

“The Premier Community”

A World Class Local Government

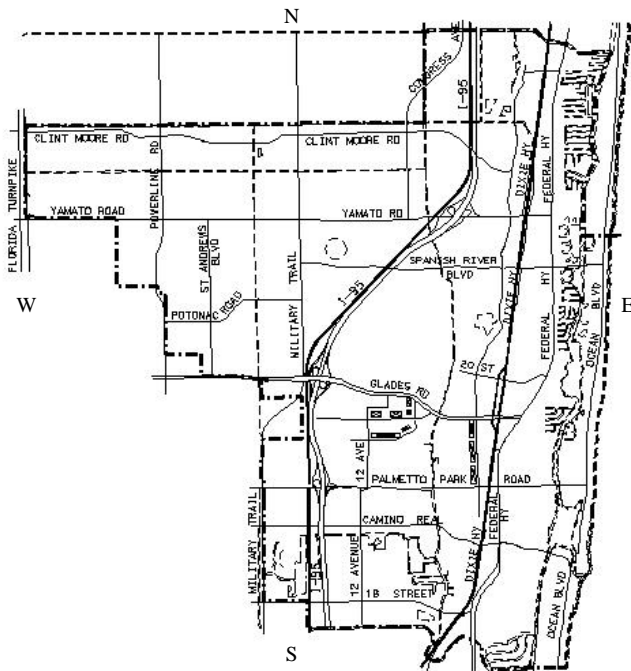
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LOCATION AND SIZE



Boca Raton, incorporated in 1925, is the 27th most populous city in the State of Florida, and second largest city in Palm Beach County.⁽¹⁾ Located on Florida’s “Gold Coast”, it is the southernmost city in Palm Beach County. Boca Raton is forty miles north of Miami and approximately midway between the cities of Palm Beach and Fort Lauderdale. It is bordered on the east by the Atlantic Ocean, on the north by Delray Beach, and on the south by Deerfield Beach.

The City encompasses 28 square miles (18,572 acres) with 5 miles of ocean frontage and 908 acres of parks.



The Greater Boca Raton area encompasses the City of Boca Raton and its Reserve Area, located directly west of the City’s western boundary, extending to Florida’s Turnpike. The Reserve Area has been legally designated as such by the State of Florida. The area held in reserve cannot at present incorporate as an individual municipality nor attach itself to any municipality other than Boca Raton.

The City has had two major annexations: December 2003 brought in 3,255 new residents, 422 new businesses and 494 acres; December 2004 brought in 4,662 new residents, 20 new businesses and 1,091 acres. The City’s current population is **85,296**.

CITY GOVERNMENT

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 two-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 Commissions.

Public Safety		Public Utilities	
8	Fire Stations	546	mi. Water Mains
207	Fire Uniform Personnel	480	mi. Gravity Sewer Mains
1	Police Station	238	Wastewater Pump Stas.
3	Police Sub-Stations	5,358	Fire Hydrants
198	Police Uniform Personnel		
Other			
252	mi. Streets	74	mi. Bikepaths/Trails
1,500	acres of Parks	275,000	Public Library holdings

The City provides a full range of municipal services. The public safety program includes police, fire protection and rescue services. For recreation, the City provides oceanfront beaches, 2 libraries, swimming pool, golf courses, tennis courts, neighborhood parks, teen and community centers, and various recreational and instructional activities and classes. The City provides street and highway construction and canal maintenance, sanitation, and operates its own public utility for water, sewer, and stormwater services.

Additional City services include building inspection, planning, zoning, engineering, surveying, cemetery, as well as general administrative services.



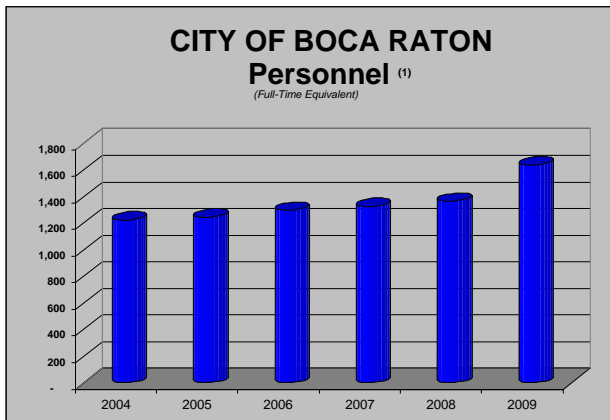
Spanish River Library & Community Center

The new Spanish River Libray & Community Center opened in January 2008. It is a state-of-the art library & community center with almost 41,000 square feet with a construction cost of \$10.5 million and was funded from General Fund Revenues, grants and private donations, as well as from the issuance of voter approved general obligation bonds.

The City continues to enhance its web page (www.myboca.org) by simplifying the web address and by developing new applications that allow certain City transactions to be conducted over the internet without having the customer make a trip to City Hall. Recent web additions allow our customers to pay a utility bill, apply for a business license, and check the status of a building permit application. The City now accepts credit cards for all services at all sites.

CLIMATE & PHYSIOGRAPHY

Boca Raton’s southern location and marine influences produce a notably steady climate in the Boca Raton area. The City is warmed in the winter and cooled in the summer by winds off the Gulf Stream. Summers average 82 degrees while winters average 65 degrees. The average annual temperature is 74 degrees. Average annual rainfall is about 60 inches and received mostly in the form of showers in the summer and fall seasons.



The City is made up of sandy flatlands and a coastal ridge. Average elevation is 18 feet above sea level. The City is traversed north to south by the Intracoastal Waterway, separating the beachfront area from the mainland. The area has numerous drainage canals and an abundance of waterfront property.

HOSPITAL FACILITIES

The *Boca Raton Community Hospital*, established in 1967, is a non-profit, accredited facility with an in-patient capacity of 400 beds and staffing of 2,200 employees.

West Boca Medical Center, located in unincorporated Boca Raton, is a 185 bed acute care hospital offering a wide range of services, with a staffing of 628 full-time and 247 part-time employees.

EDUCATION

Boca Raton has numerous educational opportunities. The County school system has 16 elementary and four secondary schools in the City, housing 22,180 students. The median student to teacher ratio is 16 to 1.

Boca Raton is the home of *Florida Atlantic University* (FAU), which opened in 1964 on an 850-acre site. The University offers four-year undergraduate and graduate degrees in a broad range of subjects. FAU is a member of the Florida State University system. Today, FAU’s seven-partner campuses serve more than 26,000 students.

Lynn University is a private four-year, coeducational institution on a 123-acre campus, with an enrollment of 2,549. It is fully accredited as a Level III Institution by the Southern Association of Colleges and Schools and offers master, bachelor, and associate degrees in more than twenty disciplines. The University also has an extensive continuing education program through its Center for Adult Learning.

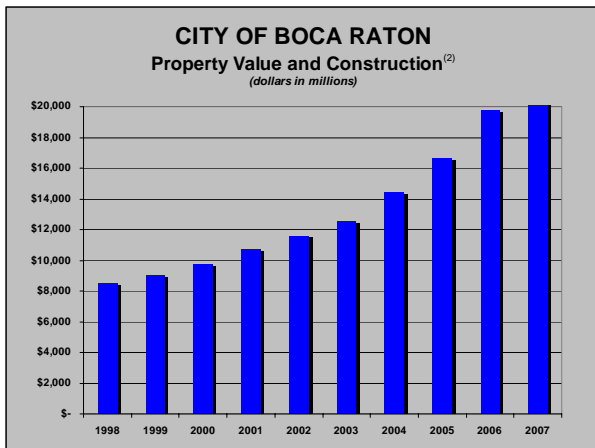
Palm Beach Community College has its South Campus located on the Florida Atlantic University Campus. The enrollment averages 6,000 students annually. The College offers Associate of Arts and Associate of Science Degree programs.

ECONOMIC CONDITION AND OUTLOOK

The City of Boca Raton is listed as the fourth in the “2004 Best Performing Cities Index” in the county for economic strength and job and wage growth.

With a shortage of affordable housing, Boca Raton has introduced a workforce housing ordinance and is in the process of developing mixed use options as tools for people. Thanks to our low taxes, strong employment base, and quality of life, Boca Raton’s business community continues to thrive.

With the passage of Amendment 1 to Florida’s Constitution in January 2008, residents with a Save Our Homes assessment cap will be able to transfer all, or a significant portion, of their tax savings to a new property anywhere in the state. The Amendment also doubles the homestead exemption for properties valued at \$75,000 or more.



The Household Effective Buying Income for the City of Boca Raton remains high. The personal median income for Boca Raton is \$56,158, which is 119.75% of the median in the State of Florida.

For the first time in the past three fiscal years, the City did not experience a hurricane. The City’s current budget includes projects for inlet repairs caused by the 2004 and 2005 storms. This year’s budget includes emergency preparedness reserves of \$5.2 million.

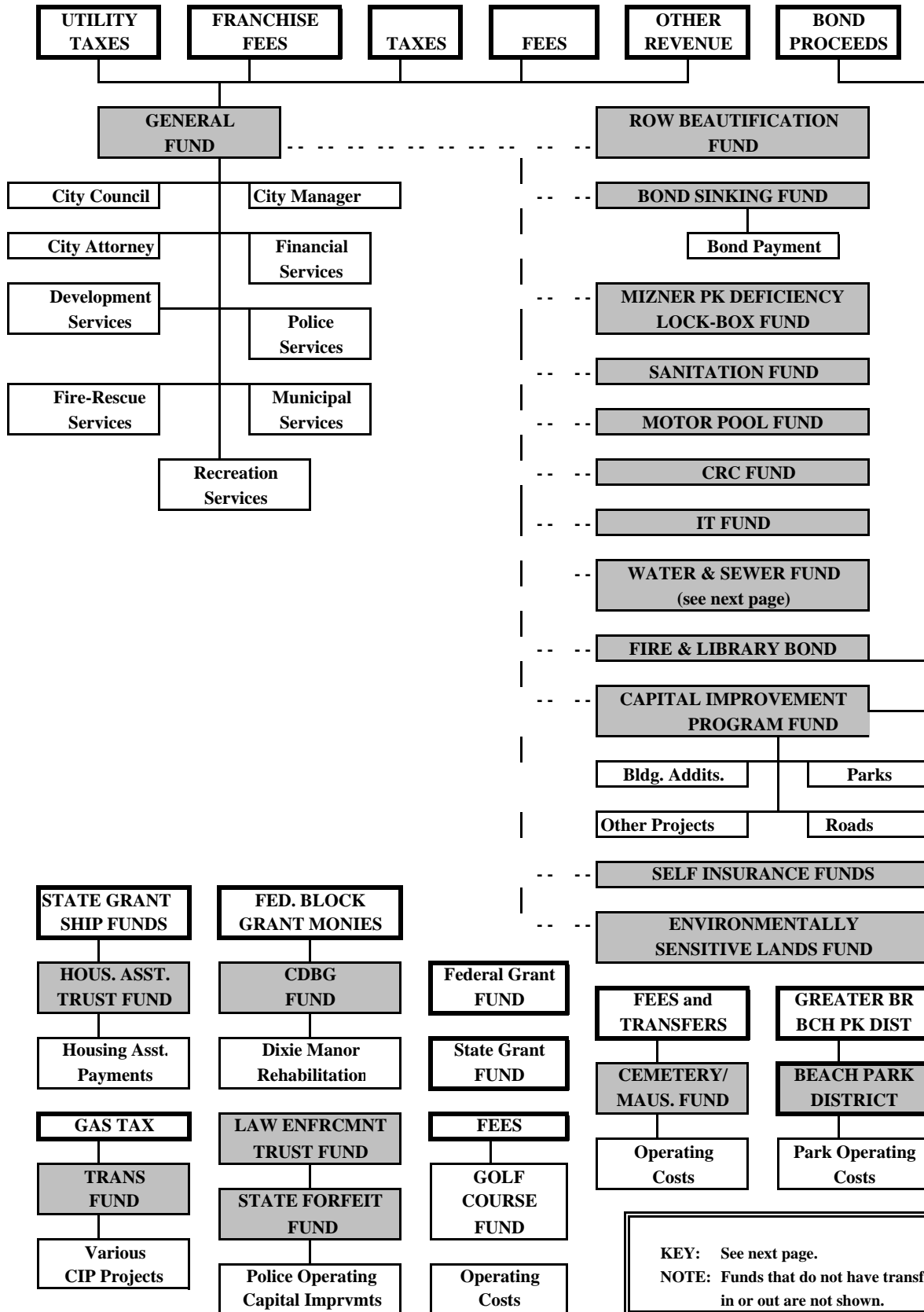
CITY OF BOCA RATON Principal Taxpayers and Assessed Value ⁽³⁾	
Town Center at Boca Raton	\$315,917,632
Panthers BRHC Ltd. Partnership	229,129,530
BRE Boca Corporate Center LLC	153,053,645
Batmasian James H. & Marta	145,292,565
Boca Raton CRA Lessor	141,800,000
EI AD Mizner on the green LLC	80,000,000
TIITF Lessor	79,616,221
WRC Properties Inc	71,033,676
One Boca Place Inc	63,101,125
Peninsula Realty	62,010,276

The City is the location of several Fortune 500 companies and nearly 3,000 businesses, employing over 38,000 people. Thanks to our low taxes, strong employment base, and quality of life, Boca Raton’s business community continues to thrive.

CITY OF BOCA RATON Major Employers ⁽³⁾		Employees
Florida Atlantic University		2,923
Boca Raton Community Hospital		1,860
Boca Raton Resort and Club		1,650
City of Boca Raton		1,365
National Council on Comp Ins (NCCI)		900
Prime Management Group, Inc		640
Blue Green Corp.		630
International Business Machines (IBM)		600
Tyco International Ltd.		600
Sensormatic		500

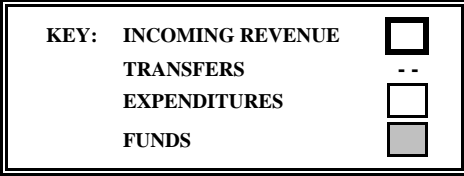
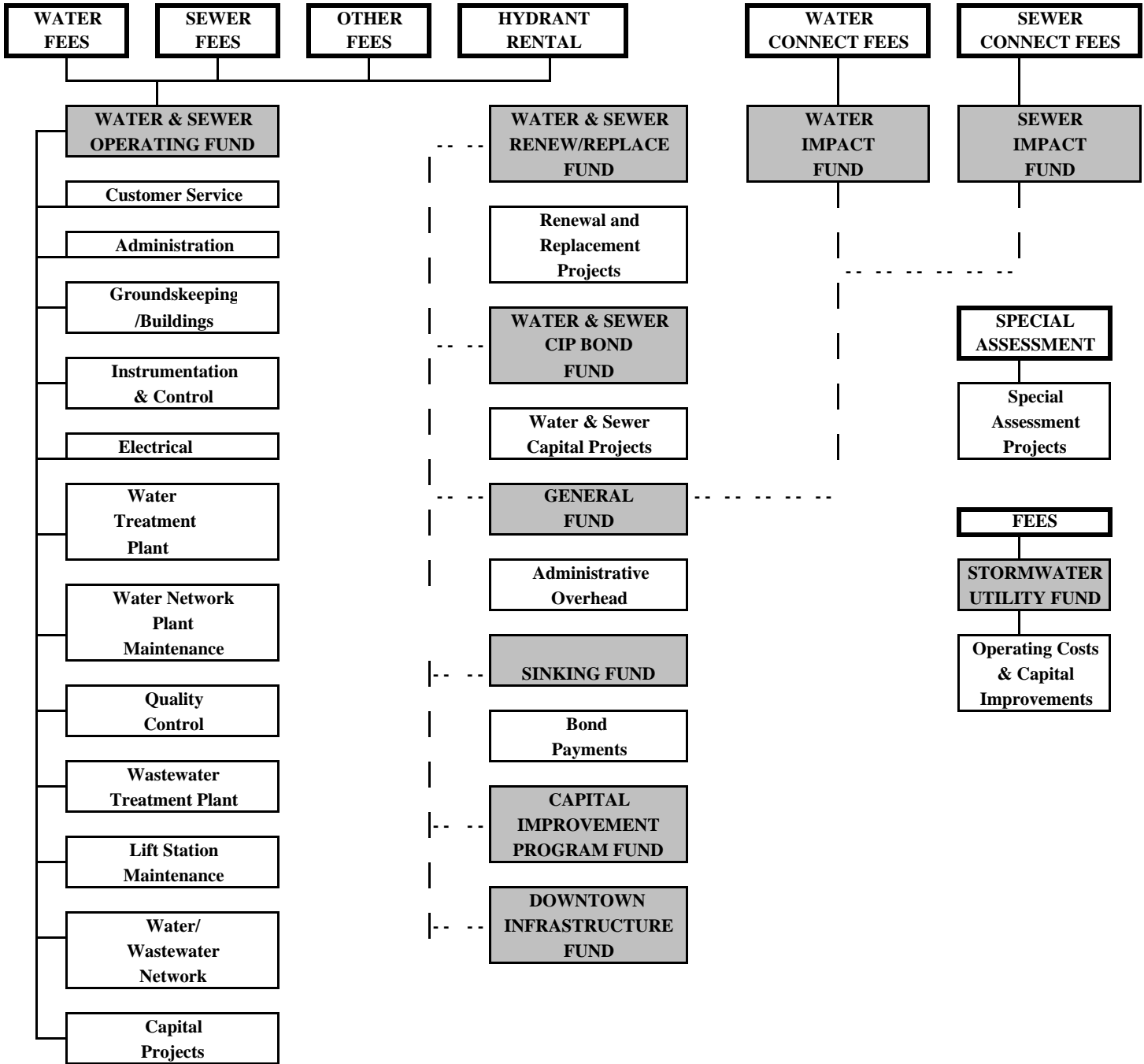
(1) Florida Legislative Committee on Intergovernmental Relations (LCIR), Online Data
 (2) City of Boca Raton FY 2008-09 Budget
 (3) City of Boca Raton, Comprehensive Annual Financial Report, September 30, 2007

INTERRELATIONSHIP OF RESOURCES CITY OF BOCA RATON



KEY: See next page.
NOTE: Funds that do not have transfers in or out are not shown.

INTERRELATIONSHIP OF RESOURCES (cont.) UTILITY SERVICES



FUND DESCRIPTIONS

GENERAL FUND:

- 001 General Fund is the general operating fund and is used to account for most of the day-to-day activities of the City. Its revenue sources are local tax revenues, state and federal revenues and other local charges and fees.

SPECIAL REVENUE FUNDS:

To account for the proceeds of specific revenue sources (other than expandable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

- 111 Community Development Block Grant Fund is 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 residents and neighborhoods. The program includes expenditures for housing rehabilitation, public improvements for neighborhood revitalization and public services for residents.
- 114 Housing Assistance Trust Fund is to account for funds received from the State Housing Initiatives Partnership (SHIP) for the purpose of providing affordable housing in the City.
- 131 Law Enforcement Trust Fund (LETF) is to account for State and Federal confiscated merchandise and forfeiture funds received by the City.
- 132 State Grant Fund is to account for revenue received from state sources that is restricted by the terms of an agreement.
- 133 State Forfeiture Fund is to account for state forfeiture funds received by the City.
- 141 Transportation Fund is to account for local option gas tax restricted for roadway program expenditures.
- 142 Federal Grant Fund is to account for revenue received from federal sources that is restricted by the terms of an agreement.
- 151 ROW Beautification Fund is to account for 1% public service taxes allocated to maintain and improve all presently beautified medians and rights-of-way.
- 161 Greater Boca Raton Beach & Park District Fund is to account for the Greater Boca Raton Beach & Park District reimbursement expenses of Red Reef Park, Patch Reef Park, Sugar Sand Park, Verde, FAU facilities, Ocean Strand, Swim and Racquet Center, Special Interest, BP&D CIP.
- 171 Mizner Park Def Lock Box Fund funds are to be used for any deficiency in the Mizner Park Bonds.

DEBT SERVICE FUND:

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- 211 Debt Service Fund is 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

CAPITAL PROJECTS FUNDS:

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

- 321 ROW Acquisition Fund is to account for the cost of acquiring right of way property. Revenue is provided from land sales proceeds and interest income.
- 333 Environmentally Sensitive Lands Fund is to account for the acquisition, preservation, protection and maintenance of environmentally sensitive lands in the City.
- 336 Capital Improvements Program Fund (6 Year CIP) is to account for infrastructure and major equipment acquisitions of the City.
- 337 Downtown Infrastructure Fund is to account for the financing and implementation of the downtown infrastructure program.
- 341 Fire Improvement Fund is to account for the construction and improvements to the City Fire Stations funded by G.O. Bonds.
- 342 Library Bond Fund is to account for the construction, renovation and furnishing of the City's libraries funded by G.O. Bonds, grants and donations.
- 352 Land Dedication Fund is to account for the cost of buying and constructing park developments. Financing is being provided by donations from developers as required by City ordinance.
- 353 Downtown Land Dedication Fund is 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.

ENTERPRISE FUNDS:

To account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

- 440 Sanitation Fund – To account for the provision of sanitation services to residents of the City.
- 450 Stormwater Utility Fund - to account for the provision of stormwater maintenance and capital improvements to the residents of the City.
- 470 Water & Sewer Operating Fund - to account for the provision of water and sewer services to the residents of the City and some residents of the County.
- 471 Water & Sewer Sinking Fund – to account for the repayment of the outstanding water and sewer debt.
- 473 Water & Sewer Renewal and Replacement Fund - to account for funds received from the Water and Sewer Operating Fund. The projects in this fund are renewal and replacement projects of the water and sewer facilities.
- 474 Water & Sewer CIP Bond Fund – to account for funds received from an anticipated Bonds.
- 476 Water Impact Fund – to account for funds received as a result of new construction. The projects are for the expansion of water facilities due to the new construction.
- 477 Sewer Impact Fund – to account for funds received as a result of new construction. The projects are for the expansion of sewer facilities due to the new construction.
- 480 Cemetery Fund - to account for the operation and maintenance of the Boca Raton Municipal Cemetery and Mausoleum.
- 490, 493
Golf Course Funds - to account for the operations of Red Reef and Boca Raton Municipal golf courses.

INTERNAL SERVICE FUNDS:

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

- 510 Information Technology Fund - to account for the cost of operating computers, telecommunications and copiers by the City and to allocate costs to the various departments using the service based on cost reimbursement.
- 520 Motor Pool Fund - to account for the cost of operating a maintenance facility for automotive equipment used by other City departments, and administering the City fleet

- 521 Capital Recovery Cost Fund – to account for funded chargebacks to using departments for the purpose of paying for future replacements.

530,531,532

Self Insurance Funds - 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.

PERMANENT FUNDS:

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

- 611 Cemetery Perpetual Care Fund - to account for moneys received for the purpose of providing perpetual care for the City's cemetery.
- 621 Mausoleum Perpetual Care Fund - to account for moneys received for the purpose of providing perpetual care for the City's mausoleum.

DEPENDENT SPECIAL DISTRICT

- 710 Community Redevelopment Agency Fund is used to account for the general operations of the Community Redevelopment Agency, which encourages development in the downtown area.
- 712 Mizner Park Revenue – is used to account for all tax increment revenues and Mizner Park lease revenues transferred from the Mizner Park Lease Revenue Fund consistent with the Mizner Park Bond covenants. Monies from this fund are to be transferred to the Mizner Park Sinking Fund for the payment of debt service.
- 713 Mizner Park Sinking – is used to account for debt service on the Mizner Park Bonds consistent with the Mizner Park Bond covenants.
- 715 Mizner Park Lease Rev - is used to account for all lease revenues under the Mizner Park contracts consistent with Mizner Park Bond covenants. Monies are transferred from this fund to the Mizner Park Revenue Fund.

The City of Boca Raton Planning Process

The City uses an integrated multi-phased planning process in developing plans to ensure that Boca Raton remains a unique community providing a superior quality of life to all residents. The process includes: a mission statement, a comprehensive plan, Goals **2013**, Action Agenda, administrative policies, budget guidelines, department goals and objectives, and the capital improvement program.

Mission Statement

A mission statement for the Boca Raton City Organization has been developed emphasizing **SERVICE**.

Safety in the Community

Environmentally Conscious

Recreational Opportunities

Valued Employees

Involvement of Citizens

Customer Service

Economic Stability

Comprehensive Plan

The City's Comprehensive Plan provides long-range policy guidance for orderly social, economic and physical growth in Boca Raton. The comprehensive plan contains goals, objectives and policies to guide the City for the next fifteen years.

The plan establishes adopted levels of service standards for roads, sanitary sewers, solid waste, drainage, potable water, parks and recreation facilities, mass transit and roads and public transit. A concurrency management system has been established to ensure that public facilities and services needed to support development are concurrent with the impacts of such development under the comprehensive plan.

Goals 2013

The City Council and staff hold a strategic planning session annually at the beginning of the budget process where the City Council reviews current goals and objectives and identifies goals for the next five years. The Boca Raton Goals for **2013** include:

- Financially Sound City Government
- Top Quality Municipal Services
- Strong Partnership with Our Stakeholders

Action Agenda

At the strategic planning session where City Council establishes the Goals for the next five years, they also set objectives for the following fiscal year towards achieving the five-year goals. These objectives are known as "Action Agendas". The City's action agenda contains specific plans and timetables for coordinating and completing the City Council objectives for the fiscal year. A status report is prepared monthly to provide City Council with updates and monitor the progress of specific projects. The Policy Action Agenda for fiscal year **2008-09** include:

- Operate With a Balanced Budget
- Maintain Essential Services (Police, Fire, Utilities & Municipal Services)
- Downtown Vision and Plan
- FAU Strategy/Hospital Project/I95 Interchange Project
- Retirement / Pension Cost Containment
- Develop Partnerships to Promote Economic Development & Advance the City's Goals
- Multimodal Transportation District (Continued Implementation) and Mobility
- North Federal Highway Development Project and Beautification
- Employee Recruitment, Retention and Career Planning
- Comprehensive Environmental Initiative
- Annexation (Analysis and Review)
- Integrated Technology Strategy
- Branding
- Wildflower Property Direction and Actions

Policies

The City has established Administrative Policies in operations, revenues, cash management and investments, debt, reserves, capital improvements program, accounting and financial reporting, organization and financial stability to provide a framework in the development of current activities and planning for future programs. These policies determine how the resources of the City are obtained, managed, allocated and controlled. The specific administrative policies are contained in the Introduction section page 33 of this document.

Budget Guidelines

Each year departments are provided budget guidelines by the City Manager based on the City's goals and action agenda. Due to statewide initiative by the Florida Legislature to provide property tax relief to its residents and the uncertainty of its fiscal impact on the City's operations, departments were faced with significant challenges in the preparation of a balanced budget for FY 2008-09. This fiscal year's guidelines required departments to address spending cuts. In addition to the fiscal guidelines, the departments prepared budgets, which continue to evaluate operations to improve service and gain efficiencies, continue to be responsive to the needs of the community, and continue to support the City's mission and value statements. See an expanded explanation starting on *page 37* "The Budget Process".

Departmental Goals & Objectives

Each department has a mission/vision statement that relates to achieving the City's mission. In addition, departments are required to prepare goals and objectives based on the City Council goals and action agenda, which are developed at the annual strategic planning session. The departmental goals and objectives are specific operational actions that coincide with accomplishing the City Council goals and administrative plans.

Capital Improvements Program

The Capital Improvements Program (CIP) is a six-year plan for infrastructure and major equipment acquisition is updated annually to support the City's mission, goals and action plans. The City incorporates the CIP into "The Budget Process" on *page 37* and the "CIP Operational Impact" on *page 256* of this document.

The City of Boca Raton Administrative Policies

The City of Boca Raton Administrative Policies provides the basic framework for the overall fiscal management of the City. The policies consist of: operating, revenue, cash management and investments, debt, reserve, capital improvements program, accounting and financial reporting, organizational and financial stability. These policies are used in the development of current activities and planning for future programs.

Operating Budget Policies

1. The City's budget will support City Council goals, objectives and policies in meeting the needs of the community.
 - Public involvement is provided through 2 strategic planning sessions, 1 budget workshop and 2 public hearings prior to the adoption of the budget.
 - The City Council updates the City's Goals and Action Agenda at a strategic planning session. See *page 81* "Strategic Initiatives".
 - All departmental budgets are prepared to support the City Council goals within the budget guidelines as established by the City Manager.
2. The City will continue to support a scheduled level of maintenance and replacement of its infrastructure and fleet.
 - The City's Motor Pool Fund maintains 955 vehicles on an ongoing basis.
 - The City Council approved the replacement of 63 vehicles at a cost of \$1,821,200 in 2008-09.
 - The Approved Capital Improvements Program (CIP) includes infrastructure improvement projects as part of the Capital Improvement Element of the Comprehensive Plan.
3. The City will continuously evaluate its service delivery system according to established efficiency and effectiveness criteria.
 - The City's contracted internal auditor has reviewed a number of operations in which the City is in the process of improving. These areas include:
 - Golf Courses
 - Motor Pool
 - Insurance
 - Facilities Maintenance
 - Building Permits

The City will evaluate its use of intergovernmental service contracts to preclude unwarranted duplication of services in overlapping jurisdictions and assure an effective and efficient service delivery system to the community.

- The City is working with the Greater Boca Raton Beach & Park District (BPD), Florida Inland Navigational District (FIND), Palm Beach County, Boca Raton Community Redevelopment Agency (CRA) and many other agencies to ensure services are provided at a minimum cost to taxpayers.
4. The City will comply with mandatory Federal, State and local laws and when appropriate will comply with industry and professional requirements or standards.
 - The City is in compliance with all Federal, State and local laws and regulations.
 5. The operating impacts of the Capital Improvements Program (CIP) projects will be reviewed prior to any project being included in the operating budget.
 - The CIP includes \$374,067,300 of projects with an estimated \$285,900 operational impact on the City.
 6. The City will develop and maintain accounting and budgetary control systems to adequately safeguard the assets held in public trust.
 - The City has implemented a new state of the art financial system to ensure continued budgetary controls over revenue and expenditure accounts. This system is Year 2000 compliant.
 7. The City will prepare its Budget using a Balanced Budget; each fund's revenues plus other sources equals its expenditures/expenses plus other uses.
 - The City approved a balanced operating budget for all its funds for 2008-09.

Revenue Policies

1. The City will attempt to maintain a diversified and stable revenue system to avoid reliance on any one revenue source and will attempt to minimize the dependence on property taxes.
 - Ad Valorem taxes represent 28.5% of the General Fund revenues in 2008-09 compared to 37.2% in 2007-08.

2. The City will pursue alternative revenue sources as an additional source of funds.
 - The City has budgeted to collect \$67,486,400 from grants and shared revenues in 2008-09.
 3. The City will establish all user charges and fees to recover the partial or full cost of providing a service.
 - The City implemented new fees for sanitation collection.
 - The City implemented, in 2006-07, a fire assessment fee to recover a portion of the operating costs related to fire-rescue services.
 4. The City will review fees/charges periodically to ensure they are fair and equitable to all users.
 - The City conducts a User Fee study on a regular basis to ensure that charges are fair and equitable.
 5. The City will consider market rates and charges levied by other public and private organizations for similar services in establishing fees.
 - The City surveys public and private organizations to ensure new and existing fees are competitive with market rates.
 6. The City will dedicate 1% of the public service tax, excluding telephones, and a percentage of the property taxes collected as a source of funds for the Capital Improvements Program (CIP).
 - In 2008-09 the City has budgeted to contribute \$1,169,000 of public service taxes and 15% of Ad Valorem taxes \$8,428,100 to the CIP.
 7. The City will dedicate 1% of the public service tax collected as a source of funds for the Rights-of-Way Beautification Programs for capital improvements and maintenance.
 - The City has budgeted to contribute \$2,340,400 of public service taxes to the Beautification Program.
2. The City will collect revenues aggressively, including past due bills of any type and may utilize an outside collection agency to accomplish this.
 - The City utilizes a third party collection agency for the collection of past due bills.
 3. The City will deposit all funds within twenty-four (24) hours of receipt.
 - The City utilizes three lockbox operations and ACH deposits in the collection of revenues. All individual cash receipts are deposited within 24 hours.
 4. The Financial Services Department will prepare and present an investment report to the City's Financial Advisory Board on a quarterly basis to review the City's investment/portfolio activities.
 - The Financial Services Department presents an investment report to the City's Financial Advisory Board for the quarters ended December, March, June and September each year.

Debt Policies

1. The City will seek to maintain its current AAA bond rating to minimize borrowing costs.
 - The City maintained an AAA rating on its General Obligation bonds.
 - The City became one of the first Florida cities to receive a AAA rating from all three rating agencies.
2. The City will review and evaluate its existing debt obligations and future borrowing needs annually.
 - The City constantly monitors all existing and potential debt obligations for future impacts to the City. (*See Debt Administration Section of this document located on page 247*)
3. The City will not issue long term debt to finance current operations.
 - The City has not issued any debt to finance current operations.
4. The City will publish and distribute an official statement for each bond and note issued.
 - The City publishes an Official Statement with every bond or note issued by the City.
 - The City will competitively bid all bond issues wherever feasible.

Cash Management and Investment Policies

1. The City will follow its adopted investment/ portfolio policy when handling public funds. The investment/portfolio policy is contained in a separate document.
 - The City strictly adheres to its investment policy. In 2007-08 the City's average monthly investment portfolio was \$234,055,318.

5. The City will adhere to the bond covenant requirements of each debt issuance.
 - The City strictly adheres to the requirements of all bond covenants. This information is audited annually by the City’s external auditors.
 - The City does not have a legal debt limit.
6. Capital projects financed by the issuance of bonded debt will be financed for a period not to exceed the expected useful life of the project.
 - The City has not issued any bonds with an expected life longer than the useful life of a project.
 - The Public Safety Communication System Revenue Bonds were issued for a period of 10 years which coincides with the expected life of the system.
2. All projects in the Comprehensive Improvement Element (CIE) of the City’s Comprehensive Plan will be included in the Capital Improvements Program.
 - The City’s CIP includes all projects mandated by its Capital Improvement Element.
3. The City will dedicate 1% of the public service tax, excluding telephones, and a percentage of the property taxes collected as a source of funds for the Capital Improvements Program.
 - In 2008-09 the City has budgeted \$7,264,300 of public service taxes for the CIP.
4. In the development of the Capital Improvements Program, the City will review the operational impact of each project.
 - The approved 2008-09 / 2013-14 CIP includes operational impacts of \$126,700.

Reserve Policies

1. The City will maintain a reserve in the General Fund which represents a minimum of 10-15% of operating expenditures.
 - The City’s undesignated General Fund balance as of September 30, 2007 was 26%.
2. The City will maintain a reserve in the Water & Sewer and Golf Course which represents forty-five (45) days of the funds’ operating expenditures.
 - The City Water & Sewer Fund had the following operating reserves as of September 30, 2007:

Water & Sewer System	\$4,528,000
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3. The City will maintain all debt service reserve amounts as required by bond covenants.
 - The City maintained the following debt service reserves as of September 30, 2007:

General Debt Service Fund	\$ 606,673
Water & Sewer	13,385,902
5. The Capital Improvements Program committee will review and evaluate each project, based on an established criteria, prior to any project being included in the Capital Improvements Program.
 - The CIP review committee annually evaluates potential projects based on established criteria (*See CIP Operational Impact section on page 256 of this document*).
 - The CIP includes capital expenditures for those projects with a useful life span of 10 years and a cost of at least \$35,000.
 - The CIP includes non-routine capital expenditures

Replace Police Services Building	\$32,000,000
New/Remodeled Fire Stations	3,735,000
Downtown Library	13,223,600
Countess de Hoernle Park	25,000,000
6. A report on the current status of Capital Improvement Projects will be presented to City Council on a quarterly basis.
 - The City presents 4 quarterly CIP Newsletters to the City Council to provide an ongoing update on various projects throughout the City.

Capital Improvements Program (CIP) Policies

1. The City will develop and update a six-year Capital Improvements Program on an annual basis.
 - The City approved a \$374,067,300 CIP for FY 2008-09 / 2013-14.

Accounting and Financial Reporting Policies

1. An independent audit will be performed annually.
 - The City received an Unqualified Audit Report.
2. The City will produce comprehensive annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) within 180 days of the end of the fiscal year.
 - The City presented the 2007 CAFR on April, 2008.
3. The City will maintain an accounting and financial reporting system that conforms to GAAP and State laws.
 - The City is in complete compliance with GAAP and State laws.
 - The City is implementing GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, requiring that the cost of other postemployment benefits (OPEB) be recognized sooner (as promised benefits are being earned) rather than later (when promised benefits are actually paid).

Organizational Policies

1. The City will review the organizational structure regularly to assure that residents receive the highest level of service in the most efficient manner.
 - The City constantly reviews the organizational structure to provide the most cost-effective services to residents.
2. The City will be committed to maintaining and improving the productivity of staff through a productive working environment, appropriate equipment, necessary training, and adequate supplies and materials.
 - The City has budgeted \$537,800 for education, travel and training in 2008-09.
3. Employee compensation will be reviewed regularly to ensure the City is competitive with comparable public entities.
 - The City constantly monitors compensation & benefit packages offered to employees to ensure the City attracts and retain the most qualified professional staff.

Financial Stability Policies

1. The City will update its Long-Range Financial Plan on an annual basis.
2. The City will hold a strategic planning session annually to review long-range goals of the City and to identify goals and objectives for the upcoming fiscal year.
 - The City conducts a 2-day strategic planning session, with staff and citizen input, prior to the beginning of the budget process. The City Council updates the City's goals and specific "Action Agenda Items" for the upcoming fiscal year. (See *pages 7 and 12* of this document) and *page 81* "Strategic Initiatives")
3. The City will review and evaluate its existing debt obligations and future borrowing needs annually.
 - The City constantly monitors all existing and potential debt obligations for future impacts to the City. (*See Debt Administration Section of this document located on page 247*)
4. The City will prepare and update its six-year Capital Improvements Program annually.
 - The City approved a \$374,067,300 CIP for FY 2008-09 / 2013-14.
5. The City will continuously monitor revenues and expenditures to ensure responsible fiscal management of the City.
 - The City has a computerized online monitoring program to track all revenues and expenditures. In addition, detailed monthly analysis statements are provided to all departments.

The City of Boca Raton Budget Process

THE BUDGET: THE PROCESS BEGINS

The budget process is key to the development and implementation of the City of Boca Raton's strategic planning. The planning process is designed to assist City's management in the development of long-term and short-term plans to ensure that Boca Raton remains a unique community providing a superior quality of life to its residents.

The budget process itself begins in the month of March prior to the coming fiscal year. During this time, OMB collects information on expected revenue as well as fixed costs and uncontrollable changes in expenditures. The Mayor and City Council hold goal setting (strategic planning) sessions in the month of April. During the sessions the Mayor and City Council and City staff collaborate on establishing a mission and broad goals for the community and articulate their priorities for the future and the coming fiscal year.

The Mayor and City Council's feedback from the goal setting provides the groundwork and starting point for staff to begin framing the Operating and Capital Improvement Plan (CIP) budgets.

Budget Definition

The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.

4 key characteristics of budgeting:

- Incorporates a long-term perspective
- Establishes linkages to broad goals
- Focuses budget decisions on results and outcomes
- Promotes effective communication with stakeholders

The budget process is not simply an exercise in balancing revenues and expenditures one year at a time, but is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals. A good budget process moves beyond the traditional concept of line-item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

The budget is a balanced budget, that is, revenues and other sources equal expenditures/expenses and other uses. This is mandated by Florida Statutes. Therefore, City Code requires the Council to adopt, by ordinance, the budget on or before the thirtieth day of September of each year for the coming fiscal year. The fiscal year for the City of Boca Raton begins on October 1 of each year and ends September 30 of the following year.

Mission of the Budget Process

The mission of the budget process is to help decision-makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process. It also reports to stakeholders on services and resource utilization, and serve generally to enhance the stakeholders' view of government.

The Mission of the City is to provide the highest quality of service to the community through responsible use of public resources to enhance our unique quality of life.

The Vision of the City is to ensure that Boca Raton will be known as the premier community in which to live, work and play. The City of Boca Raton will be recognized as a world-class local government by its commitment to performance and leadership.

Our *Mission* and *Vision* directly link to the *Goals of the City of Boca Raton*:

- Financially Sound City Government*
- Top Quality Municipal Services*
- Strong Partnership with our Stakeholders*

The budget process supports the implementation of the above. The importance of this aspect of the budget process cannot be overstated. Regular and frequent reporting is necessary to provide accountability, educate and inform stakeholders, and improve their confidence in the government. Communication and involvement are essential components of every aspect of the budget process.

The budget process should accomplish the following:

- Involve stakeholders
- Identify and obtain stakeholder support for the overall budgeting process
- Achieve stakeholder acceptance of decisions related to goals, services, and resource utilization
- Implement goals and objectives supporting the mission and vision

Principles and Elements of the Budget Process

The budget process implements four broad principles. Each of the principles of the budget process incorporates components or elements that represent achievable results. These elements help translate the guiding principles into action components.

Individual budgetary practices are derived from these elements and are a way to accomplish the elements. The principles and elements provide a structure to categorize budgetary practices.

- 1) Establish Broad Goals to Guide Government Decision-Making – A government should have broad goals that provide overall direction for the government and serve as a basis for decision-making.
 - a) Assess community needs, priorities, challenges and opportunities
 - b) Identify opportunities and challenges for government services, capital assets, and management
 - c) Develop and disseminate broad goals
- 2) Develop Approaches to Achieve Goals – A government should have specific policies, plans, programs, and management strategies to define how it will achieve its long-term goals.
 - a) Adopt financial policies
 - b) Develop programmatic, operating, and capital policies and plans
 - c) Develop programs and services that are consistent with policies and plans
 - d) Develop management strategies
- 3) Develop a Budget consistent with Approaches to Achieve Goals – A financial plan and budget that moves toward achievement of goals, within the constraints of available resources, should be prepared and adopted
 - a) Develop a process for preparing and adopting a budget
 - b) Develop and evaluate financial options
 - c) Make choices necessary to adopt a budget
 - i) When funding needs exceed the City’s funding limits, remedies may be one or more of the following: reduce base budget, identify new revenues, outsource functions, employ process management tools, and/or form partnerships with other City programs or non-profit organizations.
- 4) Evaluate Performance and Make Adjustments – Program and financial performance should be continually evaluated, and adjustments made, to encourage progress toward achieving goals.
 - a) Monitor, measure, and evaluate performance
 - b) Make adjustments as needed

Budget Roles and Responsibilities

Every employee of the City of Boca Raton plays a part in the City’s budget – whether in its formulation, preparation, implementation, administration, or evaluation. Ultimately, it is the City Manager who is accountable to the City Council for the performance of personnel in meeting the City’s broad goals and policy agenda priorities (see *page 81* of the Strategic Initiatives section).

Below, we identify the specific responsibility(s) of the key personnel in the budget process:

The **Mayor and City Council** initially set the direction for the budget by establishing the City’s goals during its Goal Setting sessions. The Mayor and City Council are responsible for

reviewing the City Manager’s proposed budget and final adoption of the budget.

The **City Manager** and the **Office of Management and Budget Director** are responsible for reviewing the total financial program and submitting a balanced Citywide proposed budget, which supports the Mayor and City Council’s broad goals and priorities established at its Goal Setting Session (strategic planning).

The **Office of Management & Budget Director & Staff** is responsible for preparing the short-range revenue and expenditure forecasts, calculating user and indirect cost rates, developing the process and related forms for preparing the budget, providing budget training sessions to the department personnel, coordinating the compilation of budget data, analyzing operating and capital budget requests, evaluating the budget requests from departments and preparing budget review materials for the City Manager, Deputy City Manager, Assistant City Manager, Mayor and City Council.

Each **Department** is responsible for assembling their program data into a cohesive budget information package. The Department is also responsible for preparing an estimate of remaining cost requirements for the current fiscal year, projecting the budget requests for the next fiscal year, and developing other requests that change or revise the program so that it will be more effective, efficient, productive and economical.

The City departments have **Budget Liaisons** and **CIP Liaisons** that coordinate the budget within their respective departments. The Budget Liaison serves as the vital communication link between their department and their **OMB Department Representative** on matters related to their specific operating budget. The OMB Department Representative is responsible for coordinating information, checking to see if forms are completed properly, making sure that all internal review processes meet timelines, and serving as troubleshooters for problems throughout the budget process. The CIP Liaison essentially serves the same role as the Budget Liaison; however, their focus is on the coordination of capital projects and multi-year capital planning with the OMB staff. In many cases the same individual serves as both the departmental Budget Liaison and CIP Liaison.

CIP Committee, comprised by the City Manager, Deputy City Manager, Assistant City Manager, OMB Director & staff and Department Heads, meets the last week of April. Department Heads present their CIP requests to the Committee, who in turn ask questions of the specific projects. This process results in a comprehensive CIP Program. It provides for compressed review time, citywide involvement, and comprehensive review in one setting. The desire is to ease the budget process while enhancing the departmental involvement.

Budget Calendar

Prior to beginning the budget process, the Office of Management and Budget (OMB) updates the City's budget instruction manual for new-year changes to assist departments with their budgets. The budget process is fully computerized and accessed by each department via the City's computer network. The OMB enters all departmental fixed costs (including salaries and benefits) into the budget system to minimize the departmental time required to prepare budget requests. Departments are responsible for preparing budget requests for any new programs or new personnel. The budget instruction manual contains the procedures for calculating salaries, social security, pension, health insurance, telecommunications, workers' compensation, electricity and many other operating costs. The budget requests are submitted online in forms developed by the OMB to maintain consistency. Departments enter specific expenditure requests directly "on line" into the computer. To assist departments in budgeting and planning, the areas where departments enter budget requests contain the previous five year's actual expenditures, the present year's approved budget, revised budget, total expenditures at 6 months and year-to-date, along with the department estimate, which follows the computer breakdown of the line items. The approved budget is required by City Code to include an outlook column for the following year. Therefore, the **2008-09** approved budget contains a column for the **2009-10** outlook.

In addition to requesting dollars, the departments must list, by division, their achievements of the previous year, goals and objectives for the coming year, performance measures and service levels. The achievements are actually the responses to the previous year's objectives. The division goals and objectives are required to be directly linked to the department's mission and the City's overall strategic plan. An objective should be capable of being achieved with committed resources, be consistent with established goals, be measurable, and represent improvement. The departments must also provide organization charts, which identify changes from the previous year. The above-mentioned items are included in both the proposed and final documents.

For use only in the Operating Budget are other informative packages. Departments provide certain revenue estimates that are based on historical trend analysis, past collection experience or actual cost to provide services that are recovered through user fees. Each year the departments submit requests for necessary capital outlay and capital improvement projects. Items that qualify as capital outlay are those that cost \$1,000 and up and result in a fixed asset for the City. Each department submits requests in order of priority. These include cost and description, as well as justification for the need.

Items that qualify as capital improvement projects are those that cost at least \$35,000 and have a useful life span of ten years. Capital Improvements Program (CIP) projects are forecast in the Six-Year CIP document. This allows the need to be known in advance. In addition, the Six-Year CIP

contains a funding plan for the projects included. Each year the department must re-submit and rejustify the need for each project during the budget process. The projects are listed in order of priority and include cost and description. Approved capital outlay and capital improvements are incorporated into the budget. Another form contains any associated new personnel that the Department Head feels would be beneficial to the City. Justification and cost of salary, benefits and overhead are part of each personnel request. A summary of the City's CIP can be found on *page 256* of this document.

Capital Improvement Program Development and Prioritization and Process Phase

The Capital Improvements Program (CIP) development begins in conjunction with the City's operating budget. The CIP document is produced separate from the annual operating budget, adopted and approved by Resolution at the same public meeting for the adoption of the annual operating budget by City Ordinance. The CIP has the potential to significantly impact the annual operating budget; therefore the two must be created in unison. The CIP includes future operational and debt service impacts of the projects.

City Manager Review and Recommendation

The Departments submit their proposed Operating Budget along with their Capital Improvements Program Budget requests to OMB. The OMB staff compiles the information and provides the initial review of the material, which focuses on: ascertaining if the departments complied with the OMB's instructions, reviewing the mathematical accuracy and logic of the departmental budget and capital project requests, validation of performance measures and linkage to the City's strategic plan. The departments make changes to their budget per OMB's instructions. The City Manager, Deputy City Manager, Assistant City Manager, the OMB Director and staff, and the individual department meet to discuss proposed requests and assess whether the departmental budget proposals incorporate the City's strategic goals/initiatives.

Mayor and City Council Review and Adoption

The City Manager, Deputy City Manager, Assistant City Manager, and the OMB Director collaborate on the development of a recommended proposed Operating Budget and six-year Capital Improvements Program and submit to the City Council for review and adoption. The Mayor and City Council conduct a budget workshop to discuss the City Manager's Operating Budget and receive public input. Changes are made to the budget as per the Mayor and City Council's instructions. The proposed Operating Budget is then revised incorporating these changes. Two public hearings are held prior to September 30th. The final budget and property tax (millage) rate are adopted by ordinance at the second public hearing.

The Adopted Budget: The Process Continues

The adopted budget document contains less information than the proposed budget. The proposed version consists of more text and the different options that are available. The proposed budget receives review by City residents and organizations (our stakeholders). It is very detailed but easily understandable. In comparison, the final version is mainly a working document for the City departments. It regulates dollars to be spent on items and the source of those funds. Less information is contained therein since all decisions have been made and incorporated into the final budget.

The "Historical Summary," located on *page 69* is the summary of all funds City-wide for a four-year period beginning with **FY 2003-04**. This chart includes expenditures and transfers related to departmental operating costs; it excludes reserves, depreciation and other interfund transfers.

A summary of the total "General Fund Operating" budget over a three-year period is found later in the budget summary section on *page 67*. Included in this table is the Actual Budget for 2006-07, the Approved and Revised budget for 2007-08, along with the Approved Budget for FY 2008-09.

The "Uses of Funds" chart includes all funds City-wide for the new fiscal year. It shows all transfers; therefore some double counting does occur. Depreciation is not included in this chart.

A complete discussion of the City's Debt Administration is contained on *page 247* of this document.

Financial Structure - Fund Accounting

The accounts of the City are organized on the basis of funds or account groups, each of which is 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, revenue and expenditures or expenses. The various funds are grouped by type in the financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The City uses the following fund types and account groups:

Governmental Fund Types -- Governmental fund types are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

- **General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that require accounting for in another fund.

- **Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs other than bonds payable from the operations of the enterprise funds and non-expendable trust fund.
- **Capital Projects Funds** - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Proprietary Fund Types -- Proprietary fund types are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

- **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.
- **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 City on a cost reimbursement basis.
- **Fiduciary Fund Types** - Fiduciary fund types are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a non-expendable trust fund or an expendable trust fund is used. The terms "non-expendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.
- **Trust and Agency Funds** - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and funds.

Major Funds

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those that require accounting for in another fund.

The **Capital Improvements Program Fund** is used to account for infrastructure and major equipment acquisitions of the City.

The **Greater Boca Raton Beach & Park District Fund** (BPD) is used to account for the BPD reimbursement expenses of Red Reef Park, Patch Reef Park, Sugar Sand Park, Verde, FAU facilities, Ocean Strand, Swim and Racquet Center, Special Interest, BPD CIP.

The **Water and Sewer Enterprise Funds** are used to account for the provision of services to the residents of the City and some residents of the County.

The **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.

Account Groups

General Long-Term Debt Account Group - This account group is used to account for the outstanding principal balances of long-term debt and other long-term liabilities other than debt payable from the operations of the proprietary funds and non-expendable trust funds.

General Fixed Assets Account Group - This account group is used to account for all fixed assets of the City other than those accounted for in the proprietary funds and non-expendable trust funds.

Financial Reporting Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are reported for 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Revenue and other governmental fund financial resource increments are recognized in the accounting period when they become susceptible to accrual - that when they become both "measurable" and "available" to finance expenditures of the fiscal period.

Those revenues susceptible to accrual are property taxes, special assessments, interest revenue, public service taxes and franchise taxes. Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenue are recorded as revenue when cash is received because they generally are not measurable until actually received. Where grant revenue is

dependent upon expenditures by the City, revenue is recognized when the related expenditures are incurred.

All proprietary funds, non-expendable trust funds and pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund types, pension trust funds and non-expendable trust funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The revenue of the Water and Sewer Enterprise Funds, which is based upon rates authorized by City Council, is determined by bimonthly cyclical billings to customers. Earned but unbilled revenue is accrued and reported in the financial statements. System Development Charges are considered non-operating revenue of the Water and Sewer Enterprise Funds.

The City's budgetary basis of accounting is the same basis of accounting used for financial reporting purposes.

The City has elected to not apply Financial Accounting Standards Board Statements and Interpretations issued after November 20, 1989, as permitted by GASB 34 Statement No. 20, Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting.

Budgetary 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 generally accepted accounting principles. 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.

As a recipient of federal, state and county financial assistance, the City also is 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 and the City's internal and external auditors.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments. As a part of the City's Single Audit, tests are made to determine the adequacy of the internal control structure, including that portion specifically

related to federal financial assistance programs. This report disclosed no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The information related to the Single Audit, including the schedule of federal and state financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

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 fund and capital projects 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 also 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.

Budgetary Basis of Accounting

The system used by governments to determine when budget revenues have been realized and when budget expenditures have been incurred is known as the "***Budgetary Basis of Accounting***".

General governmental revenues 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. The Governmental Fund Type Budgets for the City of Boca Raton are prepared on the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary Fund Type Budgets are prepared using the economic resource

measurement focus and the accrual basis of accounting. This process varies from generally accepted accounting principles as a result of provisions made to treat encumbrances as budgeted expenditures in the year of the commitment to purchase. Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the reappropriation of year-end encumbrances which have become part of the City's approved budget for the subsequent year.

Budgets have been legally adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, Special Revenue Funds and Capital Projects Funds. The City has chosen not to integrate the appropriated budget for the Debt Service Fund into the accounting system as the funds for the repayment of debt are derived primarily from interfund operating transfers. 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 as part of a quarterly budget review process and are included in the reported budgetary data. The level of control for appropriations is exercised at the department (by fund) level.

Budget Amendment Process

The budget may be amended in three ways. One-way transfers dollars between line items within a department. This is requested by the Department Head and approved by the City Manager on a budget transfer form. Secondly, budget amendments, which increase expenditures or the spending level of individual departments, are requested by the City Manager and approved by Council through quarterly budget ordinances after public hearings. The budget may also be amended by Automatic or Council reappropriations. Automatic reappropriations are made for encumbrances related to goods or services for which a contract or purchase order was issued but had not been paid prior to the end of the fiscal year. Council reappropriations amends the budget for funds which were budgeted and approved primarily for capital expenditures in the old year, but were not as yet encumbered at the end of the fiscal year. Both Automatic and Council reappropriations are approved by Council through budget ordinances after public hearings. All budget amendments are input and updated by the Office of Management & Budget personnel only.

