

# CITY OF BOCA RATON FLORIDA



**Comprehensive Annual Financial Report  
For the Year Ended September 30, 2010**

# 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, 2009

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF THE**  
**CITY OF BOCA RATON, FLORIDA**

**FOR THE FISCAL YEAR ENDED**

**September 30, 2010**



Prepared by the Financial Services Department

Linda C. Davidson, C.P.A., C.G.F.O., Director  
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Sharon McGuire, C.P.A., C.G.F.O, O.M.B. Director  
Victoria Guinn, Accountant  
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Leslie Harmon, Grants Administrator  
Ella Moore-Poitier, Budget Analyst  
Jean Bonds, Office Supervisor II

## ***ABOUT THE COVER:***

The ***Count de Hoernle Amphitheatre*** was opened to the public in November 2002. It was constructed and operated by the Schmidt Centre for the Arts at Mizner Park and is located in the heart of downtown Boca Raton, Florida.

The beautiful open air venue of the colonnade and concert green amphitheatre hosts local, regional, national and international musical artists, as well as theater, dance, film and community events.

Programming at the amphitheatre includes a variety of community events, music festivals, city events, and commercial concerts. Annual non profit programs hosted at the amphitheatre include:

- Festival of the Arts Boca
- Boca Bacchanal
- American Cancer Society's Making Strides Walk
- Juvenile Diabetes Research Foundation Walk
- Think Pink Rocks
- Lynn University Philharmonia
- Boca Philharmonia
- Palm Beach County Youth Orchestra
- Rotary Club of Boca Raton's Future Stars Competition
- FAU Summer Concert Band
- Boca Ballet

Additionally, many popular artists have performed at the amphitheatre. Stars of the musical world have ranged from Itzhak Perlman and Renee' Fleming performing at the Festival of the Arts at Boca, to Jethro Tull, Harry Connick Jr., the B52's and Norah Jones. The facility serves as a social, cultural and educational center for South Palm Beach County residents and draws audiences from throughout South Florida. Since its inaugural year, the amphitheatre has entertained more than one million people.

In October 2010, the Schmidt Centre for the Arts at Mizner Park transferred the Amphitheatre to the City to operate and maintain the venue.

## **PHOTO & DESIGN CREDIT:**

Robert Stolpe Photography

[robertstolpe.com](http://robertstolpe.com)

2008 Festival of the Arts Boca

CITY OF BOCA RATON, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2010

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March 28, 2011

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, 2010. State law requires that every general-purpose local government publish within twelve months of the close of each fiscal year a complete set of audited financial statements. In addition to meeting this legal requirement, the report 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, 2010. 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**

### **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, a library, 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 and state financial assistance, findings and recommendations, 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. 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. 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.

## **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.

During 2010, Moody's, Standard and Poor's and Fitch Ratings affirmed the "AAA" ratings on the City of Boca Raton's General Obligation Debt. Moody's stated *"The Aaa rating is based on the city's broad-based economy, with an affluent resident base and established business sector, sound financial position characterized by good cash and equity, and affordable debt profile."* Fitch stated *"Its credit profile is strong, marked by healthy financial performance, very low debt levels, and prudent financial management."* 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 rated the Water and Sewer Revenue Bonds "AAA" as well.

The City issued \$3.705 million Special Assessment Bonds, Series 2010 on July 1, 2010. The bonds were issued to finance the balance of the Visions 90 Capital Improvement Program. The City invested over \$5 million in the downtown area of the City through the renovation of NE 1<sup>st</sup> St., Palmetto Park Road, and Boca Raton Rd (Visions 90 Capital Improvement Program).

The project will create the north-south pedestrian connection between Mizner Park and Royal Palm Place, and greatly enhance the walkability of the downtown area by widening sidewalks, creating raised intersections, and the installation of new landscaping, lighting, and signage. The project, currently under construction, is estimated to be complete in May 2011.

The City issued \$9.225 million General Obligation Bonds, Series 2010 on July 28, 2010. The bonds were issued to finance the Downtown Library Project. The project is currently under design with public input being received through a series of informational meetings.

Starting in August 2009, the City launched a pilot program for semi-automated curbside collection for sanitation services. The new system has improved efficiency and safety. The program will be expanded to approximately 50% of the City service area by 2011 and will be fully implemented City-wide by 2013.

The Boca Raton Community Redevelopment Agency's taxable value over the last five years has increased an average of 6.5% annually. The City of Boca Raton's taxable property values decreased 6.81% for the 2010 tax year. This is the third year of declines in property values that the City has experienced since 1992 and is well below the City's twenty year average property value growth rate of 5%.

The City's taxable value is \$16.609 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.



Boca Raton also remains as a premier shopping and dining location. The Town Center Mall 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.



### **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.

A new downtown marketing program, a merchants association, a revised downtown website and numerous special events have been initiated. The Centre for the Arts at Mizner Park, Inc. terminated its ground lease with the Boca Raton Community Redevelopment Agency and the City agreed to operate and maintain the Mizner Park Amphitheatre effective October 1, 2010. Capital improvements including the stage floor, dressing rooms and facilities along with the painting of the facility are underway.

Compared to the 2010 fiscal year, the City will collect \$3.9 million or 7.6% less in property taxes due to declines in property values and the City not raising the tax rate. The City expects the trend to continue for the next several years. The City maintained the same operating tax rate of \$3.02 per \$1,000 for the fourth year. The City's debt service tax rate increased slightly over the 2009 rate to \$.3211 based upon voter approved bond issues.

The City continues to evaluate and implement user fees as part of its efforts for long term sustainability. In the 2011 budget, the sanitation fee was increased from \$10 to \$15 monthly for single family residents and from \$5.74 to \$8.61 monthly for multi-family residential units to cover approximately 90% of the projected cost of the \$6 million to provide sanitation services. Over the next few budget years, the City will increase the user fee to have the users of the service pay 100% of the costs. The provision of solid waste services is accounted for as an enterprise fund.

The City is in the process of implementing a parking system program for certain enforcement areas in the downtown and beach parking areas. The City anticipates this program will generate additional revenue of over \$600,000. Also, in the 2011 operating budget, the City increased the fire assessment fee from \$40 to \$60 per household to recover a portion of the operational costs of the City's fire services.

In the 2011 Session, the Florida Legislature is considering revenue and expenditure limitations including property tax reform, expenditure caps and public pension plan reform. 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.

## **LOCAL ECONOMY**

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. Our building permits have decreased slightly from \$6.6 million in 2009 to \$6.4 million in 2010. The Boca Raton real estate market has seen a decline in foreclosures rates. We anticipate a downward trend of 8% to 10% in taxable value growth for 2010 related to housing value declines, foreclosures and property tax reform.

Boca Raton continues to be a major commercial center in southeast Florida. In fact, with over 12 million square feet of office space, Boca Raton has about half of all of the office space in Palm Beach County. A number of regional, national and international corporations call Boca Raton home. Several Fortune 500 companies and nearly 3,000 businesses are located in Boca Raton, employing over 38,000 people. The corporations calling Boca Raton home include Office Depot, Tyco, Campus Management, and Jardin Consumer Solutions, as well as successful technical and innovative start-up corporations such as 3CInteractive, GeoGroup, and Biotest.

The severity and length of the economic downturn has had a negative impact on the City's corporate tax base and jobs. In addition, the City of Boca Raton is facing tremendous competition to retain its existing corporations. As a result, the City Council identified Economic Development strategy and funding as one of the top priorities for FY 2010-11 in order to create and retain jobs in the City. To achieve this goal, the City has developed and adopted an aggressive Economic Development Incentive Program to create and retain jobs in the City.

In 2010, the City formalized its economic development efforts by creating 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. The City continues to work with its economic development partners, Enterprise Florida and the Palm Beach County Business Development Board.

Through its Economic Development Incentive Policy, the City has committed \$414,000, which has resulted in the creation of 336 new jobs and retained 944 other jobs in the City.

In addition to the incentive partnerships, in 2010, a number of other corporations relocated to the City, or increased their workforce within the City. Infinity Sales Group, LLC and Metropolitan Health Networks both moved their corporate offices to Boca Raton. Infinity Sales Group currently has 340 employees and is looking to increase that number by 200 in the next two years. National Healing Corporation plans to add 40 jobs to its corporate headquarters and 3Cinteractive, recently recognized as one of the nation's fastest-growing companies on *Inc. Magazine's* annual list, plans to hire 25 new employees in the next year.

Although CB Richard Ellis estimates a vacancy rate of 25.7% in large office buildings in Boca Raton for the final quarter of 2010, they also reported a net absorption in Boca Raton of almost 300,000 sq. ft. for 2010. They further note that although the economic scenario for Palm Beach in 2010 has mirrored the rest of the nation, many companies have appeared to have jumped over the economic hurdles, and the increase in deal volume is an indication that the commercial real estate market is headed towards stabilization.

Boca Raton is also a major cultural location in southeast Florida, anchored by the Caldwell Theater, 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 & Club.

Education plays an important role in the Boca Raton area. The City is the location of Florida Atlantic University, Lynn University, and the southern campus of Palm Beach State College. Together, the enrollment of these colleges and universities is over 25,000 students, which adds to the stability of the City's economic base, and the educational facilities continue to expand. FAU was approved for an on-site medical school, and is expanding its campus with new student housing, classroom buildings, a new stadium, and a state-of-the-art LEED certified Engineering Building; Lynn University has created a new master plan for its campus and has opened its new performance facility; and 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 been rated A by the State of Florida, the highest rating possible.

## **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. Annually, a long-range financial plan is presented to the City Council 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.

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 and in fiscal year 2010 adjusted benefits prospectively for executive employees and committed \$8.5 million 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 City also continues to monitor the 2011 State Legislative Session as it relates to public pension reform.

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.

In order to construct a new Downtown Library, the City issued the remaining balance of the 2003 voter approved General Obligation Bonds. Additionally, the CIP includes \$1.5 million to fund the balance of the costs of the Downtown Library construction, furniture, fixtures and equipment. The approved CIP also includes energy efficiency, greenhouse gas reduction, and public education projects funded by the Federal Energy Efficiency and Conservation Block Grant (EECBG) application. Recognizing the importance of environmental sustainability and the leadership role that the City continues to take in this area, the approved CIP budget includes \$1,310,300 for other energy reduction and environmental sustainability projects.

## **FINANCIAL POLICIES**

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 51 *"Financial Reporting for Intangible Assets"* for its governmental activities and proprietary fund types. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement provides additional guidance to state and local governments on the recognition of identifiable intangible assets for financial reporting purposes. It establishes guidance on recognizing internally generated assets, such as computer applications, as an intangible asset. It also provides guidance related to useful life and amortization of intangible assets. The City reclassified intangible assets consisting of software from the equipment capital asset category; however, this had no effect on the City's overall financial statements. The City also revised its Capital Asset Policy for the capitalization threshold amount from \$1,000 to \$5,000 for tangibles assets, and \$1,000 to \$35,000 for intangible assets.

## **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, 2009. This was the 30th 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, 2010. It was the 28th 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, Ed Fry, Victoria Guinn and Allison Teslia for their dedication in the creation and compilation of this document. Our appreciation is also extended to Jean Bonds, Mike Woika, Robert George, Ella Moore-Poitier, Nancy Asher, Leslie Harmon and Sharon McGuire 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,



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

**LIST OF PRINCIPAL OFFICIALS**  
**September 30, 2010**

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..... Julia Trevarthen

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

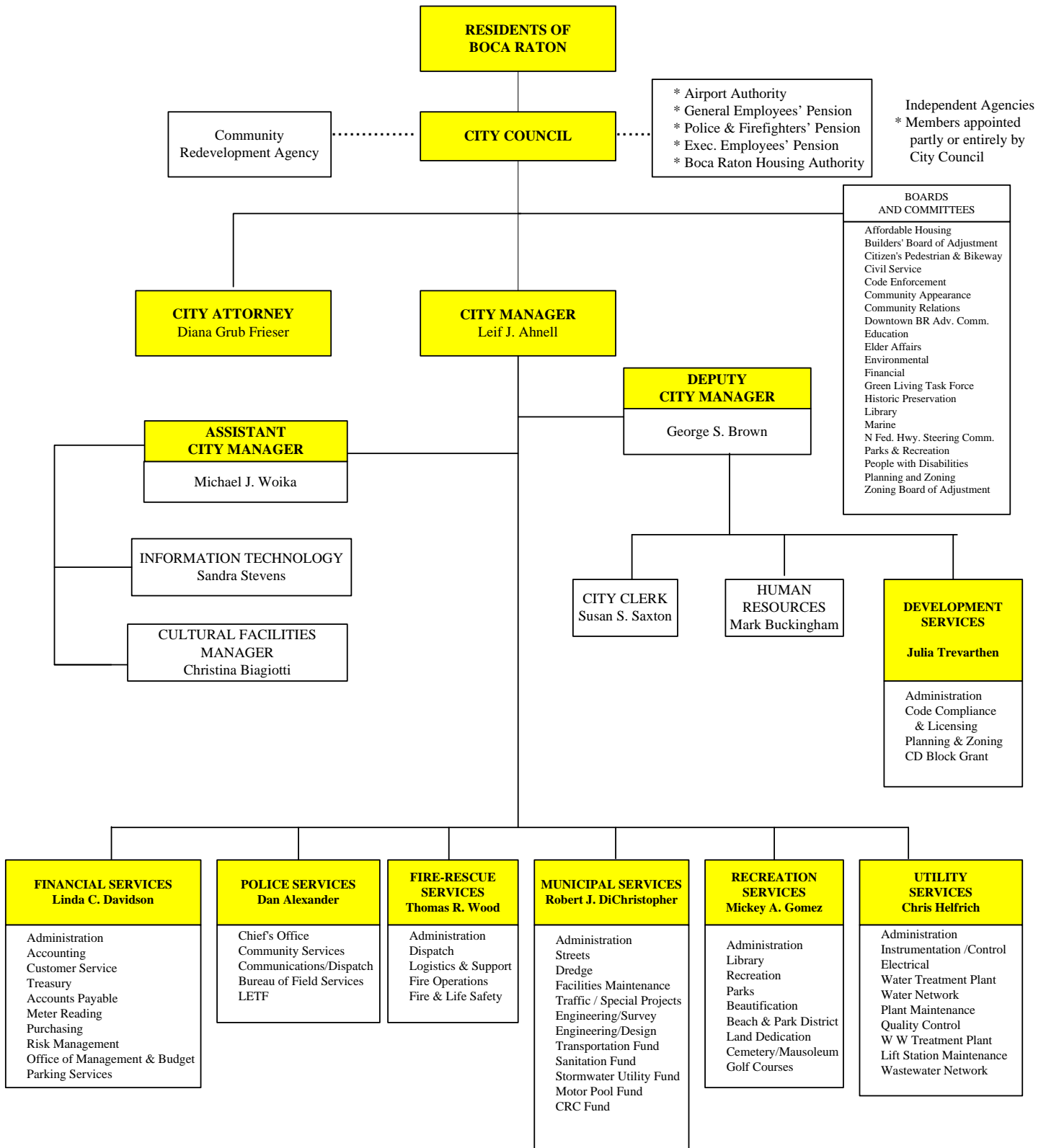
Municipal Services Director .....Robert DiChristopher

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 (including the Community Redevelopment Agency Funds) of the City of Boca Raton, Florida, (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Management's Discussion and Analysis and the Required Supplementary Information on pages 1 through 20 and 84 through 91 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 section, combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Marcum LLP*

Fort Lauderdale, FL  
March 28, 2011



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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, 2010. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$799.833 million (net assets). Of this amount, \$130.350 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$10.350 million. The increase is largely attributable to a decrease in expenses and an increase in non-operating revenues for the business-type activities, especially in water and sewer. The governmental activities showed a slight decline in net assets from the prior year due to operations.
- The City's business-type activities reported total net assets of \$307.254 million, which is an increase of \$11.035 million, or 3.7%, in comparison to the prior year. Approximately 12.4% of the total or \$45.058 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 \$46.925 million, or 38.7% 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, \$20.733 million has been committed for hurricane/disaster emergency, Mizner Park debt service and retirement, \$1.286 million was assigned for the subsequent years' budget, \$18.7 thousand for inventories was non-spendable and \$24.717 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 2.61% in 2009 to 1.91% in 2010.

### **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 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 assets 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 Assets* presents information on the assets held and liabilities owed by 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 total liabilities is net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Although the purpose of the City is not to accumulate net assets, 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 21-24 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, 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. 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 assets presented in the governmental activities column on the statement of net assets. 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 assets 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 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 25-30.

## **Proprietary Funds**

Proprietary fund financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in fund net assets 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 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 31-34.

## **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 assets and a statement of changes in fiduciary net assets.

The City's fiduciary fund financial statements are presented on pages 35-36.

## **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 37-83.

## 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 84-91.

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 92-129 of this report.

## Government-Wide Financial Analysis

The following schedule is a summary of the fiscal 2010 Statement of Net Assets found on pages 21–22 with comparative information for fiscal 2009.

CITY OF BOCA RATON, FLORIDA						
Net Assets (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 190,372	\$ 190,003	\$ 109,051	\$ 102,798	\$ 299,423	\$ 292,801
Capital assets	451,512	451,438	258,953	258,971	710,465	710,409
<b>Total assets</b>	<b>641,884</b>	<b>641,441</b>	<b>368,004</b>	<b>361,769</b>	<b>1,009,888</b>	<b>1,003,210</b>
Non-current liabilities outstanding	135,141	132,151	53,144	55,788	188,285	187,939
Other liabilities	14,164	16,238	7,606	9,762	21,770	26,000
<b>Total liabilities</b>	<b>149,305</b>	<b>148,389</b>	<b>60,750</b>	<b>65,550</b>	<b>210,055</b>	<b>213,939</b>
Net assets:						
Invested in capital assets, net of related debt	361,158	352,077	208,818	210,989	569,976	563,066
Restricted	46,129	53,133	53,378	49,295	99,507	102,428
Unrestricted	85,292	87,842	45,058	35,935	130,350	123,777
<b>Total net assets</b>	<b>\$ 492,579</b>	<b>\$ 493,052</b>	<b>\$ 307,254</b>	<b>\$ 296,219</b>	<b>\$ 799,833</b>	<b>\$ 789,271</b>

The overall position of the City improved in both the 2010 and 2009 fiscal years. Changes in net assets over time can be one of the best and most useful indicators of

financial position. The total net assets of the City increased by \$10.5 million or approximately 1.3% from \$789.3 million in 2009, to \$799.8 million in 2010. The increase in net assets was primarily as a result of operations in the business-type activities.

At the end of the fiscal year, the City reported positive balances in all categories of net assets for both governmental and business-type activities.

By far, the largest portion of the City's net assets (71%) 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.

An additional portion of the City's net assets (12%) represents resources that are subject to external restrictions on how they may be used. The balance in restricted net assets reflects a net decrease of \$2.921 million from \$102.428 million in 2009 to \$99.507 million in 2010.

The 2010 balance in unrestricted net assets of \$130.350 million increased by \$6.573 million or 5.31% from the prior year. As stated earlier, this increase is due to income generated by operations of approximately \$10.5 million which was then offset by the reclassification of net assets to the other categories as described above. The balance in unrestricted net assets represents resources that may be used to meet the City's ongoing obligations to its citizens and creditors.

The following schedule is a summary of the fiscal 2010 Statement of Activities found on pages 23-24 with comparative information for fiscal 2009.

**CITY OF BOCA RATON, FLORIDA**  
**Changes in Net Assets (in thousands)**

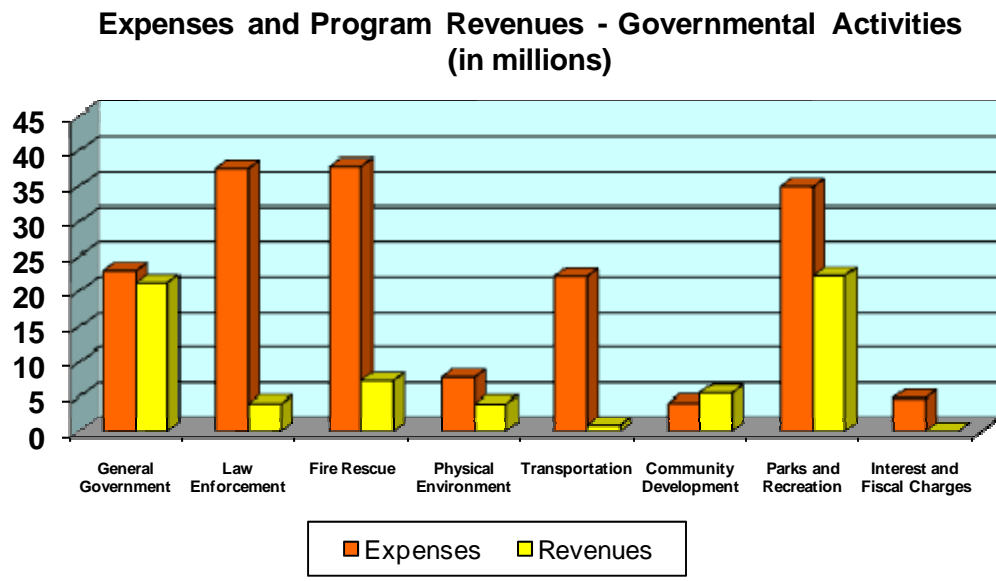
	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 48,185	\$ 45,878	\$ 55,673	\$ 56,672	\$ 103,858	\$ 102,550
Operating grants & contributions	13,916	4,777			13,916	4,777
Capital grants & contributions	3,326	2,980	5,401	3,079	8,727	6,059
General revenues:						
Property taxes	57,635	61,764			57,635	61,764
Other taxes	46,925	48,447			46,925	48,447
Other	4,765	7,280	1,354	2,520	6,119	9,800
Total revenues	<u>174,752</u>	<u>171,126</u>	<u>62,428</u>	<u>62,271</u>	<u>237,180</u>	<u>233,397</u>
<b>Expenses:</b>						
General government	23,023	19,099			23,023	19,099
Law enforcement	37,585	37,225			37,585	37,225
Fire rescue	37,856	36,104			37,856	36,104
Physical environment	7,851	4,252			7,851	4,252
Transportation	22,196	18,650			22,196	18,650
Community development	4,168	2,115			4,168	2,115
Parks and recreation	34,928	37,772			34,928	37,772
Interest and fiscal charges	4,834	5,148			4,834	5,148
Water and sewer			42,970	46,630	42,970	46,630
Cemetery			635	653	635	653
Golf			3,075	3,098	3,075	3,098
Stormwater Utility			1,646	1,736	1,646	1,736
Sanitation			5,851	5,923	5,851	5,923
Total expenses	<u>172,441</u>	<u>160,365</u>	<u>54,177</u>	<u>58,040</u>	<u>226,618</u>	<u>218,405</u>
Increase in net assets before transfers	2,311	10,761	8,251	4,231	10,562	14,992
Transfers	<u>(2,784)</u>	<u>(10,158)</u>	<u>2,784</u>	<u>10,158</u>		
Increase in net assets	<u>(473)</u>	<u>603</u>	<u>11,035</u>	<u>14,389</u>	<u>10,562</u>	<u>14,992</u>
Net assets beginning of year, as previously reported	493,052	488,933	296,219	279,913	789,271	768,846
Prior period adjustment		3,516		1,917		5,433
Net assets beginning of year, as restated	<u>493,052</u>	<u>492,449</u>	<u>296,219</u>	<u>281,830</u>	<u>789,271</u>	<u>774,279</u>
Net assets end of year	<u>\$ 492,579</u>	<u>\$ 493,052</u>	<u>\$ 307,254</u>	<u>\$ 296,219</u>	<u>\$ 799,833</u>	<u>\$ 789,271</u>

Changes in net assets:

Governmental activities decreased the City's net assets by \$473 thousand. This net decrease in assets is a result of the following:

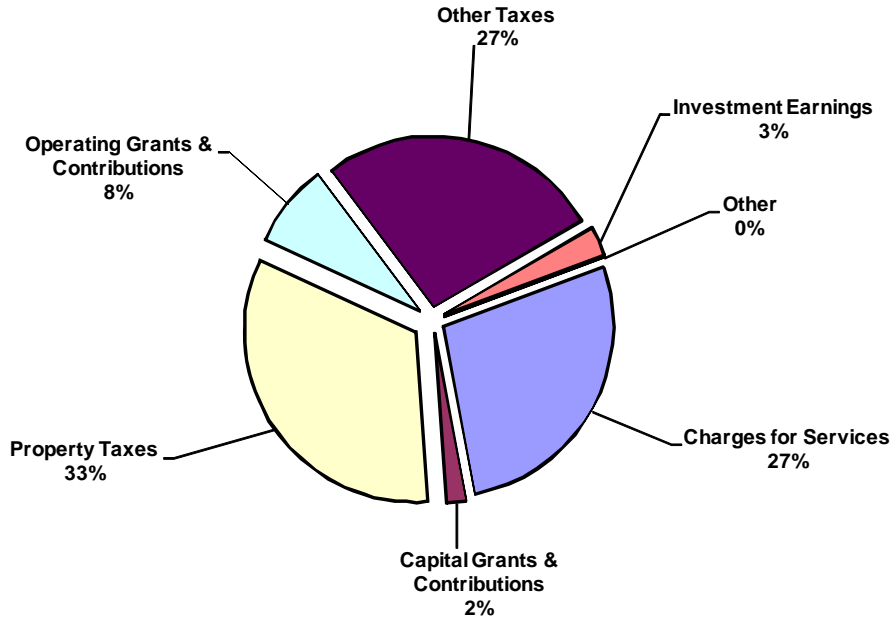
- Property tax revenues decreased by approximately \$4.129 million due to a decrease in new construction and property tax values and no change in the property tax rate.
- Other taxes (including utility, franchise, sales and other state shared revenue) decreased by \$1.52 million due primarily to a decline in franchise taxes (electrical, cable television, natural gas and solid waste) in the current year.
- Charges for services increased by \$2.307 million related to an increase in the fire assessment fee. Other revenues decreased by \$2.515 million related to declines in interest earnings
- Operating grants and contributions received by the City increased by approximately \$9.14 million due to state and federal reimbursements related to beach renourishment and transportation projects.
- Capital grants and contributions received by the City increased by approximately \$346,000 due primarily to donations.
- Expenses during 2010 increased by approximately \$12.07 million from 2009 due primarily to increased salary and benefit costs for personal services.

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



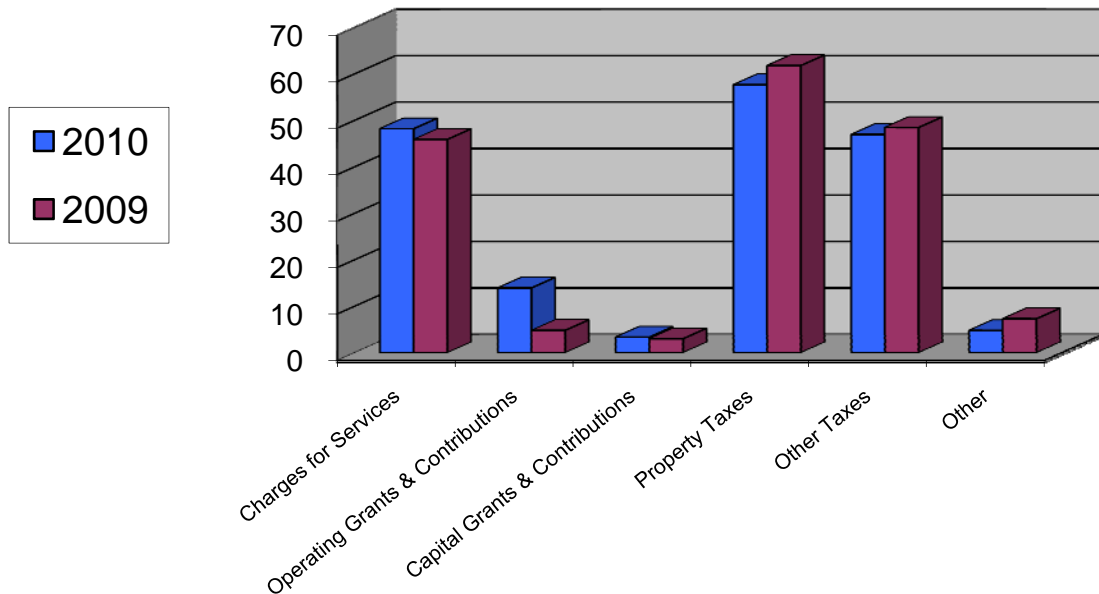
The following is a chart of revenues by source of governmental activities by percent of total revenues.

### Revenues by Source - Governmental Activities



The following is a comparative chart of revenues by source for governmental activities for fiscal year 2010 and 2009.

### Revenues by Source - Governmental Activities



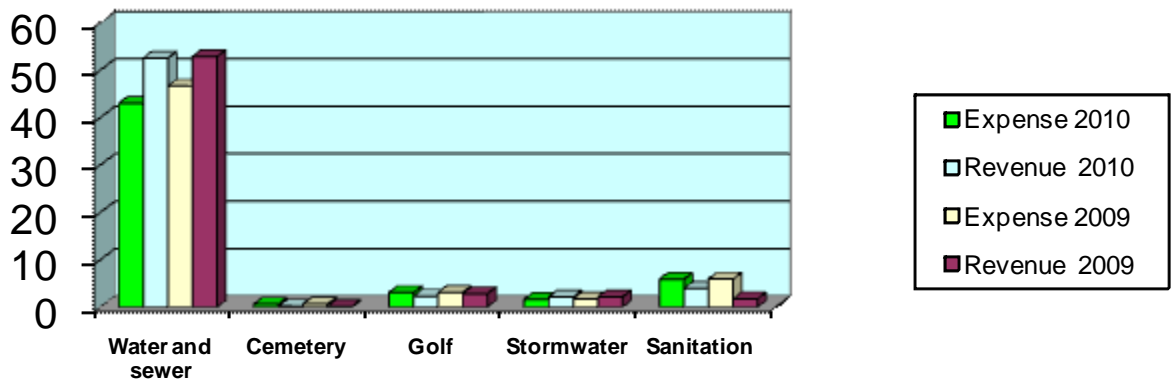
## Business-Type Activities

The business-type activities net assets increased \$11 million from \$296.2 million to \$307.2 million or 3.7% from the prior fiscal year. This represents approximately 104% of the total increase in net assets for the City as a whole. The Water and Sewer Utility Fund produced the majority (96%) of the increase in net assets primarily as a result of the size of the activity in relation to the other activities (see chart below). Of the other business-type activities, the Stormwater, and Sanitation Funds produced positive changes to net assets.

The operating income for the Water and Sewer Fund improved from \$5.5 million in 2009 to \$6.3 million in 2010. The income resulted from a \$2.7 million decrease in water and sewer revenue and a \$3.5 million decrease in expenses. Non operating revenues and capital contributions were primarily responsible for an additional increase of \$4.4 million in net assets for the fund.

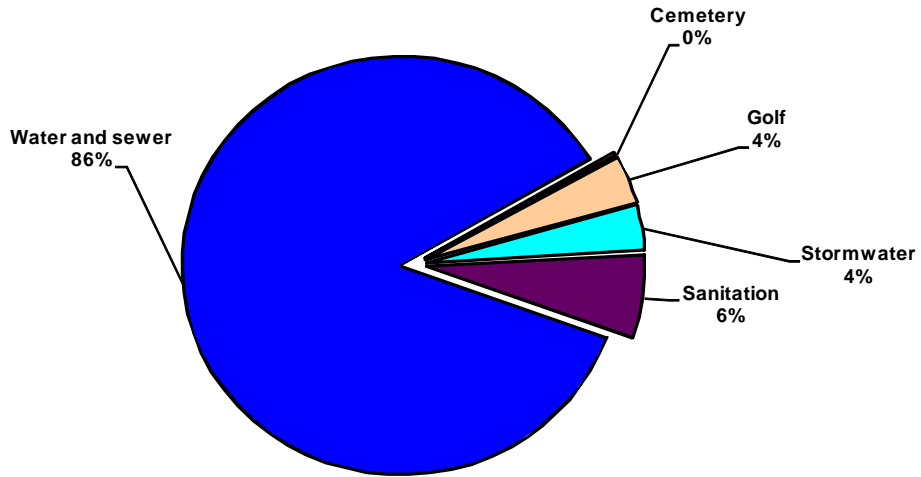
The following chart shows expenses and revenues by program for fiscal years 2010 and 2009 for the business-type activities.

### Business-Type Activities- Expenses and Revenues (in millions)



The following is a chart of 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 25-30. 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

Fiscal Year 2010	<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>
Revenues	\$119,098	\$7,987	\$14,724	\$13,880
Expenditures	116,268	2,500	17,492	13,854
Other financing sources (uses)	(4,940)	(11,316)	(737)	(26)
Increase (decrease) in fund balance	(2,110)	(5,829)	(3,504)	
<b>Fiscal Year 2009</b>				
Revenues	\$119,608	\$8,305	\$11,697	\$13,648
Expenditures	114,397		8,606	13,608
Other financing sources (uses)	(6,840)	(6,751)	2,608	(40)
Increase (decrease) in fund balance	(1,629)	1,554	5,699	

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 \$24.716 million while the total fund balance amounted to \$46.925 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 20% of total general fund expenditures and other financing uses, while total fund balance represents 38.7% of that same amount.

The 2010 fund balance for the City's General Fund decreased \$2.11 million from 2009. During 2010, revenues remained flat while expenditures increased \$1.9 million and other financing sources and uses decreased.

The net decrease in fund balance at September 30, 2010 of \$5.83 million in the Community Redevelopment Agency (CRA) Mizner Park Revenue Fund is attributable primarily to an operating transfer to the CRA operating fund for downtown programming and infrastructure.

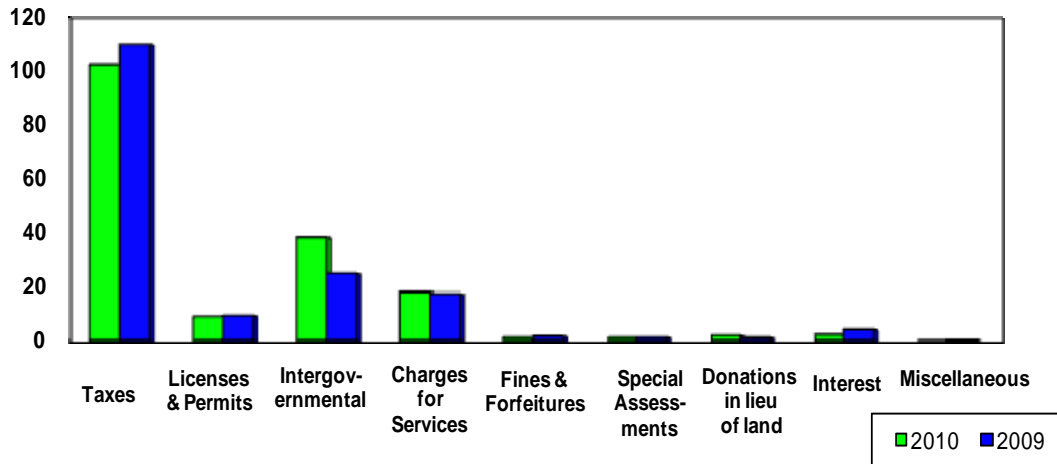
The Five Year Capital Improvement Fund had a decrease in fund balance from the prior year of \$3.504 million from \$28.728 million in 2009 to \$25.224 million in 2010. Revenues increased \$3.03 million from 2009 and expenditures increased by approximately \$8.9 million in 2010 from 2009. There were several large capital projects during the year including beach renourishment and certain road improvement projects.

The Beach and Park Operations Fund experienced an increase of revenue of \$232 thousand to cover the increase of \$232 thousand in related operating costs.

The fund balance in the other non-major governmental funds increased \$12.5 million from \$37.585 million in 2009 to \$50.102 million in 2010 related primarily to bonds issued for the downtown library and downtown infrastructure projects.

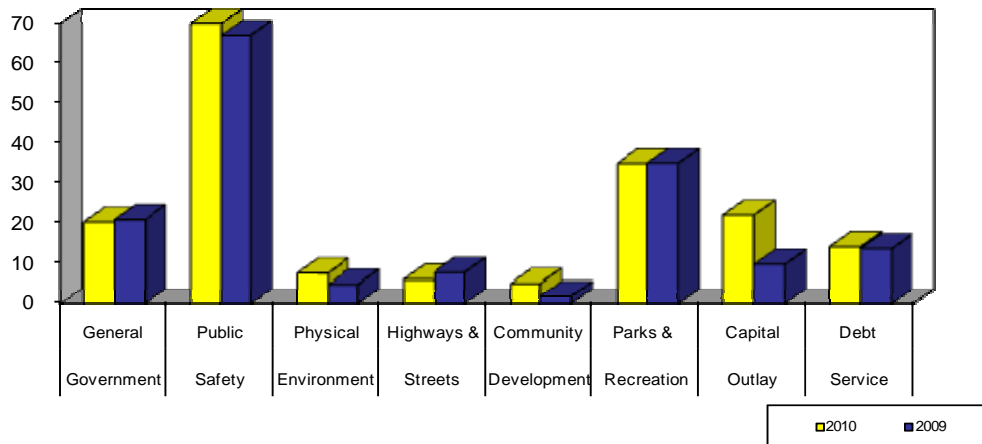
The chart below compares revenues by source for the governmental funds.

**Comparison of General Governmental Revenue  
Fiscal Year 2010 and 2009  
(Dollars in Millions)**



The following chart compares governmental expenditures by program for fiscal years 2010 and 2009.

**Comparison of Governmental Expenditures  
Fiscal Year 2010 and 2009  
(Dollars in Millions)**



## Proprietary Funds

The table below summarizes both the operating income (loss) and the change in net assets for each of the City's proprietary funds. The current year operating income in the Water and Sewer Fund was \$6.257 million as compared with \$5.489 million income in the prior year. In the current year, although there was a decline in revenues of approximately \$2.7 million, it was offset by a decline in operating expenses of \$3.5 million. The non operating revenues total \$4.387 million, contributed to the increase in net assets.

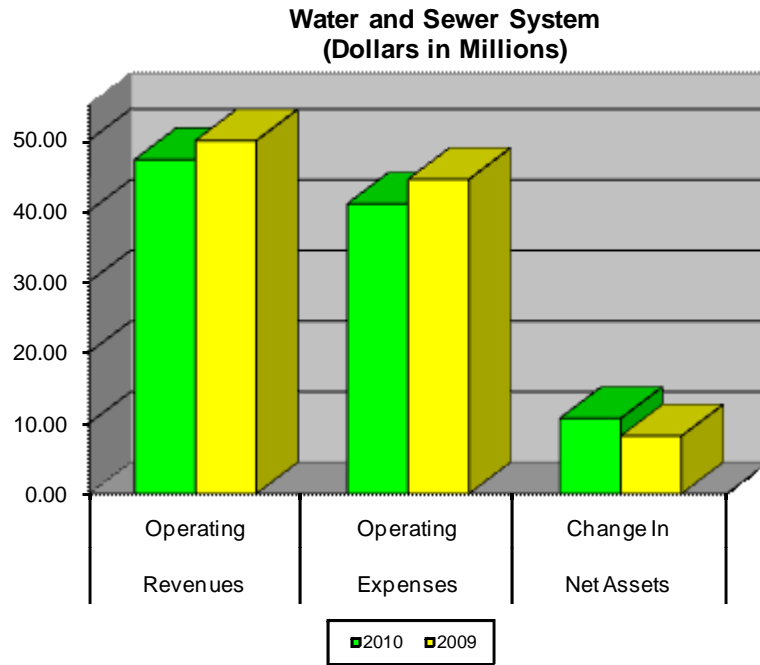
### PROPRIETARY FUNDS (in thousands)

	<u>Operating Income (Loss)</u>		<u>Change In Net Assets</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Water and Sewer	\$ 6,257	\$ 5,489	\$10,675	\$ 8,171
Cemetery Mausoleum	(446)	(494)	(139)	6
Golf Course	(954)	(411)	(795)	(182)
Stormwater Utility	509	401	633	586
Sanitation	(1,919)	(4,201)	661	5,808
Fleet Management	633	1,225	2,258	3,131
Information Technology	(1,241)	(2,173)	(916)	554
Insurance Programs	185	(552)	4,975	1,216
Total	<u>\$ 3,024</u>	<u>\$ (716)</u>	<u>\$ 17,352</u>	<u>\$ 19,290</u>

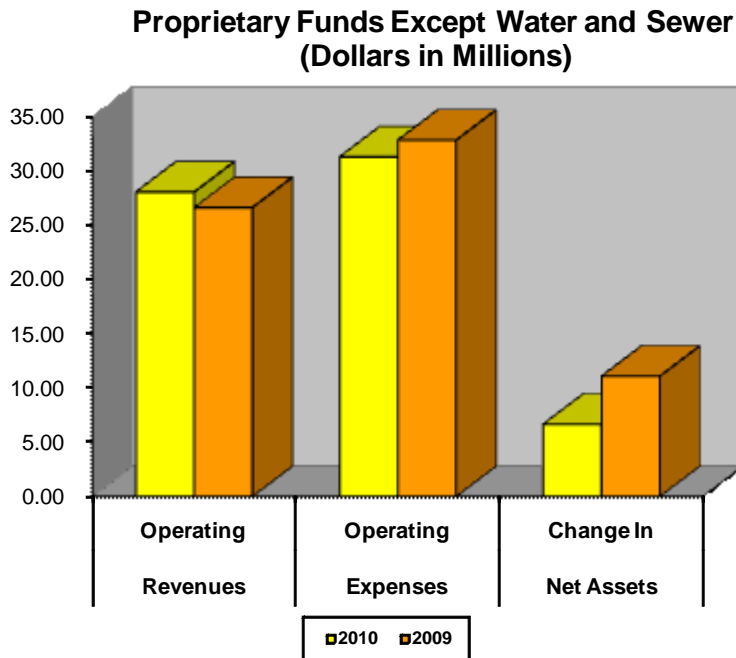
The Cemetery Mausoleum Fund generated an operating loss and a decrease in net assets. The Perpetual Care Fund has sufficient fund balance to support continuing operations of this fund. The Golf Course Fund experienced an operating loss resulting in a decrease in net assets. The Stormwater Utility Fund generated operating income and an increase in net assets. The Sanitation Fund experienced an operating loss of \$1.919 million and an increase in net assets of \$661 thousand due to transfers.

Fleet Management operating income decreased to \$633 thousand due to an increase in depreciation expense related to significant capital asset additions in the current year. The Self Insurance Fund increased its net assets by \$4.975 million due primarily to a settlement of \$4.6 million for a lawsuit. The Information Technology Fund recovers part of the cost of its operations through transfers in from other departments.

The following is a chart of the Water and Sewer Fund operations for fiscal 2010 and 2009.



The following is a chart of the Proprietary Funds, excluding the Water and Sewer Fund, operations for fiscal years 2010 and 2009.



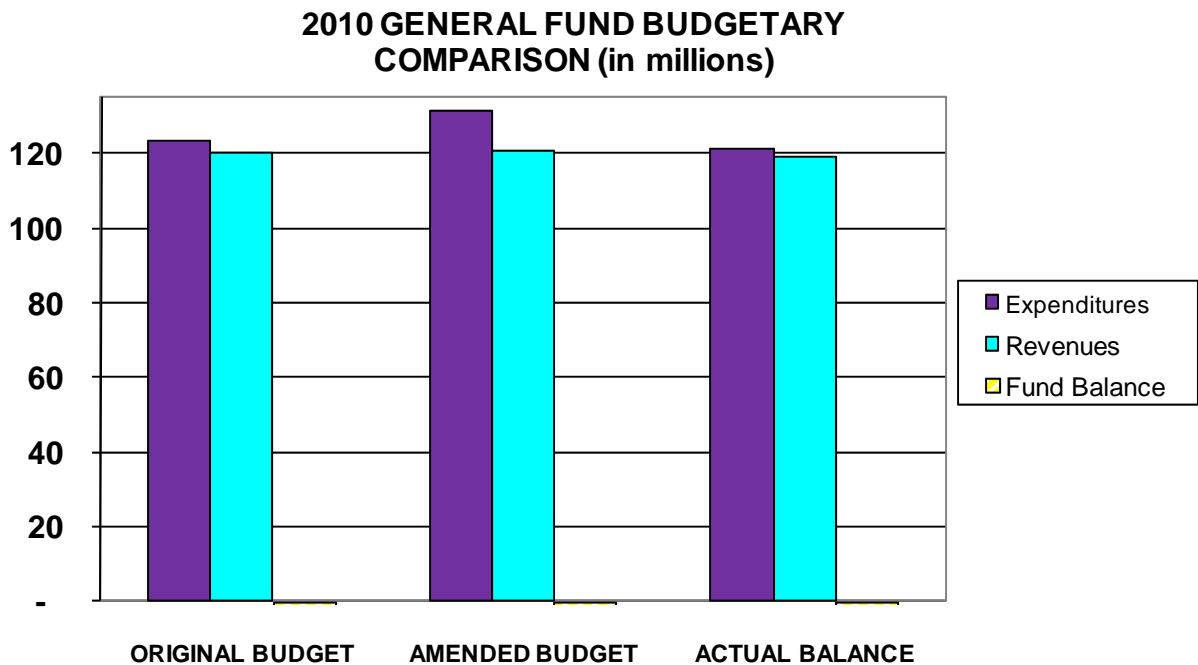
## General Fund Budgetary Highlights

The difference between the original and final amended budget for 2010 was an increase of \$8.3 million. Of this increase, \$1 million was funded by additional revenue and \$7.3 million was funded from available unassigned fund balance. Of the increase, the significant items were: \$3.3 million was required to provide additional funding for capital projects, \$1 million was for economic development, \$2.3 million was related to insurance premium taxes and \$1 million was related to public safety costs.

The City generated a positive variance of approximately \$8.46 million between the final adopted budget and actual results of operations. Actual revenues were less than final budgeted revenues by \$1.87 million. Actual expenditures during the year were less than final budgeted expenditures by \$5.83 million. This positive variance is due primarily to reductions in operating costs related to general government of \$2 million, public safety of \$615 thousand, physical environment of \$775 thousand, transportation of \$811 thousand and parks and recreation of \$1.6 million. Transfers out to other funds were \$4.5 million less than budgeted.

Both the original and the final budget anticipated \$3.2 and \$10.57 million, respectively, to be expended from available fund balance. During the year, however, expenditures in most areas met budgetary estimates, producing the positive budget variance of \$8.46 million.

The following chart depicts the 2010 original and amended budgets, as well as, the actual balance.



## Capital Assets and Debt Administration

### Capital Assets

As of year-end, the City had \$710 million invested in a variety of capital assets, as reflected in the following schedule. In 2010, there was a net increase (additions less retirements and depreciation) of \$56 thousand.

<b>CITY OF BOCA RATON</b>						
<b>Capital Assets</b>						
<b>(in thousands, net of depreciation/amortization)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009*</b>	<b>2010</b>	<b>2009*</b>	<b>2010</b>	<b>2009*</b>
Land	\$138,136	\$130,636	\$ 833	\$ 833	\$138,969	\$131,469
Utility plant in service			206,384	202,615	206,384	202,615
Buildings	57,610	60,008	975	1,034	58,585	61,042
Improvements other than buildings	14,656	13,601	14,484	14,308	29,140	27,909
Equipment	17,198	17,969	20,010	14,637	37,208	32,606
Intangible	396	409	5,587	5,910	5,983	6,319
Infrastructure	217,761	225,600			217,761	225,600
Construction in progress	5,755	3,215	10,680	19,634	16,435	22,849
<b>Total</b>	<b>\$451,512</b>	<b>\$451,438</b>	<b>\$ 258,953</b>	<b>\$ 258,971</b>	<b>\$710,465</b>	<b>\$710,409</b>

\*Includes reclassification of intangible assets from equipment.

Major capital asset events during the fiscal year included:

- Land in the governmental activities increased \$7.5 million due to the purchase of the Wildflower Property.
- Capital projects under construction in the governmental activities increased by \$2.54 million. Projects include the widening of N.W. 12<sup>th</sup> Avenue, bike paths along S.W. 18<sup>th</sup> Street and downtown infrastructure projects (Visions 90).
- During the 2010 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 \$164.1 million in debt (bonds, notes, etc.) outstanding compared to the \$163.5 million last year, a .32% increase (considering new borrowing and debt retirement). Of this amount of debt outstanding as of the end of fiscal year 2010, approximately 30% was backed by the full faith and credit of the government and the balance was secured by various revenue sources.

The debt position of the City is summarized below and is more fully explained in Note 8 Long-Term Debt on page 61-67.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 49,195	\$ 43,785			\$ 49,195	\$ 43,785
Revenue bonds	48,091	52,265	\$ 50,045	\$ 52,700	98,136	104,965
Special assessment debt with government commitments	14,240	11,205			14,240	11,205
Loans payable	2,435	3,400			2,435	3,400
Capital lease payable	46	178			46	178
Totals	<u>\$ 114,007</u>	<u>\$ 110,833</u>	<u>\$ 50,045</u>	<u>\$ 52,700</u>	<u>\$ 164,052</u>	<u>\$ 163,533</u>

During fiscal year 2010, the City had the following debt activity:

- Issued Special Assessment Revenue Bonds in the amount of \$3.705 million.
- Issued General Obligation Bonds in the amount of \$9.225 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 received an upgrade and 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 2010, 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 2010-11 Approved Budget. The City expenditures have been strategically linked to the goals, objectives, core businesses, and existing obligations of the City.

- For FY 2010-11 property values decreased 6.81% in the City. The net decrease is composed of an 8.39% decrease from reassessments of existing properties and an increase of 1.58% from new construction (net of CRA Downtown values). This is the third consecutive year of decline in property values the City has experienced since 1992 and well below the City's twenty-year average property value growth rate of 5%. Operating property tax rates were not increased.
- Amendment 1 was adopted by the voters of Florida in January of 2008. This amendment provided an additional \$25,000 homestead exemption to permanent residents, provided portability of accumulated Save Our Homes exemptions and established a \$25,000 exemption on tangible personal property tax. The combined effects of Amendment 1, decline in property values and the City not increasing the tax rate will reduce the City's property tax revenues by \$4.7 million in 2011 compared to 2010. Since 2007 property tax revenues have declined by \$11.6 million or 16.9%.
- To support the increased cost of fire operations, the City Council increased the fire assessment fee from \$40 to \$60 per household for fiscal year 2011.
- In January 2011, the sanitation fees will increase to \$15 per month for single family residents and \$8.61 per month for multi-family residents. The sanitation fee will provide approximately \$5,704,000 or 91% of 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 0-1.5% 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 caps on the growth of state and local government revenues and expenditures and limits to property tax amounts. 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](http://www.myboca.us).



**CITY OF BOCA RATON, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 64,339,516	\$ 24,224,502	\$ 88,564,018
Investments	79,303,677	10,856,602	90,160,279
Receivables, net	20,352,938	9,455,219	29,808,157
Due from other governmental units	9,825,513	110,490	9,936,003
Inventories	468,847	60,391	529,238
Other assets	1,568	7,922	9,490
Restricted:			
Cash and cash equivalents	2,879,383	21,042,177	23,921,560
Investments	3,323,733	41,364,636	44,688,369
Interest receivable on investments	27,723	77,247	104,970
Accounts receivable	17,724		17,724
Assessment receivable		1,441,955	1,441,955
Interest receivable on assessments		5,016	5,016
Net pension assets	9,050,695		9,050,695
Deferred charges	780,177	404,928	1,185,105
Capital assets:			
Non-depreciable	143,891,025	11,512,789	155,403,814
Depreciable (net)	307,621,367	247,440,349	555,061,716
<b>Total assets</b>	<b>\$ 641,883,886</b>	<b>\$ 368,004,223</b>	<b>\$ 1,009,888,109</b>

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

**CITY OF BOCA RATON, FLORIDA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 7,381,111	\$ 1,356,262	\$ 8,737,373
Accrued interest payable	691,100		691,100
Retainage payable	188,635	26,179	214,814
Performance bonds and escrow funds	5,124,152		5,124,152
Unearned revenue	778,702	6,317	785,019
Current liabilities payable from restricted assets:			
Accounts payable and accrued liabilities		1,236,700	1,236,700
Customer deposits payable		3,633,230	3,633,230
Retainage payable		376,609	376,609
Accrued interest payable		971,334	971,334
Non-current liabilities:			
Due within one year:			
Compensated absences	1,200,009	218,383	1,418,392
Bonds, loans and capital leases	11,120,675	3,145,000	14,265,675
Estimated liability for self-Insured losses	3,466,924		3,466,924
Due in more than one year:			
Compensated absences	10,800,085	1,965,454	12,765,539
Bonds, loans and capital leases	101,795,409	47,617,690	149,413,099
Net OPEB obligation	781,831	197,169	979,000
Estimated liability for self-Insured losses	5,976,414		5,976,414
<b>Total liabilities</b>	<u>149,305,047</u>	<u>60,750,327</u>	<u>210,055,374</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	361,157,660	208,818,420	569,976,080
Restricted for:			
Community development	15,909,432		15,909,432
Debt service	9,537,779	18,762,995	28,300,774
Law enforcement	1,331,283		1,331,283
Perpetual care	5,737,144		5,737,144
Transportation	7,152,352		7,152,352
Renewal and replacement		19,489,018	19,489,018
Operations and maintenance reserves		8,494,125	8,494,125
Capital recovery cost reserves		1,253,524	1,253,524
Capital projects	6,291,074	2,232,949	8,524,023
Sinking fund reserves		3,145,000	3,145,000
Other purposes	170,000		170,000
Unrestricted	85,292,115	45,057,865	130,349,980
<b>Total net assets</b>	<u>\$ 492,578,839</u>	<u>\$ 307,253,896</u>	<u>\$ 799,832,735</u>

**CITY OF BOCA RATON, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

<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>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 23,022,912	\$ 16,455,058	\$ 1,949,098	\$ 2,829,374
Law enforcement	37,584,819	2,669,009	1,423,080	
Fire rescue	37,855,638	7,250,619	94,256	
Physical environment	7,851,686	198,232	3,794,537	74,214
Transportation	22,195,755		799,686	50,986
Community development	4,168,469	1,584,988	3,937,778	
Parks and recreation	34,928,159	20,027,237	1,917,996	371,853
Interest and fiscal charges	4,834,037			
Total governmental activities	<u>172,441,475</u>	<u>48,185,143</u>	<u>13,916,431</u>	<u>3,326,427</u>
Business-type activities:				
Water and sewer	42,969,662	47,277,709		5,234,084
Cemetery	635,068	188,757		
Golf course	3,074,765	2,120,461		166,639
Stormwater utility	1,646,427	2,154,939		
Sanitation	5,850,818	3,931,599		
Total business-type activities	<u>54,176,740</u>	<u>55,673,465</u>		<u>5,400,723</u>
<b>Total Primary Government</b>	<u>\$ 226,618,215</u>	<u>\$ 103,858,608</u>	<u>\$ 13,916,431</u>	<u>\$ 8,727,150</u>

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

Change in net assets

Net assets - beginning

Net assets - ending

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

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

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,789,382)		\$ (1,789,382)
(33,492,730)		(33,492,730)
(30,510,763)		(30,510,763)
(3,784,703)		(3,784,703)
(21,345,083)		(21,345,083)
1,354,297		1,354,297
(12,611,073)		(12,611,073)
(4,834,037)		(4,834,037)
<u>(107,013,474)</u>		<u>(107,013,474)</u>
	\$ 9,542,131	9,542,131
	(446,311)	(446,311)
	(787,665)	(787,665)
	508,512	508,512
	<u>(1,919,219)</u>	<u>(1,919,219)</u>
	<u>6,897,448</u>	<u>6,897,448</u>
<u>(107,013,474)</u>	<u>6,897,448</u>	<u>(100,116,026)</u>
57,635,133		57,635,133
20,638,812		20,638,812
12,405,588		12,405,588
5,262,138		5,262,138
1,957,959		1,957,959
6,658,892		6,658,892
2,067,389		2,067,389
2,685,560	1,702,131	4,387,691
	(347,924)	(347,924)
12,247		12,247
<u>(2,783,700)</u>	<u>2,783,700</u>	
<u>106,540,018</u>	<u>4,137,907</u>	<u>110,677,925</u>
(473,456)	11,035,355	10,561,899
<u>493,052,295</u>	<u>296,218,541</u>	<u>789,270,836</u>
<u>\$ 492,578,839</u>	<u>\$ 307,253,896</u>	<u>\$ 799,832,735</u>

**CITY OF BOCA RATON, FLORIDA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2010**

	General	Community Redevelopment Agency Mizner Park Revenue Fund	Five Year Capital Improvement Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,512,715	\$ 1,256,553	\$ 11,167,507
Investments	24,806,229	1,462,546	13,619,083
Receivables, net:			
Accounts receivable	3,772,721		
Assessments			
Lease revenues		11,039,502	
Interest	267,246	35,055	132,590
Due from other funds	3,918,950		
Due from other governmental units	3,672,727		1,272,615
Inventories	18,723		
Restricted:			
Cash and cash equivalents			
Investments			
Interest receivable on investments			
Accounts receivable			
Total assets	\$ 53,969,311	\$ 13,793,656	\$ 26,191,795
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,539,460		\$ 755,504
Retainage payable			146,349
Performance bonds and escrow funds	2,377,482	\$ 2,166,158	66,600
Due to other funds			
Unearned revenue	774,972		
Deferred revenue	352,858	11,039,502	
Total liabilities	7,044,772	13,205,660	968,453
Fund balances:			
Restricted for:			
Army Corp of Engineers	170,000		
Debt service			
Housing			
Law enforcement			
Transportation			
Right of way beautification			
Downtown		587,996	
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	8,500,000		
Assigned to:			
Capital projects			25,223,342
Environmentally sensitive lands			
Subsequent year's budget	1,285,900		
Non-spendable:			
Inventories	18,723		
Perpetual care, cemetery			
Perpetual care, mausoleum			
Unassigned			
General fund	24,716,916		
Total fund balances	46,924,539	587,996	25,223,342
Total liabilities and fund balances	\$ 53,969,311	\$ 13,793,656	\$ 26,191,795

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

<b>Beach and Park Operations Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	\$ 20,641,858	\$ 50,578,633
	23,793,761	63,681,619
		3,772,721
	224,137	224,137
		11,039,502
	159,360	594,251
		3,918,950
\$ 2,446,434	2,433,737	9,825,513
		18,723
	2,879,383	2,879,383
	3,323,733	3,323,733
	27,723	27,723
	17,724	17,724
<u>\$ 2,446,434</u>	<u>\$ 53,501,416</u>	<u>\$ 149,902,612</u>

\$ 439,819	\$ 926,924	\$ 5,661,707
33,075	9,211	188,635
700	513,212	5,124,152
1,969,110	1,949,840	3,918,950
3,730		778,702
		11,392,360
<u>2,446,434</u>	<u>3,399,187</u>	<u>27,064,506</u>

		170,000
	10,228,879	10,228,879
	325,772	325,772
	1,331,283	1,331,283
	7,152,352	7,152,352
	2,455,675	2,455,675
	7,766,225	8,354,221
	1,148,183	1,148,183
	10,632,432	10,632,432
		10,600,000
		1,633,000
	3,067	3,067
	2,264,938	2,264,938
		8,500,000
		25,223,342
	1,056,279	1,056,279
		1,285,900
		18,723
	2,123,486	2,123,486
	3,613,658	3,613,658
		24,716,916
	<u>50,102,229</u>	<u>122,838,106</u>
<u>\$ 2,446,434</u>	<u>\$ 53,501,416</u>	<u>\$ 149,902,612</u>

**CITY OF BOCA RATON, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

Ending fund balance - governmental funds		\$ 122,838,106
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets, excluding Internal Service Funds	\$ 657,870,242	
Less accumulated depreciation/amortization	<u>(213,918,385)</u>	
Net capital assets		443,951,857
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		
Operating lease revenues	11,039,502	
Communication Service Tax revenues	<u>352,858</u>	
		11,392,360
Net pension assets resulting from overfunding of the Police and Firefighters, General Employees and Executive Employees pension plans		
		9,050,695
Long term liabilities, including bonds payable, loans payable and capital leases, 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	(691,100)	
Bonds, loans and capital leases payable	(112,916,084)	
Compensated absences	(11,653,663)	
Net OPEB obligation	(752,720)	
Supplemental SERP pension accrual	<u>(465,708)</u>	
Total long-term liabilities		(126,479,275)
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 assets.		
Assets	42,117,495	
Liabilities	<u>(11,072,576)</u>	
Net assets		31,044,919
Bond issuance costs are charged to "Other Financing Sources and Uses" when debt is issued in the governmental funds. These items, however, must be capitalized and amortized over the life of the bonds in the government-wide statements.		
Bond issuance costs	500,606	
Costs related to new debt	331,167	
Amortization	<u>(51,596)</u>	
Deferred charges		<u>780,177</u>
Net assets of governmental activities		<u>\$ 492,578,839</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, 2010**

	<b>General</b>	<b>Community Redevelopment Agency Mizner Park Revenue Fund</b>	<b>Five Year Capital Improvement Fund</b>
<b>REVENUES</b>			
Taxes	\$ 78,378,655	\$ 6,658,892	\$ 7,434,068
Licenses and permits	9,014,360		
Intergovernmental	15,220,586		5,132,239
Charges for services	14,592,841	1,188,119	
Fines and forfeitures	912,818		
Special assessments			
Donations in lieu of land			1,534,191
Investment earnings	886,459	139,678	623,934
Miscellaneous	92,600		
Total revenues	119,098,319	7,986,689	14,724,432
<b>EXPENDITURES</b>			
Current:			
General government	20,337,965		
Law enforcement	35,332,307		
Fire rescue	33,671,745		
Physical environment	4,592,471		
Transportation	5,085,073		
Community development		2,500,000	
Parks and recreation	17,248,457		
Capital outlay			17,491,594
Debt service:			
Principal			
Interest			
Bond issuance costs			
Total expenditures	116,268,018	2,500,000	17,491,594
Excess (deficiency) of revenues over expenditures	2,830,301	5,486,689	(2,767,162)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	20,000		1,024,100
Transfers out	(4,960,100)	(11,315,900)	(1,761,300)
Bonds issued			
Discount on bonds issued			
Premium on bonds issued			
Total other financing sources (uses)	(4,940,100)	(11,315,900)	(737,200)
Net change in fund balances	(2,109,799)	(5,829,211)	(3,504,362)
Fund balances - beginning	49,034,338	6,417,207	28,727,704
Fund balances - ending	\$ 46,924,539	\$ 587,996	\$ 25,223,342

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

<b>Beach and Park Operations Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	\$ 9,901,023	\$ 102,372,638
		9,014,360
\$ 11,640,580	6,101,487	38,094,892
2,239,798	134,618	18,155,376
	344,615	1,257,433
	1,170,054	1,170,054
	371,853	1,906,044
	588,803	2,238,874
	27,827	120,427
<u>13,880,378</u>	<u>18,640,280</u>	<u>174,330,098</u>
		20,337,965
	699,180	36,031,487
	310,564	33,982,309
	3,236,490	7,828,961
	1,239,599	6,324,672
	2,762,747	5,262,747
13,854,278	3,848,510	34,951,245
	4,666,370	22,157,964
	10,790,000	10,790,000
	3,370,058	3,370,058
	331,167	331,167
<u>13,854,278</u>	<u>31,254,685</u>	<u>181,368,575</u>
<u>26,100</u>	<u>(12,614,405)</u>	<u>(7,038,477)</u>
	13,506,600	14,550,700
(26,100)	(1,856,400)	(19,919,800)
	12,930,000	12,930,000
	(21,074)	(21,074)
	572,248	572,248
<u>(26,100)</u>	<u>25,131,374</u>	<u>8,112,074</u>
	12,516,969	1,073,597
	37,585,260	121,764,509
<u>\$ -</u>	<u>\$ 50,102,229</u>	<u>\$ 122,838,106</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, 2010**

Net change in fund balances - total governmental funds		\$ 1,073,597
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	\$ 15,756,374	
Less current year depreciation/amortization	<u>(15,703,263)</u>	53,111
The net effect of the various miscellaneous transactions involving capital assets (i.e. sales, trade ins and donations) is to decrease net assets		
		(2,722,417)
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	(329,334)	
Compensated absences	(488,516)	
Net OPEB obligation	(216,144)	
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>(41,941)</u>	(679,066)
Pension contributions are reported as expenditures in the governmental funds and recorded as a net pension asset on the statement of net assets		
		(879,204)
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 assets. Also, governmental funds report issuance costs, premiums, discounts and similar items as expenditures when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities.		
Debt issued or incurred:		
Downtown Library bonds issued	(9,225,000)	
Special Assessment bonds issued	(3,705,000)	
Bond issuance costs	331,167	
Bond discount	21,074	
Premium on debt issued	(572,248)	
Principal payments on bonds and loans	10,790,000	
Principal payments on capital leases	132,536	
Amortization of deferred charges from issuance of debt	(242,225)	
Change in accreted interest on tax increment revenue bonds payable	<u>(1,166,095)</u>	(3,635,791)
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:		
		<u>6,316,314</u>
Change in net assets of governmental activities		<u>\$ (473,456)</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 ASSETS  
SEPTEMBER 30, 2010**

	<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 18,736,589	\$ 5,487,913	\$ 24,224,502	\$ 13,760,883
Investments	4,524,737	6,331,865	10,856,602	15,622,058
Interest receivable on investments	440,753	49,193	489,946	122,327
Interest receivable on assessments	16,154		16,154	
Accounts receivable (net of allowance for uncollectibles)	7,054,287	1,057,777	8,112,064	4,600,000
Assessments receivable	837,055		837,055	
Due from other governmental units		110,490	110,490	
Inventories		60,391	60,391	450,124
Other assets		7,922	7,922	1,568
Deferred charges	404,928		404,928	
Total unrestricted current assets	<u>32,014,503</u>	<u>13,105,551</u>	<u>45,120,054</u>	<u>34,556,960</u>
Restricted assets:				
Cash and cash equivalents	21,042,177		21,042,177	
Investments	41,364,636		41,364,636	
Interest receivable on investments	77,247		77,247	
Interest receivable on assessments	5,016		5,016	
Assessments receivable	1,441,955		1,441,955	
Total restricted current assets	<u>63,931,031</u>		<u>63,931,031</u>	
Total current assets	<u>95,945,534</u>	<u>13,105,551</u>	<u>109,051,085</u>	<u>34,556,960</u>
Noncurrent assets:				
Capital assets:				
Utility plant in service	339,231,939		339,231,939	
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		13,902,191	13,902,191	
Equipment	33,921,555	6,653,875	40,575,430	17,125,248
Construction in progress	10,433,181	247,000	10,680,181	194,230
Less accumulated depreciation	(150,618,902)	(7,635,032)	(158,253,934)	(11,232,727)
Intangible assets	6,055,065		6,055,065	1,158,947
Less accumulated amortization	(468,343)		(468,343)	(998,948)
Total capital assets (net of accumulated depreciation/amortization)	<u>238,800,368</u>	<u>20,152,770</u>	<u>258,953,138</u>	<u>7,560,535</u>
Total noncurrent assets	<u>238,800,368</u>	<u>20,152,770</u>	<u>258,953,138</u>	<u>7,560,535</u>
Total assets	<u>\$ 334,745,902</u>	<u>\$ 33,258,321</u>	<u>\$ 368,004,223</u>	<u>\$ 42,117,495</u>

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

**CITY OF BOCA RATON, FLORIDA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2010**

	<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 732,452	\$ 623,810	\$ 1,356,262	\$ 1,253,696
Compensated absences	142,436	75,947	218,383	34,643
Retainage payable	25,043	1,136	26,179	
Unearned revenue		6,317	6,317	
Estimated liability for self-insurance losses				3,466,924
Total unrestricted current liabilities	<u>899,931</u>	<u>707,210</u>	<u>1,607,141</u>	<u>4,755,263</u>
Current liabilities payable from restricted assets:				
Accounts payable and accrued liabilities	1,236,700		1,236,700	
Customer deposits payable	3,633,230		3,633,230	
Retainage payable	376,609		376,609	
Revenue bonds payable, current portion	3,145,000		3,145,000	
Accrued interest payable	971,334		971,334	
Total current liabilities payable from restricted assets	<u>9,362,873</u>		<u>9,362,873</u>	
Total current liabilities	<u>10,262,804</u>	<u>707,210</u>	<u>10,970,014</u>	<u>4,755,263</u>
Non-current liabilities:				
Compensated absences	1,281,929	683,525	1,965,454	311,788
Net OPEB obligation	126,556	70,613	197,169	29,111
Revenue bonds payable	47,617,690		47,617,690	
Estimated liability for self-insurance losses				5,976,414
Total noncurrent liabilities	<u>49,026,175</u>	<u>754,138</u>	<u>49,780,313</u>	<u>6,317,313</u>
Total liabilities	<u>59,288,979</u>	<u>1,461,348</u>	<u>60,750,327</u>	<u>11,072,576</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	188,665,650	20,152,770	208,818,420	7,560,535
Restricted for:				
Debt service	18,762,995		18,762,995	
Renewal and replacement	19,489,018		19,489,018	
Operations and maintenance reserves	8,494,125		8,494,125	
Capital recovery cost reserves	1,253,524		1,253,524	
Capital projects	2,232,949		2,232,949	
Sinking fund reserves	3,145,000		3,145,000	
Unrestricted	<u>33,413,662</u>	<u>11,644,203</u>	<u>45,057,865</u>	<u>23,484,384</u>
Total net assets	<u>\$ 275,456,923</u>	<u>\$ 31,796,973</u>	<u>\$ 307,253,896</u>	<u>\$ 31,044,919</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 ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>				
Charges for sales and services		\$ 8,305,957	\$ 8,305,957	\$ 19,696,002
Water sales	\$ 27,993,085		27,993,085	
Sewer service charges	16,692,316		16,692,316	
Other	2,592,308	89,799	2,682,107	
Total operating revenues	<u>47,277,709</u>	<u>8,395,756</u>	<u>55,673,465</u>	<u>19,696,002</u>
<b>OPERATING EXPENSES</b>				
Personal services	9,062,362	5,652,956	14,715,318	3,247,919
Materials and supplies	3,833,687	605,099	4,438,786	83,846
General and administration	9,428,977		9,428,977	
Other services and charges	8,443,504	3,650,730	12,094,234	6,134,110
Insurance claims				9,399,065
Depreciation of capital assets	9,957,344	1,298,293	11,255,637	1,253,810
Amortization	295,333		295,333	
Total operating expenses	<u>41,021,207</u>	<u>11,207,078</u>	<u>52,228,285</u>	<u>20,118,750</u>
Operating income (loss)	<u>6,256,502</u>	<u>(2,811,322)</u>	<u>3,445,180</u>	<u>(422,748)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	1,489,126	213,005	1,702,131	446,686
Interest expense	(1,948,455)		(1,948,455)	
System development charges	5,082,081	166,639	5,248,720	
Loss on disposal of capital assets	(236,142)	(111,782)	(347,924)	(893,024)
Insurance recovery				4,600,000
Total nonoperating revenues (expenses)	<u>4,386,610</u>	<u>267,862</u>	<u>4,654,472</u>	<u>4,153,662</u>
Income/(loss) before contributions and transfers	10,643,112	(2,543,460)	8,099,652	3,730,914
Transfers in		2,913,100	2,913,100	2,950,200
Transfers out	(120,400)	(9,000)	(129,400)	(364,800)
Capital contributions	152,003		152,003	
Change in net assets	10,674,715	360,640	11,035,355	6,316,314
Net assets - beginning,	<u>264,782,208</u>	<u>31,436,333</u>	<u>296,218,541</u>	<u>24,728,605</u>
Net assets - ending	<u>\$ 275,456,923</u>	<u>\$ 31,796,973</u>	<u>\$ 307,253,896</u>	<u>\$ 31,044,919</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 YEAR ENDED SEPTEMBER 30, 2010**

	<b>Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 49,508,580	\$ 7,935,266	\$ 57,443,846	\$ 19,696,002
Payments to suppliers	(21,777,778)	(4,115,912)	(25,893,690)	(6,235,611)
Payments to employees	(11,345,756)	(5,606,887)	(16,952,643)	(3,258,272)
Claims paid				(11,012,406)
Net cash provided by (used in) operating activities	<u>16,385,046</u>	<u>(1,787,533)</u>	<u>14,597,513</u>	<u>(810,287)</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in		2,913,100	2,913,100	2,950,200
Transfers out	(120,400)	(9,000)	(129,400)	(364,800)
Net cash provided by (used in) non-capital financing activities	<u>(120,400)</u>	<u>2,904,100</u>	<u>2,783,700</u>	<u>2,585,400</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
System development charges	5,082,081	166,639	5,248,720	
Payment of bond principal	(2,655,000)		(2,655,000)	
Acquisition of capital assets	(10,305,980)	(1,465,867)	(11,771,847)	(5,007,891)
Interest paid	(2,008,436)		(2,008,436)	
Proceeds from sale of capital assets	29,350	1,642	30,992	117,587
Net cash provided by (used in) capital and related financing activities	<u>(9,857,985)</u>	<u>(1,297,586)</u>	<u>(11,155,571)</u>	<u>(4,890,304)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,511,977	241,580	1,753,557	530,298
Sale of investments	63,651,810	9,756,161	73,407,971	24,822,117
Purchase of investments	(49,978,980)	(6,892,038)	(56,871,018)	(17,005,773)
Net cash provided by (used in) investing activities	<u>15,184,807</u>	<u>3,105,703</u>	<u>18,290,510</u>	<u>8,346,642</u>
Net increase (decrease) in cash and cash equivalents	21,591,468	2,924,684	24,516,152	5,231,451
Cash and cash equivalents				
Beginning of year	<u>18,187,298</u>	<u>2,563,229</u>	<u>20,750,527</u>	<u>8,529,432</u>
End of year	<u>\$ 39,778,766</u>	<u>\$ 5,487,913</u>	<u>\$ 45,266,679</u>	<u>\$ 13,760,883</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 6,256,502	\$ (2,811,322)	\$ 3,445,180	\$ (422,748)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization	295,333		295,333	
Depreciation	9,957,344	1,298,293	11,255,637	1,253,810
Change in assets and liabilities				
(Increase) decrease in accounts receivable	2,807,768	(430,075)	2,377,693	
(Increase) decrease in assessment receivable	(794,775)		(794,775)	
(Increase) decrease in due from other governmental units	90,755	(30,415)	60,340	
(Increase) decrease in inventories		2,042	2,042	(94,000)
(Increase) decrease in other assets		(1,609)	(1,609)	8,418
Increase (decrease) in accounts payable and accrued liabilities	(1,849,323)	186,305	(1,663,018)	74,355
Increase (decrease) in retainage payable	(523,706)	(35,845)	(559,551)	
Increase (decrease) in customer deposits payable	127,123		127,123	
Increase (decrease) in compensated absences	(18,971)	14,618	(4,353)	(25,166)
Increase (decrease) in OPEB obligations	36,996	20,475	57,471	8,385
Increase (decrease) in self-insured liabilities				(1,613,341)
Total adjustments	<u>10,128,544</u>	<u>1,023,789</u>	<u>11,152,333</u>	<u>(387,539)</u>
Net cash provided by (used in) operating activities	<u>\$ 16,385,046</u>	<u>\$ (1,787,533)</u>	<u>\$ 14,597,513</u>	<u>\$ (810,287)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Increase in fair value of investments that are not cash equivalents:				
Unrealized gains/(losses) on investments	\$ 26,759	\$ (1,019)	\$ 25,740	\$ (67,465)
Contributions of capital assets	152,003		152,003	

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

**CITY OF BOCA RATON, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2010**

	<b>Pension Plans</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,437,184
Investments:	
Corporate bonds and debentures	49,227,140
U.S. government securities	43,266,848
Common and preferred stock	168,203,757
Real estate	17,017,803
Mutual funds	73,110,681
Florida Municipal Pension Trust Fund	17,254,831
Total investments	368,081,060
Receivables:	
Interest and dividends	961,205
Unsettled trades	1,151,048
Total receivables	2,112,253
Other assets	69,135
Total assets	377,699,632
<b>LIABILITIES</b>	
Accounts payable	481,172
Unsettled trades	728,195
Total Liabilities	1,209,367
<b>NET ASSETS</b>	
Held in trust for pension benefits	\$ 376,490,265

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

**CITY OF BOCA RATON, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<b>Pension Plans</b>
<b>ADDITIONS</b>	
Contributions:	
City	\$ 10,091,813
State	2,746,921
Employee	6,186,417
Transfer from other pension plan	28,339
Total contributions	19,053,490
Investment income:	
Interest revenue, net	5,800,144
Dividends	4,434,927
Net appreciation in fair value of investments	26,084,055
Other investment income	55,969
Investment expense	(1,710,277)
Total investment income	34,664,818
Total additions	53,718,308
<b>DEDUCTIONS</b>	
Benefits paid:	
Retirement	12,751,427
Disability	1,490,614
Death	561,294
Deferred retirement option plan	2,244,725
Termination refunds	191,203
Administrative expenses	726,627
Transfer to other pension plan	28,339
Member rollover into other plan	6,528
Total deductions	18,000,757
Change in net assets	35,717,551
Net assets - beginning	340,772,714
Net assets - ending	\$ 376,490,265

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

**CITY OF BOCA RATON, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

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**CITY OF BOCA RATON, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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**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 under the provisions of Chapter 163 of Florida Statutes established the Boca Raton Community Redevelopment Agency (CRA) in 1980 as an independent special district. 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. 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, 2010**

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**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 Assets 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 Assets 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.

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**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 have 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. 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, liabilities, 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, liabilities, 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.

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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 Tax District. The Fund did not meet the minimum criteria for major fund determination during fiscal 2010. 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.

**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*

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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.

When both restricted and unrestricted amounts of fund balance are available for use, for expenditures incurred it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. Unrestricted amounts include committed, assigned and unassigned amounts which are available and can be used for the intended purpose.

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

**E. Assets, Liabilities, and Net Assets 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 Assets and pooled investments are combined with other separate investments and classified as "Investments."

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.

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**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, 2010, 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 30<sup>th</sup> 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 30<sup>th</sup> 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. The "capital recovery cost reserve" is used to incrementally fund future replacement of vehicles and heavy equipment over a threshold of \$35,000. 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 assets in the enterprise funds and in the governmental funds have been restricted in amounts sufficient to meet restrictive purposes.

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**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. During the fiscal year 2010, the City changed its capital assets policy to increase its capitalization threshold for tangible capital assets from \$1,000 to \$5,000 and intangible assets, including software, from \$1,000 to \$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 market 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. Lease Revenues**

The City accounts for lease revenues in accordance with ASC 840-20, *Operating Leases*. ASC 840-20 requires accounting for leases 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 with deferred revenue, as it is not available to finance expenditures of the current period.

**7. Unearned Revenue**

Unearned revenue 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 occupational licenses collected in advance, are recorded as unearned revenue in the government-wide and the fund statements.

**8. Liabilities**

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

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**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 assets. Bond premiums and discounts, as well as issuance costs and refunding gains/losses, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains/losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**11. Nature and Purpose of Classifications of Fund Equity**

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. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution are classified as committed fund balances. 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 Council direction. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. 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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**12. Minimum 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 has adopted a financial standard to maintain a General Fund minimum unassigned fund balance of 10 percent of budgeted expenditures.

**13. Net Assets**

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets net of related debt, 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 assets 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 assets consist of all net assets that do not meet the definition of either of the other two components.

**F. Other Policies**

**1. Property Taxes**

**Calendar of Property Tax Events**

- January 1, 2009 – Property taxes are based on assessed property value at this date as determined by the Palm Beach County Property Appraiser.
- May 31, 2009 - Property assessment roll and certificates of value by the Palm Beach County Property Appraiser are provided to the City.
- July 20, 2009 – 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 23, 2009 – Property tax millage rate ordinance approved by the City Council.
- October 1, 2009 – Beginning of fiscal year for which taxes are levied.
- December 31, 2009 – The Palm Beach County Property Appraiser notifies the City of the taxable value on the final property tax assessment roll.
- April 1, 2010 – Unpaid property taxes become delinquent and become a lien.
- June 1, 2010 – 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, 2010, was 3.3411. Current tax collections for the City were approximately 95% 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.

The State Board of Administration (SBA) administers the Florida PRIME (formerly known as the Local Government Surplus Funds Trust (LGIP)) and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. 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, 2010, the fair value factor for Fund B was \$.70706 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

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administrator, investment manager and secretary-treasurer of the Trust. The Municipal Trust 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 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, 2010, the City of Boca Raton had the following cash, cash equivalents and investments:

<b>Portfolio/Investments</b>	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>	<b>Percent Distribution</b>
Cash Deposits	\$ 112,194,023			45.36%
State Board of Administration- Florida PRIME	<u>291,555</u>	52 days	AAAm S&P	0.12%
Total Cash	<u>112,485,578</u>			
State Board of Administration-Fund B	8,323	7.49 years	Not rated	0.00%
FMIvT 0-2 Year High Quality Bond Fund	15,347,564	.78 years	AAAf/S1+ S&P	6.21%
FMIvT 1-3 Year High Quality Bond Fund	17,678,375	1.50 years	AAA/V2 Fitch	7.15%
FMIvT Intermediate High Quality Bond Fund	16,944,286	3.10 years	AAA/V3 Fitch	6.85%
U.S. Treasury Notes	3,069,431	2.30 years	Not rated	1.24%
U.S. Government Sponsored Enterprises:		3.42 years		
Federal National Mortgage Association	14,043,416		AAA S&P	5.68%
Federal Home Loan Mortgage Mortgage Corporation	15,064,800		AAA S&P	6.09%
Federal Home Loan Bank	5,031,250		AAA S&P	2.03%
Certificates of Deposit	<u>47,661,203</u>		Not rated	<u>19.27%</u>
Total Investments	<u>134,848,648</u>			
Total Cash & Investments	<u>\$ 247,334,226</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, 2010.

**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.

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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.

**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, 2010, the City’s investment portfolio was held with a third-party custodian.

**b. Executive Employees’ Retirement Plan**

At September 30, 2010, the Executive Employee’s Retirement Plan (EERP) invested in securities and fixed income investments as listed as follows:

<b>Portfolio/Investments</b>	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>	<b>Percent Distribution</b>
Cash Deposits	\$ 69,297			0.70%
FMIvT Broad Market High Quality Bond Fund	4,989,349	4.9 years	AA/V4 Fitch	32.30%
FMIvT Market High Quality Growth Portfolio	1,663,116		Not rated	9.20%
FMIvT Large Cap Diversified Value Portfolio	1,645,792		Not rated	9.50%
FMIvT Russell 1000 Enhanced Index Portfolio	4,920,052		Not rated	26.00%
FMIvT Diversified Small Cap Equity Portfolio	2,286,785		Not rated	13.50%
FMIvT International Portfolio	1,749,737		Not rated	8.80%
Total Investments	<u>17,254,831</u>			
Total Cash & Investments	<u>\$ 17,324,128</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

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a total average maturity, at any point in time, for all repurchase agreements held of not greater than 60 days. Banker's 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.

**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.

**c. General Employees' Pension Plan**

At September 30, 2010, the General Employees' Pension Plan's (the Plan) portfolio consisted of the following securities and fixed income investments.

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<b>Portfolio/Investments</b>	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>	<b>Percent Distribution</b>
Cash Deposits	\$ 695,855			0.45%
Short-term securities	1,266,786		Aaa Moody's	0.82%
Total Cash & Cash Equivalents	<u>1,962,641</u>			
U.S. Government Securities:				
U.S. Treasury Securities:				
U.S. Treasury index linked	9,502,882	5.22 years	Aaa Moody's	6.15%
U.S. Government Sponsored Agencies:				
Government Mortgage Backed Securities:		19.35 years		
Federal National Mortgage Association	8,411,621		Aaa Moody's	5.44%
Government National Mortgage Association	636,903		Aaa Moody's	0.41%
Federal Home Loan Mortgage Corporation	8,605,002		Aaa Moody's	5.57%
Federal Home Loan Mortgage Corporation	191,975		Not available	0.12%
Corporate Bonds & Debentures				
Corporate Obligations:		5.58 years		
Bonds	361,894		Aaa Moody's	0.23%
Bonds	4,057,778		Aa Moody's	2.63%
Bonds	14,678,837		A Moody's	9.50%
Bonds	3,897,200		Baa Moody's	2.52%
Collateralized Mortgage Obligations (CMO)		28.11 years		
CMO	3,398,884		Aaa Moody's	2.20%
CMO	238,110		Not available	0.15%
Asset Backed Securities (ABS)	1,261,455	2.49 years	Aaa Moody's	0.82%
Common Stock	58,936,502			38.14%
Real Estate Investment Trust	4,405,508			2.86%
Mutual Funds	33,983,935			21.99%
Total Investments	<u>152,568,486</u>			
Total Cash & Investments	<u>\$154,531,127</u>			<u>100.00%</u>

Government agency and treasury securities are not rated but have an implied Aaa rating.

**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, 2010, the weighted average maturity in years for each investment type is included in the preceding table.

**CITY OF BOCA RATON, FLORIDA**  
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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, 2010, 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 1/2% 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, 2010, 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.

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**d. Police and Firefighter's Retirement System**

At September 30, 2010, the Police and Firefighter's Retirement System invested in the following securities and fixed income investments.

<b>Portfolio/Investments</b>	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>	<b>Percent Distribution</b>
Cash Deposits	\$ 2,306,219			1.13%
Short Term Securities	3,099,027		Not rated	1.52%
Total Cash and Cash Equivalents	<u>5,405,246</u>			
U.S. Government Securities				
U.S. Treasury Securities:		13.05 years		
U.S. Treasury Notes	3,067,787		Aaa Moody's	1.51%
U.S. Treasury Bonds	1,055,742		Aaa Moody's	0.52%
U.S. Government Sponsored Agencies:				
Government Mortgage Backed Securities:		25.47 years		
Federal National Mortgage Association	6,195,101		Aaa Moody's	3.04%
Government National Mortgage Association	2,323,256		Aaa Moody's	1.14%
Federal Home Loan Mortgage Corporation	3,189,881		Aaa Moody's	1.57%
Federal Home Loan Mortgage Corporation	86,698		Not available	0.04%
Corporate Bonds & Debentures				
Corporate Obligations:		6.82 years		
Bonds	94,693		Aaa Moody's	0.05%
Bonds	3,059,580		Aa Moody's	1.50%
Bonds	7,563,101		A Moody's	3.71%
Bonds	8,004,719		Baa Moody's	3.93%
Bonds	148,520		Not available	0.07%
Collateralized Mortgage Obligations	241,532	9.83 years	A Moody's	0.12%
Commercial Mortgage Backed Securities (CMBS):		31.75 years		
CMBS	1,159,834		Aaa Moody's	0.57%
CMBS	665,557		Not available	0.33%
Asset Backed Securities:		4.52 years		
ABS	295,508		Aaa Moody's	0.15%
ABS	99,938		Not available	0.05%
Common Stock	109,297,255			53.65%
Real Estate Direct Investment Partnership	12,612,295			6.19%
Mutual Funds:				
Common Stock Mutual Funds	34,749,376			17.06%
High Yield Fixed Income Fund	<u>4,377,370</u>		Not rated	2.15%
Total Investments	<u>198,257,743</u>			
Total Cash & Investments	<u>\$203,662,989</u>			<u>100.00%</u>

Government agency and treasury securities are not rated but have an implied Aaa rating.

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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, 2010, 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, 2010, 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, 2010, 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 dollar-denominated debt). At September 30, 2010, approximately 5% 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  
NOTES TO FINANCIAL STATEMENTS  
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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 assets 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:

<b>Governmental:</b>	<b>General</b>	<b>Community Redevelop- ment Agency Mizner Park Revenue</b>	<b>Five Year Capital Improvement</b>	<b>Other Govern- mental</b>	<b>Internal Service</b>	<b>Total</b>
Receivables:						
Accounts	\$3,772,721				\$4,600,000	\$ 8,372,721
Assessments				\$224,137		224,137
Lease revenues		\$11,039,502				11,039,502
Interest	267,246	35,055	\$132,590	159,360	122,327	716,578
Net governmental receivables	<u>\$4,039,967</u>	<u>\$11,074,557</u>	<u>\$132,590</u>	<u>\$383,497</u>	<u>\$4,722,327</u>	<u>\$20,352,938</u>

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

<b>Business-type</b>	<b>Water and Sewer</b>	<b>Other Enterprise</b>	<b>Total</b>
Receivables:			
Accounts	\$ 7,424,287	\$ 1,057,777	\$ 8,482,064
Interest on investments	440,753	49,193	489,946
Interest on assessments	16,154		16,154
Assessments	837,055		837,055
Allowance for uncollectibles	(370,000)		(370,000)
Net business-type receivables	<u>\$ 8,348,249</u>	<u>\$ 1,106,970</u>	<u>\$ 9,455,219</u>

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

<b>Governmental:</b>	<b>General</b>	<b>Five Year Capital Improvement</b>	<b>Beach and Park Operations</b>	<b>Other Govern- mental</b>	<b>Internal Service</b>	<b>Total</b>
Payables:						
Vendors	\$ 610,029	\$ 755,504	\$ 203,756	\$ 881,096	\$ 1,086,997	\$ 3,537,382
Salaries and benefits	2,929,431		236,063	45,828	166,699	3,378,021
Net governmental payables	<u>\$ 3,539,460</u>	<u>\$ 755,504</u>	<u>\$ 439,819</u>	<u>\$ 926,924</u>	<u>\$ 1,253,696</u>	<u>\$ 6,915,403</u>

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

<b>Business-type</b>	<b>Water and Sewer</b>	<b>Other Enterprise</b>	<b>Total</b>
Payables:			
Vendors	\$ 1,563,735	\$ 444,749	\$ 2,008,484
Salaries and benefits	405,417	179,061	584,478
Net business-type payables	<u>\$ 1,969,152</u>	<u>\$ 623,810</u>	<u>\$ 2,592,962</u>

**5. Encumbrances**

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2010 are as follows:

Major funds:	
General Fund	\$ 914,034
Five Year Capital Improvement Fund	<u>3,508,781</u>
Total Major funds	4,422,815
Non-Major Governmental Funds	<u>7,452,584</u>
Total Encumbrances	<u>\$ 11,875,399</u>

**CITY OF BOCA RATON, FLORIDA**  
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**6. Capital Assets**

The following is a summary of capital asset activity for the year ended September 30, 2010:

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Deletions**</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated/amortized:</i>				
Land	\$130,635,702	\$7,500,000		\$138,135,702
Construction in progress	3,215,387	4,640,015	\$2,100,079	5,755,323
<i>Total capital assets not being depreciated/amortized</i>	<u>133,851,089</u>	<u>12,140,015</u>	<u>2,100,079</u>	<u>143,891,025</u>
<i>Capital assets being depreciated/amortized:</i>				
Buildings	78,549,142		179,202	78,369,940
Improvements other than buildings	32,549,989	2,307,225	165,879	34,691,335
Equipment	54,898,434	6,362,944	16,770,943	44,490,435
Intangible	3,228,885	323,237	1,094,676	2,457,446
Infrastructure	372,025,103	1,737,167		373,762,270
<i>Total capital assets being depreciated/amortized</i>	<u>541,251,553</u>	<u>10,730,573</u>	<u>18,210,700</u>	<u>533,771,426</u>
<i>Less accumulated depreciation/amortization for:</i>				
Buildings	18,540,974	2,396,575	177,966	20,759,583
Improvements other than buildings	18,948,824	1,225,405	138,266	20,035,963
Equipment	36,930,354	3,610,797	13,248,824	27,292,327
Intangible	2,819,158	148,350	906,370	2,061,138
Infrastructure	146,425,102	9,575,946		156,001,048
<i>Total accumulated depreciation/amortization</i>	<u>223,664,412</u>	<u>16,957,073</u>	<u>14,471,426</u>	<u>226,150,059</u>
Total capital assets being depreciated/amortized, net	<u>317,587,141</u>	<u>(6,226,500)</u>	<u>3,739,274</u>	<u>307,621,367</u>
Governmental activities capital assets, net	<u>\$451,438,230</u>	<u>\$5,913,515</u>	<u>\$5,839,353</u>	<u>\$451,512,392</u>

\*Beginning balance includes reclassification of intangible assets from equipment, see Note 14.

\*\*Deletions include capital assets and accumulated depreciation due to a change in capitalization threshold, see Note 2, section 5.

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Deletions**</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
<b><u>Water and sewer</u></b>				
<i>Capital assets not being depreciated/amortized:</i>				
Land	\$245,873			\$245,873
Construction in progress	19,382,659	\$9,584,209	\$18,533,687	10,433,181
<i>Total capital assets not being depreciated/amortized</i>	<u>19,628,532</u>	<u>9,584,209</u>	<u>18,533,687</u>	<u>10,679,054</u>
<i>Capital assets being depreciated/amortized:</i>				
Utility plant in service	326,804,278	12,472,070	44,409	339,231,939
Equipment	28,671,756	6,923,849	1,674,050	33,921,555
Intangible	6,195,501		140,436	6,055,065
<i>Total capital assets being depreciated/amortized</i>	<u>361,671,535</u>	<u>19,395,919</u>	<u>1,858,895</u>	<u>379,208,559</u>
<i>Less accumulated depreciation/amortization for:</i>				
Utility plant in service	124,188,804	8,685,535	26,267	132,848,072
Equipment	17,954,032	1,271,809	1,455,011	17,770,830
Intangible	285,133	295,333	112,123	468,343
<i>Total accumulated depreciation/amortization</i>	<u>142,427,969</u>	<u>10,252,677</u>	<u>1,593,401</u>	<u>151,087,245</u>
Total capital assets being depreciated/amortized, net	<u>219,243,566</u>	<u>9,143,242</u>	<u>265,494</u>	<u>228,121,314</u>
Total water and sewer capital assets, net	<u>\$238,872,098</u>	<u>\$18,727,451</u>	<u>\$18,799,181</u>	<u>\$ 238,800,368</u>

\*Beginning balance includes reclassification of intangible assets from equipment, see Note 14.

\*\*Deletions include capital assets and accumulated depreciation due to a change in capitalization threshold, see Note 2, section 5.

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions**</u>	<u>Ending Balance</u>
<b><u>Non-major funds, business-type activities</u></b>				
<i>Capital assets not being depreciated:</i>				
Land	\$586,735			\$586,735
Construction in progress	250,767	\$124,934	\$128,701	247,000
<i>Total capital assets not being depreciated</i>	<u>837,502</u>	<u>124,934</u>	<u>128,701</u>	<u>833,735</u>
<i>Capital assets being depreciated:</i>				
Buildings	2,260,661		1,000	2,259,661
Improvements other than buildings	17,377,244	674,216	10,929	18,040,531
Equipment	6,318,662	903,216	568,003	6,653,875
<i>Total capital assets being depreciated</i>	<u>25,956,567</u>	<u>1,577,432</u>	<u>579,932</u>	<u>26,954,067</u>
<i>Less accumulated depreciation for:</i>				
Buildings	1,226,514	59,220	1,000	1,284,734
Improvements other than buildings	3,069,229	497,655	10,777	3,556,107
Equipment	2,399,706	741,418	346,933	2,794,191
<i>Total accumulated depreciation</i>	<u>6,695,449</u>	<u>1,298,293</u>	<u>358,710</u>	<u>7,635,032</u>
Total capital assets being depreciated, net	<u>19,261,118</u>	<u>279,139</u>	<u>221,222</u>	<u>19,319,035</u>
Total non-major funds, capital assets, net	<u>20,098,620</u>	<u>404,073</u>	<u>349,923</u>	<u>20,152,770</u>
Total business-type activities, capital assets, net	<u>\$258,970,718</u>	<u>\$19,131,524</u>	<u>\$19,149,104</u>	<u>\$258,953,138</u>

\*\*Deletions include capital assets and accumulated depreciation due to a change in capitalization threshold, see Note 2, section 5.

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

Governmental activities:	
General government	\$ 448,198
Law enforcement	1,127,648
Fire rescue	1,695,436
Physical environment	32,019
Transportation, including depreciation of general infrastructure assets	10,038,450
Community development	78,025
Parks and recreation	2,283,487
	<u>15,703,263</u>
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>1,253,810</u>
Total depreciation/amortization expense, governmental activities	<u>\$16,957,073</u>
Business-type activities:	
Water and sewer depreciation	\$ 9,957,344
Water and sewer amortization	295,333
Total water and sewer	<u>10,252,677</u>
Cemetery	61,211
Golf course	183,974
Stormwater utility	567,844
Sanitation	485,264
Total depreciation and amortization expense, business-type activities	<u>\$11,550,970</u>
Total government wide depreciation and amortization expense	<u>\$28,508,043</u>

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**Construction and Purchase Commitments:**

The City has active construction projects as of September 30, 2010. 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 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	\$268,671	\$8,956,329
Downtown Infrastructure (Visions 90)	906,049	2,798,951
Water, Wastewater and Drainage Projects	<u>10,680,182</u>	<u>10,097,438</u>
Total	<u>\$11,854,902</u>	<u>\$21,852,718</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.

**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.

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- 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 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.

The City issued \$9.225 million General Obligation Bonds, Series 2010 on July 28, 2010. The bonds were issued to finance the Downtown Library Project. The interest rates on the 2010 bonds range from 3.00% to 4.00%.

**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 where both principal and interest are payable from pledged funds, which consist of special assessment proceeds, and an annual appropriation of available non-ad valorem revenues as shall be necessary to make up any deficiencies in the event the pledged funds shall be inadequate.

The City issued \$3.705 million Special Assessment Bonds, Series 2010 on July 1, 2010. The bonds were issued to finance the balance of the Visions 90 Capital Improvement Program. The interest rates on the 2010 bonds range from 2.00% to 4.125%.

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On August 24, 2009, the City Council adopted Resolution 114-2009, which equalized and adopted the special assessment roll for the Downtown Special Assessment and established the special assessment amounts due January 1, 2010. During the fiscal year, the City assessed \$1,138,207 and collected \$1,073,558 which was approximately 94.3% 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.

**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.

**G. 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, 2010 consist of the following:

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	<b>Purpose of Issue</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>	<b>Interest Rate</b>	<b>Maximum Annual Debt Service</b>
<b>Governmental activities:</b>					
General Obligation Bonds:					
Series 1997, Refunding	Refunding	\$ 8,920,000	\$ 1,475,000	3.70 – 5.60%	\$ 1,055,308
Series 2003	Fire Station Projects	17,500,000	12,370,000	2.00 – 4.50%	1,337,500
Series 2003A	Library Projects	10,000,000	6,910,000	2.00 – 4.50%	722,815
Series 2004, Refunding	Refunding	21,720,000	19,215,000	2.00 – 3.88%	2,325,480
Series 2010	Downtown Library	9,225,000	9,225,000	3.00 – 4.00%	670,700
		<u>67,365,000</u>	<u>49,195,000</u>		
Special Assessment Bonds:					
Series 2009, Refunding	Refunding	11,205,000	10,535,000	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>14,240,000</u>		
Loans Payable:					
First Florida, Series 2001 Refunding	Refunding	5,635,000	2,435,000	3.00 – 5.50%	691,855
Tax Increment Revenue Bonds:					
Series 1998, Refunding	Refunding	72,560,168	48,091,241*	3.60 – 5.00%	6,655,000
<b>Total for Governmental Activities</b>		<u>\$160,470,168</u>	<u>\$113,961,241</u>		

\* Includes \$10,806,073 of accreted interest on Capital Appreciation Bonds

Business-type activities bonds and notes outstanding at September 30, 2010 consist of the following:

	<b>Purpose of Issue</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>	<b>Interest Rate</b>	<b>Maximum Annual Debt Service</b>
<b>Business-type activities:</b>					
Utility system revenue bonds:					
Series 2001	Plant Expansion	\$ 24,460,000	\$ 2,840,000	4.00 – 4.75%	\$ 1,483,844
Series 2008	Refunding	40,040,000	39,125,000	4.00 – 4.375%	4,005,988
Series 2009	Refunding	8,485,000	8,080,000	2.50 – 4.00%	1,037,388
<b>Total for Business-type Activities</b>		<u>\$ 72,985,000</u>	<u>\$ 50,045,000</u>		

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

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 43,785,000	\$9,225,000	\$ 3,815,000	\$ 49,195,000	\$4,235,000
Tax increment revenue bonds	42,625,168		5,340,000	37,285,168	5,575,000
Special assessment bonds	11,205,000	3,705,000	670,000	14,240,000	695,000
Loans payable	3,400,000		965,000	2,435,000	570,000
Capital lease payable	178,211		132,536	45,675	45,675
Deferred amounts	(1,832,633)	551,174	(190,627)	(1,090,832)	
Accretion	9,639,978	1,166,095		10,806,073	
Total bonds, loans and capital lease payable, net	<u>109,000,724</u>	<u>14,647,269</u>	<u>10,731,909</u>	<u>112,916,084</u>	<u>11,120,675</u>
Compensated absences	11,536,744	1,617,023	1,153,673	12,000,094	1,200,009
Estimated liability for self-insurance losses	11,056,679	9,399,065	11,012,406	9,443,338	3,466,924
Total governmental activities, Long-term liabilities	<u>\$ 131,594,147</u>	<u>\$25,663,357</u>	<u>\$22,897,988</u>	<u>\$ 134,359,516</u>	<u>\$ 15,787,608</u>

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	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
<i>Water and Sewer:</i>					
Revenue bonds	\$ 52,700,000		\$2,655,000	\$ 50,045,000	\$ 3,145,000
Deferred amounts	760,333		42,643	717,690	
Revenue bonds payable, net	53,460,333		2,697,643	50,762,690	3,145,000
Compensated absences	1,443,336	\$125,363	144,334	1,424,365	142,436
Total water and sewer	54,903,669	125,363	2,841,977	52,187,055	3,287,436
<i>Other business-type activities:</i>					
Compensated absences	744,854	89,103	74,485	759,472	75,947
Total other business-types activities,	744,854	89,103	74,485	759,472	75,947
Total business-type activities					
Long-term liabilities	\$55,648,523	\$214,466	\$2,916,462	\$52,946,527	\$ 3,363,383

**Summary of Annual Debt Service Requirements:**

**Governmental Activities**

<u>Year Ended</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>
<u>September 30,</u>						
2011	\$ 4,235,000	\$ 1,788,645	\$ 695,000	\$ 524,292	\$ 5,575,000	\$ 956,997
2012	3,880,000	1,680,091	715,000	493,294	5,815,000	704,206
2013	3,495,000	1,547,236	905,000	471,844	6,075,000	433,644
2014	3,615,000	1,431,230	930,000	446,294	6,355,000	146,959
2015	3,740,000	1,302,718	975,000	419,994	2,987,363	3,667,637
2016-2020	20,880,000	4,342,922	5,520,000	1,556,313	10,477,805	16,002,295
2021-2025	6,365,000	1,091,010	3,235,000	507,800		
2026-2030	2,985,000	352,125	1,265,000	156,730		
Total	\$49,195,000	\$13,535,977	\$14,240,000	\$4,576,561	\$37,285,168	\$21,911,738

**Governmental Activities**

**Business Type Activities**

<u>Year Ended</u>	<u>First Florida Loans</u>		<u>Enterprise Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>September 30,</u>				
2011	\$ 570,000	\$121,855	\$ 3,145,000	\$1,883,550
2012	590,000	99,625	3,260,000	1,766,594
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	1,439,987
2016-2020			19,070,000	4,941,797
2021-2025			9,155,000	1,906,947
2026-2028			4,970,000	327,966
Total	\$2,435,000	\$327,630	\$50,045,000	\$15,485,848

**Capital Lease**

On September 14, 2004, the City entered into a master lease purchase agreement as lessee for financing the acquisition of telephone switching equipment. Lease payments commenced in October 2005 when the telephone equipment was installed and activated. Under the terms of the agreement, which are accounted for as a capital lease, the City will pay minimum monthly payments of \$11,538, including interest at 5.02%, over a period of 60 months.

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Annual future minimum lease payments, together with the present value of minimum lease payments are as follows:

<u>Year ending September 30</u>	
2011	<u>\$ 46,153</u>
Total Minimum lease payments	46,153
Less amount representing interest	<u>478</u>
Present value of minimum lease payments	<u>\$ 45,675</u>

The assets acquired through the capital lease are as follows:

Equipment	\$ 611,129
Less accumulated depreciation	<u>(414,695)</u>
Total	<u>\$ 196,434</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, 2010, all reserves including the bond reserve account were fully funded. The rate structure is calculated annually to assure adequate coverage of all requirements.

**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

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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 2011, 2012, 2013, 2014 and 2015 and \$129,180,333 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 2010, rental income amounted to \$1,188,119 and the contingent rental payment was \$8,119.

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.

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 \$6,080,940 in the special revenue Mizner Park Lock Box Fund and committed \$1,633,000 of fund balance in the General Fund at September 30, 2010 to cover future deficiencies in the pledged revenues.

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The City, in prior fiscal years, had advanced \$7,729,500 to the CRA from the Mizner Park Lock Box Fund to cover deficiencies in pledged revenues. During the 2010 fiscal year, the CRA repaid \$2.5 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, 2010 are as follows:

<u>Source of Revenue Pledged</u>	<u>Government Activities</u>		<u>Business Activities</u>
	<u>Special Assessment</u>	<u>Tax Increment Bonds</u>	<u>Water and Sewer Revenues</u>
Current revenue pledged	\$1,170,054	\$7,847,011	\$17,986,763
Current debt service	1,070,453	6,533,760	4,603,455
Total future revenues pledged	18,816,561	59,196,906	65,530,848
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)	91%	83%	26%

**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 general purpose financial statements. At September 30, 2010, \$6,715,784 of bonds outstanding is 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.

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

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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 (The 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 Plan was established by Ordinance 1806, adopted April 17, 1973, by City Council. The Plan is also governed by Chapter 112, Florida Statutes.

The 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 Plan A. Employees hired from October 1, 1987 to October 31, 2007 or transferred from Plan A are enrolled in Plan B. Employees hired on or after November 1, 2007, or who elect to transfer from Plan A or B, may enroll in 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 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. Plan A and B participants utilize a 3.00% multiplier and 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, Plan A participants utilize a 2.5% multiplier. 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. Plan A and B participants utilize a 2% multiplier. Plan C participants utilize a 1.75% multiplier.

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.

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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 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. 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, 2010, there were 48 DROP participants with a total balance of \$3,408,979.

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**Plan Contributions and Funding Policy:**

Plan A and B members are required to contribute 8.65% of their annual earnings while Plan C members are required to contribute 5% 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 ending September 30, 2010 determined using the actuarial valuation dated October 1, 2008 were 7.80% of covered payroll for both 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 (the 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 Plan was established by Ordinance 1806, adopted April 17, 1973, by City Council. The 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 \$2,746,920 for the year ended September 30, 2010: \$1,608,818 for property insurance contracts for firefighters under Chapter 175 and \$1,138,102 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 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

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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 monthly supplement per year of service. Members retiring after October 26, 2010 receive a \$10.50 monthly supplement per year of service.

A member of the 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 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

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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, 2010, there were 69 DROP participants with a total balance of \$10,875,540.

**Plan Contributions and Funding Policy:**

Police Officer members are required to contribute 9.2% 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 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 Plan as a contribution to the Plan, which was 9.70%. Employer contributions for the fiscal year ending September 30, 2010 determined using the actuarial valuation dated October 1, 2008 were 21.13% 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 9.2% 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 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 Plan, which was 16.74%. Employer contributions for the fiscal year ending September 30, 2010 determined using the actuarial valuation dated October 1, 2008 were 23.60% 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 (the Plan) is a single-employer defined benefit plan administered by a five-member Board of Trustees that covers the executive employees of the City of Boca Raton. Executive employees are those managers occupying positions listed in the following table. The Plan was established by Ordinance 4745, adopted November 12, 2003, by City Council. The Plan is also governed by Chapter 112, Florida Statutes.

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Executive employees 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. As detailed below, Plan members are assigned to one of four divisions, each providing different levels of benefits. 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 1<sup>st</sup> 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 Plan also permits early retirement for all participants at the age of 50 and the completion of 10 years of vesting service.

**Plan Contributions and Funding Policy:**

Members are required to contribute 10% 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 ending September 30, 2010 determined using the actuarial valuation dated October 1, 2008 were 16.92% of covered payroll. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts.

<u>Division</u>	<u>Eligible Positions</u>	<u>Member Contributions</u>	<u>Accrued Benefit</u>	<u>Standard Form of Annuity</u>
Division 1	D-1, D-2 & D-3	10.0%	3.05%	25% joint-and-survivor
Division 2	D-4 and higher D classifications	10.0%	3.15%	50% joint-and-survivor
Division 3	Department Heads (DD positions)	10.0%	3.25%	75% joint-and-survivor
	Assistant City Manager, Deputy City Manager, Senior Assistant City Attorney			
Division 4	City Manager and City Attorney	10.0%	4.55% for first 10 years & 3.35% thereafter	100% joint-and-survivor

Executive employees who have reached normal retirement age may elect to participate in the Deferred Retirement Option Plan (D.R.O.P.). They will remain active employees of the City, but will no longer contribute to the Executive Employees' Retirement Plan. Their benefits will remain frozen and continue to accrue interest until they retire from the City, at which time D.R.O.P. benefits will be paid. Maximum duration of participation is thirty-six months.

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 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 plan, the member is entitled to the following:

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- 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.

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

<u>Statement of Plan Net Assets</u>	
Assets:	
Cash and equivalents	\$ 69,297
Investments:	
Florida Municipal Pension Trust Fund	17,254,831
Total Assets	<u>\$ 17,324,128</u>

<u>Statement of Changes in Plan Net Assets</u>	
Additions	
Contributions:	
City	\$ 899,928
Employee	662,553
Transfer from other pension plan	28,339
Total Contributions	<u>1,590,820</u>
Investment Income:	
Interest Revenue, net	1,479,996
Investment Expense	(27,130)
Total Investment Income	<u>1,452,866</u>
Total Additions	<u>3,043,686</u>
Deductions	
Retirement Benefits Paid	368,433
Deferred Retirement Option Plan Benefits Paid	208,068
Administrative Expenses	23,196
Total Deductions	<u>599,697</u>
Change in Net Assets	2,443,989
Net Assets held in trust for pension benefits	
Net Assets – Beginning	<u>14,880,139</u>
Net Assets – Ending	<u>\$ 17,324,128</u>

**Current Membership:**

Current membership, at September 30, 2010 in the General Employees' Pension Plan, Police and Firefighters' Retirement System and Executive Employees' Retirement Plan, is comprised of the following:

	<u>General Employees'</u> <u>Pension Plan</u>	<u>Police and Firefighters'</u> <u>Retirement System</u>	<u>Executive Employees'</u> <u>Retirement Plan</u>
Retirees and beneficiaries currently receiving benefits	425	246	12
Vested terminated employees	29	4	9
Active employees			
Fully-vested	319	147	26
Non-vested	321	205	18

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**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. Mutual 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.

**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.

**CITY OF BOCA RATON, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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**Pension Information:**

City contributions for 2010 were determined by annual actuarial valuations as of October 1, 2008 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	10/01/2010	10/01/2010	10/01/2010
Actuarial cost method	Entry age normal	Entry age normal	Individual entry age
Amortization method	Level percent Closed	Level percent Closed	Level percent Open Group
Remaining amortization period	6 - 30 years	6 - 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	8.0%	8.0%	8.0%
Projected salary increases	3.9% to 7.3%	4.5% to 7.5%	4.0% to 6.0%
Includes inflation of	3.0%	4.5%	3.5%
Cost of living adjustment:	None		
Police		2.0% Annually	
Fire		3.0% Annually	
EERP			2-3% per year

**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, 2010, is presented as follows:

	<u>General Employees'</u>	<u>Police and Firefighters'</u>	<u>Executive Employees'</u>
Annual required contribution ("ARC")	\$ 2,503,965	\$ 10,152,847	\$ 899,928
Interest on net pension asset ("NPA")	(6,796)	(339,780)	(87,635)
Adjustments to ARC	9,124	456,155	97,305
Annual Pension Cost ("APC")	<u>2,506,293</u>	<u>10,269,222</u>	<u>909,598</u>
Contributions made	(2,503,965)	(9,434,840)	(899,928)
Interest on APC & contributions at year end	91	32,733	
Increase in NPA	2,419	867,115	9,670
NPA – Beginning of year	(173,239)	(8,661,225)	(1,095,435)
NPA – End of year	<u>\$ (170,820)</u>	<u>\$ (7,794,110)</u>	<u>\$ (1,085,765)</u>

**CITY OF BOCA RATON, FLORIDA  
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**Three Year Trend Information**

<b>Fiscal year ended in:</b>	<b>General Employees'</b>			<b>Police and Firefighters'</b>		
	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
2008	\$2,020,361	99%	\$ (129,530)	\$ 6,981,107	112%	\$ (7,998,983)
2009	\$2,055,509	102%	\$ (173,239)	\$ 8,243,112	108%	\$ (8,661,225)
2010	\$2,506,293	100%	\$ (170,820)	\$10,269,222	92%	\$ (7,794,110)

<b>Fiscal year ended in:</b>	<b>Executive Employees'</b>		
	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
2008	\$ 694,206	122%	\$ (880,294)
2009	\$ 679,847	132%	\$ (1,095,435)
2010	\$ 909,598	99%	\$ (1,085,765)

**Funded Status and Funding Progress**

The funded status of the Plans as of October 1, 2010, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

<b>Plan</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as Percentage Of Annual Covered Payroll Obligation</b>
General Employees'	October 1, 2010	\$155,042	\$169,663	\$14,621	91.38%	\$32,166	45.45%
Police and Firefighters'	October 1, 2010	\$208,497	\$296,742	\$88,245	70.30%	\$29,499	299.10%
Executive Employees'	October 1, 2010	\$19,059	\$26,918	\$7,859	70.80%	\$4,897	160.49%

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

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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.

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 2010 Annual Required Contribution (ARC)	\$ 448,000
Interest on Net OPEB Obligation	31,000
Adjustment to ARC	<u>(27,000)</u>
Annual OPEB cost	452,000
Employer Contributions	<u>(170,000)</u>
Increase in net OPEB obligation	282,000
Net OPEB obligation – October 1, 2009	<u>697,000</u>
Net OPEB obligation – September 30, 2010	<u>\$ 979,000</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010 and the two preceding years were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of OPEB cost contributed	Net OPEB obligation
9/30/2008	\$576,000	37.2%	\$362,000
9/30/2009	\$613,000	45.3%	\$697,000
9/30/2010	\$452,000	37.6%	\$979,000

**CITY OF BOCA RATON, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

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**Funded Status and Funding Progress**

The funded status of the plan as of October 1, 2009 was as follows:

Actuarial accrued liability	\$4,779,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$4,779,000
Funded Ratio	-
Covered payroll	\$51,801,000
UAAL as a percentage of covered payroll	9.23%

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 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	10/1/2009
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	4.00%
Healthcare inflation rate	5% ultimate

**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.

**CITY OF BOCA RATON, FLORIDA  
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The following is a summary of interfund receivable and payable balances at September 30, 2010:

	<b>Interfund Receivables (Due from)</b>	<b>Interfund Payables (Due to)</b>
Major funds:		
General Fund	\$3,918,950	
Beach and Park Operations Fund		\$ 1,969,110
Non-Major Governmental Funds		1,949,840
	<u>\$3,918,950</u>	<u>\$3,918,950</u>

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**

	<b>Transfers to:</b>					
<b>Transfers from:</b>	General	Five Year Capital Improvement	Non-major Governmental	Internal Service	Non-major Enterprise	Total
General		\$1,024,100		\$1,690,000	\$2,246,000	\$4,960,100
CRA Mizner Park Revenue			\$11,315,900			11,315,900
5 Year Capital Improvements			687,600	1,073,700		1,761,300
Beach and Park Operations				26,100		26,100
Water and Sewer				120,400		120,400
Non-major governmental	\$20,000		1,503,100	31,000	302,300	1,856,400
Non-major enterprise				9,000		9,000
Internal service					364,800	364,800
<b>Total</b>	<b>\$20,000</b>	<b>\$1,024,100</b>	<b>\$13,506,600</b>	<b>\$2,950,200</b>	<b>\$2,913,100</b>	<b>\$20,414,000</b>

The transfer to the General Fund is a 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.

**CITY OF BOCA RATON, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

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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 \$400,000 for workers' compensation and \$250,000 for general liability losses. The City purchases commercial insurance for property damage up to \$103,000,000, after deductibles ranging from \$50,000 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.

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 \$9,443,338 reported in the Fund at September 30, 2010 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 4.5% 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, 2010. 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, 2008 and 2010 is as follows:

<u>Type</u>	<u>Liability at September 30, 2009</u>	<u>Liability at September 30, 2010</u>	<u>Due Within One Year</u>
Workers Compensation	\$ 4,221,000	\$ 4,041,000	\$ 1,030,818
General and Automobile Liability	5,357,000	3,982,000	1,015,768
Health Insurance	<u>1,478,679</u>	<u>1,420,338</u>	<u>1,420,338</u>
Total	<u>\$11,056,679</u>	<u>\$ 9,443,338</u>	<u>\$ 3,466,924</u>

Changes in the estimated liability for the fiscal years ended September 30, 2009 and 2010 are as follows:

	<u>Liability October 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability September 30</u>
2009	\$11,853,228	\$10,684,762	\$11,481,311	\$11,056,679
2010	\$11,056,679	\$9,399,065	\$11,012,406	\$9,443,338

**CITY OF BOCA RATON, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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**14. New Accounting Pronouncements**

For the fiscal year 2010, the City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement provides additional guidance to state and local governments on the recognition of identifiable intangible assets for financial reporting purposes. It establishes guidance on recognizing internally generated assets, such as computer applications, as an intangible asset. It also provides guidance related to useful life and amortization of intangible assets. The City reclassified intangible assets consisting of software from the equipment capital asset category, however, this had no effect on the City's overall financial statements.

**15. 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, 2010. 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 presently determinable, it is the opinion of management, based on advice from legal counsel, that the amount of losses resulting from the above litigation in excess of the amount accrued as of September 30, 2010, would not have a material adverse effect on the financial position of the City.

**CITY OF BOCA RATON, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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**16. Boca Raton Community Redevelopment Agency**

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the Community Redevelopment Agency Funds (CRA) for the fiscal year ended September 30, 2010:

	<u>Deposits</u>	<u>Withdrawals</u>
Source of deposits:		
Tax increment revenues	\$6,658,892	
Lease revenues	1,188,119	
Investment income	193,315	
Other	4,919	
Purpose of withdrawals:		
Debt service – principal		\$5,340,000
Debt service – interest		1,195,510
Salaries and benefits		192,072
Professional services		343,124
Advertising		8,087
Reimbursement for debt service		2,500,000
Industry development		304,250
Other contractual services		6,000
Telephone		1,437
Insurance premiums		9,000
IT technology		1,800
Dues and subscriptions		997
Miscellaneous		11,521
	\$8,045,245	\$9,913,798

**17. Subsequent Events**

In 1997 the Boca Raton Community Redevelopment Agency (CRA) entered into a ground lease with the Center for the Arts at Mizner Park, Inc., a non-profit agency, to construct and operate an amphitheatre on the CRA's land located at the north end of Mizner Park. The CRA and the Center for the Arts at Mizner Park, Inc. entered into an agreement in August 2010 to terminate the ground lease and to transfer ownership of the amphitheatre to the City effective October 1, 2010. The City agreed to pay off the existing mortgage of \$582,957 and the outstanding debts not to exceed \$300,000. The rental and festival receivables of \$56,940, the pledges receivable of \$36,000 and naming pledges receivable of \$50,000 were assigned to the City. Also, as part of the termination of the ground lease, the City assumed responsibility for the operation and maintenance of the amphitheatre as of October 1, 2010.





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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 <u>October 1</u>	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) <u>Entry Age</u>	(b-a) Unfunded AAL <u>(UAAL)</u>	(a/b) Funded Ratio	(c) Annual Covered <u>Payroll</u>	(b-a)/c UAAL as a Percentage of Covered <u>Payroll</u>
<b>General Employees' Pension Plan</b>						
2005	\$ 145,252	\$ 128,393	\$ (16,859)	113.13%	\$ 29,661	-56.84%
2006	149,013	136,935	(12,078)	108.82%	30,415	-39.71%
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%
<b>Police and Firefighters' Retirement System</b>						
2005	\$ 177,298	\$ 196,888	\$ 19,590	90.10%	\$ 22,283	87.90%
2006	184,595	209,487	24,892	88.10%	24,194	102.90%
2007	197,932	231,789	33,857	85.40%	24,891	136.00%
2008	203,745	252,988	49,243	80.54%	28,637	171.95%
2009	204,965	274,735	69,770	74.60%	29,767	234.39%
2010	208,497	296,742	88,245	70.30%	29,499	299.10%
<b>Executive Employees' Retirement Plan*</b>						
2005	\$ 9,081	\$ 13,332	\$ 4,251	68.11%	\$ 3,677	115.63%
2006	11,172	15,179	4,006	73.61%	3,884	103.16%
2007	13,888	17,704	3,816	78.44%	4,184	91.21%
2008	15,850	21,482	5,632	73.78%	4,822	116.80%
2009	17,480	25,146	7,665	69.52%	5,060	151.50%
2010	19,059	26,918	7,895	70.80%	4,897	160.49%

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

<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL) Entry Age</u>	(b-a) <u>Unfunded AAL (UAAL)</u>	(a/b) <u>Funded Ratio</u>	(c) <u>Annual Covered Payroll</u>	(b-a)/c <u>UAAL as a Percentage of Covered Payroll</u>
October 1, 2007	-	\$6,204	\$(6,204)	0.00%	\$51,009	12.16%
October 1, 2008	-	6,620	(6,620)	0.00%	52,379	12.64%
October 1, 2009	-	4,779	(4,779)	0.00%	51,801	9.23%

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

**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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
<b>REVENUES</b>				
PROPERTY TAXES	\$ 45,465,500	\$ 45,465,500	\$ 46,048,419	\$ 582,919
EXCISE TAXES				
Utility	20,740,000	17,083,400	17,177,728	94,328
Total excise taxes	20,740,000	17,083,400	17,177,728	94,328
FRANCHISE TAXES				
Electrical	11,500,000	11,500,000	10,394,821	(1,105,179)
Television	1,150,000	1,150,000	1,097,152	(52,848)
Natural gas	225,000	225,000	83,929	(141,071)
Solid waste	1,005,000	1,005,000	829,686	(175,314)
Total franchise taxes	13,880,000	13,880,000	12,405,588	(1,474,412)
INSURANCE PREMIUM TAXES		2,336,000	2,746,920	410,920
Total taxes	80,085,500	78,764,900	78,378,655	(386,245)
LICENSES AND PERMITS				
Occupational licenses	1,330,000	1,330,000	1,468,825	138,825
Beverage licenses	110,000	110,000	124,757	14,757
Building permits	5,000,000	5,000,000	5,001,974	1,974
Plumbing permits	410,000	410,000	251,097	(158,903)
Electrical permits	1,000,000	1,000,000	824,608	(175,392)
Paving permits	25,000	25,000	4,912	(20,088)
Mechanical permits	450,000	450,000	330,676	(119,324)
Other	1,088,800	1,088,800	1,007,511	(81,289)
Total licenses and permits	9,413,800	9,413,800	9,014,360	(399,440)
INTERGOVERNMENTAL				
Federal grants			194,661	194,661
State revenue sharing	7,474,300	9,754,700	10,166,430	411,730
Palm Beach County	3,100,000	3,100,000	3,240,545	140,545
Beach tax district	1,525,000	1,645,000	1,618,950	(26,050)
Total intergovernmental	12,099,300	14,499,700	15,220,586	720,886
CHARGES FOR SERVICES				
Physical environment	172,000	172,000	198,232	26,232
Planning and zoning fees	384,000	384,000	309,003	(74,997)
Fire services	5,583,100	5,583,100	5,596,095	12,995
Police services	421,000	441,000	337,388	(103,612)
Library	272,200	272,200	248,913	(23,287)
Recreation services	2,307,500	2,187,500	1,958,086	(229,414)
Administrative service charge	5,578,000	5,578,000	5,569,895	(8,105)
Other	218,300	218,300	375,229	156,929
Total charges for services	14,936,100	14,836,100	14,592,841	(243,259)
FINES AND FORFEITURES	1,753,600	1,753,600	912,818	(840,782)
INVESTMENT EARNINGS	1,650,000	1,650,000	886,459	(763,541)
MISCELLANEOUS	50,000	50,000	92,600	42,600
Total revenues	119,988,300	120,968,100	119,098,319	(1,869,781)
<b>EXPENDITURES</b>				
Current:				
GENERAL GOVERNMENT				
City council	314,700	314,700	314,514	186
City manager				
Administration	1,202,400	1,202,900	1,183,414	19,486
City clerk	1,006,500	1,008,700	790,048	218,652
Board and committees	98,600	101,600	77,988	23,612
Human resources	1,070,100	1,070,700	966,393	104,307
Total city manager	3,377,600	3,383,900	3,017,843	366,057

(Continued)

See accompanying note to required supplementary information

**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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
Financial services				
Administration	\$ 580,400	\$ 604,000	\$ 649,515	\$ (45,515)
Accounting	340,700	340,700	325,886	14,814
Treasury	173,700	173,700	171,383	2,317
Accounts payable	226,800	226,800	213,134	13,666
Purchasing	654,400	654,600	651,494	3,106
Risk management	158,200	158,200	141,845	16,355
Office of management and budget	722,100	722,100	432,677	289,423
Total financial services	<u>2,856,300</u>	<u>2,880,100</u>	<u>2,585,934</u>	<u>294,166</u>
City attorney	1,030,900	1,030,900	905,067	125,833
Development services				
Administration	596,700	653,900	636,719	17,181
Code compliance/ licensing	4,323,500	4,323,500	4,116,727	206,773
Planning and zoning	1,386,300	1,690,000	1,358,264	331,736
Total development services	<u>6,306,500</u>	<u>6,667,400</u>	<u>6,111,710</u>	<u>555,690</u>
Other non-departmental services	4,585,400	8,091,200	7,402,897	688,303
Total general government	<u>18,471,400</u>	<u>22,368,200</u>	<u>20,337,965</u>	<u>2,030,235</u>
<b>PUBLIC SAFETY</b>				
Law enforcement				
Chief's office	1,799,700	1,804,700	1,808,268	(3,568)
Communications/dispatch	1,947,600	1,949,700	2,163,366	(213,666)
Community services	9,073,400	9,206,400	9,126,577	79,823
Bureau of field services	21,265,500	22,907,700	22,234,096	673,604
Total law enforcement	<u>34,086,200</u>	<u>35,868,500</u>	<u>35,332,307</u>	<u>536,193</u>
Fire rescue services				
Administration	2,863,600	2,885,600	2,896,186	(10,586)
Logistics and support	2,742,900	2,742,900	2,757,990	(15,090)
Fire operations	26,130,500	26,616,800	26,458,063	158,737
Fire and life safety	1,505,500	1,505,500	1,559,506	(54,006)
Total fire rescue services	<u>33,242,500</u>	<u>33,750,800</u>	<u>33,671,745</u>	<u>79,055</u>
Total public safety	<u>67,328,700</u>	<u>69,619,300</u>	<u>69,004,052</u>	<u>615,248</u>
<b>PHYSICAL ENVIRONMENT</b>				
Administration	1,195,900	1,615,700	1,295,631	320,069
Dredge	454,700	454,700	406,426	48,274
Facilities management	3,189,900	3,296,700	2,890,414	406,286
Total physical environment	<u>4,840,500</u>	<u>5,367,100</u>	<u>4,592,471</u>	<u>774,629</u>
<b>TRANSPORTATION</b>				
Streets	1,062,500	1,068,000	923,439	144,561
Traffic/ special projects	3,662,300	3,787,700	3,160,013	627,687
Engineering-survey	406,200	408,500	392,095	16,405
Engineering-design	631,800	631,800	609,526	22,274
Total transportation	<u>5,762,800</u>	<u>5,896,000</u>	<u>5,085,073</u>	<u>810,927</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>PARKS AND RECREATION</b>				
Administration	\$ 2,167,300	\$ 2,171,300	\$ 2,188,745	\$ (17,445)
Library	4,237,800	4,238,200	4,142,706	95,494
Community center	598,400	594,100	568,526	25,574
Train depot	41,400	41,100	44,376	(3,276)
Camp programs	685,700	685,500	676,644	8,856
Youth activities center	106,100	110,400	96,187	14,213
Athletics	453,800	467,500	400,048	67,452
Skateboard park	61,700	62,500	55,071	7,429
Special programs	574,400	580,300	571,840	8,460
Aquatics	233,300	233,300	228,852	4,448
Tennis center	295,700	299,000	262,430	36,570
Special interest activity	569,300	569,300	415,569	153,731
Ocean rescue	1,657,900	1,657,900	1,611,454	46,446
Parks District I	1,801,300	1,785,500	1,593,974	191,526
Parks District II	2,577,700	2,574,700	2,475,686	99,014
Mizner Park	770,000	769,700	619,891	149,809
Park rangers	290,700	288,700	262,442	26,258
Irrigation	870,000	890,800	849,733	41,067
Conservation	237,200	831,300	184,283	647,017
Total parks and recreation	<u>18,229,700</u>	<u>18,851,100</u>	<u>17,248,457</u>	<u>1,602,643</u>
Total expenditures	<u>114,633,100</u>	<u>122,101,700</u>	<u>116,268,018</u>	<u>5,833,682</u>
Excess (deficiency) of revenues over expenditures	<u>5,355,200</u>	<u>(1,133,600)</u>	<u>2,830,301</u>	<u>3,963,901</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Downtown Infrastructure Fund	20,000	20,000	20,000	
Total transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	
Transfers out:				
Right of Way Beautification Fund	(2,442,600)			
Five Year Capital Improvement Fund	(2,238,100)	(5,524,100)	(1,024,100)	4,500,000
Fleet Management Fund	(1,690,000)	(1,690,000)	(1,690,000)	
Sanitation Fund	(2,246,000)	(2,246,000)	(2,246,000)	
Total transfers out	<u>(8,616,700)</u>	<u>(9,460,100)</u>	<u>(4,960,100)</u>	<u>4,500,000</u>
Total other financing uses	<u>(8,596,700)</u>	<u>(9,440,100)</u>	<u>(4,940,100)</u>	<u>4,500,000</u>
Net change in fund balance	<u>\$ (3,241,500)</u>	<u>\$ (10,573,700)</u>	<u>(2,109,799)</u>	<u>\$ 8,463,901</u>
Fund balance - beginning			<u>49,034,338</u>	
Fund balance - ending			<u>\$ 46,924,539</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 6,547,000	\$ 6,547,000	\$ 6,658,892	\$ 111,892
Charges for services	1,180,000	1,180,000	1,188,119	8,119
Investment earnings	170,000	170,000	139,678	(30,322)
Total revenues	<u>7,897,000</u>	<u>7,897,000</u>	<u>7,986,689</u>	<u>89,689</u>
<b>EXPENDITURES</b>				
Current:				
Community development	2,500,000	2,537,500	2,500,000	37,500
Total expenditures	<u>2,500,000</u>	<u>2,537,500</u>	<u>2,500,000</u>	<u>37,500</u>
Excess (deficiency) of revenues over expenditures	<u>5,397,000</u>	<u>5,359,500</u>	<u>5,486,689</u>	<u>127,189</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(6,882,000)	(11,315,900)	(11,315,900)	
Total other financing uses	<u>(6,882,000)</u>	<u>(11,315,900)</u>	<u>(11,315,900)</u>	
Net change in fund balance	<u>\$ (1,485,000)</u>	<u>\$ (5,956,400)</u>	<u>(5,829,211)</u>	<u>\$ 127,189</u>
Fund balance - beginning			<u>6,417,207</u>	
Fund balance - ending			<u>\$ 587,996</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 35,111,600	\$ 35,998,100	\$ 11,640,580	\$ (24,357,520)
Charges for services	2,464,500	2,467,000	2,239,798	(227,202)
Total revenues	<u>37,576,100</u>	<u>38,465,100</u>	<u>13,880,378</u>	<u>(24,584,722)</u>
<b>EXPENDITURES</b>				
Current:				
Parks and recreation	37,550,000	38,439,000	13,854,278	24,584,722
Total expenditures	<u>37,550,000</u>	<u>38,439,000</u>	<u>13,854,278</u>	<u>24,584,722</u>
Excess (deficiency) of revenues over expenditures	<u>26,100</u>	<u>26,100</u>	<u>26,100</u>	<u>-</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(26,100)	(26,100)	(26,100)	
Total other financing uses	<u>(26,100)</u>	<u>(26,100)</u>	<u>(26,100)</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, 2010**

**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.





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# 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.



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**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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
<b>REVENUES</b>				
Taxes	\$ 6,174,500	\$ 7,388,500	\$ 7,434,068	\$ 45,568
Intergovernmental	1,550,000	5,739,500	5,132,239	(607,261)
Donations in lieu of land	936,000	936,000	1,534,191	598,191
Investment earnings	250,000	250,000	623,934	373,934
Total revenues	<u>8,910,500</u>	<u>14,314,000</u>	<u>14,724,432</u>	<u>410,432</u>
<b>EXPENDITURES</b>				
Capital outlay:				
General	2,426,600	6,926,600	6,065,079	861,521
Public safety	4,507,900	5,430,700	1,426,668	4,004,032
Transportation	4,423,000	13,759,800	8,763,487	4,996,313
Parks	6,411,200	7,245,300	1,236,360	6,008,940
Total expenditures	<u>17,768,700</u>	<u>33,362,400</u>	<u>17,491,594</u>	<u>15,870,806</u>
Excess (deficiency) of revenues over expenditures	<u>(8,858,200)</u>	<u>(19,048,400)</u>	<u>(2,767,162)</u>	<u>16,281,238</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,238,100	5,524,100	1,024,100	(4,500,000)
Transfers out	(1,761,300)	(1,761,300)	(1,761,300)	
Bonds issued	1,100,000	1,100,000		(1,100,000)
Total other financing sources (uses)	<u>1,576,800</u>	<u>4,862,800</u>	<u>(737,200)</u>	<u>(5,600,000)</u>
Net change in fund balance	<u>\$ (7,281,400)</u>	<u>\$ (14,185,600)</u>	<u>(3,504,362)</u>	<u>\$ 10,681,238</u>
Fund balance - beginning			<u>28,727,704</u>	
Fund balance - ending			<u>\$ 25,223,342</u>	

# 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.**

**CITY OF BOCA RATON, FLORIDA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010**

	Special Revenue	Permanent Fund	Debt Service	Capital Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,012,655		\$ 1,911,119	\$ 8,718,084	\$ 20,641,858
Investments	11,538,575		2,209,697	10,045,489	23,793,761
Receivables, net:					
Assessments				224,137	224,137
Interest	79,570		30,159	49,631	159,360
Due from other governmental units	2,433,737				2,433,737
Restricted:					
Cash and cash equivalents	234,515	\$ 2,644,868			2,879,383
Investments	270,639	3,053,094			3,323,733
Interest receivable on investments	2,265	25,458			27,723
Accounts receivable		17,724			17,724
Total assets	<u>\$ 24,571,956</u>	<u>\$ 5,741,144</u>	<u>\$ 4,150,975</u>	<u>\$ 19,037,341</u>	<u>\$ 53,501,416</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 802,287		\$ 3,036	\$ 121,601	\$ 926,924
Retainage payable	5,366			3,845	9,211
Performance bonds and escrow funds	509,212	\$ 4,000			513,212
Due to other funds	1,949,840				1,949,840
Total liabilities	<u>3,266,705</u>	<u>4,000</u>	<u>3,036</u>	<u>125,446</u>	<u>3,399,187</u>
Fund balances:					
Restricted for:					
Debt service	6,080,940		4,147,939		10,228,879
Housing	325,772				325,772
Law enforcement	1,331,283				1,331,283
Transportation	7,152,352				7,152,352
Right of way beautification	2,455,675				2,455,675
Downtown	3,956,162			3,810,063	7,766,225
Land dedication				1,148,183	1,148,183
Library				10,632,432	10,632,432
Committed to:					
Parking	3,067				3,067
Right of way acquisition				2,264,938	2,264,938
Assigned to:					
Environmentally sensitive lands				1,056,279	1,056,279
Non-spendable:					
Perpetual care, cemetery		2,123,486			2,123,486
Perpetual care, mausoleum		3,613,658			3,613,658
Total fund balances	<u>21,305,251</u>	<u>5,737,144</u>	<u>4,147,939</u>	<u>18,911,895</u>	<u>50,102,229</u>
Total liabilities and fund balances	<u>\$ 24,571,956</u>	<u>\$ 5,741,144</u>	<u>\$ 4,150,975</u>	<u>\$ 19,037,341</u>	<u>\$ 53,501,416</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, 2010**

	Special Revenue	Permanent Fund	Debt Service	Capital Projects	Total Non-Major Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 4,429,923		\$ 5,471,100		\$ 9,901,023
Intergovernmental	6,101,487				6,101,487
Charges for services	4,919	\$ 129,699			134,618
Fines and forfeitures	344,615				344,615
Special assessments				\$ 1,170,054	1,170,054
Donations in lieu of land	93,000			278,853	371,853
Investment earnings	285,703	91,940	108,160	103,000	588,803
Miscellaneous	27,827				27,827
Total revenues	<u>11,287,474</u>	<u>221,639</u>	<u>5,579,260</u>	<u>1,551,907</u>	<u>18,640,280</u>
<b>EXPENDITURES</b>					
Current:					
Law enforcement	699,180				699,180
Fire rescue	310,564				310,564
Physical environment	3,236,490				3,236,490
Transportation	1,239,599				1,239,599
Community development	2,762,747				2,762,747
Parks and recreation	3,848,510				3,848,510
Capital outlay				4,666,370	4,666,370
Debt service:					
Principal			10,790,000		10,790,000
Interest			3,370,058		3,370,058
Bond issuance costs				331,167	331,167
Total expenditures	<u>12,097,090</u>		<u>14,160,058</u>	<u>4,997,537</u>	<u>31,254,685</u>
Excess (deficiency) of revenues over expenditures	<u>(809,616)</u>	<u>221,639</u>	<u>(8,580,798)</u>	<u>(3,445,630)</u>	<u>(12,614,405)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	4,779,100		8,727,500		13,506,600
Transfers out	(463,600)	(302,300)		(1,090,500)	(1,856,400)
Bonds issued				12,930,000	12,930,000
Discount on bonds issued				(21,074)	(21,074)
Premium on bonds issued				572,248	572,248
Total other financing sources (uses)	<u>4,315,500</u>	<u>(302,300)</u>	<u>8,727,500</u>	<u>12,390,674</u>	<u>25,131,374</u>
Net change in fund balances	3,505,884	(80,661)	146,702	8,945,044	12,516,969
Fund balances - beginning	<u>17,799,367</u>	<u>5,817,805</u>	<u>4,001,237</u>	<u>9,966,851</u>	<u>37,585,260</u>
Fund balances - ending	<u>\$ 21,305,251</u>	<u>\$ 5,737,144</u>	<u>\$ 4,147,939</u>	<u>\$ 18,911,895</u>	<u>\$ 50,102,229</u>

**CITY OF BOCA RATON, FLORIDA  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010**

	<b>Community Development Block Grant Program</b>	<b>SHIP Housing Assistance Trust Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Transpor- tation Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents		\$ 150,077	\$ 628,766	\$ 3,232,017
Investments		173,740	713,835	3,730,025
Receivables, net:				
Interest		2,248	5,571	28,504
Due from other governmental units	\$ 690,464			308,603
Restricted:				
Cash and cash equivalents				
Investments				
Interest receivable on investments				
Total assets	<u>\$ 690,464</u>	<u>\$ 326,065</u>	<u>\$ 1,348,172</u>	<u>\$ 7,299,149</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 77,722	\$ 293	\$ 16,889	\$ 146,224
Retainage payable				573
Performance bonds and escrow funds				
Due to other funds	612,742			
Total liabilities	<u>690,464</u>	<u>293</u>	<u>16,889</u>	<u>146,797</u>
Fund balances:				
Restricted for:				
Debt service				
Housing		325,772		
Law enforcement			1,331,283	
Transportation				7,152,352
Right of way beautification				
Downtown				
Committed to:				
Parking				
Total fund balances	<u></u>	<u>325,772</u>	<u>1,331,283</u>	<u>7,152,352</u>
Total liabilities and fund balances	<u>\$ 690,464</u>	<u>\$ 326,065</u>	<u>\$ 1,348,172</u>	<u>\$ 7,299,149</u>

<b>Right of Way Beautification Fund</b>	<b>Mizner Park Lock Box Fund</b>	<b>Community Redevelopment Agency Operating Fund</b>	<b>General Trust Fund</b>	<b>Grant Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 1,210,245	\$ 2,810,536	\$ 1,981,014			\$ 10,012,655
1,397,673	3,244,122	2,279,180			11,538,575
13,507	26,282	3,458			79,570
				\$ 1,434,670	2,433,737
			\$ 234,515		234,515
			270,639		270,639
			2,265		2,265
<u>\$ 2,621,425</u>	<u>\$ 6,080,940</u>	<u>\$ 4,263,652</u>	<u>\$ 507,419</u>	<u>\$ 1,434,670</u>	<u>\$ 24,571,956</u>
\$ 165,750		\$ 296,898	\$ 939	\$ 97,572	\$ 802,287
		4,793			5,366
		2,732	506,480		509,212
				1,337,098	1,949,840
<u>165,750</u>	<u></u>	<u>304,423</u>	<u>507,419</u>	<u>1,434,670</u>	<u>3,266,705</u>
	\$ 6,080,940				6,080,940
					325,772
					1,331,283
					7,152,352
2,455,675					2,455,675
		3,956,162			3,956,162
					3,067
<u>2,455,675</u>	<u>6,080,940</u>	<u>3,959,229</u>	<u></u>	<u></u>	<u>21,305,251</u>
<u>\$ 2,621,425</u>	<u>\$ 6,080,940</u>	<u>\$ 4,263,652</u>	<u>\$ 507,419</u>	<u>\$ 1,434,670</u>	<u>\$ 24,571,956</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, 2010**

	<b>Community Development Block Grant Program</b>	<b>SHIP Housing Assistance Trust Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Transpor- tation Fund</b>
<b>REVENUES</b>				
Taxes				\$ 1,957,959
Intergovernmental	\$ 1,352,219	\$ 69,979		
Charges for services				
Fines and forfeitures			\$ 344,615	
Donations in lieu of land				
Investment earnings		2,200	16,366	114,818
Miscellaneous	15,580			
Total revenues	<u>1,367,799</u>	<u>72,179</u>	<u>360,981</u>	<u>2,072,777</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Law enforcement			435,167	
Fire rescue				
Physical environment				
Transportation				945,479
Community development	1,367,799	516,660		
Parks and recreation				
Total expenditures	<u>1,367,799</u>	<u>516,660</u>	<u>435,167</u>	<u>945,479</u>
Excess (deficiency) of revenues over expenditures		<u>(444,481)</u>	<u>(74,186)</u>	<u>1,127,298</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers out				(432,600)
Total other financing sources (uses)				<u>(432,600)</u>
Net change in fund balances		(444,481)	(74,186)	694,698
Fund balances - beginning		770,253	1,405,469	6,457,654
Fund balances - ending	<u>\$</u>	<u>\$ 325,772</u>	<u>\$ 1,331,283</u>	<u>\$ 7,152,352</u>

<b>Right of Way Beautification Fund</b>	<b>Mizner Park Lock Box Fund</b>	<b>Community Redevelopment Agency Operating Fund</b>	<b>General Trust Fund</b>	<b>Grant Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 2,471,964					\$ 4,429,923
		\$ 4,919		\$ 4,679,289	6,101,487
					4,919
93,000					344,615
47,221	\$ 97,199	7,899			93,000
12,247					285,703
<u>2,624,432</u>	<u>97,199</u>	<u>12,818</u>		<u>4,679,289</u>	<u>11,287,474</u>
				264,013	699,180
				310,564	310,564
				3,236,490	3,236,490
				294,120	1,239,599
		878,288			2,762,747
<u>3,274,408</u>				<u>574,102</u>	<u>3,848,510</u>
<u>3,274,408</u>		<u>878,288</u>		<u>4,679,289</u>	<u>12,097,090</u>
<u>(649,976)</u>	<u>97,199</u>	<u>(865,470)</u>			<u>(809,616)</u>
		4,779,100			4,779,100
<u>(31,000)</u>					<u>(463,600)</u>
<u>(31,000)</u>		<u>4,779,100</u>			<u>4,315,500</u>
(680,976)	97,199	3,913,630			3,505,884
<u>3,136,651</u>	<u>5,983,741</u>	<u>45,599</u>			<u>17,799,367</u>
<u>\$ 2,455,675</u>	<u>\$ 6,080,940</u>	<u>\$ 3,959,229</u>	<u>\$</u>	<u>\$</u>	<u>\$ 21,305,251</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 920,800	\$ 1,902,800	\$ 1,352,219	\$ (550,581)
Miscellaneous		15,600	15,580	(20)
Total revenues	<u>920,800</u>	<u>1,918,400</u>	<u>1,367,799</u>	<u>(550,601)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
CDBG Entitlement	895,800	1,457,400	916,749	540,651
EDI Grant	25,000	461,000	451,050	9,950
Total expenditures	<u>920,800</u>	<u>1,918,400</u>	<u>1,367,799</u>	<u>550,601</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 69,979	\$ (21)
Investment earnings	55,000	55,000	2,200	(52,800)
Miscellaneous	55,000	55,000		(55,000)
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>72,179</u>	<u>(107,821)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	1,044,600	1,044,600	516,660	527,940
Total expenditures	<u>1,044,600</u>	<u>1,044,600</u>	<u>516,660</u>	<u>527,940</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (864,600)</u>	<u>\$ (864,600)</u>	(444,481)	<u>\$ 420,119</u>
Fund balance - beginning			<u>770,253</u>	
Fund balance - ending			<u>\$ 325,772</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 375,000	\$ 375,000		\$ (375,000)
Fines and forfeitures	175,000	185,600	\$ 344,615	159,015
Investment earnings	50,000	50,000	16,366	(33,634)
Total revenues	<u>600,000</u>	<u>610,600</u>	<u>360,981</u>	<u>(249,619)</u>
<b>EXPENDITURES</b>				
Current:				
Law enforcement	1,032,500	1,043,100	435,167	607,933
Total expenditures	<u>1,032,500</u>	<u>1,043,100</u>	<u>435,167</u>	<u>607,933</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (432,500)</u>	<u>\$ (432,500)</u>	(74,186)	<u>\$ 358,314</u>
Fund balance - beginning			<u>1,405,469</u>	
Fund balance - ending			<u>\$ 1,331,283</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 1,905,900	\$ 1,905,900	\$ 1,957,959	\$ 52,059
Investment earnings	200,000	200,000	114,818	(85,182)
Total revenues	<u>2,105,900</u>	<u>2,105,900</u>	<u>2,072,777</u>	<u>(33,123)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	2,774,800	4,353,300	945,479	3,407,821
Total expenditures	<u>2,774,800</u>	<u>4,353,300</u>	<u>945,479</u>	<u>3,407,821</u>
Excess (deficiency) of revenues over expenditures	<u>(668,900)</u>	<u>(2,247,400)</u>	<u>1,127,298</u>	<u>3,374,698</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(432,600)	(432,600)	(432,600)	
Total other financing uses	<u>(432,600)</u>	<u>(432,600)</u>	<u>(432,600)</u>	
Net change in fund balance	<u>\$ (1,101,500)</u>	<u>\$ (2,680,000)</u>	694,698	<u>\$ 3,374,698</u>
Fund balance - beginning			<u>6,457,654</u>	
Fund balance - ending			<u>\$ 7,152,352</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Taxes		\$ 2,442,600	\$ 2,471,964	\$ 29,364
Donations in lieu of land			93,000	93,000
Investment earnings	\$ 72,900	72,900	47,221	(25,679)
Miscellaneous			12,247	12,247
Total revenues	<u>72,900</u>	<u>2,515,500</u>	<u>2,624,432</u>	<u>108,932</u>
<b>EXPENDITURES</b>				
Current:				
Parks and recreation	3,600,900	3,601,000	3,274,408	326,592
Total expenditures	<u>3,600,900</u>	<u>3,601,000</u>	<u>3,274,408</u>	<u>326,592</u>
Excess (deficiency) of revenues over expenditures	<u>(3,528,000)</u>	<u>(1,085,500)</u>	<u>(649,976)</u>	<u>435,524</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,442,600			
Transfers out	(31,000)	(31,000)	(31,000)	
Total other financing sources (uses)	<u>2,411,600</u>	<u>(31,000)</u>	<u>(31,000)</u>	
Net change in fund balance	<u>\$ (1,116,400)</u>	<u>\$ (1,116,500)</u>	(680,976)	<u>\$ 435,524</u>
Fund balance - beginning			<u>3,136,651</u>	
Fund balance - ending			<u>\$ 2,455,675</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 200,000	\$ 200,000	\$ 97,199	\$ (102,801)
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>97,199</u>	<u>(102,801)</u>
<b>EXPENDITURES</b>				
Excess (deficiency) of revenues over expenditures	<u>\$ 200,000</u>	<u>\$ 200,000</u>	97,199	<u>\$ (102,801)</u>
Fund balance - beginning			<u>5,983,741</u>	
Fund balance - ending			<u>\$ 6,080,940</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 15,000	\$ 15,000	\$ 4,919	\$ (10,081)
Fines and forfeitures		37,500		(37,500)
Investment earnings	3,000	3,000	7,899	4,899
Miscellaneous	100	100		(100)
Total revenues	<u>18,100</u>	<u>55,600</u>	<u>12,818</u>	<u>(42,782)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>357,900</u>	<u>4,829,300</u>	<u>878,288</u>	<u>3,951,012</u>
Total expenditures	<u>357,900</u>	<u>4,829,300</u>	<u>878,288</u>	<u>3,951,012</u>
Excess (deficiency) of revenues over expenditures	<u>(339,800)</u>	<u>(4,773,700)</u>	<u>(865,470)</u>	<u>3,908,230</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>345,200</u>	<u>4,779,100</u>	<u>4,779,100</u>	
Total other financing sources	<u>345,200</u>	<u>4,779,100</u>	<u>4,779,100</u>	
Net change in fund balance	<u>\$ 5,400</u>	<u>\$ 5,400</u>	<u>3,913,630</u>	<u>\$ 3,908,230</u>
Fund balance - beginning			<u>45,599</u>	
Fund balance - ending			<u>\$ 3,959,229</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 3,757,700	\$ 9,215,200	\$ 4,679,289	\$ (4,535,911)
Total revenues	<u>3,757,700</u>	<u>9,215,200</u>	<u>4,679,289</u>	<u>(4,535,911)</u>
<b>EXPENDITURES</b>				
Current:				
Law enforcement	682,800	939,000	264,013	674,987
Fire rescue		313,800	310,564	3,236
Physical environment		3,942,600	3,236,490	706,110
Transportation	1,730,500	1,964,300	294,120	1,670,180
Parks and recreation	1,344,400	2,055,500	574,102	1,481,398
Total expenditures	<u>3,757,700</u>	<u>9,215,200</u>	<u>4,679,289</u>	<u>4,535,911</u>
Excess (deficiency) of revenues over expenditures	<u>\$</u>	<u>\$</u>		<u>\$</u>
Fund balance - beginning			_____	
Fund balance - ending			<u>\$</u>	

**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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 137,200	\$ 137,200	\$ 129,699	\$ (7,501)
Investment earnings	244,100	244,100	91,940	(152,160)
Total revenues	<u>381,300</u>	<u>381,300</u>	<u>221,639</u>	<u>(159,661)</u>
<b>EXPENDITURES</b>				
Excess (deficiency) of revenues over expenditures	<u>381,300</u>	<u>381,300</u>	<u>221,639</u>	<u>(159,661)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(302,300)</u>	<u>(302,300)</u>	<u>(302,300)</u>	
Total other financing uses	<u>(302,300)</u>	<u>(302,300)</u>	<u>(302,300)</u>	
Net change in fund balance	<u>\$ 79,000</u>	<u>\$ 79,000</u>	(80,661)	<u>\$ (159,661)</u>
Fund balance - beginning			<u>5,817,805</u>	
Fund balance - ending			<u>\$ 5,737,144</u>	



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**CITY OF BOCA RATON, FLORIDA  
NON-MAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010**

	<b>City Debt Service Fund</b>	<b>Community Redevelopment Agency Debt Service Fund</b>	<b>Total Non-major Debt Service Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 386,356	\$ 1,524,763	\$ 1,911,119
Investments	450,788	1,758,909	2,209,697
Receivables, net:			
Interest	16,203	13,956	30,159
Total assets	\$ 853,347	\$ 3,297,628	\$ 4,150,975
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,036	_____	\$ 3,036
Total liabilities	3,036	_____	3,036
Fund balances:			
Restricted for:			
Debt service	850,311	\$ 3,297,628	4,147,939
Total fund balances	850,311	3,297,628	4,147,939
 Total liabilities and fund balances	 \$ 853,347	 \$ 3,297,628	 \$ 4,150,975

**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, 2010**

	<b>City Debt Service Fund</b>	<b>Community Redevelopment Agency Debt Service Fund</b>	<b>Total Non-major Debt Service Funds</b>
<b>REVENUES</b>			
Taxes	\$ 5,471,100		\$ 5,471,100
Investment earnings	62,422	\$ 45,738	108,160
Total revenues	<u>5,533,522</u>	<u>45,738</u>	<u>5,579,260</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	5,450,000	5,340,000	10,790,000
Interest	2,174,548	1,195,510	3,370,058
Total expenditures	<u>7,624,548</u>	<u>6,535,510</u>	<u>14,160,058</u>
Excess (deficiency) of revenues over expenditures	<u>(2,091,026)</u>	<u>(6,489,772)</u>	<u>(8,580,798)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	2,190,700	6,536,800	8,727,500
Total other financing sources	<u>2,190,700</u>	<u>6,536,800</u>	<u>8,727,500</u>
Net change in fund balances	99,674	47,028	146,702
Fund balances - beginning	<u>750,637</u>	<u>3,250,600</u>	<u>4,001,237</u>
Fund balances - ending	<u>\$ 850,311</u>	<u>\$ 3,297,628</u>	<u>\$ 4,147,939</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 5,471,100	\$ 5,471,100	\$ 5,471,100	
Investment earnings	50,000	50,000	62,422	\$ 12,422
Total revenues	<u>5,521,100</u>	<u>5,521,100</u>	<u>5,533,522</u>	<u>12,422</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	5,450,000	5,450,000	5,450,000	
Interest	2,261,800	2,261,800	2,174,548	87,252
Total expenditures	<u>7,711,800</u>	<u>7,711,800</u>	<u>7,624,548</u>	<u>87,252</u>
Excess (deficiency) of revenues over expenditures	<u>(2,190,700)</u>	<u>(2,190,700)</u>	<u>(2,091,026)</u>	<u>99,674</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,190,700	2,190,700	2,190,700	
Total other financing sources	<u>2,190,700</u>	<u>2,190,700</u>	<u>2,190,700</u>	
Net change in fund balance	<u>\$</u>	<u>\$</u>	99,674	<u>\$ 99,674</u>
Fund balance - beginning			<u>750,637</u>	
Fund balance - ending			<u>\$ 850,311</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 120,000	\$ 120,000	\$ 45,738	\$ (74,262)
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>45,738</u>	<u>(74,262)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	5,340,000	5,340,000	5,340,000	
Interest	<u>1,198,800</u>	<u>1,198,800</u>	<u>1,195,510</u>	3,290
Total expenditures	<u>6,538,800</u>	<u>6,538,800</u>	<u>6,535,510</u>	<u>3,290</u>
Excess (deficiency) of revenues over expenditures	<u>(6,418,800)</u>	<u>(6,418,800)</u>	<u>(6,489,772)</u>	<u>(70,972)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>6,536,800</u>	<u>6,536,800</u>	<u>6,536,800</u>	
Total other financing sources	<u>6,536,800</u>	<u>6,536,800</u>	<u>6,536,800</u>	
Net change in fund balance	<u>\$ 118,000</u>	<u>\$ 118,000</u>	47,028	<u>\$ (70,972)</u>
Fund balance - beginning			<u>3,250,600</u>	
Fund balance - ending			<u>\$ 3,297,628</u>	

**CITY OF BOCA RATON, FLORIDA  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010**

	<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>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,046,869	\$ 52,732	\$ 473,758	\$ 1,719,928
Investments	1,208,373	62,619	547,221	1,981,980
Receivables, net:				
Assessments				224,137
Interest	9,696	7,295	4,558	9,464
Total assets	<u>\$ 2,264,938</u>	<u>\$ 122,646</u>	<u>\$ 1,025,537</u>	<u>\$ 3,935,509</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities				\$ 121,601
Retainage payable				3,845
Total liabilities				<u>125,446</u>
Fund balances:				
Restricted for:				
Downtown				3,810,063
Land dedication		\$ 122,646	\$ 1,025,537	
Library				
Committed to:				
Right of way acquisition	\$ 2,264,938			
Assigned to:				
Environmentally sensitive lands				
Total fund balances	<u>2,264,938</u>	<u>122,646</u>	<u>1,025,537</u>	<u>3,810,063</u>
Total liabilities and fund balances	<u>\$ 2,264,938</u>	<u>\$ 122,646</u>	<u>\$ 1,025,537</u>	<u>\$ 3,935,509</u>

<b>Environmentally Sensitive Lands Fund</b>	<b>Library Improvements Fund</b>	<b>Total Non-Major Capital Projects Funds</b>
\$ 488,961	\$ 4,935,836	\$ 8,718,084
564,390	5,680,906	10,045,489
		224,137
2,928	15,690	49,631
<u>\$ 1,056,279</u>	<u>\$ 10,632,432</u>	<u>\$ 19,037,341</u>
		\$ 121,601
		3,845
		<u>125,446</u>
		3,810,063
		1,148,183
	\$ 10,632,432	10,632,432
		2,264,938
\$ 1,056,279		1,056,279
<u>1,056,279</u>	<u>10,632,432</u>	<u>18,911,895</u>
<u>\$ 1,056,279</u>	<u>\$ 10,632,432</u>	<u>\$ 19,037,341</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, 2010**

	<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>
<b>REVENUES</b>				
Special assessments				\$ 1,170,054
Donations in lieu of land		\$ 278,853		
Investment earnings	\$ 36,455		\$ 19,776	30,100
Total revenues	<u>36,455</u>	<u>278,853</u>	<u>19,776</u>	<u>1,200,154</u>
<b>EXPENDITURES</b>				
Capital outlay		3,498,000	337,594	744,145
Debt service:				
Bond issuance costs				146,299
Total expenditures		<u>3,498,000</u>	<u>337,594</u>	<u>890,444</u>
Excess (deficiency) of revenues over expenditures	<u>36,455</u>	<u>(3,219,147)</u>	<u>(317,818)</u>	<u>309,710</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out				(1,090,500)
Bonds issued				3,705,000
Discount on bonds issued				(21,074)
Premium on bonds issued				
Total other financing sources (uses)				<u>2,593,426</u>
Net change in fund balances	36,455	(3,219,147)	(317,818)	2,903,136
Fund balances - beginning	<u>2,228,483</u>	<u>3,341,793</u>	<u>1,343,355</u>	<u>906,927</u>
Fund balances - ending	<u>\$ 2,264,938</u>	<u>\$ 122,646</u>	<u>\$ 1,025,537</u>	<u>\$ 3,810,063</u>

<b>Environmentally Sensitive Lands Fund</b>	<b>Library Improvements Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
		\$ 1,170,054
		278,853
\$ 16,669		103,000
<u>16,669</u>		<u>1,551,907</u>
	\$ 86,631	4,666,370
	184,868	331,167
	<u>271,499</u>	<u>4,997,537</u>
16,669	(271,499)	(3,445,630)
		(1,090,500)
	9,225,000	12,930,000
		(21,074)
	572,248	572,248
	<u>9,797,248</u>	<u>12,390,674</u>
16,669	9,525,749	8,945,044
1,039,610	1,106,683	9,966,851
<u>\$ 1,056,279</u>	<u>\$ 10,632,432</u>	<u>\$ 18,911,895</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 40,000	\$ 40,000	\$ 36,455	\$ (3,545)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>36,455</u>	<u>(3,545)</u>
<b>EXPENDITURES</b>				
Excess (deficiency) of revenues over expenditures	<u>\$ 40,000</u>	<u>\$ 40,000</u>	36,455	<u>\$ (3,545)</u>
Fund balance - beginning			<u>2,228,483</u>	
Fund balance - ending			<u>\$ 2,264,938</u>	

**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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Donations in lieu of land	\$ 200,000	\$ 200,000	\$ 278,853	\$ 78,853
Investment earnings	125,000	125,000		(125,000)
Total revenues	<u>325,000</u>	<u>325,000</u>	<u>278,853</u>	<u>(46,147)</u>
<b>EXPENDITURES</b>				
Capital outlay		<u>3,498,000</u>	<u>3,498,000</u>	
Total expenditures		<u>3,498,000</u>	<u>3,498,000</u>	
Excess (deficiency) of revenues over expenditures	<u>\$ 325,000</u>	<u>\$ (3,173,000)</u>	(3,219,147)	<u>\$ (46,147)</u>
Fund balance - beginning			<u>3,341,793</u>	
Fund balance - ending			<u>\$ 122,646</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 16,000	\$ 16,000	\$ 19,776	\$ 3,776
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>19,776</u>	<u>3,776</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>128,400</u>	<u>351,200</u>	<u>337,594</u>	<u>13,606</u>
Total expenditures	<u>128,400</u>	<u>351,200</u>	<u>337,594</u>	<u>13,606</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (112,400)</u>	<u>\$ (335,200)</u>	(317,818)	<u>\$ 17,382</u>
Fund balance - beginning			<u>1,343,355</u>	
Fund balance - ending			<u>\$ 1,025,537</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Special assessments	\$ 1,139,100	\$ 1,139,100	\$ 1,170,054	\$ 30,954
Investment earnings	50,000	50,000	30,100	(19,900)
Total revenues	<u>1,189,100</u>	<u>1,189,100</u>	<u>1,200,154</u>	<u>11,054</u>
<b>EXPENDITURES</b>				
Capital outlay	3,572,500	4,026,500	744,145	3,282,355
Debt service:				
Bond issuance costs			146,299	(146,299)
Total expenditures	<u>3,572,500</u>	<u>4,026,500</u>	<u>890,444</u>	<u>3,136,056</u>
Excess (deficiency) of revenues over expenditures	<u>(2,383,400)</u>	<u>(2,837,400)</u>	<u>309,710</u>	<u>3,147,110</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,090,500)	(1,090,500)	(1,090,500)	
Bonds issued	2,633,700	3,033,700	3,705,000	671,300
Discount on bonds issued			(21,074)	(21,074)
Total other financing sources (uses)	<u>1,543,200</u>	<u>1,943,200</u>	<u>2,593,426</u>	<u>650,226</u>
Net change in fund balance	<u>\$ (840,200)</u>	<u>\$ (894,200)</u>	<u>2,903,136</u>	<u>\$ 3,797,336</u>
Fund balance - beginning			<u>906,927</u>	
Fund balance - ending			<u>\$ 3,810,063</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 22,000	\$ 22,000	\$ 16,669	\$ (5,331)
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>16,669</u>	<u>(5,331)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>484,900</u>	<u>484,900</u>		<u>484,900</u>
Total expenditures	<u>484,900</u>	<u>484,900</u>		<u>484,900</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (462,900)</u>	<u>\$ (462,900)</u>	16,669	<u>\$ 479,569</u>
Fund balance - beginning			<u>1,039,610</u>	
Fund balance - ending			<u>\$ 1,056,279</u>	

**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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
<b>EXPENDITURES</b>				
Capital outlay	\$ 9,700,000	\$ 9,925,200	\$ 86,631	\$ 9,838,569
Debt service:				
Bond issuance costs	100,000		184,868	(184,868)
Total expenditures	<u>9,800,000</u>	<u>9,925,200</u>	<u>271,499</u>	<u>9,653,701</u>
Excess (deficiency) of revenues over expenditures	<u>(9,800,000)</u>	<u>(9,925,200)</u>	<u>(271,499)</u>	<u>9,653,701</u>
<b>OTHER FINANCING SOURCES</b>				
Bonds issued	9,800,000	9,800,000	9,225,000	(575,000)
Premium on bonds issued			572,248	572,248
Total other financing sources	<u>9,800,000</u>	<u>9,800,000</u>	<u>9,797,248</u>	<u>(2,752)</u>
Net change in fund balance	<u>\$</u>	<u>\$ (125,200)</u>	9,525,749	<u>\$ 9,650,949</u>
Fund balance - beginning			<u>1,106,683</u>	
Fund balance - ending			<u>\$ 10,632,432</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.



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**CITY OF BOCA RATON, FLORIDA  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

	<b>Cemetery Mausoleum</b>	<b>Golf Course</b>	<b>Stormwater Utility</b>	<b>Sanitation</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 172,841	\$ 258,004	\$ 3,402,047	\$ 1,655,021	\$ 5,487,913
Investments	199,622	297,217	3,926,253	1,908,773	6,331,865
Interest receivable on investments	1,765	7,374	28,647	11,407	49,193
Accounts receivable (net of allowance for uncollectibles)	8,862		273,845	775,070	1,057,777
Due from other governmental units		110,490			110,490
Inventories	60,391				60,391
Other assets		7,922			7,922
Total current assets	<u>443,481</u>	<u>681,007</u>	<u>7,630,792</u>	<u>4,350,271</u>	<u>13,105,551</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			13,902,191		13,902,191
Equipment	152,447	1,369,982	1,235,023	3,896,423	6,653,875
Construction in progress			247,000		247,000
Less accumulated depreciation	<u>(1,203,731)</u>	<u>(2,525,673)</u>	<u>(2,974,022)</u>	<u>(931,606)</u>	<u>(7,635,032)</u>
Total capital assets (net of accumulated depreciation)	<u>1,033,344</u>	<u>3,744,417</u>	<u>12,410,192</u>	<u>2,964,817</u>	<u>20,152,770</u>
Total noncurrent assets	<u>1,033,344</u>	<u>3,744,417</u>	<u>12,410,192</u>	<u>2,964,817</u>	<u>20,152,770</u>
Total assets	<u>1,476,825</u>	<u>4,425,424</u>	<u>20,040,984</u>	<u>7,315,088</u>	<u>33,258,321</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	16,139	107,483	78,817	421,371	623,810
Compensated absences	3,153	22,345	12,096	38,353	75,947
Retainage payable			1,136		1,136
Unearned revenue		6,317			6,317
Total current liabilities	<u>19,292</u>	<u>136,145</u>	<u>92,049</u>	<u>459,724</u>	<u>707,210</u>
Non-current liabilities					
Compensated absences	28,378	201,105	108,862	345,180	683,525
Net OPEB obligation	3,800	18,243	8,285	40,285	70,613
Total noncurrent liabilities	<u>32,178</u>	<u>219,348</u>	<u>117,147</u>	<u>385,465</u>	<u>754,138</u>
Total liabilities	<u>51,470</u>	<u>355,493</u>	<u>209,196</u>	<u>845,189</u>	<u>1,461,348</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,033,344	3,744,417	12,410,192	2,964,817	20,152,770
Unrestricted	<u>392,011</u>	<u>325,514</u>	<u>7,421,596</u>	<u>3,505,082</u>	<u>11,644,203</u>
Total net assets	<u>\$ 1,425,355</u>	<u>\$ 4,069,931</u>	<u>\$ 19,831,788</u>	<u>\$ 6,469,899</u>	<u>\$ 31,796,973</u>

**CITY OF BOCA RATON, FLORIDA  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>Cemetery Mausoleum</b>	<b>Golf Course</b>	<b>Stormwater Utility</b>	<b>Sanitation</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 188,757	\$ 2,030,662	\$ 2,154,939	\$ 3,931,599	\$ 8,305,957
Other		89,799			89,799
Total operating revenues	<u>188,757</u>	<u>2,120,461</u>	<u>2,154,939</u>	<u>3,931,599</u>	<u>8,395,756</u>
<b>OPERATING EXPENSES</b>					
Personal services	307,756	1,723,295	732,350	2,889,555	5,652,956
Materials and supplies	7,546	335,624	3,065	258,864	605,099
Other services and charges	258,555	831,872	343,168	2,217,135	3,650,730
Depreciation of capital assets	61,211	183,974	567,844	485,264	1,298,293
Total operating expenses	<u>635,068</u>	<u>3,074,765</u>	<u>1,646,427</u>	<u>5,850,818</u>	<u>11,207,078</u>
Operating income (loss)	<u>(446,311)</u>	<u>(954,304)</u>	<u>508,512</u>	<u>(1,919,219)</u>	<u>(2,811,322)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	6,985	26,591	128,721	50,708	213,005
System development charges		166,639			166,639
Loss on disposal of capital assets	(2,409)	(28,774)	(3,909)	(76,690)	(111,782)
Total nonoperating revenues (expenses)	<u>4,576</u>	<u>164,456</u>	<u>124,812</u>	<u>(25,982)</u>	<u>267,862</u>
Income (loss) before transfers	(441,735)	(789,848)	633,324	(1,945,201)	(2,543,460)
Transfers in	302,300			2,610,800	2,913,100
Transfers out		(5,000)		(4,000)	(9,000)
Change in net assets	(139,435)	(794,848)	633,324	661,599	360,640
Net assets - beginning	<u>1,564,790</u>	<u>4,864,779</u>	<u>19,198,464</u>	<u>5,808,300</u>	<u>31,436,333</u>
Net assets - ending	<u>\$ 1,425,355</u>	<u>\$ 4,069,931</u>	<u>\$ 19,831,788</u>	<u>\$ 6,469,899</u>	<u>\$ 31,796,973</u>

**CITY OF BOCA RATON, FLORIDA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Cemetery Mausoleum	Golf Course	Stormwater Utility	Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 183,422	\$ 2,090,046	\$ 2,130,063	\$ 3,531,735	\$ 7,935,266
Payments to suppliers	(289,053)	(1,231,576)	(433,830)	(2,161,453)	(4,115,912)
Payments to employees	(328,548)	(1,705,287)	(735,513)	(2,837,539)	(5,606,887)
<b>Net cash provided by (used in) operating activities</b>	<b>(434,179)</b>	<b>(846,817)</b>	<b>960,720</b>	<b>(1,467,257)</b>	<b>(1,787,533)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	302,300			2,610,800	2,913,100
Transfers out		(5,000)		(4,000)	(9,000)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>302,300</b>	<b>(5,000)</b>		<b>2,606,800</b>	<b>2,904,100</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
System development charges		166,639			166,639
Acquisition of capital assets		(692,901)	(319,765)	(453,201)	(1,465,867)
Proceeds from sale of capital assets		442		1,200	1,642
<b>Net cash provided by (used in) capital and related financing activities</b>		<b>(525,820)</b>	<b>(319,765)</b>	<b>(452,001)</b>	<b>(1,297,586)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	8,539	34,473	143,984	54,584	241,580
Sale of investments	400,784	1,569,453	5,450,279	2,335,645	9,756,161
Purchase of investments	(217,166)	(320,933)	(4,274,493)	(2,079,446)	(6,892,038)
<b>Net cash provided by (used in) investing activities</b>	<b>192,157</b>	<b>1,282,993</b>	<b>1,319,770</b>	<b>310,783</b>	<b>3,105,703</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>60,278</b>	<b>(94,644)</b>	<b>1,960,725</b>	<b>998,325</b>	<b>2,924,684</b>
<b>Cash and cash equivalents Beginning of year</b>	<b>112,563</b>	<b>352,648</b>	<b>1,441,322</b>	<b>656,696</b>	<b>2,563,229</b>
<b>End of year</b>	<b>\$ 172,841</b>	<b>\$ 258,004</b>	<b>\$ 3,402,047</b>	<b>\$ 1,655,021</b>	<b>\$ 5,487,913</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (446,311)	\$ (954,304)	\$ 508,512	\$ (1,919,219)	\$ (2,811,322)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	61,211	183,974	567,844	485,264	1,298,293
Change in assets and liabilities					
(Increase) decrease in accounts receivable	(5,335)		(24,876)	(399,864)	(430,075)
(Increase) decrease in due from other governmental units		(30,415)			(30,415)
(Increase) decrease in inventories	2,042				2,042
(Increase) decrease in other assets		(1,609)			(1,609)
Increase (decrease) in accounts payable and accrued liabilities	(25,735)	(58,754)	(51,747)	322,541	186,305
Increase (decrease) in retainage payable			(35,845)		(35,845)
Increase (decrease) in compensated absences	(21,146)	9,036	(5,689)	32,417	14,618
Increase (decrease) in OPEB obligations	1,095	5,255	2,521	11,604	20,475
Total adjustments	12,132	107,487	452,208	451,962	1,023,789
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (434,179)</b>	<b>\$ (846,817)</b>	<b>\$ 960,720</b>	<b>\$ (1,467,257)</b>	<b>\$ (1,787,533)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Unrealized gains/(losses) on investments	\$ (710)	\$ (5,002)	\$ 3,495	\$ 1,198	\$ (1,019)



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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.



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**CITY OF BOCA RATON, FLORIDA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

	<b>Fleet Management</b>	<b>Information Technology</b>	<b>Self- Insurance Programs</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 5,187,415	\$ 2,491,407	\$ 6,082,061	\$ 13,760,883
Investments	5,979,685	2,875,148	6,767,225	15,622,058
Interest receivable on investments	46,092	21,529	54,706	122,327
Accounts receivable (net of allowance for uncollectibles)			4,600,000	4,600,000
Inventories	450,124			450,124
Other assets			1,568	1,568
Total current assets	<u>11,663,316</u>	<u>5,388,084</u>	<u>17,505,560</u>	<u>34,556,960</u>
Capital Assets:				
Buildings	1,313,785			1,313,785
Equipment	14,759,213	2,366,035		17,125,248
Construction in progress		194,230		194,230
	<u>16,072,998</u>	<u>2,560,265</u>		<u>18,633,263</u>
Less accumulated depreciation	(9,507,022)	(1,725,705)		(11,232,727)
Intangible assets	63,869	1,095,078		1,158,947
Less accumulated amortization	(63,869)	(935,079)		(998,948)
Total capital assets (net of accumulated depreciation/amortization)	<u>6,565,976</u>	<u>994,559</u>		<u>7,560,535</u>
Total assets	<u>18,229,292</u>	<u>6,382,643</u>	<u>17,505,560</u>	<u>42,117,495</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	277,953	440,544	535,199	1,253,696
Compensated absences	5,468	24,684	4,491	34,643
Estimated liability for self-insurance losses			3,466,924	3,466,924
Total current liabilities	<u>283,421</u>	<u>465,228</u>	<u>4,006,614</u>	<u>4,755,263</u>
Noncurrent liabilities				
Compensated absences	49,216	222,153	40,419	311,788
Net OPEB obligation	9,121	16,722	3,268	29,111
Estimated liability for self-insurance losses			5,976,414	5,976,414
Total noncurrent liabilities	<u>58,337</u>	<u>238,875</u>	<u>6,020,101</u>	<u>6,317,313</u>
Total liabilities	<u>341,758</u>	<u>704,103</u>	<u>10,026,715</u>	<u>11,072,576</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	6,565,976	994,559		7,560,535
Unrestricted	11,321,558	4,683,981	7,478,845	23,484,384
Total net assets	<u>\$ 17,887,534</u>	<u>\$ 5,678,540</u>	<u>\$ 7,478,845</u>	<u>\$ 31,044,919</u>

**CITY OF BOCA RATON, FLORIDA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>Fleet Management</b>	<b>Information Technology</b>	<b>Self- Insurance Programs</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services:				
Fleet management	\$ 2,849,919			\$ 2,849,919
Management information processing		\$ 3,631,149		3,631,149
Insurance premiums			\$ 13,214,934	13,214,934
Total operating revenues	<u>2,849,919</u>	<u>3,631,149</u>	<u>13,214,934</u>	<u>19,696,002</u>
<b>OPERATING EXPENSES</b>				
Personal services	752,695	2,139,473	355,751	3,247,919
Materials and supplies	26,806	52,022	5,018	83,846
Other services and charges	382,951	2,481,527	3,269,632	6,134,110
Insurance claims			9,399,065	9,399,065
Depreciation of capital assets	1,054,515	199,295		1,253,810
Total operating expenses	<u>2,216,967</u>	<u>4,872,317</u>	<u>13,029,466</u>	<u>20,118,750</u>
Operating income (loss)	<u>632,952</u>	<u>(1,241,168)</u>	<u>185,468</u>	<u>(422,748)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	185,805	71,319	189,562	446,686
Gain (loss) on disposal of capital assets	87,825	(980,849)		(893,024)
Insurance recovery			4,600,000	4,600,000
Total nonoperating revenues (expenses)	<u>273,630</u>	<u>(909,530)</u>	<u>4,789,562</u>	<u>4,153,662</u>
Net income (loss) before transfers	906,582	(2,150,698)	4,975,030	3,730,914
Transfers in	1,716,000	1,234,200		2,950,200
Transfers out	(364,800)			(364,800)
Change in net assets	<u>2,257,782</u>	<u>(916,498)</u>	<u>4,975,030</u>	<u>6,316,314</u>
Net assets - beginning	15,629,752	6,595,038	2,503,815	24,728,605
Net assets - ending	<u>\$ 17,887,534</u>	<u>\$ 5,678,540</u>	<u>\$ 7,478,845</u>	<u>\$ 31,044,919</u>

**CITY OF BOCA RATON, FLORIDA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>Fleet Management</b>	<b>Information Technology</b>	<b>Insurance Programs</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2,849,919	\$ 3,631,149	\$ 13,214,934	\$ 19,696,002
Payments to suppliers	(715,571)	(2,549,810)	(2,970,230)	(6,235,611)
Payments to employees	(768,972)	(2,116,846)	(372,454)	(3,258,272)
Claims paid			(11,012,406)	(11,012,406)
<b>Net cash provided by (used in) operating activities</b>	<b>1,365,376</b>	<b>(1,035,507)</b>	<b>(1,140,156)</b>	<b>(810,287)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,716,000	1,234,200		2,950,200
Transfers out	(364,800)			(364,800)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>1,351,200</b>	<b>1,234,200</b>	<b>-</b>	<b>2,585,400</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(4,711,740)	(296,151)		(5,007,891)
Proceeds from sale of capital assets	116,003	1,584		117,587
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(4,595,737)</b>	<b>(294,567)</b>	<b>-</b>	<b>(4,890,304)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	216,355	89,699	224,244	530,298
Sale of investments	9,974,371	4,828,171	10,019,575	24,822,117
Purchase of investments	(6,508,826)	(3,130,321)	(7,366,626)	(17,005,773)
<b>Net cash provided by (used in) investing activities</b>	<b>3,681,900</b>	<b>1,787,549</b>	<b>2,877,193</b>	<b>8,346,642</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,802,739</b>	<b>1,691,675</b>	<b>1,737,037</b>	<b>5,231,451</b>
<b>Cash and cash equivalents Beginning of year</b>	<b>3,384,676</b>	<b>799,732</b>	<b>4,345,024</b>	<b>8,529,432</b>
<b>End of year</b>	<b>\$ 5,187,415</b>	<b>\$ 2,491,407</b>	<b>\$ 6,082,061</b>	<b>\$ 13,760,883</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 632,952	\$ (1,241,168)	\$ 185,468	\$ (422,748)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,054,515	199,295		1,253,810
Change in assets and liabilities				
(Increase) decrease in inventories	(94,000)			(94,000)
(Increase) decrease in other assets			8,418	8,418
Increase (decrease) in accounts payable and accrued liabilities	(214,337)	(7,851)	296,543	74,355
Increase (decrease) in compensated absences	(15,840)	8,859	(18,185)	(25,166)
Increase (decrease) in OPEB obligations	2,086	5,358	941	8,385
Increase (decrease) in self-insured liabilities			(1,613,341)	(1,613,341)
Total adjustments	732,424	205,661	(1,325,624)	(387,539)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,365,376</b>	<b>\$ (1,035,507)</b>	<b>\$ (1,140,156)</b>	<b>\$ (810,287)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Unrealized losses on investments	\$ (16,305)	\$ (19,144)	\$ (32,016)	\$ (67,465)



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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.



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**CITY OF BOCA RATON, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**SEPTEMBER 30, 2010**

	<b>Police and Firefighters' Retirement System</b>	<b>General Employees' Pension Plan</b>	<b>Executive Employees' Retirement Plan</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,405,246	\$ 1,962,641	\$ 69,297	\$ 7,437,184
Investments:				
Corporate bonds and debentures	21,332,982	27,894,158		49,227,140
U.S. government securities	15,918,465	27,348,383		43,266,848
Common and preferred stock	109,267,255	58,936,502		168,203,757
Real estate	12,612,295	4,405,508		17,017,803
Mutual funds	39,126,746	33,983,935		73,110,681
Florida Municipal Pension Trust Fund			17,254,831	17,254,831
Total investments	<u>198,257,743</u>	<u>152,568,486</u>	<u>17,254,831</u>	<u>368,081,060</u>
Receivables:				
Interest and dividends	464,364	496,841		961,205
Unsettled trades	904,298	246,750		1,151,048
Total receivables	<u>1,368,662</u>	<u>743,591</u>		<u>2,112,253</u>
Other assets	38,196	30,939		69,135
Total assets	<u>205,069,847</u>	<u>155,305,657</u>	<u>17,324,128</u>	<u>377,699,632</u>
<b>LIABILITIES</b>				
Accounts payable	284,752	196,420		481,172
Unsettled trades	480,336	247,859		728,195
Total liabilities	<u>765,088</u>	<u>444,279</u>		<u>1,209,367</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	<u>\$ 204,304,759</u>	<u>\$ 154,861,378</u>	<u>\$ 17,324,128</u>	<u>\$ 376,490,265</u>

**CITY OF BOCA RATON, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<b>Police and Firefighters' Retirement System</b>	<b>General Employees' Pension Plan</b>	<b>Executive Employees' Retirement Plan</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
City	\$ 6,687,920	\$ 2,503,965	\$ 899,928	\$ 10,091,813
State	2,746,921			2,746,921
Employee	2,675,830	2,848,034	662,553	6,186,417
Transfer from other pension plan			28,339	28,339
Total contributions	<u>12,110,671</u>	<u>5,351,999</u>	<u>1,590,820</u>	<u>19,053,490</u>
Investment income:				
Interest revenue, net	1,987,177	2,332,971	1,479,996	5,800,144
Dividends	2,927,523	1,507,404		4,434,927
Net appreciation in fair value of investments	14,696,247	11,387,808		26,084,055
Other investment income	50,773	5,196		55,969
Investment expense	<u>(1,015,533)</u>	<u>(667,614)</u>	<u>(27,130)</u>	<u>(1,710,277)</u>
Total investment income	<u>18,646,187</u>	<u>14,565,765</u>	<u>1,452,866</u>	<u>34,664,818</u>
Total additions	<u>30,756,858</u>	<u>19,917,764</u>	<u>3,043,686</u>	<u>53,718,308</u>
<b>DEDUCTIONS</b>				
Benefits paid:				
Retirement	6,772,655	5,610,339	368,433	12,751,427
Disability	1,048,770	441,844		1,490,614
Death	448,099	113,195		561,294
Deferred retirement option plan	760,173	1,276,484	208,068	2,244,725
Termination refunds	67,970	123,233		191,203
Administrative expenses	407,626	295,805	23,196	726,627
Transfer to other pension plan		28,339		28,339
Transfer to other pension plan		6,528		6,528
Member rollover into other plan				
Total deductions	<u>9,505,293</u>	<u>7,895,767</u>	<u>599,697</u>	<u>18,000,757</u>
Change in net assets	21,251,565	12,021,997	2,443,989	35,717,551
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
Net assets - beginning	183,053,194	142,839,381	14,880,139	340,772,714
Net assets - ending	<u>\$ 204,304,759</u>	<u>\$ 154,861,378</u>	<u>\$ 17,324,128</u>	<u>\$ 376,490,265</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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>130</b>
The information presented in this section is intended to assist users in understanding and assessing how a government's financial position	
<b>Revenue Capacity</b>	<b>138</b>
This section is intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own-source revenue.	
<b>Debt Capacity</b>	<b>143</b>
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.	
<b>Demographic and Economic Information</b>	<b>150</b>
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.	
<b>Operating Information</b>	<b>152</b>
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.	



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## **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 ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS**

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Investment of capital assets, net of related debt	\$299,437	\$306,211	\$307,120	\$309,601
Restricted	74,328	86,592	80,382	72,449
Unrestricted	20,839	7,163	12,357	37,510
Total governmental activities net assets	<u>\$394,604</u>	<u>\$399,966</u>	<u>\$399,859</u>	<u>\$419,560</u>
Business-type activities				
Investment of capital assets, net of related debt	\$153,328	\$194,564	\$193,867	\$206,169
Restricted	14,111	22,180	18,582	36,407
Unrestricted	72,157	29,668	39,466	20,698
Total business-type activities net assets	<u>\$239,596</u>	<u>\$246,412</u>	<u>\$251,915</u>	<u>\$263,274</u>
Primary government				
Investment of capital assets, net of related debt	\$452,765	\$500,775	\$500,987	\$515,770
Restricted	88,439	108,772	98,964	108,856
Unrestricted	92,996	36,831	51,823	58,208
Total primary government net assets	<u>\$634,200</u>	<u>\$646,378</u>	<u>\$651,774</u>	<u>\$682,834</u>

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year ended September 30, 2002

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$326,164	\$338,203	\$346,985	\$352,077	\$361,158
63,453	61,593	67,502	53,133	46,129
57,236	71,151	74,446	87,842	85,292
<u>\$446,853</u>	<u>\$470,947</u>	<u>\$488,933</u>	<u>\$493,052</u>	<u>\$492,579</u>

\$213,390	\$215,571	\$208,208	\$210,989	\$208,818
42,145	42,792	48,930	49,295	53,378
16,510	19,123	22,775	35,935	45,058
<u>\$272,045</u>	<u>\$277,486</u>	<u>\$279,913</u>	<u>\$296,219</u>	<u>\$307,254</u>

\$539,554	\$553,774	\$555,193	\$563,066	\$569,976
105,598	104,385	116,432	102,428	99,507
73,746	90,274	97,221	123,777	130,350
<u>\$718,898</u>	<u>\$748,433</u>	<u>\$768,846</u>	<u>\$789,271</u>	<u>\$799,833</u>

**CITY OF BOCA RATON, FLORIDA  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS**

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>									
Governmental activities:									
General government	\$ 11,408	\$ 12,583	\$ 21,086	\$ 11,881	\$ 41,508	\$ 18,484	\$ 18,999	\$ 19,099	\$ 23,023
Law enforcement	20,956	22,195	28,073	26,012	29,487	32,122	36,406	37,225	37,585
Fire rescue	18,115	20,889	25,204	22,776	28,390	32,792	34,955	36,104	37,856
Physical environment	9,024	8,986	13,672	5,339	3,728	9,052	10,238	4,252	7,851
Transportation	13,040	13,784	14,439	19,698	24,905	18,441	18,817	18,650	22,196
Community development	2,505	2,116	2,240	960	1,363	1,499	2,408	2,115	4,168
Parks and recreation	27,614	29,939	29,359	31,449	35,652	35,818	36,203	37,772	34,928
Interest and fiscal charges	6,510	6,026	6,531	5,520	5,389	5,921	5,554	5,148	4,834
Total governmental activities expenses	109,172	116,518	140,604	123,635	170,422	154,129	163,580	160,365	172,441
Business-type activities:									
Water and sewer	31,092	33,090	35,212	37,586	41,167	43,495	45,537	46,630	42,970
Cemetery	469	506	538	554	730	655	593	653	635
Golf course	2,223	2,375	2,468	2,598	2,745	2,798	2,992	3,098	3,075
Stormwater utility	915	1,108	1,219	1,148	1,113	1,216	1,428	1,736	1,646
Sanitation								5,923	5,851
Total business-type activities expenses	34,699	37,079	39,437	41,886	45,755	48,164	50,550	58,040	54,177
Total primary government expenses	\$ 143,871	\$ 153,597	\$ 180,041	\$ 165,521	\$ 216,177	\$ 202,293	\$ 214,130	\$ 218,405	\$ 226,618
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General government	\$ 11,658	\$ 13,472	\$ 14,431	\$ 17,580	\$ 19,745	\$ 21,543	\$ 19,796	\$ 17,046	\$ 16,455
Law enforcement	1,159	1,159	2,948	1,475	3,055	2,699	3,269	2,973	2,669
Fire rescue	1,352	1,455	1,582	1,824	3,093	5,229	5,821	6,782	7,251
Physical environment	139	155	157	222	240	219	209	149	198
Community development	397	380	397	397	397	1,577	1,605	1,697	1,585
Parks and recreation	14,628	16,144	16,392	17,015	18,058	16,503	16,216	17,231	20,027
Operating grants and contributions	13,678	4,863	12,938	317	26,626	3,296	8,386	4,777	13,916
Capital grants and contributions	3,146	488	3,531	4,854	2,205	5,406	2,169	2,980	3,326
Total governmental activities program revenues	46,157	38,116	52,376	43,684	73,419	56,472	57,471	53,635	65,427
Business-type activities:									
Charges for services:									
Water and sewer	33,938	36,057	37,202	37,482	39,847	39,063	41,098	49,967	47,278
Cemetery	258	296	231	281	205	181	238	159	188
Golf course	2,206	2,373	2,348	2,410	2,670	2,872	2,824	2,687	2,120
Stormwater utility	1,959	2,592	2,040	2,091	2,105	2,070	2,118	2,137	2,155
Sanitation								1,722	3,932
Capital grants and contribution	5,282	1,060	2,408	10,181	7,716	5,016	3,491	3,080	5,401
Total business-type activities program revenues	43,643	42,378	44,229	52,445	52,543	49,202	49,769	59,752	61,074
Total primary government program revenues	\$ 89,800	\$ 80,494	\$ 96,605	\$ 96,129	\$ 125,962	\$ 105,674	\$ 107,240	\$ 113,387	\$ 126,501

**CITY OF BOCA RATON, FLORIDA  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS**

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Net (Expenses) Revenue</b>									
Governmental activities	\$ (63,015)	\$ (78,352)	\$ (88,228)	\$ (79,951)	\$ (97,003)	\$ (97,657)	\$ (106,109)	\$ (106,730)	\$ (107,014)
Business-type activities	8,944	5,299	4,792	10,559	6,788	1,038	(781)	1,711	6,897
Total primary government net expense	\$ (54,071)	\$ (73,053)	\$ (83,436)	\$ (69,392)	\$ (90,215)	\$ (96,619)	\$ (106,890)	\$ (105,019)	\$ (100,117)
<b>General Revenue and Other Changes in Net Assets</b>									
Governmental activities:									
Taxes									
Property tax	\$ 36,887	\$ 39,803	\$ 43,713	\$ 49,639	\$ 59,460	\$ 68,744	\$ 65,155	\$ 61,764	\$ 57,635
Utility tax	20,364	20,821	19,717	20,276	20,504	20,247	22,151	20,615	20,639
Franchise tax	8,083	8,567	8,183	9,829	13,136	13,295	13,804	13,881	12,406
Sales tax	5,304	5,319	5,763	6,180	6,695	6,284	5,906	5,224	5,262
Gas tax	2,509	2,679	2,811	2,979	2,897	2,808	2,074	1,977	1,959
Incremental property tax	2,652	2,767	3,320	4,911	6,147	6,771	6,309	6,751	6,659
State shared revenues unrestricted	1,024	1,055	1,261	1,721	1,849	1,830	2,317	2,094	2,067
Investment earnings unrestricted	3,682	2,252	2,178	3,010	6,620	8,840	6,707	4,924	2,686
Gain (loss) on disposal of capital assets	(63)	-	174	91	6,771	-	18	73	
Miscellaneous	214	290	664	741	110	419	15	188	12
Transfers	(14,852)	160	337	275	107	(1,016)	(361)	(10,158)	(2,784)
Total governmental activities	65,804	83,713	88,121	99,652	124,296	128,222	124,095	107,333	106,541
Business-type activities									
Investment earnings	2,916	1,692	1,003	1,081	2,076	3,361	2,808	2,495	1,702
Gain (loss) on disposal of capital assets	(311)	(15)	45	(5)	14	26	39	25	(348)
Transfers	14,852	(160)	(337)	(275)	(107)	1,016	361	10,158	2,784
Total business-type activities	17,457	1,517	711	801	1,983	4,403	3,208	12,678	4,138
Total primary government	\$ 83,261	\$ 85,230	\$ 88,832	\$ 100,453	\$ 126,279	\$ 132,625	\$ 127,303	\$ 120,011	\$ 110,679
Changes in net assets									
Governmental activities	\$ 2,789	\$ 5,361	\$ (107)	\$ 19,701	\$ 27,293	\$ 30,565	\$ 17,986	\$ 603	\$ (473)
Business-type activities	26,401	6,816	5,503	11,360	8,771	5,441	2,427	14,389	11,035
Total primary government	\$ 29,190	\$ 12,177	\$ 5,396	\$ 31,061	\$ 36,064	\$ 36,006	\$ 20,413	\$ 14,992	\$ 10,562

**Note:** The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year ended September 30, 2002

**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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>General Fund:</b>				
Restricted for:				
Army Corp of Engineers				
Committed to:				
Hurricane/ disaster emergency	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Mizner Park debt service	1,633	1,633	1,633	1,633
Retirement system reserve				
Assigned to:				
Subsequent year's budget	2,361	2,573	2,468	1,712
Non-spendable:				
Inventories	28	24	28	18
Unassigned	10,935	17,040	19,495	15,742
Total general fund	<u>\$ 16,157</u>	<u>\$ 22,470</u>	<u>\$ 24,824</u>	<u>\$ 20,305</u>
<b>All Other Governmental Funds:</b>				
Restricted for:				
Debt service	\$ 10,046	\$ 10,545	\$ 10,508	\$ 10,456
Housing	281	242	354	1,099
Law enforcement	14,134	12,687	5,278	6,060
Transportation	5,327	4,726	5,468	6,192
Right of way beautification	4,421	4,061	3,947	4,181
Downtown	4,058	2,059	1,493	1,529
Land dedication	1,313	1,448	1,448	2,355
Library			9,658	8,175
Committed to:				
Parking			3	3
Right of way acquisition	264	279	421	922
Assigned to:				
Special revenue funds	390	400	112	335
Capital projects	7,636	17,803	30,984	24,276
Environmentally sensitive lands	1,206	1,246	1,197	1,383
Non-spendable:				
Perpetual care, cemetery		2,112	2,126	2,132
Perpetual care, masoleum		3,850	3,878	3,890
Total all other governmental funds	<u>\$ 49,076</u>	<u>\$ 61,458</u>	<u>\$ 76,875</u>	<u>\$ 72,988</u>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2009. Fiscal years 2001-2008 amounts have been restated to conform to the new statement requirements.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
					\$ 170
\$ 1,200	\$ 5,200	\$ 5,200	\$ 10,600	\$ 10,600	10,600
1,633	1,633	1,633	1,633	1,633	1,633
				7,500	8,500
1,213	3,936	11,768	3,954	3,241	1,286
6	36	29	15	28	19
<u>24,416</u>	<u>27,117</u>	<u>32,010</u>	<u>34,462</u>	<u>26,032</u>	<u>24,717</u>
<u>\$ 28,468</u>	<u>\$ 37,922</u>	<u>\$ 50,640</u>	<u>\$ 50,664</u>	<u>\$ 49,034</u>	<u>\$ 46,925</u>
\$ 9,698	\$ 8,930	\$ 9,409	\$ 9,752	\$ 9,984	\$ 10,229
2,161	2,707	2,085	1,015	770	326
5,469	1,604	1,567	1,703	1,405	1,331
6,550	5,535	6,046	6,229	6,458	7,152
4,223	3,795	4,297	3,741	3,137	2,456
2,276	3,395	4,910	5,067	7,367	8,354
2,028	3,315	4,141	4,859	4,685	1,148
3,612	5,457	5,581	8,262	1,107	10,633
3	3	3	3	3	3
1,672	1,854	1,913	1,989	2,228	2,265
403	501	501			
23,390	19,457	17,607	24,165	28,728	25,223
1,407	1,452	1,262	1,225	1,040	1,056
2,154	2,212	2,230	2,249	2,199	2,123
<u>3,976</u>	<u>3,965</u>	<u>3,858</u>	<u>3,791</u>	<u>3,618</u>	<u>3,614</u>
<u>\$ 69,022</u>	<u>\$ 64,182</u>	<u>\$ 65,410</u>	<u>\$ 74,050</u>	<u>\$ 72,729</u>	<u>\$ 75,913</u>

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

(modified accrual basis of accounting)  
(Unaudited)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues:</b>				
Taxes	\$ 64,017,079	\$ 70,006,724	\$ 73,501,670	\$ 77,716,656
Licenses and permits	4,590,369	4,835,552	5,745,727	6,362,311
Intergovernmental	22,292,887	33,998,935	22,269,726	26,417,675
Charges of services	7,353,383	10,982,968	12,513,633	12,994,162
Fines and forfeitures	15,687,702	1,137,731	1,179,266	2,927,390
Special assessments		1,093,739	1,034,976	1,140,183
Donations in lieu of land		603,950	347,800	1,308,641
Investment earnings	5,170,289	3,129,226	1,930,317	1,919,718
Miscellaneous	5,300,166	153,801	238,214	617,283
Total revenues	<u>124,411,875</u>	<u>125,942,626</u>	<u>118,761,329</u>	<u>131,404,019</u>
<b>Expenditures:</b>				
Current:				
General government	8,527,890	10,639,614	11,554,326	16,113,338
Law enforcement	35,405,165	20,517,003	28,095,598	24,318,777
Fire rescue (1)		17,068,203	19,032,957	21,142,844
Physical environment	4,527,813	6,135,341	6,598,034	7,364,592
Transportation	8,181,978	6,532,048	5,649,806	5,530,363
Community development	2,127,593	2,485,307	2,034,350	1,765,734
Parks and recreation	25,027,948	24,504,720	26,787,208	27,314,571
Capital outlay	10,283,525	10,658,677	10,977,058	17,905,126
Debt service:				
Principal	7,625,000	8,525,000	9,170,000	10,205,000
Interest	6,779,481	6,520,753	5,819,165	6,532,648
Bond issuance costs		76,430	262,515	
Total expenditures	<u>108,486,393</u>	<u>113,663,096</u>	<u>125,981,017</u>	<u>138,192,993</u>
Excess (deficiency) of revenues				
Over expenditures	<u>15,925,482</u>	<u>12,279,530</u>	<u>(7,219,688)</u>	<u>(6,788,974)</u>
<b>Other financing sources (uses):</b>				
Transfers in	17,197,986	16,237,940	16,656,808	17,377,104
Transfers out	(18,185,086)	(32,688,410)	(18,671,308)	(18,995,404)
Refunding and new bonds issued	14,635,000	5,635,000	30,260,000	
Discount on bonds issued			(46,911)	
Payment to refunded bond escrow agent	(15,873,778)	(5,898,765)	(3,208,423)	
Proceeds from sale of land		14,046,571		
Premium on bonds issued				
Total other financing sources (uses)	<u>(2,225,878)</u>	<u>(2,667,664)</u>	<u>24,990,166</u>	<u>(1,618,300)</u>
<b>Net change in fund balances</b>	<u>\$ 13,699,604</u>	<u>\$ 9,611,866</u>	<u>\$ 17,770,478</u>	<u>\$ (8,407,274)</u>
<b>Debt service as a percentage of</b>				
<b>Noncapital expenditures</b>	14.67%	14.77%	13.52%	13.29%

(1) Fire rescue expenditures shown combined with Law enforcement for fiscal year 2001.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	86,953,399	\$ 103,838,860	\$ 114,446,690	\$ 111,293,350	\$ 109,395,926	\$ 102,372,638
	8,995,777	10,872,277	14,159,352	12,655,903	9,330,151	9,014,360
	35,967,697	50,222,463	24,443,570	29,335,294	24,916,278	38,094,892
	14,165,909	13,960,886	15,142,687	15,394,414	17,534,451	18,155,376
	1,582,956	1,893,415	1,392,731	1,732,861	1,650,942	1,257,433
	1,136,213	1,177,372	1,296,839	1,179,630	1,194,209	1,170,054
	492,831	1,511,961	5,085,724	1,357,337	1,123,280	1,906,044
	2,507,933	5,655,785	7,411,536	5,608,957	4,090,555	2,238,874
	675,287	416,326	567,831	76,883	262,809	120,427
	<u>152,478,002</u>	<u>189,549,345</u>	<u>183,946,960</u>	<u>178,634,629</u>	<u>169,498,601</u>	<u>174,330,098</u>
	16,362,303	40,773,094	18,156,740	20,805,598	21,062,541	20,337,965
	26,729,038	31,491,852	30,693,003	32,981,888	34,031,382	36,031,487
	23,506,708	27,453,323	31,811,220	31,021,882	32,911,346	33,982,309
	7,713,662	8,419,532	9,060,845	9,908,431	4,578,883	7,828,961
	6,493,289	7,915,676	6,876,907	7,210,515	8,146,766	6,324,672
	1,183,006	1,767,880	1,680,177	2,794,881	1,633,645	5,262,747
	28,557,931	32,386,018	32,871,842	32,051,636	34,553,264	34,951,245
	19,152,244	19,590,262	21,759,723	16,121,088	9,785,389	22,157,964
	11,420,000	12,005,000	10,685,000	10,890,000	10,305,000	10,790,000
	5,441,400	5,219,097	4,766,913	4,351,174	3,906,558	3,370,058
	241,525				190,104	331,167
	<u>146,801,106</u>	<u>187,021,734</u>	<u>168,362,370</u>	<u>168,137,093</u>	<u>161,104,878</u>	<u>181,368,575</u>
	5,676,896	2,527,611	15,584,590	10,497,536	8,393,723	(7,038,477)
	16,349,961	15,691,643	19,214,060	26,797,253	22,680,306	14,550,700
	(17,651,461)	(16,173,743)	(22,463,860)	(27,630,753)	(35,223,718)	(19,919,800)
	21,720,000				11,205,000	12,930,000
	(21,898,126)				(11,011,294)	(21,074)
		2,568,638			6,460	572,248
	<u>(1,479,626)</u>	<u>2,086,538</u>	<u>(3,249,800)</u>	<u>(833,500)</u>	<u>(12,343,246)</u>	<u>8,112,074</u>
\$	<u>4,197,270</u>	<u>\$ 4,614,149</u>	<u>\$ 12,334,790</u>	<u>\$ 9,664,036</u>	<u>\$ (3,949,523)</u>	<u>\$ 1,073,597</u>
	13.06%	10.65%	10.40%	9.95%	9.47%	8.75%



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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)

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<u>Fiscal Year</u> <sup>(2)</sup>	<u>Real Property</u> <sup>(1)</sup>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>
2001	\$ 11,173,713,957	\$ 1,033,499,889	\$ 12,207,213,846	\$ 1,488,613,343	\$ 10,718,600,503
2002	12,666,230,142	1,058,962,561	13,725,192,703	2,110,198,363	11,614,994,340
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

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

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<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Taxable Assessed Value as a % of Actual Taxable Value</u>
3.57	\$ 12,177,915,889	88.02%
3.54	14,380,145,525	80.77%
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%

**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		
2001	3.150	0.419	3.569	4.550	0.336	4.886	8.547	0.401	8.948	3.605	21.008
2002	3.150	0.389	3.539	4.500	0.308	4.808	8.427	0.352	8.779	3.525	20.651
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

**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	2010*			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
<b>Town Center at Boca Raton</b>	\$ 354,250,976	1	1.97%			
<b>Panthers BRHC Ltd. Partnership</b>	221,731,106	2	1.23%	\$ 159,324,562	1	1.49%
<b>Boca Raton CRA Lessor</b>	151,712,775	3	0.84%			
<b>TIITF Lessor</b>	141,256,349	4	0.79%			
<b>Batmasian James H &amp; Marta</b>	137,959,280	5	0.77%	55,552,532	5	0.52%
<b>BRE Boca Corporate Center LLC</b>	125,116,006	6	0.70%			
<b>Boca 54 North LLC</b>	102,151,568	7	0.57%			
<b>WRC Properties Inc</b>	65,523,397	8	0.36%			
<b>One Boca Place Inc</b>	59,584,229	9	0.33%			
<b>Peninsula Realty</b>	58,500,000	10	0.33%	26,934,985	10	0.25%
<b>Teachers Insurance Annuity Assoc</b>				95,100,000	2	0.89%
<b>Blue Lake Ltd.</b> <i>(Boca Technology Center)</i>				78,356,420	3	0.73%
<b>Fairfax Boca III</b> <i>(Amer. Capital Partners)</i>				61,538,744	4	0.57%
<b>Tr. San Marco Corp.</b>				30,663,614	6	0.29%
<b>Crocker Realty Inv., Inc.</b> <i>(Parkwood Properties)</i>				28,765,768	7	0.27%
<b>Carr Development &amp; Construction</b>				27,733,717	8	0.26%
<b>Boca Marina LTD.</b>				27,600,000	9	0.26%
<b>Total</b>	<u>\$ 1,417,785,686</u>		<u>7.86%</u>	<u>\$ 591,570,342</u>		<u>5.53%</u>

Source: City of Boca Raton , FL

Palm Beach County Tax Collector System

\* 2010 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)

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in subsequent Years</b>	<b>Total Collections To Date</b>	
		<b>Amount (1)</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2001	\$ 35,427,949	\$ 33,921,859	95.7%	\$ 62,318	\$ 33,984,177	95.9%
2002	38,345,443	36,693,522	95.7%	18,834	36,712,356	95.7%
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%		57,501,857	96.8%

(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
2001	\$ 38,835,000	\$ 14,635,000	\$ 74,873,800	\$ 10,910,000	\$ 16,195,000	
2002	36,510,000	14,250,000	72,891,670	8,660,000	14,740,000	
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

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

<sup>1</sup> 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**

	<b>Water &amp; Sewer Revenue Bonds</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>1</sup></b>	<b>Per Capita<sup>1</sup></b>
\$	69,015,000	\$ 132,424	\$ 224,596,224	0.0255%	\$ 3,008
	55,945,000	92,320	203,088,990	0.0282%	2,687
	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%	2,239
	36,335,000		175,885,543	0.0319%	2,031
	34,455,000		164,212,447	0.0309%	1,896
	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%	1,915

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Assessed Value of Taxable Property</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Population</b>	<b>Per Capita</b>
2001	\$ 38,835	\$ 10,718,601	0.36%	74,935	0.52
2002	36,510	11,614,994	0.31%	75,580	0.48
2003	61,555	12,537,612	0.49%	76,043	0.81
2004	58,805	14,437,905	0.41%	79,838	0.74
2005	57,670	16,624,250	0.35%	85,311	0.68
2006	54,390	19,931,342	0.27%	85,488	0.64
2007	50,990	20,408,459	0.25%	85,296	0.60
2008	47,455	19,624,543	0.24%	85,293	0.56
2009	43,785	17,992,026	0.24%	84,823	0.52
2010	49,195	16,609,124	0.30%	84,313	0.58

**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, 2010**

(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>
<b>OVERLAPPING:</b>			
Palm Beach County	\$ 250,470	13.05%	\$ 32,684
Palm Beach School District	<u>29,555</u>	13.05%	<u>3,857</u>
<b>SUBTOTAL</b>	280,025		36,540
<b>DIRECT DEBT:</b>			
Boca Raton	\$ 49,195	100.00%	<u>49,195</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<u><u>\$ 85,735</u></u>

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and 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>	
2001	\$ 36,401,072	\$ 22,562,915	\$ 13,838,157	\$ 6,510,000	\$ 2,451,404	1.54
2002	36,638,994	22,041,261	14,597,733	4,870,000	2,586,786	1.96
2003	37,622,100	24,426,180	13,195,920	1,220,000	2,136,456	3.93
2004	38,071,653	26,419,641	11,652,012	5,960,000	2,041,356	1.46
2005	39,710,808	28,664,421	11,046,387	6,120,000	1,881,696	1.38
2006	41,600,339	30,573,825	11,026,514	6,310,000	1,689,143	1.38
2007	42,034,313	32,919,327	9,114,986	1,880,000	1,613,053	2.61
2008	43,604,523	33,606,413	9,998,110	1,955,000	2,017,043	2.52
2009	52,149,868	33,586,572	18,563,296	2,030,000	2,152,093	4.44
2010	48,766,835	30,780,072	17,986,763	2,655,000	1,948,455	3.91

(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**  
**PLEDGED-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 (1)</u>	<u>Interest</u>	
2001	\$ 1,000,605		\$ 742,921	1.35
2002	1,118,290	\$ 385,000	671,143	1.06
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

- (1) In April, 2001, the First Florida Governmental Financing Commission Refunding Revenue Bonds, Series 2001B was used to refinance the Special Assessment Improvement Bonds, Series 1992, 1993 and Subordinate Special Assessment Bonds, Series 2000. No principal payments were required during fiscal year 2001.

**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>	
2001	\$ 1,180,000	\$ 2,316,017	\$ 993,100	\$ 4,489,117	\$ 1,550,000	\$ 2,626,768	1.07
2002	1,180,000	2,652,262	998,100	4,830,362	2,020,000	2,549,918	1.06
2003	1,180,000	2,767,496	1,356,600	5,304,096	2,735,000	2,445,847	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	2,176,005	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

(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)

<b>Fiscal Year</b>	<b>Population<sup>2</sup></b>	<b>Personal Income (amounts expressed in thousands)<sup>4</sup></b>	<b>Per Capita Personal Income<sup>4</sup></b>	<b>Median Age<sup>4</sup></b>	<b>Education Level in Years of Schooling<sup>1</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>1</sup></b>
2001	74,935	\$ 4,298,421	\$ 57,362	43	13	10,006	5.0%
2002	75,580	4,335,420	57,362	43	13	9,976	6.0%
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%

**Source<sup>1</sup>:** Bureau of Labor Statistics for West Palm Beach-Boca Raton-Boynton Beach, FL Metropolitan Division  
2010 rate - Bureau of Labor Statistics for Boca Raton

**Source<sup>2</sup>:** 2010 population - Bureau for Economic and Business Research

**Source<sup>3</sup>:** City of Boca Raton

**Source<sup>4</sup>:** Business Development Board of Palm Beach County

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

<u>Employer</u>	<u>2010*</u>			<u>2001</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Florida Atlantic University	2,776	1	2.80%	3,114	1	N/A
Boca Raton Resort and Club	2,200	2	2.22%	2,000	2	N/A
Office Depot (Hdqtrs)	2,100	3	2.12%			
Boca Raton Community Hospital	2,100	4	2.12%	1,800	3	N/A
City of Boca Raton	1,257	5	1.27%	1,139	4	N/A
National Council of Comp Ins (NCCI)	872	6	0.88%	1,000	10	N/A
Lynn University	700	7	0.71%			
Prime Management Group Inc (The Continental Group Inc)	640	8	0.64%			
International Bus. Machines (IBM)	600	9	0.60%	1,000	8	N/A
Applied Card Systems	550	10	0.55%	1,467	6	N/A
Tyco Safety / Sensormatic				1,000	9	N/A
Siemens (and local subsidiaries)				1,500	5	N/A
Rexall Sundown, Inc.				1,350	7	N/A
<b>TOTAL</b>	<u>13,795</u>		<u>13.90%</u>	<u>15,370</u>		

Source of 2001 data: 2001 City of Boca Raton CAFR

Source of 2010 data: The employers, Harris Infosource-updated 3/2010 retrieved from the Business Development Board of Palm Beach County website

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

\* 2010 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)

<b>Function/Program</b>	<b>Fiscal Years</b>									
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General government	174	175	177	187	176	204	191	168	167	155
Public safety										
Police (a)										
Officers	164	166	169	169	191	198	198	198	198	198
Civilians	94	92	93	91	101	106	106	99	98	97
Fire (a)										
Firefighters and officers	153	157	161	174	195	207	207	207	207	205
Civilians	9	13	13	13	11	12	12	10	10	10
Highways and streets										
Engineering	13	13	13	13	13	13	12	10	10	9
Maintenance	14	14	14	13	15	13	18	16	16	17
Sanitation	54	50	52	51	53	55	55	53	53	52
Culture and recreation	254	270	293	294	307	296	324	300	290	273
Water/sewer	150	165	172	172	162	148	169	165	165	165
Stormwater	11	10	10	10	8	8	9	9	10	11
Information technology	16	21	19	21	22	23	22	21	22	24
Motor pool	10	10	12	11	13	15	13	13	13	12
Golf course	18	18	21	22	25	23	24	24	24	24
Cemetery	5	5	6	5	5	5	5	5	5	5
<b>TOTAL</b>	<b>1,139</b>	<b>1,179</b>	<b>1,225</b>	<b>1,246</b>	<b>1,297</b>	<b>1,326</b>	<b>1,365</b>	<b>1,298</b>	<b>1,288</b>	<b>1,257</b>

**Source:** City of Boca Raton Approved Budget Book 2010-2011

(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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</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 permits issued	8,996	8,631	8,825	8,926
Law enforcement				
Physical arrests	1,383	1,259	1,242	1,967
Parking violations	2,301	3,203	2,824	3,340
Traffic violations	15,920	17,604	16,560	18,028
Fire rescue				
Number of calls answered	15,287	14,468	14,084	16,316
Inspections	n/a	n/a	n/a	6,042
Transportation				
Streets resurfacing (miles)	11	11	10	0
Potholes repaired	538	401	253	295
Potholes repaired (tons)	**	**	**	**
Physical environment				
Refuse collection(tons/daily)	241	233	251	248
Recyclables collected (tons/daily)	39	38	37	35
Parks & recreation				
Athletic field permits issued	n/a	n/a	8,215	8,809
Community center admissions	310,445	320,400	311,722	353,042
Tennis participation	219,443	222,755	226,761	230,997
Camp programs	2,387	2,314	2,260	2,173
Aquatics participation programs	47,827	50,341	50,300	46,142
Business-type activities:				
Water				
New connections (excl Iris)	145	106	61	61
Water mains breaks	316	271	130	183
Average daily consumption (thousands of gallons)	35,480	38,250	39,690	41,050
Active accounts	34,606	34,714	34,800	34,874
Sewer				
Average daily sewage treatment (thousands of gallons)	13,950	14,881	14,336	14,350
Active accounts	31,368	31,368	31,462	31,501
Golf courses				
Annual golf permits	n/a	294	211	187
Golf participation	n/a	103,833	121,709	112,436

**Source:** Various City Departments

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

2005	2006	2007	2008	2009	2010
Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
AAA	AAA	AAA	AAA	AAA	AAA
AAA	AAA	AAA	AAA	AAA	AAA
10,397	12,674	10,368	8,329	7,270	6,957
2,092	2,036	2,250	3,165	3,049	3,324
3,878	2,984	2,046	4,516	2,323	2,574
22,995	27,177	21,112	25,190	23,620	27,354
16,824	15,762	15,993	15,548	15,013	15,550
5,938	6,001	6,381	6,912	6,538	7,090
0	10	9	7	4	10
201	0	388	112	175	**
**	**	**	**	**	10
210	183	134	125	121	143
30	22	33	19	19	34
9,180	7,977	9,078	9,267	8,446	8,269
364,582	362,908	391,928	413,855	435,265	431,894
225,603	212,422	237,553	210,794	191,245	193,444
2,264	2,505	2,489	2,177	2,156	2,238
40,606	47,191	51,176	53,556	53,152	54,791
182	384	292	97	128	62
132	76	25	23	23	20
40,080	41,854	35,480	36,870	39,500	34,427
35,110	35,499	35,804	35,921	36,040	36,081
14,960	14,744	13,350	13,174	12,523	21,867
31,776	32,082	32,338	32,512	32,733	32,887
180	170	146	126	120	97
111,712	119,462	130,687	125,933	124,265	96,878

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

<b>Function/Program</b>	<b>Fiscal Years</b>									
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Governmental activities										
Law enforcement										
Police stations/substations	4	4	4	4	4	4	2	2	2	2
Patrol units	208	244	240	250	258	247	210	227	234	230
Fire rescue										
Fire stations	6	6	6	8	8	8	8	8	8	8
Fire rescue units	23	26	25	31	32	33	33	33	33	33
Physical environment										
Sanitation-collection trucks	37	39	34	35	34	33	35	35	35	35
Transportation										
Street (miles)	251	251	251	252	252	252	225	219	224	219
Street lights	302	n/a	n/a	n/a	n/a	384	381	384	384	384
Traffic signals	94	99	129	132	133	135	134	135	136	136
Lane miles	506	506	508	510	510	510	490	484	495	486
Parks and recreation										
Park acreage	535	546	547	551	551	551	551	551	551	551
Parks	22	24	29	31	31	31	31	31	31	31
Swimming pools	2	2	2	2	2	3	2	2	2	2
Tennis courts	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	1	1	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)	530	540	538	541	545	547	550	535	535	560
Fire hydrants	5,128	5,000	4,999	4,999	4,999	5,035	5,397	5,397	5,419	5,448
Maximum daily capacity (thousands of gallons)	70	70	70	70	70	70	70	70	70	70
Sewer										
Sanitary sewers (miles)	338	339	339	340	342	343	344	480	482	385
Maximum daily treatment capacity (thousands of gallons)	18	18	18	18	18	15	18	18	18	18
Waste water pumping stations	234	234	232	234	234	238	237	233	238	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)	49	49	50	50	51	51	63	63	64	99

**Sources:** Various City departments

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (including the Community Redevelopment Agency Funds) of the City of Boca Raton, Florida (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

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

*Marcum LLP*

Fort Lauderdale, FL  
March 28, 2011

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

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

We have audited the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information (including the Community Redevelopment Agency Funds) of the City of Boca Raton, Florida (the City) as of and for the fiscal year ended September 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 28, 2011, should be considered in conjunction with this management letter.

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

- Section 10.554(l)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(l)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(l)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City has made these disclosures in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

*Marcum LLP*

Fort Lauderdale, FL  
March 28, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
CHAPTER 10.550 RULES OF THE AUDITOR GENERAL**

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

Compliance

We have audited the City of Boca Raton, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major Federal programs and State projects for the year ended September 30, 2010. The City's major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs and State projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and its State projects for the year ended September 30, 2010.

## Internal Control over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards and State Projects

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2010, and have issued our report thereon dated March 28, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Projects is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Council, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

Fort Lauderdale, FL  
March 28, 2011

**CITY OF BOCA RATON, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS**

**YEAR ENDED SEPTEMBER 30, 2010**

Federal/State Grantor/Pass-Through Grantor/ Program/Project Title	Grant/Contract Number	CFDA/CSFA Number	Expenditures	Transfers to Sub Recipients
U.S. Department of Defense:				
Beach Erosion Control Project	N/A	12.101	\$ 3,860,676	--
U.S. Department of Energy:				
Energy Efficiency Conservation Block Grant Program (EECBG)	DE-SC0002697	81.128	68,536	--
U.S. Department of Justice:				
Direct Programs:				
Federal Equitable Sharing Agreement	N/A	N/A	357,884	
Edward Byrne Memorial Justice Assistance Grant	2009-DJ-BX-0268	16.738	24,486	
Total U.S. Department of Justice:			<u>382,370</u>	<u>--</u>
U.S. Department of Homeland Security:				
Direct Programs:				
Assistance to Firefighters Grant	EMW-2008-FO-09733	97.044	41,765	
Assistance to Firefighters Grant	EMW-2009-FO-01689	97.044	268,800	
Subtotal Direct Programs			<u>310,565</u>	
Passed through Florida Department of Law Enforcement:				
Buffer Zone Protection Program	2009-BZPP-PALM-1-V4-001	97.078	191,044	
Total U.S. Department of Homeland Security:			<u>501,609</u>	<u>--</u>
U.S. Department of Transportation:				
Direct Programs:				
Highway Planning and Construction	AP561	20.205	144,883	
Highway Planning and Construction	APJ50	20.205	476,694	
Subtotal Direct Programs			<u>621,577</u>	
Passed through Florida Department of Transportation:				
State and Community Highway Safety Program	APU09	20.600	50,762	
State and Community Highway Safety Program	APT93	20.600	48,483	
Subtotal Indirect Programs			<u>99,245</u>	
Total U.S. Department of Transportation:			<u>720,822</u>	<u>--</u>
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Community Development Block Grant (CDBG)	B-07-MC-12-0001	14.218	590,791	\$ 71,700
Community Development Block Grant (CDBG)	B-08-MC-12-0001	14.218	29,607	
Community Development Block Grant (CDBG)	B-09-MC-12-0001	14.218	166,999	
Community Development Block Grant Recovery (CDBG-R) (ARRA)	B-09-MY-12-0001	14.253	129,352	
Economic Development Initiative-Special Project Grant	B-04-SP-FL-0171	14.246	5,475	
Economic Development Initiative-Special Project Grant	B-05-SP-FL-0421	14.246	205,500	
Economic Development Initiative-Special Project Grant	B-06-SP-FL-0223	14.246	240,075	
Total U.S. Department of Housing and Urban Development:			<u>1,367,799</u>	<u>71,700</u>
Total Expenditures of Federal Awards			<u>6,901,812</u>	<u>71,700</u>
Florida Housing Finance Corporation:				
State Housing Initiatives Partnership Program	N/A	52.901	516,658	--
Florida Department of Environmental Protection:				
Beach Erosion Control Program - South Beach	05PB3	37.003	825,549	
Beach Erosion Control Program - North Beach	03PB1	37.003	1,960,262	
Statewide Surface Water Restoration and Wastewater Projects	LP8905	37.039	3,965	
Total Florida Department of Environmental Protection:			<u>2,789,776</u>	<u>--</u>
Florida Department of Transportation:				
Public Transit Service Development	APN43	55.012	299,996	--
Total Expenditures of State Projects			<u>3,606,430</u>	<u>--</u>
Total Expenditures of Federal Awards and State Projects			<u>\$ 10,508,242</u>	<u>\$ 71,700</u>

*See note to schedule of expenditures of federal awards and state projects.*

# CITY OF BOCA RATON, FLORIDA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

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### NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Projects includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF BOCA RATON, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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**I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS**

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2009 Schedule of Findings and Questioned Costs:

Matters that are not repeated in the accompanying schedule of findings and questioned costs:

- 2009-01 – Prior Period Adjustment -- Capital Assets

**II – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported in prior year.

**III - PRIOR YEAR STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None reported in prior year.

**CITY OF BOCA RATON, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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**SECTION I -- SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	<i>Unqualified Opinion</i>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u>	
Non-compliance material to financial statements noted?	_____ Yes	<u>  X  </u> No	

**Federal and State Awards Programs**

Internal control over major awards programs:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	<u>  X  </u> None reported	

Type of auditor's report issued on compliance for major awards Programs:	<i>Unqualified Opinion</i>		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a) or Chapter 10.550, Rules of the Auditor General	_____ Yes	<u>  X  </u> No	

Identification of major federal and state programs:

<u>Federal Program/Cluster</u>	<u>CFDA No.</u>		
Beach Erosion Project	12.101		
Assistance to Firefighters' Grant	97.044		
Cluster -Community Development Block Grant -- (ARRA)	14.218; 14.253		
Economic Development Initiative- Special Project Grant	14.246		
<u>State Projects</u>	<u>CSFA No.</u>		
Beach Erosion Control Program	37.003		
Dollar threshold used to distinguish between Type A and Type B programs:	Federal		\$300,000
	State		\$300,000

Auditee qualified as low risk auditee for Federal Awards?        X   Yes      \_\_\_\_\_ No

**CITY OF BOCA RATON, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III– FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None