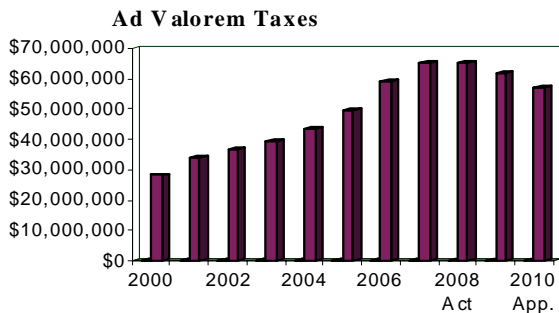


# Methodology of Revenue Forecasting

## AD VALOREM TAXES

The City of Boca Raton taxes property owners based upon the assessed value of their property. The Palm Beach County Property Appraiser sets the assessed value of the property and certifies the tax roll to the City. The City then sets the millage rate at which the property owners are taxed. Each mill generates \$1 of tax revenue for every \$1,000 of assessed property value. For 2009-2010, the County Property Appraiser certified the City's taxable value at the amount of \$17,992,029,248. This is a decrease of \$1,511,247,002 in the City's tax base over last year. The debt service portion of the millage is directly related to the cost to repay the City's voter-approved bonds. The City

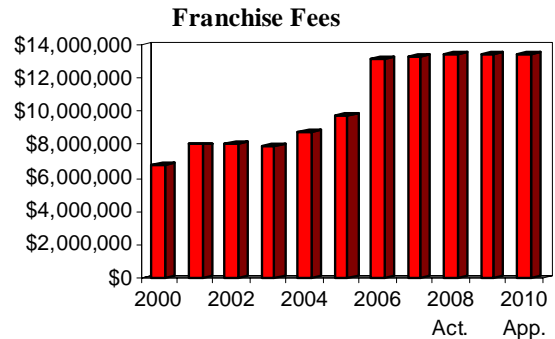


anticipates collecting \$56,925,100 in 2009-2010. The Ad Valorem taxes for 2009-2010 are decreasing due to a reduction in the Property Appraiser's valuation of City property. Amendment 1 was adopted by the voters of Florida in January of 2008. This amendment provided an additional \$25,000 homestead exemption to permanent residents, provided portability of accumulated Save Our Homes exemptions and established a \$25,000 exemption on tangible personal property tax. In addition to Amendment 1, due to declining property values the City will collect \$2,473,400 or 5.46% less in property tax collections compared to last year.

## FRANCHISE FEES

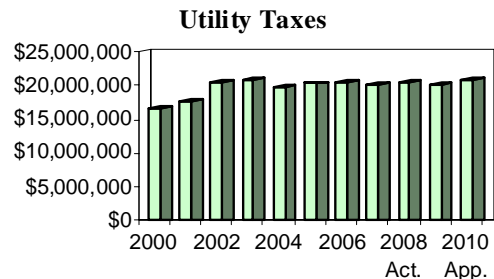
The City collects two types of franchise fees; electric and natural gas. Effective October 1, 2001 the State of Florida enacted a simplified tax structure for telecommunications, which repealed franchise fees for telephone and cable television. The revenue estimates are based on rate increase information received from the respective companies, expected growth and historical trends. Electric franchise fees generate the majority of franchise fee revenue. Oil and gas prices are very difficult to predict in the current economy. Oil prices, as well as supply and demand, will dictate revenue collections.

The City anticipates collecting \$13,500,000 in total franchise fees for 2009-2010.



## UTILITY SERVICE TAX

The City has the right, by Florida State Law, to tax utility services provided to the residents and businesses within its corporate limits. The City is currently levying 10%, which is the maximum tax allowed, on electricity, water, natural gas, and liquid petroleum. Of this amount, 1% is dedicated to the Right-of-Way Beautification Program, 1% is for the Six-Year Capital Improvements Program, and the balance, 8%, is used for general City operations.



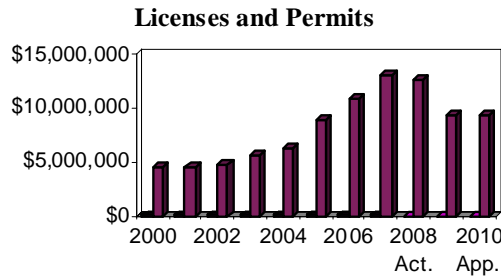
Effective October 1, 2001 the State of Florida has implemented a simplified tax structure for telecommunications, cable, direct-to-home satellite and related services. The State provided for a maximum rate to generate the same amount of revenue that the City previously received from telecommunication taxes. The City experienced a flattening in this revenue due to bundling of telephone services and Voice over Internet Protocol.

The revenue received from this tax is estimated based on rate increase information provided by the various companies, expected growth and historical trends. Utility taxes have been one of the City's strongest growth revenues since 1994. The City anticipates total utility taxes of \$20,740,000 for fiscal year 2009-2010, which is an increase of \$610,000 over 2008-2009.

**LICENSES & PERMITS**

**Professional and Occupational Licenses**

The revenue received from issuing licenses to City businesses is estimated in 2009-2010 based on license costs, historical and recent collection trends. The City anticipates collecting \$1,330,000 in 2009-2010, which is a decrease of \$15,000 from the prior year.



**Building Permits and Other Licenses**

The revenue generated by the various types of building permits is calculated by determining the amount of undeveloped land, anticipating new development and redevelopment, as well as the historical trend for improving existing buildings.

Historically, the City of Boca Raton has experienced an intense amount of building activity. Since 1995, the City has experienced a significant amount of commercial property redevelopment and new residential construction. But, as the availability of undeveloped land becomes scarcer, new commercial building activity has started to level off and has started to decline. After the hurricanes in 2004 & 2005 the City experienced significant increases in building permit activity. The City anticipates a slight increase in 2009-2010 due to an increase in permit fees.

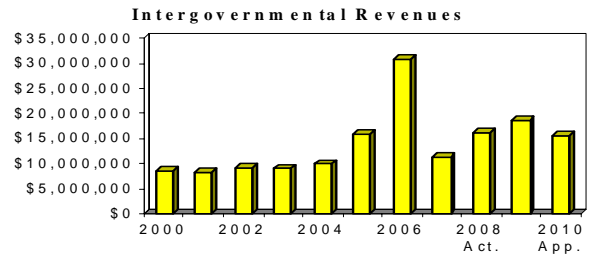
**INTERGOVERNMENTAL REVENUES**

**State Shared Revenue**

The City receives revenue from the State of Florida. The State provides the City with an estimate for the upcoming year. The State determines the distribution to the local governments based upon receipts, population and municipal assessed value per capita.

The City then budgets no more than 95% of the State estimate to allow for the possibility of actually receiving less. The City receives revenue from the State from the following sources: sales tax, cigarette tax, gas tax, mobile home licenses and State revenue sharing. In addition, the

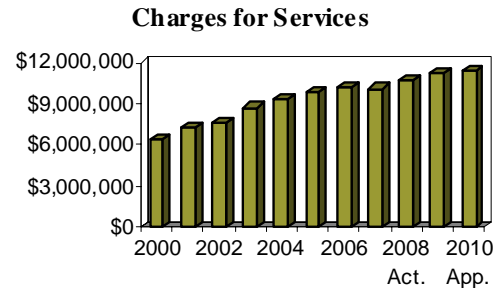
City receives funds from various State grants. In 2009-2010 the City expects to collect less than the previous year in federal and state grants.



**CHARGES FOR SERVICE**

**Miscellaneous User Fees**

The City of Boca Raton charges fees to the users of various services. The charging of these fees ensures that the user of the service pays for the service and not the broad base taxpayer. The City expects to collect \$129,900 more in fiscal year 2009-2010 due to an adopted increase in user fees.



**Culture-Recreation Fees**

These user fees offset a portion of the costs associated with Parks and Recreation Department programs including tennis, libraries, beach stickers, athletics and various other programs.

**Contributions from Enterprise Funds**

The General Fund provides numerous administrative type services to the Enterprise Funds. The cost for these services is charged to each Enterprise Fund in the form of an "Administrative Services" fee. The actual fee charged is based upon the City's annual Cost Allocation Study.

**Municipal Services Charge**

The Water and Sewer Enterprise Fund is charged annually for the municipal services (police, fire and sanitation) that it receives while being tax exempt. The Water and Sewer Plant facilities are located within City limits. The fee is calculated by applying the assessed value of the facility to the City's millage rate. (The Golf Course Enterprise Fund is not charged because the facility is outside the City limits and, therefore, does not receive municipal services.)

**False Alarms**

These are charges to property owners to cover City costs for responding to excessive numbers of false police and fire alarms. Estimates for 2009-2010 false alarms are based upon recent collection trends and include a graduated scale for the amount of charges based on actual false alarms.

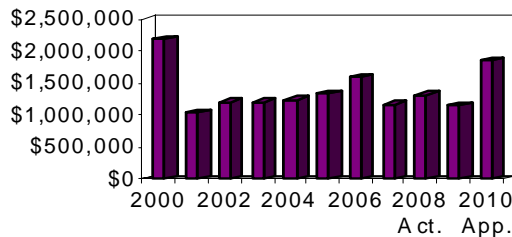
**EMS Transport**

In 1995, the City's Fire/Rescue Services Department took over emergency medical services transport within the City's corporate limits. The City expects to collect \$2,300,000 for EMS transports in 2009-2010. Collection rates remain stable as compared to prior year.

**County Fines and Forfeitures**

This revenue is the City's share of fines collected by the County for traffic offenses and misdemeanors. In 1996, the County implemented a strict enforcement and collection policy. This fiscal year more fines are anticipated due to the adoption of new local ordinances.

**Fines and Forfeitures**

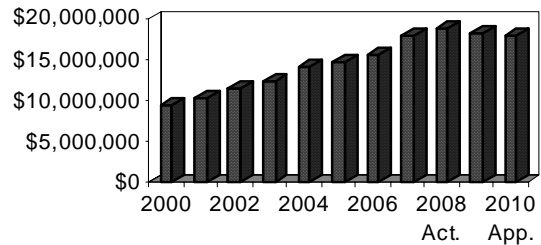


**INTERNAL SERVICE FUNDS**

The Internal Service Funds generate revenue by charging the City departments for services provided. The revenue generated is intended to cover all costs to operate the division.

The Internal Service Funds are the Information Technology Fund and the Motor Pool Fund.

**Internal Service**

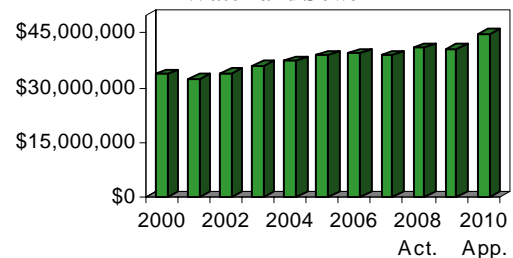


**WATER AND SEWER FUNDS**

Water and sewer rates are being increased 5.8%. (Consumer Price Index) in 2009-2010. The increase is to provide for maintaining existing service levels, continued operations, and increased costs of electricity and chemicals.

Total Water and Sewer Operating Fund revenues are anticipated to be \$44,802,000 for 2009-2010. On November 27, 2007 the City passed and adopted an Ordinance, effective each October 1, which states Water & Sewer rates will increase by the amount equal to the Dept. of Labor CPI.

**Water and Sewer**



**Water Sales**

Revenues are estimated based upon three variables: (1) customer charge; (2) capacity charge; and (3) commodity charge -- estimated amount of water to be used based upon historical data and growth estimates. An increase for 2009-2010 is anticipated due to increased rates.

**Sewer Service**

Revenues are estimated for residential property based upon the number of bathrooms and commercial is based upon 100% of water use. An increase in 2009-2010 is anticipated due to rate increase.

**Hydrant Rental**

Revenue projections are based upon the annual “count” of hydrants served, which occurs each January. The City and the County are billed accordingly. The City expects to receive \$1,476,600 for Hydrant Rental in 2009-2010.

**Reclaimed Water Sales**

These revenues are based upon estimates of the amount of reusable water to be sold. This is a relatively new revenue. New customers are brought on-line as the infrastructure is put in place. Revenue estimates are based upon expected usage by these customers. The City anticipates collecting \$1,100,000 for installation and usage in 2009-2010.

**Water and Sewer Impact Fees**

The “In City” and “Out of City” Impact Fees are charges to new customers for the additional burden they place upon the infrastructure. Conservative growth is anticipated in 2009-2010.

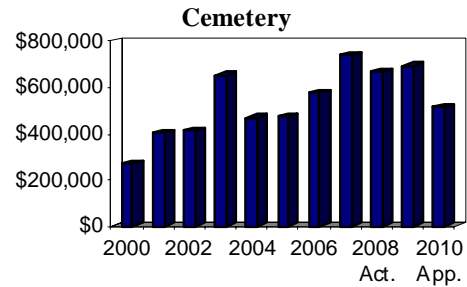
**GOLF COURSE**

The City of Boca Raton owns and operates one municipal and two executive golf courses. The courses generate revenue from users for annual permits, green fees, cart fees, driving range fees, and miscellaneous charges. The revenues at the City’s golf courses have steadily increased since 1994. For 2009-2010, the City’s golf courses are expected to generate revenues of \$2,713,000.



**CEMETERY**

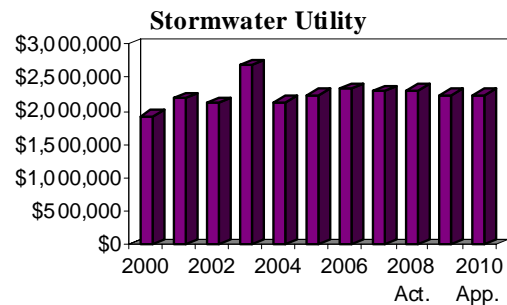
The City of Boca Raton operates a municipal cemetery and maintains a mausoleum facility. The Cemetery increased



fees in 1995-96 as part of a long-range plan to provide for the perpetual maintenance of the cemetery/mausoleum. The fees are adjusted annually to reflect CPI (Consumer Price Index) changes. In 2007 the City approved an operating transfer from the Perpetual Care Fund for \$545,000 in mausoleum repairs.

**STORMWATER UTILITY**

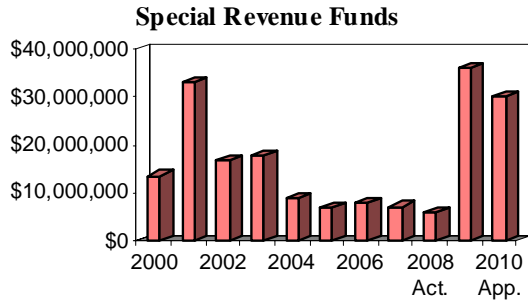
Stormwater Utility fees were established in 1994 to meet the Federal EPA requirements for NPDES (National Pollutant Discharges Elimination System) permit guidelines for water quality and for State mandates for drainage and flood control. Revenues are derived from a \$2.90 monthly charge to all residential users and a calculated ERU (Equivalent Residential Unit) rate based on square feet to all nonresidential users. The stormwater fees are anticipated to generate approximately \$2,247,700 in 2009–2010.



**SPECIAL REVENUE FUNDS**

The City generates special revenue funds from the Community Development Block Grant (CDBG), State Housing Initiative Partnership Program (SHIP), Beautification Fund, Law Enforcement Trust Fund and the Greater Boca Raton Beach and Park District.

The CDBG and SHIP revenues are received from federal and state programs to provide housing opportunities for all Boca Raton citizens.



The Beautification Funds are derived from a 1% dedication of the Utility Service Tax.

The Greater Boca Raton Beach and Park District and the City of Boca Raton have a maintenance agreement for Red Reef Park, Patch Reef Park, Sugar Sand Park and the Racquet Club Tennis Facility. The first three parks were purchased and developed with revenue generated by the Greater Beach and Park District. The Racquet Club Tennis facility was acquired during 2000. The maintenance of these parks, as well as FAU, Verde, and Del Prado, is taken care of by the City and reimbursed by the Beach and Park District. The decreased revenue in 2005 is attributable to the completion of capital improvements. The 2009 increase is due to the Countess deHoernle Park development of \$20,000,000.

**INTEREST ON INVESTMENTS**

The revenue generated from interest on investments is estimated based on the investment market and cash-flow forecasts. Interest income has fluctuated over the past years due mainly to variances in interest rates. The 2009-2010 interest income was projected using an interest rate of approximately 4.5% to reflect the current economic trend and projected fund balances/reserves. The City anticipates collecting \$5,316,500 in 2009-2010.

