downtown values). This is the first increase in property values after four consecutive years of declines. The City increased the 2012 operating property tax rates by 6.05%, making the millage rate 3.41 mills per \$1,000 of taxable value.
- To support the increased cost of fire operations, the City Council increased the fire assessment fee from \$80 to \$85 per household for fiscal year 2013.

- In October 2012, the sanitation fees increase to \$16.50 per month for single family residents and \$9.50 per month for multi-family residents. It is anticipated that the sanitation fee will cover the total cost to provide sanitation services to residents.
- A slowing real estate market combined with volatile financial markets will continue to have a significant impact on the City's budget for at least the next several years. Current projections indicate that General Fund revenues will grow at an estimated rate of 1-2% annually for the next several years while at the same time operating costs are projected to increase at 3-4% annually.
- The Florida legislature is again considering various proposals relating to the elimination of local government revenues and limits to business taxes. Potential legislation could have a significant impact on a local government's ability to maintain and or improve services to residents. The City is carefully monitoring these initiatives and their future impact on the City's ability to function as its present level.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional information, contact the Director of Financial Services, 201 W. Palmetto Park Road, Boca Raton, Florida 33432. Additional Information is also available on the City's web site, www.myboca.us.



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**CITY OF BOCA RATON, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 77,143,786	\$ 37,028,344	\$ 114,172,130
Investments	74,395,226	17,412,742	91,807,968
Receivables, net	16,987,795	9,935,990	26,923,785
Due from other governmental units	7,133,715	84,984	7,218,699
Inventories	611,303	60,866	672,169
Other assets	25,856	2,410	28,266
Restricted:			
Cash and cash equivalents	2,865,822	21,998,639	24,864,461
Investments	2,706,929	38,344,721	41,051,650
Interest receivable on investments	5,376	14,126	19,502
Accounts receivable	15,432		15,432
Assessment receivable		1,234,551	1,234,551
Interest receivable on assessments		22,170	22,170
Net pension assets	8,512,026		8,512,026
Capital assets:			
Non-depreciable	151,553,699	8,317,425	159,871,124
Depreciable (net)	293,773,854	243,920,935	537,694,789
Total assets	\$ 635,730,819	\$ 378,377,903	\$ 1,014,108,722
Deferred outflows of resources:			
Deferred charge on refunding	\$ 2,187,246	\$ 720,959	\$ 2,908,205

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

**CITY OF BOCA RATON, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable and accrued liabilities	\$ 10,381,458	\$ 1,707,145	\$ 12,088,603
Accrued interest payable	551,493		551,493
Retainage payable	250,828	29,617	280,445
Performance bonds and escrow funds	2,088,647	1,000	2,089,647
Current liabilities payable from restricted assets:			
Accounts payable and accrued liabilities		168,591	168,591
Customer deposits payable		3,799,725	3,799,725
Retainage payable		15,910	15,910
Accrued interest payable		854,378	854,378
Non-current liabilities:			
Due within one year:			
Compensated absences	1,443,956	210,480	1,654,436
Bonds and loans	11,015,000	3,380,000	14,395,000
Estimated liability for self-Insured losses	3,302,225		3,302,225
Due in more than one year:			
Compensated absences	12,995,605	1,894,320	14,889,925
Bonds and loans	84,573,927	41,613,361	126,187,288
Net OPEB obligation	1,255,248	315,752	1,571,000
Estimated liability for self-Insured losses	5,997,000		5,997,000
Total liabilities	<u>133,855,387</u>	<u>53,990,279</u>	<u>187,845,666</u>
Deferred inflows of resources:			
Unavailable revenue	<u>805,914</u>	<u>9,047</u>	<u>814,961</u>
Net Position			
Net investment in capital assets	370,985,181	207,936,341	578,921,522
Restricted - nonexpendable	5,029,606		5,029,606
Restricted for:			
Community development	13,976,099		13,976,099
Debt service	10,443,450	24,209,265	34,652,715
Law enforcement	1,139,965		1,139,965
Transportation	7,970,596		7,970,596
Renewal and replacement		18,777,739	18,777,739
Operations and maintenance reserves		8,848,075	8,848,075
Capital projects	6,300,930		6,300,930
Other purposes	170,000		170,000
Unrestricted	87,240,937	65,328,116	152,569,053
Total net position	<u>\$ 503,256,764</u>	<u>\$ 325,099,536</u>	<u>\$ 828,356,300</u>

**CITY OF BOCA RATON, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 18,808,145	\$ 21,615,095	\$ 252,387	\$ 625,904
Law enforcement	40,865,043	3,251,416	2,252,740	
Fire rescue	42,227,368	11,737,663	95,660	
Physical environment	4,104,506	214,182	241,272	447,644
Transportation	17,924,406		39,595	306,083
Community development	3,105,806	1,897,692	2,335,353	
Parks and recreation	39,039,394	20,662,309	20,717	2,123,150
Interest and fiscal charges	2,971,192			
Total governmental activities	<u>169,045,860</u>	<u>59,378,357</u>	<u>5,237,724</u>	<u>3,502,781</u>
Business-type activities:				
Water and sewer	43,662,497	49,239,490		5,562,658
Cemetery	589,441	143,699		
Golf course	2,689,724	2,444,155		206,788
Stormwater utility	2,544,734	2,239,295		
Sanitation	6,592,849	7,179,245		
Total business-type activities	<u>56,079,245</u>	<u>61,245,884</u>		<u>5,769,446</u>
Total Primary Government	\$ <u>225,125,105</u>	\$ <u>120,624,241</u>	\$ <u>5,237,724</u>	\$ <u>9,272,227</u>

General revenues:

- Property tax
- Utility tax
- Franchise tax
- Sales tax
- Gas tax
- Incremental property tax
- State shared revenues, unrestricted
- Unrestricted investment earnings
- Gain on disposal of capital assets
- Miscellaneous
- Transfers
- Total general revenues and transfers

Change in net position

- Net position - beginning as previously stated
- Restatement of net position due to implementation of GASB 63 and 65
- Beginning net position, as restated

Net position - ending

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

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

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 3,685,241		\$ 3,685,241
(35,360,887)		(35,360,887)
(30,394,045)		(30,394,045)
(3,201,408)		(3,201,408)
(17,578,728)		(17,578,728)
1,127,239		1,127,239
(16,233,218)		(16,233,218)
(2,971,192)		(2,971,192)
<u>(100,926,998)</u>		<u>(100,926,998)</u>
	\$ 11,139,651	11,139,651
	(445,742)	(445,742)
	(38,781)	(38,781)
	(305,439)	(305,439)
	586,396	586,396
	<u>10,936,085</u>	<u>10,936,085</u>
	<u>10,936,085</u>	<u>(89,990,913)</u>
55,913,982		55,913,982
20,714,675		20,714,675
12,136,931		12,136,931
5,533,043		5,533,043
1,966,454		1,966,454
6,484,150		6,484,150
2,241,712		2,241,712
1,395,702	764,837	2,160,539
120,025	97,826	217,851
42,635		42,635
(409,900)	409,900	
<u>106,139,409</u>	<u>1,272,563</u>	<u>107,411,972</u>
5,212,411	12,208,648	17,421,059
498,763,658	312,890,888	811,654,546
(719,305)		(719,305)
<u>498,044,353</u>	<u>312,890,888</u>	<u>810,935,241</u>
<u>\$ 503,256,764</u>	<u>\$ 325,099,536</u>	<u>\$ 828,356,300</u>

**CITY OF BOCA RATON, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2012**

	General	Community Redevelopment Agency Mizner Park Revenue Fund	Five Year Capital Improvement Fund
ASSETS			
Cash and cash equivalents	\$ 24,661,614	\$ 580,874	\$ 12,595,325
Investments	25,815,251	546,337	11,862,332
Receivables, net:			
Accounts receivable	4,669,928		
Assessments			
Lease revenues		11,849,695	
Interest	51,144	1,085	23,561
Due from other funds	2,742,702		
Due from other governmental units	3,005,410		55,361
Inventories	24,700		
Cash and cash equivalents			
Investments			
Interest receivable on investments			
Accounts receivable			
Total assets	\$ 60,970,749	\$ 12,977,991	\$ 24,536,579
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	\$	\$	\$
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 6,371,797		\$ 255,104
Retainage payable			114
Performance bonds and escrow funds	1,452,559		33,600
Due to other funds			
Total liabilities	7,824,356		288,818
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,306,988	\$ 11,833,240	
Fund balances:			
Non-spendable:			
Inventories	24,700		
Perpetual care, cemetery			
Perpetual care, mausoleum			
Restricted for:			
Army Corp of Engineers	170,000		
Debt service			
Housing			
Law enforcement			
Transportation			
Right of way beautification			
Downtown		1,144,751	
Land dedication			
Library			
Committed to:			
Hurricane/ disaster emergency	10,600,000		
Mizner Park debt service	1,633,000		
Parking			
Right of way acquisition			
Retirement system reserve	12,000,000		
Assigned to:			
Capital projects			24,247,761
Environmentally sensitive lands			
Subsequent year's budget	1,758,100		
Unassigned			
General fund	25,653,605		
Total fund balances	51,839,405	1,144,751	24,247,761
Total liabilities, deferred inflows of resources and fund balances	\$ 60,970,749	\$ 12,977,991	\$ 24,536,579

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

Beach and Park Operations Fund	Other Governmental Funds	Total Governmental Funds
	\$ 19,898,530	\$ 57,736,343
	18,137,866	56,361,786
		4,669,928
	212,968	212,968
		11,849,695
	37,318	113,108
		2,742,702
\$ 2,664,336	1,408,608	7,133,715
		24,700
	2,865,822	2,865,822
	2,706,929	2,706,929
	5,376	5,376
	15,432	15,432
<u>\$ 2,664,336</u>	<u>\$ 45,288,849</u>	<u>\$ 146,438,504</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 707,742	\$ 1,884,886	\$ 9,219,529
	250,714	250,828
5,106	597,382	2,088,647
<u>1,951,488</u>	<u>791,214</u>	<u>2,742,702</u>
<u>2,664,336</u>	<u>3,524,196</u>	<u>14,301,706</u>
		13,140,228
		24,700
	1,776,671	1,776,671
	3,252,935	3,252,935
		170,000
	10,994,943	10,994,943
	175,357	175,357
	1,139,965	1,139,965
	7,970,596	7,970,596
	318,298	318,298
	1,241,324	2,386,075
	3,453,186	3,453,186
	8,103,229	8,103,229
		10,600,000
		1,633,000
	3,067	3,067
	2,300,983	2,300,983
		12,000,000
		24,247,761
	1,034,099	1,034,099
		1,758,100
		25,653,605
	<u>41,764,653</u>	<u>118,996,570</u>
<u>\$ 2,664,336</u>	<u>\$ 45,288,849</u>	<u>\$ 146,438,504</u>

**CITY OF BOCA RATON, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2012**

Ending fund balance - governmental funds		\$ 118,996,570
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.		
Governmental capital assets, excluding Internal Service Funds	\$ 679,658,725	
Less accumulated depreciation/amortization	<u>(244,466,021)</u>	
Net capital assets		435,192,704
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the governmental funds.		
Operating lease revenues	11,833,240	
Communication Service Tax revenues	<u>501,074</u>	
		12,334,314
Net pension assets resulting from overfunding of the Police and Firefighters, General Employees and Executive Employees pension plans.		
		8,512,026
Long term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued interest payable on long-term debt	(551,493)	
Bonds and loans payable	(95,588,927)	
Deferred charges on refunding (to be amortized as interest expense over the life	2,187,246	
Compensated absences	(14,023,560)	
Net OPEB obligation	(1,204,039)	
Supplemental SERP pension accrual	<u>(465,708)</u>	
Total long-term liabilities		(109,646,481)
Internal service funds are used by management to charge the costs of fleet management, management information systems and insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Assets	48,330,287	
Liabilities	<u>(10,462,656)</u>	
Net position		<u>37,867,631</u>
Net position of governmental activities		<u>\$ 503,256,764</u>

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



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CITY OF BOCA RATON, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>General</u>	<u>Community Redevelopment Agency Mizner Park Revenue Fund</u>	<u>Five Year Capital Improvement Fund</u>
REVENUES			
Taxes	\$ 77,743,841	\$ 6,484,150	\$ 5,301,571
Licenses and permits	11,199,032		
Intergovernmental	12,050,771		1,628,900
Charges for services	21,196,726	1,300,374	
Fines and forfeitures	2,419,468		
Special assessments			
Donations in lieu of land			48,000
Investment earnings	542,625	26,836	192,201
Miscellaneous	99,605		
Total revenues	<u>125,252,068</u>	<u>7,811,360</u>	<u>7,170,672</u>
EXPENDITURES			
Current:			
General government	20,073,899		
Law enforcement	36,914,522		
Fire rescue	37,539,229		
Physical environment	4,185,053		
Transportation	4,999,490		
Community development		2,000,000	
Parks and recreation	15,407,154		
Capital outlay			5,309,666
Debt service:			
Principal			
Interest			
Bond issuance costs			
Total expenditures	<u>119,119,347</u>	<u>2,000,000</u>	<u>5,309,666</u>
Excess (deficiency) of revenues over expenditures	<u>6,132,721</u>	<u>5,811,360</u>	<u>1,861,006</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	500,000	
Transfers out	(885,100)	(6,650,200)	(2,216,500)
Refunding bonds issued			
Payment to refunded bond escrow agent			
Premium on debt issued			
Total other financing sources (uses)	<u>(865,100)</u>	<u>(6,150,200)</u>	<u>(2,216,500)</u>
Net change in fund balances	5,267,621	(338,840)	(355,494)
Fund balances - beginning	<u>46,571,784</u>	<u>1,483,591</u>	<u>24,603,255</u>
Fund balances - ending	\$ <u>51,839,405</u>	\$ <u>1,144,751</u>	\$ <u>24,247,761</u>

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

	Beach and Park Operations Fund	Other Governmental Funds	Total Governmental Funds
		\$ 9,954,453	\$ 99,484,015
			11,199,032
\$	14,263,834	2,265,660	30,209,165
	2,129,477	759,385	25,385,962
		223,408	2,642,876
		1,172,570	1,172,570
	11,000	2,123,150	2,182,150
		364,309	1,125,971
		9,310	108,915
	<u>16,404,311</u>	<u>16,872,245</u>	<u>173,510,656</u>
			20,073,899
		909,747	37,824,269
			37,539,229
			4,185,053
		2,098,804	7,098,294
		983,234	2,983,234
	16,394,311	4,218,310	36,019,775
		3,594,115	8,903,781
		11,150,000	11,150,000
		2,731,354	2,731,354
		313,238	313,238
	<u>16,394,311</u>	<u>25,998,802</u>	<u>168,822,126</u>
	<u>10,000</u>	<u>(9,126,557)</u>	<u>4,688,530</u>
		9,048,100	9,568,100
	(10,000)	(2,290,500)	(12,052,300)
		15,585,000	15,585,000
		(17,259,729)	(17,259,729)
		2,013,311	2,013,311
	<u>(10,000)</u>	<u>7,096,182</u>	<u>(2,145,618)</u>
		(2,030,375)	2,542,912
		43,795,028	116,453,658
\$	<u>\$</u>	<u>\$ 41,764,653</u>	<u>\$ 118,996,570</u>

**CITY OF BOCA RATON, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

Net change in fund balances - total governmental funds		\$ 2,542,912
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 those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$ 6,827,056	
Less current year depreciation/amortization	<u>(15,501,194)</u>	(8,674,138)
The net effect of the various miscellaneous transactions involving capital assets (i.e. sales, trade ins and donations) is to decrease net position.		
		(88,238)
Some revenues and expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources.		
Operating lease revenues	396,869	
Communications Service Tax revenues	430,503	
Compensated absences	(91,748)	
Net OPEB obligation	(266,321)	
Net effect of accrued interest on long term debt (difference between amount that would have been accrued in prior year and current year accrual)	<u>86,346</u>	555,649
Pension contributions are reported as expenditures in the governmental funds and recorded as a net pension asset on the statement of net position.		
		(255,987)
The issuance of long-term debt (e.g., bonds, loans and capital leases) provides 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.		
Debt issued or incurred:		
Downtown Library refunding bonds issued	(6,060,000)	
Fire refunding bonds issued	(9,525,000)	
Loss on refunding	1,014,699	
Premium on debt issued	(2,013,311)	
Debt retired:		
Other financing uses, payment to refunded bond escrow agent	16,610,000	
Principal payments on bonds and loans	11,150,000	
Change in accreted interest on tax increment revenue bonds payable	(1,286,678)	
The governmental funds report bond premiums, discounts and similar items as expenditures when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities.		
Amortization of loss on refunding	(250,905)	
Amortization of bond discount	(32,830)	
Amortization of bond premium	<u>167,498</u>	9,773,473
Internal service funds are used by management to charge costs of fleet management, management information systems and insurance programs to individual funds.		
The net revenue of the activities of the internal service funds is reported with governmental activities:		
Net operating loss of the internal service funds	(1,133,941)	
Investment income	269,731	
Gain on disposal of capital assets	148,650	
Net transfers from governmental funds to internal service funds decrease the fund balances of the governmental funds, but have no effect on net position as reported on a government-wide basis.		
	<u>2,074,300</u>	<u>1,358,740</u>
Change in net position of governmental activities		<u>\$ 5,212,411</u>

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



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**CITY OF BOCA RATON, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2012**

	Business - Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 31,412,326	\$ 5,616,018	\$ 37,028,344	\$ 19,407,443
Investments	12,102,079	5,310,663	17,412,742	18,033,440
Interest receivable on investments	86,072	10,549	96,621	35,818
Interest receivable on assessments	18,890		18,890	
Accounts receivable (net of allowance for uncollectibles)	7,514,680	1,613,108	9,127,788	106,278
Assessments receivable	692,691		692,691	
Due from other governmental units		84,984	84,984	
Inventories		60,866	60,866	586,603
Other assets		2,410	2,410	25,856
Total unrestricted current assets	<u>51,826,738</u>	<u>12,698,598</u>	<u>64,525,336</u>	<u>38,195,438</u>
Restricted assets:				
Cash and cash equivalents	21,998,639		21,998,639	
Investments	38,344,721		38,344,721	
Interest receivable on investments	14,126		14,126	
Interest receivable on assessments	22,170		22,170	
Assessments receivable	1,234,551		1,234,551	
Total restricted current assets	<u>61,614,207</u>		<u>61,614,207</u>	
Total current assets	<u>113,440,945</u>	<u>12,698,598</u>	<u>126,139,543</u>	<u>38,195,438</u>
Noncurrent assets:				
Capital assets:				
Utility plant in service	346,326,310		346,326,310	
Land	245,873	586,735	832,608	
Buildings		2,259,661	2,259,661	1,313,785
Golf course improvements		3,660,473	3,660,473	
Cemetery lot improvements		477,867	477,867	
Stormwater utility improvements		15,074,767	15,074,767	
Equipment	43,897,438	8,146,676	52,044,114	20,215,034
Construction in progress	6,611,297	873,520	7,484,817	230,975
Less accumulated depreciation	(170,765,200)	(10,153,113)	(180,918,313)	(11,799,072)
Intangible assets	6,055,065		6,055,065	1,238,737
Less accumulated amortization	(1,059,009)		(1,059,009)	(1,064,610)
Total capital assets (net of accumulated depreciation/amortization)	<u>231,311,774</u>	<u>20,926,586</u>	<u>252,238,360</u>	<u>10,134,849</u>
Total noncurrent assets	<u>231,311,774</u>	<u>20,926,586</u>	<u>252,238,360</u>	<u>10,134,849</u>
Total assets	<u>\$ 344,752,719</u>	<u>\$ 33,625,184</u>	<u>\$ 378,377,903</u>	<u>\$ 48,330,287</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ 720,959		\$ 720,959	
Total deferred outflows of resources	<u>\$ 720,959</u>		<u>\$ 720,959</u>	

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

**CITY OF BOCA RATON, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2012**

	Business - Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total	Internal Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,319,910	\$ 387,235	\$ 1,707,145	\$ 696,221
Compensated absences	131,824	78,656	210,480	41,600
Retainage payable	29,125	492	29,617	
Performance bonds and escrow funds		1,000	1,000	
Estimated liability for self-insurance losses				3,302,225
Total unrestricted current liabilities	<u>1,480,859</u>	<u>467,383</u>	<u>1,948,242</u>	<u>4,040,046</u>
Current liabilities payable from restricted assets:				
Accounts payable and accrued liabilities	168,591		168,591	
Customer deposits payable	3,799,725		3,799,725	
Retainage payable	15,910		15,910	
Revenue bonds payable, current portion	3,380,000		3,380,000	
Accrued interest payable	854,378		854,378	
Total current liabilities payable from restricted assets	<u>8,218,604</u>		<u>8,218,604</u>	
Total current liabilities	<u>9,699,463</u>	<u>467,383</u>	<u>10,166,846</u>	<u>4,040,046</u>
Non-current liabilities:				
Compensated absences	1,186,419	707,901	1,894,320	374,401
Net OPEB obligation	206,450	109,302	315,752	51,209
Revenue bonds payable	41,613,361		41,613,361	
Estimated liability for self-insurance losses				5,997,000
Total noncurrent liabilities	<u>43,006,230</u>	<u>817,203</u>	<u>43,823,433</u>	<u>6,422,610</u>
Total liabilities	<u>52,705,693</u>	<u>1,284,586</u>	<u>53,990,279</u>	<u>10,462,656</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		9,047	9,047	
NET POSITION				
Net investment in capital assets	187,010,247	20,926,094	207,936,341	10,134,849
Restricted for:				
Debt service	24,209,265		24,209,265	
Renewal and replacement	18,777,739		18,777,739	
Operations and maintenance reserves	8,848,075		8,848,075	
Unrestricted	<u>53,922,659</u>	<u>11,405,457</u>	<u>65,328,116</u>	<u>27,732,782</u>
Total net position	<u>\$ \$ 292,767,985</u>	<u>\$ \$ 32,331,551</u>	<u>\$ \$ 325,099,536</u>	<u>\$ \$ 37,867,631</u>

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

**CITY OF BOCA RATON, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	Business - Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES				
Charges for sales and services		\$ 11,901,846	\$ 11,901,846	\$ 21,346,276
Water sales	\$ 28,736,023		28,736,023	
Sewer service charges	18,084,626		18,084,626	
Other	2,418,841	104,548	2,523,389	
Total operating revenues	<u>49,239,490</u>	<u>12,006,394</u>	<u>61,245,884</u>	<u>21,346,276</u>
OPERATING EXPENSES				
Personal services	9,168,059	5,495,541	14,663,600	3,549,643
Materials and supplies	3,501,797	621,240	4,123,037	1,033,647
General and administration	10,301,527		10,301,527	
Other services and charges	8,705,814	4,852,500	13,558,314	5,224,747
Insurance claims				10,558,252
Depreciation of capital assets	9,978,293	1,447,467	11,425,760	2,126,399
Amortization	295,333		295,333	
Total operating expenses	<u>41,950,823</u>	<u>12,416,748</u>	<u>54,367,571</u>	<u>22,492,688</u>
Operating income (loss)	<u>7,288,667</u>	<u>(410,354)</u>	<u>6,878,313</u>	<u>(1,146,412)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	686,616	78,221	764,837	269,731
Interest expense	(1,711,674)		(1,711,674)	
Gain on disposal of capital assets	5,484	92,342	97,826	148,650
Insurance recovery				12,471
Total nonoperating revenues (expenses)	<u>(1,019,574)</u>	<u>170,563</u>	<u>(849,011)</u>	<u>430,852</u>
Income/(loss) before contributions and transfers	6,269,093	(239,791)	6,029,302	(715,560)
Transfers in		530,800	530,800	2,074,300
Transfers out	(110,300)	(10,600)	(120,900)	
Capital contributions	<u>5,562,658</u>	<u>206,788</u>	<u>5,769,446</u>	
Change in net position	11,721,451	487,197	12,208,648	1,358,740
Net position - beginning	<u>281,046,534</u>	<u>31,844,354</u>	<u>312,890,888</u>	<u>36,508,891</u>
Net position - ending	<u>\$ 292,767,985</u>	<u>\$ 32,331,551</u>	<u>\$ 325,099,536</u>	<u>\$ 37,867,631</u>

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

**CITY OF BOCA RATON, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	Enterprise Funds			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 49,333,398	\$ 11,953,656	\$ 61,287,054	\$ 21,255,539
Payments to suppliers	(20,893,045)	(6,380,283)	(27,273,328)	(6,035,019)
Payments to employees	(11,327,389)	(5,446,355)	(16,773,744)	(3,418,253)
Claims paid				(10,014,701)
Net cash provided by (used in) operating activities	<u>17,112,964</u>	<u>127,018</u>	<u>17,239,982</u>	<u>1,787,566</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in		530,800	530,800	2,074,300
Transfers out	(110,300)	(10,600)	(120,900)	
Net cash provided by (used in) non-capital financing activities	<u>(110,300)</u>	<u>520,200</u>	<u>409,900</u>	<u>2,074,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
System development charges		206,788	206,788	
Payment of bond principal	(2,597,631)		(2,597,631)	
Acquisition of capital assets	649,541	(990,331)	(340,790)	(4,440,556)
Interest paid	(1,769,512)		(1,769,512)	
Proceeds from sale of capital assets	5,484	170,232	175,716	148,650
Net cash provided by (used in) capital and related financing activities	<u>(3,712,118)</u>	<u>(613,311)</u>	<u>(4,325,429)</u>	<u>(4,291,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	669,302	79,151	748,453	271,808
Sale of investments	38,794,791	4,650,325	43,445,116	16,161,464
Purchase of investments	(50,446,800)	(5,310,663)	(55,757,463)	(18,033,440)
Net cash provided by (used in) investing activities	<u>(10,982,707)</u>	<u>(581,187)</u>	<u>(11,563,894)</u>	<u>(1,600,168)</u>
Net increase (decrease) in cash and cash equivalents	2,307,839	(547,280)	1,760,559	(2,030,208)
Cash and cash equivalents				
Beginning of year	51,103,126	6,163,298	57,266,424	21,437,651
End of year, including restricted cash and cash equivalents	<u>\$ 53,410,965</u>	<u>\$ 5,616,018</u>	<u>\$ 59,026,983</u>	<u>\$ 19,407,443</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 7,288,667	\$ (410,354)	\$ 6,878,313	\$ (1,146,412)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization	295,333		295,333	
Depreciation	9,978,293	1,447,467	11,425,760	2,126,399
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(54,084)	(84,900)	(138,984)	(90,737)
(Increase) decrease in assessment receivable	32,910		32,910	
(Increase) decrease in due from other governmental units	21,641	31,178	52,819	
(Increase) decrease in inventories		(1,253)	(1,253)	(28,279)
(Increase) decrease in other assets		2,689	2,689	(6,277)
Increase (decrease) in accounts payable and accrued liabilities	(384,019)	(820,096)	(1,204,115)	345,536
Increase (decrease) in retainage payable	(98,559)	(62,711)	(161,270)	
Increase (decrease) in customer deposits payable	93,441		93,441	
Increase (decrease) in compensated absences	(103,332)	4,813	(98,519)	31,980
Increase (decrease) in OPEB obligations	42,673	19,201	61,874	11,805
Increase (decrease) in self-insured liabilities				543,551
Increase (decrease) in unavailable revenue		984	984	
Total adjustments	<u>9,824,297</u>	<u>537,372</u>	<u>10,361,669</u>	<u>2,933,978</u>
Net cash provided by (used in) operating activities	<u>\$ 17,112,964</u>	<u>\$ 127,018</u>	<u>\$ 17,239,982</u>	<u>\$ 1,787,566</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Increase in fair value of investments that are not cash equivalents:				
Unrealized gains/(losses) on investments	\$ 22,819	\$ 1,573	\$ 24,392	\$ 4,799
Contributions of capital assets	5,562,658	206,788	5,769,446	

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

**CITY OF BOCA RATON, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2012**

		Pension Plans
ASSETS		
Cash and cash equivalents	\$	9,054,603
Investments:		
Corporate bonds and debentures		43,542,160
U.S. government securities		52,341,836
Common and preferred stock		181,200,618
Real estate		32,858,611
Mutual funds		97,972,034
Florida Municipal Pension Trust Fund		22,444,424
Total investments		430,359,683
Receivables:		
Interest and dividends		941,746
Unsettled trades		1,594,290
Contributions		2,076,569
Total receivables		4,612,605
Other assets		64,847
Total assets		444,091,738
LIABILITIES		
Accounts payable		521,100
Unsettled trades		1,219,921
Total Liabilities		1,741,021
NET POSITION		
Restricted for pension benefits	\$	442,350,717

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

CITY OF BOCA RATON, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

		<u>Pension Plans</u>
ADDITIONS		
Contributions:		
City	\$	14,632,937
State		2,698,326
Employee		6,077,517
Transfer from Other Pension Plan		788,046
Total contributions		<u>24,196,826</u>
Investment income:		
Interest revenue, net		7,594,032
Dividends		5,147,220
Net appreciation in fair value of investments		56,839,820
Other investment income		5,345
Investment expense		(1,892,911)
Total investment income		<u>67,693,506</u>
Total additions		<u>91,890,332</u>
DEDUCTIONS		
Benefits paid:		
Retirement		16,087,003
Disability		1,188,080
Death		1,170,491
Deferred retirement option plan		7,347,946
Termination refunds		228,079
Administrative expenses		828,868
Transfer to other pension plan		788,046
Total deductions		<u>27,638,513</u>
Change in net position		64,251,819
Net position - beginning		378,098,898
Net position - ending	\$	<u><u>442,350,717</u></u>

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

**CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2012

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CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

1. The City of Boca Raton

The City of Boca Raton, Florida (the City) was incorporated in 1925 and operates under a Charter granted by the Legislature of the State of Florida, Chapter 65-1264, Special Acts, Laws of Florida. The City is governed by an elected City Council (4 members) and an elected Mayor, and provides, under the administration of an appointed City Manager, the following services: public safety, recreation, sanitation, cemetery, streets and traffic engineering, planning and zoning, water and sewer services, animal control, and general administrative services.

2. Summary of Significant Accounting Policies

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

A. Reporting Entity

As required by GASB Statement No. 14, "*The Financial Reporting Entity*" and GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*", these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported; in a separate column in the combined financial statements to emphasize they are legally separate from the government.

Blended Component Unit. The City Council of Boca Raton, Florida created the Boca Raton Community Redevelopment Agency (CRA) in 1980 as an independent special district by City Resolution No. 162-80. The CRA was established to prepare or have prepared a community redevelopment plan for areas within the City of Boca Raton, which are, determined to be slum or blighted areas, and to carry out the community redevelopment purposes of Part III, Chapter 163, of the Florida Statutes. As a tax increment district, the CRA receives operating revenues from tax increment assessments from three taxing jurisdictions within Palm Beach County. Funds are also provided by private contributions, fees collected, interest income, and the unexpended fund balance from the previous year. The CRA is reported as a blended component unit since its Board of Directors is the same as the governing board of the City. The funds of the CRA included within the reporting entity are the Community Redevelopment Agency Mizner Park Revenue Fund (major special revenue fund), Community Redevelopment Agency Operating Fund (nonmajor special revenue fund) and the Community Redevelopment Agency Debt Service Fund (nonmajor debt service fund). During Fiscal Year 1989, the CRA entered into an interlocal agreement with the City. This agreement called for the City to make a secondary pledge of its excise tax revenues for the CRA's debt. On February 5, 1991, the City, by referendum, adopted a resolution declaring the City Council Members to constitute the Board of Directors of the CRA. Under Florida Statute 218.34, this made the CRA a dependent special district of the City.

CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

Discretely Presented Component Units. There are no discretely presented component units for the City. The Greater Boca Raton Beach and Park District, the Boca Raton Housing Authority and the Boca Raton Airport Authority have not met the established criteria for inclusion as component units and, therefore, are excluded from this report.

B. Government-Wide And Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the City.

Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole and provide a consolidated financial picture of the government. As part of the consolidation process, inter-fund activities are eliminated to avoid distorted financial results. The amounts reported as internal balances represent the residual amounts due between governmental and business-type activities. Fiduciary funds of the government are also excluded from this presentation since these resources are not available for general government funding purposes.

The Statement of Net Position reports all financial and capital resources of the City's governmental and business-type activities. Governmental activities are those supported by taxes and intergovernmental revenues. Business type activities rely to a significant extent on fees and charges for support. 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 that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for goods or services that are recovered directly from customers for services rendered and 2) grants and contributions that are restricted to meeting the operational 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

The City's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

C. Measurement Focus, Basis Of Accounting And Financial Statement Presentation

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses reported 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 revenue as soon as all eligibility requirements have been met.

All governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used 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 fiscal year. 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 claims and judgments, are recorded only when payment is due.

Property taxes, public services taxes, franchise taxes and interest income associated with the current fiscal period are susceptible to accrual and are recorded as earned since they are measurable and available. In addition, revenue from Federal, State and local reimbursement type grants for which eligibility requirements have been met and which meet the availability criteria of twelve months has been accrued and recognized as revenues of the period. The City also considers funds due from the Greater Boca Raton Beach and Park District as available if received within a twelve month period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. Licenses and permits, charges for services and miscellaneous revenues are recorded as revenue when received in cash, because they are generally not measurable until actually received.

D. Implementation of Governmental Accounting Standards Board Statements

The City early implemented the following GASB Statements during the fiscal year ended September 30, 2012:

1. GASB Statement No. 62 “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*”

This statement classifies all sources of generally accepted accounting principles for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. The City elected to include all pre-November 30, 1989 FASB pronouncements which are now codified in GASB 62.

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2. GASB Statement No. 63 “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*”

This Statement provides guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all other elements presented in a statement of financial position. This Statement redefines certain assets and liabilities as “deferred outflows of resources” or “deferred inflows of resources.” It further requires the “Capital asset, net of debt” now be titled “Net investment in capital assets” and that the last line of the statements, previously call “Net assets” now be titled “Net position.”

3. GASB Statement No. 65 “*Items Previously Reported as Assets and Liabilities.*”

This Statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement specifically addresses the calculation of a deferred outflow or inflow for the refunding of debt. This Statement requires that debt issuance costs be expensed in the period in which that debt was issued. This Statement also requires that taxes and lease revenues received prior to the period to which they relate are to be classified as Unavailable Revenue (a deferred inflow). Changes to the government-wide and enterprise fund financial statements, schedules and related disclosures are included in Note 1, section E in the Restatement of Prior Year Balances and section G in the Assets, Liability and Net Position.

E. Restatement of Prior Year Balances

The October 1, 2011 beginning net position of each of the following was restated due to the implementation of GASB Statements 63 and 65:

Governmental Activities:

Net position, October 1, 2011, previously stated	\$ 498,763,658
Restatement of net position due to the implementation of GASB 63 and 65	<u>(719,305)</u>
Net position, October 1, 2011, restated	<u>\$ 498,044,353</u>

The October 1, 2011 beginning balances on the long term debt schedules for both Governmental Activities and Business Type Activities for deferred amounts were restated due to the implementation of GASB Statements No. 63 and No. 65 and are disclosed in the Note 8 Long-Term Debt section of the notes to the financial statements on page 64.

F. Major Funds and Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts, which comprise its assets and deferred outflows of resources, liabilities and

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deferred inflows of resources, fund equities, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds. The non-major funds are presented in one column in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue is derived primarily from property taxes, utility taxes, state and Federal distributions and other intergovernmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

The **Community Redevelopment Agency Mizner Park Revenue Fund** is used to account for tax increment revenues assessed on downtown properties and land lease revenues that are used to fund the Mizner Park bond debt service and capital improvements that encourage development in the downtown.

The **Five-Year Capital Improvement Program Fund** is used to account for various building, park and street construction projects. Financing is being provided by general tax revenue, bond proceeds, excise tax and interest income.

The **Beach and Park Operations Fund** is used to account for beach and park operations reimbursed through an interlocal agreement with the Greater Boca Raton Beach and Park Tax District. The Fund did not meet the minimum criteria for major fund determination during fiscal 2012. However, it will continue to be presented as a major fund for the purpose of consistency and to highlight the operations of the Fund.

The City reports the following major proprietary fund:

The **Water and Sewer Fund** accounts for the provision of water and sewer services to residents of the City and to some residents of Palm Beach County.

Additionally, the City reports the following fund types:

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. The City's Internal Service Fund operations include Fleet Management and Information Technology for direct services and Self-Insurance for the provision of employee health, workers' compensation and property and general liability insurance for the City.

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Pension Trust Funds account for activities of the City's General Employees' Pension Plan, the Police and Firefighters' Retirement System and the Executive Employees' Retirement Plan that accumulate resources for pension benefits and disability benefit payments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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. All revenues that are not program revenues are general revenues, and include *all* taxes, as well as grants, contributions and investment earnings that are not restricted to a particular program.

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

The financial statements of the City follow the guidance of GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*" for both the government-wide and proprietary fund financial statements. The City has the option of following subsequent private-sector guidance, issued after November 30, 1989, that does not conflict with, or contradict GASB pronouncements for their business-type activities and enterprise funds. The City has elected not to follow subsequent private sector guidance.

G. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand and time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Investment Pool and the Florida Municipal Investment Trust.

The City maintains a cash and investment pool that is available for use by all funds. This pool has deposits and other investments with maturities generally less than one year. In addition, longer-term investments are also held by the investment pool. Pooled cash is classified as "Cash and Cash Equivalents" in the Statement of Net Position and pooled investments are combined with other separate investments and classified as "Investments."

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Long-term investments are stated at fair value as required by GASB Statement No. 31 *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools.”* Investments that have a remaining maturity at the time of purchase, of one year or less, are reported at amortized cost. Interest income earned as a result of pooling is distributed to the appropriate funds based on the month end equity balance in each fund.

2. Receivables and Payables

During the course of its operations, the City has numerous transactions between funds to provide goods or render services. To the extent that certain transactions between funds were not paid for or received as of September 30, 2012, balances of interfund receivables and payables expected to be liquidated within one year have been recorded as due from and due to other funds. Balances of interfund receivables and payables not expected to be liquidated within one year are recorded as advances to and advances from other funds. Balances of advances to and from other funds are considered non-spendable fund balances of the respective funds since these balances are not available for appropriation.

All trade and other receivables are shown net of an allowance for uncollectibles. Long-term receivables are analyzed for their collectability based on the terms and conditions of the agreements. In addition to those receivables specifically identified as uncollectible, a general allowance is calculated based on the City’s historical bad debt experience.

Water and wastewater charges to customers are based on actual water consumption. Consumption is determined on a bi-monthly cycle basis. The City recognizes revenue and a related receivable for the estimated unbilled consumption as of September 30th of each year.

3. Inventories

All inventories are valued at weighted average cost. Perpetual inventory records are maintained and adjusted annually to physical inventory amounts as of September 30th of each year. Inventory is reported using the consumption method whereby inventories are recorded as expenditures/expenses when used.

4. Restricted Assets

Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside in accordance with bond covenants or local ordinances are classified as restricted assets on the fund level balance sheet. The “operations and maintenance reserve” is used to report resources set aside to subsidize potential deficiencies from the City’s Water and Sewer Utility operations that could adversely affect debt service payments. The “renewal and replacement reserve” is used for the accumulation of resources to provide for replacement of existing system assets. The “debt service reserve” is used for the accumulation of resources needed to meet debt service requirements as they become due. Certain accounts receivable items in the Water and Sewer Fund are restricted to repay debt. Cash and investments of the City’s Perpetual Care Fund are restricted to providing perpetual care for the City’s cemetery and mausoleum. Additionally, cash and investments of the General Trust Fund are restricted as the funds are to be used only for specific purposes. All applicable

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assets in the enterprise funds and in the governmental funds have been restricted in amounts sufficient to meet restrictive purposes.

5. Capital Assets

Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's capitalization threshold for tangible capital assets is \$5,000 and for intangible assets, including software, is \$35,000. In addition, these assets must have an estimated life of greater than one year. A \$35,000 threshold is maintained for additions to infrastructure capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. All infrastructure assets acquired subsequent to June 30, 1980 are reported. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Asset Type</u>	<u>Life</u>
Building	40
Building improvements	10-50
Roads	40
Bridges	50
Other Infrastructure	10-75
Equipment	3-40
Intangible	5-20

6. Deferred Outflows/Inflows of Resources

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will not be recognized as expenditures until the future period to which it applies. Currently, the only item in this category is Deferred Charge on Refunding reported on the Government-wide Statement of Net Position. A deferred charge is the difference between 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 the refunding debt.

The Statement of Net Position also includes a separate section, listed below Total Liabilities, for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. Currently, the only item in this category is Unavailable revenue, which is reported only in the Governmental Funds Balance Sheet using the modified accrual basis of accounting. The source of the unavailable revenue is local business tax and lease revenues, collected prior to the date on the Statement of Net Position which are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

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7. Lease Revenues

The City accounts for lease revenues in accordance with GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*” Lease revenue is accounted for on a straight-line basis when the lease contains rental payments that are lower than the amounts computed on a straight-line basis. At the government-wide level, lease revenue is recognized on a straight-line basis and a receivable is recorded for the difference between straight-line and actual rent received. In the governmental fund statements, revenue is recognized to the extent that it is both measurable and available. Long-term portions of the lease receivable are offset as deferred inflow of resources, as it is not available to finance expenditures of the current period and is considered unavailable.

8. Unavailable Revenue

Unavailable revenue (a deferred inflow of resources) is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as business taxes and lease revenue collected in advance, are recorded as unavailable revenue in the government-wide and the fund statements.

9. Liabilities – Performance Bonds

Liabilities include amounts paid to the City by contractors as guarantees of performance. These amounts may be due back to the contractors.

9. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation, sick pay benefits and compensatory time. All vacation, sick pay and compensatory time is accrued when earned in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in governmental funds only if they have matured, as a result of employee resignations or retirements.

10. 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, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable premium or discount. These premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method of amortization.

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,

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whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Net Position/Fund Balances

Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net position of the government-wide and proprietary funds are categorized as net investment in capital assets, reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended bond proceeds, restricted or unrestricted. The first category represents net position related to property, plant, equipment and infrastructure. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

The City classifies fund balance in accordance with GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*.” This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The City reports the following fund classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that cannot be spent because they are either not in spendable form such as inventory or legally or contractually required to be maintained intact such as a perpetual trust.

Restricted fund balance. Restricted fund balances are amounts that are constrained by the imposition externally by creditors, grantors, contributors, or laws or regulations of other governmental agencies or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. Those amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution (which are equally binding as the highest decision-making authority) are classified as committed fund balances.

Assigned fund balance. Amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on City Council direction through a resolution.

Unassigned fund balance. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions by either an ordinance or resolution.

12. Fund Balance Policy

The City's policy is to maintain an adequate General Fund fund balance to provide liquidity in the event of an economic downturn or natural disaster. The City Council adopted a Fund Balance Policy by Resolution No. 137-2009 which is a financial standard to maintain a General Fund minimum unassigned fund balance of 10 percent of budgeted expenditures. As part of the annual budget adoption process, which is accomplished through an ordinance, the City Council reviews the fund balance commitments. Any action to establish, modify or rescind fund balance classifications would be taken through the adoption of a either an ordinance or resolution by City Council.

H. Other Policies

1. Property Taxes

Calendar of Property Tax Events

- January 1, 2011 – Property taxes are based on assessed property value at this date as determined by the Palm Beach County Property Appraiser.
- May 31, 2011 - Property assessment roll and certificates of value by the Palm Beach County Property Appraiser are provided to the City.
- July 26, 2011 – Proposed tax millage rate approved by the City Council and provided to the Palm Beach County Property Appraiser, who mails notices to the taxpayers.
- September 26, 2011 – Property tax millage rate ordinance approved by the City Council.
- October 1, 2011 – Beginning of fiscal year for which taxes are levied.
- December 31, 2011 – The Palm Beach County Property Appraiser notifies the City of the taxable value on the final property tax assessment roll.
- April 1, 2012 – Unpaid property taxes become delinquent and become a lien.
- June 1, 2012 – Tax certificates are sold by the Palm Beach County Tax Collector.

Property Tax Collection

Property tax collections are governed by Chapter 197, Florida Statutes. The Palm Beach County Tax Collector (Tax Collector) bills and collects all property taxes levied within the County. Discounts are allowed for early payment of 4% in November, 3% in December, 2% in January and 1% in February. If property taxes are not paid by April 1, the County adds a 3% penalty on real estate and a 1 ½% penalty on personal property.

The Tax Collector advertises and sells tax certificates on all real property for delinquent taxes. Certificates not sold revert back to the County. The Tax Collector must receive payment before the

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certificates are issued. Any person owning land on which a tax certificate has been sold may redeem the land by paying the Tax Collector the face amount of the tax certificate plus interest and other costs. The owner of a tax certificate may at any time after taxes have been delinquent (April 1), for two years, file an application for a tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent. Tax deeds are issued to the highest bidder for the property which is sold at public auction.

The Tax Collector remits current taxes collected through four distributions to the City in the first two months of the tax year and at least one distribution each month thereafter. The City recognizes property tax revenue in the period in which they are levied. The Tax Collector pays the City interest on monies held from day of collection to day of distribution. The City has no control over the investment program of the Tax Collector as this program is governed by State statutes.

Property Tax Limitation

The City is permitted by state statutes to levy taxes up to 10 mills of assessed value. The millage rate levied by the City for the fiscal year ended September 30, 2012, was 3.5102. Current tax collections for the City were approximately 97% of the total tax levy.

2. Use of Estimates

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

3. Encumbrances

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances.

3. Deposits and Investments

General Authorization:

Cash and cash equivalents include cash on hand, amounts in demand and time deposits and short-term investments with original maturity dates within three months of the date acquired by the City. All of the City's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance

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of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

The City's investment practices are governed by Chapter 280 and 218, Florida Statutes, City Code of Ordinances, Section 20, the adopted investment policy, and various legal covenants related to outstanding bond issues. For all investments authorized by statute and policy, the City applies the "Prudent Man Rule" when developing investment strategies.

Types of Investments:

The City is authorized to invest in a wide range of securities that include certificates of deposit, money market funds, U.S. Treasury obligations, State and U.S. Government Agencies and Enterprises, State and Local Government Series, the State Board of Administration investment pool, the Florida Municipal Investment Trust, mutual funds and repurchase agreements. The City uses only financial institutions qualified as public depositories by the State of Florida or "approved" security dealers to place its investments unless bond covenants specifically require other financial institutions to be used. In addition to the investments above, the Pension Plans are authorized to invest in corporate bonds; real estate; common and preferred stock; and commingled funds.

The State Board of Administration (SBA) administers the Florida PRIME and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B does not meet the requirements of an SEC 2a-7 like fund and therefore is accounted for as a fluctuating NAV pool. As of September 30, 2012, the fair value factor for Fund B was \$.9490 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

The Florida Municipal Investment Trust (Municipal Trust) was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust. The Municipal Trust is not

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a registrant with the Securities and Exchange Commission (SEC); however the Board has adopted operating procedures consistent with the requirements for a “2a-7 like” pool.

Violations:

There were no violations of the legal or contractual provisions for deposits and investments.

a. City of Boca Raton

At September 30, 2012, the City of Boca Raton had the following cash, cash equivalents and investments:

Portfolio/Investments	Fair Value	Weighted Average Maturity	Credit Rating	Percent Distribution
Cash Deposits	\$ 138,742,502			51.03%
State Board of Administration - Florida PRIME	294,089	39 days	AAAm S&P	0.11%
Total Cash & Cash Equivalents	<u>139,036,591</u>			
State Board of Administration-Fund B	5,440	4.08 years	Not rated	0.00%
FMIVT 0-2 Year High Quality Bond Fund	25,535,986	.83 years	AAAF/S1	9.39%
FMIVT 1-3 Year High Quality Bond Fund	17,992,593	1.64 years	AAA/V2	6.62%
FMIVT Intermediate High Quality Bond Fund	18,192,091	3.16 years	AAA/V3	6.69%
U.S. Treasury Notes	997,692	2.62 years	AA+	0.37%
U.S. Government Sponsered Enterpries:				
Federal National Mortgage Association	61,612,389			22.66%
Federal Home Loan Mortgage Corp	8,394,603			3.09%
Federal Home Loan Bank	128,824			0.05%
Total Investments	<u>132,859,618</u>			
Total Cash & Investments	<u>\$ 271,896,209</u>			<u>100.00%</u>

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The City’s investment policy limits investments to those having a maturity, at the time of purchase, of less than five years. There were no investments in the City’s portfolio that exceeded this maximum maturity at September 30, 2012.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counter-party to an investment may be unable to fulfill its obligations. The City’s investment policy allows investments in U.S. Government sponsored agencies and enterprises, the State Board of Administration investment pool, and the Florida Municipal Investment Trust. The ratings of the investments held at year end are shown above. All are rated within the policy guidelines.

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Concentration of Credit Risk

In addition to describing the credit risk of investments in the portfolio, governmental entities need to disclose the concentration of any single investment type or holding per single issuer. The percentage allocation of each cash investment type in the portfolio is shown in the preceding table. The City's investment policy allows investment concentrations in various percentages for different types of investments. The investments held at year end are all within the allowable percentages.

Custodial Risk

The City's investment policy requires that all securities, with the exception of certificates of deposit, be held with a third party custodian. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities are 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. As of September 30, 2012, the City's investment portfolio was held with a third-party custodian.

b. Executive Employees' Retirement Plan

At September 30, 2012, the Executive Employee's Retirement Plan (EERP) invested in securities and fixed income investments as listed as follows:

Portfolio/Investments	Fair Value	Weighted Average Maturity	Credit Rating	Percent Distribution
Cash Deposits	\$ 741,964			3.20%
FMIvT Broad Market High Quality Bond Fund	6,863,171		AA/V4 Fitch	29.60%
FMIvT Market High Quality Growth Portfolio	2,179,521	4.66	Not rated	9.40%
FMIvT Large Cap Diversified Value Portfolio	2,156,333		Not rated	9.30%
FMIvT Russell 1000 Enhanced Index Portfolio	6,144,393		Not rated	26.50%
FMIvT Diversified Small Cap Equity Portfolio	2,851,926			12.30%
FMIvT International Portfolio	2,249,080			9.70%
Total Investments	<u>22,444,424</u>			
Total Cash & Investments	<u>\$ 23,186,388</u>			<u>100.00%</u>

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The EERP has a maximum maturity at purchase of 180 days with a total average maturity, at any point in time, for all repurchase agreements held of not greater than 60 days. Bankers' Acceptances maximum maturity shall not exceed 270 days from the time of purchase. Nonnegotiable Certificates of Deposit shall not exceed 2 years. No investments held in the portfolio exceed these limits.

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Credit Risk

The EERP allows investments in rated investments in Commercial Paper with A1/P1 or a comparable rating as provided by two of the top nationally recognized statistical rating organizations; and that the corporation's long-term debt, if any, is rated at least A1/A+ by a nationally recognized statistical rating organization or, if backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated at least AA (or comparable rating) by at least two of the nationally recognized statistical rating agencies publishing ratings for financial institutions. Banker's Acceptances issued with the U.S. by institutions with a long-term debt rating of at least AA or short term debt rating of P1 (or comparable rating) as provided by one nationally recognized statistical rating organization. Nonnegotiable Certificates of Deposit must be rated at least A1/P1 (or comparable rating) and a long-term rating of at least A (or comparable rating) as provided by two of the top nationally recognized rating agencies. Guaranteed Investment Contracts must be rated in the highest category by AM Best Rating System or a comparable nationally recognized statistical rating organization. All investments held in the portfolio meet these requirements.

Concentration of Credit Risk

The EERP allows no more than \$5 million in certificates of deposit with any one depository at one time. Corporate fixed income securities are limited to no more than 5% of any one corporation at the time of purchase. No more than \$10 million in investment agreements with other financial institutions may be entered into with any one financial institution. No investments exceeded these limits.

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c. General Employees' Pension Plan

At September 30, 2012, the General Employees' Pension Plan's (the Plan) portfolio consisted of the following securities and fixed income investments:

Portfolio/Investments	Fair Value	Weighted Average Maturity	Credit Rating	Percent Distribution
Cash Deposits	\$ 873,154			0.50%
Short-term securities	2,459,316		Aaa Moody's	1.42%
Total Cash & Cash Equivalents	<u>3,332,470</u>			
U.S. Government Securities:				
U.S. Treasury Securities:				
U.S. Treasury Notes Index Linked	10,596,137	5.48 years	Aaa Moody's	6.12%
U.S. Government Sponsored Agencies:				
Government Mortgage Backed Securities:				
		22.63 years		
Federal National Mortgage Association	10,154,159		Aaa Moody's	5.87%
Government National Mortgage Association	440,364		Aaa Moody's	0.25%
Federal Home Loan Mortgage Corporation	9,386,581		Aaa Moody's	5.43%
Corporate Bonds & Debentures:				
Corporate Obligations:				
		5.29 years		
Bonds	2,461,904		Aa Moody's	1.42%
Bonds	10,463,335		A Moody's	6.05%
Bonds	5,185,572		Baa Moody's	3.00%
Commercial Mortgage Backed Securities (CMBS)				
		29.78 years		
CMBS	3,213,677		Aaa Moody's	1.86%
CMBS	220,961		Not rated	0.13%
Government Issued CMBS	399,807	8.08 years	Aaa Moody's	0.23%
Common Stock	81,384,893			47.04%
Real Estate Direct Investment Partnership	9,025,833			5.22%
Real Estate Investment Trust	5,871,343			3.39%
International Equity Fund	7,198,084			4.16%
Domestic Equity Fund	13,677,242			7.91%
Total Investments	<u>169,679,892</u>			98.08%
Total Cash & Investments	<u>\$ 173,012,362</u>			<u>100.00%</u>

Government agency and treasury securities are not rated but have an implied Aaa rating from Moody's Investor Service and Fitch and an implied Aa+ rating from Standard & Poor's.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest-rate risk. The established performance objectives require investment maturities to provide sufficient liquidity to pay obligations as they become due. Treasury inflation indexed securities are limited to ten year maturities. At September 30, 2012, the weighted average maturity in years for each investment type is included in the preceding table.

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Credit Risk

Credit risk is the risk that a debt issuer will not fulfill its obligations. The Plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The investment policy limits credit risk by requiring fixed income securities to be rated by Moody's/Standard & Poor's as Baa2/BBB or better. The policy requires short-term commercial paper/bankers acceptances to be rated by Moody's/Standard & Poor's as P-1/A-1 with the issuer having a long-term debt rating of A. Commercial mortgage backed and asset backed securities are required to be rated by Moody's/Standard & Poor's as Aaa/AAA. Further, the investment policy does not permit private mortgages or tax exempt bonds. At September 30, 2012, for those where ratings are available, the portfolio met the credit rating limitations of the investment policy.

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 Plan utilizes limitations on securities of a single issuer to manage this risk. The investment policy requires that corporate bond issues cannot represent more than 1.50% of the total bond portfolio. The policy further requires that corporate bond issues rated below A3/A- by Moody's/Standard & Poor's cannot represent more than 15% of the total bond portfolio. At September 30, 2012, the investment portfolio met the corporate single issuer and quality limitations of the investment policy.

Custodial Credit Risk

Custodial credit risk is defined as the risk that the plan may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy does not permit general obligations issued by a foreign government and is therefore, not exposed to foreign currency risk.

d. Police and Firefighter's Retirement System

At September 30, 2012, the Police and Firefighter's Retirement System invested in the following securities and fixed income investments:

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Portfolio/Investments	Fair Value	Weighted Avg Maturity	Credit Rating	Percent Distribution
Cash Deposits	\$ 2,107,810			0.87%
Short-Term Securities	2,872,359		Aa2 Moody's	1.18%
Total Cash and Cash Equivalents	<u>4,980,169</u>			
U.S. Government Securities				
U.S. Treasury Securities:		15.50 years		
U.S. Treasury Notes	3,366,660		Aaa Moody's	1.38%
U.S. Treasury Bonds	2,178,563		Aaa Moody's	0.90%
U.S. Government Sponsored Agencies:				
Government Mortgage Backed Securities:		27.50 years		
Federal National Mortgage Association	10,121,180		Aaa Moody's	4.16%
Government National Mortgage Association	2,946,494		Aaa Moody's	1.21%
Federal Home Loan Mortgage Corporation	3,151,698		Aaa Moody's	1.30%
Corporate Bonds & Debentures:				
Corporate Obligations:		6.03 years		
Bonds	2,047,983		Aa Moody's	0.84%
Bonds	9,767,093		A Moody's	4.02%
Bonds	8,010,964		Baa Moody's	3.29%
Commercial Mortgage Backed Securities (CMBS):		28.67 years		
CMBS	254,966		Aaa Moody's	0.10%
CMBS	712,205		Not rated	0.29%
Asset Backed Securities:		3.49 years		
ABS	510,731		Aaa Moody's	0.21%
ABS	292,962		Not rated	0.12%
Common Stock	99,815,725			41.04%
Real Estate Direct Investment Partnership	17,961,435			7.38%
Commingled Funds::				
Mutual Funds	19,959,347			8.21%
Long/Short Equity Funds	31,494,102			12.95%
International Equity Funds	20,658,199			8.49%
High Yield Fixed Income Fund	4,985,060		Not rated	2.05%
Total Investments	<u>238,235,367</u>			97.95%
Total Cash & Investments	<u>\$ 243,215,536</u>			<u>100.00%</u>

Government agency and treasury securities are not rated but have an implied Aaa rating from Moody's Investor Service and Fitch and an implied Aa+ rating from Standard & Poor's.

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Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest-rate risk. The established performance objectives require investment maturities to match anticipated cash-flow requirements in order to pay obligations when due. At September 30, 2012, the weighted average maturity in years for each investment type is included in the preceding table.

Credit Risk

Credit risk is the risk that a debt issuer will not fulfill its obligations. The Plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The investment policy limits credit risk by requiring fixed income securities to maintain a weighted average credit quality rating of A or better. The policy further limits high yield fixed income securities to 20% of the portfolio. The investment policy does not permit private placement bonds, except for Rule 144A securities of U.S. issuers which are limited to five percent of the portfolio. At September 30, 2012, for those where ratings are available, the portfolio met the credit rating limitations of the policy.

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 Plan utilizes limitations on securities of a single issuer to manage this risk. The investment policy requires that corporate bond issues cannot represent more than five percent of the fair value of the portfolio. At September 30, 2012, the portfolio met the corporate single issuer limitation of the policy.

Custodial Credit Risk

Custodial credit risk is defined as the risk that the plan may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy permits a maximum of 10% of the market value of the fixed income portfolio to be invested in Yankee securities (foreign issuers of U.S. dollar-denominated debt). At September 30, 2012, less than 7% of the market value of the fixed income portfolio was invested in Yankee securities, which met the limitations of the policy.

**CITY OF BOCA RATON, FLORIDA
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e. Risks and Uncertainties – Pension Plans

The Plans invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and, that such changes could materially affect the amounts reported in the statement of plan net position for each Plan. The Plans, through their investment advisors, monitor Plan investments and the risks associated therewith on a regular basis which each Plan believes minimizes these risks.

Contributions to the Plans are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

4. Receivables and Payables

Receivables as of year-end for the City’s individual major and non-major funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental	General	Community Redevelopment Agency/Mizner Park Revenue	Five Year Capital Improvement	Other Governmental	Internal Services	Total
Receivables:						
Accounts	\$ 4,669,928				\$ 106,278	\$ 4,776,206
Assessments				\$ 212,968		212,968
Lease revenues		\$ 11,849,695				11,849,695
Interest	51,144	1,085	\$ 23,561	37,318	35,818	148,926
Net governmental payables	\$ 4,721,072	\$ 11,850,780	\$ 23,561	\$ 250,286	\$ 142,096	\$ 16,987,795

Receivables for the City’s business-type activities, including individual major funds and allowances for uncollectible accounts are as follows:

Business Type	Water & Sewer	Other Enterprise	Total
Receivables:			
Accounts	\$ 7,978,680	\$ 1,636,221	\$ 9,614,901
Interest on investments	86,072	10,549	96,621
Interest on assessments	18,890		18,890
Assessments	692,691		692,691
Allowance for uncollectibles	(464,000)	(23,113)	(487,113)
Net business-type receivables	\$ 8,312,333	\$ 1,623,657	\$ 9,935,990

**CITY OF BOCA RATON, FLORIDA
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Accounts payable and accrued liabilities as of fiscal year-end for the City's individual major and non-major funds, and internal service funds in the aggregate, are as follows:

Governmental	General	Five Year Capital Improvement	Beach and Park Operations	Other Governmental	Internal Services	Total
Payables:						
Vendors	\$ 814,862	\$ 255,104	\$ 300,399	\$ 1,802,034	\$ 430,066	\$ 3,602,465
Salaries and benefits	5,556,935		407,343	82,852	266,155	6,313,285
Net governmental payables	\$ 6,371,797	\$ 255,104	\$ 707,742	\$ 1,884,886	\$ 696,221	\$ 9,915,750

Accounts payable and accrued liabilities for the City's business-type activities, including individual major funds, are as follows:

Business Type	Water & Sewer	Other Enterprise	Total
Payables:			
Vendors	\$ 874,787	\$ 168,604	\$ 1,043,391
Salaries and benefits	613,714	218,631	832,345
Net business-type payables	\$ 1,488,501	\$ 387,235	\$ 1,875,736

5. Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2012 are as follows:

Major funds:

General Fund	\$ 417,057
Five Year Capital Improvement Fund	1,912,409
Total Major funds	<u>2,329,466</u>
Non-Major Governmental Funds	<u>10,041,260</u>
Total Encumbrances	<u>\$ 12,370,726</u>

CITY OF BOCA RATON, FLORIDA
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6. Capital Assets

The following is a summary of capital asset activity for the fiscal year ended September 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$138,135,702			\$ 138,135,702
Construction in progress	13,338,332	\$ 9,639,542	\$ 9,559,877	13,417,997
Total capital assets not being depreciated/amortized	<u>151,474,034</u>	<u>9,639,542</u>	<u>9,559,877</u>	<u>151,553,699</u>
Capital assets being depreciated/amortized:				
Buildings	82,869,317			82,869,317
Improvements other than buildings	36,027,655	5,046,732		41,074,387
Equipment	45,744,520	6,069,332	2,240,951	49,572,901
Intangible	2,537,237			2,537,237
Infrastructure	375,040,577	9,138		375,049,715
Total capital assets being depreciated/amortized	<u>542,219,306</u>	<u>11,125,202</u>	<u>2,240,951</u>	<u>551,103,557</u>
Less accumulated depreciation/amortization for:				
Buildings	23,256,845	2,435,908		25,692,753
Improvements other than buildings	21,357,984	1,352,150		22,710,134
Equipment	29,615,289	4,276,535	2,215,460	31,676,364
Intangible	2,128,742	70,454		2,199,196
Infrastructure	165,558,710	9,492,546		175,051,256
Total accumulated depreciation/amortization	<u>241,917,570</u>	<u>17,627,593</u>	<u>2,215,460</u>	<u>257,329,703</u>
Total capital assets being depreciated/amortized, net	<u>300,301,736</u>	<u>(6,502,391)</u>	<u>25,491</u>	<u>293,773,854</u>
Governmental activities capital assets, net	<u>\$ 451,775,770</u>	<u>\$ 3,137,151</u>	<u>\$ 9,585,368</u>	<u>\$ 445,327,553</u>

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	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Water and sewer				
Capital assets not being depreciated/amortized:				
Land	\$ 245,873			\$ 245,873
Construction in progress	11,044,726	\$ 3,484,549	\$ 7,917,978	6,611,297
Total capital assets not being depreciated/amortized	11,290,599	3,484,549	7,917,978	6,857,170
Capital assets being depreciated/amortized:				
Utility plant in service	343,143,802	3,182,508		346,326,310
Equipment	38,164,337	5,832,853	99,752	43,897,438
Intangible	6,055,065			6,055,065
Total capital assets being depreciated/amortized	387,363,204	9,015,361	99,752	396,278,813
Less accumulated depreciation/amortization for:				
Utility plant in service	141,823,658	8,525,486		150,349,144
Equipment	19,063,002	1,452,806	99,752	20,416,056
Intangible	763,676	295,333		1,059,009
Total accumulated depreciation/amortization	161,650,336	10,273,625	99,752	171,824,209
Total capital assets being depreciated/amortized, net	225,712,868	(1,258,264)	-	224,454,604
Total water and sewer capital assets, net	\$ 237,003,467	\$ 2,226,285	\$ 7,917,978	\$ 231,311,774
	Beginning Balance	Additions	Deletions	Ending Balance
Non-major funds, business-type activities				
Capital assets not being depreciated:				
Land	\$ 586,735			\$ 586,735
Construction in progress	1,526,911	\$ 132,879	\$ 786,270	873,520
Total capital assets not being depreciated	2,113,646	132,879	786,270	1,460,255
Capital assets being depreciated:				
Buildings	2,259,661			2,259,661
Improvements other than buildings	18,451,132	761,975		19,213,107
Equipment	7,608,899	804,540	266,763	8,146,676
Total capital assets being depreciated	28,319,692	1,566,515	266,763	29,619,444
Less accumulated depreciation for:				
Buildings	1,343,954	59,221		1,403,175
Improvements other than buildings	4,090,187	542,604		4,632,791
Equipment	3,537,585	845,642	266,080	4,117,147
Total accumulated depreciation	8,971,726	1,447,467	266,080	10,153,113
Total capital assets being depreciated, net	19,347,966	119,048	683	19,466,331
Total non-major funds, capital assets, net	21,461,612	251,927	786,953	20,926,586
Total business-type activities, capital assets, net	\$ 258,465,079	\$ 2,478,212	\$ 8,704,931	\$ 252,238,360

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

Governmental activities:	
General government	\$ 325,967
Law enforcement	1,089,655
Fire rescue	1,705,081
Physical environment	7,134
Transportation, including depreciation of general infrastructure assets	10,119,638
Community development	98,223
Parks and recreation	<u>2,155,496</u>
Sub Total	15,501,194
Depreciation and amortization of the capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	
	<u>2,126,399</u>
Total depreciation/amortization expense, governmental activities	<u>\$ 17,627,593</u>
Business-type activities:	
Water and sewer depreciation	\$ 9,978,293
Water and sewer amortization	<u>295,333</u>
Total water and sewer	10,273,626
Cemetery	61,211
Golf course	180,462
Stormwater utility	626,382
Sanitation	<u>579,412</u>
Total depreciation and amortization expense, business-type activities	<u>11,721,093</u>
Total government wide depreciation and amortization expense	<u>\$ 29,348,686</u>

Construction and Purchase Commitments:

The City has active construction projects as of September 30, 2012. The projects include street and traffic projects and various water, wastewater and drainage projects. In addition, the City has outstanding purchase commitments for engineering and design services. At fiscal year-end, the City's significant commitments with contractors are as follows:

<u>Project</u>	<u>Spent to-date</u>	<u>Remaining Commitment</u>
Downtown Library	\$ 3,692,668	\$ 7,600,955
Downtown Infrastructure (Visions 90)	6,802,512	412,148
Water, Wastewater and Drainage Projects	<u>6,869,174</u>	<u>15,546,643</u>
Total	<u>\$ 17,364,354</u>	<u>\$ 23,559,746</u>

The Downtown Library is financed through general obligation bonds repaid by ad valorem taxes. The downtown infrastructure capital projects are financed through revenue bonds repaid by special assessments on the benefitted properties in the downtown. The water and sewer improvements are financed through revenue bonds from system revenues. All other commitments are financed from existing City resources.

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7. System Development Charges (Impact Fees)

System Development Charges are fees designed to recover the cost of providing capacity for new customers. The fees represent a major source of financing for the Water and Sewer System (System) and will provide a significant portion of the debt service coverage for the 2001, 2008 and 2009 Revenue Bonds. A Florida State Supreme Court decision outlined the basic requirements of an equitable System Development Charge structure. These requirements are as follows:

- System Development Charges must reflect a pro rata share of the cost of new capacity.
- System Development Charges revenue may be applied only to capital projects expressly designed to expand System capacity.
- Anticipated System Development Charge revenues may not exceed the costs to be incurred by the municipality in expanding capacity to accommodate new users of the System.

The City's System Development Charge structure, implemented in 1980, was designed to comply with this decision. Compliance is achieved in the following manner:

- The Consulting Engineers have reviewed the proposed Capital Improvement Program and identified the expansion portions of the program directed as providing capacity for growth.
- The debt service associated with the cost of providing for this growth will be met through System Development Charges from new customers and the capital recovery portion of the rates paid by new customers.
- System Development Charge revenues will be utilized solely for meeting the construction costs or annual debt service or for early retirement of debt specifically designated for System expansion.

A computerized model has been developed to verify the validity of this approach. It is the City's intent to utilize this model to make necessary adjustments in the System Development Charge schedule from time to time to ensure that compliance with fee objectives is maintained.

The City has classified system development charges as capital contributions (non-operating revenue) as the fees are revenues which are incidental to the Water and Sewer Enterprise Fund's primary service activities which are provision of potable water and processing of wastewater.

8. Long Term Debt

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City as a whole and not its individual funds. In each year that debt is outstanding, an ad valorem tax is levied equal to principal and interest due. No reserves are maintained. These bonds generally are issued as 20-year serial bonds.

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On October 25, 2011, the City partially refunded two General Obligation bonds as follows:

	<u>G.O. Fire Bonds</u>	<u>G.O. Library Bonds</u>
Amount of 2011 bonds	\$ 9,525,000	\$ 6,060,000
Amount of 2003 bonds refunded	\$10,680,000	\$ 5,930,000
Increase in cash flows	\$ 798,783	\$ 196,275
Net present value savings	\$ 1,122,297	\$ 369,437
Net present value percentage	10.51%	6.23%

B. Enterprise Funds Revenue Bonds

The City issues bonds where the City pledges income derived from the operations of the water and sewer system and a system development charge of the water and sewer system to pay debt service.

C. Governmental Activities Revenue Bonds

The City issues bonds where the City pledges revenues from non-ad valorem revenues.

D. Special Assessment Bonds

The City issues special assessment debt to finance capital improvements in the Downtown District where both principal and interest are payable from pledged funds, which consist of special assessment proceeds on the benefitted property owners in the Downtown District. In the event that the pledged funds are insufficient to make the debt service payments, the City has committed to make an annual appropriation of available non-ad valorem revenues to make up any deficiencies.

On September 13, 2011, the City Council adopted Resolution 094-2011, which equalized and adopted the special assessment roll for the Downtown Special Assessment and established the special assessment amounts due January 1, 2012. During the fiscal year, the City assessed \$1,142,868 and collected \$1,113,594 which was approximately 97.4% of the assessment levied.

E. Tax Increment Revenue Bonds

The Boca Raton Community Redevelopment Agency (CRA or Agency) issued tax increment revenue bonds to fund capital projects at Mizner Park. The Agency bonds are secured by a pledge of, and lien on, the Pledged Revenues as provided in the Agency resolution and on the Deficiency Payments received by the Agency pursuant to the Interlocal Agreement with the City. Pledged revenues consist of tax increment revenues and future land lease revenues of the Agency and the Public Service taxes (Deficiency Payments) of the City. In the event sufficient savings from the issuance of the Agency Bonds are realized, the Agency may use such savings to finance capital projects in Mizner Park, which would constitute public infrastructure or park improvements.

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F. Loans payable

The City participates in the First Florida Governmental Financing Commission Loan Agreement Program. The Commission is a public body corporate and politically formed by seven local governments in Florida to benefit participants from the economies of scale associated with large financing. The City covenants and agrees to appropriate in its annual budget, by amendment if required, and to pay when due under its Loan Agreement as promptly as funds become available, amounts of non-ad valorem revenues and other legally available funds sufficient to satisfy the loan repayment requirements of the Loan Agreement.

I. Compensated Absences

For the governmental activities, compensated absences are generally liquidated by the General Fund. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities.

Governmental activities bonds and loans outstanding at September 30, 2012 consist of the following:

Governmental activities:	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Maximum Annual Debt Service
General Obligation Bonds:					
Series 2004, Refunding	Refunding	\$ 21,720,000	\$ 15,850,000	2.00 – 3.88%	\$ 2,325,480
Series 2010	Downtown Library	9,225,000	8,620,000	3.00 – 4.00%	670,700
Series 2011 Refunding	Fire Projects	9,525,000	9,465,000	3.00 – 5.00%	1,223,500
Series 2011, Refunding	Library Projects	6,060,000	5,970,000	2.00 – 3.00%	685,300
		<u>46,530,000</u>	<u>39,905,000</u>		
Special Assessment Bonds:					
Series 2009, Refunding	Refunding	11,205,000	9,125,000	2.00 – 4.25%	1,162,388
Series 2010	Improvement	3,705,000	3,705,000	2.00 – 4.125%	286,769
		<u>14,910,000</u>	<u>12,830,000</u>		
Loans Payable:					
First Florida, Series 2001	Refunding	5,635,000	1,275,000	3.00 – 5.50%	691,025
Tax Increment Revenue Bonds:					
Series 1998, Refunding	Refunding	72,560,168	39,212,947 *	3.60 – 5.00%	6,655,000
Total for Gov't Activities		<u>\$ 139,635,168</u>	<u>\$ 93,222,947</u>		

* Includes \$13,317,779 of accreted interest on Capital Appreciation Bonds

CITY OF BOCA RATON, FLORIDA
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SEPTEMBER 30, 2012

Business-type activities bonds and notes outstanding at September 30, 2012 consist of the following:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maximum Annual Debt Service</u>
Business-type activities:					
Utility system revenue bonds:					
Series 2008	Refunding	\$ 40,040,000	\$ 37,185,000	4.00 – 4.375%	\$ 4,005,988
Series 2009	Refunding	8,485,000	6,455,000	2.50 – 4.00%	1,037,388
Total for Business-type Activities		\$ 48,525,000	\$ 43,640,000		

Long-term liability activity for the fiscal year ended September 30, 2012 was as follows:

	<u>Beginning Balance as Previously Stated</u>	<u>Restatement for GASB 65</u>	<u>Beginning Balance as Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:							
Bonds and notes payable:							
General obligation bonds	\$ 44,960,000		\$ 44,960,000	\$15,585,000	\$20,640,000	\$ 39,905,000	\$ 3,415,000
Tax increment revenue bonds	31,710,168		31,710,168		5,815,000	25,895,168	6,075,000
Special assessment bonds	13,545,000		13,545,000		715,000	12,830,000	905,000
Loans payable	1,865,000		1,865,000		590,000	1,275,000	620,000
Net premium on bonds	(936,115)	\$ 1,423,454	487,339	2,013,310	134,669	2,365,980	
Accretion	12,031,101		12,031,101	1,286,678		13,317,779	
Total bonds and loans payable, net	103,175,154	1,423,454	104,598,608	18,884,988	27,894,669	95,588,927	11,015,000
Compensated absences	14,315,833		14,315,833	4,623,969	4,500,241	14,439,561	1,443,956
Net OPEB obligation	977,122		977,122	278,126		1,255,248	
Estimated liability for self-insurance losses	8,755,674		8,755,674	10,558,252	10,014,701	9,299,225	3,302,225
Total gov't activities, long-term liabilities	\$ 127,223,783	\$ 1,423,454	\$ 128,647,237	\$34,345,335	\$42,409,611	\$120,582,961	\$15,761,181
Business-type activities:							
<u>Water and Sewer:</u>							
Revenue bonds	\$ 46,900,000		\$ 46,900,000		\$ 3,260,000	\$ 43,640,000	\$ 3,380,000
Net premium on bonds	675,045	\$ 780,524	1,455,569		102,208	1,353,361	
Revenue bonds payable, net	47,575,045	780,524	48,355,569	-	3,362,208	44,993,361	3,380,000
Compensated absences	1,421,575		1,421,575	467,288	570,620	1,318,243	131,824
Net OPEB obligation	163,777		163,777	42,673		206,450	
Total water and sewer	49,160,397	780,524	49,940,921	509,961	3,932,828	46,518,054	3,511,824
<u>Other business-type activities:</u>							
Compensated absences	781,744		781,744	148,753	143,940	786,557	78,656
Net OPEB obligation	90,101		90,101	19,201		109,302	
Total other business-types activities	871,845	-	871,845	167,954	143,940	895,859	78,656
Total business-type activities							
Total business-type activities, long-term liabilities	\$ 50,032,242	\$ 780,524	\$ 50,812,766	\$ 677,915	\$ 4,076,768	\$ 47,413,913	\$ 3,590,480

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Summary of Annual Debt Service Requirements:

<u>Year Ended</u> <u>September 30,</u>	<u>Governmental Activities</u>					
	<u>General Obligation Bonds</u>		<u>Special Assessment and Revenue Bonds</u>		<u>Tax Increment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,415,000	\$ 1,472,880	\$ 905,000	\$ 471,844	\$ 6,075,000	\$ 433,644
2014	3,520,000	1,370,286	930,000	446,294	6,355,000	146,959
2015	3,640,000	1,249,636	975,000	419,994	2,987,363	3,667,637
2016	3,765,000	1,127,055	1,015,000	391,568	2,815,486	3,804,514
2017	3,900,000	989,105	1,050,000	353,519	2,670,707	3,949,293
2018-2022	17,120,000	2,686,513	6,035,000	1,119,344	4,991,612	8,248,488
2023-2027	2,690,000	656,100	1,135,000	291,581		
2028-2030	1,855,000	147,225	785,000	64,831		
Total	<u>\$ 39,905,000</u>	<u>\$ 9,698,800</u>	<u>\$12,830,000</u>	<u>\$ 3,558,975</u>	<u>\$25,895,168</u>	<u>\$20,250,535</u>

<u>Year Ended</u> <u>September</u> <u>30,</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>First Florida Loans</u>		<u>Enterprise Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 620,000	\$ 70,125	\$ 3,380,000	\$ 1,660,169
2014	655,000	36,025	3,480,000	1,558,838
2015			3,585,000	1,439,988
2016			3,715,000	1,314,656
2017			3,835,000	1,167,234
2018-2022			16,310,000	3,419,406
2023-2027			7,610,000	1,237,678
2028			1,725,000	37,734
Total	<u>\$ 1,275,000</u>	<u>\$ 106,150</u>	<u>\$43,640,000</u>	<u>\$11,835,703</u>

J. Water and Sewer System Bond Covenants

The Water and Sewer System (the System) bond ordinances provide for two separate revenue flows to meet the needs of the System operations, reserves and debt service. System Development Charges (impact fees) are deposited into separate accounts. An annual calculation determines the portion of the charge to be transferred to the debt service fund. Impact fees are restricted to payment of debt service related to the construction of new plant capacity. Impact fees may not be used for operations (see Note 7).

First, operating revenue of the System is used to meet the operations and maintenance requirements. Next, revenue is used to pay any portion of the bond interest, principal and reserve requirements not paid from impact fees. Next, an amount not less than 5% of the prior year's revenue is transferred to the System's renewal and replacement fund until the balance in the fund totals 1% of gross book value of assets of the System. Revenue is then used to fund an operation and maintenance reserve fund, which is maintained at a level equal to 1/8 of the operating budget. Remaining monies can be used for any legal City purpose.

At September 30, 2012, all reserves including the bond reserve account were fully funded. The rate structure is calculated annually to assure adequate coverage of all requirements.

**CITY OF BOCA RATON, FLORIDA
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K. Tax Increment Revenue Bond Covenants

Mizner Park Project:

The Community Redevelopment Agency bonds are secured by a pledge of, and a lien on, the pledged revenues as provided in the resolution and on the deficiency payments received by the Agency pursuant to an interlocal agreement with the City. Pledged revenues consist of tax increment revenues and future land lease revenues of the Agency and the Public Service taxes of the City. In the event that the tax increment revenues and the future lease revenues are insufficient to pay the required obligations under the Agency bonds, then the City is required to pay the Agency from available Public Service taxes an amount equal to any deficit in the amounts required to be on deposit in the sinking fund established under the bond resolution.

During the 1991 Legislative Session, the State Legislature passed legislation exempting the Palm Beach County Health Care District (District) from tax increment payments to the Agency. Subsequently, this legislation has become law and has resulted in the loss of approximately \$6 million in tax increment revenues since 1991, and will continue to adversely affect the Agency in future years. At closing on the original financing, approximately 17.5% of annual tax increment revenues were expected from the District.

In the 1992 Legislative Session, the State Legislature passed legislation exempting the Palm Beach County Children's Services District from tax increment payments to the Agency in Fiscal Year 1993. This has resulted in the loss of approximately \$3.2 million in tax increment revenues since 1993. At closing, approximately 2.3% of all future tax increment revenues were expected from the Children's Services District.

The Agency has leased the Mizner Park Project to a developer who has constructed a cultural, commercial and residential facility. The lease is an operating lease with scheduled rent increases over the life of the lease. The lease has a term of 99 years and requires minimum fixed future rentals of \$1,180,000 in 2013, 2014, 2015, 2016 and 2017 and \$126,758,364 in total thereafter, plus contingent rentals. Contingent rentals are the greater of the minimum fixed amount or 15% of the tenant's net operating income as defined in each lease agreement. In fiscal year 2012, rental income amounted to \$1,300,374 and the contingent rental payment was \$120,374.

The ability of the tenant to pay the Agency the lease revenues is dependent upon their ability to sublease the commercial facilities constructed thereon and such other guarantees contracted by the Agency. The Agency has an unsubordinated claim on the buildings constructed under the lease prior to the mortgage holder. All portions of the project have been constructed.

Management monitors the collection of pledged revenues to comply with the bond resolution. Tax increment and lease revenue payments of contingent rentals from the developer began in 2001 and are available for debt service. Management cannot presently make a reliable estimate of future contingent rentals. If lease rental and tax increment revenues are not sufficient for debt service, the City's pledge of public service tax would be required to be used for the repayment of the debt service.

**CITY OF BOCA RATON, FLORIDA
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Based on current information, management believes that there will be no future deficiencies in tax increment and lease revenues that will require the use of the City's public service tax revenues. The City's public service (excise) tax was increased from 8.5% to 10% effective January 1, 1997. The tax is levied on electric and water service and on the purchase of natural gas. The increase in revenues through September 30, 2004 was segregated into a special revenue lock box fund to cover future deficiencies in the pledged revenues for the debt service payments for the Mizner Park bonds. The City has restricted \$6,177,648 in the special revenue Mizner Park Lock Box Fund and committed \$1,633,000 of fund balance in the General Fund at September 30, 2012 to cover future deficiencies in the pledged revenues.

The City, in prior fiscal years, had advanced \$3,229,500 to the CRA from the Mizner Park Lock Box Fund to cover deficiencies in pledged revenues. During the 2012 fiscal year, the CRA repaid \$2 million to the City pursuant to the interlocal agreement between the City and the CRA.

L. Pledged Revenues

The City issues bonds that are served by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of those bonds as of September 30, 2012 are as follows:

Source of Revenue Pledged	Government Activities		Business Activities
	Special Assessment	Tax Increment Bonds	Water & Sewer Revenues
Current revenue pledged	\$1,172,570	\$7,784,524	\$18,248,910
Current debt service	1,208,294	6,519,206	5,026,594
Total future revenues pledged	16,388,975	46,145,703	55,475,703
Description of debt	Special Assessment Refunding & Improvement Bonds, Series 2009-2010 (Visions 90 Projects)	Tax Increment Bonds, Series 1998 (Mizner Park Project)	Water and Sewer Utility Revenue Bonds, issued 1999-2009
Purpose of debt	Series 2009, to refund Special Assessment Bonds, Series 2001; Series 2010, to finance certain improvements within the Downtown District	To refund Tax Increment Bonds, Series 1992	Construction and Refunding
Term of commitment	2010-2030	1998-2018	1999-2027
Percentage of debt service to pledged revenues (current year)	103%	84%	29%

9. Defeasance of Debt

The City defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2012, there were no bonds outstanding that were considered defeased.

10. Employee Retirement Systems

The City of Boca Raton sponsors three defined benefit plans – General Employees' Pension Plan, Police and Firefighters' Retirement System and the Executive Employees' Retirement Plan.

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The City's pension plans are presented in accordance with GASB Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," No. 27, "Accounting for Pensions by State and Local Governmental Employers" and No. 50, "Pension Disclosures." The objective of these statements is to enhance the understandability and usefulness of pension information included in the financial statements of state and local governmental employers. The General Employees' Pension Plan and the Police and Firefighters' Retirement System each issue a publicly available audited GAAP financial report that includes financial statements and required supplementary information. Copies of the report are available in the Pension Office located at 2333 Glades Road, Boca Raton, FL 33431. The Executive Employees' Retirement Plan does not issue separate financial statements. Condensed financial statements are presented below.

Plan Descriptions, Contribution Information and Funding Policies

General Employees' Pension Plan:

Plan Description:

The General Employees' Pension Plan (GE Plan) is a single-employer defined benefit plan administered by an eight-member Board of Trustees (the Board) that covers all regular full-time City employees except police, fire, and executive management employees. The GE Plan was established by Ordinance 1806, adopted April 17, 1973, by City Council. The GE Plan is also governed by Chapter 112, Florida Statutes.

The GE Plan is divided into three levels of benefit- Plan A, Plan B and Plan C. Employees hired prior to October 1, 1987 are enrolled in GE Plan A. Employees hired from October 1, 1987 to October 31, 2007 or transferred from GE Plan A are enrolled in Plan B. Employees hired on or after November 1, 2007, or who elect to transfer from GE Plan A or B, may enroll in GE Plan C or the City's defined contribution plan. On an ongoing basis, all assets accumulated for the payment of benefits may legally be used to pay benefits to members or beneficiaries of GE Plan A, B and C.

Retirement benefits are calculated by multiplying the member's earnings averaged over five years times the member's years of continuous service times a multiplier determined by their plan level.

Members become eligible for unreduced benefits upon the attainment of age 65, without regard to service, age 55 with the completion of 20 years of continuous service, or age 53 with the completion of 30 years of continuous service. GE Plan A and B participants utilize a 3.00% multiplier and GE Plan C participants utilize a 1.75% multiplier.

Members become eligible for a Rule 68 retirement benefit when age plus service equals 68 and requires a minimum age of 50 and minimum continuous service of 15 years. For the Rule of 68 retirement option, GE Plan A participants utilize a 2.5% multiplier. GE Plan B and C participants utilize a 1.50% multiplier.

Members qualify for alternate unreduced early retirement upon the attainment of age 55 and minimum continuous service of 15 years. GE Plan A and B participants utilize a 2% multiplier. GE Plan C participants utilize a 1.75% multiplier.

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Members qualify for early retirement benefits upon attaining age 50 with 20 years of continuous service. If a participant terminates employment after having attained the early retirement date, they have the following two available options: 1) The benefits can be deferred until the member's normal retirement date, in which case the benefit will be calculated the same as normal retirement, or 2) The member may take a reduced benefit, which may start any time prior to the normal retirement date. The reduction factor is 5% for each year early retirement precedes the normal retirement age 55.

Active employees who become disabled receive 60% (50% of earnings for disabilities incurred away from work) of the monthly earnings in effect at the time of disability, reduced by workers' compensation or any public disability benefits to which the member is entitled. Disability benefits are paid until the earlier of death, recovery, or the end of the maximum benefit period. The maximum benefit period is until age 65 if the member became disabled prior to attainment of age 60 or for 60 months if the member became disabled after the attainment of age 60.

If an employee dies while an active member or on disability, the benefit is equal to 3.5 times the member's annual earnings as of the date of death or the date the member became disabled. The beneficiary receives an initial lump sum followed by monthly payments until the designated amount is paid in full. Interest, at a rate equal to the yield of the five-year U.S. Treasury Note on the first day of the fiscal year, is approved annually by the Board of trustees and is credited on the unpaid balance.

If a member meets the minimum service requirement of 10 years of continuous service at the time employment terminates, the benefit will be paid when the member turns 65 or later attains the age requirement for unreduced benefits provided the service requirement for unreduced benefits was met prior to termination. A member may elect to take an immediate reduced benefit, when eligible, calculated in the same manner as for early retirement.

If termination occurs after the completion of 10 years of continuous service, the full accrued retirement benefit is payable at the normal retirement date. If termination occurs prior to the completion of 10 years of continuous service, the member's contributions will be refunded with interest credited at 3% per year, compounded annually.

The Deferred Retirement Option Plan (DROP) is available to all GE Plan members who are still actively employed and have attained the age of 55 with at least 20 years of continuous service, age 53 with at least 30 years of continuous service, or a reduced benefit at age 50 with 20 years of continuous service. Upon electing to participate in the DROP, members are considered to have retired for pension purposes of the pension plan but continue to remain in active employment with the City. The member's pension benefit is calculated as if they actually retired on the date of DROP participation, using continuous service, average monthly earnings, and the current multiplier as of that date. Instead of paying the benefit to the member, a DROP account is established and the benefit is deposited in the account each month; these deposits continue to accumulate interest during the remainder of the member's employment with the City. City and employee contributions cease when a member elects to participate in the DROP. Maximum duration of participation is five years. If a member continues to remain in employment more than the maximum period, no further deposits will be made to the member's account and investment earnings will cease to be posted.

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Upon termination of employment, members shall receive their normal retirement benefits and may elect to receive their funds from the DROP account in a lump sum distribution or roll their account balance into a qualified instrument. When participating in the DROP, participants are no longer eligible for disability or preretirement death benefits from the Plan. If a participant dies prior to the DROP balance being paid in full, the beneficiary shall have the same rights to which the participant was entitled. At September 30, 2012, there were 54 DROP participants with a total balance of \$5,582,016.

GE Plan Contributions and Funding Policy:

GE Plan A and B members are required to contribute 9.65% of their annual earnings while GE Plan C members are required to contribute 6% of their annual earnings. Member contributions are established in accordance with the applicable collective bargaining agreement. Annual earnings include basic wages and longevity pay but exclude overtime, bonuses and any other extra compensation. Annual earnings does not include payments made to a member for any portion of a cost of living adjustment and/or merit increase, which exceeds the maximum of the employee's respective salary range. Employer contributions for the fiscal year ended September 30, 2012 determined using the actuarial valuation dated October 1, 2010 were 10.35% of covered payroll for both GE Plan A and B members. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts.

Police and Firefighters' Retirement System:

Plan Description:

The Police and Firefighters' Retirement System (PF Plan) is a single-employer defined benefit plan administered by an eight-member Board of Trustees which covers all City of Boca Raton (the City) police officers and firefighters. The PF Plan was established by Ordinance 1806, adopted April 17, 1973, by City Council. The PF Plan is also governed by Chapters 112, 175, and 185, Florida Statutes. Pursuant to Chapters 175 and 185 of the Florida Statutes, premium taxes on certain property and casualty insurance contracts written on City properties is collected by the State and is remitted to the Plan. This amount totaled \$2,698,326 for the fiscal year ended September 30, 2012: \$1,592,015 for property insurance contracts for firefighters under Chapter 175 and \$1,106,311 for casualty insurance contracts for police officers under Chapter 185. This amount was recognized as an expenditure and revenue in the General Fund.

Police officers completing 20 or more continuous years of service, or age 55 with 10 years of continuous service, are eligible for normal retirement benefits. Normal retirement participants are entitled to receive monthly benefits payable at 3.5% of their average monthly earnings for the highest two consecutive years of compensation multiplied by the member's years of continuous service subject to a maximum of 87.5%. Normal retirement participants are eligible to receive a 2% annual cost of living increase after one year of retirement. Retirements before October 1, 2001 receive a 3% cost of living adjustment every two years.

Firefighters completing 20 or more continuous years of service, or age 55 with 10 years of service, are entitled to monthly benefits of 3.4% of their average monthly earnings for the highest

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two consecutive years of compensation multiplied by the member's years of continuous service. Firefighter participants eligible to receive normal retirement benefits and have 22 or more years of continuous service (or 20 years if retired prior to December 9, 2008), are eligible for an increased benefit of 3% each year once they have attained the age of 52 or have been retired one year, whichever comes later. Participants with 21 years of continuous service are eligible for the cost-of-living adjustment after two years and with 20 years of continuous service are eligible after three years. Benefits payable for service-related death and disability benefits are increased by 3% each year starting with the date they would have attained age 52. No increases apply to non-service related death or disability benefits unless they complete 20 years of continuous service prior to their death or disability.

Members separating from service receive a \$10.50 monthly supplement per year of service. Members retiring on or before October 26, 2010 received a \$10.50 monthly supplement per year of service.

A member of the PF Plan may be eligible for early retirement after attainment of age 50 with 10 years of continuous service. Members so qualifying may receive benefits under one of the following two options:

1. The benefits can be deferred until the member's normal retirement date, in which case the benefit will be calculated the same as discussed above under normal retirement, or
2. The member may take a reduced benefit, which may start any time prior to the normal retirement date. The reduction factor is 3% for each year prior to the normal retirement date.

Active employees who become disabled while in service receive 75% of the average monthly earnings. Disability benefits are paid until the earlier of death or recovery from disability. The maximum pension including social security and workers compensation is 100% of salary at disability. If an active employee dies from in-service death, the beneficiary receives a \$5,000 lump sum benefit payment plus a maximum monthly benefit equal to 75% of the member's average monthly earnings until the beneficiary's death. If an active employee dies from non-service incurred cause and has less than one year of service, the beneficiary receives a \$2,500 lump sum benefit. If an active employee dies from non-service incurred cause and has more than one year of continuous service, the beneficiary receives a \$5,000 lump sum benefit payment. If the employee has five or more years of service, the surviving spouse will receive a monthly pension equal to 65% of the employee's accrued pension.

If an employee terminates his employment and is not eligible for any other benefits under the system, the member is entitled to the following:

- With less than ten years of continuous service, a refund of the member contribution is made plus 3% interest, or
- With ten or more years of continuous service, the pension accrued to the date of termination, payable commencing at his or her normal retirement date, or at the member's option, a lump sum refund of the member contribution plus 3% interest.

Police officers and firefighters who have reached normal retirement age may elect to participate in the Deferred Retirement Option Plan (DROP). Upon electing to participate in the DROP, members

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are considered to have retired for purposes of the pension plan, but continue to remain active employees of the City. The member's normal retirement benefit is calculated as if the member had actually retired on the date of DROP participation, using continuous service and average monthly earnings as of that date. Instead of paying the benefit to the member, a DROP account is established and the benefit is deposited in the account each month; these deposits continue to accumulate interest during the remainder of the member's employment with the City. Maximum duration of DROP participation is five years. If a member continues to remain in employment more than the maximum period, no further deposits will be made to the member's account and investment earnings will cease to be posted. Upon termination of employment, members shall receive their normal retirement benefits and may elect to receive their funds from the DROP account in a lump sum, annual installments or monthly annuity distributions. Benefit distributions must commence by age 70 ½. When participating in the DROP, participants are no longer eligible for disability or preretirement death benefits from the Plan. If a participant dies prior to the DROP balance being paid in full, the beneficiary shall have the same rights to which the participant was entitled. At September 30, 2012, there were 94 DROP participants with a total balance of \$14,313,959.

PF Plan Contributions and Funding Policy:

Police Officer members are required to contribute 10.2% of their annual earnings. Member contributions are established in accordance with the applicable collective bargaining agreement. Annual earnings include basic wages, longevity pay and the first 300 hours of overtime but exclude any overtime earnings in excess of 300 hours, bonuses and any other extra compensation. The PF Plan receives funding from premium taxes on certain property and casualty insurance contracts written on City properties which is collected by the State and remitted directly to the PF Plan as a contribution to the PF Plan, which was 8.25%. Employer contributions for the fiscal year ended September 30, 2012 determined using the actuarial valuation dated October 1, 2010 were 32.74% of covered payroll. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts.

Firefighter members are required to contribute 10.2% of their annual earnings. Member contributions are established in accordance with the applicable collective bargaining agreement. Annual earnings include basic wages and longevity pay but exclude overtime, bonuses and any other extra compensation. The PF Plan receives funding from premium taxes on property and casualty insurance contracts written on City properties which is collected by the State and remitted directly to the plan as a contribution to the PF Plan, which was 10.87%. Employer contributions for the fiscal year ended September 30, 2012 determined using the actuarial valuation dated October 1, 2010 were 32.74% of covered payroll. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts.

Executive Employees' Retirement Plan

Plan Description:

The Executive Employees' Retirement Plan (EE Plan) is a single-employer defined benefit plan administered by a five-member Board of Trustees that covers the executive employees of the City

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of Boca Raton. The EE Plan was established by Ordinance 4745, adopted November 12, 2003, by City Council. The EE Plan is also governed by Chapter 112, Florida Statutes.

EE Plan members are assigned to one of four divisions, each providing different levels of benefits depending on their division and entry into the plan. Division 1 includes D1, D2 and D3 pay classifications; Division 2 includes D4 and higher D pay classifications; Division 3 includes DD pay classifications and Division 4 includes the City Manager and City Attorney, if they elect to participate in the EE Plan.

Retirement benefits are calculated by multiplying the member's earnings averaged over five years (for Division 1 through Division 3) or two years (for Division 4) times the member's years of continuous service times a multiplier determined by their plan level subject to a maximum of 90%.

For members on or before September 30, 2010 Division 1, Division 2, and Division 3 utilize multipliers of 3.05, 3.15 and 3.25 respectively. Division 4 utilizes a multiplier of 4.45 for the first 10 years and 3.35 thereafter. After September 30, 2010 new members assigned to Division 1, Division 2, Division 3 and Division 4 utilize multipliers of 2.35, 2.45, 2.55 and 2.65 respectively.

Members are eligible to retire the earlier of reaching age 65 with at least 6 years of vesting service or reaching age 55 with at least 10 years of vesting service or for new members after September 30, 2010 age 58 with at least 10 years of vesting service. Monthly benefits are calculated as a percentage of average final compensation. A cost of living increase of 2% per year for Divisions 1, 2 and 3 and 3% per year for Division 4 in current monthly benefits commence on October 1st following 5 years after retirement. Members who terminate with 10 years or more of benefit service and are eligible for immediate early or normal retirement receive a \$10 monthly supplement per year of service. The EE Plan also permits early retirement for all participants at the age of 50 and the completion of 10 years of vesting service or for new members after September 30, 2010 age 53 and the completion of 10 years of vesting service.

Members qualify for early retirement benefits upon attaining age 50 with 10 years of continuous service or for new members after September 30, 2010 age 53 with 10 years of continuous service. If a participant terminates employment after having attained the early retirement date, they have the following two available options: 1) The benefits can be deferred until the member's normal retirement date, in which case the benefit will be calculated the same as normal retirement, or 2) The member may take a reduced benefit, which may start any time prior to the normal retirement date. The reduction factor is 5% for each year early retirement precede the normal retirement age 55 or 58 for new members who join the plan after September 30, 2010.

Members who have reached normal retirement age may elect to participate in the Deferred Retirement Option Plan (DROP). They will remain active employees of the City, but will no longer contribute to the EE Plan. Their benefits will remain frozen and continue to accrue interest until they retire from the City, at which time DROP benefits will be paid. Maximum duration of participation is sixty months. At September 30, 2012, there were 3 DROP participants with a total balance of \$142,581.

Active employees who become disabled receive 60% of the average final compensation as of the date of disability payable starting at age 65. Disability benefits are paid until the earlier of death or

CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

recovery from disability. If an active employee dies, a member's beneficiary is entitled to an accrued benefit that varies with age, length of service and employee division. If an employee terminates his employment with the City and is not eligible for any other benefits under the EE Plan, the member is entitled to the following:

- . with less than six years of continuous service, a refund of member contribution plus 5% interest.
- . with six or more years of continuous service, the pension accrued to the date of termination, payable commencing at the member's normal retirement date.

The City by Ordinance No. 4749 established a Preservation of Benefits Plan to pay benefit obligations. In the event that the accrued benefit for a member under the EE Plan is reduced pursuant to Section 401(a)(17) or Section 415(b) of the Internal Revenue Code, the City will pay a supplemental benefit amount equal to the amount reduced under the Internal Revenue Code limits.

EE Plan Contributions and Funding Policy:

Members are required to contribute 11% of their annual earnings. Annual earnings include basic wages and longevity pay but exclude overtime, bonuses and any other extra compensation. Annual earnings do not include payments made to a member for any portion of a cost of living adjustment and/or merit increase, which exceeds the maximum of the employee's respective salary range. Employer contributions for the fiscal year ended September 30, 2012 determined using the actuarial valuation dated October 1, 2010 were 20.97% of covered payroll. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts.

CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

Condensed financial statements for the Executive Employees' Retirement Plan are show as follows:

Statement of Plan Net Position

Assets:	
Cash and equivalents	\$ 741,964
Investments:	126,056
Florida Municipal Pension Trust Fund	22,444,424
Total assets	23,312,444
Liabilities:	
Total liabilities	-
Net position	\$ 23,312,444

Statement of Changes in Plan Net Position

Additions

Contributions:	
City	\$ 1,112,895
Employee	536,926
Transfer from other pension plan	788,046
Total contributions	2,437,867
Investment income:	
Interest revenue, net	3,722,163
Investment expense	(31,415)
Total investment income	3,690,748
Total additions	6,128,615
Deductions	
Retirement benefits paid	944,332
Deferred retirement option plan benefits paid	286,235
Administrative expenses	22,547
Total deductions	1,253,114
Change in net position	4,875,501
Net position held in trust for pension benefits	
Net position – beginning	18,436,943
Net position – ending	\$ 23,312,444

**CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

Current Membership:

Current membership, at September 30, 2012 in the General Employees' Pension Plan, Police and Firefighters' Retirement System and Executive Employees' Retirement Plan, is comprised of the following:

	General Employees' <u>Pension Plan</u>	Police and Firefighters' <u>Retirement System</u>	Executive Employees' <u>Retirement Plan</u>
Retirees and beneficiaries currently receiving benefits	451	279	17
Vested terminated employees	34	3	11
Active employees			
Fully-vested	331	150	33
Non-vested	250	193	12

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The pension plans' financial statements are prepared using the accrual basis of accounting. Contributions from members are recognized in the period the City makes payroll deductions from participants. City contributions to each plan are recognized when due as determined actuarially and are remitted on a monthly basis along with the members' contributions. The City has made a formal commitment to provide the contributions to the pension plans. Benefit payments and refunds to members are recognized when due and payable in accordance with the terms of each plan.

Investments and Investment Income:

Investments are carried at fair value, which is determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities for which no sale was reported on that date are valued at the last reported bid price; and short-term investments are valued at cost, which approximates fair value. The fair value of real estate investments have been estimated based upon latest appraisal information. Commingled funds that do not have an established market are reported at the net asset value of shares owned at the end of the year. Purchases and sales of securities are reflected on a trade-date basis. Gains or losses on sales of securities are based on average cost. Dividends and interest income are recorded as earned.

The City has contracted with the Florida Municipal Pension Trust Fund (FMPTF) to administer the Executive Employees' Retirement Plan. The FMPTF invests pension assets in the Florida Municipal Investment Trust (the Trust), an interlocal government entity created under the laws of the State of Florida as an investment vehicle for those participating governments. The Trust invests funds into one or more investment portfolios under the supervision of investment managers. The portfolio does not distribute income or capital gains to its members. All income earned and capital gains realized are retained by the portfolio and reinvested.

CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

Administrative Expenses:

Administrative costs paid by the these Plans include services of administrative personnel, bank charges, investment counsel charges, actuarial costs, insurance expense, any approved medical expenses and miscellaneous office expenses.

Plan Termination:

In the event the Plan is terminated or contributions under the Plan are discontinued, each employee will have a non-forfeitable right to the benefits accrued and/or funded to the date of Plan termination or contribution discontinuance.

Pension Information:

City contributions for 2012 were determined by annual actuarial valuations as of October 1, 2010 and adopted by the Board of Trustees for the respective plans. Significant actuarial assumptions used in the latest actuarial valuation are as follows:

	<u>General Employees'</u>	<u>Police and Firefighters'</u>	<u>Executive Employees'</u>
Actuarial valuation date	10/1/2012	10/1/2012	10/1/2012
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent Closed	Level percent Closed	Level percent Open Group
Remaining amortization period	3 - 30 years	3 - 30 years	30 years
Asset valuation method	4 year smoothed average – with 80%/120% corridor	4 year smoothed Average – with 80%/115% corridor	Market
Actuarial assumptions:			
Investment rate of return	8.00%	8.00%	7.75%
Projected salary increases	3.9% to 7.3%	4.5% to 7.5%	3.5% to 6.0%
Includes inflation of	3.00%	4.50%	3.50%
Cost of living adjustment:	None		
Police		2.0% Annually	
Fire		3.0% Annually	
EERP			2-3% per year

**CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

Annual Pension Cost and Net Pension Asset:

Annual Pension Cost (APC) is a measure of the periodic cost of an employer's participation in a defined benefit pension plan.

The annual pension cost and net pension asset for each retirement system and for the fiscal year ended September 30, 2012, is presented as follows:

	<u>General Employees'</u>	<u>Police and Firefighters'</u>	<u>Executive Employees'</u>
Annual required contribution (ARC)	\$ 3,427,410	\$ 12,902,505	\$ 1,111,897
Interest on net pension asset (NPA)	(6,608)	(293,006)	(87,626)
Adjustments to ARC	10,680	400,675	98,075
Annual Pension Cost (APC)	<u>3,431,482</u>	<u>13,010,174</u>	<u>1,122,346</u>
Contributions made	(3,427,410)	(12,790,958)	(1,098,407)
Interest on APC & contributions at year end	160	8,600	-
Increase (decrease) in NPA	4,232	227,816	23,939
NPA – Beginning of year	(168,435)	(7,468,914)	(1,130,664)
NPA – End of year	<u>\$ (164,203)</u>	<u>\$ (7,241,098)</u>	<u>\$ (1,106,725)</u>

Three Year Trend Information

General Employees'				Police and Firefighters'			
Fiscal year ended in:	Annual Pension Cost	Percentage of APC Contributed	Net Pension Asset	Fiscal year ended in:	Annual Pension Cost	Percentage of APC Contributed	Net Pension Asset
2010	\$2,506,293	100%	(\$170,820)	2010	\$10,269,222	92%	(\$7,794,110)
2011	\$3,336,240	100%	(\$168,435)	2011	\$11,603,498	97%	(\$7,468,914)
2012	\$3,431,482	100%	(\$164,203)	2012	\$13,010,174	98%	(\$7,241,098)

Executive Employees'			
Fiscal year ended in:	Annual Pension Cost	Percentage of APC Contributed	Net Pension Asset
2010	\$ 909,598	99%	(\$1,085,765)
2011	\$1,038,607	104%	(\$1,130,664)
2012	\$1,122,346	98%	\$(1,106,725)

**CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

Funded Status and Funding Progress

The funded status of the Plans as of October 1, 2012, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % Of Annual Covered Payroll Obligation
		<u>(a)</u>	<u>(b)</u>	<u>(b - a)</u>	<u>(a/b)</u>	<u>(c)</u>	
General Employees'	10/01/12	\$155,928	\$183,856	\$27,928	84.81%	\$28,584	97.71%
Police and Firefighters'	10/01/12	\$217,637	\$346,647	\$129,010	62.78%	\$29,458	437.95%
Executive Employees'	10/01/12	\$22,790	\$34,624	\$11,834	65.82%	\$4,376	270.43%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

11. Other Post Employment Benefits (OPEB)

Plan Description

The City provides a single employer defined benefit health care plan to all of its employees except for the firefighter members covered by the collective bargaining agreement between the City and the International Association of Firefighters. The plan allows its employees and their beneficiaries, at their own cost and until the attainment of age 65, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan conform with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Funding Policy and Annual OPEB Cost

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

CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The annual OPEB cost for the City for the current year and the related information is as follows:

Required contribution rates:

Employer	Pay-as-you-go
Plan members	N/A
FY 2012 Annual Required Contribution (ARC)	\$ 598,000
Interest on Net OPEB Obligation	55,000
Adjustment to ARC	(47,000)
Annual OPEB cost	<u>606,000</u>
Employer Contributions	(266,000)
Increase in net OPEB obligation	<u>340,000</u>
Net OPEB obligation – October 1, 2011	1,231,000
Net OPEB obligation – September 30, 2012	<u>\$ 1,571,000</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 and the two preceding years were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of OPEB cost contributed	Net OPEB obligation
9/30/2010	\$452,000	37.60%	\$979,000
9/30/2011	\$480,000	39.00%	\$1,231,000
9/30/2012	\$606,000	43.89%	\$1,571,000

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2012 was as follows:

Actuarial accrued liability	\$7,340,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$7,340,000
Funded Ratio	-
Covered payroll	\$49,956,656
UAAL as a percentage of covered payroll	14.69%

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. 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 to past expectations and new estimates

**CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the City has not contributed assets to the plan at this time.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent, closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increases	3.50%
Post-retirement benefit increases	0%
Inflation rate	3.00%
Healthcare inflation rate, ultimate	5.00%

12. Interfund Receivables, Payables and Transfers

A. Due To/From Other Funds (Balances Expected To Be Repaid Within One Year)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

The following is a summary of interfund receivable and payable balances at September 30, 2012:

	Interfund Receivables (Due From)	Interfund Payables (Due To)
Major funds:		
General Fund	\$ 2,742,702	
Beach and Park Operations Fund		\$ 1,951,488
Non-Major Governmental Funds		791,214
	\$ 2,742,702	\$ 2,742,702

**CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

The inter-fund balances above represent short-term loans to cover temporary negative balances in each fund's equity in pooled cash at year end.

B. Interfund Transfer Reconciliation

<u>Transfers from:</u>	<u>Transfers to:</u>				Total
	General	Non-major Governmental	Internal Service	Non-Major Enterprise	
General			\$ 885,100		\$ 885,100
CRA Mizner Park Revenue		\$ 6,650,200		\$ 500,000	7,150,200
5 Year Capital Improvements		689,600	1,026,900	500,000	2,216,500
Beach and Park Operations			10,000		10,000
Water and Sewer			110,300		110,300
Non-major governmental	\$ 20,000	1,208,300	31,400	530,800	1,790,500
Non-major enterprise			10,600		10,600
Total	<u>\$ 20,000</u>	<u>\$ 8,548,100</u>	<u>\$ 2,074,300</u>	<u>\$ 1,530,800</u>	<u>\$ 12,173,200</u>

The transfer to the General Fund is transfer from the Downtown Infrastructure Fund for the reimbursement of administrative costs relating to the downtown special assessment program. Funds transferred into the Five Year Capital Improvement Program are for funding capital projects. Non-major governmental fund transfers in are for payment of debt service, beautification projects, and CRA operations. The transfers into the Internal Service Fund are for the purchase of capital assets, which are not recovered through normal user fees and to partially offset operating costs in Information Technology Fund. The transfer into the non-major Enterprise funds is for capital projects and maintenance of the Cemetery Fund.

13. Self-Insurance Programs

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. Under this program the City has established three programs, Workers Compensation, Employees' Health and General and Automobile Liability.

The City is fully self-insured for workers' compensation, general liability, automobile liability, employment liability, police professional liability and errors and omissions. In addition, the City purchases an excess policy at a self-insured retention of \$500,000 for workers' compensation and \$250,000 for general liability losses. The City purchases commercial insurance for property damage up to \$186,081,000, after deductibles ranging from \$5,000 to \$1,000,000. There were no significant changes in insurance coverage from the prior year and the amount of settlements did not exceed the insurance coverage for each of the past three years. The City has entered into a contract with CIGNA to provide for employee health insurance utilizing a minimum premium policy that provides certain limits on health insurance claim amounts that the City is ultimately responsible for and establishes certain reserve amounts.

**CITY OF BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

All funds of the City participate in the program and make payments to the Self-Insurance Fund, based on actuarial estimates of amounts needed to pay prior and current year claims. The claims liability of \$9,299,225 reported in the Fund at September 30, 2012 is based on the requirements of GASB No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A discount rate of 3% is assumed.

The City's estimated liability for self-insured losses for general liability and workers' compensation was determined by an independent actuarial valuation performed as of September 30, 2012. Liabilities include an amount for claims incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for self-insured losses are based on estimates and the ultimate settlement of the claims may differ from the amounts recorded. The estimated liability at September 30, 2011 and 2012 is as follows:

<u>Type</u>	Liability as of		Due Within
	<u>09/30/11</u>	<u>9/30/12</u>	<u>One Year</u>
Workers Compensation	\$4,433,000	\$4,387,000	\$907,000
General and Automobile Liability	2,860,000	3,458,000	941,000
Health Insurance	1,462,674	1,454,225	1,454,225
Total	<u>\$8,755,674</u>	<u>\$9,299,225</u>	<u>\$3,302,225</u>

Changes in the estimated liability for the fiscal years ended September 30, 2011 and 2012 are as follows:

	Liability	Claims and		Liability
	<u>October 1</u>	Changes in	Claim	September 30
		<u>Estimates</u>	<u>Payments</u>	
2011	\$ 9,443,338	\$ 10,184,412	\$ 10,872,076	\$ 8,755,674
2012	\$ 8,755,674	\$ 10,558,252	\$ 10,014,701	\$ 9,299,225

14. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, might constitute a liability of the applicable funds. It is Management's opinion that there are not any significant contingent liabilities relating to these grants.

The City is a defendant in various lawsuits at September 30, 2012. The estimated liability for probable losses, as a result of the lawsuits, was determined based on advice from legal counsel after giving consideration for insurance coverage and, in certain instances, the Florida statutory limitations of governmental liability, and is included in the estimated liability for self-insured claims in the internal service fund (see Note 13). Although the ultimate outcome of these lawsuits is not



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CITY OF BOCA RATON, FLORIDA
PENSION FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(dollar amount in thousands)
(Unaudited)

Actuarial Valuation Date October 1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	(b-a)/c UAAL as a % of Covered Payroll
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General Employees' Pension Plan

2007	155,901	145,647	(10,254)	107.04%	30,935	-33.15%
2008	156,186	150,363	(5,823)	103.87%	32,119	-18.13%
2009	155,671	162,631	6,960	95.72%	32,811	21.21%
2010	155,042	169,663	14,621	91.38%	32,166	45.45%
2011	150,589	177,691	27,102	84.75%	29,915	90.60%
2012	155,928	183,856	27,928	84.81%	28,584	97.71%

Police and Firefighters' Retirement System

2007	197,932	231,789	33,857	85.39%	24,891	136.02%
2008	203,745	252,988	49,243	80.54%	28,637	171.96%
2009	204,965	274,735	69,770	74.60%	29,767	234.39%
2010	208,497	296,742	88,245	70.26%	29,499	299.15%
2011	205,429	327,580	122,151	62.71%	28,591	427.24%
2012	217,637	346,647	129,010	62.78%	29,458	437.95%

Executive Employees' Retirement Plan

2007	13,888	17,704	3,816	78.45%	4,184	91.20%
2008	15,850	21,482	5,632	73.78%	4,822	116.80%
2009	17,480	25,146	7,666	69.51%	5,060	151.50%
2010	19,059	26,918	7,859	70.80%	4,897	160.49%
2011	20,538	30,797	10,259	66.69%	4,745	216.21%
2012	22,790	34,624	11,834	65.82%	4,376	270.43%

**CITY OF BOCA RATON, FLORIDA
OTHER POST EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(dollar amount in thousands)
(Unaudited)**

Actuarial Valuation Date October 1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	(b-a)/c UAAL as a % of Covered Payroll
10/1/07	-	\$6,204	(\$6,204)	0.00%	\$51,009	12.16%
10/1/08	-	6,620	(6,620)	0.00%	52,379	12.64%
10/1/09	-	4,779	(4,779)	0.00%	51,801	9.23%
10/1/10	-	5,078	(5,078)	0.00%	48,839	10.40%
10/1/11	-	7,340	(7,340)	0.00%	49,957	14.69%

The above schedule reflects data for only five years since this is the fifth year of GASB Statement No. 45 implementation.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amount in thousands)**

Executive Employees' Retirement Plan*

Fiscal Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2007	683	114%
2008	694	122%
2009	680	132%
2010	910	99%
2011	1,039	104%
2012	1,112	98%

* The Schedule of Employer Contributions is listed only for the Executive Employees' Retirement Plan as separate financial statements are issued for the General Employees' Pension Plan and the Police and Firefighters' Retirement System.

**CITY OF BOCA RATON, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
PROPERTY TAXES	\$ 45,268,700	\$ 45,268,700	\$ 46,291,091	\$ 1,022,391
EXCISE TAXES				
Utility	16,300,000	16,300,000	16,617,493	317,493
Total excise taxes	16,300,000	16,300,000	16,617,493	317,493
FRANCHISE TAXES				
Electrical	10,100,000	10,100,000	9,930,026	(169,974)
Television	1,150,000	1,150,000	1,186,880	36,880
Natural gas	120,000	120,000	133,799	13,799
Solid waste	875,000	875,000	886,226	11,226
Total franchise taxes	12,245,000	12,245,000	12,136,931	(108,069)
INSURANCE PREMIUM TAXES		2,698,000	2,698,326	326
Total taxes	73,813,700	76,511,700	77,743,841	1,232,141
LICENSES AND PERMITS				
Local business taxes	1,435,000	1,435,000	1,508,734	73,734
Beverage licenses	120,000	120,000	137,009	17,009
Building permits	5,450,000	5,450,000	8,306,504	2,856,504
Plumbing permits			158	158
Electrical permits			7,005	7,005
Paving permits			6,446	6,446
Mechanical permits			286	286
Other	809,800	809,800	1,232,890	423,090
Total licenses and permits	7,814,800	7,814,800	11,199,032	3,384,232
INTERGOVERNMENTAL				
State revenue sharing	8,135,000	8,431,300	8,084,911	(346,389)
Palm Beach County	2,614,700	2,614,700	2,554,386	(60,314)
Beach tax district	1,645,000	1,645,000	1,411,474	(233,526)
Total intergovernmental	12,394,700	12,691,000	12,050,771	(640,229)
CHARGES FOR SERVICES				
Physical environment	143,000	143,000	214,182	71,182
Planning and zoning fees	399,600	399,600	1,041,155	641,555
Fire services	9,035,900	9,035,900	9,275,815	239,915
Police services	430,000	430,000	388,120	(41,880)
Library	279,200	279,200	232,262	(46,938)
Recreation services	2,293,600	2,383,900	2,269,853	(114,047)
Amphitheater services	119,500	119,500	140,913	21,413
Parking	350,000	350,000	200,449	(149,551)
Administrative service charge	7,219,900	7,219,900	7,097,314	(122,586)
Other	140,000	174,500	336,663	162,163
Total charges for services	20,410,700	20,535,500	21,196,726	661,226
FINES AND FORFEITURES	1,571,700	1,571,700	2,419,468	847,768
INVESTMENT EARNINGS	900,000	900,000	542,625	(357,375)
MISCELLANEOUS	45,000	45,000	99,605	54,605
Total revenues	116,950,600	120,069,700	125,252,068	5,182,368
EXPENDITURES				
Current:				
GENERAL GOVERNMENT				
City council	296,900	296,900	285,856	11,044
City manager				
Administration	1,063,900	1,167,100	1,167,378	(278)
City clerk	804,600	787,600	652,699	134,901
Board and committees	91,800	91,800	56,726	35,074
Human resources	967,800	967,800	970,260	(2,460)
Cultural arts	1,439,100	1,482,300	1,168,624	313,676
Total city manager	4,367,200	4,496,600	4,015,687	480,913

See accompanying note to required supplementary information

(Continued)

**CITY OF BOCA RATON, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
Financial services				
Administration	\$ 606,000	\$ 609,700	\$ 582,404	\$ 27,296
Accounting	298,100	333,100	332,742	358
Treasury	201,400	215,500	215,225	275
Accounts payable	240,000	240,000	239,733	267
Purchasing	767,200	767,800	734,337	33,463
Risk management	51,300	51,300	53,459	(2,159)
Office of management and budget	361,000	361,000	359,783	1,217
Parking	248,500	349,600	312,494	37,106
Total financial services	<u>2,773,500</u>	<u>2,928,000</u>	<u>2,830,177</u>	<u>97,823</u>
City attorney	1,079,100	1,152,100	1,148,367	3,733
Development services				
Administration	530,200	533,000	400,445	132,555
Code compliance/ licensing	4,033,500	4,033,500	4,008,673	24,827
Planning and zoning	1,016,700	1,046,600	895,753	150,847
Total development services	<u>5,580,400</u>	<u>5,613,100</u>	<u>5,304,871</u>	<u>308,229</u>
Other non-departmental services	4,262,900	7,092,400	6,488,941	603,459
Total general government	<u>18,360,000</u>	<u>21,579,100</u>	<u>20,073,899</u>	<u>1,505,201</u>
PUBLIC SAFETY				
Law enforcement				
Communications/dispatch	2,128,200	2,270,300	2,272,343	(2,043)
Community services	10,833,800	10,928,400	10,839,651	88,749
Bureau of field services	23,253,100	23,679,600	23,802,528	(122,928)
Total law enforcement	<u>36,215,100</u>	<u>36,878,300</u>	<u>36,914,522</u>	<u>(36,222)</u>
Fire rescue services				
Administration	2,835,600	2,880,400	2,842,610	37,790
Logistics and support	2,920,000	3,004,500	2,998,296	6,204
Fire operations	29,699,800	30,063,800	30,062,459	1,341
Fire and life safety	1,569,000	1,629,000	1,635,864	(6,864)
Total fire rescue services	<u>37,024,400</u>	<u>37,577,700</u>	<u>37,539,229</u>	<u>38,471</u>
Total public safety	<u>73,239,500</u>	<u>74,456,000</u>	<u>74,453,751</u>	<u>2,249</u>
PHYSICAL ENVIRONMENT				
Administration	841,300	908,100	907,590	510
Dredge	455,100	455,100	421,072	34,028
Facilities management	3,032,500	3,108,800	2,856,391	252,409
Total physical environment	<u>4,328,900</u>	<u>4,472,000</u>	<u>4,185,053</u>	<u>286,947</u>
TRANSPORTATION				
Streets	874,000	874,100	829,597	44,503
Traffic/ special projects	3,562,100	3,699,800	3,246,024	453,776
Engineering-survey	407,200	407,200	382,951	24,249
Engineering-design	603,500	603,500	540,918	62,582
Total transportation	<u>5,446,800</u>	<u>5,584,600</u>	<u>4,999,490</u>	<u>585,110</u>

See accompanying note to required supplementary information

(Continued)

**CITY OF BOCA RATON, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
PARKS AND RECREATION				
Administration	\$ 1,429,300	\$ 1,486,600	\$ 1,486,780	\$ (180)
Library	3,812,400	3,812,100	3,718,285	93,815
Community center	609,600	610,900	563,216	47,684
Train depot	46,900	46,900	37,593	9,307
Camp programs	719,300	693,300	644,141	49,159
Athletics	461,500	487,900	429,796	58,104
Skateboard park	60,100	68,600	49,835	18,765
Special programs	147,100	168,500	167,791	709
Aquatics	247,000	247,000	230,653	16,347
Tennis center	235,100	236,300	221,408	14,892
Special interest activity	388,000	481,400	375,754	105,646
Ocean rescue	1,690,300	1,690,300	1,624,848	65,452
Parks District I	1,681,000	1,686,300	1,624,620	61,680
Parks District II	2,640,300	2,642,000	2,510,175	131,825
Mizner Park	774,300	800,900	653,440	147,460
Park rangers	252,600	252,600	222,855	29,745
Irrigation	831,500	831,500	838,154	(6,654)
Conservation		7,900	7,810	90
Total parks and recreation	<u>16,026,300</u>	<u>16,251,000</u>	<u>15,407,154</u>	<u>843,846</u>
Total expenditures	<u>117,401,500</u>	<u>122,342,700</u>	<u>119,119,347</u>	<u>3,223,353</u>
Excess (deficiency) of revenues over expenditures	<u>(450,900)</u>	<u>(2,273,000)</u>	<u>6,132,721</u>	<u>8,405,721</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Downtown infrastructure fund	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u></u>
Total transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u></u>
Transfers out:				
Fleet Management Fund	<u>(885,100)</u>	<u>(885,100)</u>	<u>(885,100)</u>	<u></u>
Total transfers out	<u>(885,100)</u>	<u>(885,100)</u>	<u>(885,100)</u>	<u></u>
Total other financing uses	<u>(865,100)</u>	<u>(865,100)</u>	<u>(865,100)</u>	<u></u>
Net change in fund balance	<u>\$ (1,316,000)</u>	<u>\$ (3,138,100)</u>	<u>5,267,621</u>	<u>\$ 8,405,721</u>
Fund balance - beginning			<u>46,571,784</u>	
Fund balance - ending			<u>\$ 51,839,405</u>	

See accompanying note to required supplementary information

CITY OF BOCA RATON, FLORIDA
COMMUNITY DEVELOPMENT AGENCY- MIZNER PARK REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Taxes	\$ 6,119,400	\$ 6,119,400	\$ 6,484,150	\$ 364,750
Charges for services	1,180,000	1,180,000	1,300,374	120,374
Investment earnings	8,900	8,900	26,836	17,936
Total revenues	<u>7,308,300</u>	<u>7,308,300</u>	<u>7,811,360</u>	<u>503,060</u>
EXPENDITURES				
Current:				
Community development	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Total expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Excess (deficiency) of revenues over expenditures	<u>5,308,300</u>	<u>5,308,300</u>	<u>5,811,360</u>	<u>503,060</u>
OTHER FINANCING USES				
Transfers in	500,000	500,000	500,000	
Transfers out	<u>(6,650,200)</u>	<u>(6,650,200)</u>	<u>(6,650,200)</u>	
Total other financing uses	<u>(6,150,200)</u>	<u>(6,150,200)</u>	<u>(6,150,200)</u>	
Net change in fund balance	\$ <u>(841,900)</u>	\$ <u>(841,900)</u>	(338,840)	\$ <u>503,060</u>
Fund balance - beginning			<u>1,483,591</u>	
Fund balance - ending			\$ <u>1,144,751</u>	

See accompanying note to required supplementary information

**CITY OF BOCA RATON, FLORIDA
 BEACH AND PARK OPERATIONS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Intergovernmental	\$ 15,695,900	\$ 18,778,900	\$ 14,263,834	\$ (4,515,066)
Charges for services	2,539,300	2,574,500	2,129,477	(445,023)
Donations in lieu of land		2,500	11,000	8,500
Total revenues	<u>18,235,200</u>	<u>21,355,900</u>	<u>16,404,311</u>	<u>(4,951,589)</u>
EXPENDITURES				
Current:				
Parks and recreation	<u>18,225,200</u>	<u>21,345,900</u>	<u>16,394,311</u>	<u>4,951,589</u>
Total expenditures	<u>18,225,200</u>	<u>21,345,900</u>	<u>16,394,311</u>	<u>4,951,589</u>
Excess (deficiency) of revenues over expenditures	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	
OTHER FINANCING USES				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	
Total other financing uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	
Net change in fund balance	\$ <u> </u>	\$ <u> </u>		\$ <u> </u>
Fund balance - beginning			<u> </u>	
Fund balance - ending			\$ <u> </u>	

See accompanying note to required supplementary information

CITY OF BOCA RATON, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012

Stewardship, Compliance and Accountability

A. Budgetary Information

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements, which govern the City's operations. Annual budgets have been legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund, Special Revenue Funds (except the General Trust Fund), Debt Service Funds and Capital Projects Funds. Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the re-appropriation of year end encumbrances.

The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that increase the total expenditures of any department or fund must be approved by the City Council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department (by fund) level. All necessary supplemental appropriations are adopted by the City Council as part of a quarterly budget review process and are included in the "Final Budget" columns on the schedule of revenues, expenditures and changes in fund balance – budget and actual.

Major Governmental Fund

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Five-Year Capital Improvement Program Fund -- To account for various building, park and street construction projects. Financing is provided by general tax revenue, bond proceeds, excise tax and interest income.

**CITY OF BOCA RATON, FLORIDA
 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
REVENUES				
Taxes	\$ 5,208,700	\$ 5,208,700	\$ 5,301,571	\$ 92,871
Intergovernmental	679,600	1,538,200	1,628,900	90,700
Donations in lieu of land	728,500	728,500	48,000	(680,500)
Investment earnings	250,000	250,000	192,201	(57,799)
Miscellaneous	30,000	30,000		(30,000)
Total revenues	6,896,800	7,755,400	7,170,672	(584,728)
EXPENDITURES				
Capital outlay:				
General	175,800	175,800	182,773	(6,973)
Public safety	3,485,900	5,244,900	2,150,550	3,094,350
Transportation	5,090,200	7,104,900	2,145,482	4,959,418
Parks	1,317,100	1,935,000	830,861	1,104,139
Total expenditures	10,069,000	14,460,600	5,309,666	9,150,934
Excess (deficiency) of revenues over expenditures	(3,172,200)	(6,705,200)	1,861,006	8,566,206
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,216,500)	(2,216,500)	(2,216,500)	
Total other financing uses	(2,216,500)	(2,216,500)	(2,216,500)	
Net change in fund balance	\$ (5,388,700)	\$ (8,921,700)	(355,494)	\$ 8,566,206
Fund balance - beginning			24,603,255	
Fund balance - ending			\$ 24,247,761	



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Non-Major Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Community Development Block Grant Program Fund -- To account for revenue from a grant agreement between the City and the U.S. Department of Housing and Urban Development (HUD) and expenditures for qualified neighborhood revitalization. The program includes expenditures for housing rehabilitation, clearance of housing and relocation of families, the construction of new, low and moderate income housing units, and public improvements to the neighborhood.

Housing Assistance Trust Fund -- To account for funds received from the State Housing Initiatives Partnership for the purpose of providing affordable housing in the City.

Law Enforcement Trust Fund -- To account for funds received from State and Federal forfeitures.

Transportation Fund -- To account for local option gas tax restricted for roadway program expenditures.

Right of Way Beautification Fund -- To account for excise tax levied specifically for the comprehensive median beautification program established in 1984.

Mizner Park Lock Box Fund -- To account for the 1.5% increase in excise tax specifically for the repayment of the Mizner Park Tax Increment Revenue Bonds in the event that pledged revenues are insufficient to meet the debt service requirements.

Community Redevelopment Agency Operating Fund -- To account for the general operations of the Community Redevelopment Agency, which encourages development in the downtown area.

General Trust Fund -- To account for moneys received as donations, which have been restricted to expenditures for specified purposes.

Grant Funds -- To account for revenues and expenditures of specific state and federally funded grants.

PERMANENT FUND

Perpetual Care Fund -- To account for moneys received for the purpose of providing perpetual care for the City's cemetery and mausoleum.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

City Debt Service Fund -- To account for the payment of principal and interest, and fiscal charges on the City's general obligation bonds which are payable from ad valorem taxes; and the City's revenue bonds and notes payable which are payable from non ad valorem revenues.

Community Redevelopment Agency Debt Service Fund -- To account for the payment of principal and interest and fiscal charges of the Community Redevelopment Agency's tax increment revenue bonds (Mizner Park) which are payable from tax increment revenues and land lease revenues.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Right of Way Acquisition Fund -- To account for the cost of acquiring right of way property. Revenue is provided from land sales proceeds and interest income.

Park Land Dedication Fund -- To account for the cost of buying and constructing park developments. Financing is being provided by donations from developers as required by City ordinance.

Downtown Land Dedication Fund -- To account for the cost of buying and constructing park developments in the downtown area. Financing is being provided by donations from developers in the downtown as required by City ordinance.

Downtown Infrastructure Fund -- To account for the financing and implementation of the downtown infrastructure program.

Environmentally Sensitive Lands Fund -- To account for the acquisition, preservation, protection and maintenance of environmentally sensitive lands in the City. Financing is being provided by general obligation bonds.

Library Improvements Fund -- To account for the construction, renovation and furnishing of the City of Boca Raton's Libraries.



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**CITY OF BOCA RATON, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012**

		<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$	9,320,676		\$ 2,477,214	\$ 8,100,640	\$ 19,898,530
Investments		8,150,321		2,335,443	7,652,102	18,137,866
Receivables, net:						
Assessments					212,968	212,968
Interest		17,482		4,638	15,198	37,318
Due from other governmental units		1,408,608				1,408,608
Restricted:						
Cash and cash equivalents		287,664	\$ 2,578,158			2,865,822
Investments		271,749	2,435,180			2,706,929
Interest receivable on investments		540	4,836			5,376
Accounts receivable			15,432			15,432
Total assets	\$	<u>19,457,040</u>	\$ <u>5,033,606</u>	\$ <u>4,817,295</u>	\$ <u>15,980,908</u>	\$ <u>45,288,849</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	\$	<u> </u>				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$	1,366,078			\$ 518,808	\$ 1,884,886
Retainage payable		98,684			152,030	250,714
Performance bonds and escrow funds		593,382	\$ 4,000			597,382
Due to other funds		791,214				791,214
Total liabilities		<u>2,849,358</u>	<u>4,000</u>	<u> </u>	<u>670,838</u>	<u>3,524,196</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue		<u> </u>				
Fund balances:						
Non-spendable:						
Perpetual care, cemetery			1,776,671			1,776,671
Perpetual care, mausoleum			3,252,935			3,252,935
Restricted for:						
Debt service		6,177,648		\$ 4,817,295		10,994,943
Housing		175,357				175,357
Law enforcement		1,139,965				1,139,965
Transportation		7,970,596				7,970,596
Right of way beautification		318,298				318,298
Downtown		822,751			418,573	1,241,324
Land dedication					3,453,186	3,453,186
Library					8,103,229	8,103,229
Committed to:						
Parking		3,067				3,067
Right of way acquisition					2,300,983	2,300,983
Assigned to:						
Environmentally sensitive lands					1,034,099	1,034,099
Total fund balances		<u>16,607,682</u>	<u>5,029,606</u>	<u>4,817,295</u>	<u>15,310,070</u>	<u>41,764,653</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>19,457,040</u>	\$ <u>5,033,606</u>	\$ <u>4,817,295</u>	\$ <u>15,980,908</u>	\$ <u>45,288,849</u>

**CITY OF BOCA RATON, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES					
Taxes	\$ 4,292,630		\$ 5,661,823		\$ 9,954,453
Intergovernmental	2,265,660				2,265,660
Charges for services	675,705	\$ 83,680			759,385
Fines and forfeitures	223,408				223,408
Special assessments				\$ 1,172,570	1,172,570
Donations in lieu of land	85,000			2,038,150	2,123,150
Investment earnings	131,401	39,689	62,939	130,280	364,309
Miscellaneous	9,310				9,310
Total revenues	<u>7,683,114</u>	<u>123,369</u>	<u>5,724,762</u>	<u>3,341,000</u>	<u>16,872,245</u>
EXPENDITURES					
Current:					
Law enforcement	909,747				909,747
Transportation	2,098,804				2,098,804
Community development	983,234				983,234
Parks and recreation	4,218,310				4,218,310
Capital outlay				3,594,115	3,594,115
Debt service:					
Principal			11,150,000		11,150,000
Interest			2,731,354		2,731,354
Bond issuance costs			313,238		313,238
Total expenditures	<u>8,210,095</u>	<u> </u>	<u>14,194,592</u>	<u>3,594,115</u>	<u>25,998,802</u>
Excess (deficiency) of revenues over expenditures	<u>(526,981)</u>	<u>123,369</u>	<u>(8,469,830)</u>	<u>(253,115)</u>	<u>(9,126,557)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in			8,548,100	500,000	9,048,100
Transfers out	(531,400)	(530,800)		(1,228,300)	(2,290,500)
Refunding bonds issued			15,585,000		15,585,000
Payment to refunded bond escrow agent			(17,259,729)		(17,259,729)
Premium on debt issued			2,013,311		2,013,311
Total other financing sources (uses)	<u>(531,400)</u>	<u>(530,800)</u>	<u>8,886,682</u>	<u>(728,300)</u>	<u>7,096,182</u>
Net change in fund balances	(1,058,381)	(407,431)	416,852	(981,415)	(2,030,375)
Fund balances - beginning	<u>17,666,063</u>	<u>5,437,037</u>	<u>4,400,443</u>	<u>16,291,485</u>	<u>43,795,028</u>
Fund balances - ending	<u>\$ 16,607,682</u>	<u>\$ 5,029,606</u>	<u>\$ 4,817,295</u>	<u>\$ 15,310,070</u>	<u>\$ 41,764,653</u>

**CITY OF BOCA RATON, FLORIDA
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012**

	Community Development Block Grant Program	SHIP Housing Assistance Trust Fund	Law Enforcement Trust Fund	Transportation Fund
ASSETS				
Cash and cash equivalents		\$ 175,028	\$ 826,149	\$ 4,422,228
Investments			285,171	4,180,450
Receivables, net:				
Interest		329	1,532	8,303
Due from other governmental units	\$ 133,295		59,360	306,756
Restricted:				
Cash and cash equivalents				
Investments				
Interest receivable on investments				
Total assets	133,295	175,357	1,172,212	8,917,737
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	\$	\$	\$	\$
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 26,474		\$ 32,247	\$ 850,534
Retainage payable				96,607
Performance bonds and escrow funds				
Due to other funds	106,821			
Total liabilities	133,295		32,247	947,141
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Fund balances:				
Restricted for:				
Debt service				
Housing		\$ 175,357		
Law enforcement			1,139,965	
Transportation				7,970,596
Right of way beautification				
Downtown				
Committed to:				
Parking				
Total fund balances		175,357	1,139,965	7,970,596
Total liabilities, deferred inflows of resources and fund balances	\$ 133,295	\$ 175,357	\$ 1,172,212	\$ 8,917,737

<u>Right of Way Beautification Fund</u>	<u>Mizner Park Lock Box Fund</u>	<u>Community Redevelopment Agency Operating Fund</u>	<u>General Trust Fund</u>	<u>Grant Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 253,231	\$ 3,173,891	\$ 470,149			\$ 9,320,676
239,720	2,997,803	447,177			8,150,321
476	5,954	888			17,482
				\$ 909,197	1,408,608
			\$ 287,664		287,664
			271,749		271,749
			540		540
<u>493,427</u>	<u>6,177,648</u>	<u>918,214</u>	<u>559,953</u>	<u>909,197</u>	<u>19,457,040</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 175,129		\$ 55,905	\$ 985	\$ 224,804	\$ 1,366,078
		2,077			98,684
		34,414	558,968		593,382
				684,393	791,214
<u>175,129</u>		<u>92,396</u>	<u>559,953</u>	<u>909,197</u>	<u>2,849,358</u>
	\$ 6,177,648				6,177,648
					175,357
					1,139,965
					7,970,596
318,298					318,298
		822,751			822,751
		3,067			3,067
<u>318,298</u>	<u>6,177,648</u>	<u>825,818</u>			<u>16,607,682</u>
<u>\$ 493,427</u>	<u>\$ 6,177,648</u>	<u>\$ 918,214</u>	<u>\$ 559,953</u>	<u>\$ 909,197</u>	<u>\$ 19,457,040</u>

CITY OF BOCA RATON, FLORIDA
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Community Development Block Grant Program	SHIP Housing Assistance Trust Fund	Law Enforcement Trust Fund	Transpor- tation Fund
REVENUES				
Taxes				\$ 1,966,454
Intergovernmental	\$ 259,545	\$ 69,141	\$ 118,720	
Charges for services			223,408	
Fines and forfeitures				
Donations in lieu of land				
Investment earnings		717	8,062	59,634
Miscellaneous	6,667			
Total revenues	<u>266,212</u>	<u>69,858</u>	<u>350,190</u>	<u>2,026,088</u>
EXPENDITURES				
Current:				
Law enforcement			502,497	
Transportation				1,541,232
Community development	266,212	52,868		
Parks and recreation				
Total expenditures	<u>266,212</u>	<u>52,868</u>	<u>502,497</u>	<u>1,541,232</u>
Excess (deficiency) of revenues over expenditures		<u>16,990</u>	<u>(152,307)</u>	<u>484,856</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances		16,990	(152,307)	484,856
Fund balances - beginning		<u>158,367</u>	<u>1,292,272</u>	<u>7,485,740</u>
Fund balances - ending	<u>\$</u>	<u>\$ 175,357</u>	<u>\$ 1,139,965</u>	<u>\$ 7,970,596</u>

<u>Right of Way Beautification Fund</u>	<u>Mizner Park Lock Box Fund</u>	<u>Community Redevelopment Agency Operating Fund</u>	<u>General Trust Fund</u>	<u>Grant Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 2,326,176					\$ 4,292,630
		\$ 675,705		\$ 1,818,254	2,265,660
85,000					675,705
7,787	\$ 46,549	8,652			223,408
2,643					85,000
<u>2,421,606</u>	<u>46,549</u>	<u>684,357</u>		<u>1,818,254</u>	<u>7,683,114</u>
				407,250	909,747
				557,572	2,098,804
		664,154			983,234
<u>3,364,878</u>				<u>853,432</u>	<u>4,218,310</u>
<u>3,364,878</u>		<u>664,154</u>		<u>1,818,254</u>	<u>8,210,095</u>
<u>(943,272)</u>	<u>46,549</u>	<u>20,203</u>			<u>(526,981)</u>
<u>(31,400)</u>		<u>(500,000)</u>			<u>(531,400)</u>
<u>(31,400)</u>		<u>(500,000)</u>			<u>(531,400)</u>
<u>(974,672)</u>	<u>46,549</u>	<u>(479,797)</u>			<u>(1,058,381)</u>
<u>1,292,970</u>	<u>6,131,099</u>	<u>1,305,615</u>			<u>17,666,063</u>
<u>\$ 318,298</u>	<u>\$ 6,177,648</u>	<u>\$ 825,818</u>	<u>\$</u>	<u>\$</u>	<u>\$ 16,607,682</u>

CITY OF BOCA RATON, FLORIDA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Intergovernmental	\$ 900,500	\$ 1,320,000	\$ 259,545	\$ (1,060,455)
Miscellaneous			6,667	6,667
Total revenues	<u>900,500</u>	<u>1,320,000</u>	<u>266,212</u>	<u>(1,053,788)</u>
EXPENDITURES				
Current:				
CDBG Entitlement	900,500	1,276,600	266,212	1,010,388
EDI Grant		<u>43,400</u>		<u>43,400</u>
Total expenditures	<u>900,500</u>	<u>1,320,000</u>	<u>266,212</u>	<u>1,053,788</u>
Excess (deficiency) of revenues over expenditures	\$ <u> </u>	\$ <u> </u>		\$ <u> </u>
Fund balance - beginning			<u> </u>	
Fund balance - ending			\$ <u> </u>	

**CITY OF BOCA RATON, FLORIDA
HOUSING ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Intergovernmental	\$ 81,600	\$ 81,600	\$ 69,141	\$ (12,459)
Investment earnings	10,000	10,000	717	(9,283)
Miscellaneous	<u>25,000</u>	<u>25,000</u>		<u>(25,000)</u>
Total revenues	<u>116,600</u>	<u>116,600</u>	<u>69,858</u>	<u>(46,742)</u>
EXPENDITURES				
Current:				
Community development	<u>409,000</u>	<u>409,000</u>	<u>52,868</u>	<u>356,132</u>
Total expenditures	<u>409,000</u>	<u>409,000</u>	<u>52,868</u>	<u>356,132</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>(292,400)</u></u>	\$ <u><u>(292,400)</u></u>	16,990	\$ <u><u>309,390</u></u>
Fund balance - beginning			<u>158,367</u>	
Fund balance - ending			\$ <u><u>175,357</u></u>	

**CITY OF BOCA RATON, FLORIDA
LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Intergovernmental	\$ 118,800	\$ 118,800	\$ 118,720	\$ (80)
Fines and forfeitures	275,000	275,000	223,408	(51,592)
Investment earnings	<u>25,000</u>	<u>25,000</u>	<u>8,062</u>	<u>(16,938)</u>
Total revenues	<u>418,800</u>	<u>418,800</u>	<u>350,190</u>	<u>(68,610)</u>
EXPENDITURES				
Current:				
Law enforcement	<u>706,300</u>	<u>731,600</u>	<u>502,497</u>	<u>229,103</u>
Total expenditures	<u>706,300</u>	<u>731,600</u>	<u>502,497</u>	<u>229,103</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(287,500)</u>	\$ <u>(312,800)</u>	(152,307)	\$ <u>160,493</u>
Fund balance - beginning			<u>1,292,272</u>	
Fund balance - ending			\$ <u>1,139,965</u>	

**CITY OF BOCA RATON, FLORIDA
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Positive (Negative)
REVENUES				
Taxes	\$ 1,939,600	\$ 1,939,600	\$ 1,966,454	\$ 26,854
Investment earnings	<u>75,000</u>	<u>75,000</u>	<u>59,634</u>	<u>(15,366)</u>
Total revenues	<u>2,014,600</u>	<u>2,014,600</u>	<u>2,026,088</u>	<u>11,488</u>
EXPENDITURES				
Current:				
Transportation	<u>3,103,000</u>	<u>4,302,800</u>	<u>1,541,232</u>	<u>2,761,568</u>
Total expenditures	<u>3,103,000</u>	<u>4,302,800</u>	<u>1,541,232</u>	<u>2,761,568</u>
Excess (deficiency) of revenues over expenditures	<u>(1,088,400)</u>	<u>(2,288,200)</u>	<u>484,856</u>	<u>2,773,056</u>
Net change in fund balance	\$ <u>(1,088,400)</u>	\$ <u>(2,288,200)</u>	484,856	\$ <u>2,773,056</u>
Fund balance - beginning			<u>7,485,740</u>	
Fund balance - ending			\$ <u>7,970,596</u>	

CITY OF BOCA RATON, FLORIDA
RIGHT-OF-WAY BEAUTIFICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Taxes	\$ 2,349,000	\$ 2,349,000	\$ 2,326,176	\$ (22,824)
Donations in lieu of land	6,000	6,000	85,000	79,000
Investment earnings	5,000	5,000	7,787	2,787
Miscellaneous			2,643	2,643
Total revenues	<u>2,360,000</u>	<u>2,360,000</u>	<u>2,421,606</u>	<u>61,606</u>
EXPENDITURES				
Current:				
Parks and recreation	<u>3,425,000</u>	<u>3,425,000</u>	<u>3,364,878</u>	<u>60,122</u>
Total expenditures	<u>3,425,000</u>	<u>3,425,000</u>	<u>3,364,878</u>	<u>60,122</u>
Excess (deficiency) of revenues over expenditures	<u>(1,065,000)</u>	<u>(1,065,000)</u>	<u>(943,272)</u>	<u>121,728</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(31,400)</u>	<u>(31,400)</u>	<u>(31,400)</u>	
Total other financing sources (uses)	<u>(31,400)</u>	<u>(31,400)</u>	<u>(31,400)</u>	
Net change in fund balance	\$ <u>(1,096,400)</u>	\$ <u>(1,096,400)</u>	(974,672)	\$ <u>121,728</u>
Fund balance - beginning			<u>1,292,970</u>	
Fund balance - ending			\$ <u>318,298</u>	

**CITY OF BOCA RATON, FLORIDA
MIZNER PARK LOCK BOX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Investment earnings	\$ 90,000	\$ 90,000	\$ 46,549	\$ (43,451)
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>46,549</u>	<u>(43,451)</u>
EXPENDITURES				
Excess (deficiency) of revenues over expenditures	<u>\$ 90,000</u>	<u>\$ 90,000</u>	46,549	<u>\$ (43,451)</u>
Fund balance - beginning			<u>6,131,099</u>	
Fund balance - ending			<u>\$ 6,177,648</u>	

CITY OF BOCA RATON, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
REVENUES				
Charges for services	\$ 760,000	\$ 760,000	\$ 675,705	\$ (84,295)
Investment earnings	<u>9,500</u>	<u>9,500</u>	<u>8,652</u>	<u>(848)</u>
Total revenues	<u>769,500</u>	<u>769,500</u>	<u>684,357</u>	<u>(85,143)</u>
EXPENDITURES				
Current:				
Community development	<u>748,400</u>	<u>1,223,600</u>	<u>664,154</u>	<u>559,446</u>
Total expenditures	<u>748,400</u>	<u>1,223,600</u>	<u>664,154</u>	<u>559,446</u>
Excess (deficiency) of revenues over expenditures	<u>21,100</u>	<u>(454,100)</u>	<u>20,203</u>	<u>474,303</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	
Total other financing sources	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	
Net change in fund balance	\$ <u>(478,900)</u>	\$ <u>(954,100)</u>	\$ (479,797)	\$ <u>474,303</u>
Fund balance - beginning			<u>1,305,615</u>	
Fund balance - ending			<u>\$ 825,818</u>	

CITY OF BOCA RATON, FLORIDA
GRANT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
REVENUES				
Intergovernmental	\$ 488,700	\$ 2,651,400	\$ 1,818,254	\$ (833,146)
Total revenues	488,700	2,651,400	1,818,254	(833,146)
EXPENDITURES				
Current:				
Law enforcement	46,700	473,300	407,250	66,050
Transportation	442,000	944,300	557,572	386,728
Parks and recreation		1,233,800	853,432	380,368
Total expenditures	488,700	2,651,400	1,818,254	833,146
Excess (deficiency) of revenues over expenditures	\$	\$	\$	\$
Fund balance - beginning				
Fund balance - ending			\$	

CITY OF BOCA RATON, FLORIDA
PERPETUAL CARE PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Charges for services	\$ 130,000	\$ 130,000	\$ 83,680	\$ (46,320)
Investment earnings	<u>130,000</u>	<u>130,000</u>	<u>39,689</u>	<u>(90,311)</u>
Total revenues	<u>260,000</u>	<u>260,000</u>	<u>123,369</u>	<u>(136,631)</u>
EXPENDITURES				
Excess (deficiency) of revenues over expenditures	<u>260,000</u>	<u>260,000</u>	<u>123,369</u>	<u>(136,631)</u>
OTHER FINANCING USES				
Transfers out	<u>(530,800)</u>	<u>(530,800)</u>	<u>(530,800)</u>	
Total other financing uses	<u>(530,800)</u>	<u>(530,800)</u>	<u>(530,800)</u>	
Net change in fund balance	\$ <u><u>(270,800)</u></u>	\$ <u><u>(270,800)</u></u>	\$ (407,431)	<u><u>(136,631)</u></u>
Fund balance - beginning			<u>5,437,037</u>	
Fund balance - ending			\$ <u><u>5,029,606</u></u>	



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**CITY OF BOCA RATON, FLORIDA
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012**

	<u>City Debt Service Fund</u>	<u>Community Redevelopment Agency Debt Service Fund</u>	<u>Total Non-major Debt Service Funds</u>
ASSETS			
Cash and cash equivalents	\$ 604,414	\$ 1,872,800	\$ 2,477,214
Investments	567,502	1,767,941	2,335,443
Receivables, net:			
Interest	1,127	3,511	4,638
Total assets	<u>\$ 1,173,043</u>	<u>\$ 3,644,252</u>	<u>\$ 4,817,295</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Total liabilities	<u>_____</u>	<u>_____</u>	<u>_____</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>_____</u>	<u>_____</u>	<u>_____</u>
Fund balances:			
Restricted for:			
Debt service	\$ <u>1,173,043</u>	\$ <u>3,644,252</u>	\$ <u>4,817,295</u>
Total fund balances	<u>1,173,043</u>	<u>3,644,252</u>	<u>4,817,295</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,173,043</u>	<u>\$ 3,644,252</u>	<u>\$ 4,817,295</u>

**CITY OF BOCA RATON, FLORIDA
NON-MAJOR DEBT SERVICE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>City Debt Service Fund</u>	<u>Community Redevelopment Agency Debt Service Fund</u>	<u>Total Non-major Debt Service Funds</u>
REVENUES			
Taxes	\$ 5,661,823		\$ 5,661,823
Investment earnings	32,031	\$ 30,908	62,939
Total revenues	<u>5,693,854</u>	<u>30,908</u>	<u>5,724,762</u>
EXPENDITURES			
Debt service:			
Principal	5,335,000	5,815,000	11,150,000
Interest	2,026,451	704,903	2,731,354
Bond issuance costs	313,238		313,238
Total expenditures	<u>7,674,689</u>	<u>6,519,903</u>	<u>14,194,592</u>
Excess (deficiency) of revenues over expenditures	<u>(1,980,835)</u>	<u>(6,488,995)</u>	<u>(8,469,830)</u>
OTHER FINANCING SOURCES			
Transfers in	1,897,900	6,650,200	8,548,100
Refunding bonds issued	15,585,000		15,585,000
Payment to refunded bond escrow agent	(17,259,729)		(17,259,729)
Premium on debt issued	2,013,311		2,013,311
Total other financing sources	<u>2,236,482</u>	<u>6,650,200</u>	<u>8,886,682</u>
Net change in fund balances	255,647	161,205	416,852
Fund balances - beginning	<u>917,396</u>	<u>3,483,047</u>	<u>4,400,443</u>
Fund balances - ending	<u>\$ 1,173,043</u>	<u>\$ 3,644,252</u>	<u>\$ 4,817,295</u>

CITY OF BOCA RATON, FLORIDA
CITY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Taxes	\$ 5,609,900	\$ 5,609,900	\$ 5,661,823	\$ 51,923
Investment earnings	40,000	40,000	32,031	(7,969)
Total revenues	<u>5,649,900</u>	<u>5,649,900</u>	<u>5,693,854</u>	<u>43,954</u>
EXPENDITURES				
Debt service:				
Principal	5,185,000	5,335,000	5,335,000	
Interest	2,031,600	2,117,400	2,026,451	90,949
Bond issuance costs	341,700	338,700	313,238	25,462
Total expenditures	<u>7,558,300</u>	<u>7,791,100</u>	<u>7,674,689</u>	<u>116,411</u>
Excess (deficiency) of revenues over expenditures	<u>(1,908,400)</u>	<u>(2,141,200)</u>	<u>(1,980,835)</u>	<u>160,365</u>
OTHER FINANCING SOURCES				
Transfers in	1,897,900	1,897,900	1,897,900	
Refunding bonds issued		15,585,000	15,585,000	
Payment to refunded bond escrow agent		(17,259,700)	(17,259,729)	(29)
Premium on debt issued		2,013,400	2,013,311	(89)
Total other financing sources	<u>1,897,900</u>	<u>2,236,600</u>	<u>2,236,482</u>	<u>(118)</u>
Net change in fund balance	\$ <u>(10,500)</u>	\$ <u>95,400</u>	255,647	\$ <u>160,247</u>
Fund balance - beginning			<u>917,396</u>	
Fund balance - ending			\$ <u><u>1,173,043</u></u>	

CITY OF BOCA RATON, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Investment earnings	\$ 22,500	\$ 22,500	\$ 30,908	\$ 8,408
Total revenues	<u>22,500</u>	<u>22,500</u>	<u>30,908</u>	<u>8,408</u>
EXPENDITURES				
Debt service:				
Principal	5,815,000	5,815,000	5,815,000	
Interest	<u>710,000</u>	<u>710,000</u>	<u>704,903</u>	5,097
Total expenditures	<u>6,525,000</u>	<u>6,525,000</u>	<u>6,519,903</u>	<u>5,097</u>
Excess (deficiency) of revenues over expenditures	<u>(6,502,500)</u>	<u>(6,502,500)</u>	<u>(6,488,995)</u>	<u>13,505</u>
OTHER FINANCING SOURCES				
Transfers in	<u>6,650,200</u>	<u>6,650,200</u>	<u>6,650,200</u>	
Total other financing sources	<u>6,650,200</u>	<u>6,650,200</u>	<u>6,650,200</u>	
Net change in fund balance	\$ <u>147,700</u>	\$ <u>147,700</u>	161,205	\$ <u>13,505</u>
Fund balance - beginning			<u>3,483,047</u>	
Fund balance - ending			\$ <u>3,644,252</u>	

**CITY OF BOCA RATON, FLORIDA
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012**

	Right of Way Acquisition Program Fund	Park Land Dedication Fund	Downtown Land Dedication Fund	Downtown Infrastructure Fund
ASSETS				
Cash and cash equivalents	\$ 1,182,176	\$ 1,229,363	\$ 544,415	\$ 105,818
Investments	1,116,589	1,161,854	514,225	101,633
Receivables, net:				
Assessments				212,968
Interest	2,218	2,308	1,021	202
Total assets	\$ 2,300,983	\$ 2,393,525	\$ 1,059,661	\$ 420,621
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	\$	\$	\$	\$
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities				
Retainage payable				\$ 2,048
Total liabilities				2,048
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Fund balances:				
Restricted for:				
Downtown				418,573
Land dedication		\$ 2,393,525	\$ 1,059,661	
Library				
Committed to:				
Right of way acquisition	\$ 2,300,983			
Assigned to:				
Environmentally sensitive lands				
Total fund balances	2,300,983	2,393,525	1,059,661	418,573
Total liabilities, deferred inflows of resources and fund balances	\$ 2,300,983	\$ 2,393,525	\$ 1,059,661	\$ 420,621

<u>Environmentally Sensitive Lands Fund</u>	<u>Library Improvements Fund</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ 531,725	\$ 4,507,143	\$ 8,100,640
502,194	4,255,607	7,652,102
		212,968
997	8,452	15,198
<u>\$ 1,034,916</u>	<u>\$ 8,771,202</u>	<u>\$ 15,980,908</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
\$ _____	\$ _____	\$ _____
\$ 817	\$ 517,991	\$ 518,808
	149,982	152,030
<u>817</u>	<u>667,973</u>	<u>670,838</u>
		418,573
		3,453,186
	8,103,229	8,103,229
		2,300,983
1,034,099		1,034,099
<u>1,034,099</u>	<u>8,103,229</u>	<u>15,310,070</u>
<u>\$ 1,034,916</u>	<u>\$ 8,771,202</u>	<u>\$ 15,980,908</u>

**CITY OF BOCA RATON, FLORIDA
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Right of Way Acquisition Program Fund</u>	<u>Park Land Dedication Fund</u>	<u>Downtown Land Dedication Fund</u>	<u>Downtown Infrastructure Fund</u>
REVENUES				
Special assessments				\$ 1,172,570
Donations in lieu of land		\$ 1,770,440	\$ 17,710	
Investment earnings	\$ 17,339	10,955	7,904	7,435
Total revenues	<u>17,339</u>	<u>1,781,395</u>	<u>25,614</u>	<u>1,180,005</u>
EXPENDITURES				
Capital outlay				391,236
Total expenditures				<u>391,236</u>
Excess (deficiency) of revenues over expenditures	<u>17,339</u>	<u>1,781,395</u>	<u>25,614</u>	<u>788,769</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				(1,228,300)
Total other financing sources (uses)				<u>(1,228,300)</u>
Net change in fund balances	17,339	1,781,395	25,614	(439,531)
Fund balances - beginning	<u>2,283,644</u>	<u>612,130</u>	<u>1,034,047</u>	<u>858,104</u>
Fund balances - ending	<u>\$ 2,300,983</u>	<u>\$ 2,393,525</u>	<u>\$ 1,059,661</u>	<u>\$ 418,573</u>

<u>Environmentally Sensitive Lands Fund</u>	<u>Library Improvements Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
		\$ 1,172,570
	\$ 250,000	2,038,150
\$ 8,050	78,597	130,280
<u>8,050</u>	<u>328,597</u>	<u>3,341,000</u>
40,627	3,162,252	3,594,115
<u>40,627</u>	<u>3,162,252</u>	<u>3,594,115</u>
(32,577)	(2,833,655)	(253,115)
	500,000	500,000
	<u>500,000</u>	<u>(1,228,300)</u>
		(728,300)
(32,577)	(2,333,655)	(981,415)
1,066,676	10,436,884	16,291,485
<u>1,066,676</u>	<u>10,436,884</u>	<u>16,291,485</u>
\$ <u>1,034,099</u>	\$ <u>8,103,229</u>	\$ <u>15,310,070</u>

**CITY OF BOCA RATON, FLORIDA
RIGHT-OF-WAY ACQUISITION PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
REVENUES				
Investment earnings	\$ 15,000	\$ 15,000	\$ 17,339	\$ 2,339
Total revenues	15,000	15,000	17,339	2,339
EXPENDITURES				
Excess (deficiency) of revenues over expenditures	\$ 15,000	\$ 15,000	17,339	\$ 2,339
Fund balance - beginning			2,283,644	
Fund balance - ending			\$ 2,300,983	

**CITY OF BOCA RATON, FLORIDA
PARK LAND DEDICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Donations in lieu of land	\$ 246,500	\$ 246,500	\$ 1,770,440	\$ 1,523,940
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>10,955</u>	<u>9,955</u>
Total revenues	<u>247,500</u>	<u>247,500</u>	<u>1,781,395</u>	<u>1,533,895</u>
EXPENDITURES				
Excess (deficiency) of revenues over expenditures	\$ <u>247,500</u>	\$ <u>247,500</u>	1,781,395	\$ <u>1,533,895</u>
Fund balance - beginning			<u>612,130</u>	
Fund balance - ending			\$ <u>2,393,525</u>	

**CITY OF BOCA RATON, FLORIDA
DOWNTOWN LAND DEDICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Donations in lieu of land			\$ 17,710	\$ 17,710
Investment earnings	\$ 25,400	\$ 25,400	7,904	(17,496)
Total revenues	<u>25,400</u>	<u>25,400</u>	<u>25,614</u>	<u>214</u>
EXPENDITURES				
Excess (deficiency) of revenues over expenditures	<u>\$ 25,400</u>	<u>\$ 25,400</u>	25,614	<u>\$ 214</u>
Fund balance - beginning			<u>1,034,047</u>	
Fund balance - ending			<u>\$ 1,059,661</u>	

**CITY OF BOCA RATON, FLORIDA
DOWNTOWN INFRASTRUCTURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Special assessments	\$ 1,172,600	\$ 1,172,600	\$ 1,172,570	\$ (30)
Investment earnings	<u>12,000</u>	<u>12,000</u>	<u>7,435</u>	<u>(4,565)</u>
Total revenues	<u>1,184,600</u>	<u>1,184,600</u>	<u>1,180,005</u>	<u>(4,595)</u>
EXPENDITURES				
Capital outlay	<u>2,000</u>	<u>589,700</u>	<u>391,236</u>	<u>198,464</u>
Total expenditures	<u>2,000</u>	<u>589,700</u>	<u>391,236</u>	<u>198,464</u>
Excess (deficiency) of revenues over expenditures	<u>1,182,600</u>	<u>594,900</u>	<u>788,769</u>	<u>193,869</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,228,300)</u>	<u>(1,228,300)</u>	<u>(1,228,300)</u>	
Total other financing sources (uses)	<u>(1,228,300)</u>	<u>(1,228,300)</u>	<u>(1,228,300)</u>	
Net change in fund balance	\$ <u>(45,700)</u>	\$ <u>(633,400)</u>	(439,531) \$	<u>193,869</u>
Fund balance - beginning			<u>858,104</u>	
Fund balance - ending			\$ <u>418,573</u>	

CITY OF BOCA RATON, FLORIDA
ENVIRONMENTALLY SENSITIVE LANDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
REVENUES				
Investment earnings	\$ 20,000	\$ 20,000	\$ 8,050	\$ (11,950)
Total revenues	20,000	20,000	8,050	(11,950)
EXPENDITURES				
Capital outlay	150,000	150,000	40,627	109,373
Total expenditures	150,000	150,000	40,627	109,373
Excess (deficiency) of revenues over expenditures	\$ (130,000)	\$ (130,000)	(32,577)	\$ 97,423
Fund balance - beginning			1,066,676	
Fund balance - ending			\$ 1,034,099	

CITY OF BOCA RATON, FLORIDA
LIBRARY IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive / (Negative)
REVENUES				
Donations in lieu of land	\$ 250,000	\$ 250,000	\$ 250,000	
Investment earnings	<u>30,000</u>	<u>30,000</u>	<u>78,597</u>	\$ 48,597
Total revenues	<u>280,000</u>	<u>280,000</u>	<u>328,597</u>	<u>48,597</u>
EXPENDITURES				
Capital outlay	<u>10,376,300</u>	<u>10,950,600</u>	<u>3,162,252</u>	<u>7,788,348</u>
Excess (deficiency) of revenues over expenditures	<u>(10,096,300)</u>	<u>(10,670,600)</u>	<u>(2,833,655)</u>	<u>7,836,945</u>
OTHER FINANCING SOURCES				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	
Net change in fund balance	\$ <u><u>(9,596,300)</u></u>	\$ <u><u>(10,170,600)</u></u>	(2,333,655) \$	<u><u>7,836,945</u></u>
Fund balance - beginning			<u>10,436,884</u>	
Fund balance - ending			\$ <u><u>8,103,229</u></u>	



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Non-Major Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The costs of providing goods or services to the general public are financed or recovered primarily through user charges.

Cemetery Fund -- To account for the operation of the City's cemetery and mausoleum.

Golf Course Fund -- To account for the operation of the City's golf courses.

Stormwater Utility Fund -- To account for the provision of stormwater maintenance and capital improvements to the residents of the City.

Sanitation Fund -- To account for the provision of solid waste services and capital assets used to provide the services to the residents of the City.

**CITY OF BOCA RATON, FLORIDA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2012**

	<u>Cemetery Mausoleum</u>	<u>Golf Course</u>	<u>Stormwater Utility</u>	<u>Sanitation</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 293,594	\$ 194,369	\$ 3,294,723	\$ 1,833,332	\$ 5,616,018
Investments	277,370	181,508	3,119,378	1,732,407	5,310,663
Interest receivable on investments	551	361	6,196	3,441	10,549
Accounts receivable (net of allowance for uncollectibles)	7,716		277,036	1,328,356	1,613,108
Due from other governmental units		84,984			84,984
Inventories	60,866				60,866
Other assets		2,410			2,410
Total current assets	<u>640,097</u>	<u>463,632</u>	<u>6,697,333</u>	<u>4,897,536</u>	<u>12,698,598</u>
Noncurrent assets:					
Capital assets:					
Land	118,000	468,735			586,735
Buildings	1,488,761	770,900			2,259,661
Golf course improvements		3,660,473			3,660,473
Cemetery lot improvements	477,867				477,867
Stormwater utility improvements			15,074,767		15,074,767
Equipment	152,447	1,361,758	1,416,494	5,215,977	8,146,676
Construction in progress			873,520		873,520
Less accumulated depreciation	<u>(1,326,153)</u>	<u>(2,837,254)</u>	<u>(4,062,712)</u>	<u>(1,926,994)</u>	<u>(10,153,113)</u>
Total capital assets (net of accumulated depreciation)	<u>910,922</u>	<u>3,424,612</u>	<u>13,302,069</u>	<u>3,288,983</u>	<u>20,926,586</u>
Total noncurrent assets	<u>910,922</u>	<u>3,424,612</u>	<u>13,302,069</u>	<u>3,288,983</u>	<u>20,926,586</u>
Total assets	<u>\$ 1,551,019</u>	<u>\$ 3,888,244</u>	<u>\$ 19,999,402</u>	<u>\$ 8,186,519</u>	<u>\$ 33,625,184</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding					
Total deferred outflows of resources	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 23,296	\$ 121,522	\$ 43,455	\$ 198,962	\$ 387,235
Compensated absences	2,477	21,134	14,649	40,396	78,656
Retainage payable			492		492
Performance bonds and escrow funds		1,000			1,000
Total current liabilities	<u>25,773</u>	<u>143,656</u>	<u>58,596</u>	<u>239,358</u>	<u>467,383</u>
Non-current liabilities:					
Compensated absences	22,291	190,203	131,841	363,566	707,901
Net OPEB obligation	6,200	28,519	13,826	60,757	109,302
Total noncurrent liabilities	<u>28,491</u>	<u>218,722</u>	<u>145,667</u>	<u>424,323</u>	<u>817,203</u>
Total liabilities	<u>54,264</u>	<u>362,378</u>	<u>204,263</u>	<u>663,681</u>	<u>1,284,586</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue		9,047			9,047
NET POSITION					
Net investment in capital assets	910,922	3,424,612	13,301,577	3,288,983	20,926,094
Unrestricted	<u>585,833</u>	<u>92,207</u>	<u>6,493,562</u>	<u>4,233,855</u>	<u>11,405,457</u>
Total net position	<u>\$ 1,496,755</u>	<u>\$ 3,516,819</u>	<u>\$ 19,795,139</u>	<u>\$ 7,522,838</u>	<u>\$ 32,331,551</u>

**CITY OF BOCA RATON, FLORIDA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Cemetery Mausoleum</u>	<u>Golf Course</u>	<u>Stormwater Utility</u>	<u>Sanitation</u>	<u>Total</u>
OPERATING REVENUES					
Charges for sales and services	\$ 143,618	\$ 2,339,688	\$ 2,239,295	\$ 7,179,245	\$ 11,901,846
Other	81	104,467			104,548
Total operating revenues	<u>143,699</u>	<u>2,444,155</u>	<u>2,239,295</u>	<u>7,179,245</u>	<u>12,006,394</u>
OPERATING EXPENSES					
Personal services	331,845	1,624,665	876,290	2,662,741	5,495,541
Materials and supplies	15,314	309,987	2,758	293,181	621,240
Other services and charges	181,071	574,610	1,039,304	3,057,515	4,852,500
Depreciation of capital assets	61,211	180,462	626,382	579,412	1,447,467
Total operating expenses	<u>589,441</u>	<u>2,689,724</u>	<u>2,544,734</u>	<u>6,592,849</u>	<u>12,416,748</u>
Operating income (loss)	<u>(445,742)</u>	<u>(245,569)</u>	<u>(305,439)</u>	<u>586,396</u>	<u>(410,354)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	3,577	2,973	50,001	21,670	78,221
Loss on disposal of capital assets		1,830	5,500	85,012	92,342
Total nonoperating revenues (expenses)	<u>3,577</u>	<u>4,803</u>	<u>55,501</u>	<u>106,682</u>	<u>170,563</u>
Income (loss) before transfers	(442,165)	(240,766)	(249,938)	693,078	(239,791)
Transfers in	530,800				530,800
Transfers out		(5,300)		(5,300)	(10,600)
Capital contributions		206,788			206,788
Change in net position	88,635	(39,278)	(249,938)	687,778	487,197
Net position - beginning	<u>1,408,120</u>	<u>3,556,097</u>	<u>20,045,077</u>	<u>6,835,060</u>	<u>31,844,354</u>
Net position - ending	<u>\$ 1,496,755</u>	<u>\$ 3,516,819</u>	<u>\$ 19,795,139</u>	<u>\$ 7,522,838</u>	<u>\$ 32,331,551</u>

CITY OF BOCA RATON, FLORIDA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Cemetery Mausoleum</u>	<u>Golf Course</u>	<u>Stormwater Utility</u>	<u>Sanitation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 141,991	\$ 2,476,317	\$ 2,224,360	\$ 7,110,988	\$ 11,953,656
Payments to suppliers	(194,213)	(894,159)	(1,393,736)	(3,898,175)	(6,380,283)
Payments to employees	(326,778)	(1,615,692)	(852,585)	(2,651,300)	(5,446,355)
Net cash provided by (used in) operating activities	<u>(379,000)</u>	<u>(33,534)</u>	<u>(21,961)</u>	<u>561,513</u>	<u>127,018</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	530,800				530,800
Transfers out		(5,300)		(5,300)	(10,600)
Net cash provided by (used in) noncapital financing activities	<u>530,800</u>	<u>(5,300)</u>		<u>(5,300)</u>	<u>520,200</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
System development charges		206,788			206,788
Acquisition of capital assets		(15,346)	(314,627)	(660,358)	(990,331)
Proceeds from sale of capital assets		1,830	5,500	162,902	170,232
Net cash provided by (used in) capital and related financing activities		<u>193,272</u>	<u>(309,127)</u>	<u>(497,456)</u>	<u>(613,311)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	3,443	2,946	50,921	21,841	79,151
Sale of investments	179,403	93,178	2,888,887	1,488,857	4,650,325
Purchase of investments	(277,370)	(181,508)	(3,119,378)	(1,732,407)	(5,310,663)
Net cash provided by (used in) investing activities	<u>(94,524)</u>	<u>(85,384)</u>	<u>(179,570)</u>	<u>(221,709)</u>	<u>(581,187)</u>
Net increase (decrease) in cash and cash equivalents	57,276	69,054	(510,658)	(162,952)	(547,280)
Cash and cash equivalents Beginning of year	<u>236,318</u>	<u>125,315</u>	<u>3,805,381</u>	<u>1,996,284</u>	<u>6,163,298</u>
End of year, including restricted cash and cash equivalents	<u>\$ 293,594</u>	<u>\$ 194,369</u>	<u>\$ 3,294,723</u>	<u>\$ 1,833,332</u>	<u>\$ 5,616,018</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (445,742)	\$ (245,569)	\$ (305,439)	\$ 586,396	\$ (410,354)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	61,211	180,462	626,382	579,412	1,447,467
Change in assets and liabilities					
(Increase) decrease in accounts receivable	(1,708)		(14,935)	(68,257)	(84,900)
(Increase) decrease in due from other governmental units		31,178			31,178
(Increase) decrease in inventories	(1,253)				(1,253)
(Increase) decrease in other assets		2,689			2,689
Increase (decrease) in accounts payable and accrued liabilities	5,377	(1,870)	(282,401)	(541,202)	(820,096)
Increase (decrease) in retainage payable			(62,711)		(62,711)
Increase (decrease) in compensated absences	1,804	(6,461)	14,219	(4,749)	4,813
Increase (decrease) in customer deposits payable					
Increase (decrease) in due to other funds					
Increase (decrease) in self-insured liabilities					
Increase (decrease) in unearned revenue					
Increase (decrease) in OPEB obligations	1,311	5,053	2,924	9,913	19,201
Increase (decrease) in unavailable revenue		984			984
Total adjustments	<u>66,742</u>	<u>212,035</u>	<u>283,478</u>	<u>(24,883)</u>	<u>537,372</u>
Net cash provided by (used in) operating activities	<u>\$ (379,000)</u>	<u>\$ (33,534)</u>	<u>\$ (21,961)</u>	<u>\$ 561,513</u>	<u>\$ 127,018</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Unrealized gains/(losses) on investments	\$ 175	\$ 150	\$ 694	\$ 554	\$ 1,573
Contributions of capital assets	<u>\$</u>	<u>\$ 206,788</u>	<u>\$</u>	<u>\$</u>	<u>\$ 206,788</u>



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Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government on a cost reimbursement basis.

Fleet Management -- To account for the cost of operating a maintenance facility for automotive equipment used by other City departments, and administering the City fleet.

Information Technology -- To account for the cost of operating a computer facility used by other City departments.

Self-Insurance Programs -- To account for the cost of providing health and workers' compensation insurance coverage to all City employees, and the City's general liability self-insurance program.

**CITY OF BOCA RATON, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2012**

	Fleet Management Fund	Information Technology Fund	Self- Insurance Programs Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,196,563	\$ 2,454,218	\$ 10,756,662	\$ 19,407,443
Investments	5,851,574	2,317,909	9,863,957	18,033,440
Interest receivable on investments	11,620	4,606	19,592	35,818
Accounts receivable (net of allowance for uncollectibles)		300	105,978	106,278
Inventories	586,603			586,603
Other assets		25,856		25,856
Total current assets	<u>12,646,360</u>	<u>4,802,889</u>	<u>20,746,189</u>	<u>38,195,438</u>
Capital Assets:				
Buildings	1,313,785			1,313,785
Equipment	16,893,962	3,321,072		20,215,034
Construction in progress		230,975		230,975
	<u>18,207,747</u>	<u>3,552,047</u>		<u>21,759,794</u>
Less accumulated depreciation	(9,662,091)	(2,136,981)		(11,799,072)
Intangible assets	63,869	1,174,868		1,238,737
Less accumulated amortization	(63,869)	(1,000,741)		(1,064,610)
Total capital assets (net of accumulated depreciation/amortization)	<u>8,545,656</u>	<u>1,589,193</u>		<u>10,134,849</u>
Total assets	<u>\$ 21,192,016</u>	<u>\$ 6,392,082</u>	<u>\$ 20,746,189</u>	<u>\$ 48,330,287</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding				
Total deferred outflows of resources	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	182,568	401,879	111,774	696,221
Compensated absences	7,556	29,358	4,686	41,600
Estimated liability for self-insurance losses			3,302,225	3,302,225
Total current liabilities	<u>190,124</u>	<u>431,237</u>	<u>3,418,685</u>	<u>4,040,046</u>
Noncurrent liabilities:				
Compensated absences	68,005	264,225	42,171	374,401
Net OPEB obligation	14,879	30,998	5,332	51,209
Estimated liability for self-insurance losses			5,997,000	5,997,000
Total noncurrent liabilities	<u>82,884</u>	<u>295,223</u>	<u>6,044,503</u>	<u>6,422,610</u>
Total liabilities	<u>273,008</u>	<u>726,460</u>	<u>9,463,188</u>	<u>10,462,656</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
NET POSITION				
Net investment in capital assets	8,545,656	1,589,193		10,134,849
Unrestricted	12,373,352	4,076,429	11,283,001	27,732,782
Total net position	<u>\$ 20,919,008</u>	<u>\$ 5,665,622</u>	<u>\$ 11,283,001</u>	<u>\$ 37,867,631</u>

**CITY OF BOCA RATON, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Fleet Management Fund</u>	<u>Information Technology Fund</u>	<u>Self- Insurance Programs Fund</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for services:				
Fleet management	\$ 2,713,334			\$ 2,713,334
Management information processing		\$ 3,913,900		3,913,900
Insurance premiums			\$ 14,719,042	14,719,042
Total operating revenues	<u>2,713,334</u>	<u>3,913,900</u>	<u>14,719,042</u>	<u>21,346,276</u>
OPERATING EXPENSES				
Personal services	809,406	2,389,087	351,150	3,549,643
Materials and supplies	91,717	935,489	6,441	1,033,647
Other services and charges	212,123	1,496,879	3,515,745	5,224,747
Insurance claims			10,558,252	10,558,252
Depreciation of capital assets	<u>1,878,136</u>	<u>248,263</u>		<u>2,126,399</u>
Total operating expenses	<u>2,991,382</u>	<u>5,069,718</u>	<u>14,431,588</u>	<u>22,492,688</u>
Operating income (loss)	<u>(278,048)</u>	<u>(1,155,818)</u>	<u>287,454</u>	<u>(1,146,412)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	90,332	33,539	145,860	269,731
Gain on disposal of capital assets	135,332	13,318		148,650
Insurance recovery			12,471	12,471
Total nonoperating revenues (expenses)	<u>225,664</u>	<u>46,857</u>	<u>158,331</u>	<u>430,852</u>
Net income (loss) before transfers	(52,384)	(1,108,961)	445,785	(715,560)
Transfers in	<u>911,100</u>	<u>1,163,200</u>		<u>2,074,300</u>
Change in net position	<u>858,716</u>	<u>54,239</u>	<u>445,785</u>	<u>1,358,740</u>
Net position - beginning	<u>20,060,292</u>	<u>5,611,383</u>	<u>10,837,216</u>	<u>36,508,891</u>
Net position - ending	<u>\$ 20,919,008</u>	<u>\$ 5,665,622</u>	<u>\$ 11,283,001</u>	<u>\$ 37,867,631</u>

CITY OF BOCA RATON, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Fleet Management Fund</u>	<u>Information Technology Fund</u>	<u>Self- Insurance Programs Fund</u>	<u>Total Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,716,104	\$ 3,913,900	\$ 14,625,535	\$ 21,255,539
Payments to suppliers	(233,523)	(2,291,030)	(3,510,466)	(6,035,019)
Payments to employees	(783,268)	(2,282,403)	(352,582)	(3,418,253)
Claims paid			(10,014,701)	(10,014,701)
Net cash provided by (used in) operating activities	<u>1,699,313</u>	<u>(659,533)</u>	<u>747,786</u>	<u>1,787,566</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	911,100	1,163,200		2,074,300
Net cash provided by (used in) noncapital financing activities	<u>911,100</u>	<u>1,163,200</u>		<u>2,074,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(4,126,463)	(314,093)		(4,440,556)
Proceeds from sale of capital assets	135,332	13,318		148,650
Net cash provided by (used in) capital and related financing activities	<u>(3,991,131)</u>	<u>(300,775)</u>		<u>(4,291,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	92,244	33,580	145,984	271,808
Sale of investments	5,766,159	1,957,346	8,437,959	16,161,464
Purchase of investments	(5,851,574)	(2,317,909)	(9,863,957)	(18,033,440)
Net cash provided by (used in) investing activities	<u>6,829</u>	<u>(326,983)</u>	<u>(1,280,014)</u>	<u>(1,600,168)</u>
Net increase (decrease) in cash and cash equivalents	(1,373,889)	(124,091)	(532,228)	(2,030,208)
Cash and cash equivalents Beginning of year	7,570,452	2,578,309	11,288,890	21,437,651
End of year, including restricted cash and cash equivalents	<u>\$ 6,196,563</u>	<u>\$ 2,454,218</u>	<u>\$ 10,756,662</u>	<u>\$ 19,407,443</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (278,048)	\$ (1,155,818)	\$ 287,454	\$ (1,146,412)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,878,136	248,263		2,126,399
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	2,770		(93,507)	(90,737)
(Increase) decrease in inventories	(28,279)			(28,279)
(Increase) decrease in other assets		(8,256)	1,979	(6,277)
Increase (decrease) in accounts payable and accrued liabilities	115,075	216,077	14,384	345,536
Increase (decrease) in compensated absences	6,513	32,669	(7,202)	31,980
Increase (decrease) in OPEB obligations	3,146	7,532	1,127	11,805
Increase (decrease) in self-insured liabilities			543,551	543,551
Total adjustments	<u>1,977,361</u>	<u>496,285</u>	<u>460,332</u>	<u>2,933,978</u>
Net cash provided by (used in) operating activities	<u>\$ 1,699,313</u>	<u>\$ (659,533)</u>	<u>\$ 747,786</u>	<u>\$ 1,787,566</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Unrealized losses on investments	\$ 793	\$ 793	\$ 3,214	\$ 4,799



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Pension Funds

Pension Funds account for financial operations and condition of the City's three pension plans.

General Employees' Pension Plan, Police and Firefighters' Retirement System and Executive Employees' Retirement Plan -- To account for the accumulation of resources to be used for the retirement benefit payments to the City's employees. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial valuation.

CITY OF BOCA RATON, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2012

	Police and Firefighters' Retirement System	General Employees' Pension Plan	Executive Employees' Retirement Plan	Total
ASSETS				
Cash and cash equivalents	\$ 4,980,169	\$ 3,332,470	\$ 741,964	\$ 9,054,603
Investments:				
Corporate bonds and debentures	21,596,904	21,945,256		43,542,160
U.S. government securities	21,764,595	30,577,241		52,341,836
Common and preferred stock	99,815,725	81,384,893		181,200,618
Real estate	17,961,435	14,897,176		32,858,611
Mutual funds	77,096,708	20,875,326		97,972,034
Florida Municipal Pension Trust Fund			22,444,424	22,444,424
Total investments	<u>238,235,367</u>	<u>169,679,892</u>	<u>22,444,424</u>	<u>430,359,683</u>
Receivables:				
Interest and dividends	397,189	544,557		941,746
Unsettled trades	353,509	1,240,781		1,594,290
Contributions	1,321,986	628,527	126,056	2,076,569
Total receivables	<u>2,072,684</u>	<u>2,413,865</u>	<u>126,056</u>	<u>4,612,605</u>
Other assets	36,692	28,155		64,847
Total assets	<u>245,324,912</u>	<u>175,454,382</u>	<u>23,312,444</u>	<u>444,091,738</u>
LIABILITIES				
Accounts payable	300,482	220,618		521,100
Unsettled trades	420,589	799,332		1,219,921
Total liabilities	<u>721,071</u>	<u>1,019,950</u>		<u>1,741,021</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 244,603,841</u>	<u>\$ 174,434,432</u>	<u>\$ 23,312,444</u>	<u>\$ 442,350,717</u>

CITY OF BOCA RATON, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Police and Firefighters' Retirement System</u>	<u>General Employees' Pension Plan</u>	<u>Executive Employees' Retirement Plan</u>	<u>Total</u>
ADDITIONS				
Contributions:				
City	\$ 10,092,632	\$ 3,427,410	\$ 1,112,895	\$ 14,632,937
State	2,698,326			2,698,326
Employee	2,905,580	2,635,011	536,926	6,077,517
Transfer from Other Pension Plan			788,046	788,046
Total contributions	<u>15,696,538</u>	<u>6,062,421</u>	<u>2,437,867</u>	<u>24,196,826</u>
Investment income:				
Interest earnings, net	1,650,768	2,221,101	3,722,163	7,594,032
Dividends	3,336,177	1,811,043		5,147,220
Net appreciation in fair value of investments	33,231,871	23,607,949		56,839,820
Other investment income	4,810	535		5,345
Investment expense	<u>(1,119,784)</u>	<u>(741,712)</u>	<u>(31,415)</u>	<u>(1,892,911)</u>
Total investment income	<u>37,103,842</u>	<u>26,898,916</u>	<u>3,690,748</u>	<u>67,693,506</u>
Total additions	<u>52,800,380</u>	<u>32,961,337</u>	<u>6,128,615</u>	<u>91,890,332</u>
DEDUCTIONS				
Benefits paid:				
Retirement	8,768,179	6,374,492	944,332	16,087,003
Disability	1,067,142	120,938		1,188,080
Death	502,616	667,875		1,170,491
Deferred retirement option plan	4,526,561	2,535,150	286,235	7,347,946
Termination refunds	47,603	180,476		228,079
Administrative expenses	466,976	339,345	22,547	828,868
Transfer to other pension plan		788,046		788,046
Total deductions	<u>15,379,077</u>	<u>11,006,322</u>	<u>1,253,114</u>	<u>27,638,513</u>
Change in net position	37,421,303	21,955,015	4,875,501	64,251,819
NET POSITION RESTRICTED FOR PENSION BENEFIT				
Net position - beginning	<u>207,182,538</u>	<u>152,479,417</u>	<u>18,436,943</u>	<u>378,098,898</u>
Net position - ending	<u>\$ 244,603,841</u>	<u>\$ 174,434,432</u>	<u>\$ 23,312,444</u>	<u>\$ 442,350,717</u>

STATISTICAL SECTION

This part of the City of Boca Raton comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial position.

Contents	Page
Financial Trends	131
The information presented in this section is intended to assist users in understanding and assessing how a government's financial position	
Revenue Capacity	139
This section is intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own-source revenue.	
Debt Capacity	144
The information presented in this section is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.	
Demographic and Economic Information	151
This section is intended (1) to assist users in understanding the socio-economic environment within which a government operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.	
Operating Information	153
This section is intended to provide contextual information about a government's operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition.	

FINANCIAL TREND INFORMATION

The information presented in this section is intended to assist users in understanding and assessing how a government's financial position has changed over time.

**CITY OF BOCA RATON, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

*(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Net investment in capital assets	\$306,211	\$307,120	\$309,601	\$326,164
Restricted	86,592	80,382	72,449	63,453
Unrestricted	7,163	12,357	37,510	57,236
Total governmental activities net position	<u>\$399,966</u>	<u>\$399,859</u>	<u>\$419,560</u>	<u>\$446,853</u>
Business-type activities				
Net investment in capital assets	\$194,564	\$193,867	\$206,169	\$213,390
Restricted	22,180	18,582	36,407	42,145
Unrestricted	29,668	39,466	20,698	16,510
Total business-type activities net position	<u>\$246,412</u>	<u>\$251,915</u>	<u>\$263,274</u>	<u>\$272,045</u>
Primary government				
Net investment in capital assets	\$500,775	\$500,987	\$515,770	\$539,554
Restricted	108,772	98,964	108,856	105,598
Unrestricted (1)	36,831	51,823	58,208	73,746
Total primary government net position	<u>\$646,378</u>	<u>\$651,774</u>	<u>\$682,834</u>	<u>\$718,898</u>

(1) Fiscal year 2011 unrestricted balances have been restated due to the implementation of GASB 63 and 65.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$338,203	\$346,985	\$352,077	\$361,158	\$369,052	\$ 370,985
61,593	67,502	53,133	46,129	43,754	45,031
71,151	74,446	87,842	85,292	85,239	87,241
<u>\$470,947</u>	<u>\$488,933</u>	<u>\$493,052</u>	<u>\$492,579</u>	<u>\$498,045</u>	<u>\$503,257</u>

\$215,571	\$208,208	\$210,989	\$208,818	\$210,890	\$ 207,936
42,792	48,930	49,295	53,378	48,500	51,835
19,123	22,775	35,935	45,058	53,501	65,329
<u>\$277,486</u>	<u>\$279,913</u>	<u>\$296,219</u>	<u>\$307,254</u>	<u>\$312,891</u>	<u>\$325,100</u>

\$553,774	\$555,193	\$563,066	\$569,976	\$579,942	\$578,921
104,385	116,432	102,428	99,507	92,254	96,866
90,274	97,221	123,777	130,350	138,740	152,570
<u>\$748,433</u>	<u>\$768,846</u>	<u>\$789,271</u>	<u>\$799,833</u>	<u>\$810,936</u>	<u>\$828,357</u>

CITY OF BOCA RATON, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

(1)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 12,583	\$ 21,086	\$ 11,881	\$ 41,508	\$ 18,484	\$ 18,999	\$ 19,099	\$ 23,023	\$ 17,696	\$ 18,808
Law enforcement	22,195	28,073	26,012	29,487	32,122	36,406	37,225	37,585	39,979	40,865
Fire rescue	20,889	25,204	22,776	28,390	32,792	34,955	36,104	37,856	39,140	42,227
Physical environment	8,986	13,672	5,339	3,728	9,052	10,238	4,252	7,851	4,237	4,105
Transportation	13,784	14,439	19,698	24,905	18,441	18,817	18,650	22,196	18,536	17,925
Community development	2,116	2,240	960	1,363	1,499	2,408	2,115	4,168	6,040	3,106
Parks and recreation	29,939	29,359	31,449	35,652	35,818	36,203	37,772	34,928	28,979	39,039
Interest and fiscal charges	6,026	6,531	5,520	5,389	5,921	5,554	5,148	4,834	4,793	2,971
Total governmental activities expenses	116,518	140,604	123,635	170,422	154,129	163,580	160,365	172,441	159,400	169,046
Business-type activities:										
Water and sewer	33,090	35,212	37,586	41,167	43,495	45,537	46,630	42,970	44,132	43,662
Cemetery	506	538	554	730	655	593	653	635	659	589
Golf course	2,375	2,468	2,598	2,745	2,798	2,992	3,098	3,075	3,073	2,690
Stormwater utility	1,108	1,219	1,148	1,113	1,216	1,428	1,736	1,646	2,023	2,545
Sanitation							5,923	5,851	6,511	6,593
Total business-type activities expenses	37,079	39,437	41,886	45,755	48,164	50,550	58,040	54,177	56,398	56,079
Total primary government expenses	\$ 153,597	\$ 180,041	\$ 165,521	\$ 216,177	\$ 202,293	\$ 214,130	\$ 218,405	\$ 226,618	\$ 215,798	\$ 225,125
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 13,472	\$ 14,431	\$ 17,580	\$ 19,745	\$ 21,543	\$ 19,796	\$ 17,046	\$ 16,455	\$ 17,565	\$ 21,615
Law enforcement	1,159	2,948	1,475	3,055	2,699	3,269	2,973	2,669	2,647	3,251
Fire rescue	1,455	1,582	1,824	3,093	5,229	5,821	6,782	7,251	8,876	11,738
Physical environment	155	157	222	240	219	209	149	198	214	214
Community development	380	397	397	397	1,577	1,605	1,697	1,585	1,695	1,898
Parks and recreation	16,144	16,392	17,015	18,058	16,503	16,216	17,231	20,027	19,631	20,662
Operating grants and contributions	4,863	12,938	317	26,626	3,296	8,386	4,777	13,916	5,317	5,238
Capital grants and contributions	488	3,531	4,854	2,205	5,406	2,169	2,980	3,326	2,720	3,503
Total governmental activities program revenues	38,116	52,376	43,684	73,419	56,472	57,471	53,635	65,427	58,665	68,119
Business-type activities:										
Charges for services:										
Water and sewer	36,057	37,202	37,482	39,847	39,063	41,098	49,967	47,278	48,288	\$ 49,239
Cemetery	296	231	281	205	181	238	159	188	179	144
Golf course	2,373	2,348	2,410	2,670	2,872	2,824	2,687	2,120	2,272	2,444
Stormwater utility	2,592	2,040	2,091	2,105	2,070	2,118	2,137	2,155	2,175	2,239
Sanitation							1,722	3,932	6,423	7,179
Capital grants and contribution	1,060	2,408	10,181	7,716	5,016	3,491	3,080	5,401	1,260	9,272
Total business-type activities program revenues	42,378	44,229	52,445	52,543	49,202	49,769	59,752	61,074	60,597	70,517
Total primary government program revenues	\$ 80,494	\$ 96,605	\$ 96,129	\$ 125,962	\$ 105,674	\$ 107,240	\$ 113,387	\$ 126,501	\$ 119,262	\$ 138,636

(1) Fiscal year 2011 expenses have been restated due to the implementation of GASB 63 and 65.

CITY OF BOCA RATON, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

	(1)									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expenses) Revenue										
Governmental activities	\$ (78,352)	\$ (88,228)	\$ (79,951)	\$ (97,003)	\$ (97,657)	\$ (106,109)	\$ (106,730)	\$ (107,014)	\$ (100,735)	\$ (100,927)
Business-type activities	5,299	4,792	10,559	6,788	1,038	(781)	1,711	6,897	4,199	10,936
Total primary government net expense	\$ (73,053)	\$ (83,436)	\$ (69,392)	\$ (90,215)	\$ (96,619)	\$ (106,890)	\$ (105,019)	\$ (100,117)	\$ (96,536)	\$ (89,991)
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property tax	\$ 39,803	\$ 43,713	\$ 49,639	\$ 59,460	\$ 68,744	\$ 65,155	\$ 61,764	\$ 57,635	\$ 54,246	\$ 55,914
Utility tax	20,821	19,717	20,276	20,504	20,247	22,151	20,615	20,639	20,171	20,714
Franchise tax	8,567	8,183	9,829	13,136	13,295	13,804	13,881	12,406	12,482	12,137
Sales tax	5,319	5,763	6,180	6,695	6,284	5,906	5,224	5,262	5,430	5,533
Gas tax	2,679	2,811	2,979	2,897	2,808	2,074	1,977	1,959	1,908	1,966
Incremental property tax	2,767	3,320	4,911	6,147	6,771	6,309	6,751	6,659	8,948	6,484
State shared revenues unrestricted	1,055	1,261	1,721	1,849	1,830	2,317	2,094	2,067	2,185	2,242
Investment earnings unrestricted	2,252	2,178	3,010	6,620	8,840	6,707	4,924	2,686	1,378	1,396
Gain (loss) on disposal of capital assets	-	174	91	6,771	-	18	73		131	120
Miscellaneous	290	664	741	110	419	15	188	12	42	43
Transfers	160	337	275	107	(1,016)	(361)	(10,158)	(2,784)	(720)	(410)
Total governmental activities	83,713	88,121	99,652	124,296	128,222	124,095	107,333	106,541	106,201	106,139
Business-type activities										
Investment earnings	1,692	1,003	1,081	2,076	3,361	2,808	2,495	1,702	624	765
Gain (loss) on disposal of capital assets	(15)	45	(5)	14	26	39	25	(348)	94	98
Transfers	(160)	(337)	(275)	(107)	1,016	361	10,158	2,784	720	410
Total business-type activities	1,517	711	801	1,983	4,403	3,208	12,678	4,138	1,438	1,273
Total primary government	\$ 85,230	\$ 88,832	\$ 100,453	\$ 126,279	\$ 132,625	\$ 127,303	\$ 120,011	\$ 110,679	\$ 107,639	\$ 107,412
Changes in net position										
Governmental activities	\$ 5,361	\$ (107)	\$ 19,701	\$ 27,293	\$ 30,565	\$ 17,986	\$ 603	\$ (473)	\$ 5,466	\$ 5,212
Business-type activities	6,816	5,503	11,360	8,771	5,441	2,427	14,389	11,035	5,637	12,209
Total primary government	\$ 12,177	\$ 5,396	\$ 31,061	\$ 36,064	\$ 36,006	\$ 20,413	\$ 14,992	\$ 10,562	\$ 11,103	\$ 17,421

(1) Fiscal year 2011 expenses have been restated due to the implementation of GASB 63 and 65.

CITY OF BOCA RATON, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund:				
Non-spendable:				
Inventories	\$ 28	\$ 18	\$ 6	\$ 36
Restricted for:				
Army Corp of Engineers				
Committed to:				
Hurricane/ disaster emergency	1,200	1,200	1,200	5,200
Mizner Park debt service	1,633	1,633	1,633	1,633
Retirement system reserve				
Assigned to:				
Subsequent year's budget	2,468	1,712	1,213	3,936
Unassigned	19,495	15,742	24,416	27,117
Total general fund	<u>\$ 24,824</u>	<u>\$ 20,305</u>	<u>\$ 28,468</u>	<u>\$ 37,922</u>
All Other Governmental Funds:				
Non-spendable:				
Perpetual care, cemetery	\$ 2,126	\$ 2,132	\$ 2,154	\$ 2,212
Perpetual care, masoleum	3,878	3,890	3,976	3,965
Restricted for:				
Debt service	10,508	10,456	9,698	8,930
Housing	354	1,099	2,161	2,707
Law enforcement	5,278	6,060	5,469	1,604
Transportation	5,468	6,192	6,550	5,535
Right of way beautification	3,947	4,181	4,223	3,795
Downtown	1,493	1,529	2,276	3,395
Land dedication	1,448	2,355	2,028	3,315
Library	9,658	8,175	3,612	5,457
Committed to:				
Parking	3	3	3	3
Right of way acquisition	421	922	1,672	1,854
Assigned to:				
Special revenue funds	112	335	403	501
Capital projects	30,984	24,276	23,390	19,457
Environmentally sensitive lands	1,197	1,383	1,407	1,452
Total all other governmental funds	<u>\$ 70,871</u>	<u>\$ 72,988</u>	<u>\$ 69,022</u>	<u>\$ 64,182</u>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2009. Fiscal years 2002-2008 amounts have been restated to conform to the new statement requirements.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 29	\$ 15	\$ 28	\$ 19	\$ 13	\$ 25
			170	170	170
5,200	10,600	10,600	10,600	10,600	10,600
1,633	1,633	1,633	1,633	1,633	1,633
		7,500	8,500	10,500	12,000
11,768	3,954	3,241	1,286	1,316	1,758
32,010	34,462	26,032	24,717	22,340	25,653
<u>\$ 50,640</u>	<u>\$ 50,664</u>	<u>\$ 49,034</u>	<u>\$ 46,925</u>	<u>\$ 46,572</u>	<u>\$ 51,839</u>
\$ 2,230	\$ 2,249	\$ 2,199	\$ 2,123	\$ 1,950	\$ 1,777
3,858	3,791	3,618	3,614	3,487	3,253
9,409	9,752	9,984	10,229	10,532	10,995
2,085	1,015	770	326	158	175
1,567	1,703	1,405	1,331	1,292	1,140
6,046	6,229	6,458	7,152	7,486	7,971
4,297	3,741	3,137	2,456	1,293	318
4,910	5,067	7,367	8,354	3,644	2,386
4,141	4,859	4,685	1,148	1,646	3,453
5,581	8,262	1,107	10,633	10,437	8,103
3	3	3	3	3	3
1,913	1,989	2,228	2,265	2,284	2,301
501					
17,607	24,165	28,728	25,223	24,603	24,248
1,262	1,225	1,040	1,056	1,067	1,034
<u>\$ 65,410</u>	<u>\$ 74,050</u>	<u>\$ 72,729</u>	<u>\$ 75,913</u>	<u>\$ 69,882</u>	<u>\$ 67,157</u>

CITY OF BOCA RATON, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(Unaudited)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:				
Taxes	\$ 73,501,670	\$ 77,716,656	\$ 86,953,399	\$ 103,838,860
Licenses and permits	5,745,727	6,362,311	8,995,777	10,872,277
Intergovernmental	22,269,726	26,417,675	35,967,697	50,222,463
Charges of services	12,513,633	12,994,162	14,165,909	13,960,886
Fines and forfeitures	1,179,266	2,927,390	1,582,956	1,893,415
Special assessments	1,034,976	1,140,183	1,136,213	1,177,372
Donations in lieu of land	347,800	1,308,641	492,831	1,511,961
Investment earnings	1,930,317	1,919,718	2,507,933	5,655,785
Miscellaneous	238,214	617,283	675,287	416,326
Total revenues	<u>118,761,329</u>	<u>131,404,019</u>	<u>152,478,002</u>	<u>189,549,345</u>
Expenditures:				
Current:				
General government	11,554,326	16,113,338	16,362,303	40,773,094
Law enforcement	28,095,598	24,318,777	26,729,038	31,491,852
Fire rescue	19,032,957	21,142,844	23,506,708	27,453,323
Physical environment	6,598,034	7,364,592	7,713,662	8,419,532
Transportation	5,649,806	5,530,363	6,493,289	7,915,676
Community development	2,034,350	1,765,734	1,183,006	1,767,880
Parks and recreation	26,787,208	27,314,571	28,557,931	32,386,018
Capital outlay	10,977,058	17,905,126	19,152,244	19,590,262
Debt service:				
Principal	9,170,000	10,205,000	11,420,000	12,005,000
Interest	5,819,165	6,532,648	5,441,400	5,219,097
Bond issuance costs	262,515		241,525	
Total expenditures	<u>125,981,017</u>	<u>138,192,993</u>	<u>146,801,106</u>	<u>187,021,734</u>
Excess (deficiency) of revenues				
Over expenditures	<u>(7,219,688)</u>	<u>(6,788,974)</u>	<u>5,676,896</u>	<u>2,527,611</u>
Other financing sources (uses):				
Transfers in	16,656,808	17,377,104	16,349,961	15,691,643
Transfers out	(18,671,308)	(18,995,404)	(17,651,461)	(16,173,743)
Refunding and new bonds issued	30,260,000		21,720,000	
Discount on bonds issued	(46,911)			
Payment to refunded bond escrow agent	(3,208,423)		(21,898,126)	
Proceeds from sale of land				2,568,638
Premium on bonds issued				
Total other financing sources (uses)	<u>24,990,166</u>	<u>(1,618,300)</u>	<u>(1,479,626)</u>	<u>2,086,538</u>
Net change in fund balances	<u>\$ 17,770,478</u>	<u>\$ (8,407,274)</u>	<u>\$ 4,197,270</u>	<u>\$ 4,614,149</u>
Debt service as a percentage of Noncapital expenditures	13.52%	13.29%	13.06%	10.65%

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	114,446,690	\$ 111,293,350	\$ 109,395,926	\$ 102,372,638	\$ 100,712,574	\$ 99,484,015
	14,159,352	12,655,903	9,330,151	9,014,360	8,697,459	11,199,032
	24,443,570	29,335,294	24,916,278	38,094,892	29,622,567	30,209,165
	15,142,687	15,394,414	17,534,451	18,155,376	21,624,838	25,385,962
	1,392,731	1,732,861	1,650,942	1,257,433	1,360,028	2,642,876
	1,296,839	1,179,630	1,194,209	1,170,054	1,199,953	1,172,570
	5,085,724	1,357,337	1,123,280	1,906,044	686,867	2,182,150
	7,411,536	5,608,957	4,090,555	2,238,874	1,078,045	1,125,971
	567,831	76,883	262,809	120,427	89,006	108,915
	<u>183,946,960</u>	<u>178,634,629</u>	<u>169,498,601</u>	<u>174,330,098</u>	<u>165,071,337</u>	<u>173,510,656</u>
	18,156,740	20,805,598	21,062,541	20,337,965	19,647,100	20,073,899
	30,693,003	32,981,888	34,031,382	36,031,487	36,508,850	37,824,269
	31,811,220	31,021,882	32,911,346	33,982,309	34,849,430	37,539,229
	9,060,845	9,908,431	4,578,883	7,828,961	4,203,550	4,185,053
	6,876,907	7,210,515	8,146,766	6,324,672	7,554,534	7,098,294
	1,680,177	2,794,881	1,633,645	5,262,747	5,907,758	2,983,234
	32,871,842	32,051,636	34,553,264	34,951,245	35,635,867	36,019,775
	21,759,723	16,121,088	9,785,389	22,157,964	8,835,059	8,903,781
	10,685,000	10,890,000	10,305,000	10,790,000	11,075,000	11,150,000
	4,766,913	4,351,174	3,906,558	3,370,058	3,405,937	2,731,354
			190,104	331,167		313,238
	<u>168,362,370</u>	<u>168,137,093</u>	<u>161,104,878</u>	<u>181,368,575</u>	<u>167,623,085</u>	<u>168,822,126</u>
	<u>15,584,590</u>	<u>10,497,536</u>	<u>8,393,723</u>	<u>(7,038,477)</u>	<u>(2,551,748)</u>	<u>4,688,530</u>
	19,214,060	26,797,253	22,680,306	14,550,700	9,738,400	9,568,100
	(22,463,860)	(27,630,753)	(35,223,718)	(19,919,800)	(13,571,100)	(12,052,300)
			11,205,000	12,930,000		15,585,000
			(11,011,294)	(21,074)		(17,259,729)
			6,460	572,248		2,013,311
	<u>(3,249,800)</u>	<u>(833,500)</u>	<u>(12,343,246)</u>	<u>8,112,074</u>	<u>(3,832,700)</u>	<u>(2,145,618)</u>
\$	<u>12,334,790</u>	<u>\$ 9,664,036</u>	<u>\$ (3,949,523)</u>	<u>\$ 1,073,597</u>	<u>\$ (6,384,448)</u>	<u>\$ 2,542,912</u>
	10.40%	9.95%	9.34%	8.55%	9.53%	8.57%



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REVENUE CAPACITY INFORMATION

This section is intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own-source revenue.

CITY OF BOCA RATON, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

(Unaudited)

<u>Fiscal Year</u> ⁽²⁾	<u>Real Property</u> ⁽¹⁾	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>
2003	\$ 13,965,331,038	990,594,404	\$ 14,955,925,442	\$ 2,418,313,247	\$ 12,537,612,195
2004	16,485,379,502	1,028,175,976	17,513,555,478	3,075,650,269	14,437,905,209
2005	19,845,631,860	1,046,702,459	20,892,334,319	4,268,084,374	16,624,249,945
2006	25,094,995,870	1,089,287,667	26,184,283,537	6,252,941,946	19,931,341,591
2007	24,749,123,742	1,054,962,177	25,804,085,919	5,395,626,750	20,408,459,169
2008	23,342,934,476	1,082,067,364	24,425,001,840	4,800,459,251	19,624,542,589
2009	20,454,930,292	1,097,843,577	21,552,773,869	3,560,747,621	17,992,026,248
2010	18,401,045,182	1,076,333,765	19,477,378,947	2,868,254,851	16,609,124,096
2011	18,387,146,075	946,365,118	19,333,511,193	2,912,409,267	16,421,101,926
2012	18,551,617,089	908,950,096	19,460,567,185	2,833,483,666	16,627,083,519

Notes: (1) Except for the Save Our Homes cap noted below, Florida State Law requires all property to be assessed at current fair market value.
The Save Our Homes cap, provides that property qualifying for, and receiving, homestead exemption is assessed at the lower of the annual percentage change in the Consumer Price Index or 3% of the previous year's assessment.

(2) As of December 31st of each year listed.

Estimated Actual Value obtained from the Palm Beach County Appraiser

Source: Palm Beach County Property Appraiser

<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Taxable Assessed Value as a % of Actual Taxable Value</u>
3.62	15,619,579,494	80.27%
3.55	18,267,720,384	79.04%
3.71	21,856,509,208	76.06%
3.59	27,332,061,657	72.92%
3.31	26,952,069,988	75.72%
3.31	25,653,162,088	76.50%
3.34	22,731,156,856	79.15%
3.41	20,594,754,505	80.65%
3.51	20,464,785,858	80.24%
3.72	20,427,370,836	81.40%

**CITY OF BOCA RATON, FLORIDA
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (1)
(Unaudited)**

Tax Year	Boca Raton			Palm Beach County			Schools			Other	Total
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Tax	Operating Millage	Debt Service	Total Schools		
2003	3.150	0.473	3.623	4.500	0.291	4.791	8.251	0.320	8.571	3.592	20.577
2004	3.150	0.405	3.555	4.500	0.268	4.768	8.158	0.274	8.432	3.496	20.250
2005	3.360	0.346	3.706	4.450	0.269	4.719	7.884	0.222	8.106	3.434	19.966
2006	3.300	0.289	3.589	4.280	0.198	4.478	7.704	0.160	7.864	3.219	19.149
2007	3.020	0.286	3.306	3.781	0.200	3.981	7.356	0.000	7.356	4.095	18.738
2008	3.020	0.286	3.306	3.781	0.185	3.966	7.251	0.000	7.251	3.071	17.593
2009	3.020	0.321	3.341	4.344	0.217	4.561	7.983	0.000	7.983	3.395	19.280
2010	3.020	0.386	3.406	4.750	0.246	4.996	8.154	0.000	8.154	3.544	20.100
2011	3.150	0.360	3.510	4.782	0.211	4.993	8.18	0.000	8.180	2.343	19.026
2012	3.410	0.313	3.723	4.782	0.209	4.991	7.778	0.000	7.778	3.314	19.806

Source: Palm Beach County Tax Collector

(1) Millage rates are per \$1,000 of assessed valuation.

CITY OF BOCA RATON, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
FOR THE CURRENT CALENDAR YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	2012*			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Town Center at Boca Raton	\$ 336,800,511	1	2.03%			
Panthers BRHC Ltd. Partnership	150,000,000	2	0.90%	\$ 156,389,153	1	1.46%
HUB Properties Trust	138,077,547	3	0.83%			
Florida Power & Light Co	100,637,747	4	0.61%			
BRE Boca Raton CRA Lessor	96,985,726	5	0.58%			
Boca Raton CRA Lessor	93,500,000	6	0.56%	95,100,000	2	0.89%
Royal Palm Place Investment L.L.C.	58,318,074	7	0.35%			
PR Heritage LLC	56,644,210	8	0.34%			
Panthers BRHC LLC	54,444,902	9	0.33%			
WRC Properties Inc	52,493,376	10	0.32%			
Total	\$ 1,137,902,093		6.82%	\$ 251,489,153		2.36%

Source: City of Boca Raton , FL
Palm Beach County Tax Collector System

* 2012 data indicates the most recent information available at the time of statement issuance

CITY OF BOCA RATON, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year Ended September 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in subsequent Years</u>	<u>Total Collections To Date</u>	
		<u>Amount (1)</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2003	\$ 41,262,240	\$ 39,557,646	95.9%	\$ (1,082)	\$ 39,556,564	95.9%
2004	45,472,059	43,632,191	96.0%	1,861	43,634,052	96.0%
2005	51,520,961	49,514,617	96.1%	3,063	49,517,680	96.1%
2006	61,751,848	59,306,133	96.0%	38,793	59,344,926	96.1%
2007	71,525,618	68,496,748	95.8%	75,208	68,571,956	95.9%
2008	67,464,124	64,951,991	96.3%	81,267	65,033,258	96.4%
2009	64,471,993	61,600,885	95.5%	127,750	61,728,635	95.7%
2010	59,403,108	57,501,857	96.8%	1,067,309	58,569,166	96.8%
2011	56,200,768	54,202,494	96.4%	513,040	54,715,534	96.4%
2012	57,438,380	55,721,971	97.0%	546,801	56,268,772	97.3%

(1) Includes discount taken for early payment of property taxes and current year refunds

Source: Palm Beach County Tax Collector System

DEBT CAPACITY INFORMATION

The information presented in this section is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

CITY OF BOCA RATON, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Governmental Activities

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Revenue Bonds	Loans Payable	Capital Leases
2003	\$ 61,555,000	\$ 13,840,000	\$ 70,196,188	\$ 6,305,000	\$ 13,175,000	
2004	58,805,000	13,400,000	66,858,087	4,310,000	11,535,000	
2005	57,670,000	12,945,000	62,696,724	2,320,000	9,830,000	
2006	54,390,000	12,460,000	63,877,329	220,000	8,065,000	\$ 538,214
2007	50,990,000	11,955,000	60,153,275		6,235,000	424,172
2008	47,455,000	11,420,000	56,285,041		4,340,000	304,271
2009	43,785,000	11,205,000	52,265,146		3,400,000	178,211
2010	49,195,000	14,240,000	48,091,241		2,435,000	45,675
2011	44,960,000	13,545,000	43,741,269		1,865,000	
2012	39,905,000	12,830,000	39,212,947		1,275,000	

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

¹ See Demographic and Economic Statistics table for personal income and population data. These ratios are calculated using personal income and population for the prior year.

Business-Type Activities

	Water & Sewer Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
\$	54,725,000	\$ 49,317	\$ 219,845,505	0.0255%	2,891
	48,765,000		203,673,087	0.0273%	2,551
	42,645,000		188,106,724	0.0303%	2,205
	36,335,000		175,885,543	0.0319%	2,057
	34,455,000		164,212,447	0.0309%	1,925
	55,920,000		175,724,312	0.0308%	2,060
	52,700,000		163,533,357	0.0347%	1,928
	50,045,000		164,051,916	0.0330%	1,946
	46,900,000		151,011,269	0.0358%	1,789
	43,640,000		136,862,947	0.0396%	1,604

CITY OF BOCA RATON, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)
(Unaudited)

Fiscal Year	General Obligation Bonds	Assessed Value of Taxable Property	Percentage of Estimated Actual Taxable Value of Property	Population	Per Capita
2003	\$ 61,555	\$ 11,614,994	0.53%	76,043	0.81
2004	58,805	12,537,612	0.47%	79,838	0.74
2005	57,670	14,437,905	0.40%	85,311	0.68
2006	54,390	16,624,250	0.33%	85,488	0.64
2007	50,990	19,931,342	0.26%	85,296	0.60
2008	47,455	20,408,459	0.23%	85,293	0.56
2009	43,785	19,624,543	0.22%	84,823	0.52
2010	49,195	17,992,026	0.27%	84,313	0.58
2011	44,960	16,609,124	0.27%	84,392	0.53
2012	39,905	16,421,102	0.24%	85,329	0.47

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

Legal Debt Margin

The current ordinances of the City of Boca Raton do not specify a Legal Debt Margin.

CITY OF BOCA RATON, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2012

(Amounts Expressed in Thousands)
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
OVERLAPPING:			
Palm Beach County	\$ 207,340 ¹	13.27% ²	\$ 27,506
Palm Beach School District	<u>30,650</u>	13.27% ²	<u>4,066</u>
SUBTOTAL	<u>\$ 237,990</u>		<u>\$ 31,572</u>
DIRECT DEBT:			
General obligation bonds	\$ 39,905 ³	100.00%	\$ 39,905
Special assessment bonds	12,830 ³	100.00%	12,830
Tax increment bonds	39,213 ³	100.00%	39,213
Loans payable	<u>1,275 ³</u>	100.00%	<u>1,275</u>
SUBTOTAL	<u>\$ 93,223</u>		<u>\$ 93,223</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 124,795</u></u>

¹ Source: Palm Beach County

² Determined by dividing:
taxable assessed valuation of the City of Boca Raton \$ 16,627,083,519
by the total taxable valuation of Palm Beach County. \$ 125,336,113,099

³ Source: City of Boca Raton, Financial Service Department

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 businesses of Boca Raton. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF BOCA RATON, FLORIDA
PLEDGED-REVENUE COVERAGE FOR WATER AND SEWER REVENUE BONDS
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Utility Service Charges</u>	<u>Less: Operating Expenses (1)</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage by Net Revenue Available for Debt Service (2)</u>
				<u>Principal</u>	<u>Interest</u>	
2003	\$37,622,100	\$24,426,180	\$13,195,920	\$1,220,000	\$2,201,762	3.86
2004	38,071,653	26,419,641	11,652,012	5,960,000	2,038,905	1.46
2005	39,710,808	28,664,421	11,046,387	6,120,000	1,870,245	1.38
2006	41,600,339	30,573,825	11,026,514	6,310,000	1,682,493	1.38
2007	42,034,313	32,919,327	9,114,986	1,880,000	1,608,703	2.61
2008	43,604,523	33,606,413	9,998,110	1,955,000	2,010,842	2.52
2009	52,149,868	33,586,572	18,563,296	2,030,000	2,146,016	4.45
2010	48,766,835	30,780,072	17,986,763	2,655,000	1,942,669	3.91
2011	48,819,198	31,623,922	17,195,276	3,145,000	1,883,550	3.42
2012	49,926,107	31,677,197	18,248,910	3,260,000	1,766,594	3.63

(1) Total expense exclusive of depreciation and debt service on revenue bonds.

(2) 1.10 net revenues test required by the rate covenants applies to the 1999, 2001, 2008 and 2009 bonds.

CITY OF BOCA RATON, FLORIDA
PLEGDED-REVENUE COVERAGE FOR SPECIAL ASSESSMENT BONDS
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u>		<u>Coverage by Net Revenue Available for Debt Service</u>
		<u>Principal</u>	<u>Interest</u>	
2003	\$ 1,049,349	\$ 410,000	\$ 651,893	0.99
2004	1,139,139	440,000	631,393	1.06
2005	1,360,212	455,000	613,793	1.27
2006	1,518,115	485,000	596,730	1.40
2007	1,156,977	505,000	577,330	1.07
2008	1,179,630	535,000	557,130	1.08
2009	1,194,209	565,000	535,730	1.08
2010	1,170,054	670,000	400,453	1.09
2011	1,199,953	695,000	524,292	0.98
2012	1,172,570	715,000	493,294	0.97

CITY OF BOCA RATON, FLORIDA
PLEDGED-REVENUE COVERAGE FOR TAX INCREMENT REVENUE REFUNDING BONDS
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Lease Revenue</u>	<u>Tax Increment Revenue</u>	<u>City Contribution</u>	<u>Collections</u>	<u>Debt Service</u>		<u>Coverage by Net Revenue Available for Debt Service</u>
					<u>Principal (1)</u>	<u>Interest</u>	
2003	\$ 1,180,000	\$ 2,767,496	\$ 1,356,600	\$ 5,304,096	\$ 2,735,000	\$2,442,824	1.02
2004	1,180,000	3,320,212	1,837,900	6,338,112	3,380,000	2,324,265	1.11
2005	1,180,000	4,910,628	961,100	7,051,728	4,205,000	2,174,255	1.11
2006	1,180,000	6,146,820		7,326,820	4,375,000	2,002,655	1.15
2007	1,180,000	6,771,200		7,951,200	4,730,000	1,820,555	1.21
2008	1,208,198	6,308,900		7,517,098	4,925,000	1,624,993	1.15
2009	1,300,511	6,750,600		8,051,111	5,130,000	1,416,300	1.23
2010	1,188,119	6,658,892		7,847,011	5,340,000	1,193,760	1.20
2011	1,236,280	8,948,102		10,184,382	5,575,000	956,997	1.56
2012	1,300,374	6,484,150		7,784,524	5,815,000	704,206	1.19

(1) In October, 1998, the Boca Raton Community Redevelopment Agency Tax Increment Revenue Refunding Bonds, Series 1998 (Mizner Park Project) was used to refinance the CRA's Tax Increment Revenue Bond, Series 1992.

DEMOGRAPHIC AND ECONOMIC INFORMATION

This section is intended (1) to assist users in understanding the socioeconomic environment within which a government operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.

CITY OF BOCA RATON, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Population³	Personal Income (amounts expressed in thousands)²	Per Capita Personal Income²	Median Age²	Education Level in Years of Schooling²	School Enrollment¹	Unemployment Rate¹
2003	76,043	\$ 4,269,358	56,144	43	13	10,600	5.6%
2004	79,838	4,445,300	55,679	43	13	8,838	5.0%
2005	85,311	4,862,130	56,993	43	13	8,592	4.0%
2006	85,488	4,800,835	56,158	43	13	8,532	3.7%
2007	85,296	4,334,487	50,817	44	13	11,574	4.8%
2008	85,293	4,617,507	54,137	44	13	11,574	6.3%
2009	84,823	4,811,500	56,724	45	13	12,132	7.9%
2010	84,313	4,809,129	57,039	45	13	12,529	9.1%
2011	84,392	6,026,770	71,414	45	13	13,188	9.7%
2012	85,413	6,133,166	71,806	45	13	12,998	9.0%

Source¹: Bureau of Labor Statistics for West Palm Beach-Boca Raton-Boynton Beach, FL Metropolitan Division
2012 School Enrollment Information - www.Palmbeachschools.org

Source²: Business Development Board of Palm Beach County

Source³: Office of Economic and Demographic Research

CITY OF BOCA RATON, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2012*			2003		
	Number of Employees	Rank	Percentage of Total City Employment (1)	Number of Employees	Rank	Percentage of Total City Employment
Florida Atlantic University	2,706	1	2.73%	1,400	4	N/A
Office Depot (Hdqtrs)	2,250	2	2.27%			
Boca Raton Regional Hospital	2,250	3	2.27%	1,700	2	N/A
Boca Raton Resort and Club	1,800	4	1.81%	2,380	1	N/A
City of Boca Raton	1,279	5	1.29%	1,225	5	N/A
National Council of Comp Ins (NCCI)	800	6	0.81%	900	9	N/A
Prime Management Group Inc	750	7	0.76%			
Tyco International / ADT / SimplexGrinnell (Hdqtrs)	700	8	0.71%			
International Bus. Machines (IBM)	600	9	0.60%			
Applie Card Systems	550	10	0.55%	1,600	3	N/A
Siemens (and local subsidiaries)				1,000	8	N/A
Rexall Sundown, Inc.				1,000	7	N/A
ADT / Sensormatic				1,100	6	N/A
MBNA				800	10	N/A
TOTAL	13,685		13.79%	13,105		

Source of 2003 data: 2003 City of Boca Raton CAFR

Source of 2012 data: The employers and Hoover's D&B data from Enterprise Florida-updated 12/2011.

(1) Total Employment for Boca Raton is 99,256 per the Development Services Department, Multimodal Transportation District (MMTD) 2006 Planning Estimate, August 5, 2008

* 2012 data indicates the most recent information available at the time of statement issuance

OPERATING INFORMATION

This section is intended to provide contextual information about a government's operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition.

CITY OF BOCA RATON, FLORIDA
FULL-TIME EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	177	187	176	204	191	168	167	155	156	158
Public safety										
Police (a)										
Officers	169	169	191	198	198	198	198	198	198	198
Civilians	93	91	101	106	106	99	98	97	97	97
Fire (a)										
Firefighters and officers	161	174	195	207	207	207	207	205	205	205
Civilians	13	13	11	12	12	10	10	10	11	11
Highways and streets										
Engineering	13	13	13	13	12	10	10	9	9	9
Maintenance	14	13	15	13	18	16	16	17	17	16
Sanitation	52	51	53	55	55	53	53	52	49	46
Culture and recreation	293	294	307	296	324	300	290	273	285	296
Water/sewer	172	172	162	148	169	165	165	165	165	165
Stormwater	10	10	8	8	9	9	10	11	11	11
Information technology	19	21	22	23	22	21	22	24	24	27
Motor pool	12	11	13	15	13	13	13	12	12	12
Golf course	21	22	25	23	24	24	24	24	23	23
Cemetery	6	5	5	5	5	5	5	5	5	5
TOTAL	1,225	1,246	1,297	1,326	1,365	1,298	1,288	1,257	1,267	1,279

Source: City of Boca Raton Approved Budget Book 2011-2012

(a) Additional police officers and firefighters were hired in 2004 and 2005 due to annexation.

CITY OF BOCA RATON, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>Fiscal Years</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
General government				
Bond ratings - G.O. bonds				
Moody's	Aaa	Aaa	Aaa	Aaa
Standard & Poor's	AAA	AAA	AAA	AAA
Fitch	AAA	AAA	AAA	AAA
Building permit applications	8,825	8,926	10,397	12,674
Law enforcement				
Physical arrests	1,242	1,967	2,092	2,036
Parking violations	2,824	3,340	3,878	2,984
Traffic violations	16,560	18,028	22,995	27,177
Fire rescue				
Number of calls answered	14,084	16,316	16,824	15,762
Inspections	n/a	6,042	5,938	6,001
Transportation				
Streets resurfacing (miles)	10	0	0	10
Potholes repaired	253	295	201	0
Potholes repaired (tons)	**	**	**	**
Physical environment				
Refuse collection(tons/daily)	251	248	210	183
Recyclables collected (tons/daily)	37	35	30	22
Parks & recreation				
Athletic field permits issued	8,215	8,809	9,180	7,977
Community center admissions	311,722	353,042	364,582	362,908
Tennis participation	226,761	230,997	225,603	212,422
Camp programs	2,260	2,173	2,264	2,505
Aquatics participation programs	50,300	46,142	40,606	47,191
Business-type activities:				
Water				
New connections (excl Iris)	61	61	182	384
Water mains breaks	130	183	132	76
Average daily consumption (thousands of gallons)	39,690	41,050	40,080	41,854
Active accounts	34,800	34,874	35,110	35,499
Sewer				
Average daily sewage treatment (thousands of gallons)	14,336	14,350	14,960	14,744
Active accounts	31,462	31,501	31,776	32,082
Golf courses				
Annual golf permits	211	187	180	170
Golf participation	121,709	112,436	111,712	119,462

Source: Various City Departments

** The unit quantity for potholes repaired is now tracked in tons instead of each as a unit of production

2007	2008	2009	2010	2011	2012
Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
AAA	AAA	AAA	AAA	AAA	AAA
AAA	AAA	AAA	AAA	AAA	AAA
10,368	8,329	7,270	6,957	6,738	7,542
2,250	3,165	3,049	3,324	2,948	2,939
2,046	4,516	2,323	2,574	1,624	958
21,112	25,190	23,620	27,354	26,393	25,985
15,993	15,548	15,013	15,550	15,762	16,192
6,381	6,912	6,538	7,090	7,202	5,855
9	7	4	10	0	18
388	112	175	**	**	**
**	**	**	10	14	11
134	125	121	143	123	112
33	19	19	34	19	25
9,078	9,267	8,446	8,269	8,381	8,698
391,928	413,855	435,265	431,894	456,238	456,802
237,553	210,794	191,245	193,444	191,877	188,231
2,489	2,177	2,156	2,238	3,667	3,093
51,176	53,556	53,152	54,791	62,374	57,749
292	97	128	62	86	147
25	23	23	20	33	130
35,480	36,870	39,500	34,427	34,700	31,630
35,804	35,921	36,040	36,081	36,200	36,375
13,350	13,174	12,523	13,130	12,520	13,656
32,338	32,512	32,733	32,887	32,973	33,141
146	126	120	97	80	72
130,687	125,933	124,265	96,878	105,055	107,037

CITY OF BOCA RATON, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>Fiscal Years</u>									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Law enforcement										
Police stations/substations	4	4	4	4	2	2	2	2	2	2
Patrol units	240	250	258	247	210	227	234	230	230	230
Fire rescue										
Fire stations	6	8	8	8	8	8	8	8	8	8
Fire rescue units	25	31	32	33	33	33	33	33	33	33
Physical environment										
Sanitation-collection trucks	34	35	34	33	35	35	35	35	35	35
Transportation										
Street (miles)	251	252	252	252	225	219	224	219	219	218
Street lights	n/a	n/a	n/a	384	381	384	384	384	857	857
Traffic signals	129	132	133	135	134	135	136	136	136	136
Lane miles	508	510	510	510	490	484	495	486	486	485
Parks and recreation										
Park acreage	547	551	551	551	551	551	551	551	551	636
Parks	29	31	31	31	31	31	31	31	31	32
Swimming pools	2	2	2	3	2	2	2	2	2	2
Tennis centers	3	3	3	3	3	3	3	3	3	3
Community centers	3	3	3	3	3	3	3	3	3	3
Public libraries	1	1	1	1	1	2	2	2	2	2
Public beaches (miles)	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18
Business-type activities										
Water										
Water mains(miles)	538	541	545	547	550	535	535	560	546	560
Fire hydrants	4,999	4,999	4,999	5,035	5,397	5,397	5,419	5,448	5,421	5,503
Maximum daily capacity (thousands of gallons)	70	70	70	70	70	70	70	70	70	70
Sewer										
Sanitary sewers (miles)	339	340	342	343	344	480	482	385	512	513
Maximum daily treatment capacity (thousands of gallons)	18	18	18	15	18	18	18	18	18	18
Waste water pumping stations	232	234	234	238	237	233	238	238	236	238
Cemetery	1	1	1	1	1	1	1	1	1	1
Golf courses	3	3	3	3	3	3	3	3	3	3
Storm water utilities										
Storm sewer(miles)	50	50	51	51	63	63	64	99	99	100

Sources: Various City departments

Note: No capital asset indicators are available for the general government function.