

PALM BEACH COUNTY, FLORIDA
ANNUAL FINANCIAL AUDIT REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared By
SHARON R. BOCK
Clerk & Comptroller
Palm Beach County
Finance Department

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September 30, 2010
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Section I

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION



Independent Auditor's Report

Honorable Chair and Members of
the Board of County Commissioners
Palm Beach County, Florida

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida (the "County"), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Solid Waste Authority, a major enterprise fund, which represents 41% of the total assets and 49% of total revenues of the business-type activities. We did not audit the financial statements of the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, which represents 44% of the total assets and 43% of total revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Housing Finance Authority, a discretely presented component unit, which represents 53% of the total assets and 21% of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Solid Waste Authority, Westgate Belvedere Homes Community Redevelopment Agency, and Housing Finance Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida, as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows 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, under separate cover, our report dated March 28, 2011 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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, the Budgetary Comparison Schedules – General Fund, Fire Rescue Special Revenue Fund and Sheriff Special Revenue Fund, and the schedules of funding progress as listed in the table of contents 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.

McGladrey & Pullen, LLP

West Palm Beach, Florida
March 28, 2011

Management's Discussion and Analysis

Our discussion and analysis provides an overview of the financial activities of Palm Beach County, Florida (the "County") for the fiscal year ended September 30, 2010. We encourage reading this narrative in conjunction with the additional information provided in the transmittal letter (beginning on page i) and the accompanying financial statements (beginning on page 2).

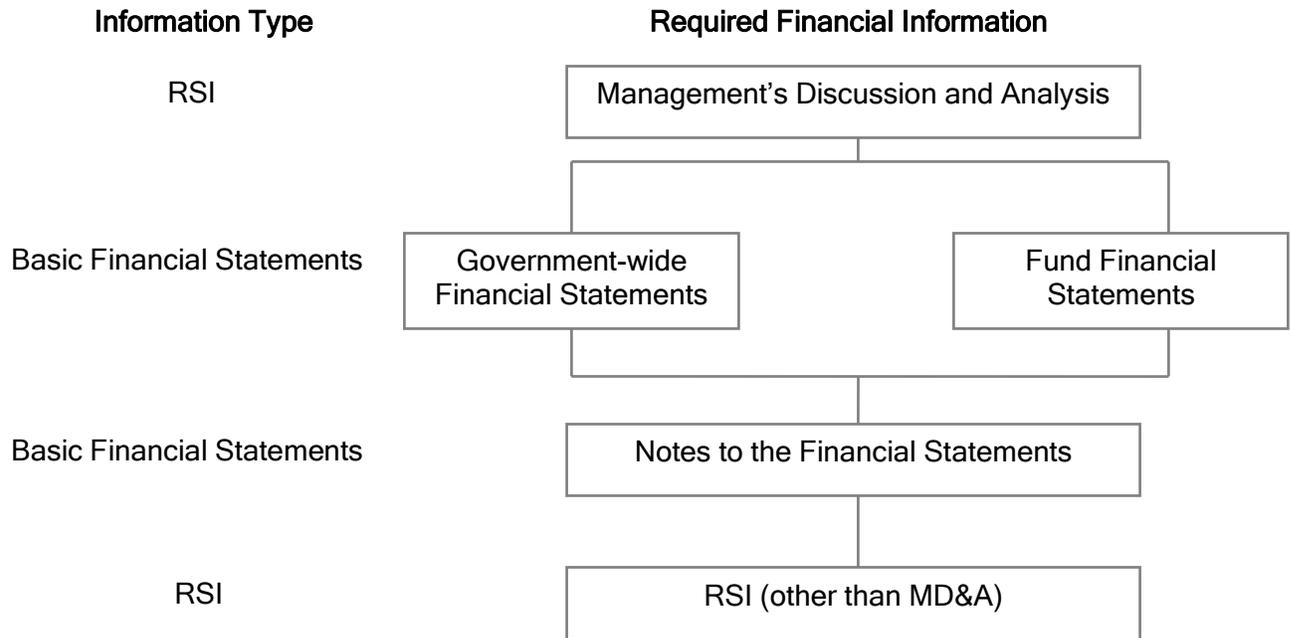
Financial Highlights

- The County's assets exceeded its liabilities (net assets) by approximately \$4.021 billion and \$4.032 billion at the close of fiscal years 2010 and 2009, respectively. Of these amounts, \$2.730 billion and \$2.676 billion were invested in capital assets, net of related debt. In addition, \$876 million and \$893 million were restricted by law, grant agreements, debt covenants, or for capital projects. As a result, \$415 million and \$463 million were available at year-end to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers.
- During the year, the County's net assets decreased \$11 million, compared to an increase of \$86 million during the previous fiscal year. Business-type activities increased \$24 million, offset by a decrease in governmental activities of \$35 million. An important factor in the overall decrease of the County's net assets was the Water Utility Department's Contribution to the Glades Utility Authority of \$56 million.
- At September 30, 2010, the County's governmental funds reported a combined ending fund balance of \$1.257 billion, a decrease of \$167.3 million or 11.7% from the previous year.
- At September 30, 2010, the unreserved fund balance for the General Fund was \$167.0 million and the total fund balance was \$169.1 million which is a decrease of \$11.7 million or 6.5% from the previous year.
- The County's three enterprise funds had a combined increase in net assets of \$24.1 million. The Department of Airports increase was \$16.2 million, the Water Utilities Department had a decrease of \$32.5 million, and the Solid Waste Authority had an increase of \$40.4 million over the previous year.
- The County's total liabilities at September 30, 2010 and 2009 were \$2.769 billion and \$2.881 billion, respectively.

Overview of the Financial Statements

This CAFR consists of the Basic Financial Statements and other statements. The County’s basic financial statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Minimum Financial Reporting Requirements



Government-wide Financial Statements

The government-wide financial statements provide an overview of the County’s financial position using the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. The statement of net assets presents information on the assets and liabilities of the County as a whole. The difference between assets and liabilities is reported as net assets. Changes in net assets may serve as an indicator of whether the financial position of the County is improving or deteriorating. The statement of activities presents information showing how the County’s net assets changed during the fiscal year. Changes in net assets are reported as soon as the underlying economic transactions occur, regardless of when cash is received or paid. Therefore, some of the revenues or expenses reported in the statement of activities will have cash flows in future fiscal periods. For example, certain sales taxes are shown as revenues although cash receipts will occur early in the following fiscal year. An increase in unused vacation leave is recorded as an expense although related cash outflows will occur in the future.

The government-wide financial statements show a distinction between activities that are supported primarily by taxes and intergovernmental revenues (governmental activities) and activities that are supported by the recovery of all or most of their costs through user fees and charges (business-type activities). The governmental activities of the County include general

government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation functions. The business-type activities of the County are the Department of Airports, the Water Utilities Department, and the Solid Waste Authority.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate entities for which the County is financially accountable (known as *component units*). The discretely presented component units of the County are the Metropolitan Planning Organization, the Housing Finance Authority of Palm Beach County, and the Westgate/Belvedere Homes Community Redevelopment Agency. The financial activity of these component units is reported separately from the financial information of the primary government.

To obtain the separately issued financial statements of the discretely presented component units, see *Note 1 – Summary of Significant Accounting Policies*, in the Notes to the Financial Statements for contact information.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provisions. All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Most of the County's basic services are reported in governmental funds, which focus on how money or other spendable resources flow into and out of those funds and on the level of balances remaining at year-end that are available for expenditure. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations to help control current financial resources and demonstrate fiscal accountability. Governmental fund information helps determine the extent of financial resources that are available for expenditure on County programs. Reconciliations of the differences between the government-wide and fund financial statements are provided immediately after the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds*, respectively, in the *Basic Financial Statements*.

Funds that are significant in terms of revenues, expenditures, assets or liabilities are identified as *major* funds in the *Basic Financial Statements* and reported separately. Budget and actual comparison schedules are also presented as Required Supplementary Information for the General Fund and each major special revenue fund with an annually adopted budget. The County's nonmajor funds, and budget and actual comparisons schedules for any nonmajor funds with annually appropriated budgets, are presented in the *Combining and Individual Fund Statements and Schedules* section of this report.

Proprietary funds

The County uses both types of proprietary funds, Enterprise and Internal Service Funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Airports, Water Utilities, and Solid Waste operations. All three of these operations are considered to be major proprietary funds of the County. *Internal Service funds* are used to accumulate and allocate costs internally among the County's other functions. The County uses internal service funds to account for its Fleet Management and Risk Management programs. These programs are included within governmental activities in the government-wide financial statements because they predominantly benefit governmental rather than business-type functions. The three internal service funds are combined into a single presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the *Combining and Individual Fund Statements and Schedules* section of this report. The proprietary fund financial statements can be found in the *Basic Financial Statements*.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Agency funds are the only type of fiduciary fund used by the County. The amounts in these agency funds are not included in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. However, the *Statement of Fiduciary Net Assets – Agency Funds* in the *Basic Financial Statements* is provided for information on the agency funds. In addition, the individual agency funds are presented in the *Combining and Individual Fund Statements and Schedules* section of this report.

Notes to the financial statements

The notes provide additional information that is essential for a more complete understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the General Fund and major special revenue funds. The combining statements for the nonmajor funds, internal service funds, agency funds, as well as individual fund budget and actual comparison schedules are found in the *Combining and Individual Fund Statements and Schedules* section of this report.

Government-wide Financial Analysis

Over time, net assets may serve as the most useful indicator of a government's financial position. At September 30, 2010 and 2009, the County's total net assets, or total assets less liabilities, were \$4.021 billion and \$4.032 billion, respectively. A significant portion of the County's net assets, \$2.730 billion or 67.9%, is identified as an investment in capital assets (such as land, buildings, equipment, infrastructure), less related debt outstanding that was used to acquire those assets. Since the County uses capital assets to provide services to its residents, the net assets represented by "invested in capital assets, net of related debt" are not available for future spending. In fact, the payment of maintenance and debt service costs on those capital assets will themselves require governmental resources.

Another portion of the County's net assets is restricted net assets which represent assets that are subject to constraints such as by debt covenants, grantors, laws or regulations. Unrestricted net assets are net assets that are available to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers.

As shown on the following chart, the County reported positive balances at September 30, 2010 and 2009, in all three categories of net assets, for governmental activities, business-type activities, as well as the County as a whole.

Palm Beach County, Florida						
Net Assets at Year-End (in millions)						
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 1,568	\$ 1,735	\$ 905	\$ 1,017	\$ 2,473	\$ 2,752
Capital assets	2,442	2,342	1,875	1,819	4,317	4,161
Total assets	4,010	4,077	2,780	2,836	6,790	6,913
Liabilities						
Current	304	303	102	179	406	482
Long-term debt due in more than one year	1,355	1,388	1,008	1,011	2,363	2,399
Total liabilities	1,659	1,691	1,110	1,190	2,769	2,881
Net Assets						
Invested in capital assets, net of related debt	1,450	1,380	1,280	1,296	2,730	2,676
Restricted	775	791	101	102	876	893
Unrestricted	126	215	289	248	415	463
Total net assets	\$ 2,351	\$ 2,386	\$ 1,670	\$ 1,646	\$ 4,021	\$ 4,032

Governmental activities

Significant changes in the Statement of Net Assets are as follows:

- Current and other assets for Governmental activities decreased by \$167 million. Much of the change can be attributed to acquisitions of Capital Assets and payments on long-term debt.
- Capital assets for Governmental activities increased by \$100 million. Refer to the subsequent section on Capital assets for additional detail.
- The overall decrease in long-term debt for Governmental activities of \$33 million consists primarily of principal payments made on bonds, notes and loans, primarily offset by increases in claims, judgments and Other Post Employment Benefits.

Governmental activities were responsible for a \$35 million decrease in the County's net assets during fiscal year 2010, as compared with zero net change during the previous fiscal year. This year's \$35 million decrease in net assets from governmental activities is primarily attributed to two factors:

Investment income decreased \$63 million or 46.7% from the previous fiscal year. The decrease was primarily the result of large changes in the fair market value of investments in fiscal year 2009 that were not realized in fiscal year 2010 due to the leveling off of interest rates.

Public Safety expenses increased \$40 million or 5.4% from the previous fiscal year. The increase was primarily due to increased operating costs of the Sheriff's Office.

Additional factors impacting governmental activities during fiscal year 2010 are described below.

Operating grants and contributions increased \$43 million or 34.7% from the previous fiscal year. Reasons for the increase include several large Community Development Block Grants that were received for neighborhood stabilization programs and additional monies received as part of the American Recovery and Reinvestment Act (ARRA).

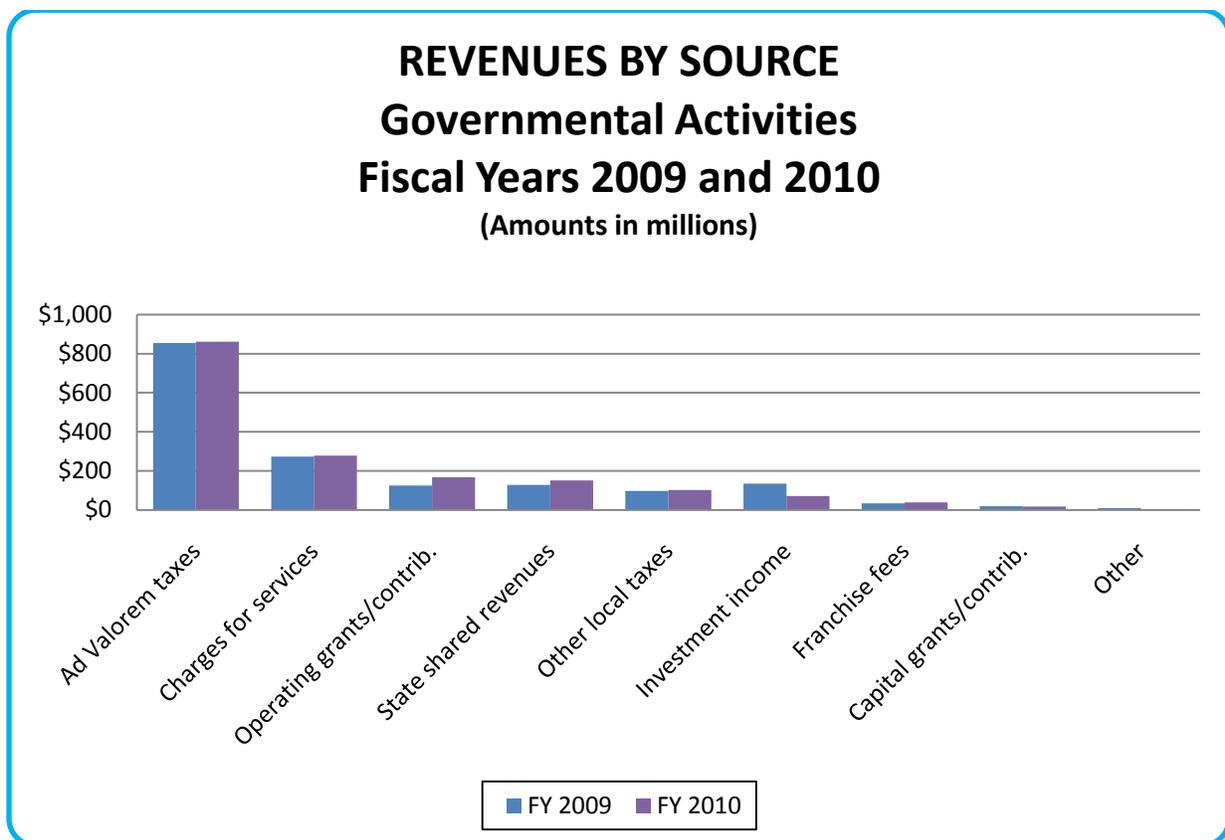
Franchise fees increased \$4 million or 11.8% from the previous fiscal year. Part of the increase is attributable to a new franchise fee agreement with Florida Power & Light which changed the method of calculating the Franchise Fee by eliminating the consideration given for taxes FPL pays to the County.

Physical environment expenses increased \$12 million or 38.7% from the previous fiscal year due in part to increased fiscal activity related to acquisition of environmentally sensitive ecological sites, as well as sand/beach renourishment.

Transportation expenses decreased \$3 million or 1.9% from the previous fiscal year. The decrease was primarily due to more stable fuel prices and lower operating costs during the year.

Economic environment expenses decreased \$17 million or 17.3% from the previous fiscal year due in part to decreasing fiscal activity related to the Scripps/FAU agreement.

The County’s governmental activities had net expenses of \$1.262 billion. These services are intended to be primarily funded by taxes and other general revenues as opposed to charges for service and grants. Total revenues (both program and general revenues) were less than total expenses by \$34 million.



Business-type activities

The County’s business-type activities had total revenues of \$495 million and had total revenues in excess of total expenses of \$79 million. Refer to the **Proprietary funds** section of **Financial Analysis of the Government’s Funds** which follows for more information on the County’s business-type activities. The significant change in the business-type activities Statement of Net Assets was due to substantial investment in Capital assets, which increased \$56 million during

fiscal year 2010. The Solid Waste Authority was responsible for most of the increase which was related to construction costs for the waste-to-energy facility.

Palm Beach County, Florida						
Changes in Net Assets (in millions)						
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for services	\$ 277	\$ 273	\$ 456	\$ 433	\$ 733	\$ 706
Operating grants and contributions	167	124	2	2	169	126
Capital grants and contributions	17	19	30	40	47	59
	<u>461</u>	<u>416</u>	<u>488</u>	<u>475</u>	<u>949</u>	<u>891</u>
General Revenues:						
Ad valorem taxes	861	856			861	856
Other local taxes	102	97			102	97
State shared revenues	151	127			151	127
Franchise fees	38	34			38	34
Investment income	72	135	7	12	79	147
Other	4	9	-	-	4	9
Total revenues	<u>1,689</u>	<u>1,674</u>	<u>495</u>	<u>487</u>	<u>2,184</u>	<u>2,161</u>
Expenses						
General government	371	361			371	361
Public safety	786	746			786	746
Physical environment	43	31			43	31
Transportation	156	159			156	159
Economic environment	81	98			81	98
Human services	106	103			106	103
Culture and recreation	125	120			125	120
Interest expense	55	57			55	57
Department of Airports			77	78	77	78
Water Utilities Department			138	139	138	139
Solid Waste Authority			201	183	201	183
Total expenses	<u>1,723</u>	<u>1,675</u>	<u>416</u>	<u>400</u>	<u>2,139</u>	<u>2,075</u>
Excess	(34)	(1)	79	87	45	86
Transfers In (Out)	(1)	1	1	(1)	-	-
Special Items	-	-	(56)	-	(56)	-
Change in net assets	<u>(35)</u>	<u>-</u>	<u>24</u>	<u>86</u>	<u>(11)</u>	<u>86</u>
Beginning net assets	2,386	2,386	1,646	1,560	4,032	3,946
Ending net assets	<u>\$ 2,351</u>	<u>\$ 2,386</u>	<u>\$ 1,670</u>	<u>\$ 1,646</u>	<u>\$ 4,021</u>	<u>\$ 4,032</u>

Financial Analysis of the Government's Funds

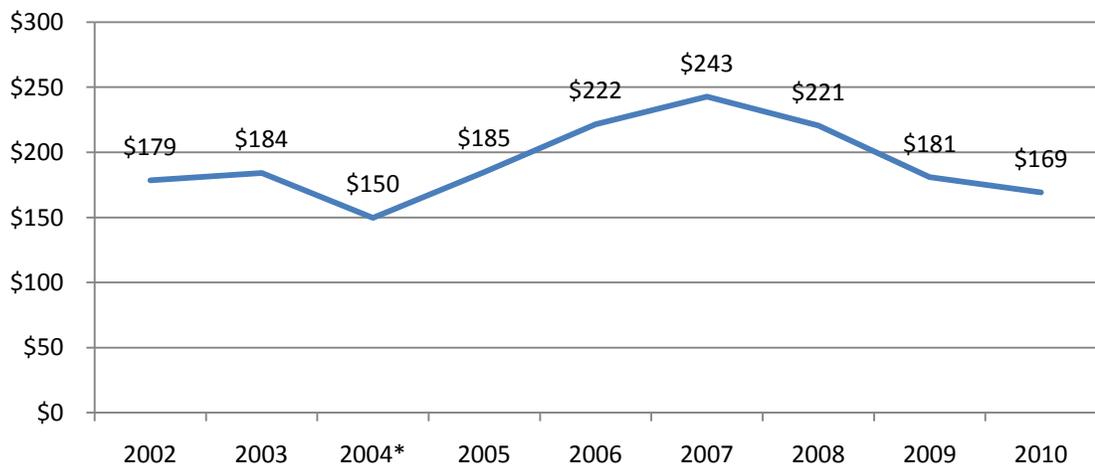
As mentioned earlier, the County uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provisions.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in determining the County's financing resources. Unreserved fund balance, in particular, is a useful measure of a government's net resources available for spending at the end of a fiscal year.

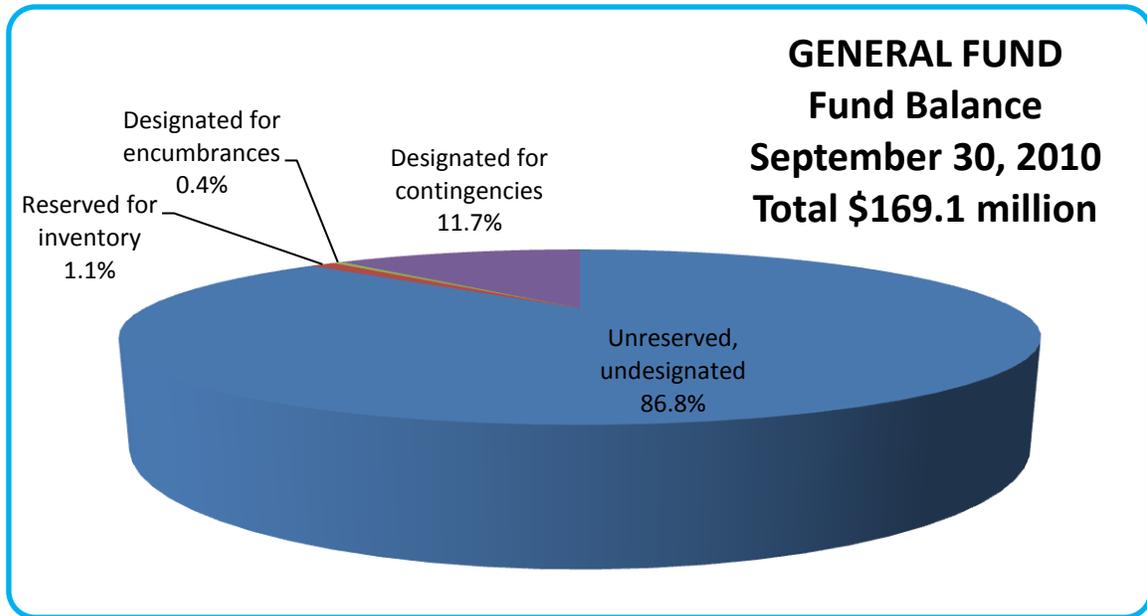
Changes in Fund Balance – Governmental Funds

- The decrease in the General Fund's fund balance of \$11.7 million is attributable to the use of reserves to fund FY 2010 operations.
- The increase in the Fire Rescue Special Revenue Fund of \$11.7 million is attributable to building up reserves to offset future operating needs.
- The decrease of \$5.8 million in the Road Program Capital Projects Fund is due to the spending of County capital projects funds.

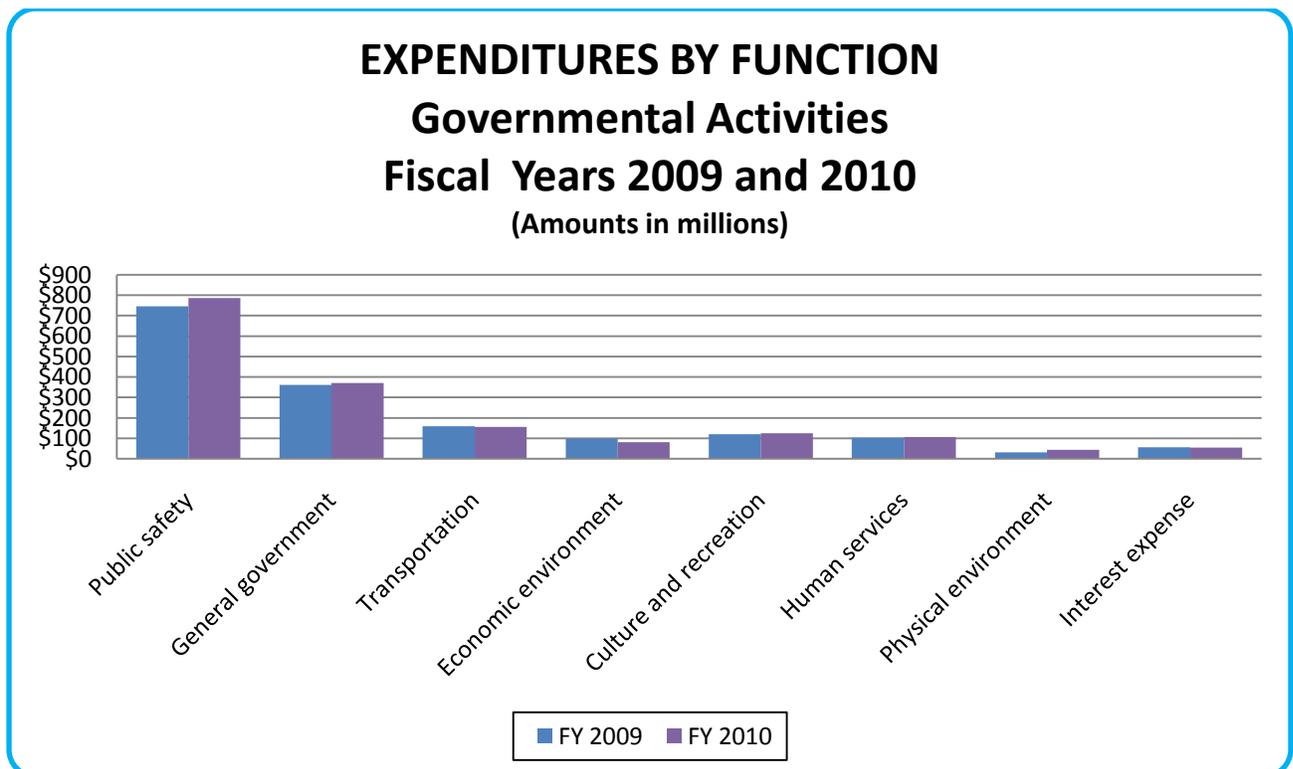
GENERAL FUND BALANCE HISTORY **Fiscal Years 2002 - 2010** (Amounts in millions)



* Decrease due to reclassification of certain funds from the General Fund.



At September 30, 2010, the County's governmental funds reported combined ending fund balances of \$1.257 billion, a decrease of \$167.3 million from the previous year. This decrease was the result of a combination of the \$5.8 million decrease in the ending fund balance of the Road Program Capital Projects Fund; a decrease in the General Fund of \$11.7 million; an increase in the Fire Rescue Special Revenue Fund of \$11.7 million; a decrease in the Sheriff Special Revenue Fund of \$.3 million; and a decrease in Other Governmental Funds of \$161.2 million.



Proprietary funds. The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Financial highlights of each of the County's enterprise funds are as follows:

Department of Airports:

- ➔ Operating revenues increased by less than 1% from \$63.3 million to \$63.5 million. Airline rents increased by \$1.5 million, or 11%, over the prior year, mostly due to increased lease rates charged to airlines. Offsetting this increase was a decrease in car rental revenues of \$774,000 due to decreased sales caused by declining passenger traffic and decreased contract guarantees. Other building and ground rents were less than the prior year; however, the prior year results included a one-time payment, which if excluded, would have resulted in a current year increase of 2.2%.
- ➔ Operating expenses (excluding depreciation and amortization) decreased by 3.4%, decreasing \$1.5 million to \$44.1 million in fiscal year 2010. Fire Rescue costs dropped \$805,000 due to a decrease in staffing. Other cost savings were achieved in Department staffing costs, maintenance and utilities. During fiscal year 2010, management chose not to fill several vacancies that occurred by attrition, some of which occurred due to the County's early retirement offers. The Department as of September 30, 2010 had a staff total of 146 employees compared to 155 on September 30, 2009. No employee raises or cost of living increases were approved in 2010 or in 2009.
- ➔ 2010 Operating income after depreciation was a loss of \$5.7 million compared to a loss of \$6.5 million in 2009. Operating income before depreciation increased \$1.7 million, depreciation and amortization increased \$1 million. Investment income decreased significantly due to lesser rates of return on investment and a more conservative investment policy.

Water Utilities Department:

- ◆ The Department's net assets decreased by \$32.5 million, or 3.5%, during the year.
- ◆ Long-term debt (net of the current portion) decreased by \$9.9 million, or 4.4%, during the year.
- ◆ Operating revenues in fiscal year 2010 totaled \$141.6 million, an 8.8% increase. Fiscal year 2010 also included the effect of rate indexing, a full year of operating the Glades Utility Authority and a 0.5% increase in the customer base.
- ◆ Operating expenses before depreciation and amortization and equity interest in net loss of joint venture totaled \$90.9 million, an increase of \$1.7 million or 1.9%.
- ◆ Non-operating income decreased by \$2.0 million, or 83.3% in fiscal year 2010.

- ◆ The Department showed income before contributions and transfers of \$10.9 million for fiscal year 2010, an increase of 3,533.3% from fiscal year 2009's net income before contributions and transfers of \$.3 million.

Solid Waste Authority:

- 🏗️ The Authority's assets exceeded its liabilities (net assets) by approximately \$423.5 million at the close of fiscal year 2010. Of this amount, approximately \$82.1 million is considered unrestricted and pursuant to the Authority's trust indenture is available for renewal and replacement of the solid waste system and capital improvements.
- 🏗️ The Authority's revenues and capital contributions exceeded expenses by approximately \$40.4 million for fiscal year 2010.
- 🏗️ The Authority has continued its aggressive capital renewal and expansion program. This program includes the complete renovation of the Authority's current renewable energy facility and the issuance of a request for proposal and financial planning for the design, construction and operation of a new 3,000 tons per day mass burn renewable energy facility. In fiscal year 2010, the Authority's net capital assets increased by approximately 23.6%. This capital expansion is expected to continue over the next several years.
- 🏗️ The Authority's operating revenue increased from the prior year by approximately 5.4% and operating expenses increased by approximately 12.5%. The increase in operating expenses was largely the result of higher landsite expenses resulting from an increase in the estimated future costs associated with the closure and long-term maintenance of the Authority's landfill. The Authority's debt service coverage for fiscal year 2010 remained strong at 161% of debt service requirements.
- 🏗️ Subsequent to the close of the 2010 fiscal year, the Authority issued \$750,000,000 Improvement Revenue Bonds, Series 2010 to fund the costs associated with the construction of a new 3,000 tons per day renewable energy facility. Initially, the proceeds from the sale of the bonds were deposited into a special fund and invested in U.S. Treasury Securities – State and Local Government Series. This special fund will secure the bonds until the bonds are remarketed in January of 2012. At that time the moneys in the special fund will be made available to the Authority to fund construction costs.

Budgetary Highlights

Budget and actual comparison schedules are provided as Required Supplementary Information for the General Fund and all major special revenue funds with annually appropriated budgets. Budget and actual comparison schedules are also provided in the Combining and Individual Fund Statements and Schedules section for all nonmajor funds with annually appropriated budgets. The budget and actual comparison statements and schedules show the original adopted budget, the final revised budget, actual results and a variance between the final budget and actual results. There were no funds with total actual expenditures in excess of the final revised budget.

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, corrections or errors, new bond or loan proceeds, new grant awards and other revenues. During fiscal year 2010, supplemental appropriations to the Board of County Commissioners' budget excluding component units, were approximately \$368.5 million, or approximately 9.0% of the original adopted budget.

Differences between the original budget for fiscal year 2010 and the final amended budget for the General Fund can be summarized as follows:

- On May 18, 2010, the Board amended the budget to reflect the “true up” of the original budgeted beginning fund balance to the actual fund balance, which accounts for a \$24.5 million adjustment to the reserves for balances forward in the General Government budget, established a \$3.8 million “Reserve for Tax Stabilization”, reduced the transfer to the Sales Tax Fund for debt service obligations in the amount of \$2.5 million, and the remaining \$.3 million for transfers for various Special Revenue and general government expenses. The revenue budget was amended to establish a \$1.5 million transfer from the Property and Casualty Insurance Fund.
- During the year, the Public Safety Department budget was amended to recognize the award of a \$1.7 million Recovery Act Edward Byrne Memorial Justice Assistance grant.
- During the year, the budget was amended by \$4.4 million to recognize reimbursement from FEMA for hurricanes Frances and Jeanne to establish budget for pass through payment to the Solid Waste Authority and to re-appropriate budget between various departments.
- During the year, the Board amended various budget amendments that were not significant in nature.

Budget to Actual Expenditures

- General Fund budgeted reserves had a balance at year-end of \$106 million, which represents 80% of the total unexpended appropriations in the fund. These unexpended funds will be carried over into FY 2011 and will be re-appropriated.
- The Tax Collector and Property Appraiser returned/under spent approximately \$700,000.
- The remaining unspent funds can be attributed to County departments spending less than budgeted.

Budget to Actual Revenues

- Ad valorem tax collections were 96% of budget, in line with the historical collection rate. Florida Statutes require revenues to be budgeted at 95% of reasonably anticipated receipts. Palm Beach County budgets a negative 5% statutory reserve to accomplish this. Allowing for the reserve, ad valorem taxes were actually over collected by \$3.5 million.

- While State Revenue Sharing exceeded the budget in FY 2010 by \$2 million, actual collections were slightly less than the previous year.
- Electric Utility Tax collections exceeded the budget by \$4.6 million. While this is also an increase over the previous year collection, the FY 2011 budget reflects more accurate budget projections.
- Investment income fell short of budget by \$5.8 million. GASB 31 has made it difficult to project investment income that will be recognized. Fair market gains and losses cannot be projected accurately, resulting in possible variances in recognized income.

Budget to Actual – Other financing sources

- Actual excess fees (transfers in) received from the Sheriff and the Supervisor of Elections amounted to \$18.2 million, of which no amount was budgeted. The Clerk & Comptroller returned \$1.4 million in excess fees, \$.9 million more than the final budget.

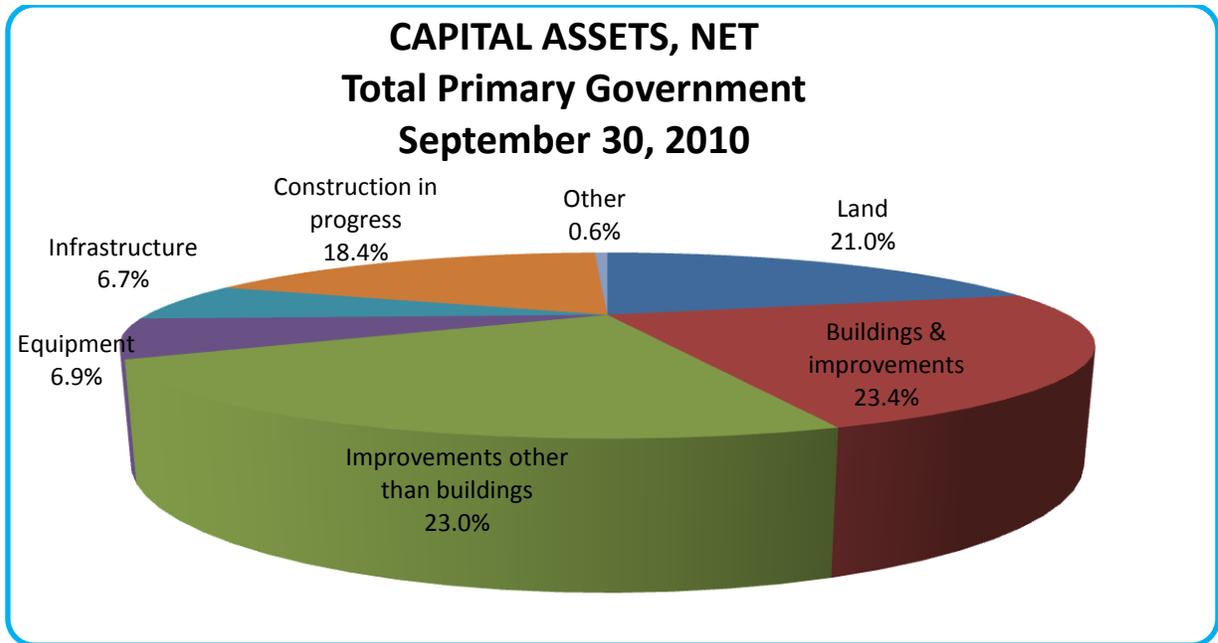
Capital Assets and Debt Administration

Capital assets. The County’s investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$4.317 billion (net of accumulated depreciation). This investment in capital assets includes a broad range of capital assets, including land, buildings and improvements, improvements other than buildings, equipment, infrastructure, and construction in progress. The total increase in the County’s capital assets for fiscal year 2010 was 3.7% (a 4.3% increase for governmental activities and a 3.1% increase for business-type activities).

Palm Beach County, Florida							
Capital Assets, net of Accumulated Depreciation at Year-End (in millions)							
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT		
	2010	2009	2010	2009	2010	2009	
Primary Government:							
Land	\$ 741	\$ 741	\$ 163	\$ 162	\$ 904	\$ 903	
Buildings & improvements	576	541	436	459	1,012	1,000	
Improvements other than buildings	138	130	857	906	995	1,036	
Equipment	192	197	104	126	296	323	
Infrastructure	289	288	-	-	289	288	
Intangible - easement rights	-	-	12	13	12	13	
Leasehold interest	-	-	7	8	7	8	
Goodwill	-	-	6	6	6	6	
Construction in progress	506	445	290	139	796	584	
TOTALS	\$ 2,442	\$ 2,342	\$ 1,875	\$ 1,819	\$ 4,317	\$ 4,161	

Major capital asset events during the fiscal year include the following:

- Substantially completed projects during fiscal year 2010 include \$16.4 million for Hypoluxo Road West of Lyons/West of Hagen Ranch Road, \$8.8 million for Warehouse Facility Construction, \$8.4 million for the new West Boca Branch Library and \$1.2 million for the Phil Foster Boater Support Facilities.
- Governmental activities Net Capital assets increased overall by \$100 million due to acquisitions of \$35 million for buildings and improvements, \$8 million for improvements other than buildings, a decrease of \$5 million in equipment, additions of \$1 million to infrastructure, and \$61 million added to Construction in progress.
- Business-type activities Net Capital assets increased overall by \$56 million, or 3.1% to \$1.875 billion.
- Major projects by the Water Utilities Department include the construction of the Florida Power and Light reclaimed water system for \$10.0 million, improvements to the treatment process at Water Treatment Plant #2 for \$6.8 million, and construction of plant improvements to the Southern Region Water Reclamation Facility for \$5.7 million.
- During fiscal year 2010, the Solid Waste Authority's capital assets increased approximately \$140.5 million, which included approximately \$4.5 million for equipment, \$93 million for construction costs associated with the refurbishment of the waste-to-energy facility, \$10.9 million for costs associated with the construction of the southwest county transfer station and \$4 million for costs associated with the design and engineering for the new mass burn facility. Additionally, completed projects of approximately \$5.3 million were closed from construction-in-progress to their respective capital accounts and interest expense of approximately \$16.9 million was capitalized.
- The Department of Airports expended \$26.6 million on capital activities. Completed projects during 2010 totaling \$19.5 million were transferred from construction-in-progress to their respective capital accounts. The major project during fiscal year 2010 was completion of an expansion of Apron A, which will allow for additional commercial aircraft parking.



See Note 4, *Capital Assets*, in the *Notes to the Financial Statements* for additional information.

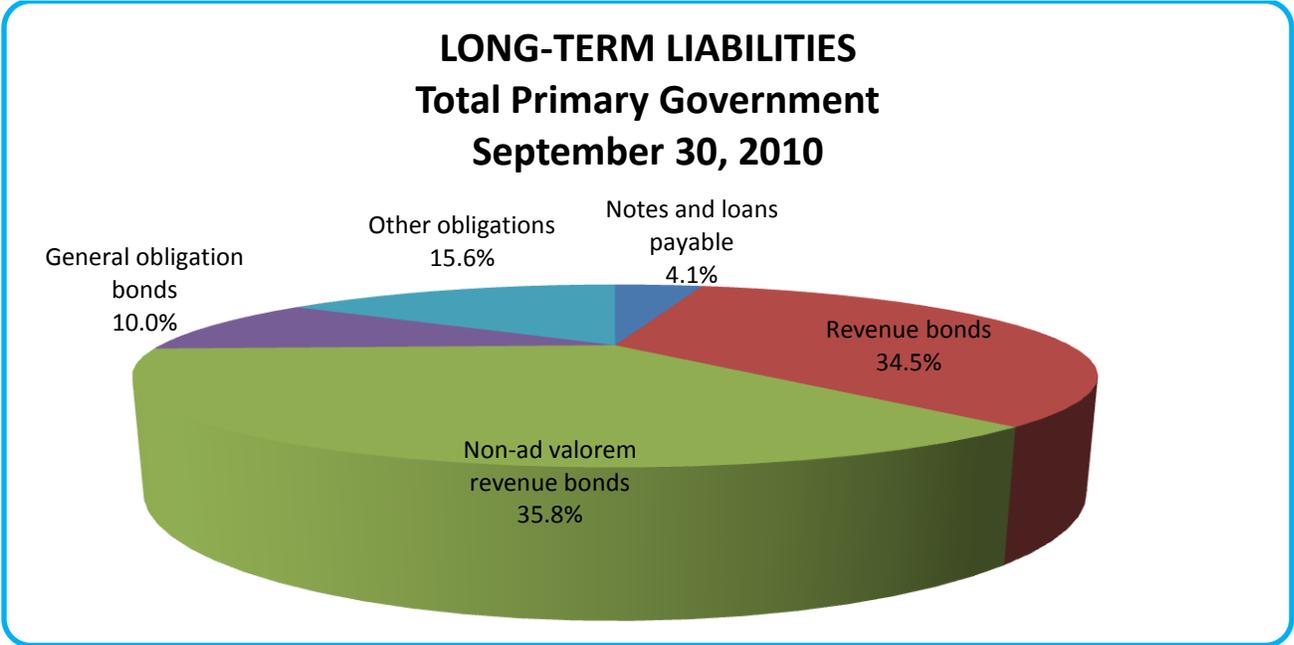
Long-term liabilities. At September 30, 2010, the primary government had 51 issues of bonded debt totaling \$2.010 billion. Of this amount, \$251 million comprises debt backed by the full faith and credit of the government, \$895 million is special obligation debt secured by dedicated revenue sources and \$864 million is secured by specified enterprise revenue sources. See chart below for more information.

Palm Beach County, Florida Long-Term Liabilities at Year-End (in millions)							
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT		
	2010	2009	2010	2009	2010	2009	
General obligation bonds	\$ 251	\$ 273	\$ -	\$ -	\$ 251	\$ 273	
Non-ad valorem revenue bonds	895	942	-	-	895	942	
Revenue bonds	-	-	864	957	864	957	
Notes and loans payable	30	41	72	76	102	117	
Other obligations	295	256	96	77	391	333	
TOTALS	\$ 1,471	\$ 1,512	\$ 1,032	\$ 1,110	\$ 2,503	\$ 2,622	

Bonded Debt. The County's bond issues are rated by three primary bond rating agencies; Moody's Investors Service, Standard and Poor's and Fitch Ratings. These ratings, which are listed in the following chart, are indicative of the County's strong management team, broad-based economy, continually well-performing tax base, increasingly strong financial position, minimal debt requirements and high quality residential tax base. At September 30, 2010, the County's non-ad valorem revenues were 3.72 times the debt service required in the current or any future fiscal year.

<u>Type of Debt Issue</u>	<u>Moody's</u>	<u>Fitch Ratings</u>	<u>S&P</u>
General obligation bonds	Aaa	AAA	AAA
Non-ad valorem revenue bonds	Aa1	AA+	AA+
Water and Sewer System Enterprise revenue bonds	Aaa	AAA	AAA
Water and Wastewater System Enterprise revenue bonds	Aaa	AAA	AAA
Airport System Enterprise revenue bonds	A2	A	A
Solid Waste Authority	Aa3	-	AA

Note: Highest rating: AAA/Aaa Investment grade ratings: AAA/Aaa through BBB/Baa, Lowest Rating: C



See Note 15, *Long-Term Debt*, in the *Notes to the Financial Statements* for additional information.

Economic Factors

Local, national, and international economic factors influence the County’s revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, fuel taxes, charges for services, state revenue sharing as well as state and federal grants. Economic growth may be measured by a variety of indicators such as employment growth, unemployment, new construction and assessed values, diversification of the property tax base, and Enterprise Fund revenue and net asset growth.

- For the third year in a row, the County's population decreased. Population in 2010 was 1,286,461 compared with 1,287,344 in 2009.
- The civilian labor force for Palm Beach County decreased from 626,400 at September 30, 2009 to 623,320 at September 30, 2010, a decrease of approximately .05%. The County's unemployment rate increased to 12.4% at September 30, 2010 compared to 11.7% at the beginning of the fiscal year.
- The assessed value of taxable property located in the county (after exemptions) fell from \$141.4 billion in 2009 to \$127.3 billion in 2010. This represented a decrease of \$14.1 billion or 10.0%. Gross property taxes levied for fiscal year 2010 increased from \$890.9 million in 2009 to \$898.8 million for 2010, an increase of \$7.9 million or almost 1.0%.
- Palm Beach County has a diversified property tax base. The ten largest property taxpayers in the County represent 11.3% of the total ad valorem property taxes levied.
- Residential building permits issued in Palm Beach County for both single family and multi-family units rose from 1,307 in fiscal year 2009 to 1,573 in fiscal year 2010, an increase of 20%.
- West Palm Beach area existing home sales increased from 8,684 in 2009 to 9,584 in 2010, an increase of 10%.
- Foreclosure filings in Palm Beach County fell from 31,678 in 2009 to 19,840 in 2010, a decrease of 37%.

More information on economic factors is provided in the *Statistical Section*.

To Obtain Further Information

This financial report was designed to provide an overview of the County's finances. If you have any questions concerning budgets, long-term financial planning, future debt issuances, or questions related to the management of County operations, please contact the County Administrator at:

County Administrator
 301 North Olive Avenue, 11th Floor
 West Palm Beach, FL 33401

If you have any questions concerning the Basic Financial Statements or other accounting information in this report, please contact the Financial Reporting Manager at:

Clerk & Comptroller, Palm Beach County
 Finance Department
 301 North Olive Avenue, 2nd Floor
 West Palm Beach, FL 33401



PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
September 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments (note 2)	\$ 1,460,081,756	\$ 757,968,537	\$ 2,218,050,293
Interest receivable	279,660	933,574	1,213,234
Accounts receivable - net	22,075,230	24,036,883	46,112,113
Internal Balances	(5,829,791)	5,829,791	-
Due from primary government	-	-	-
Due from other governments	42,724,573	8,260,662	50,985,235
Due from component units	43,258	-	43,258
Inventory	14,285,431	21,485,831	35,771,262
Other assets	6,197,148	2,916,408	9,113,556
Other receivable - noncurrent	17,448,347	17,590,911	35,039,258
Investment in joint ventures	-	51,661,745	51,661,745
Deferred issue costs	9,682,700	13,722,458	23,405,158
Capital assets (note 4)			
Non-depreciable capital assets	1,247,031,482	452,800,233	1,699,831,715
Depreciable capital assets, net	1,195,427,812	1,422,576,480	2,618,004,292
Total assets	4,009,447,606	2,779,783,513	6,789,231,119
LIABILITIES			
Vouchers payable and accruals	112,393,681	48,100,111	160,493,792
Due to primary government	-	-	-
Due to other governments	22,722,321	3,669,105	26,391,426
Due to component units	6,288,610	-	6,288,610
Due to individuals	1,220,383	5,825,242	7,045,625
Accrued interest payable	18,381,385	19,835,891	38,217,276
Unearned revenue	14,904,827	433,879	15,338,706
Other current liabilities	11,607,300	448,000	12,055,300
Long-term liabilities (note 15)			
Long-term liabilities due within one year	116,378,465	23,845,866	140,224,331
Long-term liabilities due more than one year	1,354,841,504	1,007,645,526	2,362,487,030
Total liabilities	1,658,738,476	1,109,803,620	2,768,542,096
NET ASSETS			
Invested in capital assets, net of related debt	1,450,011,423	1,279,889,595	2,729,901,018
Restricted for:			
Debt service	30,684,844	21,137,162	51,822,006
Capital projects	402,613,325	51,997,162	454,610,487
School district impact fee land acquisition	1,336,725	-	1,336,725
Library taxing district	42,262,076	-	42,262,076
Fire rescue taxing district	143,653,926	-	143,653,926
Tourist development tax programs	32,279,979	-	32,279,979
Grants and other	122,299,368	27,687,898	149,987,266
Unrestricted	125,567,464	289,268,076	414,835,540
Total net assets	\$ 2,350,709,130	\$ 1,669,979,893	\$ 4,020,689,023

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

Component Units

Metropolitan Planning Organization	Housing Finance Authority	Westgate/ Belvedere Homes Community Redevelopment Agency
\$ 100	\$ 4,830,113	\$ 2,274,715
-	18,893	-
-	-	269,000
-	-	-
252,679	6,035,931	-
314,022	1,759	-
-	-	-
-	-	-
-	13,263	2,692,503
-	-	-
-	-	-
-	-	78,306
-	-	3,451,275
-	-	422,482
<u>566,801</u>	<u>10,899,959</u>	<u>9,188,281</u>
53,588	120,760	90,004
3,891	39,367	-
20,343	-	-
-	-	-
-	-	-
-	-	-
231,498	-	-
-	195,000	3,500
11,594	-	613,416
171,788	-	3,487,140
<u>492,702</u>	<u>355,127</u>	<u>4,194,060</u>
-	-	3,613,757
-	-	326,996
-	-	890,879
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
74,099	10,544,832	162,589
<u>\$ 74,099</u>	<u>\$ 10,544,832</u>	<u>\$ 4,994,221</u>

PALM BEACH COUNTY, FLORIDA
Statement of Activities
For the fiscal year ended September 30, 2010

	Expenses		Program Revenues		
	Direct	Indirect	Fines, Fees and Charges for Services	Operating Grants, Contributions and Restricted Interest Income	Capital Grants and Contributions
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 387,864,155	\$ (16,716,052)	\$ 103,620,685	\$ 9,879,267	\$ 7,853,595
Public Safety	780,051,092	6,420,664	115,863,889	18,924,734	276,281
Physical Environment	43,167,022	-	17,133,350	4,304,067	2,444,133
Transportation	156,220,175	-	18,614,170	48,068,756	6,334,638
Economic Environment	80,866,107	547,474	3,437,443	40,140,349	414,813
Human Services	105,190,475	412,270	3,348,276	43,154,799	-
Culture and Recreation	120,895,062	4,220,958	15,373,433	1,928,762	12,580
Interest Expense	54,553,591	-	-	-	-
Total Governmental Activities	1,728,807,679	(5,114,686)	277,391,246	166,400,734	17,336,040
Business Activities					
Department of Airports	75,539,753	1,405,685	76,165,984	-	14,131,463
Water Utilities Department	134,827,787	3,602,792	141,616,613	-	14,641,309
Solid Waste Authority	201,080,621	-	238,743,084	1,587,479	1,146,970
Total Business Activities	411,448,161	5,008,477	456,525,681	1,587,479	29,919,742
Total Primary Government	\$ 2,140,255,840	\$ (106,209)	\$ 733,916,927	\$ 167,988,213	\$ 47,255,782
COMPONENT UNITS					
Metropolitan Planning Organization	\$ 2,003,203	\$ 106,209	\$ 71	\$ 2,174,309	\$ -
Housing Finance Authority	484,159	-	493,083	750,881	-
Westgate/Belvedere CRA	1,680,203	-	-	-	-
Total Component Units	\$ 4,167,565	\$ 106,209	\$ 493,154	\$ 2,925,190	\$ -
General Revenues					
Taxes - levied by the County					
Ad-valorem taxes					
Utility service taxes					
Local option gas taxes					
Tourist development taxes					
State shared sales tax-unrestricted					
Franchise gross receipts fee					
State shared revenues-unrestricted					
Investment income					
Other general revenues					
Transfers - net					
Special Item					
Total general revenues, transfers and special item					
Increase (decrease) in net assets					
Beginning net assets					
Ending net assets					

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Metropolitan Planning Organization	Housing Finance Authority	Westgate/ Belvedere Homes Community Redevelopment Agency
\$ (249,794,556)	\$ -	\$ (249,794,556)	\$ -	\$ -	\$ -
(651,406,852)	-	(651,406,852)	-	-	-
(19,285,472)	-	(19,285,472)	-	-	-
(83,202,611)	-	(83,202,611)	-	-	-
(37,420,976)	-	(37,420,976)	-	-	-
(59,099,670)	-	(59,099,670)	-	-	-
(107,801,245)	-	(107,801,245)	-	-	-
(54,553,591)	-	(54,553,591)	-	-	-
<u>(1,262,564,973)</u>	<u>-</u>	<u>(1,262,564,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	13,352,009	13,352,009	-	-	-
-	17,827,343	17,827,343	-	-	-
-	40,396,912	40,396,912	-	-	-
<u>-</u>	<u>71,576,264</u>	<u>71,576,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (1,262,564,973)</u>	<u>\$ 71,576,264</u>	<u>\$ (1,190,988,709)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 64,968	\$ -	\$ -
-	-	-	-	759,805	-
-	-	-	-	-	(1,680,203)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,968</u>	<u>\$ 759,805</u>	<u>\$ (1,680,203)</u>
\$ 860,977,954	\$ -	\$ 860,977,954	\$ -	\$ -	\$ 1,954,765
33,837,191	-	33,837,191	-	-	-
44,949,024	-	44,949,024	-	-	-
23,219,185	-	23,219,185	-	-	-
64,268,114	-	64,268,114	-	-	-
38,512,546	-	38,512,546	-	-	-
87,130,547	-	87,130,547	-	-	-
71,620,542	7,506,002	79,126,544	-	-	1,895
3,638,664	-	3,638,664	-	-	600,924
(1,001,252)	1,001,252	-	-	-	-
-	(56,381,415)	(56,381,415)	-	-	-
<u>1,227,152,515</u>	<u>(47,874,161)</u>	<u>1,179,278,354</u>	<u>-</u>	<u>-</u>	<u>2,557,584</u>
(35,412,458)	23,702,103	(11,710,355)	64,968	759,805	877,381
<u>2,386,121,588</u>	<u>1,646,277,790</u>	<u>4,032,399,378</u>	<u>9,131</u>	<u>9,785,027</u>	<u>4,116,840</u>
<u>\$ 2,350,709,130</u>	<u>\$ 1,669,979,893</u>	<u>\$ 4,020,689,023</u>	<u>\$ 74,099</u>	<u>\$ 10,544,832</u>	<u>\$ 4,994,221</u>



DESCRIPTIONS OF MAJOR FUNDS

GOVERNMENTAL FUNDS

General Fund - To account for all financial resources of the general government except those required to be accounted for in other funds.

Fire Rescue Special Revenue Fund - To account for ad-valorem taxes and other revenues designated for fire rescue services.

Sheriff Special Revenue Fund - To account for the financial resources necessary to carry out the powers, duties and obligations of the elected office of Sheriff as detailed in Florida Statutes Chapter 30.15.

Road Program Capital Projects - To account for costs related to the design, acquisition of rights-of-way and construction of improvements to the County's major thoroughfare road system, primarily represented by the County's Five Year Road Program.

PROPRIETARY FUNDS

Airports - To account for activities related to the operation of the four County-owned airports - Palm Beach International Airport in West Palm Beach and three general aviation airports located in Lantana, Pahokee and Palm Beach Gardens.

Water Utilities - To account for activities related to the operation of the County-owned water and sewage system which provides water and sewer services to portions of the unincorporated area of the County as well as to certain municipalities.

Solid Waste Authority - To account for activities related to the operation of the solid waste disposal facilities for Palm Beach County.

PALM BEACH COUNTY, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2010

	MAJOR FUNDS		
	General	Fire Rescue Special Revenue Fund	Sheriff Special Revenue Fund
ASSETS			
Cash and cash equivalents	\$ 141,660,702	\$ 133,065,468	\$ 69,436,257
Investments	-	-	-
Accounts receivable, net	10,309,975	978,754	279,712
Due from other county funds	63,745,645	2,678,911	36,605
Due from other governments	3,167,701	1,746,913	1,425,878
Due from component unit	39,367	-	-
Inventory	2,075,220	2,368,782	3,511,957
Other assets	3,330	75	147,875
Other receivable, noncurrent	-	-	-
Total assets	\$ 221,001,940	\$ 140,838,903	\$ 74,838,284
LIABILITIES			
Vouchers payable and accrued liabilities	\$ 10,620,548	\$ 11,875,930	\$ 27,991,135
Due to other county funds	18,181,325	2,737,047	22,033,251
Due to other governments	2,405,310	54,561	7,042,512
Due to component unit	6,284,907	-	-
Due to individuals	-	-	165
Insurance claims payable	-	-	1,556,388
Deferred and unearned revenue	14,180,665	-	-
Other liabilities	213,188	-	9,312,449
Total liabilities	51,885,943	14,667,538	67,935,900
FUND BALANCE			
Fund balances:			
Reserved for debt service	-	-	-
Reserved for inventory	2,075,220	2,368,782	3,511,957
Reserved for noncurrent loans receivable	-	-	-
Unreserved, reported in:			
General Fund	167,040,777	-	-
Special Revenue Funds	-	123,802,583	3,390,427
Capital Projects Funds	-	-	-
Total fund balance	169,115,997	126,171,365	6,902,384
Total liabilities and fund balance	\$ 221,001,940	\$ 140,838,903	\$ 74,838,284

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

PALM BEACH COUNTY, FLORIDA
 Balance Sheet
 Governmental Funds
 September 30, 2010

Road Program Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 357,576,146	\$ 659,947,350	\$ 1,361,685,923
-	127,560	127,560
-	8,613,052	20,181,493
-	26,968,149	93,429,310
3,644,484	32,434,389	42,419,365
-	-	39,367
-	4,785,172	12,741,131
-	1,752,409	1,903,689
-	17,448,347	17,448,347
<u>\$ 361,220,630</u>	<u>\$ 752,076,428</u>	<u>\$ 1,549,976,185</u>
\$ 7,561,462	\$ 45,258,100	\$ 103,307,175
1,394,360	55,246,714	99,592,697
304,260	12,770,738	22,577,381
-	-	6,284,907
-	1,117,190	1,117,355
-	-	1,556,388
-	32,873,708	47,054,373
-	2,081,663	11,607,300
<u>9,260,082</u>	<u>149,348,113</u>	<u>293,097,576</u>
-	28,977,136	28,977,136
-	4,785,172	12,741,131
-	2,050,000	2,050,000
-	-	167,040,777
-	159,560,260	286,753,270
351,960,548	407,355,747	759,316,295
<u>351,960,548</u>	<u>602,728,315</u>	<u>1,256,878,609</u>
<u>\$ 361,220,630</u>	<u>\$ 752,076,428</u>	<u>\$ 1,549,976,185</u>

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

PALM BEACH COUNTY, FLORIDA

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets - Governmental Activities
September 30, 2010

Fund balance for total of governmental funds (page 9) \$ 1,256,878,609

Amounts reported for governmental activities in the statements of net assets are different because:

Report internal service funds as governmental activities

Internal service funds are used by management to charge the costs of certain activities, such as insurance, computer services, and vehicles to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Net assets per fund statements	\$ 64,575,591	
Less amount due to business-type activities for 'look-back' allocation	(4,677,601)	
Plus amount due from component units for 'look-back' allocation	<u>(3,703)</u>	
		59,894,287

Report as a liability general long-term debt obligations

Liabilities that are not due and payable in the current period do not encumber current financial resources and therefore are not reported in the governmental fund statements.

General obligation bonds payable	(250,470,000)	
Non-ad valorem bonds payable	(877,633,232)	
Notes and loans payable	(30,316,668)	
Compensated absences	(127,312,861)	
Net OPEB Obligation	(50,934,055)	
Claims and judgments	(34,469,496)	
Unamortized premium	(29,955,848)	
Arbitrage accrued	(13,405,781)	
Net Pension Obligation	(2,753,378)	
Termination benefits	(1,766,504)	
Deferred loss on refundings	<u>12,114,241</u>	
		(1,406,903,582)

Report as an asset the cost of general capital assets and accumulated depreciation

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.

Non-depreciable capital assets	1,247,031,482	
Depreciable capital assets, net of accumulated depreciation	<u>1,169,995,821</u>	
		2,417,027,303

Report adjustments to convert from modified accrual to full accrual

Interest Receivable

Interest receivable on special assessments is not due and available in the current period and therefore is not reported in the governmental fund statements. 279,660

Net OPEB Obligation Asset

Cumulative plan contributions in excess of ARC is reported as an asset. However, the plan contributions are reported as expenditures in the governmental fund statements. 81,992

Deferred Issue Costs

Issue cost for new debt is reported as a deferred charge and amortized over the life of the debt as an expense. However, issue costs are recorded as expenditures in the governmental fund statements. 9,682,700

Accrued Interest Payable

Accrued Interest Payable that is not due and payable in the current period is not reported in the governmental fund statements (18,381,385)

Deferred Revenue

Revenue is recognized when earned. However, revenue is deferred until the current financial resources are available in the governmental fund statements. 32,149,546

23,812,513

Net assets of governmental activities (page 2) \$ 2,350,709,130



PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended September 30, 2010

	MAJOR FUNDS		
	General	Fire Rescue Special Revenue Fund	Sheriff Special Revenue Fund
Revenues:			
Taxes (net of discount)	\$649,765,008	\$ 203,147,840	\$ -
Special assessments	-	276,281	-
Licenses and permits	35,430,154	8,075	-
Intergovernmental	30,739,104	332,113	-
Charges for services	107,503,398	30,351,960	2,009,600
Less - excess fees paid out	-	-	-
Fines and forfeitures	1,193,681	-	149,288
Investment income	11,974,343	6,989,201	205,404
Miscellaneous	8,318,178	666,441	19,822
Total revenues	844,923,866	241,771,911	2,384,114
Expenditures:			
Current:			
General government	132,892,454	-	23,333,002
Public safety	34,489,977	229,389,213	440,313,997
Physical environment	12,238,547	-	-
Transportation	4,235,000	-	-
Economic environment	25,505,652	902,129	-
Human services	49,276,737	-	-
Culture and recreation	56,158,487	-	-
Capital outlay	733,464	6,257,197	16,209,221
Debt service	106,308	-	-
Total expenditures	315,636,626	236,548,539	479,856,220
Excess of revenues over (under) expenditures	529,287,240	5,223,372	(477,472,106)
Other financing sources (uses):			
Transfers in	43,729,520	6,960,493	493,060,880
Transfers out	(584,788,629)	(269,984)	(15,902,984)
Issuance of long-term debt	-	-	-
Issuance of refunding debt	-	-	-
Premium on refunding debt	-	-	-
Payment to escrow agent for refunding	-	-	-
Total other financing sources (uses)	(541,059,109)	6,690,509	477,157,896
Net change in fund balances	(11,771,869)	11,913,881	(314,210)
Fund balances, October 1, 2009	180,863,197	114,477,550	7,216,594
Increase (decrease) in reserves, inventory	24,669	(220,066)	-
Fund balances, September 30, 2010	\$ 169,115,997	\$ 126,171,365	\$ 6,902,384

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

	Road Program Capital Projects	Other Governmental Funds	Total Governmental Funds
\$	32,941,849	\$ 104,677,682	\$ 990,532,379
	6,527,476	7,477,064	14,280,821
	-	16,192,808	51,631,037
	18,118,579	232,662,567	281,852,363
	-	130,534,531	270,399,489
	-	(42,088,065)	(42,088,065)
	-	6,491,692	7,834,661
	16,517,138	31,214,930	66,901,016
	10,045,566	7,742,344	26,792,351
	<u>84,150,608</u>	<u>494,905,553</u>	<u>1,668,136,052</u>
	2,572,207	161,730,494	320,528,157
	-	20,899,124	725,092,311
	-	29,491,873	41,730,420
	5,784,868	111,524,054	121,543,922
	-	54,668,006	81,075,787
	-	53,879,184	103,155,921
	-	50,999,803	107,158,290
	47,815,571	135,186,833	206,202,286
	-	140,112,483	140,218,791
	<u>56,172,646</u>	<u>758,491,854</u>	<u>1,846,705,885</u>
	<u>27,977,962</u>	<u>(263,586,301)</u>	<u>(178,569,833)</u>
	814,000	252,266,502	796,831,395
	(34,552,020)	(151,206,737)	(786,720,354)
	-	1,426,000	1,426,000
	-	31,128,107	31,128,107
	-	1,114,948	1,114,948
	-	(31,998,005)	(31,998,005)
	<u>(33,738,020)</u>	<u>102,730,815</u>	<u>11,782,091</u>
	(5,760,058)	(160,855,486)	(166,787,742)
	357,720,606	763,917,571	1,424,195,518
	-	(333,770)	(529,167)
\$	<u>351,960,548</u>	<u>\$ 602,728,315</u>	<u>\$ 1,256,878,609</u>

PALM BEACH COUNTY, FLORIDA
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities - Governmental Activities
 For the fiscal year ended September 30, 2010

Net increase (decrease) in fund balances for total governmental funds (page 13) \$ (166,787,742)

Amounts reported for governmental activities in the statements of activities are different because:

Report internal service funds as governmental activities

Internal service funds are used by management to charge the cost of certain activities, such as vehicles and insurance to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities.

Net income (loss) per fund statements	\$ (24,966,454)	
Plus current year allocation of internal service funds to business-type activities	414,861	
Plus current year allocation of internal service funds to component units	(9,008)	
Plus fund closure of noncurrent resources already reported in governmental activities	1,141,415	(23,419,186)

Report as a liability long-term debt obligations

Debt issuance

Debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets and does not result in a revenue.

Current year face value of debt issued (32,554,107)

Governmental funds report the premium and discount on debt issues as revenue, but in the statement of activities these amounts are amortized to interest expense.

Current year (premium) discount on debt issued (1,114,948)
 Current year amortization & retirement of premium / discount 3,121,808

Governmental funds report the effect of gains and losses on refundings when the debt is first issued, but in the statement of activities these amounts are deferred and amortized.

Current year refunding (gain) loss deferred 1,406,618
 Current year amortization of deferred refunding gain / loss (868,984)

Debt retirement

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense.

109,666,393

The change in accrued liabilities reported as long-term obligations do not require the use of current financial resources and therefore are not reported in the governmental fund statements.

(Increase) Decrease in arbitrage 'long term' accrued liability		
Net (Increase) Decrease in total arbitrage liability	\$ (1,461,065)	
Arbitrage fund liabilities paid during the year	2,801,642	
		1,340,577
(Increase) Decrease in Net OPEB Obligation		(22,158,522)
(Increase) Decrease in estimated self-insurance obligation		(2,722,932)
(Increase) Decrease in termination benefits		(384,854)
(Increase) Decrease in Net Pension Obligation- Palm Tran		(2,501,372)
(Increase) Decrease in compensated absences liability		(5,436,092)
		47,793,585

PALM BEACH COUNTY, FLORIDA
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities - Governmental Activities
 For the fiscal year ended September 30, 2010

Report as an asset the cost of general capital assets and accumulated depreciation

Acquisition of capital assets			
Governmental funds report capital outlays as expenditures, but capital purchases increase assets in the statement of net assets and do not result in an expense.	205,423,708		
Acquisition of capital assets from contributions do not generate current financial resources and therefore are not reported in the governmental fund statements as revenue.		7,606,188	
Depreciation expense			
The cost of capital assets is allocated over their useful life as depreciation expense. However, depreciation does not require the use of current financial resources and therefore is not reported in the governmental fund statements.	(105,897,784)		
Retirement of capital assets			
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance.	(4,519,627)		
			102,612,485

Report other adjustments for converting from modified accrual to full accrual

Net Increase (Decrease) in deferred issue costs:			
Current year debt issue costs deferred	233,136		
Current year amortization & retirement of deferred issue costs	(876,224)		
		(643,088)	
Increase (Decrease) in inventory		(529,167)	
Increase (Decrease) in accrued interest receivable		3,048	
Increase (Decrease) in Net OPEB Obligation Asset		(126,375)	
(Increase) Decrease in due to other governments		25,870	
(Increase) Decrease in accrued interest payable		1,034,020	
(Increase) Decrease in deferred revenue		4,624,092	
			4,388,400

Increase (decrease) in net assets of governmental activities (page 5)	\$ (35,412,458)
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PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2010

	Business-type Activities -	
	Airports	Water Utilities
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,191,662	\$ 91,585,633
Cash and cash equivalents - restricted	-	23,484,994
Interest receivable - restricted	-	-
Interest receivable	-	700,300
Accounts receivable, net	1,901,541	15,136,034
Due from other county funds	-	35,838
Due from other governments	4,847,487	3,413,175
Due from component unit	-	-
Inventory	1,133,149	7,159,724
Current portion of other receivables	120,173	745,352
Other assets	1,189,018	261,878
Total current assets	47,383,030	142,522,928
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	52,283,135	22,155,356
Cash with fiscal agent	13,804,022	-
Accounts receivable, net	1,662,224	-
Total noncurrent restricted assets	67,749,381	22,155,356
Capital assets:		
Land	97,147,552	14,887,256
Buildings	348,805,873	99,871,968
Improvements other than buildings	194,932,522	1,119,325,825
Furniture, fixtures and equipment	41,801,019	65,638,196
Leasehold interest	-	12,411,525
Goodwill	-	7,131,703
Intangible - easement rights	13,754,957	1,660,856
Accumulated depreciation and amortization	(326,220,699)	(456,977,804)
Construction in progress	20,793,873	37,082,661
Total capital assets	391,015,097	901,032,186
Investments	-	-
Investment in joint ventures	-	51,661,745
Other receivables, noncurrent	478,544	16,092,367
Deferred issuance costs	1,579,538	1,877,202
Other assets	-	-
Total noncurrent assets	460,822,560	992,818,856
Total assets	\$ 508,205,590	\$ 1,135,341,784

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

Enterprise Funds		Governmental Activities Internal Service Funds
Solid Waste Authority	Totals	
\$ 131,199,256	\$ 260,976,551	\$ 98,268,273
335,328,009	358,813,003	-
34,843	34,843	-
198,431	898,731	-
4,163,508	21,201,083	1,893,737
2,067,010	2,102,848	5,780,649
-	8,260,662	305,208
-	-	3,891
13,192,958	21,485,831	1,544,300
308,051	1,173,576	-
1,431,034	2,881,930	4,211,467
<hr/>	<hr/>	<hr/>
487,923,100	677,829,058	112,007,525
<hr/>	<hr/>	<hr/>
48,882,686	123,321,177	-
-	13,804,022	-
-	1,662,224	-
<hr/>	<hr/>	<hr/>
48,882,686	138,787,423	-
<hr/>	<hr/>	<hr/>
50,626,126	162,660,934	-
293,646,082	742,323,923	206,558
96,370,182	1,410,628,529	512,286
180,955,582	288,394,797	69,917,421
-	12,411,525	-
-	7,131,703	-
-	15,415,813	-
(270,531,307)	(1,053,729,810)	(45,204,274)
232,262,765	290,139,299	-
<hr/>	<hr/>	<hr/>
583,329,430	1,875,376,713	25,431,991
<hr/>	<hr/>	<hr/>
1,053,784	1,053,784	-
-	51,661,745	-
1,020,000	17,590,911	-
10,265,718	13,722,458	-
34,478	34,478	-
<hr/>	<hr/>	<hr/>
644,586,096	2,098,227,512	25,431,991
<hr/>	<hr/>	<hr/>
\$ 1,132,509,196	\$ 2,776,056,570	\$ 137,439,516

PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2010

	Business-type Activities -	
	Airports	Water Utilities
LIABILITIES		
Current liabilities payable from current assets:		
Vouchers payable and accrued liabilities	\$ 6,010,638	\$ 5,909,608
Due to other county funds	300,567	640,996
Due to other governments	454,333	2,635,955
Due to individuals	-	-
Unearned revenue	433,879	-
Current portion of long-term debt	-	139,805
Compensated absences	85,528	209,000
Insurance claims payable	-	-
Other liabilities	1,014,544	31,669
Total current liabilities payable from current assets	8,299,489	9,567,033
Current liabilities payable from restricted assets:		
Customers' deposits	90,691	5,243,231
Accounts and contracts payable	118,302	2,233,195
Due to other governments	310,000	405,792
Accrued landfill closure and postclosure care costs	-	-
Current portion of long-term debt	7,975,000	10,410,000
Interest payable on bonds	3,681,890	5,192,776
Total current liabilities payable from restricted assets	12,175,883	23,484,994
Total current liabilities	20,475,372	33,052,027
Noncurrent liabilities:		
Due to other governments	-	2,054,901
Note payable	-	-
Compensated absences	1,096,318	2,847,254
Revenue bonds payable, net	131,418,909	210,433,992
Other long-term liabilities	63,931	286,671
Total noncurrent liabilities	132,579,158	215,622,818
Total liabilities	153,054,530	248,674,845
NET ASSETS		
Invested in capital assets, net of related debt	255,032,461	711,226,865
Restricted for:		
Debt service	10,727,162	10,410,000
Capital projects	40,952,891	1,000,000
Grants and other	9,524,330	500,000
Unrestricted	38,914,216	163,530,074
Total net assets	\$ 355,151,060	\$ 886,666,939

Some amounts reported for business-type activities in the statement of net assets (page 2) are different because certain internal service fund assets and liabilities are included with business-type activities.

Net assets of business-type activities

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

<u>Enterprise Funds</u>		Governmental
Solid Waste		Activities
Authority	Totals	Internal
		Service Funds
\$ 9,021,689	\$ 20,941,935	\$ 9,086,505
9,095	950,658	769,452
-	3,090,288	144,940
-	-	103,028
-	433,879	-
4,000,000	4,139,805	49,162
363,074	657,602	-
448,000	448,000	22,062,182
453,129	1,499,342	-
<u>14,294,987</u>	<u>32,161,509</u>	<u>32,215,269</u>
491,320	5,825,242	-
23,469,258	25,820,755	-
-	715,792	-
319,563	319,563	-
45,000	18,430,000	-
10,961,225	19,835,891	-
<u>35,286,366</u>	<u>70,947,243</u>	<u>-</u>
<u>49,581,353</u>	<u>103,108,752</u>	<u>32,215,269</u>
-	2,054,901	-
68,000,000	68,000,000	-
4,721,654	8,665,226	-
503,878,258	845,731,159	-
82,843,638	83,194,240	40,648,656
<u>659,443,550</u>	<u>1,007,645,526</u>	<u>40,648,656</u>
<u>709,024,903</u>	<u>1,110,754,278</u>	<u>72,863,925</u>
313,630,269	1,279,889,595	25,431,991
-	21,137,162	-
10,044,271	51,997,162	-
17,663,568	27,687,898	-
82,146,185	284,590,475	39,143,600
<u>\$ 423,484,293</u>	<u>1,665,302,292</u>	<u>\$ 64,575,591</u>
	4,677,601	
	<u>\$ 1,669,979,893</u>	

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended September 30, 2010

	<u>Business-type Activities -</u>	
	Airports	Water Utilities
Operating revenues:		
Charges for services	\$ 60,958,271	\$ 136,263,411
Miscellaneous	2,555,965	5,353,202
Total operating revenues	63,514,236	141,616,613
Operating expenses:		
Aviation services	44,065,735	-
Water and sewer services	-	90,888,979
Transportation services	-	-
Solid waste services	-	-
Self-insurance services	-	-
Data processing services	-	-
Equity interest in net loss of joint ventures	-	1,223,242
Depreciation and amortization	25,192,836	38,977,033
Total operating expenses	69,258,571	131,089,254
Operating income (loss)	(5,744,335)	10,527,359
Nonoperating revenues (expenses):		
Investment income	2,437,522	5,068,480
Guaranteed revenue	-	2,484,613
Passenger facility charges	12,269,764	-
Deferred issue costs	(115,213)	(151,312)
Interest expense	(7,363,780)	(6,696,209)
Fund closure of noncurrent resources	-	-
Other revenues (expenses)	381,984	(286,817)
Total nonoperating revenues (expenses)	7,610,277	418,755
Income (loss) before capital contributions, transfers, and special item	1,865,942	10,946,114
Capital contributions	14,131,463	12,156,696
Special item - contribution of capital assets to Glades Utility Authority	-	(56,381,415)
Transfers in	249,484	791,938
Transfers out	(40,170)	-
Change in net assets	16,206,719	(32,486,667)
Net assets October 1, 2009	338,944,341	919,153,606
Net assets September 30, 2010	\$ 355,151,060	\$ 886,666,939

Some amounts reported for business-type activities in the statement of activities (page 5) are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in net assets of business-type activities

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

<u>Enterprise Funds</u>		Governmental
Solid Waste		Activities
Authority	Totals	Internal
		Service Funds
\$ 233,569,659	\$ 430,791,341	\$ 114,397,408
-	7,909,167	-
<u>233,569,659</u>	<u>438,700,508</u>	<u>114,397,408</u>
-	44,065,735	-
-	90,888,979	-
-	-	20,521,719
157,456,251	157,456,251	-
-	-	104,176,699
-	-	-
-	1,223,242	-
30,508,393	94,678,262	8,450,831
<u>187,964,644</u>	<u>388,312,469</u>	<u>133,149,249</u>
<u>45,605,015</u>	<u>50,388,039</u>	<u>(18,751,841)</u>
1,587,479	9,093,481	4,413,754
-	2,484,613	-
-	12,269,764	-
-	(266,525)	-
(13,115,977)	(27,175,966)	-
-	-	(1,141,415)
5,173,425	5,268,592	1,555,045
<u>(6,355,073)</u>	<u>1,673,959</u>	<u>4,827,384</u>
39,249,942	52,061,998	(13,924,457)
1,146,970	27,435,129	70,296
-	(56,381,415)	-
-	1,041,422	-
-	(40,170)	(11,112,293)
40,396,912	24,116,964	(24,966,454)
<u>383,087,381</u>		<u>89,542,045</u>
<u>\$ 423,484,293</u>		<u>\$ 64,575,591</u>

(414,861)

\$ 23,702,103

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2010

	Business-type Activities -	
	Airports	Water Utilities
Cash flows from operating activities:		
Cash received from customers	\$ 63,836,470	\$ 133,913,487
Cash received from other funds for goods and services	-	-
Cash payments to vendors for goods and services	(14,990,261)	(43,499,782)
Cash payments to employees for services	(11,550,646)	(30,594,757)
Cash payments to other funds	(18,991,733)	(16,113,922)
Claims paid	-	-
Other receipts	292,609	6,694,665
Net cash provided by operating activities	18,596,439	50,399,691
Cash flows from noncapital financing activities:		
Operating grants received	-	-
Cash contributed to other governments	-	(670,454)
Transfers in	249,484	791,938
Transfers out	(40,170)	-
Net cash provided by (used in) noncapital financing activities	209,314	121,484
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	103,301	201,928
Contributed capital	12,218,902	10,272,400
Purchase and construction of capital assets	(28,220,464)	(33,392,895)
Payments to joint ventures	-	(18,313,177)
Principal payments on debt	(7,535,000)	(14,690,000)
Interest payments on debt	(7,570,993)	(9,919,964)
Paying agent fees	-	(7,750)
Passenger facility charges received	12,314,670	-
Bond issuance costs paid	-	(2,716)
Principal received on notes receivable	-	-
Net cash provided by (used in) capital and related financing activities	(18,689,584)	(65,852,174)
Cash flows from investing activities:		
Interest on investments	2,437,522	6,667,422
Investment arbitrage	4,161	-
Receipt of repayments on other receivables	113,551	-
Proceeds from sale of investments	-	-
Net cash provided by investing activities	2,555,234	6,667,422
Net increase (decrease) in cash and cash equivalents	2,671,403	(8,663,577)
Cash and cash equivalents, October 1, 2009	101,607,416	145,889,560
Cash and cash equivalents, September 30, 2010	\$ 104,278,819	\$ 137,225,983

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

Enterprise Funds		Governmental Activities Internal Service Funds
Solid Waste Authority	Totals	
\$ 232,130,899	\$ 429,880,856	\$ 11,682,594
5,592,959	5,592,959	102,285,516
(109,922,195)	(168,412,238)	(19,215,505)
(33,754,302)	(75,899,705)	(7,679,397)
(14,624,117)	(49,729,772)	(2,850,459)
-	-	(79,915,064)
842,793	7,830,067	1,082,722
<u>80,266,037</u>	<u>149,262,167</u>	<u>5,390,407</u>
4,359,156	4,359,156	-
-	(670,454)	-
-	1,041,422	-
-	(40,170)	(9,781,538)
<u>4,359,156</u>	<u>4,689,954</u>	<u>(9,781,538)</u>
3,327	308,556	519,747
2,151,227	24,642,529	-
(114,396,803)	(176,010,162)	(6,138,255)
-	(18,313,177)	-
(75,475,000)	(97,700,000)	-
(25,675,633)	(43,166,590)	-
-	(7,750)	-
-	12,314,670	-
-	(2,716)	-
293,340	293,340	-
<u>(213,099,542)</u>	<u>(297,641,300)</u>	<u>(5,618,508)</u>
1,174,434	10,279,378	4,413,754
-	4,161	-
-	113,551	-
436,246	436,246	-
<u>1,610,680</u>	<u>10,833,336</u>	<u>4,413,754</u>
(126,863,669)	(132,855,843)	(5,595,885)
<u>642,273,620</u>	<u>889,770,596</u>	<u>103,864,158</u>
<u>\$ 515,409,951</u>	<u>\$ 756,914,753</u>	<u>\$ 98,268,273</u>

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2010

	<u>Business-type Activities -</u>	
	Airports	Water Utilities
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (5,744,335)	\$ 10,527,359
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	25,192,836	38,977,033
Equity interest in net loss of joint ventures	-	1,223,242
Provision for doubtful accounts	63,627	313,000
Loss on disposal of equipment	-	-
Fund closure of noncurrent resources	-	-
Miscellaneous revenue	292,609	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	862,888	(1,387,081)
Decrease in due from other county funds	-	5,178
(Increase) in due from other governments	-	(1,074,375)
(Increase) decrease in inventory	(37,632)	156,930
Decrease in other assets	2,878	25,612
Decrease in due from component unit	-	-
Increase (decrease) in vouchers payable and accrued liabilities	41,050	629,316
Increase (decrease) in due to other county funds	(1,098,448)	(61,092)
Increase (decrease) in due to other governments	-	54,312
Increase (decrease) in other current liabilities	(438,380)	-
Increase in due to individuals	-	-
(Decrease) in unearned revenue	(128,474)	-
(Decrease) in current portion of long-term debt	-	-
Increase (decrease) in customer deposits	(412,180)	1,010,257
Increase in insurance claims payable	-	-
Increase in other long-term liabilities	-	-
Net cash provided by operating activities	\$ 18,596,439	\$ 50,399,691
Supplemental disclosure of noncash capital and related financing activities:		
Contribution of capital assets to Glades Utility Authority	\$ -	\$ 55,393,613
Amortization of deferred issuance costs	\$ 150,026	\$ 151,312
Amortization of premium on bonds	\$ 331,453	\$ 557,154
Amortization of discount on bonds	\$ -	\$ 233
Amortization of deferred advance refunding loss	\$ 296,641	\$ 214,915
Disposal of fully depreciated capital assets	\$ 497,351	\$ 1,047,033
Increase (decrease) in fair value of investments	\$ -	\$ -
Contribution of capital assets	\$ -	\$ 5,359,120

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

<u>Enterprise Funds</u>		Governmental
Solid Waste		Activities
Authority	Totals	Internal
		Service Funds
\$ 45,605,015	\$ 50,388,039	\$ (18,751,841)
30,508,393	94,678,262	8,450,831
-	1,223,242	-
404,925	781,552	-
439,361	439,361	-
-	-	(1,141,415)
814,269	1,106,878	1,082,722
1,310,439	786,246	287,569
435,654	440,832	1,888,384
-	(1,074,375)	(50,772)
(5,951,231)	(5,831,933)	(101,014)
2,544	31,034	512,858
-	-	1,592
(1,915,269)	(1,244,903)	6,531,324
(2,269,277)	(3,428,817)	499,792
-	54,312	(76,342)
160,481	(277,899)	-
-	-	103,028
-	(128,474)	(44,698)
-	-	(25,802)
(42,365)	555,712	-
-	-	612,665
10,763,098	10,763,098	5,611,526
<u>\$ 80,266,037</u>	<u>\$ 149,262,167</u>	<u>\$ 5,390,407</u>
<u>\$ -</u>	<u>\$ 55,393,613</u>	<u>\$ -</u>
<u>\$ 855,561</u>	<u>\$ 1,156,899</u>	<u>\$ -</u>
<u>\$ 1,098,232</u>	<u>\$ 1,986,839</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 233</u>	<u>\$ -</u>
<u>\$ 1,866,683</u>	<u>\$ 2,378,239</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 1,544,384</u>	<u>\$ 2,253,599</u>
<u>\$ 432,064</u>	<u>\$ 432,064</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 5,359,120</u>	<u>\$ 70,296</u>

PALM BEACH COUNTY, FLORIDA
Statement of Fiduciary Net Assets - Agency Funds
September 30, 2010

	Total Agency Funds
ASSETS	
Cash and cash equivalents	\$109,114,263
Investments	57,883
Accounts receivable, net	627,364
Due from other governments	1,740,493
Other assets	408
	Total assets
	\$111,540,411
LIABILITIES	
Vouchers payable and accrued liabilities	\$ 4,530,425
Due to other governments	49,745,741
Due to individuals	56,983,580
Other liabilities	280,665
	Total liabilities
	\$111,540,411

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

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

Palm Beach County is a political subdivision of the State of Florida pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. It is governed by a seven member elected Board of County Commissioners (the Board) which is regulated by State Statutes and a local County Charter, operating under a County Manager form of government with separation of legislative and executive functions. In addition to the members of the Board, there are five elected Constitutional Officers: the Tax Collector, Property Appraiser, Clerk & Comptroller, Sheriff, and the Supervisor of Elections. The Board and the Constitutional Officers comprise the Palm Beach County primary government.

As required by GAAP, these financial statements cover the Palm Beach County reporting entity which includes the Palm Beach County primary government as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, Component units are either classified as blended component units or discretely presented component units, depending on the nature of the entity's relationship with the primary government. GASB Statement No. 14 provides the following criteria for determining whether or not an entity is a component unit of the reporting entity:

The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of the separate organization's governing body *and* either is able to impose its will on that organization or there is the potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government is entitled to the organization's resources; is legally obligated or has otherwise assumed the obligations to finance the deficits of, or provide financial support to, the organization; or is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

In addition, any entity, for which the primary government is not financially accountable but for which exclusion would cause the primary government's financial statements to be misleading, should be included as a component unit.

In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units: an Amendment of GASB Statement No. 14*, a government must include certain legally separate, tax-exempt entities in the government's financial reporting entity as discretely presented component units if they meet all three of the following conditions: (a) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (b) the primary government or its component units, are entitled to or have the ability to otherwise access a majority of the economic resources received or held by the separate organizations; or (c) the economic resources received or held by an individual organization that the specific primary government is entitled to, or has the ability to otherwise access, are significant to that primary government. GASB Statement No. 39 had no effect on determining the County's discretely presented component units and therefore had no effect on the financial statements. Based on the criteria specified above, the Palm Beach County reporting entity includes both blended component units and discretely presented component units.

Blended Component Units

The following organizations have been presented as blended component units because the organization's governing body is substantially the same as the governing body of the County, or the organization provides services almost entirely to the primary government.

Palm Beach County Public Building Corporation – This corporation was created by Palm Beach County Ordinance 81-11 pursuant to Article VIII, Section 1 (f) of the Constitution of the State of Florida and Sections 125.01 (w) and 125.66, Florida Statutes. The corporation was incorporated on April 2, 1981 to provide financial assistance for and on behalf of the County by paying the costs of acquiring, constructing and equipping an Administrative Complex located at 301 North Olive Avenue in the City of West Palm Beach, Florida (the Project). The corporation also participates in certain activities incidental to such purpose, including the leasing of the Project to the County. This corporation currently has no fiscal activity.

Transportation Authority (Palm Tran, Inc.) – This corporation was created by Palm Beach County Resolution 95-1636D pursuant to Chapter 617, Florida Statutes. Its purpose is to operate for the advancement of charity by advancing public transportation and lessening the burden on Palm Beach County to provide a transportation system. The Board of Palm Tran, Inc. consists of the seven members of the Board of County Commissioners of Palm Beach County. The bylaws provide that the corporation shall have a president to act as the corporation's chief executive officer who shall be the County Administrator, a secretary/treasurer who shall be the Clerk to the Board of County Commissioners or a deputy clerk designated for such purposes, and an executive director who shall be responsible for the day to day management and operations of the corporation. Palm Tran, Inc. is reported as a special revenue fund.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Solid Waste Authority of Palm Beach County (SWA) – The SWA is a dependent special district created under the Palm Beach County Solid Waste Act (the Act), Chapter 75-473, Laws of Florida. Chapter 91-334, Laws of Florida, became effective October 1, 1991 and amended Chapter 75-473 by providing that the seven members of the Palm Beach County Board of County Commissioners shall serve as the governing board of the Authority. The Board of the SWA is responsible for adopting an annual, non-appropriated, operating budget as a financial plan for the year. The Act gives the SWA the power to construct and operate solid waste disposal facilities and to require that all solid waste collected by private and/or public agencies within the County for disposal in the County be delivered to processing and disposal facilities designated by the SWA. The SWA is reported as an enterprise fund.

Discretely Presented Component Units

The Component Unit columns in the basic financial statements include the financial data of the County's discretely presented Component Units. They are reported in separate columns to emphasize that they are legally separate from the County. The following organizations are included in the reporting entity because the primary government (1) appointed a voting majority of the organization's board, (2) is able to impose its will on the organization, and (3) the organization provides services to the citizenry of Palm Beach County.

Housing Finance Authority of Palm Beach County, Florida (HFA) – This public authority was created by Palm Beach County Ordinance 79-3 pursuant to Chapter 159, Florida Statutes, as amended and supplemented. It was created to alleviate the shortage of housing available at affordable rates in Palm Beach County and the shortage of capital for investments in such housing. The Authority has the power to issue single family and multi-family revenue bonds to finance the purchase of housing by families of low and moderate income through investing in mortgage loans to eligible families. The HFA is presented as a proprietary fund type.

Westgate/Belvedere Homes Community Redevelopment Agency (CRA) – This agency was created by Palm Beach County Resolution 89-649 pursuant to Section 163.355, Florida Statutes. It was created in order to develop and revitalize the blighted area known as Westgate/Belvedere Homes with intent to benefit Palm Beach County as a whole by returning improved property to the County's tax base. The CRA has the power to issue redevelopment revenue bonds from time to time to finance its undertaking of community redevelopment to the designated area. The CRA is presented as a governmental fund type.

Metropolitan Planning Organization (MPO) – This organization was created by Palm Beach County Resolution 79-1684 pursuant to Section 334.215, Florida Statutes, as amended by Section 339.175, Florida Statutes. The members of the MPO are appointed by the Governor and consist of five members of the Board of County Commissioners, eleven members from local municipalities, and one member from the governing board of the Port of Palm Beach. The purpose of the MPO is to administer and execute the inter-local agreement providing for short-term and long-term planning for all modes of travel

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

in order to benefit the citizens of Palm Beach County. The MPO is reported as a governmental fund type.

Complete financial statements for each of the individual component units may be obtained at the respective entity's administrative offices.

Palm Beach County Public Building Corporation
301 North Olive Avenue
West Palm Beach, FL 33401

Metropolitan Planning Organization
160 Australian Avenue, Suite 201
West Palm Beach, FL 33406

Solid Waste Authority
of Palm Beach County
7501 North Jog Road
West Palm Beach, FL 33412

Housing Finance Authority
of Palm Beach County
810 Datura Street
West Palm Beach, FL 33401

Westgate/Belvedere Homes Community Redevelopment Agency
160 Australian Ave, Suite 500
West Palm Beach, FL 33406

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments.

The following organizations are related organizations which have not been included in the reporting entity:

Palm Beach County Educational Facilities Authority – This organization was created by Palm Beach County Resolution 79-1493 pursuant to Chapter 243.18, Florida Statutes. Members of the authority are appointed by the Board of County Commissioners of Palm Beach County, but the County does not provide funding, has no obligation for the debt issued by the authority and cannot impose its will.

Palm Beach County Health Facilities Authority – This organization was created pursuant to Part III – Chapter 154, Florida Statutes, and by Ordinance 77-379 and 77-398 adopted by the Board of County Commissioners. Members of the authority are appointed by the Board of County Commissioners of Palm Beach County, but the County does not provide the funding, has no obligation for the debt issued by the authority and cannot impose its will.

Palm Beach County Workforce Development Board, Inc. – This Board was created pursuant to Palm Beach County Resolution 96-805D, as amended by Resolutions 96-1539D and 97-510Dm as a result of the enactment by the Florida Legislature of the Workforce Florida Act of 1996. Members of the board are appointed by the Board of County Commissioners of Palm Beach County, but the County does not provide the funding, has no obligation for the debt issued by the board and cannot impose its will.

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Equity Joint Ventures

East Central Regional Wastewater Facility

In September 1992, Palm Beach County entered into a thirty-year joint inter-local agreement (the Agreement) with four municipalities for the East Central Regional Wastewater Facility (the Facility). The Facility was created to receive, treat and dispose of sewage generated within each municipality and the County. Under GAAP, the County is required to account for this joint venture using the equity method. Accordingly, the County recorded its initial investment at cost and is required to record its proportionate share of the Facility's income or loss as well as additional contributions made or distributions received. Palm Beach County's interest in the joint venture is recorded in the County's Water Utilities Enterprise Fund. As of September 30, 2009, the Facility had total assets of \$102,821,429 and total net assets of \$90,387,901 including \$68,308,854 invested in capital, net of debt, and \$11,720,528 of unrestricted net assets. September 30, 2010 amounts are expected to approximate the above figures.

The Agreement provides for the establishment of a board comprised of one representative from each participating entity, with the City of West Palm Beach being designated to administer and operate the Facility. The Facility's board has the authority to accept and disburse funds, approve an annual budget, transact business, enter into contracts and decide all other matters related to the Facility.

The proportionate share for each entity is determined by the reserve capacity of the Facility allocated to each participant. At September 30, 2010, Palm Beach County had a 34.29% interest. The participants and each entity's interest at September 30, 2010 are as follows:

PARTICIPANT	RESERVE CAPACITY PERCENTAGES
City of West Palm Beach	29.29%
Palm Beach County	34.29%
City of Lake Worth	17.86%
City of Riviera Beach	11.42%
Town of Palm Beach	7.14%
TOTAL	100.00%

Separate financial statements for the Facility may be obtained at the following address:

East Central Regional Wastewater Facilities
City of West Palm Beach
P.O. Box 3506
West Palm Beach, FL 33402

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Biosolids Processing and Recycling Facility

On September 23, 2003, the Board of County Commissioners, on behalf of the Water Utilities Department, entered into an interlocal agreement (Agreement) with the Solid Waste Authority (SWA) to fund a portion of the cost to design, build, and operate a Biosolids Processing and Recycling Facility (BPF). The BPF processes certain wastewater treatment residuals (biosolids) and is necessary to comply with increasingly stringent environmental regulations that have significantly decreased the number of land application sites available. Bulk land application was the method of disposing of the biosolids.

The agreement is for a period of twenty years beginning with the August 1, 2009 operations commencement. Upon the conclusion of the term of the agreement, the BPF will remain the property of SWA with each participating entity owning its share of the BPF, in perpetuity, for the life of the plant. Under accounting principles generally accepted in the United States of America, the Department is required to account for this arrangement as a joint venture. Therefore, an asset is reported on the Water Utilities financial statements under the caption "Investment in Joint Ventures".

Since the BPF agreement does not state that the participants are to share in the profits and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture's results of operations. Rather, the investment in joint venture will be amortized using the straight line method over the twenty-year life of the agreement. The Department's 27.5% share resulted in pro rata obligations of \$8.7 million for construction costs and \$580,000 annually for operating expenses for the twenty-year period. The Department's operating costs were \$906,200 for the year ended September 30, 2010. During the fiscal year ended September 30, 2010, \$.4 million was paid to SWA by the Department for its pro rata share of the construction costs and is shown as an asset – investment in joint ventures – on the statement of net assets.

No separate financial statements are prepared for the BPF which is reported as part of SWA operations. SWA financial statements may be obtained from their office at 7501 North Jog Road, West Palm Beach, Florida, 33412.

Non - Equity Joint Ventures

Glades Utility Authority

On June 16, 2009, the Glades Utility Authority (GUA) was established when the BCC adopted a Resolution determining that the transfer of certain utility assets to the GUA was in the public interest, as required under Section 125.3401, Florida Statutes. This transaction was accounted for by the Department as a non-exchange transaction which recognized a \$56.4 million contribution expense to other governments to reflect the \$55.7 million transfer of the Lake Region Water Treatment Plant and \$0.7 million in the Renewal & Replacement Fund for same to the GUA on October 1, 2009. This transaction also resulted in a \$55.4 million reduction in capital assets and the amount invested in capital assets net of related debt and has been reported as a special item.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

The GUA, which began operations on October 1, 2009, is a regional partnership established through an interlocal agreement between the County and the Cities of Belle Glade, Pahokee and South Bay for the purpose of providing water, wastewater, and reclaimed water services to the residents of Belle Glade, Pahokee, and South Bay.

The Governing Board (Board) for the GUA consists of seven members, one each from Pahokee and South Bay, two from Belle Glade and three from the County, each of whom shall be appointed by their respective entity except that one member appointed by the County must be a resident in the service area of the GUA. No elected officials may be appointed to the Board. Initially the Board members from the three Cities and the resident of the service area shall have one vote and each of the other County members shall have two votes each. The affirmative vote of members holding a majority of the votes shall be required for passage of any item provided the affirmative vote of at least one of the three cities shall be required for passage of the item. As such the County does not appoint a voting majority of the Board. As part of the formation of the GUA, the County agreed to provide a backup pledge on some of the debt which was being acquired and refinanced by the GUA. Through this backup pledge the County has become obligated in some manner for the debt of the GUA. However, the County has no equity interest in the GUA and as such this entity is reported as a Non-Equity Joint Venture of the County.

The existing State Revolving Fund loans of the Cities which were assumed by the GUA were restructured for a 30-year term with the first 5 years interest only with an interest rate not exceeding 4.5%. The agreement commits the County as a backup pledge for the restructured debt. In addition, the GUA received a \$9.3 million bank loan with level principal and interest payments for a 10-year term with interest at 4.48%. The agreement commits the County as a backup pledge for the debt.

The County Water Utility's Department's financial consultants have developed a Business Plan that illustrates the financial feasibility and sustainability of the GUA. Separate financials statements for the GUA may be obtained by contacting the Water Utilities Department.

Sunshine State Governmental Financing Commission

The Sunshine State Governmental Financing Commission (the "Commission") was created in November 1985. As a joint venture among the member governmental units, the Commission enables a limited number of qualifying governments to participate in pooled debt financing with pricing and cost structures not normally available to governmental entities acting individually.

Financial Statements may be obtained from the Commission.

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B. Basic Financial Statements

The County's Basic Financial Statements contain three components; government-wide financial statements, fund financial statements and notes to the financial statements.

Government-wide financial statements - The government-wide financial statements provide an overview of the County's financial position using the accrual basis of accounting. The Statement of Net Assets presents information on all of the assets and liabilities of the County as a whole. The difference between assets and liabilities is reported as net assets. Changes in net assets may serve as an indicator of whether the financial position of the County is improving or deteriorating. The Statement of Activities presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying economic transactions occur, regardless of when cash is received or paid. Therefore, some of the revenues or expenses reported in the Statement of Activities will have cash flows in future fiscal periods. For example, uncollected taxes are reported as revenues although cash receipts will occur in the future. Unused vacation leave results in an expense although related cash outflows will occur in the future.

The government-wide financial statements presentation distinguishes between activities that are supported primarily by taxes and intergovernmental revenues (governmental activities) and activities that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services and culture and recreation. The business-type activities of the County include the Water Utilities Department, the Department of Airports and the Solid Waste Authority.

The government-wide financial statements include not only the County itself (the primary government), but also its' discretely presented component units, the legally separate entities for which the County is financially accountable.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provisions. All of the funds of the County may be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how money or other spendable financial resources flow into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. The measurement focus is based upon determination of changes in financial resources. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The governmental fund category includes the general fund, special revenue funds, debt service funds, and capital project funds. There is a reconciliation of the governmental activities presented in the

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Statement of Net Assets and the Statement of Activities to the governmental funds presented in the fund financial statements. The following is a description of the County's major governmental funds:

The **General Fund** is the primary operating fund of the County. It is used to account for all financial resources of the general government except those required to be accounted for in other funds. The General Fund specifically accounts for the County-wide and Municipal Services Taxing Unit portions of the General Fund.

Special Revenue Funds:

The **Fire Rescue Special Revenue Fund** is used to account for ad valorem taxes and other revenues designated for fire rescue services.

The **Sheriff Special Revenue Fund** is used to account for the expenditures necessary to carry out the powers, duties and obligations of the elected office of Sheriff as detailed in Chapter 30.15, Florida Statutes.

Capital Projects Funds:

The **Road Program Capital Projects Fund** is used to account for costs related to the design and acquisition of rights of way and the construction of improvements to the County's major thoroughfare road system, primarily represented by the County's Five Year Road Program.

All other nonmajor governmental funds are aggregated into a single column for presentation purposes.

Proprietary Funds – The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water Utilities Department, its Department of Airports and the Solid Waste Authority. All three of these operations are considered to be major proprietary funds of the County. Internal Service Funds are used to accumulate and allocate costs internally among the County's other functions. The County uses internal service funds to account for Fleet Management and Risk Management programs. These programs are included in the governmental activities column of the government-wide financial statements because they predominantly benefit governmental rather than business-type functions. The measurement focus is based on changes in economic resources. The three internal service funds are aggregated into a single column for presentation in the proprietary fund financial statements. The County's three major proprietary funds are described below:

The **Water Utilities Department Fund** is used to account for the operations of the water and wastewater system in the unincorporated areas of the County. Water and wastewater fees are determined annually by rate studies and are set at levels to recover the expenses of operations, including debt service, in a manner similar to private business enterprises. Activities necessary to provide water and wastewater service are accounted for in this fund, including customer service, engineering, operations and maintenance.

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The **Department of Airports Fund** is used to account for the operations of the four County-owned airports – Palm Beach International Airport in West Palm Beach and three general aviation airports located in Palm Beach Gardens, Lantana and Pahokee.

The **Solid Waste Authority Fund** is used to account for the operations of the Solid Waste Authority on a countywide basis. Refuse generated in the unincorporated areas of the County is collected by franchised and non-franchised collectors serving residential and commercial customers and by private companies servicing their own customers. Refuse dumping fees are reviewed annually and are set at levels sufficient to recover operating and debt service expenses.

Agency Funds are custodial in nature (assets equal liabilities) and do not measure results of operations. Agency funds are used to account for resources held by the government as an agent for individuals, private organizations and other governments. Assets held include cash bonds, purchasing bid bonds, security deposits, fines and forfeitures, tax deeds, tax payments, and license and registration payments. These funds are not included in the government-wide financial statements because the resources in these funds are not available to support the County's own programs.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment for transactions is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. The Agency fund financial statements are presented using the accrual basis of accounting.

With the economic resources measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. With the accrual method of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Government-wide financial statements and proprietary fund financial statements show increases (revenues) and decreases (expenses) in net assets.

Governmental fund financial statements are presented using the current financial resources and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds show increases (i.e. revenues and other financing resources) and decreases (i.e. expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when they become both measurable and available to pay liabilities of the current period. For this purpose, the County considers revenue to be available if they are collected within 60 days of year-end. Revenues not

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considered available are recorded as deferred revenues. Property taxes when levied for, intergovernmental revenue when all eligibility requirements have been met, franchise fees, utility taxes, licenses and permits, charges for services and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and other post employment benefits are recorded only when payment is due.

D. Cash and Investments

Additional information is provided in Note 2, Cash and Investments.

Deposits

All deposits are held in qualified public depositories pursuant to the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" and are covered by either federal depository insurance or collateral held by the Chief Financial Officer of Florida.

In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the Chief Financial Officer of Florida from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool.

Cash Equivalents

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents. The County maintains an internal investment pool for substantially all funds. Earnings are allocated daily to each fund based on their equity balances in the pool. Each fund reports their equity in the County's internal investment pool as a cash equivalent.

Investments

All investments are reported at fair value except for the following which are reported at amortized cost as permitted by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*:

- Florida Prime Investment Pool
- Money Market Mutual Funds.

State statutes and local ordinances authorize County investments in obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreements, interest-bearing time deposits, savings accounts, Florida Prime Investment Pool (formerly known as the Local Government Surplus funds Trust Fund LGIP administered by the State Board of Administration), the Florida Local Government Investment Trust (FLGIT), collateralized mortgage obligations (CMO), certain corporate securities, instruments backed by the full faith and credit of the State of Israel, bankers acceptances, and money market mutual funds.

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State statutes authorize Solid Waste Authority (SWA) investments in the Florida Prime Investment Pool (formerly known as the Local Government Surplus funds Trust Fund LGIP administered by the State Board of Administration), interest-bearing time deposits, savings accounts, negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government, obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its districts, interest rate swap agreements, and obligations guaranteed by the Government National Mortgage Association and obligations of the Federal National Mortgage Association and mutual funds limited to U.S. Government securities.

The following external investment pools are not SEC-registered:

The State Board of Administration (SBA) administers the *Florida Prime Investment Pool* (formerly known as the Local Government Surplus funds Trust Fund 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. The Florida Prime Investment Pool is an external investment pool operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Fund B is accounted for as a fluctuating net asset value pool. 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 Investment Pool, 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 Investment Pool. The investments in the Florida Prime Investment Pool and Fund B are not insured by FDIC or any other governmental agency. Regulatory oversight of the State Board of Administration is provided by three elected officials who are accountable to the electorate: the Governor of the State of Florida, as Chairman; the Chief Financial Officer of Florida, as Treasurer; and the State Comptroller, as Secretary. External oversight of the State Board of Administration is provided by the Investment Advisory Council which reviews the investments made by the staff of the Board of Administration and makes recommendations to the Board regarding investment policy, strategy, and procedures. Audit oversight is provided by the Florida Auditor General's Office.

The *Florida Local Government Investment Trust* (FLGIT) is a local government investment pool developed jointly by the Florida Association of Court Clerks and the Florida Association of Counties. The FLGIT has no regulatory oversight, but has been recognized by an Internal Revenue Service private letter ruling as a tax-exempt organization, received a Standard and Poor's rating and is governed by a six member Board of Trustees. The share price of this investment represents the fair value of the fund's underlying investments.

E. Accounts and Other Receivables

Accounts receivable are recorded net of allowances for bad debts. Allowance for uncollectible receivables is based upon historical trends and the periodic aging of receivables. These allowances relate to the enterprise funds and are not significant. Billings to water utility customers are based on metered consumption which is determined at various dates each month. Estimated unbilled consumption at year-end is recognized as revenue in the Water Utilities Fund.

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Other receivables include low income housing loans to individuals and developers, a loan to the convention center and a contribution receivable from FAU as part of the Scripps project.

F. Inventories and Prepaid Items

Inventories consisting primarily of materials and supplies are stated at cost based upon the first-in, first-out method. Purchases of inventories for governmental funds are reported as expenditures in the period purchased, except for the Sheriff, which is accounted for using the consumption method. Inventories for governmental fund types, which use the purchases method, are reported on the governmental funds balance sheet as an asset of the fund with a corresponding reserve against fund balance. Inventories of proprietary type funds are reported as an expense when consumed in the operations of the fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

G. Capital Assets

Property, plant, and equipment and infrastructure assets (such as roads, sidewalks, bridges, and drainage systems) are reported in the applicable governmental or business-type activities columns of the government-wide financial statements and proprietary fund financial statements. All work in process for the current fiscal year has been capitalized as Construction In Progress as the related projects have not yet been completed. Capital assets are defined as those assets with an initial, individual cost of over \$1,000. Contributed capital assets are recorded at their estimated fair value at the time received. 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. In addition, for business-type activities and enterprise funds, net interest costs are capitalized on projects during the construction period. Depreciation is calculated using the straight-line method over estimated useful lives as follows:

<u>Asset Classification</u>	<u>Estimated Useful Life (In Years)</u>
Buildings, Utility Plants and Systems	10-50
Furniture, Fixtures and Equipment	2-15
Improvements Other Than Buildings	5-20
Infrastructure	20-50

In the governmental fund financial statements, the costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures. Capital assets are not shown on the governmental fund balance sheets.

Goodwill is determined based on the difference between the acquisition price and the fair value of all assets acquired. Amortization of goodwill related to the utility system acquisition is also computed on the straight-line method. The Water Utilities Department has two items of goodwill: 1.) the goodwill resulting from the acquisition of the Village of Royal Palm Beach's

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Utility System is amortized over 30 years which represents the period the bonds issued to fund the acquisition will be outstanding, and 2.) the goodwill resulting from the acquisition of the Indian Trail Improvement District Utility System is amortized over 40 years.

H. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the County accrues a liability for compensated absences, as well as certain other salary-related costs associated with the payment of compensated absences. Vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is also accrued as a liability as the benefits are earned by the employees, but only to the extent that it is probable that the County will compensate the employees for the benefits through cash payments at termination or retirement.

Under the accrual basis of accounting used in the government-wide financial statements and the separate proprietary fund financial statements, the entire compensated absences liability (long-term and short-term) is reported when earned as described above. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

I. Landfill Closure and Post-closure Care Costs

In accordance with governmental accounting standards, the County, as a municipal solid waste land owner, records a current expense and the related long-term liability for certain future landfill closure and Post-closure care costs for landfills still accepting solid waste. The portion of these future costs currently recognized is based on the amount of landfill capacity consumed as of each balance sheet date. The County also records the current estimated liability for remediation and monitoring costs for landfills that closed on or before October 9, 1991. More information on these expenses and related long-term liabilities is disclosed in the *Landfill Closure and Post-closure Care Costs* Note.

J. Deferred Issuance Costs, Bond Discounts, Premiums and Deferred Amounts on Refunding

At the government-wide level and in the proprietary funds, expenses incurred in connection with the issuance of long-term debt, as well as bond discounts, premiums and deferred amounts on refunding, are deferred and amortized over the term of the related financing using a method that approximates the effective interest method. For governmental funds, these costs are considered to be period costs.

K. Self-Insurance

The County maintains a Risk Management (Workers' Compensation) self-insurance program, a Casualty self-insurance program, and an Employee health self-insurance program which are accounted for as internal service funds. The County has elected to essentially self-insure itself for health benefits to County employees and employees of component units of the County electing to participate in the plan. The plan covers approximately 4,900 participants.

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The three (3) self-insurance programs are designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administration and a margin for unexpected losses or expenses.

L. Financial Reporting for Government-wide and Proprietary Funds

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 Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

M. Pension and Other Post-Employment Benefits Disclosure

The County applies GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, for the measurement, recognition, and display of pension expenditures or expenses as discussed in a subsequent note.

The County applies GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the measurement, recognition, and display of OPEB expenditures or expenses, liabilities and assets as discussed in a subsequent note.

N. Elimination of Internal Activity

In the government-wide Statement of Activities, interfund activity, such as transfers in and out as well as transfers within the Internal Service Funds and within the Governmental Activities category is eliminated. Interfund activity between governmental and business-type activities is not eliminated. Interfund services provided and used between functions are not eliminated because removing interfund services would distort the functional expenses presented in the Statement of Activities.

O. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

P. Budgets

BOARD OF COUNTY COMMISSIONERS

Pursuant to Chapter 129, Florida Statutes, General Budget Policies, the following procedures are followed by the Board of County Commissioners in establishing, adopting and maintaining the operating budget.

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1. On or before July 15, the County Administrator, through the Office of Financial Management and Budget (OFMB) submits to the Board of County Commissioners a tentative budget for the fiscal year commencing the following October 1. This is a detailed plan outlining all programs and estimated departmental revenues and expenditures for the upcoming year.
2. Taxpayers are informed of the proposed budget and tentative millage rates through advertising and public hearings which are held to elicit taxpayer comments.
3. The budget is legally adopted through Board of County Commission action for the fiscal year beginning October 1.
4. The Board at any time within a fiscal year may amend a budget for that year as follows:
 - a. Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by action recorded in the minutes, provided that the total of the appropriations of the fund are not changed. The Board of County Commissioners, however, may establish procedures by which the designated budget officer may authorize certain intradepartmental budget amendments, provided that the total appropriation of the department shall not be changed.
 - b. Appropriations from reserves may be made to increase appropriations by resolution of the Board, but no expenditures shall be directly charged to any reserve.
 - c. A receipt from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts or reimbursements for damages may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget in the proper fund. During fiscal year 2010, supplemental appropriations amounted to a net increase of \$368,455,649, or approximately 9.0% of the original budget.
5. It is unlawful for the Board to expend or contract for the expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. In addition, to comply with the above statutory requirements, the Board of County Commissioners has elected to adopt management controls and approved guidelines, which provide for the budget to be controlled at a detail level greater than the statutory level of control. This control (effective legal level) is maintained at the department or fund level. A separate detailed report providing this information is available for inspection at OFMB. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.

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CLERK OF CIRCUIT COURT

Chapter 218.35, Florida Statutes, governs the preparation, adoption and administration of the Clerk & Comptroller's (the Clerk) annual budget. The Clerk, as county fee officer, establishes an annual budget for her office, which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk, functioning in her capacity as Clerk of the Circuit and County Courts and as Clerk of the Board of County Commissioners, prepares her budget in two parts:

1. The budget for funds necessary to perform court-related functions as provided for in Florida Statute 28.36, which details the methodologies used to apportion costs between court-related and non-court-related functions performed by the clerk.
2. The budget relating to the requirements of the Clerk as Clerk of the Board of County Commissioners, County Auditor, and Custodian or Treasurer of all county funds and other county related duties.

SHERIFF

Chapter 30.49, Florida Statutes, governs the preparation, adoption and administration of the Sheriff's annual budget. By May 1 each year, the Sheriff shall certify to the Board a proposed budget of expenditures for performing the duties of his office for the ensuing fiscal year. The Sheriff's budget is legally adopted by Board of County Commission action for the fiscal year beginning October 1.

TAX COLLECTOR AND PROPERTY APPRAISER

Chapter 195.087, Florida Statutes, governs the preparation, adoption and administration of the budgets of the Tax Collector and Property Appraiser. On or before a legally designated date each year, the Tax Collector and the Property Appraiser shall submit to the Florida Department of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same time to the Board of County Commissioners. Final approval of the budgets is given by the Florida Department of Revenue.

SUPERVISOR OF ELECTIONS

Chapter 129, (sections .02 and .202), Florida Statutes, governs the preparation, adoption and administration of the budget of the Supervisor of Elections. On or before June 1 of each year, the Supervisor of Elections shall submit to the Board of County Commissioners a tentative budget for the ensuing fiscal year.

However, the Board of County Commissioners of Palm Beach County, by resolution R-95-1195, requires the tentative budget to be submitted by May 1 of each year.

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Q. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Since appropriations lapse at year end, it is the County's policy to liquidate open encumbrances and re-appropriate such amounts in the beginning of the next fiscal year.

R. Designations of Unreserved Fund Balances

Unreserved fund balances as of September 30, 2010 have the following significant designations:

Designation	Amount
General Fund:	
Encumbrances	\$ 851,273
Contingency	20,000,000
Special Revenue Funds:	
Encumbrances	40,826,690
Fire Rescue Long-Term Disability	15,013,345
Capital Projects Funds:	
Encumbrances	186,907,288

Amounts designated for encumbrances represent outstanding purchase orders, contracts, and other commitments at year-end, which were re-appropriated at the beginning of fiscal year 2011, in accordance with County policy.

The amount designated for contingencies represents the portion of fund balance that was designated by the Board of County Commissioners for unforeseen expenditures or potential revenue shortfalls in fiscal year 2011.

In addition to these designations, unreserved Fund Balances in the Special Revenue Funds and Capital Project Funds are usually required to be expended for specific purposes and are not available for general county-wide purposes.

S. Operating versus Non-operating Revenue and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the County's Enterprise and Internal Service funds are charges to customers for sales and services. Operating revenues for the Enterprise Funds include water and wastewater service fees, airport fees and charges and solid waste refuse fees. For the Internal Service funds, operating revenues include charges to other departments for various maintenance, communications and insurance services. Operating expenses for the Enterprise and Internal

PALM BEACH COUNTY, FLORIDA
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Service Funds include costs of sales and services, administrative fees, insurance payments and depreciation. All revenues and expenses not meeting this definition are considered non-operating items.

T. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

U. Fund Equity and Net Assets

Fund Equity

The County has established certain reservations of fund equity to indicate the portion of fund balance that is not appropriable for expenditure or is legally segregated for a specific future use. Reservations of fund balance are reported on the Balance Sheet.

Net Assets

Invested in capital assets, net of related debt is that portion of net assets that relates to the County's capital assets, reduced by debt outstanding used to purchase or construct the capital assets. The related debt is reduced by any unspent proceeds that are outstanding at fiscal year-end.

Restricted net assets is that portion of net assets that has been restricted from general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. The restricted component of net assets represents restricted assets reduced by liabilities related to those assets. The entity-wide statement of net assets (government activities) reports \$775,130,243 of restricted net assets, of which \$180,086,267 is restricted by enabling legislation.

V. Property Tax

Taxes in Palm Beach County are levied by the Board of County Commissioners for the County. The millage levies are determined on the basis of estimates or revenue needs and the total taxable valuations within the jurisdiction of the Board of County Commissioners. No aggregate ad valorem tax millage (in excess of 10 mills on the dollar) is levied against property of the County as specified in Chapter 200.071, Florida Statutes.

Each year the total taxable valuation is established by the County Property Appraiser and the list of property assessments is submitted to the State Department of Revenue for approval. County ad valorem taxes are a lien on the property against which they are assessed from January 1 of the year of assessment until paid or barred by operation of law (statute of limitations). Taxes are levied on October 1, become due and payable on November 1 of each year, or as soon thereafter as the assessment roll is opened for collection, and are delinquent on April 1 of the following year.

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Pursuant to Florida law, the Tax Collector advertises and sells tax certificates on all real property for which there are unpaid taxes. Accordingly, there is no property taxes receivable as of September 30, 2010.

For the 2009 tax roll year, the assessment roll was opened for collection on November 1, 2009, and discounts for payment prior to April 1, 2010, were determined as follows:

4%	if paid in November 2009
3%	if paid in December 2009
2%	if paid in January 2010
1%	if paid in February 2010

W. Interest Costs

Interest costs are expensed or capitalized as required by the Interest Topic 835, Subtopic 20, Section 30 “Amount of Interest to be Capitalized” of the FASB Accounting Standards Codification. Interest cost incurred by proprietary funds for the fiscal year ended September 30, 2010 amounted to \$30,796,880, of which \$3,620,914 was capitalized.

2. CASH AND INVESTMENTS

Additional cash and investment information is provided in Note 1, paragraph D (Summary of Significant Accounting Policies - Cash and Investments).

At September 30, 2010 the cash and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Deposits in Financial Institutions	\$ 209,165,289	\$ 178,478,746
Cash on hand		290,805
Investments		<u>2,148,452,888</u>
Total		<u>\$ 2,327,222,439</u>

Cash and investments are reported in the Statement of Net Assets as follows:

	<u>Primary Government</u>	<u>Agency Funds</u>	<u>Total</u>
Cash, cash equivalents and investments	\$ 2,218,050,293	\$ 109,172,146	<u>\$ 2,327,222,439</u>

As of September 30, 2010, the primary government had the following investments, subject to interest rate risk using the segmented-time distribution method:

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Investment Type	Fair Value	Maturity in Years		
		Less Than 2 Years	2 Year but Less Than 5 Years	5 Years but Less Than 14 Years
Investments subject to interest rate risk				
Money Market Mutual Funds	\$ 456,478,913	\$ 456,478,913	\$ -	\$ -
Adjustable Rate Securities	426,592,350	-	426,592,350	-
Collateralized Mortgage Obligations	322,379,837	97,336,236	225,043,601	-
Mortgage Backed Securities	227,980,864	2,206,043	225,774,821	-
Florida Prime Investment Pool (SBA)	217,058,487	217,058,487	-	-
Callable Step Rate Bonds	203,935,535	45,602,908	158,332,627	-
Debenture Participation Certificates	163,669,359	-	-	163,669,359
Corporate Notes	49,648,050	-	22,005,500	27,642,550
Indexed Amortization Notes	39,988,732	10,208,373	-	29,780,359
Florida Local Govt Investment Trust	29,401,588	29,401,588	-	-
Foreign Government Bonds	10,079,947	5,035,760	5,044,187	-
Fund B Surplus Funds Trust Fund (SBA)	1,239,226			1,239,226
	<u>\$ 2,148,452,888</u>	<u>\$ 863,328,308</u>	<u>\$ 1,062,793,086</u>	<u>\$ 222,331,494</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the County Investment Policy, the Clerk & Comptroller manages the County's internal investment pool's exposure to declines in fair values by managing overall effective duration appropriate to the risk tolerance in meeting stated objectives. The Policy states that at the time of purchase, the County's investments must have a final maturity or average life of 10 years or less. The County's Investment Policy limits investments in collateralized mortgage obligations (CMO) to 20% of total value of the County's internal investment pool. Investments in IO (interest only), PO (principal only), inverse floaters, other volatile CMO types, and corporate convertible securities are all prohibited. All CMO issues must pass the Federal Financial Institutions Examination Council (FFIEC) High Risk Security Test on a quarterly basis, or as specified in any Trust Indenture.

In accordance with its investment policy, the Solid Waste Authority manages its exposure to declines in fair values by limiting U.S. Treasury obligations/instrumentalities to maturities of no more than 5 years, U.S. Federal Agency securities to maturities of no more than 3 years and interest rate swap agreements to no more than 10 years.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations.

PALM BEACH COUNTY, FLORIDA
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Investments	Fair Value	Percentage of Total Portfolio	Standard & Poor's Investment Rating Service
U.S Government Sponsored Enterprises (GSE)	\$ 835,724,846	38.9%	AAA
U.S. Treasuries & Guaranteed Agencies	548,821,831	25.5%	U.S. Guarantee
Money Market Mutual Funds	456,478,913	21.2%	AAAm
Florida Prime Investment Pool (SBA)	217,058,487	10.1%	AAAm
Corporate Securities	39,139,562	1.8%	AA+
Florida Local Govt Investment Trust	29,401,588	1.4%	AAAf
Corporate Securities	10,508,488	0.5%	A
Foreign Government Bonds	10,079,947	0.5%	A-1
Fund B Surplus Funds Trust Fund (SBA)	1,239,226	0.1%	Not rated
	\$2,148,452,888	100.0%	

No rating by Moody's or Fitch was lower than Standard and Poor's. Some securities were not rated by Moody's and Fitch.

In accordance with the County's Investment Policy for the internal investment pool, investments in commercial paper and bankers acceptances are limited to ratings of A-1 or P-1 or higher by Standard and Poor's and Moody's respectively. Investments in corporate securities are limited to ratings of AA or higher by Standard and Poor's and Moody's. Policy allows for the timely and appropriate disposal when an investment credit rating falls below a minimum threshold. A corporate security whose credit rating fell below the policy was sold in December 2010. Corporate securities are limited to no more than 20% of the investment pool's total market value, excluding commercial paper, which is limited to 25% of the total market value. No-load money market mutual funds backed by government bonds are allowable if rated in the highest rating category of a Nationally Recognized Statistical Rating Organization (NRSRO).

State statutes authorize Solid Waste Authority (SWA) investments in the Florida Prime Investment Pool (formerly known as the Local Government Surplus funds Trust Fund LGIP administered by the State Board of Administration), interest-bearing time deposits, savings accounts, negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government, obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its districts, interest rate swap agreements, and obligations guaranteed by the Government National Mortgage Association and obligations of the Federal National Mortgage Association and mutual funds limited to U.S. Government securities.

Custodial Credit Risk- Investments

This type of risk would arise in the event of the failure of a custodian of County investments, after which the government would not be able to recover the value of its investments that are in the possession of the third party custodian.

PALM BEACH COUNTY, FLORIDA
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To guard against this risk, the County’s investment policy for the internal investment pool requires that all securities be insured or registered in the name of the County and held by a third party custodial institution, with capital and surplus stock of at least \$500 million and a separate custody account at the Federal Reserve Bank (FED) specifically designated by the FED as restricted for the safekeeping of the member-bank’s customer-owned securities only. All securities purchased or sold are transferred “delivery versus payment” (D.V.P.) or “payment versus delivery” to ensure that funds or securities are not released until all criteria relating to the specific transactions are met.

The Solid Waste Authority’s investment policy requires that all securities be registered in the name of the SWA and held by a third party safekeeping institution.

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer.

Investment Issuer	Fair Value	Percentage of Total
Federal National Mortgage Association (Fannie Mae)	\$ 527,369,770	24.5%
Government National Mortgage Association (Ginnie Mae)	278,743,672	13.0%
Federal Home Loan Mortgage Company (Freddie Mac)	278,574,716	13.0%
U.S. Small Business Administration	235,150,979	10.9%
Florida State Board of Administration	218,297,713	10.2%
Other combined- less then 2% per issuer	183,011,634	8.5%
Vesco AIM Institutional Money Market Fund	153,189,589	7.1%
Fidelity Institute Treasury Money Market Fund	147,958,218	6.9%
Dreyfus Government Money Market Fund	126,156,597	5.9%
	\$ 2,148,452,888	100.0%

The County’s investment policy for the internal investment pool limits investments in corporate securities to 1% of total pool market value per single issuer.

In accordance with the Solid Waste Authority’s investment policy, securities of a single issuer are limited to 5% of the portfolio’s fair value except for U.S. Treasuries, U.S. Government instrumentalities and U.S. Federal Agencies which are limited to 10%. Interest rate swap agreements and GIC agreements are limited to 50% of the portfolio’s fair value.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk. The County investment in foreign bonds is denominated in U.S. dollars.

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COMPONENT UNITS:

Westgate/Belvedere Homes Community Redevelopment Agency (CRA)

As of September 30, 2010, the carrying value of deposits with financial institutions was \$1,872,244 and the bank balance was \$1,974,681. The CRA was invested in the Florida Prime Investment Pool (SBA) with a fair value of \$394,499 and \$7,972 in the Fund B Surplus Funds Trust Fund (SBA). The Prime Investment Pool is an external 2a7-like investment pool which is not SEC-registered. See Note 1 paragraph D (Summary of Significant Accounting Policies) for additional information.

Interest rate risk:

The weighted average maturity for the underlying investments of the Florida Prime Investment Pool (SBA) is 52 days and Fund B Surplus Funds Trust Fund (SBA) is 7.5 years as of September 30, 2010. CRA has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk:

The Florida Prime Investment Pool (SBA) is rated AAAM by Standard & Poor and Fund B Surplus Funds Trust Fund (SBA) is not rated. The CRA has no formal investment policy that limits investment credit risk.

Custodial credit risk- investments:

The CRA has no formal investment policy that limits custodial credit risk.

Concentration risk:

100% of investments are invested in the Florida State Board of Administration's (SBA) investment pools. The CRA has no formal investment policy that limits investment concentration risk.

Palm Beach County Housing Finance Authority (HFA)

At September 30, 2010 HFA's equity in Palm Beach County's internal investment pool was \$6,035,931 which is included with other primary government receivables in the Statement of Net Assets in "Due from primary government".

**PALM BEACH COUNTY, FLORIDA
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As of September 30, 2010, HFA had the following investments:

Investments	Fair Value	Percent of Total Investments	Maturity	Standard & Poor's Investment Rating Service
Government National Mortgage Association Bond (Ginnie Mae)	\$ 2,423,878	50.2%	4/15/2025	Guaranteed by U.S. Govt
Federal National Mortgage Association (FNMA)	1,903,545	39.4%	11/1/2032	AAA
Fidelity U.S. Treasury Portfolio Money Market Mutual Fund	195,000	4.0%	Less than 90 days	AAAm
Goldman Sachs Financial Square Government Money Market Mutual Fund	100,057	2.1%	Less than 90 days	AAAm
Federated Government Obligations Tax-Managed Money Market Mutual Fund	100,000	2.1%	Less than 90 days	AAAm
Fidelity Governmental Money Market Mutual Fund	100,000	2.1%	Less than 90 days	AAAm
Florida Prime Investment Pool State Board of Administration (SBA)	6,478	0.1%	52 days	AAAm
Fund B Surplus Funds Trust Fund State Board of Administration (SBA)	1,155	0.0%	7.5 years	Not rated
Total investments	<u>\$ 4,830,113</u>	<u>100.0%</u>		

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's internal investment pool had an effective duration of 1.8 years as of September 30, 2010. The Authority's investment policy limits the maturity of investments to match cash and anticipated cash flow requirements.

Credit Risk:

Credit risk is the risk that an issuer will not fulfill its obligations. The County's internal investment pool is rated AAAs by Standard & Poor's on September 30, 2010. The Authority's investment policy addresses credit risk by limiting allowable investments to the State of Florida Local Government Surplus Funds Trust Fund, deposits with a financial institution meeting the requirements of a Florida Qualified Public Depository, and securities guaranteed by the U.S. Government. Policy allows for the timely and appropriate disposal when an investment credit rating falls below a minimum threshold.

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Custodial Credit Risk:

Custodial credit risk is defined as the risk that the Authority may not recover the securities held by another party in the event of a financial failure. The Authority's investment policy for custodial credit risk requires all investment securities to be held in the Authority's name by a third party safekeeping institution.

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 Authority's investment policy addresses the concentration of credit risk by limiting the maximum amount that may be invested in any one issuer.

Metropolitan Planning Organization (MPO)

At September 30, 2010 MPO's equity in Palm Beach County's internal investment pool was \$242,067 which is included with other primary government receivables in the Statement of Net Assets in "Due from primary government".

Interest rate risk:

The County's internal investment pool had an effective duration of 1.8 years as of September 30, 2010. MPO has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk:

The County's internal investment pool is rated AA+ by Standard & Poor's on September 30, 2010. MPO has no formal investment policy that limits investment credit risk.

Custodial credit risk- investments:

The MPO has no formal investment policy that limits custodial credit risk.

Concentration risk:

100% of investments are invested in the County's internal investment pool. MPO has no formal investment policy that limits investment concentration risk.

3. RELATED PARTY TRANSACTIONS

Various departments within the County provide goods, administration, public safety, maintenance and various other services to other operating departments. Charges for these services are determined using direct and indirect cost allocation methods or amounts determined based upon direct negotiations between the related parties. The most significant of these

PALM BEACH COUNTY, FLORIDA
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transactions involves the reimbursement of indirect costs in accordance with the indirect cost plan. Accordingly, the reimbursement of these indirect costs in fiscal year 2010 was \$18,829,916.

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

Primary Government

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 741,195,635	\$ -	\$ -	\$ 741,195,635
Construction In Progress	444,546,437	161,818,835	(100,529,425)	505,835,847
Total non-depreciable assets	<u>1,185,742,072</u>	<u>161,818,835</u>	<u>(100,529,425)</u>	<u>1,247,031,482</u>
Depreciable assets:				
Buildings and improvements	813,052,691	56,508,830	(445,769)	869,115,752
Improvements other than buildings	300,046,287	17,780,520	-	317,826,807
Equipment	556,260,598	54,439,093	(24,289,034)	586,410,657
Infrastructure	1,252,793,825	26,385,671	-	1,279,179,496
Total depreciable assets	<u>2,922,153,401</u>	<u>155,114,114</u>	<u>(24,734,803)</u>	<u>3,052,532,712</u>
Less accumulated depreciation for:				
Buildings and improvements	(271,585,527)	(21,730,892)	398,338	(292,918,081)
Improvements other than buildings	(170,502,564)	(9,348,729)	-	(179,851,293)
Equipment	(359,356,512)	(57,546,197)	22,617,894	(394,284,815)
Infrastructure	(964,325,849)	(25,724,862)	-	(990,050,711)
Total accumulated depreciation	<u>(1,765,770,452)</u>	<u>(114,350,680)</u>	<u>23,016,232</u>	<u>(1,857,104,900)</u>
Total capital assets, being depreciated, net	<u>1,156,382,949</u>	<u>40,763,434</u>	<u>(1,718,571)</u>	<u>1,195,427,812</u>
Total governmental capital assets, net	<u>\$2,342,125,021</u>	<u>\$ 202,582,269</u>	<u>\$(102,247,996)</u>	<u>\$ 2,442,459,294</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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	Beginning Balance	Additions	Deductions	Ending Balance
Business-type Activities:				
Non-depreciable assets:				
Land	\$ 161,732,642	\$ 1,551,311	\$ (623,019)	\$ 162,660,934
Construction In Progress	138,831,192	190,481,081	(39,172,974)	290,139,299
Total non-depreciable assets	<u>300,563,834</u>	<u>192,032,392</u>	<u>(39,795,993)</u>	<u>452,800,233</u>
Depreciable assets:				
Buildings and improvements	744,816,620	9,368,079	(11,860,776)	742,323,923
Improvements other than buildings	1,425,213,643	34,482,243	(49,067,357)	1,410,628,529
Equipment	292,795,946	8,122,004	(12,523,153)	288,394,797
Intangible - easement rights	15,415,813	-	-	15,415,813
Leasehold interest	12,120,667	290,858	-	12,411,525
Goodwill	7,131,703	-	-	7,131,703
Total depreciable assets	<u>2,497,494,392</u>	<u>52,263,184</u>	<u>(73,451,286)</u>	<u>2,476,306,290</u>
Less accumulated depreciation for:				
Buildings and improvements	(286,269,738)	(27,959,692)	7,394,098	(306,835,332)
Improvements other than buildings	(518,662,868)	(37,988,959)	3,414,543	(553,237,284)
Equipment	(166,420,179)	(25,021,338)	7,198,404	(184,243,113)
Intangible - easement rights	(2,815,422)	(343,874)	-	(3,159,296)
Leasehold interest	(4,119,653)	(1,242,770)	-	(5,362,423)
Goodwill	(670,011)	(222,351)	-	(892,362)
Total accumulated depreciation	<u>(978,957,871)</u>	<u>(92,778,984)</u>	<u>18,007,045</u>	<u>(1,053,729,810)</u>
Total capital assets, being depreciated, net	<u>1,518,536,521</u>	<u>(40,515,800)</u>	<u>(55,444,241)</u>	<u>1,422,576,480</u>
Total business-type capital assets, net	<u>\$ 1,819,100,355</u>	<u>\$ 151,516,592</u>	<u>\$ (95,240,234)</u>	<u>\$ 1,875,376,713</u>

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

Governmental Activities:

General government	\$ 19,870,842
Public safety	33,819,037
Physical environment	821,089
Transportation	33,227,087
Economic environment	445,663
Human services	1,683,408
Culture and recreation	16,032,723
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their usage of the assets.	<u>8,450,831</u>
Total depreciation expense - governmental activities	<u>\$ 114,350,680</u>

Business-type activities:

Department of Airports	\$ 25,192,836
Water Utilities Department	38,701,767
Solid Waste Authority	<u>28,884,381</u>
Total depreciation expense-business-type activities	<u>\$ 92,778,984</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Discretely presented component unit

A summary of changes in capital assets for the Westgate/Belvedere Homes Community Redevelopment Agency follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Non-depreciable assets:				
Land	\$ 3,451,275	\$ -	\$ -	\$ 3,451,275
Total non-depreciable assets	3,451,275	-	-	3,451,275
Depreciable assets:				
Equipment	15,958	-	-	15,958
Infrastructure	334,904	110,558	-	445,462
Total depreciable assets	350,862	110,558	-	461,420
Less accumulated depreciation for:				
Equipment	(29,040)	(9,898)	-	(38,938)
Total accumulated depreciation	(29,040)	(9,898)	-	(38,938)
Total capital assets, being depreciated, net	321,822	100,660	-	422,482
 Total component unit capital assets, net	 \$ 3,773,097	 \$ 100,660	 \$ -	 \$ 3,873,757

5. INTERFUND TRANSFERS IN AND OUT

Interfund transfers in and out during fiscal year 2010 were as follows:

Interfund Transfers In	Interfund Transfers Out	Amount
Governmental Funds:		
Major Governmental Funds		
General Fund	Sheriff Special Revenue Fund	\$ 15,650,713
	Law Enforcement Grants Special Revenue Fund	636,938
	Other Special Revenue Fund	1,541,176
	Clerk & Comptroller Special Revenue Fund	1,415,897
	Supervisor of Elections Special Revenue Fund	2,642,680
	General Government Capital Projects	11,802,213
	Parks & Recreation Capital Projects	646,265
	Fleet Management	5,182,432
	Combined Insurance Fund	1,519,608
	ISS	2,691,598
		<u>\$ 43,729,520</u>
Fire Rescue Special Revenue Fund	General Fund	\$ 6,407,861
	Other Special Revenue Fund	282,079
	Fleet Management	1,726
	Combined Insurance Fund	268,827
		<u>\$ 6,960,493</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Interfund Transfers In	Interfund Transfers Out	Amount
Sheriff Special Revenue Fund	General Fund Law Enforcement Grants Special Revenue Fund Other Special Revenue Fund Criminal Justice Capital Projects	\$ 487,933,232 4,122,033 555,503 450,112 <hr/> <u>\$ 493,060,880</u>
Road Program Capital Projects	General Fund County Transportation Trust Special Revenue Fund	\$ 750,000 64,000 <hr/> <u>\$ 814,000</u>
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds		
Law Enforcement Grants Special Revenue Fund	General Fund Other Special Revenue Fund	\$ 579,280 2,719 <hr/> <u>\$ 581,999</u>
County Transportation Trust Special Revenue Fund	General Fund Road Program Capital Projects	\$ 11,813,308 20,038,754 <hr/> <u>\$ 31,852,062</u>
Library Taxing District Special Revenue Fund	Fleet Management Combined Insurance Fund	\$ 23,939 450,129 <hr/> <u>\$ 474,068</u>
Community & Social Development Special Revenue Fund	General Fund Road Program Capital Projects General Government Capital Projects	\$ 12,878,917 13,266 40,000 <hr/> <u>\$ 12,932,183</u>
Affordable Housing (SHIP) Trust Fund Special Revenue Fund	Hurricane Housing Recovery Plan Fund Special Revenue Fund	\$ 86,789 <hr/> <u>\$ 86,789</u>
Palm Tran Special Revenue Fund	General Fund Road Program Capital Projects	\$ 21,895,872 14,500,000 <hr/> <u>\$ 36,395,872</u>
Other Special Revenue Fund	General Fund Law Enforcement Grants Special Revenue Fund	\$ 14,365,610 103,915 <hr/> <u>\$ 14,469,525</u>
Clerk & Comptroller Special Revenue Fund	General Fund	\$ 14,319,034 <hr/> <u>\$ 14,319,034</u>
Supervisor of Elections Special Revenue Fund	General Fund	\$ 9,028,270 <hr/> <u>\$ 9,028,270</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Interfund Transfers In	Interfund Transfers Out	Amount
Nonmajor Debt Service Funds		
Revenue Bonds Debt Service Fund	Tourist Development Special Revenue Fund	\$ 7,462,579
	Other Special Revenue Fund	71,599,077
	Criminal Justice Capital Projects	12,308,014
	General Government Capital Projects	7,907,245
		<u>\$ 99,276,915</u>
Other Financing Debt Service	Other Special Revenue Fund	\$ 1,567,053
	Revenue Bonds Debt Service	11,543,892
	Environmental Lands Capital Projects	36,914
		<u>\$ 13,147,859</u>
Nonmajor Capital Projects Funds		
Criminal Justice Capital Projects	General Government Capital Projects	\$ 81
		<u>\$ 81</u>
Environmental Lands Capital Projects	General Fund	\$ 250,000
	Tourist Development Special Revenue Fund	1,801,767
	Other Special Revenue Fund	4,080,341
		<u>\$ 6,132,108</u>
General Government Capital Projects	General Fund	\$ 4,567,245
	Fire Rescue Special Revenue Fund	269,984
	Sheriff Special Revenue Fund	252,271
	Airports	40,170
	County Transportation Trust Special Revenue Fund	50,452
	Municipal Service Taxing District Special Revenue Fund	18,605
	Library Taxing District Special Revenue Fund	10,396
	Community & Social Development Special Revenue Fund	5,311,055
	Palm Tran Special Revenue Fund	129,272
	Other Special Revenue Fund	2,467,247
	General Obligation Bonds Debt Service	63,515
	Revenue Bonds Debt Service	176,913
	Fleet Management	7,612
		<u>\$ 13,364,737</u>
Libraries Capital Projects	Library Taxing District Special Revenue Fund	\$ 205,000
		<u>\$ 205,000</u>
Total Nonmajor Governmental Funds		<u>\$ 252,266,502</u>
Proprietary Funds:		
Major Enterprise Funds		
Airports	Fleet Management	\$ 35,121
	Combined Insurance Fund	214,363
		<u>\$ 249,484</u>

**PALM BEACH COUNTY, FLORIDA
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Interfund Transfers In	Interfund Transfers Out	Amount
Water Utilities	Community & Social Development Special Revenue Fund Combined Insurance Fund	\$ 75,000 716,938 <hr/> <u>\$ 791,938</u>
Total Interfund Transfers Primary Government		<hr/> <u>\$ 797,872,817</u>

Transfers are used to: (1) move revenues from within the fund which a statute or budget requires them to be collected to a fund from which a statute or budget requires them to be expended; (2) move receipts which are restricted to debt service from the funds where the receipts are collected into the debt service fund, as debt service payments become due; (3) provide matching funds for the County's portion of grant agreements; (4) use and transfer unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and; (5) provide funding for various capital projects by means of transfers.

In addition, on October 1, 2009, the County reclassified the Information Systems Services (ISS) Internal Service Fund into the General Fund as a department. As a result, the current resources of \$2,691,598 were transferred into the General Fund from ISS.

6. RETIREMENT PLANS

FLORIDA RETIREMENT SYSTEM

Plan Description - The County participates in the Florida Retirement System (FRS), a non-contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement. The FRS was created December 1, 1970. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Florida Statutes, Chapter 121, and may only be amended by the Florida Legislature.

The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Florida Division of Retirement, ATTN: Research, Education & Policy Section, P. O. Box 9000, Tallahassee, Florida 32315-9000, calling 1-850-488-5706, or accessing their website at: <http://dms.myflorida.com>.

Beginning July 1, 2002, the FRS became one plan with two primary options, a defined benefit option known as the FRS Pension Plan and an alternative defined contribution option known as the FRS Investment Plan. The two options are described in detail below.

The FRS Pension Plan provides for vesting of benefits after 6 years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Average final compensation is the average of the five highest fiscal years of earnings. Members are eligible for

**PALM BEACH COUNTY, FLORIDA
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normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS Investment Plan, formally created as the Public Employee Optional Retirement Program (PEORP), is a participant-directed 401(a) program selected by employees in lieu of participation in the defined benefit option of the Florida Retirement System. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Participants and beneficiaries bear the investment risks that result when they exercise control over investments in their accounts. The Investment Plan offers a diversified mix of low-cost investment options that span the risk-return spectrum and give participants the opportunity to accumulate retirement benefits. Members are vested after completing one year of creditable service.

Funding Policy - The contribution requirements of the County are established and may be amended by the Florida Legislature. The County's contributions to FRS for the years ended September 30, 2010, 2009, and 2008 were \$102.9 million, \$99.7 million, and \$94.4 million, respectively, equal to the required contributions for each year.

The following membership classes and rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2010:

<u>Membership Class</u>	<u>Rates</u>
Regular	10.77%
Special Risk	23.25%
Judges	21.79%
Legislators	16.34%
Governor/Lieutenant Governor/Cabinet	16.34%
State Attorney/Public Defender	16.34%
County, City, Special District Elected Officers	18.64%
Special Risk Administrative Support	13.24%
IFAS Supplemental	18.75%
Senior Management	14.57%
Deferred Retirement Option Program	12.25%

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PALM TRAN, INC. – DEFINED BENEFIT PLAN

Plan Description – The Palm Tran, Inc. – Amalgamated Transit Union Local 1577 (Palm Tran) pension plan (the Plan) is a mandatory contribution, single-employer, defined benefit retirement program administered by the Pension Resource Center. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Board of Trustees (the Board) of the Palm Tran pension plan has the authority to establish and amend benefit provisions. Palm Tran issues a stand-alone, publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the plan administrator at Pension Resource Center LLC, 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, Florida 33410 or calling 1-561-624-3277 or accessing their website at: www.resourcecenters.com. Since the County has no fiduciary responsibility for this plan, it is not included in these financial statements.

Funding Policy – The contribution requirements of plan members and Palm Tran, Inc. are established by the Pension Trust Agreement and may be amended by the Board. Plan members are required to contribute 2.5% of their annual covered payroll. Palm Tran, Inc. is required to contribute 13% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation – Per the actuarial valuation, the annual pension cost and net pension obligation as of December 31, 2009 were as follows:

Annual required contribution (ARC)	\$	5,735,378
Interest on net pension obligation		20,160
Adjustment to ARC		14,222
Annual pension cost		5,769,760
Contributions made		(3,302,893)
Increase (decrease) in net pension obligation		2,466,867
Net pension obligation beginning of year		252,006
Net pension obligation end of year	\$	2,718,873

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$3,272,841	100%	\$ -
12/31/08	3,527,501	93	252,006
12/31/09	5,769,760	58	2,718,873

Funded Status and Funding Progress – As of January 1, 2010, the most recent actuarial valuation date, the plan was 67.1% funded. The actuarial accrued liability for benefits was \$76.5 million, and the actuarial value of assets was \$51.3 million, resulting in an unfunded actuarial

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accrued liability (UAAL) of \$25.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$25.4 million, and the ratio of the UAAL to the covered payroll was 99.0%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – In the January 1, 2010 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases ranging from 5.0% to 12.5% per year. Both (a) and (b) included an inflation component of 4.0% with no cost-of-living adjustments. The projection of benefits for financial accounting purposes does not explicitly incorporate the potential effects of the 13% limitation on Palm Tran’s contribution rate disclosed above under “Funding Policy”. The actuarial value of assets was determined using the 5-year Smoothed Market asset valuation method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2010 was 30 years.

LANTANA FIREFIGHTER’S – DEFINED BENEFIT/CONTRIBUTION PLAN

Plan Description – The Lantana Firefighter’s Pension Fund (LFPF) is a combined defined benefit and defined contribution pension plan covering Town of Lantana (Town) fire fighters employed by Palm Beach County (County). LFPF is governed by a Board of Trustees made up of representatives of the firefighters and the Town. It provides a defined benefit retirement annuity to retiring participants and also provides a defined contribution retirement benefit in the form of share accounts, payable upon retirement, death or disability. LFPF issues a stand-alone, publicly available financial report that includes financial statements and required supplementary information. The County does not perform the investment function or have significant administrative involvement in the plan. The report may be obtained by writing to the plan administrator, Pension Resource Center LLC, at 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, Florida 33410 or calling 1-561-624-3277 or accessing their website at: www.resourcecenters.com. Since the County has no fiduciary responsibility for this plan, it is not included in these financial statements.

Funding Policy – (a) Plan members are required to contribute 10% of their salary to the Plan. Of this, 2% is allocated to the defined benefit portion of the Plan and 8% is allocated to the defined contribution portion. (b) Pursuant to Chapter 175, Florida Statutes, the Town imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within its corporate limits. 100% of the net proceeds of this 1.85% excise tax are allocated to the defined benefit portion of the Plan. (c) Because the County is ultimately responsible for the actuarial soundness of the Plan, the County must contribute an amount determined by the Trustees, in conjunction with the Plan’s actuary, to be sufficient, along with the employees’ contributions and the proceeds from the insurance tax, described above, to fund the defined benefits under the Plan. The current rate is 54.46% of annual covered payroll.

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Annual Pension Cost and Net Pension Obligation – Per the actuarial valuation, the annual pension cost and net pension obligation as of September 30, 2009 were as follows:

Annual required contribution (ARC)	\$	1,432,225
Interest on net pension obligation		-
Adjustment to ARC		-
Annual pension cost		1,432,225
Contributions made		(1,397,720)
Increase (decrease) in net pension obligation		34,505
Net pension obligation beginning of year		-
Net pension obligation end of year	\$	34,505

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/07	\$1,497,710	100%	\$ -
09/30/08	1,472,690	100	-
09/30/09	1,432,225	98	34,505

Funded Status and Funding Progress – As of September 30, 2009, the most recent actuarial valuation date, the plan was 79.1% funded. The actuarial accrued liability for benefits was \$21.7 million, and the actuarial value of assets was \$17.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.4 million, and the ratio of the UAAL to the covered payroll was 190.3%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – In the September 30, 2009 actuarial valuation, the Individual Entry Age actuarial cost method was used. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 7.0% per year compounded annually, and (c) the assumption that benefits will not increase after retirement. Both (a) and (b) included an inflation component of 5.0%. The actuarial value of assets was determined using the 5-year Smoothed Market asset valuation method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2009 ranges from 1-15 years.

Note: The Actuarial Valuation report for September 30, 2010 was not available.

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OTHER PENSION PAYMENTS

The County entered into agreements with the City of Lake Worth (City) for law enforcement services, effective October 1, 2008, and fire rescue services, effective October 1, 2009. Employees of the City who became County employees had the choice to remain in the appropriate City sponsored retirement plan or to become a member of the Florida Retirement System (FRS). The County contributes to the City sponsored plans the equivalent amount that would be required by FRS. The County's contributions for employees who elected to remain with the City sponsored plans were \$1,146,006 for the year ended September 30, 2010.

A copy of the City's pension fund financial statements may be obtained by contacting the Plan Administrators for the Lake Worth Pension Funds: Pension Resource Center LLC, at 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, Florida 33410 or calling 1-561-624-3277 or accessing their website at: www.resourcecenters.com. Since the County has no fiduciary responsibility for this plan, it is not included in these financial statements.

COMPONENT UNIT

Like the Primary Government, Westgate/Belvedere Homes Community Redevelopment Agency (CRA) also participates in the Florida Retirement System (FRS), a non-contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement.

The contribution requirements of CRA are established and may be amended by the Florida Legislature. The CRA's contributions to FRS for the years ended September 30, 2010, 2009, and 2008 were \$28,188, \$26,826, and \$23,144, respectively, equal to the required contributions for each year.

7. COMMITMENTS

Outstanding Purchase Orders and Contracts

Purchase orders and contracts (including construction contracts) had been executed, but goods and services were not received in approximately the amounts shown below as of September 30, 2010:

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<u>Fund</u>	<u>Amount</u>
Capital Projects Funds	\$ 186,907,288
Solid Waste Authority	72,576,749
Special Revenue Funds	40,826,690
Department of Water Utilities	15,287,000
Department of Airports	8,727,161
Internal Service Funds	3,114,808
General Fund	851,273
Clerk & Comptroller	752,993
Tax Collector	622,933
Property Appraiser	142,660
Total	<u><u>\$ 329,809,555</u></u>

Because the budget authority for these amounts lapses at fiscal year-end, they are not shown as either encumbrances or liabilities. Funds are appropriated at the beginning of each fiscal year to provide for these commitments.

Water Utilities

On May 20, 2008, the County, on behalf of the Water Utilities Department (the Department), entered into an agreement with FP&L which provides for reclaimed water to become the primary source of cooling water supply to FP&L's West County Energy Center (the Center) beginning in fiscal year 2011. In addition, FP&L is to construct a 27 million gallon per day reclaimed water facility at the East Central Regional Wastewater Reclamation Facility. The agreement with FP&L has a term of thirty years beginning in fiscal year 2011 with three additional ten year options. The project is being financed with proceeds from the \$68M Series 2009 Water and Sewer Revenue Bonds. FP&L will reimburse the Department for all debt service costs related to this debt issue once the construction is completed.

On February 2, 2010, the County approved an Interlocal Agreement with the Town of Lake Clarke Shores (the Town). The agreement provides for the Town to purchase up to 400,000 gallons of potable water per day from the County. The agreement is projected to provide a net positive fiscal impact per year of \$95,000.

Termination Benefits

Termination benefits are benefits, other than salaries and wages, which are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees.

Prior Year Plan:

On July 21, 2009 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they

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agreed to voluntarily terminate employment by August 21, 2009. The liability for the accrued healthcare cost at September 30, 2010 was \$982,400 with \$525,100 estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium.

Current Year Plans:

On January 15, 2010 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by February 26, 2010. For fiscal year 2010, the cost of providing those benefits for forty-seven voluntary terminations was approximately \$1.0 million. The liability for the accrued healthcare cost at September 30, 2010 was \$564,200 with \$253,900 estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium. The value of the severance pay was \$465,700 including payroll taxes.

On June 28, 2010 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by July 30, 2010. For fiscal year 2010, the cost of providing those benefits for forty-nine voluntary terminations was approximately \$1.1 million. The liability for the accrued healthcare cost at September 30, 2010 was \$626,700 with \$280,200 estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium. The value of the severance pay was \$475,200 including payroll taxes.

In fiscal year 2010, The Clerk & Comptroller's office offered employees who voluntarily terminated employment severance pay equal to 100% of their accrued sick time. Sick time normally accrues at 25% for five through nine years and 50% for ten or more years of service. The cost of providing this benefit for two voluntary terminations was \$5,700 including payroll taxes. There was no accrued benefits payable at September 30, 2010.

In fiscal year 2010, The Clerk & Comptroller's office offered four weeks of severance pay for six involuntary terminations. The cost of providing this benefit was \$40,300 including payroll taxes. These employees were able to continue healthcare coverage under COBRA, and the liability for accrued healthcare cost at September 30, 2010 was \$1,100.

County Home

The County entered into an inter-local agreement with the Palm Beach County Health Care District (the District) effective July 11, 1995 regarding the Medicaid Match and the County Home and General Care Facility (County Home). The term of the agreement is for 40 years and provides that the County will make a fixed annual payment of \$15 million to the District in exchange for the District's agreement to operate and manage the County Home and to pay 100% of the Medicaid Match funding as required by the State for hospital and nursing home care.

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Max Planck

On July 22, 2008, the County entered into an economic development grant agreement with Max Planck Florida Corporation (MPFC) providing funding for approximately \$86.9 million for the construction and operation of an approximate 100,000 square foot Biomedical Research Facility in the County. Under the terms of the agreement, a maximum of \$60 million will be spent towards the construction costs for the Permanent Facility and \$26.9 million towards the reimbursement of operational costs. The term of the agreement is 15 years. The County, MPFC and FAU entered into a sublease agreement to lease a portion of the John D. MacArthur Campus of FAU to MPFC for construction of its permanent Florida facilities. The execution of the FAU sublease is a condition to the disbursement of the grant funds. The County has paid approximately \$6.7 million towards this commitment as of September 30, 2010.

Land Commitments

During 1996, SWA purchased approximately 1,600 acres of farmland in western Palm Beach County as a replacement waste disposal site. SWA has an operating lease expiring in 2014 with the former owner to maintain and continue farming the property. The lease provides for annual rental payments to SWA adjusted each year based on the change in the producer price index for raw cane sugar, provided that the total annual rent shall not exceed \$450,000. Rental income from this lease for the year ended September 30, 2010 was approximately \$257,000. The carrying value of the land subject to the lease was approximately \$8 million at September 30, 2010. The lease also provides the option to extend the term for five additional periods of four years (through 2030), each under the same terms and conditions. SWA retains the right to terminate the lease, in part, for areas designated for development by SWA after the initial lease term. Management expects the operating lease to be renewed until the property is utilized for its intended purpose as a replacement waste disposal site.

SWA leases the current site of the Delray Beach transfer station from the City of Delray Beach under a 20 year operating lease expiring September 30, 2020 with an option to renew for an additional 20 years under the existing terms. The lease provides for annual rental payments increased by the annual change in the consumer price index. Rent expense for the year ended September 30, 2010 was approximately \$129,000. The minimum future rental payments, based on an annual increase of 3 percent, under this operating lease at September 30, 2010 are estimated to be \$1,525,243.

Tri-County Commuter Rail Authority

In October 1994, Palm Beach County entered into a five-year joint inter-local agreement (the Agreement) with Miami-Dade County, Broward County, the Florida Department of Transportation and the Tri-County Commuter Rail Authority (the Authority) which calls for each of the respective counties to fund one-third of the net operating deficit of the Authority after considering all Federal subsidy, State subsidy and farebox revenue. The County's 2010 subsidy amounted to \$4,235,000. The Authority was created as an agency of the State of Florida

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pursuant to Chapter 343, Florida Statutes in 1988 to provide commuter rail services in Broward, Dade and Palm Beach counties. Tri-Rail serves both residents and tourists with a scheduled passenger rail commuter system which currently operates on seventy-one miles of rail corridor along the east coast of Florida.

The governing Board of Directors consists of nine members; one representative from each county's Board of County Commissioners (3), one citizen from each county (3), one representative from the Florida Department of Transportation (1), one member appointed by the Governor of Florida (1), and one member at large who is appointed by the other eight members (1). Tri-Rail's annual operating budget is adopted and approved by the Authority's Board of Directors.

Separate financial statements for the Authority may be obtained at the following address:

Tri-County Commuter Rail Authority
305 South Andrews Avenue, Suite 200
Fort Lauderdale, FL 33301

8. RISK MANAGEMENT

The County maintains various self-insurance programs which are accounted for as internal service funds. Following is a brief description of each of the County's insurance programs. The claims liability reported in each of the funds at September 30, 2010, is actuarially determined based on the requirements of GASB 10, which specifies that a liability for claims be reported if information prior to the issuance of the financial statements indicated 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.

Property and Liability

The County is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; and natural disasters. A portfolio of commercial insurance policies provides specific excess coverage for property losses in excess of \$1,000,000 and third-party liability losses in excess of \$500,000. In addition, excess liability exposures are also currently limited to \$100,000 per person and \$200,000 per occurrence under Florida's sovereign immunity statute 768.28. Due to recent amendments to 768.28, those statutory limits will increase to \$200,000 per person and \$300,000 per occurrence for occurrences on or after October 1, 2011. Negligence claims in excess of the statutory limits can only be recovered through an act of the State of Florida Legislature. The County purchases excess claim bill liability coverage of \$5 million per claim in order to protect against excess liability exposures. This coverage provides additional liability coverage against federal claim awards. Separate excess auto liability insurance coverage of \$2,000,000 per claim is in place for the operation of Palm Tran's fleet of public transit buses.

With the exception of the Sheriff, Clerk & Comptroller, and Property Appraiser, all funds of the County participate in the program and make payments to the Property and Liability Insurance Fund,

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included in the Combined Insurance Fund, based on estimates of the amounts needed to pay prior and current year claims. The claims liability reported in this fund at September 30, 2010 is \$6,984,000.

During claim years 2010 and 2009, changes recorded to the claims liability for property and liability insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2009	\$8,408,000	\$266,000	(\$1,556,000)	\$7,118,000
2010	7,118,000	610,000	(744,000)	6,984,000

Workers' Compensation Insurance

The County has self-funded its workers' compensation exposure since 1969. This fund covers all employees of the Board of County Commissioners, the Supervisor of Elections, the Clerk & Comptroller, the Property Appraiser, and the Tax Collector. Although the Sheriff's payroll and losses are reported to the State by the risk management department, the Sheriff administers his own program. The County is 100% self-insured for workers' compensation exposures beginning October 1, 1993.

With the exception of the Sheriff, all funds of the County participate in the program and make payments to the Workers' Compensation Insurance Fund, included in the Combined Insurance Fund, based on estimates of the amounts needed to pay prior and current year claims. The claims liability reported in this fund at September 30, 2010 is \$49,345,000. During claim years 2010 and 2009, changes recorded to the claims liability for workers' compensation insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2009	\$39,656,000	\$8,656,000	(\$4,641,000)	\$43,671,000
2010	43,671,000	11,257,000	(5,583,000)	49,345,000

Employee Group Health Insurance

The County provides health insurance for its employees, retirees, and eligible dependents. Effective January 1, 2003, the County changed from a fully insured plan to a self-insured plan. The County has in place a \$500,000 specific excess insurance policy to protect the County against catastrophic health claims.

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All funds of the County and the Supervisor of Elections participate in the program and make payments to the Employee Health Insurance fund, included in the Combined Insurance Fund, based on estimates of amounts needed to pay prior and current year claims. All other Constitutional Officers contract separately for health insurance coverage. The claims liability reported in the fund at September 30, 2010 is \$4,579,182. During claim years 2010 and 2009, changes recorded to the claims liability for employee health insurance were as follows:

<u>Fiscal Year</u>	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2009	\$4,139,856	\$50,776,593	(\$51,169,932)	\$3,746,517
2010	3,746,517	57,125,005	(56,292,340)	4,579,182

SOLID WASTE AUTHORITY (SWA)

The SWA is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The SWA purchases commercial insurance for property damage with coverage up to a maximum of approximately \$346 million, subject to various policy sub-limits, generally ranging from \$1 million to \$50 million and deductibles ranging from \$50,000 to \$1 million per occurrence. The SWA also purchases commercial insurance for general liability claims with coverage up to \$5 million per occurrence and \$5 million aggregate, with excess liability coverage of \$45 million, all subject to various deductibles up to \$50,000 per occurrence. General liability claims are limited by the Florida constitutional doctrine of sovereign immunity to \$100,000 per claim and \$200,000 per occurrence unless a higher claim is approved by the Florida Legislature.

The SWA purchases commercial insurance for workers' compensation benefits with a \$1,000,000 per occurrence and per employee policy limit, subject to a deductible of \$250,000 per occurrence and per claim, up to a maximum of approximately \$1.5 million for 2010. Settled claims have not exceeded commercial coverage in any of the last three years. Changes in the claims liability amount for workers' compensation benefits for the years ended September 30, 2010 and 2009 were as follows:

<u>Fiscal Year</u>	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2009	\$448,000	\$249,606	(\$249,606)	\$448,000
2010	448,000	195,749	(195,749)	448,000

Effective January 1, 2009, the SWA purchased health insurance through a commercial health insurance plan.

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SHERIFF

The Sheriff's Office maintains a general liability self-insurance program, a workers' compensation self-insurance program and a commercially insured employee health insurance program which are accounted for in the Sheriff's General fund (which is reported as a special revenue fund in the County's CAFR). The following is a brief description of each of the Sheriff's insurance programs.

General Liability Insurance

The Sheriff's office is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; and natural disasters. The claims liability reported for general liability at September 30, 2010 is \$12,810,571. This amount is based on the requirements of GASB 10 which specifies 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.

During claim years 2010 and 2009, changes recorded to the claims liability for general liability were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2009	\$12,907,299	\$3,601,656	(\$3,639,504)	\$12,869,451
2010	12,869,451	5,235,286	(5,294,166)	12,810,571

Workers' Compensation Insurance

The Sheriff's office is self-funded for its workers' compensation exposure. The claims liability reported at September 30, 2010 is \$23,215,313. This amount is the actuarially determined claims liability based on the requirements of GASB 10 which specifies 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.

During claim years 2010 and 2009, changes recorded to the claims liability for workers' compensation were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2009	\$19,505,079	\$6,487,733	(\$5,776,971)	\$20,215,841
2010	20,215,841	9,747,690	(6,748,218)	23,215,313

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Employee Group Health Insurance

The Sheriff's office maintains a fully insured program for its employee group health insurance program.

CLERK & COMPTROLLER

Employee Group Health Insurance

The Clerk's office provides health insurance for its employees and eligible dependents. The Clerk's office is self-insured for its health insurance coverage and beginning with fiscal year 2004 is accounted for as an internal service fund.

During claim years 2010 and 2009, changes recorded to the claims liability for health insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2009	\$752,000	\$9,867,523	(\$9,802,523)	\$817,000
2010	817,000	7,401,276	(7,412,276)	806,000

TAX COLLECTOR

Employee Group Health and Dental Insurance

The Tax Collector's office provides health and dental insurance to its employees and eligible dependents. The Tax Collector is fully insured for its health and dental coverage.

PROPERTY APPRAISER

Employee Group Health and Dental Insurance

The Property Appraiser's office provides health and dental insurance to its employees and eligible dependents. The Property Appraiser is fully insured for its health and dental coverage.

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9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Overview

Entities of the Reporting Unit provide the following post-employment benefits to retirees:

A. Healthcare Plans:

1. County includes:
 - (a) Supervisor of Elections
 - (b) Metropolitan Planning Organization
2. Tax Collector
3. Property Appraiser
4. Clerk & Comptroller
5. Sheriff
6. Fire Rescue Union
7. Solid Waste Department

B. Long Term Disability Plan:

1. Fire Rescue Taxing District

Healthcare Benefits Provided to Retirees

Postretirement Benefits: The amount reported as the postretirement benefit obligation represents the actuarial present value of those estimated future benefits that are attributed by the terms of the plan to employees' service rendered to the date of the financial statements, reduced by the actuarial present value of contributions expected to be received in the future from current plan participants. Postretirement benefits include future benefits expected to be paid to or for both of the following:

1. Currently retired or terminated employees and their beneficiaries and dependents.
2. Active employees and their beneficiaries and dependents after retirement from service with participating employers.

The postretirement benefit obligation represents the amount that is to be funded by contributions from the plan's participating employers and from existing plan assets. Before an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to that employee's service in the County rendered to the valuation date.

The actuarial present value of the expected postretirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

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Plan Description: The defined benefit post-employment healthcare plans provide medical benefits to eligible retired employees and their dependents. The plans are single employer plans which are administered by the employer for their employees. The Supervisor of Elections and Metropolitan Planning Organization participate in the County plan. The plans do not issue separate stand alone financial reports.

The Fire Rescue retiree health plan is a defined benefit plan with attributes similar to a defined contribution plan. The County is required, per the Collective Bargaining Agreement, to make contributions equal to 3% of the total current base annual pay plus benefits for the Fire Rescue employees. Since the primary government is not entitled to nor does it have the ability to otherwise access the economic resources received or held by the Fire Rescue retiree health plan; and since Palm Beach County has no reversionary interest in the economic resources received or held by the Fire Rescue retiree health plan and the County is not responsible for custody of the assets of the plan, therefore it is not reported as a fiduciary fund of the County. The plan does not issue a separate stand alone financial report.

Funding Policy: The contribution requirements of plan members and the employer are established and may be amended by the employer or by the union for Fire Rescue. All entities of the Primary Government are required by Florida Statute 112.0801 to allow their retirees (and eligible participants) to continue participation in the group insurance plan. Retirees must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees which results in an implicit subsidy as defined by GASB 45.

At September 30, 2010 retirees receiving benefits contributed the following monthly premiums:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union	SWA
Monthly Minimum	\$ 549	\$ 619	\$ 647	\$ 552	\$ 406	\$ 147	\$ 585
Monthly Maximum	4,177	2,033	1,907	1,982	2,276	509	1,710

In addition to the ‘implicit’ benefit, two of the plans offer an explicit benefit. The Sheriff and Fire Rescue Plans provide a subsidy that retirees can use to partially or fully offset the cost of health insurance.

In the Fire Rescue Plan, the County provides a subsidy to eligible pre- and post-65 retirees. Retirees must have either completed 25 years of service, regardless of age, or reached age 55 with at least 10 years of service to be eligible for the full benefit. For employees who retired before September 27, 2005, the subsidy is a monthly benefit of \$75 plus \$12 per year of service. For employees retiring on or after September 27, 2005, the subsidy is a monthly benefit of \$140 plus \$17 per year of service. This subsidy is payable for life and is assumed to remain fixed in the future. Employees who retire with at least ten years of service but before attaining normal retirement eligibility are eligible for a reduction to this benefit in the amount of 6% for each year between their age of retirement and age 55. This reduction remains fixed in the future.

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In the Sheriff Plan, for employees who retire in good standing after 6 years of service and who elect to retain medical and/or dental coverage, the County provides a general subsidy of \$16 per month per year of service to help pay for medical and dental coverage for the retiree and their family members. This subsidy ends at the death of the retiree. A special subsidy of 90% of medical and dental premiums for employee or employee-plus-one coverage is offered to the Sheriff, Chief Deputy, Chief Operating Officer, Director, and Colonel. A special subsidy of 80% of medical and dental premiums for employee or employee-plus-one coverage is offered to the Major, Chief Financial Officer and Bureau Director. A special subsidy of 100% of medical and dental premiums for employee or employee-plus-one coverage is offered to employees who become disabled in the line of duty and spouses of employees who die in the line of duty. Some current retirees receive special subsidies as part of past separation incentive agreements. In addition, the County pays the difference between the true age-related cost of the medical and dental benefits and the average premium rates established for the option and tier of coverage.

OPEB Cost and Net OPEB Obligation: The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2010:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union	SWA
Annual required contribution (ARC)	\$ 1,202,000	\$ 148,787	\$ 37,777	\$ 412,000	\$ 17,800,000	\$ 12,921,000	\$ 186,000
Interest on net OPEB obligation	23,000	17,053	3,004	5,000	1,100,000	277,000	3,000
Adjustment to annually required contribution	(20,000)	(13,537)	(2,384)	(4,000)	(900,000)	(224,000)	(3,000)
Annual OPEB cost	1,205,000	152,303	38,397	413,000	18,000,000	12,974,000	186,000
Contributions made	(1,117,941)	-	-	(381,476)	(4,500,000)	(4,557,739)	(59,971)
Increase in net OPEB obligation	87,059	152,303	38,397	31,524	13,500,000	8,416,261	126,029
Net OPEB obligation-beginning of year	511,147	341,054	60,074	102,958	22,500,000	5,432,098	221,000
Net OPEB obligation-end of year	\$ 598,206	\$ 493,357	\$ 98,471	\$ 134,482	\$ 36,000,000	\$ 13,848,359	\$ 347,029

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding two fiscal years.

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Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Liability (Asset)
County			
9/30/2008	\$ 1,285,000	75.3 %	\$ 319,858
9/30/2009	1,273,000	85.0	511,147
9/30/2010	1,205,000	92.8	598,206
Tax Collector			
9/30/2008	\$ 169,979	0.0 %	\$ 169,979
9/30/2009	171,075	0.0	341,054
9/30/2010	152,303	0.0	493,357
Property Appraiser			
9/30/2008	\$ 29,562	0.0 %	\$ 29,562
9/30/2009	30,512	0.0	60,074
9/30/2010	38,397	0.0	98,471
Clerk & Comptroller			
9/30/2008	\$ 520,000	85.0 %	\$ 77,955
9/30/2009	522,000	95.2	102,958
9/30/2010	413,000	92.4	134,482
Sheriff			
9/30/2008	\$ 15,300,000	28.1 %	\$ 11,000,000
9/30/2009	16,200,000	29.0	22,500,000
9/30/2010	18,000,000	25.0	36,000,000
Fire Rescue Union			
9/30/2008	\$ 1,262,872	310.0 %	\$ (2,651,659)
9/30/2009	12,288,000	34.2	5,432,098
9/30/2010	12,974,000	35.1	13,848,359
SWA			
9/30/2009	\$ 186,000	11.7 %	\$ 221,000
9/30/2010	186,000	32.2	347,029

Funded Status and Funding Progress: The plans are financed on a ‘pay-as-you-go’ basis. The funded status of the plans as of the most recent actuarial valuation date was as follows:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union	SWA
Actuarial accrued liability (AAL)	\$ 14,760,000	\$ 1,208,095	\$ 348,156	\$ 5,202,000	\$ 190,600,000	\$ 163,661,000	\$ 1,440,000
Actuarial value of plan asset	-	-	-	-	-	18,136,850	-
Unfunded actuarial accrued liability (UAAL)	\$ 14,760,000	\$ 1,208,095	\$ 348,156	\$ 5,202,000	\$ 190,600,000	\$ 145,524,150	\$ 1,440,000
Funded ratio (actuarial value of plan / AAL)	0.0%	0.0%	0.0%	0.0%	0.0%	11.1%	0.0%
Covered payroll (active plan members)	\$ 253,793,723	\$ 10,945,091	\$ 14,286,192	\$ 27,580,451	\$ 269,750,942	\$ 119,353,006	\$ 21,254,000
UAAL as a percentage of covered payroll	5.8%	11.0%	2.4%	18.9%	70.7%	121.9%	6.8%

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union	SWA
Actuarial valuation date	10/1/2009	10/1/2009	10/1/2009	10/1/2009	1/1/2010	10/1/2009	10/1/2008
Actuarial cost method	Projected Unit credit actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method	Projected Unit credit actuarial cost method	Projected Unit credit actuarial cost method	Projected Unit credit actuarial cost method	Projected Unit credit actuarial cost method
Actuarial amortization method	Level percentage of projected payroll on open basis	Level percentage of projected payroll on closed basis	Level percentage of projected payroll on closed basis	Level percentage of projected payroll on open basis	Level percentage of projected payroll on open basis	Level percentage of projected payroll on open basis	Level percentage of projected payroll on open basis
Remaining amortization period	30 yrs- Open	30 yrs- Closed	30 yrs- Closed	30 yrs- Open	30 yrs- Open	30 yrs- Open	30 yrs- Open
Asset valuation method	na	na	na	na	na	na	na
Actuarial assumptions							
Investment rate of return	4.5%	5.0%	5.0%	4.5%	5.0%	5.1%	6.0%
Projected salary increases	3.5%	4.0%	4.0%	3.5%	4.0%	3.5%	3.5%
Healthcare inflation rate-initial	11.0%	8.0%	8.0%	11.0%	7.8%	11.0%	11.5%
Healthcare trend rate-ultimate	5.0%	5.0%	5.0%	5.0%	4.7%	5.0%	5.0%

Long Term Disability Benefits Provided to Retirees

Plan Description: The Palm Beach County Fire Rescue Supplemental Disability Plan is a defined benefit plan that provides disability benefits to eligible disabled Fire Fighters and District Chiefs permanently prevented from rendering useful and efficient service as a Fire Fighter and District Chiefs incurred in the line of duty. The plan is a single employer plan which is administered by the Palm Beach County Fire Rescue Department. The plan does not issue a separate stand alone financial report.

Funding Policy: The contribution requirements of plan members and Palm Beach County are established and may be amended by collective bargaining between Palm Beach County and the Professional Firefighters/Paramedics of Palm Beach County, Local 2928, IAFF, Inc. The plan is

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funded by the County based on an annually required contribution calculated by an actuary. The earmarked funding, related earnings, expenditures and administrative costs are recorded in a special revenue fund.

OPEB Cost and Net OPEB Obligation: The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the current fiscal year, the amount contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution	\$ 801,465
Interest on net OPEB obligation	8,901
Adjustment to annual required contribution	<u>(11,377)</u>
Annual OPEB cost (expense)	798,989
Contributions made	<u>(672,614)</u>
Increase in net OPEB obligation	126,375
Net OPEB obligation (asset)- beginning of year	<u>(208,367)</u>
Net OPEB obligation (asset)- end of year	<u><u>\$ (81,992)</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
9/30/2008	\$ 708,774	131.1%	\$ (220,324)
9/30/2009	672,745	98.2%	(208,367)
9/30/2010	798,989	84.2%	(81,992)

Funded Status and Funding Progress: The plan is financed on a 'pay-as-you-go' basis. The funded status of the plan as of September 30, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 10,053,003
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 10,053,003</u>
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$133,283,977
UAAL as a percentage of covered payroll	7.5%

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, disability occurrences, and workmen’s compensation payments. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2009
Actuarial cost method	Entry age normal actuarial cost method
Amortization method	Level Percentage of Projected Payroll on Open Basis
Remaining amortization period	30 years- open
Asset valuation method	na
Actuarial assumptions:	
Investment rate of return	5.5%
Projected salary increases	4.0%
Cost of living adjustments	None

COMPONENT UNIT

The Metropolitan Planning Organization (MPO) employees are County employees and participate in the County’s healthcare plan. The ‘plan description’, ‘funding policy’, ‘OPEB Cost and Net OPEB Obligation’, ‘Funded Status and Funding Progress’, and ‘Actuarial Methods and Assumptions’ are disclosed for the County under the preceding ‘Reporting Unit’ section of this note. In fiscal year 2010, MPO reported an OPEB cost of \$3,318 and net OPEB obligation of \$5,006 as their pro rata share of the County’s plan.

10. LEASES

Leases Receivable: Enterprise Funds

The County’s Department of Airports leases a major portion of its property to other entities. Certain leases provide for minimum rentals plus a specified percentage of the tenants’ gross

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revenues. Contingent rental income under such arrangements amounted to approximately \$4,262,772 in fiscal year 2010. All leases have been classified as operating leases.

Minimum future rentals under these operating leases are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Department of</u> <u>Airports</u>
2011	\$ 39,358,172
2012	11,680,809
2013	10,627,854
2014	9,966,058
2015	9,459,951
Thereafter	69,454,013
Total	<u><u>\$150,546,857</u></u>

A schedule of property held for lease by major classification is as follows:

	<u>September 30, 2010</u>
Buildings	\$ 229,048,430
Less: accumulated depreciation	<u>(123,721,963)</u>
Net Buildings	105,326,467
Land	<u>5,530,372</u>
Total property held for lease	<u><u>\$ 110,856,839</u></u>

Lease Obligations

The County has entered into various leases which are classified as operating or capital leases for accounting purposes. Total rent expense for operating leases for the fiscal year ended September 30, 2010 amounted to approximately \$5,177,550 comprised of \$5,023,971 for Governmental funds, \$138,949 for Enterprise Funds, and \$14,630 for Internal Service Funds.

Operating Leases

Future minimum rental payments under non-cancellable operating leases as of September 30, 2010 are as follows:

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Fiscal Year	Governmental Funds	Enterprise Funds	Internal Service Funds
2011	\$ 3,646,655	\$ 107,621	\$ 14,712
2012	2,780,197	67,894	10,504
2013	2,150,405	28,986	4,180
2014	1,581,018	-	-
2015	405,219	-	-
Thereafter	469,102	-	-
Total	<u>\$ 11,032,596</u>	<u>\$ 204,501</u>	<u>\$ 29,396</u>

Capital Leases

Capital leases are those which are determined to have passed substantially all of the risks and benefits of ownership to the lessee. There were no Capital leases in the governmental and proprietary fund types.

11. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The SWA operated one active landfill site for the year ended September 30, 2010. In addition, the SWA is responsible for two landfill sites closed after 1991 and three landfill sites closed prior to 1991.

State and Federal laws and regulations require the SWA to place a final cover on its operating landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at that and other landfill sites closed after 1991, for thirty years after closure. Although the majority of closure and postclosure care costs will be paid only near or after the date that the operating landfill stops accepting waste, the SWA reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date.

Landfill closure and postclosure care liabilities at September 30, 2010 are as follows:

Accrued closure and postclosure care costs	\$ 31,450,195
Accrued postclosure care for closed landfills	5,113,011
Total Accrued Landfill Closure Costs	<u>\$ 36,563,206</u>

The \$31,450,195 of accrued closure and postclosure care liabilities at September 30, 2010 represents the cumulative cost based on the use of 36.6 percent of the estimated capacity of the operating landfill. The SWA will recognize the remaining estimated cost of closure and

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postclosure care of approximately \$65.8 million for the operating landfill as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Based on current demographic information and engineering estimates of landfill consumption, the SWA expects to close the landfill in approximately 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The SWA is required by state laws and regulations to make annual contributions to an escrow account to finance all closure costs and one year of postclosure care for landfills closed after 1991. The SWA is in compliance with these requirements, and, at September 30, 2010 assets of \$31,586,170 were held for these purposes. These amounts are reported as noncurrent restricted assets on the statement of net assets. The SWA expects that future inflation costs will be paid from interest earnings on these invested amounts and subsequent annual contributions. However, if interest earnings are inadequate or additional closure or postclosure care requirements are determined (due to changes in technology or applicable laws or regulations) these costs may need to be covered by charges to future users of the solid waste system or from future non-ad valorem assessments.

At September 30, 2010, the statutorily required escrow account balances were as follows:

Site	September 30, 2010
Site 7 closure costs	\$ 20,474,714
Dyer landfill long-term care	319,563
	\$ 20,794,277

State laws and regulations specify that required landfill escrow account balances must be calculated using either the “Pay-in” or the “Balance” method, as they are statutorily defined. During 2006 the SWA changed from the Pay-in method to the Balance method. The SWA will be required to continue using the Balance method through the remaining design life of the Site 7 landfill. Although the SWA is not legally required by state or federal laws and regulations to provide funding for the landfill sites closed prior to 1991, the SWA has accepted financial responsibility for these sites. The annual long-term care funding requirements for these sites were not estimated or accrued at September 30, 2010, however, management does not believe that the annual costs are material to the SWA and these costs will be adequately funded through future, annual operating budgets.

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12. REFUNDING OF DEBT

Advance Refunding:

Certain bond issues have been refunded through in-substance defeasance by placing into irrevocable trust funds sufficient monies to meet future principal and interest payments. These funds have been invested in U.S. Government securities and securities backed by the U.S. Government.

On September 7, 2010, Palm Beach County issued \$19,530,000 General Obligation Refunding Bonds (Library District Improvement Project), Series 2010 with an effective interest rate of 2.194% to advance refund \$18,025,000 of outstanding General Obligation Bonds (Library District Improvement Project), Series 2003. The net proceeds of \$20,467,288 (after allowing for \$1,114,948 in bond premium and \$177,660 in issuance costs) were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

The reacquisition price exceeded the carrying amount, resulting in an accounting loss of \$1,406,618. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The County decreased its aggregate debt service payments by \$2,128,039 over a period of thirteen years and results in an economic gain of \$1,860,528 (difference between the present value of the old and new debt service payments). The purpose of the refunding was to take advantage of the unusually low interest rates that were available at this time.

The amount of in-substance defeased bonds outstanding, as of September 30, 2010, consists of the following:

<u>Bond Issues</u>	<u>Amount</u>
Governmental Funds:	
General Obligation Bonds (Land Acquisition), 2001A	\$ 47,515,000
Public Improvement Revenue Bonds (Convention Center Project), 2001	68,335,000
General Obligation Bonds (Library District Improvement Project), 2003	18,025,000
	133,875,000
Proprietary Funds:	
Water & Sewer Refunding Revenue Bonds, 1986	10,685,000
Airport Refunding Revenue Bonds, 2001	3,240,000
Airport Refunding Revenue Bonds, 2002	14,740,000
	28,665,000
Total Defeased Bonds Outstanding	\$ 162,540,000

Current year refunding Governmental Funds:

On April 28, 2010, Palm Beach County issued \$11,598,107 Taxable Public Improvement Revenue Bonds (Convention Center Hotel Project), Series 2010 with an effective interest rate of 5.632% to refund the County's \$11,543,892 Taxable Public Improvement Revenue Bond

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Anticipation Note (Convention Center Hotel Project), Series 2007. The net proceeds of \$11,543,892 (after allowing for \$54,215 in issuance costs) were used to pay the principal on the note.

The carrying amount was equal to the reacquisition price, resulting in neither an accounting gain nor loss. The County increased its aggregate debt service payments by \$5,305,609 over a period of fourteen years and incurred an economic gain of \$18,072 (difference between the present value of the old and new debt service payments). The interest rate in effect at the time of the refunding was used to compute the aggregate debt service payments and related economic gain for the refunded variable rate debt. The purpose of the refunding was to replace the variable rate note at maturity with a fixed rate bond.

COMPONENT UNIT:

Westgate/Belvedere Homes Community Redevelopment Agency (CRA) – The Series 1999 Bonds were issued for the purpose of providing the monies required to pay the cost of advance refunding. CRA’s Series 1992 Bonds were used to construct and install certain infrastructure improvements in the redevelopment area, make a deposit to the Reserve Account, and pay costs relating to the issuance of Series 1992 Bonds. The proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payments of interest and principal on the bond issues being refunded. Refunded bonds are not included in CRA’s outstanding debt since CRA has legally satisfied its obligations through the refunding transactions. Defeased bonds outstanding at September 30, 2010 are \$1,615,000.

13. RECLASSIFICATION

Effective October 1, 2009, the County reclassified the Information Systems Services (ISS) Internal Service Fund into the General Fund as a department. As a result, the current resources of \$2,691,598 were transferred in and noncurrent resources \$1,141,415 were eliminated from the fund level.

14. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund balances at September 30, 2010 are expected to be repaid within one year. Interfund receivable and payable balances at September 30, 2010 were as follows:

Interfund Receivable Fund	Interfund Payable Fund	Amount
Governmental Funds:		
Major Governmental Funds		
General Fund	Fire Rescue Special Revenue Fund	\$ 2,592,728
	Sheriff Special Revenue Fund	15,671,743
	Law Enforcement Grants Special Revenue Fund	1,350,524
	Community & Social Development Special Revenue Fund	7,452,915
	Other Special Revenue Funds	790,008
	Clerk & Comptroller Special Revenue Fund	1,636,826

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Interfund Receivable Fund	Interfund Payable Fund	Amount
	Tax Collector Special Revenue Fund	30,125,413
	Property Appraiser Special Revenue Fund	1,465,945
	Supervisor of Elections Special Revenue Fund	2,651,281
	Solid Waste Authority	8,262
		<u>\$ 63,745,645</u>
Fire Rescue Special Revenue Fund	Sheriff Special Revenue Fund	\$ 8,880
	Tax Collector Special Revenue Fund	2,524,465
	Property Appraiser Special Revenue Fund	117,673
	Supervisor of Elections Special Revenue Fund	27,393
	Solid Waste Authority	500
		<u>\$ 2,678,911</u>
Sheriff Special Revenue Fund	Criminal Justice Capital Projects	\$ 36,605
		<u>\$ 36,605</u>
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds		
Law Enforcement Grants Special Revenue Fund	Sheriff Special Revenue Fund	\$ 5,594,035
	Other Special Revenue Funds	2,719
		<u>\$ 5,596,754</u>
County Transportation Trust Special Revenue Fund	Road Program Capital Projects	\$ 1,337,866
		<u>\$ 1,337,866</u>
Library Taxing District Special Revenue Fund	Tax Collector Special Revenue Fund	\$ 498,906
	Property Appraiser Special Revenue Fund	26,751
		<u>\$ 525,657</u>
Community & Social Development Special Revenue Fund	General Fund	\$ 6,969,795
	Affordable Housing (SHIP) Trust Fund Special Revenue Fund	21,575
		<u>\$ 6,991,370</u>
Affordable Housing (SHIP) Trust Fund Special Revenue Fund	Community & Social Development Special Revenue Fund	\$ 27,563
		<u>\$ 27,563</u>
Other Special Revenue Funds	General Fund	\$ 8,472,791
	Sheriff Special Revenue Fund	3,460
	Clerk & Comptroller Special Revenue Fund	136,091
	Parks & Recreation Capital Projects	36,294
		<u>\$ 8,648,636</u>
Clerk & Comptroller Special Revenue Fund	General Fund	\$ 826,025
	Road Program Capital Projects	404
	Library Taxing District Special Revenue Fund	2,098
	Affordable Housing Trust Fund (SHIP) Special Revenue Fund	140
	Other Special Revenue Funds	377
	Airports	135,237
	Water Utilities	6,367
	Clerk & Comptroller Insurance Fund	731,602
		<u>\$ 1,702,250</u>
Property Appraiser Special Revenue Fund	Tax Collector Special Revenue Fund	\$ 1,715
		<u>\$ 1,715</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Interfund Receivable Fund	Interfund Payable Fund	Amount
Nonmajor Capital Projects Funds		
Environmental Lands Capital Projects	Tourist Development Special Revenue Fund	\$ 233,501
	Other Special Revenue Funds	215,139
		<u>\$ 448,640</u>
General Government Capital Projects	Sheriff Special Revenue Fund	40,430
	Road Program Capital Projects	10,238
	Community & Social Development Special Revenue Fund	1,331,587
	Other Special Revenue Funds	259,314
	Tax Collector Special Revenue Fund	42,861
		<u>\$ 1,684,430</u>
Street & Drainage Capital Projects	Tax Collector Special Revenue Fund	\$ 3,268
		<u>\$ 3,268</u>
Total Nonmajor Governmental Funds		<u>\$ 26,968,149</u>
Proprietary Funds:		
Enterprise Funds		
Water Utilities	General Fund	\$ 21,904
	Fire Rescue Special Revenue Fund	1,813
	County Transportation Trust Special Revenue Fund	502
	Library Taxing District Special Revenue Fund	2,065
	Community & Social Development Special Revenue Fund	1,093
	Other Special Revenue Funds	398
	Tax Collector Special Revenue Fund	8,000
	Airports	63
		<u>\$ 35,838</u>
Solid Waste Authority	General Fund	\$ 609
	Sheriff Special Revenue Fund	235
	County Transportation Trust Special Revenue Fund	2,975
	Other Special Revenue Funds	688
	Tax Collector Special Revenue Fund	2,062,503
		<u>\$ 2,067,010</u>
Internal Service Funds		
Fleet Management	General Fund	\$ 693,588
	Fire Rescue Special Revenue Fund	108,749
	Sheriff Special Revenue Fund	476,837
	Road Program Capital Projects	19,977
	County Transportation Trust Special Revenue Fund	552,943
	Municipal Service Taxing District Special Revenue Fund	28,626
	Library Taxing District Special Revenue Fund	11,468
	Community & Social Development Special Revenue Fund	58,654
	Affordable Housing Trust Fund (SHIP) Special Revenue Fund	468
	Palm Tran Special Revenue Fund	29,903
	Other Special Revenue Funds	31,977
	Clerk & Comptroller Special Revenue Fund	2,392
	Tax Collector Special Revenue Fund	972
	Property Appraiser Special Revenue Fund	731
	Supervisor of Elections Special Revenue Fund	2,429
	Airports	81,507
	Water Utilities	319,642

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Interfund Receivable Fund	Interfund Payable Fund	Amount
	Solid Waste Authority	333
	Combined Insurance Fund	589
		\$ 2,421,785
Combined Insurance Fund	General Fund	\$ 1,196,613
	Fire Rescue Special Revenue Fund	33,757
	Sheriff Special Revenue Fund	237,631
	Road Program Capital Projects	25,875
	Tourist Development Special Revenue Fund	1,811
	County Transportation Trust Special Revenue Fund	191,824
	Municipal Service Taxing District Special Revenue Fund	56,659
	Library Taxing District Special Revenue Fund	190,744
	Community & Social Development Special Revenue Fund	237,068
	Affordable Housing Trust Fund (SHIP) Special Revenue Fund	3,277
	Palm Tran Special Revenue Fund	301,957
	Other Special Revenue Funds	27,358
	Airports	83,760
	Water Utilities	314,987
	Fleet Management	37,261
		\$ 2,940,582
Clerk & Comptroller Insurance Fund	Clerk & Comptroller Special Revenue Fund	\$ 418,282
		\$ 418,282
Total Internal Service Funds		\$ 5,780,649
Total Interfund Receivables and Payables Primary Government		\$ 101,312,807
Receivables and Payables Between Primary Government and Component Units:		
Interfund Receivable Primary Government Fund	Interfund Payable Component Unit Fund	Amount
General Fund	Housing Finance Authority	\$ 39,367
Combined Insurance Fund	Metropolitan Planning Organization	3,891
		\$ 43,258
Interfund Receivable Component Unit Fund	Interfund Payable Primary Government Fund	Amount
Metropolitan Planning Organization	General Fund	\$ 248,976
Housing Finance Authority	General Fund	6,035,931
		\$ 6,284,907
Total Receivables and Payables Between Primary Government and Component Units		\$ 6,328,165

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

15. LONG-TERM DEBT

Changes in Long-Term Liabilities - The following is a summary of changes in long-term liabilities for the year ended September 30, 2010 for both governmental activities and business-type activities:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligation bonds	\$ 270,150,000	\$ 19,530,000	\$ 39,210,000	\$ 250,470,000	\$ 22,570,000
Non-ad valorem revenue bonds	924,051,617	11,598,107	58,016,492	877,633,232	59,008,366
Face amount of bonds payable	1,194,201,617	31,128,107	97,226,492	1,128,103,232	81,578,366
Unamortized bond premiums	31,962,706	1,114,948	3,121,806	29,955,848	-
Unamortized loss on bond refinancing	(11,576,607)	(1,406,618)	(868,984)	(12,114,241)	-
Net bonds payable	1,214,587,716	30,836,437	99,479,314	1,145,944,839	81,578,366
Notes and loans payable	41,327,256	1,426,000	12,436,588	30,316,668	848,784
Arbitrage liability	14,746,359	1,748,799	3,089,377	13,405,781	3,033,674
Compensated absences	122,840,843	53,146,362	47,756,596	128,230,609	6,401,782
OPEB	28,805,268	22,267,945	105,957	50,967,256	-
Net pension obligation	252,006	2,501,372	-	2,753,378	-
Termination benefits	1,470,948	960,755	570,331	1,861,372	897,289
Capital leases	3,313	-	3,313	-	-
Estimated Self-Insurance Obligation	88,437,809	91,376,257	82,074,000	97,740,066	23,618,570
Governmental activity long-term liabilities	<u>\$ 1,512,471,518</u>	<u>\$ 204,263,927</u>	<u>\$ 245,515,476</u>	<u>\$ 1,471,219,969</u>	<u>\$ 116,378,465</u>

Long-term liabilities other than debt (bonds, loans and leases) are liquidated by the governmental fund incurring the expense. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$62,760,000 of internal service funds long-term liabilities are included in the above amounts.

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Revenue bonds	\$ 947,942,818	\$ -	\$ 93,700,000	\$ 854,242,818	\$ 18,430,000
Unamortized bond premiums	14,314,796	-	1,986,607	12,328,189	-
Unamortized loss on bond refinancing	(4,788,087)	-	(2,378,239)	(2,409,848)	-
Net bonds payable	957,469,527	-	93,308,368	864,161,159	18,430,000
Notes and loans payable	76,000,000	-	4,000,000	72,000,000	4,000,000
Accrued interest on notes and capital appreciation bonds	40,530,727	5,722,239	-	46,252,966	-
Accrued landfill costs	26,211,736	10,351,470	-	36,563,206	319,563
Arbitrage liability	-	644,798	-	644,798	-
Joint venture liability	*	1,958,970	-	272,087	1,686,883
Compensated absences	8,820,670	2,980,523	2,478,365	9,322,828	657,602
OPEB	357,053	190,589	-	547,642	-
Termination benefits	132,366	230,136	50,592	311,910	161,921
Business-type activities long-term liabilities	<u>\$ 1,111,481,049</u>	<u>\$ 20,119,755</u>	<u>\$ 100,109,412</u>	<u>\$ 1,031,491,392</u>	<u>\$ 23,845,866</u>

* Water Utilities' portion of ECR Loans were not included in the Long-Term Debt Note in prior years. As a result, a line for joint venture liability has been added with a beginning balance of \$1,958,970.

PALM BEACH COUNTY, FLORIDA
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Governmental Activities General Long-Term Debt

General long-term debt, including current maturities, at September 30, 2010 consisted of the following:

General Obligation Bonds

\$57,440,000 General Obligation Refunding Bonds, Series 1994B were issued to pay the cost of refunding all or a portion of the County's General Obligation Bonds, Series 1970, Series 1978, Series 1988 and Series 1991. The remaining annual installment is \$4,135,000 due July 1, 2011; with interest rate of 6.750% payable semi-annually on January 1 and July 1. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 4,135,000

\$45,625,000 General Obligation Refunding Bonds, Series 1998 were issued to pay the cost of refunding a portion of the County's General Obligation Bonds, Series 1994 and Series 1991. The annual installments range from \$3,270,000 to \$4,030,000 through December 1, 2014; with interest rates from 5.000% to 5.500% payable semi-annually on June 1 and December 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 18,190,000

\$30,500,000 General Obligation Bonds (Library District Improvement Project), Series 2003 were issued to pay the cost of the land acquisition, design, engineering and constructing of new library facilities and the renovation and rehabilitation of existing library facilities within the County. The annual installments range from \$1,270,000 to \$1,350,000 through July 1, 2013; with interest rates from 2.875% to 3.125% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. The County advance refunded \$18,025,000 of this issue on September 7, 2010. \$ 3,930,000

\$25,000,000 General Obligation Bonds (Recreational and Cultural Facilities), Series 2003 were issued to pay the costs of acquiring, constructing, and improving certain recreational and cultural facilities located within the County including cultural facilities owned by non-profit corporations with 501(c)(3) status under the Internal Revenue Code, 1986. The annual installments range from \$1,090,000 to \$1,780,000 through July 1, 2023; with interest rates from 3.125% to 5.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 18,110,000

PALM BEACH COUNTY, FLORIDA
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\$16,025,000 General Obligation Refunding Bonds (Recreational and Cultural Facilities Program), Series 2005A were issued for paying and defeasing the County's outstanding General Obligation Bonds (Recreational and Cultural Facilities Program), Series 1999A maturing on and after August 1, 2010. The annual installments range from \$1,330,000 to \$1,920,000 through August 1, 2019; with interest rates from 3.500% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 14,540,000

\$25,000,000 General Obligation Bonds (Recreational and Cultural Facilities), Series 2005 were issued for financing certain recreational and cultural facilities within the County. The annual installments range from \$1,005,000 to \$1,860,000 through July 1, 2025; with interest rates from 3.250% to 5.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 20,480,000

\$22,335,000 General Obligation Bonds (Library District Improvements), Series 2006 were issued for financing additional library facilities and renovation of existing facilities within the County. The annual installments range from \$935,000 to \$1,665,000 through August 1, 2025; with interest rates from 3.400% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 18,895,000

\$50,000,000 General Obligation Bonds (Waterfront Access Projects), Series 2006 were issued for financing the purchase of waterfront access within the County. The annual installments range from \$1,975,000 to \$3,570,000 through August 1, 2026; with interest rates from 3.500% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 42,720,000

\$115,825,000 Taxable General Obligation Refunding Bonds, Series 2006 were issued for paying and defeasing the County's outstanding General Obligation Bonds (Land Acquisition Program), Series 1999B and paying and defeasing the County's outstanding General Obligation Bonds (Land Acquisition Program), Series 2001A. The annual installments range from \$7,230,000 to \$11,355,000 through June 1, 2020; with interest rates from 5.716% to 5.938% payable semi-annually on June 1 and December 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 89,940,000

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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\$19,530,000 General Obligation Refunding Bonds (Library District Improvement Project), Series 2010 were issued for paying and defeasing the County's outstanding General Obligation Bonds (Library District Improvement Project), Series 2003 maturing on and after July 1, 2014. The annual installments range from \$330,000 to \$2,090,000 through July 1, 2023; with interest rates from 2.000% to 3.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 19,530,000

Total General Obligation Bonds \$ 250,470,000

Non-Ad Valorem Revenue Bonds

\$233,620,000 Criminal Justice Facilities Revenue Bonds, Series 1990 were issued to pay the cost of the construction of improvements, extensions and additions to the County's jails, courthouses and related justice facilities. The annual installments range from \$18,300,000 to \$19,615,000 from June 1, 2014 through June 1, 2015; with an interest rate of 7.200% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded \$120,770,000 of this issue on June 29, 1993 and \$33,550,000 on August 21, 1997. \$ 37,915,000

\$22,245,000 Administrative Complex Revenue Refunding Bonds, Series 1993 were issued to refund the Palm Beach County Public Building Corporation, Inc. Revenue Refunding Bonds, Series 1986. The remaining annual installment is \$1,865,000 due June 1, 2011; with an interest rate of 5.250% payable semi-annually on December 1 and June 1. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 1,865,000

\$117,485,000 Criminal Justice Facilities Revenue Refunding Bonds, Series 1993 were issued to pay the cost of advance refunding a portion of the Criminal Justice Facilities Revenue Bonds, Series 1990. The remaining annual installment is \$13,365,000 due June 1, 2011; with an interest rate of 5.375% payable semi-annually on December 1 and June 1. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 13,365,000

PALM BEACH COUNTY, FLORIDA
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\$32,775,000 Criminal Justice Facilities Revenue Refunding Bonds, Series 1997 were issued to pay the cost of advance refunding a portion of the County's outstanding Criminal Justice Facilities Revenue Bonds, Series 1990. The annual installments range from \$15,870,000 to \$16,785,000 from June 1, 2012 through June 1, 2013; with an interest rate of 5.750% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 32,655,000

\$18,560,000 Criminal Justice Facilities Revenue Refunding Bonds, Series 2002 were issued to pay the cost of advance refunding a portion of the County's outstanding Criminal Justice Facilities Revenue Bonds, Series 1994. The annual installments range from \$1,660,000 to \$2,015,000 through June 1, 2015; with an interest rate of 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 9,170,000

\$6,525,000 Public Improvement Recreation Facilities Revenue Refunding Bonds, Series 2003 were issued to pay the cost of refunding all of the County's outstanding Public Improvement Recreation Facilities Revenue Bonds, Series 1994. The annual installments range from \$615,000 to \$685,000 through July 1, 2014; with interest rates from 3.375% to 4.000% payable semi-annually on January 1 and July 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 2,600,000

\$94,300,000 Public Improvement Revenue and Refunding Bonds, Series 2004 were issued to pay the cost of refunding the County's Revenue Refunding Bond Anticipation Note (Light Industrial Complex Project), Series 2002, refunding the County's Airport Centre Revenue Bonds, Series 1992 and paying the costs of acquiring, constructing, and renovating certain capital facilities. The annual installments range from \$4,350,000 to \$6,690,000 through August 1, 2023; with interest rates from 2.800% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 68,870,000

\$81,340,000 Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004 were issued to finance the costs of advance refunding the County's Public Improvement Revenue Bonds, Series 2001 (Convention Center Bonds). The annual installments range from \$1,705,000 to \$5,240,000 through November 1, 2030; with interest rates from 3.000% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 76,115,000

PALM BEACH COUNTY, FLORIDA
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\$38,895,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A were issued to pay the outstanding principal and interest on the County's Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2004B. The annual installments range from \$1,620,000 to \$2,715,000 through November 1, 2024; with interest rates from 3.000% to 4.375% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 31,345,000

\$24,427,515 Taxable Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004B were issued to pay the outstanding principal and interest on the County's Taxable Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2004C. The annual installments are \$2,442,751 through November 1, 2014; with a variable rate of interest in effect of 0.355% which is calculated on a daily basis payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 12,213,755

\$17,455,000 Parks and Recreation Facilities Revenue Refunding Bonds, Series 2005 were issued to pay the cost of refunding the County's Parks and Recreation Facilities Revenue Bonds, Series 1996 maturing on and after November 1, 2007. The annual installments range from \$1,580,000 to \$2,000,000 through November 1, 2016; with interest rates from 3.500% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 12,435,000

\$13,485,000 Revenue Refunding Bonds (North County Courthouse and Sheriff's Motor Pool Facility Projects), Series 2005 were issued to pay the cost of defeasing a portion of the County's outstanding Revenue Improvement Bonds, Series 1997 (North County Courthouse and Sheriff's Motor Pool Facilities Projects). The annual installments range from \$1,195,000 to \$1,605,000 through December 1, 2017; with interest rates from 3.000% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 11,080,000

PALM BEACH COUNTY, FLORIDA
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\$9,520,000 Public Improvement Revenue Refunding Bonds, Judicial Center Parking Facilities, Series 2005 were issued to pay the cost of refunding the County's Public Improvement Revenue Bonds, Judicial Parking Facilities, Series 1995 maturing on and after November 1, 2006. The annual installments range from \$925,000 to \$1,120,000 through November 1, 2015; with interest rates from 3.250% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 6,090,000

\$133,935,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A were issued to pay the cost of funding a grant to The Scripps Research Institute to enable Scripps to pay a portion of the cost of acquiring, constructing, improving and equipping the "Permanent Facilities" and paying the outstanding principal and interest due on the County's \$20,000,000 Public Improvement Revenue Bond Anticipation Notes, Series 2004. The annual installments range from \$5,145,000 to \$10,190,000 through June 1, 2025; with an interest rate of 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 111,065,000

\$20,070,000 Stadium Facilities Revenue Refunding Bonds, Series 2005 were issued to pay the cost of refunding all of the County's outstanding Stadium Facilities Revenue Bonds, Series 1996. The annual installments range from \$1,605,000 to \$2,090,000 through December 1, 2016; with interest rates of 3.250% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 12,885,000

\$13,028,760 Public Improvement Revenue Bonds (Florida Atlantic University Laboratory and Research Facility Project), Series 2005 were issued to pay the cost of the design, development and construction of a laboratory and research facility on the Jupiter, Florida Campus of Florida Atlantic University. The annual installments range from \$1,459,447 to \$1,641,680 through January 1, 2014; with a variable rate of interest in effect of 0.570% which is calculated on a daily basis payable semi-annually on January 1 and July 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues.

\$ 6,197,490

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\$14,685,000 Public Improvement Revenue Bonds (Parking Facilities Expansion Project), Series 2006 were issued to pay the costs of construction related to the expansion of the Judicial Center Parking Garage. The annual installments range from \$545,000 to \$1,085,000 through December 1, 2026; with interest rates of 4.000% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 13,190,000

\$2,582,648 Public Improvement Revenue Refunding Bond (Biomedical Research Park Project), Series 2007A was issued to pay the County's outstanding Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006A and Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006B. The annual installments range from \$93,597 to \$182,616 through November 1, 2027; with an interest rate of 4.010% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 2,402,544

\$5,180,949 Taxable Public Improvement Revenue Refunding Bond (Biomedical Research Park Project), Series 2007B was issued to pay the County's outstanding Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006A and Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006B. The annual installments range from \$164,199 to \$411,965 through November 1, 2027; with an interest rate of 5.560% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 4,868,187

\$98,080,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2007C were issued to redeem the County's Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2006, to fund a grant to the Scripps Research Institute to enable Scripps to pay a portion of the cost of their permanent facilities, and to pay for the preparation of the Briger Site for development. The annual installments range from \$3,320,000 to \$7,490,000 through November 1, 2027; with interest rates from 4.000% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 91,825,000

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\$35,075,000 Public Improvement Revenue Bonds (Law Enforcement Information Technology Project), Series 2008 were issued to pay the cost of law enforcement technology equipment and software. The annual installments range from \$5,749,956 to \$6,298,675 through February 1, 2014; with an interest rate of 3.038% payable semi-annually on February 1 and August 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 24,086,149

\$29,476,000 Public Improvement Revenue Refunding Bonds, Series 2008A were issued to refund three variable rate loans with the Sunshine State Governmental Financing Commission. The annual installments range from \$1,093,000 to \$2,491,000 through December 1, 2020; with an interest rate of 3.497% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 21,222,000

\$176,585,000 Public Improvement Revenue Bonds, Series 2008 were issued to pay for additional criminal justice (law enforcement) facilities. The annual installments range from \$3,245,000 to \$10,730,000 through May 1, 2038; with interest rates from 4.000% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 171,410,000

\$94,235,000 Public Improvement Revenue Bonds, Series 2008-2 were issued to distribute funds to Max Planck Florida Corporation to establish a biomedical research facility in the County and also to refinance the County's five Series J variable rate loans with the Sunshine State Governmental Financing Commission. The annual installments range from \$3,035,000 to \$7,295,000 through November 1, 2028; with interest rates from 4.000% to 5.500% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 91,165,000

\$11,598,107 Taxable Public Improvement Revenue Bonds (Convention Center Hotel Project), Series 2010 were issued to pay the principal on the County's Taxable Public Improvement Revenue Bond Anticipation Notes (Convention Center Hotel Project), Series 2007. The annual installments range from \$532,646 to \$1,066,262 through November 1, 2024; with an interest rate of 5.484% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 11,598,107

Total Non-Ad Valorem Revenue Bonds \$ 877,633,232

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Face Amount of Bonds Payable	\$1,128,103,232
Unamortized bond premiums	29,955,848
Unamortized loss on bond refinancing	(12,114,241)
Net General Obligation and Non-Ad Valorem Revenue Bonds	\$1,145,944,839

Notes and Loans Payable

\$1,660,000 - HUD Section 108 Loan #1, 2004, payable to the Secretary of Housing and Urban Development due in annual installments ranging from \$87,000 to \$94,000 through August 1, 2023; with interest rates of 4.790% to 5.970% payable semi-annually on February 1 and August 1 of each year. The loan is a general obligation of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrower. In the event the cash flows from the sub-recipient are not sufficient to service the HUD loan, the County is obligated to use other resources.

\$ 1,138,000

\$11,697,676 Public Improvement Revenue Note (Environmentally Sensitive Land Acquisition Project) Series 2008 was issued to pay the cost of the acquisition of environmentally sensitive land in Palm Beach County. The annual installments are \$584,884 through August 1, 2028; with a variable rate of interest in effect of 1.093% payable semiannually on February 1 and August 1 of each year. The note is not a general obligation of the County and is payable from non-ad valorem revenues.

\$ 10,527,908

\$16,140,760 Capital Improvement Bond Anticipation Note, Series 2009 was issued to finance the cost of renovation, construction and equipping of public improvement facilities. Interest is payable semiannually on June 1 and December 1 with the entire principal due on June 1, 2012; at a variable rate of interest in effect of 1.129% which is calculated on a daily basis. The note is not a general obligation of the County and is payable from non-ad valorem revenues.

\$ 16,140,760

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

\$2,600,000 - HUD Section 108 Loan Commitment was obtained to provide funding for County loans to various borrowers for the Belle Glade Avenue "A" Revitalization Project. The annual installments range from \$45,000 to \$69,900 through August 1, 2030; with a variable rate of interest in effect of 0.490% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipients are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2010 the outstanding individual loans are as follows:

\$199,000 – Glades Gas & Electric, 2009	\$ 184,000
\$ 89,000 – Glades Home Health Care Medical Center, 2010	\$ 89,000
\$878,000 – Muslet Brothers, 2010	\$ 878,000

\$13,340,000 - HUD Section 108 Loan Commitment was obtained to provide funding for County loans to various borrowers for the Community Development Business Loan Program Project. The annual installments range from \$32,000 to \$131,000 through August 1, 2020; with a variable rate of interest in effect of 0.490% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipients are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2010 the outstanding individual loans are as follows:

\$1,000,000 – The Baron Group, 2009	\$ 900,000
\$ 57,000 – Kiddie Haven Pre-School, 2010	\$ 57,000
\$ 250,000 – Concrete Services LLC, 2010	\$ 250,000

\$2,824,000 - HUD Section 108 Loan Commitment was obtained to provide funding for County loans to various borrowers for the Pahokee Downtown Revitalization Project. The annual installments range from \$3,000 to \$8,000 through August 1, 2030; with a variable rate of interest in effect of 0.490% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipient are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2010 the outstanding individual loans are as follows:

\$152,000 – Circle S Pharmacy, 2010	\$ 152,000
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Total Notes and Other Loans Payable	\$ 30,316,668
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PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Lines of Credit

On May 21, 2009, the County entered into a \$38,776,332 line of credit agreement with a financial institution to support the issuance of letters of credit to satisfy the debt service reserve funding requirements for seven of the County's outstanding bond issues. Principal borrowed on the line of credit is due at maturity on May 20, 2011. Interest on the principal balance accrues at a rate equivalent to the one-month LIBOR rate plus 1.500% and is paid quarterly. The County does not anticipate that any draws on the letters of credit will occur. The County will use non-ad valorem revenues to fund the letter of credit fees. The County had no outstanding balance on the loan payable as of September 30, 2010.

On June 4, 2009, the County entered into a \$22,568,948 line of credit agreement with a financial institution to support the issuance of standby letters of credit to satisfy the debt service reserve funding requirements for four of the County's outstanding bond issues. Principal borrowed on the line of credit is due at maturity on June 3, 2011. Interest on the principal balance accrues at a rate per year equal to the sum of (i) the Prime Rate plus (ii) for the first 30 days such amount is outstanding, 0%; for the 31st through 60th day such amount is outstanding, 0.5%; for the 61st through 90th day such amount is outstanding, 1.0%; and after the 90th day, 2.0%. The County does not anticipate that any draws on the letters of credit will occur. The County will use non-ad valorem revenues to fund the letter of credit fees. The County had no outstanding balance on the loan payable as of September 30, 2010.

Arbitrage Liability

Certain County debt obligations are subject to Section 148 of the Internal Revenue Code which requires that interest earned on proceeds from tax-exempt debt be rebated to the federal government to the extent that those earnings exceed the interest cost of the related tax-exempt debt. The arbitrage rebate must be calculated and paid to the federal government every five years from the date of issue until the debt matures. The County employs a consultant to make computations on an annual basis. However, since the rebate is cumulative (excess earnings in one year can be offset with deficit earnings in another year), the annually computed estimate may change significantly (increase or decrease) before the actual due date.

\$ 13,405,781

PALM BEACH COUNTY, FLORIDA
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Compensated absences

Compensated absences are liquidated by the governmental fund incurring the expense.

County Funds:

General Fund	\$ 16,842,020
Special Revenue Funds	24,264,368
Capital Projects Fund	720,702
Internal Service Funds	917,748

Constitutional Officers:

Sheriff	78,942,221
Clerk & Comptroller	2,896,814
Tax Collector	1,038,565
Property Appraiser	2,396,476
Supervisor of Elections	<u>211,695</u>

\$ 128,230,609

OPEB (See note on OPEB)

50,967,256

Net pension obligation (See note on Retirement Plans)

2,753,378

Termination benefits (See note on Commitments)

1,861,372

Estimated Self-Insurance Obligation (See note on Risk Management)

97,740,066

Total Governmental Activities General Long-Term Debt including
current portion

\$1,471,219,969

Business-type Activities Long-Term Debt

Business-type long-term debt, including current portion, at September 30, 2010 consisted of the following:

Revenue Bonds

\$30,000,000 Water and Wastewater Revenue Bonds, Series 1998 were issued to pay a portion of the costs of constructing certain additions and improvements to the County's water and wastewater facilities. The annual installments range from \$1,645,000 to \$1,715,000 through October 1, 2011; with interest rates from 4.400% to 4.500% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Wastewater System and a first lien on and pledge of the connection charges of the system.

\$ 3,360,000

PALM BEACH COUNTY, FLORIDA
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\$26,785,000 Water and Sewer Revenue Refunding Bonds, Series 2003 were issued to pay for refunding all of the County's outstanding Water and Sewer Revenue Bonds, Series 1993A and Water and Sewer Revenue Refunding Bonds, Series 1993B maturing on and after October 1, 2003. The annual installments range from \$830,000 to \$1,120,000 through October 1, 2013; with interest rates from 2.375% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system.

\$ 3,980,000

\$28,265,000 Water and Sewer Revenue Refunding Bonds, Series 2004 were issued to pay for the refunding of the County's Water and Sewer Revenue Bonds, Series 1995 maturing on and after October 1, 2006. The remaining annual installment is \$3,985,000 due April 1, 2011; with an interest rate of 5.000% payable semi-annually on October 1 and April 1. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system.

\$ 3,985,000

\$125,850,000 Water and Wastewater Revenue Bonds, Series 2006A were issued to pay a portion of the costs of constructing certain additions and improvements to the County's water and wastewater facilities and acquisition of certain water and wastewater assets from the Village of Royal Palm Beach, Florida. The annual installments range from \$2,260,000 to \$7,760,000 through October 1, 2036; with interest rates from 3.500% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Wastewater System and a first lien on and pledge of the connection charges of the system.

\$ 119,525,000

\$12,485,000 Water and Sewer Revenue Refunding Bonds, Series 2006B were issued to pay for the refunding of the County's Water and Sewer Revenue Bonds, Series 1998 maturing on and after October 1, 2012. The annual installments range from \$45,000 to \$2,245,000 through October 1, 2017; with interest rates from 4.000% to 4.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system.

\$ 12,320,000

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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\$6,473,000 Water and Sewer Revenue Refunding Bonds, Series 2008 were issued to pay for refunding all of the County's outstanding Water and Sewer Revenue Bonds, Series 1985. The annual installments range from \$1,645,000 to \$1,928,000 through October 1, 2011; with an interest rate of 3.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system.

\$ 3,573,000

\$68,115,000 Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) were issued to finance the acquisition and construction of additions to the County's Water and Sewer System and to reimburse Florida Power and Light for costs advanced by them. The annual installments range from \$1,065,000 to \$4,225,000 through October 1, 2040; with interest rates from 4.000% to 5.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer System and a first lien on and pledge of the connection fees.

\$ 68,115,000

\$83,965,000 Airport System Revenue Refunding Bonds, Series 2001 were issued to refund the Airport System Revenue Bonds, Series 1991 maturing October 1, 2004 and October 1, 2010. The remaining annual installment is \$7,975,000 due October 1, 2010; with an interest rate of 4.250% payable on October 1. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution.

\$ 7,975,000

\$60,150,000 Airport System Revenue Refunding Bonds, Series 2002 were issued to refund the Airport System Revenue Bonds, Series 1992 maturing October 1, 2014. The annual installments range from \$10,270,000 to \$12,500,000 from October 1, 2011 through October 1, 2014; with an interest rate of 5.750% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution.

\$ 45,410,000

PALM BEACH COUNTY, FLORIDA
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\$69,080,000 Airport System Revenue Refunding Bonds, Series 2006A were issued to pay a portion of the costs of constructing certain facilities and improvements to the Airport System. The annual installments range from \$2,920,000 to \$6,055,000 from October 1, 2021 through October 1, 2036; with interest rates from 4.700% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 69,080,000

\$16,855,000 Airport System Revenue Refunding Bonds, Series 2006B were issued to advance refund a portion of the Airport System Revenue Bonds, Series 2001 and a portion of the Airport System Revenue Bonds, Series 2002. The annual installments range from \$2,425,000 to \$3,225,000 from October 1, 2015 through October 1, 2020; with an interest rate of 5.905% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 16,855,000

\$36,405,432 Solid Waste Authority Refunding Revenue Bonds, Series 1998A were issued to refund certain of the Authority's Refunding Bonds, Series 1989. \$2,165,000 are Current Interest Series 1998A Bonds, which have matured. \$34,240,432 are Capital Appreciation series 1998A Bonds due in annual installments of \$2,550,830 to \$20,209,629 from October 1, 2011 through October 1, 2013; and shall accrue interest from their delivery date to appreciate at the approximate yields from 4.900% to 5.050%. The bonds are not general obligations of the County and are secured by a first lien upon and pledge of the net revenues of the Authority's solid waste disposal and resource recovery system. \$ 34,240,432

\$39,869,386 Solid Waste Authority Improvement Revenue Bonds, Series 2002B were issued to refund a portion of the Authority's Refunding and Improvement Revenue Bonds, Series 1992. \$1,135,000 are Current Interest Series 2002B Bonds, which have matured. \$38,734,386 are Capital Appreciation Series 2002B Bonds due in annual installments ranging from \$12,003,800 to \$13,769,586 from October 1, 2014 through October 1, 2016; and shall accrue interest from their delivery date to appreciate at the approximate yields from 4.850% to 5.050%. The bonds are not general obligations of the County and are secured by a first lien upon and pledge of the net revenues of the Authority's solid waste disposal and resource recovery system. \$ 38,734,386

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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\$34,385,000 Solid Waste Authority Refunding Revenue Bonds, Series 2004 were issued to advance refund the Authority's Improvement Revenue Bonds, Series 1997B due in annual installments ranging from \$45,000 to \$33,935,000 through October 1, 2011; with interest rates from 2.500% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien upon and pledge of the net revenues of the Authority's solid waste disposal and resource recovery system. \$ 33,980,000

\$131,565,000 Solid Waste Authority Improvement Revenue Bonds, Series 2008B were issued to fund various solid waste system projects. The annual installments range from \$10,700,000 to \$34,965,000 from October 1, 2024 through October 1, 2028; with interest rates from 5.500% to 5.625% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien upon and pledge of the net revenues of the Authority's solid waste disposal and resource recovery system. \$ 131,565,000

\$261,545,000 Solid Waste Authority Improvement Revenue Bonds, Series 2009 were issued to finance the 2008 Project. The annual installments range from \$2,500,000 to \$31,270,000 from October 1, 2011 through October 1, 2028; with interest rates from 3.000% to 5.500% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien upon and pledge of the net revenues of the Authority's solid waste disposal and resource recovery system. \$ 261,545,000

Total face value of revenue bonds payable	\$ 854,242,818
Unamortized bond premiums	12,328,189
Unamortized loss on bond refinancing	<u>(2,409,848)</u>
Net Revenue Bonds, Business-Type Activities	<u>\$ 864,161,159</u>

Notes and Loans Payable

\$80,000,000 Solid Waste Authority Subordinated Improvement Revenue Note, Series 2008 was issued to finance costs incurred in connection with the relocation of facilities and the purchase of land for the development of a new landfill site. The annual installments are \$4,000,000 through October 1, 2027; with a variable rate of interest in effect of 0.990% payable semi-annually on April 1 and October 1 of each year. The note is not a general obligation of the County and is secured by a first lien upon and pledge of the net revenues of the Authority's solid waste disposal and resource recovery system. \$ 72,000,000

Total notes and loans payable \$ 72,000,000

PALM BEACH COUNTY, FLORIDA
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Line of Credit

On March 15, 2006, the Department of Airports entered into an \$8,000,000 line of credit agreement with a financial institution to finance costs incurred in connection with the acquisitions, constructions, installation and equipping of certain facilities and improvements relating to the Airport System. Principal borrowed on the line of credit is due at maturity on June 30, 2011. Interest on the principal balance accrues at a rate equivalent to 77% of the one month LIBOR rate plus 46 basis points (approximately 2.370% at September 30, 2008) and is paid quarterly. Borrowings on the line of credit are payable from and secured by a pledge of the net revenues of the airport system, subordinate to the lien and pledge of net revenues for repayment of the Airport bonds. The Department had no outstanding balance on the loan payable as of September 30, 2010.

Accrued interest payable on notes and capital appreciation bonds	\$ 46,252,966
Accrued landfill costs	36,563,206
Arbitrage liability (See explanation in Governmental Activities section)	644,798

Joint Venture Liability

In April 1993, the Water Utilities Department entered into a "Participatory Agreement" with four municipalities for certain improvements to East Central Regional Wastewater Facilities (ECR). The improvements totaling \$38,755,000, with \$5,832,000 being the Department's share, were completed in fiscal year 1998. Partial funding was provided by State of Florida, Department of Environmental Protection Revolving Loan Funds approved in March and September 1994. Actual amounts borrowed were \$21,319,410 and \$648,738, respectively. The loans are payable over twenty-year periods and carry effective interest rates ranging from 2.300% to 3.170%. The Department's portion of the annual debt service for the loans is \$319,200.

	\$ 1,686,883
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PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Compensated absences

Compensated absences are liquidated by the business type fund incurring the expense.

Business-Type Fund

Water Utilities Department	\$	3,056,254	
Department of Airports		1,181,846	
Solid Waste Authority		5,084,728	
	\$		9,322,828
OPEB (See note on OPEB)			547,642
Termination benefits (See note on Retirement Plans)			311,910
Total Business-Type Activities Long-Term Debt, including current portion			\$1,031,491,392

Annual debt service requirements to maturity for governmental activities long-term debt are as follows:

Governmental Activities General Long-Term Debt

Year Ending September 30	General Obligation Bonds		Non-Ad Valorem Revenue Bonds		Loans Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
	2011	\$ 22,570,000	\$ 11,921,522	\$ 59,008,366	\$ 41,141,638	\$ 848,784	
2012	19,205,000	10,864,679	61,282,235	38,712,978	17,017,544	360,791	147,443,227
2013	20,130,000	9,940,468	64,301,549	36,121,482	879,784	166,791	131,540,074
2014	21,100,000	8,957,449	66,841,228	33,318,673	879,783	154,961	131,252,094
2015	22,110,000	7,929,323	61,101,336	30,204,340	879,784	143,036	122,367,819
2016-2020	98,770,000	24,657,060	185,441,066	117,337,814	4,294,919	532,113	431,032,972
2021-2025	43,015,000	6,052,013	192,758,512	72,342,468	3,482,419	235,072	317,885,484
2026-2030	3,570,000	156,187	108,848,940	32,251,586	2,033,651	42,374	146,902,738
2031-2035	-	-	47,370,000	14,326,000	-	-	61,696,000
2036-2040	-	-	30,680,000	3,118,000	-	-	33,798,000
Total	\$ 250,470,000	\$ 80,478,701	\$ 877,633,232	\$ 418,874,979	\$ 30,316,668	\$ 2,007,144	\$ 1,659,780,724

Annual debt service requirements to maturity for business-type activities long-term debt are as follows:

Business-type Activities Long-Term Debt

Year Ending September 30	Revenue Bonds		Loan and Note Payable		Total
	Principal	Interest	Principal	Interest	
2011	\$ 18,430,000	\$ 39,388,523	\$ 4,000,000	\$ 700,000	\$ 62,518,523
2012	57,298,830	39,922,666	4,000,000	660,000	101,881,496
2013	40,169,629	56,230,894	4,000,000	620,000	101,020,523
2014	32,559,973	47,770,950	4,000,000	580,000	84,910,923
2015	35,049,586	44,420,643	4,000,000	540,000	84,010,229
2016-2020	145,364,800	178,488,068	20,000,000	2,100,000	345,952,868
2021-2025	192,455,000	112,643,277	20,000,000	1,100,000	326,198,277
2026-2030	212,110,000	55,286,244	12,000,000	180,000	279,576,244
2031-2035	71,300,000	21,518,894	-	-	92,818,894
2036-2040	45,280,000	4,761,325	-	-	50,041,325
2041-2045	4,225,000	105,625	-	-	4,330,625
Total	\$ 854,242,818	\$ 600,537,109	\$ 72,000,000	\$ 6,480,000	\$ 1,533,259,927

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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COMPONENT UNITS:

Metropolitan Planning Organization (MPO) Changes in Long-Term Liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 169,276	\$ 10,112	\$ 1,012	\$ 178,376	\$ 11,594
OPEB	6,010	-	1,004	5,006	-
Total	\$ 175,286	\$ 10,112	\$ 2,016	\$ 183,382	\$ 11,594

Westgate/Belvedere Homes Community Redevelopment Agency (CRA) Changes in Long-Term Liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 1,900,000	\$ -	\$ 175,000	\$ 1,725,000	\$ 185,000
Loans payable	2,061,548	-	259,403	1,802,145	270,317
Mortgage payable (A)	178,751	-	11,311	167,440	12,128
Mortgage payable (B)	240,974	-	95,003	145,971	145,971
Mortgage payable (C)	260,000	-	-	260,000	-
Total	\$ 4,641,273	\$ -	\$ 540,717	\$ 4,100,556	\$ 613,416

Bond obligation - Redevelopment Revenue Refunding and Improvement Bonds, Series 1999 authorized issue dated March 1, 1999, was \$3,380,000. Bonds outstanding at September 30, 2010 were \$1,725,000 and interest rates range from 3.1% to 4.8%.

Loan payable – On November 28, 2005, the CRA was approved by a bank for a loan in the amount of \$3,038,300 with a maturity of August 1, 2016 and interest set at 4.15%. The proceeds of the loan will be used for street improvements and acquisition of property in the Westgate/Belvedere Community.

Mortgage payable (A) – The mortgage is payable in monthly installment payments of \$1,955 including interest with a maturity of August 3, 2013 and interest rate of 7%. The mortgage is secured by the building.

Mortgage payable (B) – The mortgage is payable in monthly installment payments of \$2,519, interest only, with an extended maturity of September 30, 2010 and interest rate of 6.5%. The mortgage is secured by the building.

Mortgage payable (C) – The mortgage is payable in monthly installment payments of \$1,625, interest only, with a maturity of September 28, 2013 and interest rate of 7.5%. The mortgage is secured by the building.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Annual debt service requirements to maturity for CRA long-term debt are as follows:

Year Ending September 30	Bond Obligation		
	Principal	Interest	Total
2011	\$ 185,000	\$ 74,917	\$ 259,917
2012	190,000	66,760	256,760
2013	200,000	58,180	258,180
2014	210,000	49,055	259,055
2015	220,000	39,270	259,270
2016-2018	720,000	52,505	772,505
Total	<u>\$ 1,725,000</u>	<u>\$ 340,687</u>	<u>\$ 2,065,687</u>

Year Ending September 30	Loan Payable		
	Principal	Interest	Total
2011	\$ 270,317	\$ 75,828	\$ 346,145
2012	281,515	64,630	346,145
2013	293,536	52,609	346,145
2014	305,887	40,258	346,145
2015	318,758	27,387	346,145
2016	332,132	14,013	346,145
Total	<u>\$ 1,802,145</u>	<u>\$ 274,725</u>	<u>\$ 2,076,870</u>

Year Ending September 30	Mortgage Payable		
	Principal	Interest	Total
2011	\$ 12,128	\$ 11,337	\$ 23,465
2012	13,005	9,612	22,617
2013	142,307	8,764	151,071
Total	<u>\$ 167,440</u>	<u>\$ 29,713</u>	<u>\$ 197,153</u>

Year Ending September 30	Mortgage Payable		
	Principal	Interest	Total
2011	\$ 145,971	\$ 15,222	\$ 161,193
Total	<u>\$ 145,971</u>	<u>\$ 15,222</u>	<u>\$ 161,193</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Year Ending September 30	Mortgage Payable		
	Principal	Interest	Total
2011	\$ -	\$ 19,500	\$ 19,500
2012	-	19,500	19,500
2013	260,000	19,500	279,500
Total	\$ 260,000	\$ 58,500	\$ 318,500

CONDUIT DEBT

Primary Government: The County issues Industrial Development Bonds to provide financial assistance to not-for-profit and private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. During the current reporting period, three series of Industrial Development Bonds were issued with an aggregate par value of \$29 million. As of September 30, 2010, there were thirty-seven series of Industrial Development Bonds outstanding, with an estimated aggregate principal amount payable of \$587 million.

Component Unit: The Housing Finance Authority of Palm Beach County (HFA) is authorized to issue bonds to fulfill their corporate purpose. The HFA and the County are not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2010, the HFA has \$245 million of bonds outstanding that were originally issued in the aggregate principal amount of \$301 million.

16. CONTINGENCIES

Litigation

The County is involved in various lawsuits arising in the ordinary course of operations. Where it has been determined that a loss is probable related to these matters a liability has been recorded in our self insurance obligations. In addition the County is involved with other matters the outcome of which is not presently determinable, it is the opinion of management of the County based upon consultation with legal counsel, that the outcome of these matters would not have a material adverse affect on the financial position of the County.

State and Federal Grants

Grant monies received and disbursed by the County are for specific purposes and are subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures. Based upon prior experience, management does not believe that such disallowances, if any, would have a material adverse effect on the financial position of the County.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Interlocal Agreement

On September 22, 1992 the Board of County Commissioners approved an interlocal agreement between the County and the Westgate/Belvedere Homes Community Redevelopment Agency (Agency), whereby the County has agreed to fund any deficiency in the reserve fund of the Agency's Redevelopment Revenue Bonds. The Agency is required to notify the County on or before May 2nd of each year of any deficiency amount that the Agency expects to exist on the next succeeding November 1st. At present, the County has not been made aware of any deficiency amount.

Bond Guaranty

On October 17, 2000 the Board of County Commissioners approved a trust agreement between the County and Suntrust Bank, (the Trustee), whereby the County has agreed to fund any deficiency in the reserve fund of the Palm Beach County, Florida, Industrial Development Revenue Bonds (South Florida Fair project), Series 2000. The Trustee is required to notify the County after June 1st and on or before June 5th of each year of the deficiency amount, if any, as of such date. At present, the County has not been made aware of any deficiency amount.

Letters of credit have been arranged in lieu of debt service reserve surety insurance policies where credit ratings of the insurers declined below the rating required by the bond covenants. Additional information on the letters of credit may be found in the note for long-term debt.

Solid Waste Authority (SWA)

Environmental Liabilities: SWA, in cooperation with other state and local regulatory agencies, maintains an extensive monitoring program for potential environmental contaminants at each of its sites and facilities. These monitoring programs have not identified any contaminants caused by landfill leachate or other operations of SWA. In the event that any environmental contaminants are identified, SWA may be financially responsible for the environmental assessment and cleanup costs, as well as potential fines imposed by governmental regulatory agencies.

17. PLEDGED REVENUES

The County has pledged a portion of future non-ad valorem revenues to repay \$904 million in revenue bonds, notes and loans issued between July 1, 1990 and April 28, 2010. A ten year history of the pledged revenues are reported in statistical table X. Proceeds from the debt provided financing for capital additions, improvements, and expansion of County facilities, equipment and infrastructure. The bonds are payable solely from available non-ad valorem revenues and are payable through May 1, 2038. Total principal and interest remaining to be paid on the bonds is \$1.3 billion with annual requirements ranging from \$11 million in fiscal year 2034 to \$117 million in fiscal year 2012. The pledged non-ad valorem revenues, from which the appropriations will be made, have averaged \$332 million per year over the last 10 years.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Principal and interest paid for the current year and total pledged non-ad valorem revenues were \$102 million and \$380 million, respectively.

The County has pledged future airport revenues net of specified operating expenses, to repay \$139 million in airport revenue bonds issued between July 3, 2001 and May 17, 2006. Proceeds from the bonds provided financing for the addition, improvements and expansion of the airport facilities, equipment and infrastructure. The bonds are payable solely from the airport net revenues and are payable through October 1, 2036. Total principal and interest remaining to be paid on the bonds is \$224 million with annual requirements ranging from \$6 million in fiscal year 2037 to \$17 million in fiscal year 2015. Annual principal and interest payments on the bonds are expected to require less than 33% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$15 million and \$25 million, respectively.

The County has pledged future water utility revenues net of specified operating expenses, to repay \$215 million in water & sewer revenue bonds issued between June 24, 1998 and July 22, 2009. Proceeds from the bonds provided financing for the addition, improvements and expansion of the water and sewer facilities, equipment and infrastructure. The bonds are payable solely from the water utility net revenues and are payable through October 1, 2040. Total principal and interest remaining to be paid on the bonds is \$382 million with annual requirements ranging from \$4 million in fiscal year 2041 to \$21 million in fiscal year 2011. Annual principal and interest payments on the bonds are expected to require less than 28% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$22 million and \$67 million, respectively.

The Solid Waste Authority (SWA) has pledged future revenues net of specified operating expenses, to repay \$572 million in SWA revenue bonds issued between March 15, 1997 and April 23, 2009. Proceeds from the bonds and note provided financing for the addition, improvements and expansion of the SWA facilities, equipment and infrastructure. The bonds and note are payable solely from the SWA net revenues and are payable through October 1, 2028. Total principal and interest remaining to be paid on the bonds and note is \$927 million with annual requirements ranging from \$27 million in fiscal year 2011 to \$68 million in fiscal year 2013. Annual principal and interest payments on the bonds are expected to require less than 100% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$102 million and \$52 million, respectively.

18. SUBSEQUENT EVENTS

On October 6, 2010, the County issued \$28,700,000 General Obligation Refunding Bonds, Series 2010 (Recreational and Cultural Facilities) for the purpose of (i) paying and defeasing a portion of the County's General Obligation Bonds, Series 2003 (Recreational and Cultural Facilities) and a portion of its General Obligation Bonds, Series 2005 (Recreational and Cultural Facilities) and (ii) paying the costs of issuance of the Bonds.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Water Utilities Department - On December 7, 2010 the Board of County Commissioners (County) approved four interlocal agreements (Agreements) with the City of West Palm Beach (City) which resolve a number of ongoing water and wastewater utility issues between the two entities. The Agreements require the County to pay the City \$3,504,454 within thirty days of closing for the following:

- Satisfaction of all outstanding principal and interest due under the West Palm Beach/Indian Trail Improvement District Agreement for \$1,950,910.
- Outstanding water system capacity charges due under the West Palm Beach/Indian Trail Improvement District Agreement \$215,800.
- Purchase of water transmission main \$834,325.
- Purchase of wastewater force main \$503,419.

In addition, the settlement transfers to the County ownership of a portion of the City's service area to which the County is able to more efficiently provide water and wastewater services than the City. The agreement also transfers to the City ownership of a portion of the County's service area which the City can serve more efficiently.

The settlement also includes a bulk water purchase agreement in which the County agrees to purchase water from the City, on a take-or-pay basis, potable water to serve the area transferred from the City to the County. The amount of water purchased starts at 75,000 gallons per day on December 1, 2010 at an annual cost of \$96,000. This amount increases gradually each year, reaching 150,000 gallons per day beginning October 1, 2013 at an annual cost of \$192,000. This agreement shall be in effect until September 30, 2030 and will be automatically renewed for subsequent terms of five years unless either party gives at least one-hundred eighty days written notice prior to the expiration of the current term.

Solid Waste Authority - In December 2010, the Authority issued \$750,000,000 Improvement Revenue Bonds, Series 2010 for the purpose of providing funds, together with other legally available moneys, to fund the costs associated with the construction of a new 3,000 tons per day renewable energy facility. Initially, the proceeds of the sale of the Series 2010 Bonds, together with the funds contributed by the Authority, after payment of costs of issuance, will be deposited into the Series 2010 Special Fund, an irrevocable trust with an independent Trustee created under the Indenture. During the period from the date of issuance of these bonds until maturity on January 12, 2012, the Trustee of the Special Fund will invest the amounts on deposit in U.S. Treasury Securities – State and Local Government Series to provide for all future debt service payments due at maturity. As a result, the Series 2010 Bonds are considered to be defeased and do not constitute a debt or indebtedness of the Authority, nor is the Authority obligated for repayment of these bonds. This special fund will secure the bonds until the bonds are remarketed in January of 2012. At that time the moneys in the special fund will be made available to the Authority to fund construction costs.

PALM BEACH COUNTY, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the fiscal year ended September 30, 2010
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	\$ 672,507,557	\$ 672,507,557	\$ 649,765,008	\$ (22,742,549)
Special assessments	44,000	44,000	-	(44,000)
Licenses and permits	37,203,460	37,203,460	35,430,154	(1,773,306)
Intergovernmental	24,099,488	30,900,060	30,739,104	(160,956)
Charges for services	107,579,312	107,683,559	107,503,398	(180,161)
Fines and forfeitures	1,074,000	1,074,000	1,193,681	119,681
Investment income	17,659,850	17,659,850	11,974,343	(5,685,507)
Miscellaneous	6,638,661	6,738,661	8,318,178	1,579,517
Less 5% anticipated revenues	(43,121,621)	(43,121,621)	-	43,121,621
Total revenues	823,684,707	830,689,526	844,923,866	14,234,340
Expenditures:				
Current:				
General government	228,016,741	250,963,862	132,892,454	118,071,408
Public safety	30,743,592	37,733,065	34,489,977	3,243,088
Physical environment	13,222,393	13,201,186	12,238,547	962,639
Transportation	4,235,000	4,235,000	4,235,000	-
Economic environment	26,286,997	26,311,097	25,505,652	805,445
Human services	52,146,897	52,244,744	49,276,737	2,968,007
Culture and recreation	57,757,901	57,444,853	56,158,487	1,286,366
Capital outlay	404,446	882,495	733,464	149,031
Debt service	107,294	107,294	106,308	986
Total expenditures	412,921,261	443,123,596	315,636,626	127,486,970
Excess of revenues over expenditures	410,763,446	387,565,930	529,287,240	141,721,310
Other financing sources (uses):				
Transfers in	21,835,832	23,819,711	43,729,520	19,909,809
Transfers out	(586,902,758)	(590,198,287)	(584,788,629)	5,409,658
Total other financing sources (uses)	(565,066,926)	(566,378,576)	(541,059,109)	25,319,467
Net change in fund balances	(154,303,480)	(178,812,646)	(11,771,869)	167,040,777
Fund balances, October 1, 2009	154,303,480	178,812,646	180,863,197	2,050,551
Increase in reserves, inventory	-	-	24,669	24,669
Fund balances, September 30, 2010	\$ -	\$ -	\$ 169,115,997	\$ 169,115,997

NOTE: The effective legal level of budget control is maintained at the department or fund level. A separate detailed report providing this information is available for inspection at the Office of Financial Management and Budget. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.

PALM BEACH COUNTY, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Fire Rescue Special Revenue Fund
For the fiscal year ended September 30, 2010
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	\$ 211,529,183	\$ 211,529,183	\$ 203,147,840	\$ (8,381,343)
Special assessments	285,963	285,963	276,281	(9,682)
Licenses and permits	2,000	2,000	8,075	6,075
Intergovernmental	285,880	685,880	332,113	(353,767)
Charges for services	29,413,696	29,413,696	30,351,960	938,264
Investment income	4,186,517	4,186,517	6,989,201	2,802,684
Miscellaneous	86,800	86,800	666,441	579,641
Less 5% anticipated revenues	(11,991,400)	(11,991,400)	-	11,991,400
Total revenues	233,798,639	234,198,639	241,771,911	7,573,272
Expenditures:				
Current:				
Public safety	321,761,795	345,026,643	229,389,213	115,637,430
Economic environment	898,353	898,353	902,129	(3,776)
Capital outlay	9,567,525	9,664,279	6,257,197	3,407,082
Total expenditures	332,227,673	355,589,275	236,548,539	119,040,736
Excess of revenues over (under) expenditures	(98,429,034)	(121,390,636)	5,223,372	126,614,008
Other financing sources (uses):				
Transfers in	9,675,164	9,771,918	6,960,493	(2,811,425)
Transfers out	-	(269,984)	(269,984)	-
Total other financing sources (uses)	9,675,164	9,501,934	6,690,509	(2,811,425)
Net change in fund balances	(88,753,870)	(111,888,702)	11,913,881	123,802,583
Fund balances, October 1, 2009	88,753,870	111,888,702	114,477,550	2,588,848
(Decrease) in reserves, inventory	-	-	(220,066)	(220,066)
Fund balances, September 30, 2010	\$ -	\$ -	\$ 126,171,365	\$ 126,171,365

NOTE: The effective legal level of budget control is maintained at the department or fund level. A separate detailed report providing this information is available for inspection at the Office of Financial Management and Budget. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.

PALM BEACH COUNTY, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Sheriff Special Revenue Fund
For the fiscal year ended September 30, 2010
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 2,009,600	\$ 2,009,600
Fines and forfeitures	-	-	149,288	149,288
Investment income	-	-	205,404	205,404
Miscellaneous	-	-	19,822	19,822
Total revenues	-	-	2,384,114	2,384,114
Expenditures:				
Current:				
General government	22,058,777	23,383,727	23,333,002	50,725
Public safety	457,526,568	450,553,088	440,313,997	10,239,091
Capital outlay	9,637,909	22,366,262	16,209,221	6,157,041
Total expenditures	489,223,254	496,303,077	479,856,220	16,446,857
Excess of revenues over (under) expenditures	(489,223,254)	(496,303,077)	(477,472,106)	18,830,971
Other financing sources (uses):				
Transfers in	489,223,254	496,419,893	493,060,880	(3,359,013)
Transfers out	-	(116,816)	(15,902,984)	(15,786,168)
Total other financing sources (uses)	489,223,254	496,303,077	477,157,896	(19,145,181)
Net change in fund balances	-	-	(314,210)	(314,210)
Fund balances, October 1, 2009	-	-	7,216,594	7,216,594
Fund balances, September 30, 2010	\$ -	\$ -	\$ 6,902,384	\$ 6,902,384

NOTE: The effective legal level of budget control is maintained at the department or fund level. A separate detailed report providing this information is available for inspection at the Office of Financial Management and Budget. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.

REQUIRED SUPPLEMENTARY INFORMATION

Palm Tran Pension Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1/1/08	\$47,083,495	\$56,979,616	\$ 9,896,121	82.6%	\$21,454,569	46.1%
1/1/09	44,799,056	68,301,400	23,502,344	65.6%	24,611,065	95.5%
1/1/10	51,323,623	76,463,660	25,140,037	67.1%	25,386,904	99.0%

Lantana Firefighter's Pension Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
9/30/07	\$13,077,720	\$18,738,959	\$ 5,661,239	69.8%	\$ 2,725,760	207.7%
9/30/08	14,943,792	20,323,618	5,379,826	73.5%	2,625,962	204.9%
9/30/09	17,132,902	21,670,754	4,537,852	79.1%	2,384,322	190.3%

REQUIRED SUPPLEMENTARY INFORMATION

Palm Beach County Primary Government Healthcare Plans
Schedule of Funding Progress

County	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
County	10/1/2007	\$ -	\$ 14,638,000	\$ 14,638,000	0.0%	\$294,272,546	5.0%
	10/1/2009	-	14,760,000	14,760,000	0.0%	253,793,723	5.8%
Tax Collector							
	10/1/2007	-	1,533,513	1,533,513	0.0%	9,879,680	15.5%
	10/1/2009	-	1,208,095	1,208,095	0.0%	10,945,091	11.0%
Property Appraiser							
	10/1/2007	-	312,788	312,788	0.0%	14,237,382	2.2%
	10/1/2009	-	348,156	348,156	0.0%	14,286,192	2.4%
Clerk & Comptroller							
	10/1/2007	-	5,445,000	5,445,000	0.0%	35,775,864	15.2%
	10/1/2009	-	5,202,000	5,202,000	0.0%	27,581,451	18.9%
Sheriff							
	1/1/2008	-	169,700,000	169,700,000	0.0%	222,956,243	76.1%
	1/1/2009	-	182,500,000	182,500,000	0.0%	248,925,472	73.3%
	1/1/2010	-	190,600,000	190,600,000	0.0%	269,750,942	70.7%
Solid Waste Authority							
	10/1/2008	-	1,440,000	1,440,000	0.0%	21,254,000	6.8%
Fire Rescue Union							
	10/1/2005	7,109,107	16,319,357	9,210,250	43.6%	102,075,035	9.0%
	10/1/2008	14,544,477	153,500,000	138,955,523	9.5%	108,788,372	127.7% Note 1
	10/1/2009	18,136,850	163,661,000	145,524,150	11.1%	119,353,006	121.9%

Palm Beach County Fire Rescue Taxing District Long Term Disability Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
10/1/2007	\$ -	\$ 8,953,897	\$ 8,953,897	0.0%	\$116,586,776	7.7%
10/1/2008	-	7,634,577	7,634,577	0.0%	119,792,017	6.4%
10/1/2009	-	10,053,003	10,053,003	0.0%	133,283,977	7.5%

Note 1: The increases in the liability and expense associated with the Fire Rescue Union Healthcare Plan are a result of a change in the interpretation of the County's obligation associated with that plan. The prior valuation assumed the County was liable only for an explicit stipend paid from the retiree fund to eligible retirees. The current valuation assumes the County is ultimately liable for the cost of healthcare benefits provided to eligible retirees less the value of retiree contributions.



Section II

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS-**

Solid Waste Authority



CALER, DONTEN, LEVINE, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's 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 Chair and Members of the
Solid Waste Authority Board
Solid Waste Authority of Palm Beach County
West Palm Beach, Florida

We have audited the financial statements of the Solid Waste Authority of Palm Beach County, Florida, a component unit of Palm Beach County, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 internal control over financial reporting of the Solid Waste Authority of Palm Beach County, Florida, as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting of the Solid Waste Authority of Palm Beach County, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting of the Solid Waste Authority of Palm Beach County, Florida.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 financial statements of the Solid Waste Authority of Palm Beach County, Florida, 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 Governing Board and management of the Solid Waste Authority of Palm Beach County, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Caler, Dontem, Levine,
Porter & Veil, P.A.*

January 27, 2011

Section III

**MANAGEMENT LETTER -
Board of County Commissioners**



**Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida**

To the Honorable Members of the Board
Of County Commissioners
Palm Beach County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida (the County) as of and for the year ended September 30, 2010, and have issued our report thereon dated March 28, 2011. We did not audit the financial statements of the Solid Waste Authority, a major enterprise fund, which represents 41% of the total assets and 49% of total revenues of the business-type activities. We did not audit the financial statements of the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, which represents 44% of the total assets and 43% of the total revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Housing Finance Authority, a discretely presented component unit, which represents 53% of the total assets and 21% of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Solid Waste Authority, Westgate Belvedere Homes Community Redevelopment Agency, and Housing Finance Authority, is based on the reports of the other auditors. Our report does not address their respective internal control or compliance.

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 the *Governmental 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 Auditor's Report on Compliance and 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 Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program or State Project and Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General, State of Florida*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, 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 govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information:

Section 10.554(1)(i)1., *Rules of the Auditor General* require that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. During the course of our audit of the financial statements of the County we noted that appropriate action had been taken upon certain recommendations and suggested accounting procedures as outlined in the prior year's Management Letter. The status of recommendations made in the preceding annual financial audit report has been noted in Appendix B to this report.

Section 10.554(1)(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 the County complied with Section 218.415, Florida Statutes, regarding investment of public funds.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve the County's financial management. The recommendations to improve financial management have been addressed in Appendix A to this report.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts or agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts 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 the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations or grant agreements or abuse that have occurred or are likely to have occurred and (2) control deficiencies that are not significant deficiencies, including but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

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 the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement must be included as to whether or not the local government entity has met one or more of the conditions described in the Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the County is not in a state of financial emergency as a consequence of the conditions described by Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine that the annual financial report for the County 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 Section 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 entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provide 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 requires us to indicate that this letter is intended solely for the information of the County Commission, and management of the County, federal and state awarding agencies, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
March 28, 2011

Palm Beach County, Florida

Appendix A – Current Year Recommendations to Improve
Financial Management, Accounting Procedures
and Internal Controls

No.	Current Year's Observations
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Office of Financial Management & Budget

ML 10-1 Water Utilities Department Inventory

**Appendix A – Current Year Recommendations to Improve
Financial Management, Accounting Procedures
and Internal Controls (Continued)**

ML 10-1 Water Utilities Department (WUD) – Inventory

Criteria: Management is responsible for establishing policies and procedures to provide for accurate reporting of inventory received and used throughout the year by its perpetual inventory system.

Condition: During the testing of inventory, we selected 30 items to count and trace to the perpetual inventory listing, and we selected 30 items from the perpetual inventory listing to locate and count in the warehouse. Of the total of 60 items counted, 25 items had a different actual quantity per the count than the quantity listed in the perpetual inventory. We also noted there were approximately 870 items identified on the discrepancy report at the WUD3 warehouse location and 1,145 items with discrepancies at the WUD1 warehouse.

Cause: There appears to be a lack of adherence to the policies and procedures established by the Water Utility Department for the issuance and receipt of inventory from the warehouse.

Effect: Inventory was adjusted by \$309,185 due to the differences noted during the physical count. Failure to follow policies and procedures and maintain accurate inventory records could result in loss, theft or misappropriation of inventory assets which would not be detected in a timely manner.

Recommendation: We recommend that WUD implement stronger internal controls over the receipt and issuance of inventory and that any large discrepancies be reviewed on a timely basis.

Views of responsible officials: With the assistance of the County's Internal Auditor's office, we have completed an in-depth assessment of Inventory Control and Management at Water Utilities. Most of the recommendations from that report have been implemented already. The remaining items will be completed by September 2011.

Palm Beach County, Florida

Appendix B – Prior Year Recommendations to Improve
Financial Management, Accounting Procedures
and Internal Controls

<u>No.</u>	<u>Prior Year's Observations</u>	<u>Observation is Still Relevant</u>	<u>Observation Addressed or No Longer Relevant</u>
ML 09-1	OFMB – Recording of Internal Billings		X

Section IV

**MANAGEMENT LETTER -
Solid Waste Authority**



CALER, DONTEN, LEVINE, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

The Honorable Chair and Members of the
Solid Waste Authority Board
Solid Waste Authority of Palm Beach County
West Palm Beach, Florida

We have audited the financial statements of the Solid Waste Authority of Palm Beach County, Florida, as of and for the years ended September 30, 2010 and 2009, and have issued our report thereon dated January 27, 2011.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's 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*. Disclosures in that report, which is dated January 27, 2011, should be considered in assessing the results of our audit. Additionally, our audit was conducted in accordance with 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 auditor's report:

1. Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
2. Section 10.554(1)(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 Authority complied with Section 218.415, Florida Statutes.
3. Section 10.554(1)(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.
4. 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 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.
5. 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) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

6. 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. This information is disclosed in Note A to the financial statements.
7. 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 Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2010.
8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Authority 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. The Authority is a dependent special district of Palm Beach County, Florida, and as such, the Authority will be included in the County's Annual Financial Report of Units of Local Government.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2010. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on the representations made by management and the review of financial information provided by management. The results of our procedures disclosed no matters that are required to be reported.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. U.S. generally accepted auditing standards require us to indicate that this report is intended solely for the information and use of the Governing Board and management of the Solid Waste Authority of Palm Beach County, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Cale, Donten, Levine,
Porter & Veil, P.A.*

January 27, 2011

Section V

FEDERAL AND STATE FINANCIAL ASSISTANCE

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2010

Grantor	Program Title	CFDA CSFA	Contract/Grant #	Expenditures	Provided to Subrecipients
FEDERAL GRANTS					
<u>US Department of Agriculture</u>					
Direct Programs:					
	Wetlands Reserve Program Lox Slough/Sandhill Rest.	10.072	66-4209-77-7-07	\$ 1,035,768	\$ -
	Wetlands Reserve Program Winding Waters	10.072	66-4209-77-7-06	937,887	-
	09-10 Head Start CCFP	10.558	04CH3046/42	856,422	-
	Wildlife Habitat Incentive Program - Yamato	10.914	724209070L3	5,935	-
	Wildlife Habitat Incentive Program - Seacrest	10.914	724209070L4	3,212	-
	Wildlife Habitat Incentive Program - High Ridge	10.914	724209070ZM	1,860	-
	Wildlife Habitat Incentive Program - Hypoluxo	10.914	724209070ZO	2,530	-
	Wildlife Habitat Incentive Program - Juno	10.914	724209070ZP	6,675	-
Passed Through:	FL Department of Agriculture and Consumer Services FDACS John Stretch Park Tree Planting	ARRA 10.688	015941	18,499	-
Passed Through:	FL Department of Education Summer Food Service Program for Children - GY10	10.559	04-0781	400,355	-
Passed Through:	FL Department of Elder Affairs 09-10 Adult Care Food Program	10.558	Y0119	13,015	-
Total US Department of Agriculture				3,282,158	-
<u>US Department of Commerce</u>					
Passed Through:	FL Department of Environmental Protection NOAA-FDEP Dubois Park Upland Imp	11.419	CM016	23,938	-
Total US Department of Commerce				23,938	-
<u>US Department of Housing and Urban Development</u>					
Direct Programs:					
	Community Development Block Grant	14.218	B-00-UC-12-0004	127,337	127,337
	Community Development Block Grant	14.218	B-01-UC-12-0004	28,876	28,876
	Community Development Block Grant	14.218	B-02-UC-12-0004	172,884	172,884
	Community Development Block Grant	14.218	B-03-UC-12-0004	243,479	243,479
	Community Development Block Grant	14.218	B-04-UC-12-0004	223,570	223,570
	Community Development Block Grant	14.218	B-05-UC-12-0004	586,747	586,747
	Community Development Block Grant	14.218	B-06-UC-12-0004	600,520	600,520
	Community Development Block Grant	14.218	B-07-UC-12-0004	1,318,746	1,318,746
	Community Development Block Grant	14.218	B-08-UC-12-0004	1,733,469	1,733,469
	Community Development Block Grant	14.218	B-09-UC-12-0004	4,088,067	2,203,690
	Community Development Block Grant	14.218	B-96-UC-12-0004	20,509	20,509
	Community Development Block Grant	14.218	B-99-UC-12-0004	10,926	10,926
	NEIGHBORHOOD STABILIZATION PROGRAM	14.218	B-08-UN-12-0013	15,851,429	14,913,032
	NEIGHBORHOOD STABILIZATION PROGRAM - 2	ARRA 14.218	B-09-UN-12-0013	101,864	-
	Emergency Shelter Grant Program	14.231	S-08-UC-12-0016	12,896	8,007
	Emergency Shelter Grant Program	14.231	S-09-UC-12-0016	295,220	280,084
	Supportive Housing Program GY09	14.235	FL14B705003	133,023	-
	Supportive Housing Program	14.235	FL0292B4D050801	271,419	-
	Shelter Plus Care Project Northside GY09	14.238	FL0277C4D050800	26,839	-
	Shelter Plus Care Flagler Project GY09	14.238	FL0281C4D050801	103,407	-
	Shelter Plus Care Flagler Project GY10	14.238	FL0281C4D050802	38,417	-
	Shelter Plus Care Project Home GY05	14.238	FL14C40-5001	165,049	-
	Home Program	14.239	M-02-UC-12-0215	202,459	202,459
	Home Program	14.239	M-03-UC-12-0215	47,541	47,541
	Home Program	14.239	M-04-UC-12-0215	38,888	38,888
	Home Program	14.239	M-05-UC-12-0215	69,583	69,583
	Home Program	14.239	M-06-UC-12-0215	2,690	2,690
	Home Program	14.239	M-07-UC-12-0215	262,700	262,700
	Home Program	14.239	M-08-UC-12-0215	626,115	626,115
	Home Program	14.239	M-09-UC-12-0215	896,344	664,309
	BEDI09 AVENUE A PROJ	14.246	B-07-BD-12-0012	174,749	174,749
	Brownfield Economic Development Initiative	14.246	B09BD128009	21,865	21,865
	HUD 108 LOAN AVE A	14.248	B-07-UC-12-0004	349,684	349,684
	HUD Section 108 Loan	14.248	B-08-UC-12-0004	421,282	306,860
	CDBG-Section 108 Loan Program - Pahokee	14.248	B09UC120004	44,145	44,145
	CDBG-RECOVERY	ARRA 14.253	B-09-UY-12-0004	160,473	120,020
	HOMELESS PREVENTION AND RAPID HOUSING RECOVERY	ARRA 14.257	S-09-UY-12-0016	1,839,812	1,836,138
	Fair Housing Assistance Program - State & Local	14.401	FF204K104023	276,950	-
Passed Through:	FL Department of Community Affairs CDBG DISASTER RECOVERY INITIATIVE	14.228	07DB3V106001Z07	1,384,584	1,319,522
	CDBG DISASTER RECOVERY INITIATIVE	14.228	08DBD3106001A07	315,019	211,413
	CDBG DISASTER RECOVERY INITIATIVE	14.228	10DBK4106001K29	1,260	-
Passed Through:	United Way of Palm Beach County Emergency Food & Shelter National Board Program ARRA	ARRA 14.231	1686-00-019	20,352	-
Total US Department of Housing and Urban Development				33,311,188	28,770,557

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2010

Grantor	Program Title	CFDA		Expenditures	Provided to Subrecipients
		CSFA	Contract/Grant #		
<u>US Department of Interior</u>					
Direct Programs:					
	Riverbend Park	15.926	GA-2255-09-021	\$ 16,374	\$ -
Passed Through:	FL Fish & Wildlife Conservation Commission				
	Artificial Reef Grants Program - Jup.Inlet	15.605	FWC-09111	60,000	-
	Artificial Reef Grants Program - Boynton#3 Site	15.605	FWC-08264	60,000	-
Total US Department of Interior				136,374	-
<u>US Department of Justice</u>					
Direct Programs:					
	PBC Gang Prevention Coord Assistance Program	16.544	2008-JV-FX-0104	84,344	-
	National Institute of Justice - DNA Solving Cold Cases	16.560	2007-DN-BX-K023	61,879	-
	Multi-Agency Violent Crimes Strategy	16.580	2007-DD-BX-0617	163,940	-
	SMART FY 08 Office Support/Adam Walsh	16.580	2008-DD-BX-0060	94,785	-
	OJP Family Drug Court	16.585	2009-DC-BX-0115	31,323	-
	OJP- Drug Court Grant	16.585	2009-DC-BX-0016	66,765	-
	Rural Domestic Violence, Date Violence, Sexual Assault	16.589	2008-WR-AX-0044	235,964	-
	State Criminal Alien Assistance Program FY 2008	16.606	2009APBX0025	634,481	-
	BJA BULLET PROOF VEST PARTNERSHIP	16.607	N/A	30,282	-
	BJA FY08 Edward Byrne Memorial JAG Program Local Solicitatio	16.738	2008-DJ-BX-0174	2,000	2,000
	FY 2008 Forensic DNA Backlog Reduction	16.741	2008-DN-BX-K021	113,937	-
	FY09 Forensic DNA Backlog Reduction Program	16.741	2009-DN-BX-K052	292,205	-
	2009 Paul Coverdell Forensic Science Improvement	16.742	2009CDBX0041	2,870	-
	Criminal Justice Mental Health & Substance Abuse Local Match	16.745	2009-MO-BX-0035	8,311	-
	Data Driven Problem-Oriented Policing Strategy	16.751	2009DGBX0121	107,923	-
	BJA FY09 Recovery Act Edward Byrne Memorial JAG Prg Local So	ARRA 16.804	2009-SB-B9-3136	696,142	-
	Equitable Sharing - Justice Dept	16.XXX	FL0500000	1,006,726	-
Passed Through:	Area Agency on Aging of Palm Beach/Treasure Coast				
	Enhanced Training and Service Elderly Abuse Training Project	16.528	OV007-003	5,085	-
Passed Through:	City of West Palm Beach				
	Community Capacity Dev Gramercy Village Weed Seed Proj	16.595	2008-WX-QX-0021	1,815	-
	Gramercy Weed and Seed Project FY10	16.595	2009WXQX0021	13,403	-
Passed Through:	Criminal Justice Commission				
	Violent Crime Task Force 2010	ARRA 16.804	2009SBB93136	13,644	-
Passed Through:	FL Department of Attorney General				
	Victims of Crime Act FY10	16.575	V-09021	41,439	-
	Crime Victims Assistance-VOCA	16.575	V09149	120,334	-
Passed Through:	FL Department of Law Enforcement				
	Residential Sunstance Abuse Treatment for State Prisoners	16.593	2010-RSAT-PALM-1-W	35,855	-
	BJA FY09 Edward Byrne Memorial JAG Prg State Solicitation	16.738	2010JAGCPALM24X2	166,264	-
	BJA FY09 Recovery Act Edward Byrne Memorial JAG Prg State So	ARRA 16.804	2010ARRCPALM11W73	1,378,334	-
	Paul CoverdellForensic Sciences improvement Grant Program	16.742	2008-CD-BX-0020	18,449	-
	2009 Paul Coverdell Forensic Sciences Improvement Grant	16.742	2009-CD-BX-0041	2,251	-
Passed Through:	Miami Coalition for a Safe & Drug Free Community				
	Anti-Gang Initiative/Midnight Hoops Program for Fremd Village	16.744	PSN-2006-PG-BX-0041	313	-
Passed Through:	PBC Criminal Justice Commission				
	Strategically Targeting Online Predators	ARRA 16.804	2009SBB93136	164,000	-
Total US Department of Justice				5,595,063	2,000
<u>US Department of Labor</u>					
Passed Through: FL Department of Education					
	09-10 Farmworkers Jobs and Education Program	17.264	760-4050A-0CFJ1	253,768	-
	10-11 Farmworker Jobs and Education Program	17.264	760-4051A-1CFJ1	70,186	-
Total US Department of Labor				323,954	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2010

Grantor	Program Title	CFDA CSFA	Contract/Grant #	Expenditures	Provided to Subrecipients
<u>US Department of Transportation</u>					
Direct Programs:					
	AIP - Stormwater Master Plan	20.106	3-12-0086-010-2010	\$ 33,782	\$ -
	AIP - Lantana Airfield Signage Improve	20.106	3-12-0086-008-2008	2,382	-
	AIP - Conduct Wildlife Hazard Assessment	20.106	3-12-0085-052-2010	18,281	-
	AIP - Pahokee Taxi Rehab and Apron Imp	20.106	3-12-0060-002-2008	1,157	-
	AIP - Arrestor, Lighting, Flooring	20.106	3-12-0085-053-2009	66,961	-
	AIP - Apron A, Taxi D & C4, Lights, Marking, South Taxi	20.106	3-12-0085-051-2009	4,779,775	-
	AIP - Lantana Update Electrical Vault	20.106	3-12-0086-009-2009	59,637	-
	AIP - Part 2 Conduct Env. Impact Statement (EIS)	20.106	3-12-0085-047-2007	85,562	-
	AIP - Conduct Env. Impact Statement (EIS)	20.106	3-12-0085-046-2006	502,780	-
	AIP - PBIA Airfield Signage Improve	20.106	3-12-0085-048-2008	10,889	-
	AIP - PBIA Const Air Cargo Apron	20.106	3-12-0085-049-2009	410,081	-
	AIP - PBIA Rehab Runway 13_31 ARRA	ARRA 20.106	3-12-0085-050-2009	734,327	-
	Fed. Transit Capital Investment - FY06 Section 5309	20.500	FL-04-0002	581,229	-
	Fed. Transit Capital Investment - FY07 Section 5309	20.500	FL-04-0026	702,240	-
	Fed. Transit Capital Investment - FY08 Section 5309	20.500	FL-04-0060	1,357,097	-
	Fed. Transit Formula Grant - FY02 Section 5307	20.507	FL-90-X438	94,177	-
	Fed. Transit Formula Grant - FY04 Section 5307	20.507	FL-90-X520	318,799	-
	Fed. Transit Formula Grant - FY05 Section 5307	20.507	FL-90-X551	321,557	-
	Fed. Transit Formula Grants - FY06 Section 5307	20.507	FL-90-X571	69,980	-
	Fed. Transit Formula Grants - FY07 Section 5307	20.507	FL-90-X625	265,525	-
	Fed. Transit Formula Grants - FY08 Section 5307	20.507	FL-90-X673	3,970,984	-
	Fed. Transit Formula Grants - FY09 Section 5307	20.507	FL-90-X705	1,877,224	-
	Fed. Transit Capital Investment - Intermodal Site	20.507	FL-90-X627	85,217	-
	ARRA Stimulus	ARRA 20.507	FL-96-X026	4,572,169	-
Passed Through:	FL Department of Environmental Protection FDEP Recreational Trails Program Riverbend Park	20.219	T2928	189,550	-
Passed Through:	FL Department of Highway Safety & Motor Vehicles PBC DUI Initiative Year 2	20.601	K8-10-06-09	130,859	-
	PBC Safety Belt Enforcement	20.609	K4PT102104	9,225	-
Passed Through:	FL Department of Transportation Hwy. Plan. & Const. - Sec. 112	20.205	PL0097(47)/A5359	892,917	-
	Hwy. Plan. & Const. - Sec. 112	20.205	PL-0097(48)/A5359	231,498	-
	Fl. Dept. of Transportation - Bluegill Trail	ARRA 20.205	423809-1-58-01	491,365	-
	Hwy. Planning & Constr. - Computerized Traffic Signals	20.205	229253-1-54-03/AI599	128,954	-
	Hwy. Planning & Constr. - Australian Ave Pathway	20.205	409412-1-38-01	1,231	-
	Congress/Lantana - Melaleuca	20.205	229892-2-58-01	57,647	-
	Federal Safe Routes to School - Overhead Flashers	20.205	423189-1-38/58-01	75,807	-
	Federal Safe Routes to School - Melody	20.205	423194-1-58-01	11,124	-
	Federal Safe Routes to School - Rosemount	20.205	423195-1-58-01	330	-
	Military Trail Resurfacing	20.205	426377-1-58-01	183,646	-
	Formula Grant Rural Section 5311	20.509	APS67	252,687	-
	Fed Transit Metro Plan Grants - Fed Transit Authority 5303	20.505	FL-80-X014/ANO76	565,979	-
	PBC Water Taxi Facilities	20.801	FL-72-001-R/ANO90	203,152	-
Total US Department of Transportation				24,347,783	-
<u>US Department of Treasury</u>					
Direct Programs:					
	Equitable Sharing - Treasury	21.XXX	N/A	32,789	-
Total US Department of Treasury				32,789	-
<u>US Department of Environmental Protection</u>					
Passed Through:	FL Department of Environmental Protection Cap. Grants for Clean Water State Revolving Funds - Pahokee	ARRA 66.458	04-79-06327	3,463,331	-
	Cap. Grants for Clean Water State Revolving Funds - South Bay	ARRA 66.458	XP-95454410-0	635,348	-
Total US Department of Environmental Protection				4,098,679	-
<u>US Department of Energy</u>					
Direct Programs:					
	Energy Efficiency and Conserv Grant	ARRA 81.128	DE-EE0000793	1,419,164	1,228,047
Total US Department of Energy				1,419,164	1,228,047
<u>US Elections Assistance Commission</u>					
Passed Through:	FL Department of State Federal Elections Activities-10	90.401	N/A	147,840	-
	MOVE Act Implementation	90.401	N/A	25,200	-
Total US Elections Assistance Commission				173,040	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2010

Grantor	Program Title	CFDA		Expenditures	Provided to Subrecipients
		CSFA	Contract/Grant #		
<u>US Department of Health & Human Services</u>					
Direct Programs:					
	09-10 Early Head Start PA25	93.600	04CH3046/44	\$ 1,738,698	\$ -
	09-10 Early Head Start Training & Tech Asst PA26	93.600	04CH3046/44	22,376	-
	09-10 Head Start PA22	93.600	04CH3046/44	12,916,690	4,008,147
	09-10 Head Start Training & Tech Asst PA20	93.600	04CH3046/44	109,273	-
	Access & Visitation Prgm-Children & Family Connections	93.597	SA006-10	25,985	-
	Access & Visitation Prg-Children & Family Connections	93.597	SA-PCC-011	8,663	-
	09-10 Early Head Start ARRA Quality Improvement	ARRA 93.708	04SE3046/01	12,249	-
	09-10 Head Start ARRA Expansion	ARRA 93.708	04SH3046/01	707,657	303,699
	09-10 Early Head Start ARRA COLA	ARRA 93.708	04SE3046/01	30,903	-
	09-10 Head Start ARRA COLA	ARRA 93.708	04SE3046/01	219,437	-
	09-10 Head Start ARRA Quality Improvement	ARRA 93.708	04SE3046/01	325,939	-
	08-09 Early Head Start Arra Expansion	ARRA 93.709	04SA3046/01	697,528	66,292
	08-10 HIV Emergency Relief Project Grants MAI	93.914	H3MHA08466-01	565,904	546,510
	10-11 HIV Emergency Relief Project Grants MAI	93.914	H89HA00034-17-00	348,362	339,515
	09-10 HIV Emergency Relief Project Grant Formula	93.914	H89HA00034-16-00	2,680,813	2,491,415
	09-10 HIV Emergency Relief Project Grant Supplemental	93.914	H89HA00034-16-00	1,674,390	1,670,413
	10-11 HIV Emergency Relief Project Grant Formula	93.914	H89HA00034-17-00	3,628,224	3,405,779
	10-11 HIV Emergency Relief Project Grant Supplemental	93.914	H89HA00034-17-00	190,159	138,377
Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast					
	08-09 Nutrition Services Incentive Program (NSIP) (USDA)	93.053	IU009-9500	110,344	-
	09-10 Nutrition Services Incentive Program (NSIP) (USDA)	93.053	IU010-9500	349,591	-
	2009 OAA Title III-B	93.044	IA009-9500	170,842	-
	2010 OAA Title III-B	93.044	IA010-9500	705,068	-
	2009 OAA Title III-C1	93.045	IA009-9500	151,258	-
	2009 OAA Title III-C2	93.045	IA009-9500	309,271	-
	2010 OAA Title III-C1	93.045	IA010-9500	344,328	-
	2010 OAA Title III-C2	93.045	IA010-9500	640,091	-
	2009 OAA Title III-3E	93.052	IA009-9500	58,802	-
	2010 OAA Title III-3E	93.052	IA010-9500	138,087	-
	09-10 American Recovery and Reinvestment Act (ARRA C2)	ARRA 93.705	IA109-9500	102,892	-
	09-10 American Recovery and Reinvestment Act (ARRA C1)	ARRA 93.707	IA109-9500	457,503	-
Passed Through: FL Department of Children and Families					
	09-10A Brief Intervention and Treatment for Elders	93.243	LD903, RENEWAL #1	28,181	-
	09-10 Brief Intervention and Treatment for Elders	93.243	LD903	37,500	-
	10-11 Brief Intervention and Treatment for Elders	93.243	LD919	87,500	-
Passed Through: FL Department of Community Affairs					
	09-10 Low Income Home Energy Assistance Program	93.568	09EA-7K-1060-01-023	2,770,327	-
	2009 Community Services Block Grant ARRA Program	ARRA 93.710	10SB-8B-10-60-01-122	1,508,412	1,128,725
	10-11 Low Income Home Energy Assistance Program	93.568	10EA-8F-10-60-01-023	2,584,546	-
	2009 Community Services Block Grant	93.569	10SB-7Q-10-60-01-023	844,906	-
Passed Through: FL Department of Elder Affairs					
	Older Americans Act Title III-B	93.044	VA010-9635	363,283	363,283
	09-10 Emergency Home Energy Assistance for the Elderly Program	93.568	IP009-9500	1,794	-
Passed Through: FL Department of Health					
	COH5X-Victim Services Therapy Grant	93.991	COH5X	13,490	-
Passed Through: FL Department of Revenue					
	Child Support Enforcement	93.563	CD350	828,187	-
Total US Department of Health & Human Services				38,509,453	14,462,155
<u>US Corp for Natl & Community Service</u>					
Passed Through: FL Department of Elder Affairs					
	09-10 Senior Companion Program (SCP)	94.016	XI510	1,583	-
Total US Corp for Natl & Community Service				1,583	-
<u>US Executive Office of the President</u>					
Direct Programs:					
	PBC High Intensity Drug Trafficking Areas	95.001	G09MI0011A	61,208	-
Total US Executive Office of the President				61,208	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2010

Grantor	Program Title	CFDA CSFA	Contract/Grant #	Expenditures	Provided to Subrecipients
<u>US Department of Homeland Security</u>					
Direct Programs:					
	Nat'l Explosives Det. Canine Trng Prgm-Transp. Sec. Admin.	97.072	HSTS02-06-H-CAN078	\$ 250,500	\$ -
Passed Through: City of Miramar					
	Homeland Security Grant Prgm-UASI 2007-2008	97.067	08DS-62-11-16-02-296	132,819	-
	Homeland Security Grant Prgm-UASI 2008-2009	97.067	09DS-48-11-16-02-	297,855	-
	Homeland Security Grant Prgm-UASI 2006-2007	97.067	07DS-5S-11-16-02-259	162,235	162,235
	Homeland Security Grant Prgm-UASI Initiative FY 07	97.067	07DS-5N-11-16-02-259	47,167	-
	FY2007 Urban Area Security Initiative	97.067	08DS62111602296	313,188	-
	FY2008 Urban Area Security Initiative	97.067	09DS48111602448	337,028	-
	Urban Area Security Initiative Regional Fusion Center	97.067	09DS48111602448	56,299	-
Passed Through: FL Department of Community Affairs					
	Homeland Security Grant Prgm-Citizen Corp	97.067	09CC-49-10-60-01-294	3,263	-
Passed Through: FL Department of Emergency Management					
	Emergency Mgmt Perf.-EM Preparedness & Assistance-Federal	97.042	10BG-25-10-60-01-078	165,638	-
	SHSGP 08-09 Grant	97.067	10DS-51-10-60-01-028	73,000	-
	Homeland Security Grant-CERT	97.067	10CI-49-10-60-01-006	10,000	-
	Homeland Security Grant-CERT	97.067	10CI-43-10-60-01-369	4,382	-
	SHSGP 07-08 Grant	97.067	09DS-20-10-60-01-023	38,005	-
	Homeland Security Grnt-Enforcement Exchange (FLEX) Project	97.067	07DS5N106023431	11,832	-
	PBCDowntown Govt Complex Wind Retrofit	97.039	08HM-6G-10-60-01-020	5,843,184	-
	Hazard Mitigation Grant - Westgate/Belvedere CRA L-2 & L-2B	97.039	07HM-6@-10-60-01-02	2,843	-
	State Homeland Security Grant	97.067	10DS39106023	78,722	-
Passed Through: FL Department of Law Enforcement					
	Homeland Security Grant - SWAT & EOD Sustainment Project	97.067	2008SHSPPALM3S401	24,150	-
	Homeland Security Grant Regional Aviation Response and Support	97.067	2009SHSPPALM1V300	16,500	-
	CBRNE Regional Forensic Response Team	97.067	2009-SHSP-PALM-2-V	2,905	-
Passed Through: Port of Palm Beach District					
	Port of Palm Beach Prevention/Detection Project	97.056	2008-GB-T8-0032	517,651	-
Passed Through: United Way of Palm Beach County					
	Emergency Food & Shelter National Board Program	97.024	27-1686-00-019	6,197	-
	Emergency Food & Shelter National Board Program	97.024	27-1686-00-019	84,479	-
Total US Department of Homeland Security				8,479,842	162,235
Total Federal Grants - All Departments				\$ 119,796,216	\$ 44,624,994
STATE GRANTS					
<u>FL GOVERNOR</u>					
Direct Programs:					
	OTTED-Office Depot Off-Site Roadway Improvements	31.002	OT07-058/06-00258	\$ 1,089,748	\$ -
Total FL GOVERNOR				1,089,748	-
<u>FL Department of Environmental Protection</u>					
Direct Programs:					
	Beach Erosion Control Program - Singer Island	37.003	06PB2	158,011	-
	Beach Erosion Control Program - S. LW Inlet Mgmt	37.003	99PB1	788,280	-
	Beach Erosion Control Program - Ocean Ridge	37.003	08PB3	268,622	-
	Beach Erosion Control Program - Juno Beach	37.003	08PB4	2,236,231	-
	Beach Erosion Control Program - Juno Beach	37.003	08PB1	192,924	-
	Jupiter Carlin Shore Protection Project	37.003	09PB1	80,783	-
	Beach Erosion Control - Jupiter Carlin Nourishment	37.003	07PB4	6,087	-
	FL Recreation Development Assistance Program-Lake Ida Park	37.017	A9008	112,573	-
	Petroleum Contamination Site Cleanup	37.024	GC629	116,898	-
	Petroleum Contamination Site Cleanup	37.024	SO485	367,816	-
	Statewide Surf Wtr Rest & Wstwtr - Lake Worth Lagoon	37.039	LP6046	1,825,205	1,016,505
	Cypress Ck Phase III Restoration	37.039	4600001905	109,682	-
	Statewide Surf Wtr Rest & Wstwtr - Limestone Creek Ph III	37.039	4600001245	168,353	-
	Statewide Surf Wtr Rest & Wstwtr - Chain of Lakes	37.039	LP6077	214,964	-
Total FL Department of Environmental Protection				6,646,429	1,016,505
<u>FL Department of Legal Affairs & Attorney General</u>					
Direct Programs:					
	Rape Crisis Center	41.010	09OAG26	8,794	-
	Rape Crisis Center	41.010	10OAG26	17,475	-
Total FL Department of Legal Affairs & Attorney General				26,269	-
<u>FL Department of Agriculture & Consumer Services</u>					
Direct Programs:					
	Mosquito Control - FY10	42.003	014972	37,683	-
Total FL Department of Agriculture & Consumer Services				37,683	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2010

Grantor	Program Title	CFDA		Expenditures	Provided to Subrecipients
		CSFA	Contract/Grant #		
<u>FL Department of State</u>					
Direct Programs:					
	Public Library Construction Program	45.020	07-PLC-12	\$ 500,000	\$ -
	State Aid to Libraries	45.030	10-ST-52	889,077	-
Total FL Department of State				1,389,077	-
<u>FL Department of Community Affairs</u>					
Direct Programs:					
	Emergency Mgmt. Prgms-EM Preparedness & Assistance (EMPA)	52.008	10BG-25-10-60-01-078	102,133	-
	Emergency Management Projects Sara-Hazardous Waste Grant	52.023	10CP-04-10-60-01-166	23,471	-
Total FL Department of Community Affairs				125,604	-
<u>FL Housing Finance Corp</u>					
Direct Programs:					
	State Housing Initiatives Partnership Prgm - CAH	52.901	HFC01-07	543,743	417,372
	State Housing Initiatives Partnership Prgm - CAH	52.901	HFC01-08	1,349,351	1,123,347
	State Housing Initiatives Partnership Prgm - CAH	52.901	HFC01-09	78,456	78,456
Total FL Housing Finance Corp				1,971,550	1,619,175
<u>FL Department of Transportation</u>					
Direct Programs:					
	Aviation Dev Grant - Taxiway Pavement Rehab PBlA	55.004	407689-1-94-01-AOE3I	358,200	-
	Aviation Dev Grant - Const Taxiway Exits RW 13/31 and 9L/27R	55.004	412712-1-94-01-AOJ3E	128,058	-
	Aviation Dev Grant - Const Taxiway Exits RW 9L/27R	55.004	412716-1-94-01-AOJ3E	83,135	-
	Aviation Dev Grant - Rehab and Expand Apron	55.004	412717-1-94-01-AOJ4E	340,200	-
	Aviation Dev Grant - PBlA Airfield Taxiway Rehab	55.004	414564-1-94-01-AOY6I	722,437	-
	Aviation Dev Grant - Lantana Construct Hangars	55.004	414565-1-94-01-AOY6I	23,924	-
	Aviation Dev Grant - North County Construct Hangars	55.004	414566-1-94-01-AOY7I	428,348	-
	Aviation Dev Grant - North County Const Aprons Taxi Hangars	55.004	416294-1-94-01-APA5Z	1,124,407	-
	Aviation Dev Grant - Acquire Land for Runway 9L-27R	55.004	416295-1-94-01-APC3I	30,737	-
	Aviation Dev Grant - Security Impr Relocate VOR	55.004	416296-1-94-01-APA5E	36,026	-
	Aviation Dev Grant - Replace AARF Vehicle	55.004	416300-1-94-01-APC3I	798,050	-
	Aviation Dev Grants - Expand Apron A PBlA	55.004	416304-1-94-01-API9I	848,015	-
	Aviation Dev Grant - EIS Design Runway Extension PBlA	55.004	420340-1-94-01-AOY7I	1,956	-
	Aviation Dev Grant - Extend Taxiway F at PBlA	55.004	420347-1-94-01-AOY7I	2,138,001	-
	Aviation Dev Grant - Construct Taxiway L at PBlA	55.004	420373-1-94-01-AOY7I	212,980	-
	Aviation Dev Grant - Airfield Signage Lantana	55.004	424428-1-94-01-AP44E	17	-
	Aviation Dev Grants - Rehab RW 15_33 Taxi C Apron	55.004	427121-1-94-01-APQ0I	55,605	-
	Aviation Dev Grants - Wetland Wildlife Hazard Mitigation	55.004	427133-1-94-01-APQ1I	78,546	-
	Aviation Dev Grants - Connect to Water & Wastewater NC	55.004	427134-1-94-01-APQ2I	17,000	-
	HOV/Intermodal/Park & Ride	55.005	AP159	138,436	-
	CIGP Gmt-Okeechobee/SR 7 to Turnpike	55.008	409701-1-54(58)-01	1,396,150	-
	TRIP Gmt-Okeechobee/SR 7 to Turnpike	55.008	409701-1-58-01	3,774,775	-
	CIGP-Lyons Rd/N of Atlantic to S of Boynton Bch Blvd-ROW	55.008	421786-1-48-01	644,748	-
	Hypoluxo Rd/Jog Rd to Military	55.008	423983-1-58-01	1,812,022	-
	Public Transit Block Grant - Operating	55.010	APU03	4,302,754	-
	Park & Ride Lots	55.011	APF02	527,038	-
	Senior Transportation Program	55.012	AOI82	57,000	-
	Public Transit Service Development - Route Deviation	55.012	AOJ20	88,061	-
	Intermodal Development Program-WPB Intermodal Facility	55.014	AL744	302,023	-
	Okee Blvd & Tamarind Ave	55.023	229755-1-38-01	12,299	-
	FDOT Small Projects	55.023	229765-2-54-01	123,317	-
	FDOT JPA-Signal at Boynton Bch Blvd & Old Boynton Rd	55.023	403605-2-58-01	130,567	-
	Snook Island Seagrass/Mangrove - Flagler	55.023	412489-2-C2-01	70,000	-
	Blue Heron & Congress Intersect - FDOT	55.023	417062-1-58-01	194,883	-
	Blue Heron & Congress Intersection Improvements	55.023	417062-2-A8-01	223,473	-
	Snook Island Seagrass/Mangrove - Blue Heron	55.023	419022-1-C2-01	25,000	-
	Congress Ave at Intermodal Center/South County Complex	55.023	420356-1-38-01	7,587	-
	Snook Island Seagrass/Mangrove - Lake Worth	55.023	421297-1-C2-01	25,000	-
	SR811/Donald Ross to Center	55.023	AP-439	1,952,608	-
Passed Through: FL Comm/Transp Disadvantaged					
	Commission for the Transportation Disadvantaged	55.001	APK77	1,868,189	1,868,189
	Comm for the Transportation Disadvantaged Planning	55.002	APJ70	43,411	-
	Transportation Management Center	55.XXX	416258-1-82-01	3,141	-
Total FL Department of Transportation				25,148,124	1,868,189
<u>FL Department of Children & Families</u>					
Direct Programs:					
	Homeless Challenge Grant	60.014	IFZ13	57,600	-
	DCF Re-Entry Case Manager	60.053	C15 SAMH	31,521	-
Total FL Department of Children & Families				89,121	-
<u>FL Department of Health</u>					
Direct Programs:					
	County Grant Award-EMS Grant	64.005	C9050	246,292	6,946
	Rape Crisis Center	64.061	10RCP26	7,050	-
	Rape Crisis Center	64.061	07RCP26	65,246	-
Total FL Department of Health				318,588	6,946

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2010

Grantor	Program Title	CFDA CSFA	Contract/Grant #	Expenditures	Provided to Subrecipients
<u>FL Department of Elder Affairs</u>					
Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast					
	09-10 Home Care for the Elderly	65.001	IH009-9500	\$ 21,023	\$ -
	10-11 Home Care for the Elderly	65.001	IH010-9500	8,291	-
	09-10 Alzheimer's Disease Initiative	65.004	IZ009-9500	208,466	-
	10-11 Alzheimer's Disease Initiative	65.004	IZ010-9500	85,742	-
	09-10 Respite for Elders Living in Everyday Families	65.006	IR009-9500	79,666	-
	10-11 Respite for Elders Living in Everyday Families	65.006	IR010-9500	24,520	-
	09-10 Community Care for the Elderly	65.010	IC009-9500	887,920	-
	10-11 Community Care for the Elderly	65.010	IC010-9500	141,472	-
Total FL Department of Elder Affairs				1,457,100	-
<u>FL Department of Law Enforcement</u>					
Direct Programs:					
	Statewide Criminal Analysis Lab System	71.002	N/A	259,190	-
	Violent Crime Investigations - Operation Gangland Express	71.004	N/A	38,671	-
Total FL Department of Law Enforcement				297,861	-
<u>FL Agency for Workforce Innovation</u>					
Direct Programs: 09-10 Voluntary Pre-Kindergarten					
		75.007	SV390	932,399	-
Total FL Agency for Workforce Innovation				932,399	-
<u>FL Department of Highway Safety & Motor Vehicles</u>					
Passed Through: Caribbean Conservation Corporation					
	Caribbean Conservation Corp. Sea Turtle Materials	76.070	09-037E	1,212	-
Total FL Department of Highway Safety & Motor Vehicles				1,212	-
<u>FL Fish & Wildlife Conservation Commission</u>					
Direct Programs:					
	FBIP-FFWCC Dubois	77.006	08083	39,634	-
	FBIP-FFWCC Waterway	77.006	09030	38,314	-
Total FL Fish & Wildlife Conservation Commission				77,948	-
Total State Grants - All Departments				\$ 39,608,713	\$ 4,510,815
TOTAL FEDERAL AND STATE GRANTS				\$ 159,404,929	\$ 49,135,809

Palm Beach County, Florida

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2010

1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal award programs and state financial assistance projects of Palm Beach County, Florida (the County) for the year ended September 30, 2010. The County's structure is described in Note 1 to the basic financial statements. Federal awards and state financial assistance received directly from federal and state agencies, as well as those passed through other government agencies are included in the accompanying Schedule.

2. Basis of Presentation

The Schedule includes the activities of all federal programs and state financial assistance projects of the County, except the fund and component units referred to in our Independent Auditor's Report as being audited by other auditors, and is presented using the modified accrual basis of accounting for expenditures accounted for in the governmental fund types and on the accrual basis of accounting for expenditures in the proprietary fund types. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, 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 presentation of, the basic financial statements.



**Independent Auditor's 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***

Honorable Chair and Members of
the Board of County Commissioners
Palm Beach County, Florida

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida (the "County") as of and for the year ended September 30, 2010, and have issued our report thereon dated March 28, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Solid Waste Authority, a major enterprise fund, as described in our report on the County's financial statements. Other auditors audited the financial statements of the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, as described in our report on the County's financial statements. Other auditors audited the financial statements of the Housing Finance Authority, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 entity'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 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 might be considered to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we considered to be a significant deficiency in internal control over financial reporting as item 2010-1. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

We noted certain matters that we have reported to management of the County in a separate letter.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of County Commissioners, federal and state awarding agencies and pass-through entities, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
March 28, 2011



**Independent Auditor's 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, State of Florida***

Honorable Chair and Members of
the Board of County Commissioners
Palm Beach County, Florida

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

Compliance

We have audited the compliance of Palm Beach County, Florida (the "County") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2010. The County's major federal programs and state projects are identified in the summary of auditor's 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 County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Solid Waste Authority, a major enterprise fund, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, which received federal awards and state projects which are not included in the schedule during the year ended September 30, 2010. Our audit, described below, did not include the operations of the Solid Waste Authority, the Westgate Belvedere Homes Community Redevelopment Agency, and the Housing Finance Authority because other auditors were engaged to perform an audit in accordance with OMB Circular A-133.

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; and 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 a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County'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 County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as items 2010-2, 2010-3 and 2010-4.

Internal Control Over Compliance

Management of the County 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 County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose 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 County'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 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 material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-2, 2010-3 and 2010-4. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of County Commissioners, federal and state awarding agencies and pass-through entities, and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Palm Beach County, Florida

Schedule of Findings and Questioned Costs
Year Ended September 30, 2010

I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ X Yes	_____ None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ X No	

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ X Yes	_____ None Reported	

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

	_____ X Yes	_____ No	
--	-------------	----------	--

The program tested as major included the following:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.257	Homeless Prevention and Rapid Housing Recovery
16.804	Edward Byrne Memorial Justice Assistance Grant
20.205/20.219/23.003	Highway Planning and Construction Cluster
20.500/20.507	Federal Transit Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
93.568	Low-Income Home Energy Assistance
93.600/93.708/93.709	Head Start Cluster
93.914	HIV Emergency Relief Project Grant
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 3,593,886

Auditee qualified as low-risk auditee?

	_____ X Yes	_____ No	
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(Continued)

Palm Beach County, Florida

Schedule of Findings and Questioned Costs (continued)
 Year Ended September 30, 2010

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	_____	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ X _____	_____	Yes None Reported

Type of auditor's report issued on compliance for major projects:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*?

_____ X _____	Yes	_____	No
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The project tested as major included the following:

<u>CSFA Number(s)</u>	<u>Name of State Financial Assistance Project</u>
37.003	Beach Erosion Control Program
55.001	Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program
55.004	Aviation Development Grants
55.008	County Incentive Grant Program
55.010	Public Transit Block Grant Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,188,261

Palm Beach County, Florida

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2010

2010-1

Schedule of Expenditures of Federal
Awards and State Financial Assistance

Criteria: Subpart C, section 300 of OMB Circular A-133 states the auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity; (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs; (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs; (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards (the "Schedule").

Condition: During the course of the single audit, we observed that the County kept revising the amounts presented by the Schedule.

Questioned costs: Not applicable

Context: This condition is considered to be systemic in nature.

Effect: Failure to ensure that the Schedule is complete and accurate could result in not having a program audited as a major program, causing the audit to not fully comply with OMB Circular A-133.

Cause: Due to the decentralized nature of the County's grants management process, several significant grants, and related expenditure activity, were not properly and timely reported to the appropriate personnel for the preparation of the Schedule.

Recommendation: We recommend a grants tracking system be implemented to monitor activity on a monthly basis. We recommend the County hold continual training sessions with the fiscal personnel of the various departments on the proper reporting procedures for federal and state grant activities.

Views of responsible officials and planned corrective actions: Management concurs with the findings. The Schedule was revised several times due to transactions that were continuing to be posted to the financial system after the departments had completed the grant reconciliations. OFMB is working on revising the current Grant Administration Policy & Procedure Manual (CW-F-003). In addition OFMB will provide mandatory training on July 13th and 14th to all individuals responsible for the administration of grants. The training will include detail instructions on how to complete the grant reconciliation worksheets and the reports that should be included as part of the reconciliation package. The reconciliation forms have been revised and the departments will be instructed to use revenue and expense reports provided by OFMB to standardized the process. OFMB has coordinated with the County's Clerk of Court's Finance Department to establish new deadlines for the submission of the grant reconciliations. Departments will be instructed to complete the final grant reconciliations once Financial Reporting has closed the funds. This will eliminate the need to revise the SEFA after it's submitted. OFMB will also implement a more thorough review of the department's prepared reconciliation prior to submittal to the auditors.

Palm Beach County, Florida

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2010

2010-3

Cash Management
U.S. Department of Health and Human Services

Title:
HIV Emergency Relief

CFDA#:
93.914

Criteria: Part 6 of the OMB Circular A-133 Compliance Supplement states internal control over cash management should be designed and placed into operation to provide reasonable assurance that advancements and reimbursements comply with the federal award requirements. Per the granting agency, the grant is on reimbursement basis, in which expenditures are reimbursed as they occur.

Condition: We noted the CSD requested reimbursement for the entire year-to-date expenditures without deducting the previous draws, creating an advancement of approximately \$1,720,152. The CSD subsequently corrected for this excess draw down.

Questioned costs: Not applicable

Context: This condition is considered to be isolated in nature.

Effect: Failure to properly adhere to cash management requirements of this program could result in loss of future funding or an obligation to pay interest on the excess funds received.

Cause: Lack of adequate administrative oversight as required by the program control procedures.

Recommendation: We recommend the County conduct training on their established policies and procedures and on the grant operating departments' responsibilities as they relate to the compliance requirements of the grant.

Views of responsible officials and planned corrective actions: Management concurs with the finding. There was only one drawdown in question which was done in error. The Community Services Department adjusted the subsequent drawdown which rectified the situation entirely and immediately. Department has a reconciliation process setup to review the actual revenue received vs. expenditures which rectified the error.

Since Nov 2010, the department is processing the drawdown on the close of fiscal month and reconciling the expenditures and revenues every subsequent months. Community Services has created a spreadsheet to track expenditures and drawdown requests to reconcile. This spreadsheet has been incorporated as part of the review process before seeking reimbursement from grantor agencies and after reimbursement has been received to ensure accuracy in the future. The Department has added a layer of supervision for the drawdown to ensure accuracy. This was an isolated event and other drawdowns were tested by the auditors and found no additional deficiencies in the process. The Department is exploring and investing in automation of the reimbursement process to have better controls.

Palm Beach County, Florida

Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2010

Financial Statement:

**2009-1 U.S. Department of Health and Human Services
CFDA 93.914 – HIV Emergency Relief**

Finding: We noted several of the checklists tested were not complete and / or signed by the County staff performing the monitoring. We also noted the checklists do not go through another review by the staff supervisor. There is also no specific procedure in place to ensure the appropriate program fund recipients are being monitored as required by the grant program.

Corrective Action Taken: Corrective action not taken, see 2010-2

**2009-2 U.S. Department of Health and Human Services
CFDA 93.914 and 93.568**

Finding: During our testing of the HIV Emergency Relief program (CFDA 93.914), we noted the final SF-269 Financial Status Report provided to us for our review did not contain approval from management prior to submittal. Per management, the auditors were not provided with the correct information due to the inexperience of the staff working with the auditors and therefore, the auditors were not provided with the correct, approved Form SF-269. Per management there was another fully approved copy of the SF 269 which was subsequently provided for our review.

During our testing of the Low Income Home Energy Assistance (CFDA 93.568), we noted 6 out of 40 participant applications selected for testing which did not contain evidence of a supervisory review in the files provided to the auditors. It was brought to our attention by management that approvals of applications are not maintained in a centralized location and the support for these 6 participant applications was subsequently located from different locations and provided to us as evidence of compliance with the control requirement of proper supervisory review.

Corrective Action Taken: Corrective action taken.

Section VI

TAX COLLECTOR



Independent Auditor's Report

The Honorable Anne M. Gannon
Tax Collector
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Palm Beach County, Florida (the "Tax Collector"), as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Tax Collector'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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

As discussed in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Government Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of the Tax Collector as of September 30, 2010, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2010, and the respective changes in financial position 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 July 14, 2011 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 budgetary comparison schedule and schedule of funding progress are not a required part of the 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. The Statement of Changes in Assets and Liabilities – Agency Fund is presented for purposes of additional analysis and is not a required part of the financial statements. The Statement of Changes in Assets and Liabilities – Agency Fund has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Tax Collector, management of the Palm Beach County, Florida Tax Collector's office and the Auditor General, of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET - GENERAL FUND
September 30, 2010

ASSETS

Cash and cash equivalents	\$ 41,505,880
Investments	72,407
Accounts receivable	11,767
Due from other governments	2
Other assets	838,466
<hr/>	
Total assets	\$ 42,428,522
<hr/> <hr/>	

LIABILITIES AND FUND BALANCE

Vouchers payable and accrued liabilities	\$ 1,104,999
Due to Board of County Commissioners	35,266,388
Due to other county agencies	1,715
Due to other governments	5,250,121
Deferred and unearned revenue	805,299
<hr/>	
Total liabilities	42,428,522
<hr/>	
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 42,428,522
<hr/> <hr/>	

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

PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
For the fiscal year ended September 30, 2010

Revenues:	
Charges for services	\$ 61,890,688
Less - excess fees paid out	(40,340,413)
Investment income	89,632
<hr/>	
Total revenues	21,639,907
<hr/>	
Expenditures:	
Current:	
General government	20,368,860
Capital outlay	1,271,047
<hr/>	
Total expenditures	21,639,907
<hr/>	
Excess of revenues over (under) expenditures	-
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance, October 1, 2009	-
<hr/>	
Fund balance, September 30, 2010	\$ -
<hr/> <hr/>	

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

PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND
September 30, 2010

ASSETS

Cash and cash equivalents	\$ 44,609,093
Investments	57,883
Accounts receivable, net	99,347
Due from other governments	154
<hr/>	
Total assets	\$ 44,766,477
<hr/>	

LIABILITIES

Vouchers payable and accrued liabilities	\$ 553,979
Due to other governments	37,607,422
Due to individuals	6,605,076
<hr/>	
Total liabilities	\$ 44,766,477
<hr/>	

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

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements:

Reporting Entity

The Palm Beach County Tax Collector (the Tax Collector) is a separately elected county official established pursuant to the Constitution of the State of Florida. The Tax Collector's financial statements do not purport to reflect the financial position or the results of operations of Palm Beach County, Florida (the County) taken as a whole.

Section 10.556(6), *Rules of the Auditor General for Local Governmental Entity Audits*, requires the Palm Beach County, Florida, Tax Collector financial statements to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Palm Beach County, Florida, Tax Collector as of September 30, 2010 and the changes in financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The financial activities of the Tax Collector, as a constitutional officer, are included in the Palm Beach County, Florida Comprehensive Annual Financial Report.

Basis of Presentation

The accounting records of the Tax Collector are organized on the basis of funds as prescribed by GAAP applicable to governments as established by the GASB. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various types and funds used by the Tax Collector are described as follows:

- *The General Fund*, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector that are not required either legally or by GAAP to be accounted for in another fund.

PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

- *The Agency Fund*, a fiduciary fund, is custodial in nature and does not involve measurement of results of operations (assets equal liabilities). The Agency Fund is used (1) to account for collection of motor vehicle registration receipts and the subsequent remittance of those receipts to the State of Florida and (2) to account for the collection and distribution of local property tax monies and funds generated from the sale of miscellaneous licenses.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is utilized by governmental funds. Under this basis, revenues are recognized if they are susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. For this purpose, the Tax Collector considers revenues to be available if they are collected within 60 days of the current fiscal period. Primary revenue sources susceptible to accrual include charges for services and interest. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include accumulated sick and vacation pay and other post-employment benefits, which are not recorded as expenditures because these amounts will not be paid from expendable available resources.

Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. The operating statement reports increases and decreases in net current assets. Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations, but assets and liabilities are measured on the accrual basis of accounting.

Encumbrances

Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid for goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the Tax Collector’s policy to liquidate open encumbrances and reappropriate such amounts at the beginning of the next fiscal year.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 during the reporting periods. Actual results could differ from those estimates.

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Deposits

All deposits are held in qualified public depositories pursuant to the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" and are covered by either federal depository insurance or collateral held by the Chief Financial Officer of Florida.

In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the Chief Financial Officer of Florida from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool.

Cash Equivalents

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

Capital Assets

Upon acquisition, capital assets are recorded as expenditures in the General Fund of the Tax Collector and capitalized at cost in the governmental activities of the basic financial statements of the County. The Tax Collector maintains custodial responsibility for the capital assets used by her office. Capital assets are depreciated using the straight-line method over a period ranging from three to seven years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County.

Compensated Absences

Employees of the Tax Collector may accumulate unused Paid Time Off (PTO) up to a maximum of 480 hours. Any unused PTO is paid to the employees at the rate of pay on the date of termination or retirement.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Tax Collector determines the liability for compensated absences, as well as certain other salary related costs associated with the payment of compensated absences that are reported by the County in the basic financial statements. For governmental fund reporting, a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

within governmental activities of the County's basic financial statements, PTO leave is accrued as a liability when benefits are earned by the employee. The obligation is reported in Note 3.

2. CASH AND CASH EQUIVALENTS

As of September 30, 2010, the Tax Collector's cash, deposits and investments were as follows:

Cash, deposits and investments:

Deposits with financial institutions	\$86,099,413
Local Government Investment Pool Fund B	130,290
Cash on hand	<u>15,560</u>
Total cash, deposits and investments	<u>\$86,245,263</u>

The breakdown for financial statement purposes was as follows:

Governmental Funds	\$41,578,287
Fiduciary Funds	<u>44,666,976</u>
Total cash, deposits and investments	<u>\$86,245,263</u>

The Tax Collector's cash, deposits and investments are classified as cash and cash equivalents in the accompanying financial statements.

Deposits: The Tax Collector's policy is to follow Florida Statutes, which authorize the deposit of funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All of the County's deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, "Florida Security of Public Deposits Act." Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral equal to or in excess of the required 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 50% to 125% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any 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.

Authorized Investments: The Tax Collector's policy for investments is to follow Florida Statutes.

Local Government Investment Pool and Fund B: The Florida State Board of Administration Local Government Investment Pool and Fund B is not a registrant with the Securities and Exchange Commission (SEC). On November 29, 2007 the Board of Trustees of the State Board of Administration (SBA) closed the LGIP to all redemptions by participants due to substantial withdrawals from the LGIP over the two preceding weeks that severely reduced the overall

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

liquidity of the LGIP. The withdrawals were in response to published press reports concerning the exposure of the LGIP investments to potential losses from sub-prime mortgage investments. On December 4, 2007 the Board of Trustees approved a restructuring plan for the LGIP and engaged a new investment manager for the LGIP.

The restructuring divided the LGIP into two separate pools, the LGIP and Fund B representing approximately 86% and 14%, respectively, of the original LGIP assets. The LGIP was designated as the ongoing fund consisting of only short-term, money market assets of the highest quality. On December 6, 2007, the LGIP re-opened to accept new deposits from participants and allow restricted withdrawals. Fund B retained all securities from the original LGIP that had defaulted, were in default or had extended payment terms or potentially elevated credit risk. Fund B is closed to deposits and withdrawals and is generally expected to hold all assets to their ultimate maturity and to distribute funds to participants as they become available. The Fund B investment is recorded at fair value based on the net asset value of the Fund B assets reported by the SBA.

The ultimate realizable value and the date when the LGIP Fund B investment will be available to the participant cannot be determined at this time. Additional information on the current status of the LGIP may be obtained from the State Board of Administration.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. There is no formal policy, but it is the Tax Collector's practice to structure its investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

Information about the sensitivity of the fair values of the Tax Collector's investments to market interest rate fluctuations of its debt type investments using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (In Years) 3 Years But Less Than 10 Years
Local Government Investment Pool Fund B	\$130,290	\$130,290
Total	\$130,290	\$130,290

Credit risk: Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The SBA Pool B is unrated.

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Concentration of credit risk: There is no formal policy, but it is the Tax Collector's practice to limit investments in equities and fixed income securities to no more than 5 % in any one issuer with the exception of SBA funds and U.S. Government and Agency obligations, which have no limit.

3. ACCUMULATED COMPENSATED ABSENCES

Compensated absences are reported by the County in its basic financial statements. The following is a summary of changes in the compensated absences liability during fiscal year 2010:

Long-term obligations payable at October 1, 2009	\$ 885,606
Increase in accrued compensated absences	1,073,560
Decrease in accrued compensated absences	<u>(920,601)</u>
Long-term obligations payable at September 30, 2010	<u>\$ 1,038,565</u>

4. PENSION PLAN

FLORIDA RETIREMENT SYSTEM

Plan Description - The Tax Collector participates in the Florida Retirement System (FRS), a non-contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement. The FRS was created December 1, 1970. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Florida Statutes, Chapter 121, and may only be amended by the Florida Legislature.

The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Florida Division of Retirement, Research, Education & Policy Section, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32315-9000 or calling 1-850-488-5706 or accessing their website at: http://dms.myflorida.com/human_resource_support/retirement.

Beginning July 1, 2002, the FRS became one plan with two primary options, a defined benefit option known as the FRS Pension Plan and an alternative defined contribution option known as the FRS Investment Plan. The two options are described in detail below.

The FRS Pension Plan provides for vesting of benefits after 6 years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Average final compensation is the average of the five highest fiscal years of earnings. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS Investment Plan, formally created as the Public Employee Optional Retirement Program (PEORP), is a participant-directed 401(a) program selected by employees in lieu of participation in the defined benefit option of the Florida Retirement System. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Participants and beneficiaries bear the investment risks that result when they exercise control over investments in their accounts. The Investment Plan offers a diversified mix of low-cost investment options that span the risk-return spectrum and give participants the opportunity to accumulate retirement benefits. Members are vested after completing one year of creditable service.

Funding Policy - The contribution requirements of the Tax Collector are established and may be amended by the Florida Legislature. The Tax Collector's contributions to the FRS for the years ended September 30, 2010, 2009, and 2008 were approximately \$1.2 million, \$1.1 million, and \$1.1 million, respectively, equal to the required contributions for each year.

The following membership classes and rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2010:

<u>Membership Class</u>	<u>Rates</u>
Regular	10.77%
Special Risk	23.25%
Judges	21.79%
Legislators	16.34%
Governor/Lieutenant Governor/Cabinet	16.34%
State Attorney/Public Defender	16.34%
County, City, Special District Elected Officers	18.64%
Special Risk Administrative Support	13.24%
IFAS Supplemental	18.75%
Senior Management	14.57%
Deferred Retirement Option Program	12.25%

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

5. RISK MANAGEMENT

The Tax Collector is covered by the BOCC self-insurance programs for its casualty insurance and workers' compensation exposures and maintains commercial insurance policies for its health and dental programs.

Casualty and Workers' Compensation Insurance

The Tax Collector participates in the BOCC's casualty and workers' compensation self-insurance programs. These types of insurance limits the Tax Collector's exposure to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; natural disasters and employee injuries. Payments are made by the Tax Collector to the BOCC based on estimates of the amounts needed to ultimately settle claims. However, the Tax Collector does not retain any risk beyond premiums paid to the BOCC.

Settled claims have not exceeded commercial insurance coverage in any of the last three years.

For the fiscal year ended September 30, 2010, the BOCC charged the Tax Collector \$8,500 and \$42,280, respectively, for casualty insurance and workers' compensation insurance.

6. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Healthcare Plan for the Tax Collector of Palm Beach County.

Plan Description: The defined benefit post employment healthcare plan provides medical benefits to eligible retired employees and their dependents. The plan is a single employer plan which is administered by the Tax Collector. The plan does not issue stand-alone financial statements.

Funding Policy: The contribution requirements of plan members and the Tax Collector are established and may be amended by the Tax Collector. The Tax Collector is required by Florida Statute 112.0801 to allow their retirees (and eligible participants) to continue participation in the group insurance plan. Retirees must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees which results in an implicit subsidy as defined by GASB 45. At September 30, 2010, retirees receiving benefits contributed \$619 to \$2,033 monthly for medical coverage.

OPEB Cost and Net OPEB Obligation: The annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2010:

Annual required contribution	\$ 148,787
Interest on net OPEB obligation	17,053
Adjustment to annual required contribution	(13,537)
Annual OPEB cost (expense)	152,303
Contributions made	0
Increase in net OPEB obligation	152,303
Net OPEB obligation- beginning of year	341,054
Net OPEB obligation- end of year	<u>\$ 493,357</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding two fiscal years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	\$169,979	0.0%	\$169,979
9/30/2009	171,075	0.0	341,054
9/30/2010	152,303	0.0	493,357

Funded Status and Funding Progress: The plan is financed on a ‘pay-as-you-go’ basis. The funded status of the plan as of the most recent actuarial valuation date was as follows:

Actuarial accrued liability (AAL)	\$ 1,208,095
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,208,095</u>
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$ 10,945,091
UAAL as a percentage of covered payroll	11.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2009
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Actuarial amortization method	Level percentage of projected payroll on closed basis
Remaining amortization period	30 years - closed
Asset valuation method	not applicable
Actuarial assumptions:	
Investment rate of return	5%
Projected salary increases	4%
Healthcare inflation rate - initial	8%
Healthcare trend rate - ultimate	5%

**PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
SEPTEMBER 30, 2010**

Required Supplemental Information (RSI)

Other Post Employment Benefits (OPEB)

Healthcare Plan for Tax Collector of Palm Beach County
Scheduling of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2007	\$0	\$1,533,513	\$1,533,513	0.0%	\$9,879,680	15.5%
10/1/2009	\$0	1,208,095	1,208,095	0.0%	10,945,091	11.0%

PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the fiscal year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 62,054,360	\$ 62,054,360	\$ 61,890,688	\$ (163,672)
Less - excess fees paid out	(37,776,016)	(37,776,016)	(40,340,413)	(2,564,397)
Investment income	120,000	120,000	89,632	(30,368)
Total revenues	24,398,344	24,398,344	21,639,907	(2,758,437)
Expenditures:				
Current:				
General government	\$ 20,712,138	\$ 21,453,861	20,368,860	1,085,001
Capital outlay	3,686,206	2,944,483	1,271,047	1,673,436
Total expenditures	24,398,344	24,398,344	21,639,907	2,758,437
Excess of revenues (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2009	-	-	-	-
Fund balance, September 30, 2010	\$ -	\$ -	\$ -	\$ -

Section 195.087, Florida Statutes, governs the preparation, adoption, and administration of the budget of the Tax Collector. On or before a legally designated date each year, the Tax Collector shall submit to the Florida Department of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same time to the Board of County Commissioners. Final approval of the budget is given by the Florida Department of Revenue. The budget is adopted for the general fund on a basis consistent with GAAP. The level of budgetary control is at the fund level.

PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the fiscal year ended September 30, 2010

	Balance 10/1/2009	Additions	Deductions	Balance 9/30/2010
ASSETS				
Cash and cash equivalents	\$ 38,913,294	\$ 3,419,301,511	\$ 3,413,605,712	\$ 44,609,093
Investments *	74,829	23	16,969	57,883
Accounts receivable, net	90,490	1,346,054	1,337,197	99,347
Due from other governments	711	920	1,477	154
Total assets	\$ 39,079,324	\$ 3,420,648,508	\$ 3,414,961,355	\$ 44,766,477
LIABILITIES				
Vouchers payable and accrued liabilities	\$ 1,032,250	\$ 1,336,501	\$ 1,814,772	\$ 553,979
Due to other governments	31,093,642	2,238,944,401	2,232,430,621	37,607,422
Due to individuals	6,953,432	1,042,469,329	1,042,817,685	6,605,076
Total liabilities	\$ 39,079,324	\$ 3,282,750,231	\$ 3,277,063,078	\$ 44,766,477

* Reported in prior year with Cash and cash equivalents.

**Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based
on an Audit of the Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Anne M. Gannon
Tax Collector
Palm Beach County, Florida

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Palm Beach County, Florida (the "Tax Collector"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011. These financial statements were prepared to comply with Section 218.39(2), Florida Statutes and Section 10.557(3), Rules of the Auditor General for Local Government Entity Audits. 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 Tax Collector's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector'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 Tax Collector's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 Tax Collector's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Tax Collector, management of the Palm Beach County, Florida Tax Collector's office, and State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011



**Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida**

The Honorable Anne M. Gannon
Tax Collector
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Palm Beach County, Florida (the "Tax Collector"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011 which was prepared to comply with State of Florida reporting requirements.

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. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 14, 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 govern 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:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial report.

Section 10.554(1)(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 Tax Collector complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Tax Collector's 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 findings.

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 the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Tax Collector's financial statements.

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 requires us to indicate that this letter is intended solely for the information and use of the Tax Collector, management of Palm Beach County, Florida Tax Collector's Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

Section VII

PROPERTY APPRAISER



Independent Auditor's Report

The Honorable Gary R. Nikolits
Property Appraiser
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund of the Property Appraiser of Palm Beach County, Florida, (the "Property Appraiser") as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Property Appraiser's management. Our responsibility is to express an opinion 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

As discussed in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Government Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of the Property Appraiser as of September 30, 2010, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Property Appraiser of Palm Beach County, Florida, as of September 30, 2010, and the changes in financial position 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 a report dated July 14, 2011 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 budgetary comparison schedule and schedule of funding progress are not a required part of the 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.

This report is intended solely for the information and use of the Property Appraiser, management of the Palm Beach County, Florida Property Appraiser's office and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
BALANCE SHEET - GENERAL FUND
September 30, 2010

ASSETS

Cash and cash equivalents	\$ 2,667,219
Investments	55,153
Due from other county agencies	1,715
Due from other governments	20,148
Other assets	44,320
<hr/>	
Total assets	\$ 2,788,555

LIABILITIES AND FUND BALANCE

Vouchers payable and accrued liabilities	\$ 958,737
Due to Board of County Commissioners	1,611,100
Due to other governments	218,718
<hr/>	
Total liabilities	2,788,555
<hr/>	
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 2,788,555

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

PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
For the fiscal year ended September 30, 2010

Revenues:	
Charges for services	\$ 23,380,928
Less - excess fees paid out	(1,747,652)
Investment income	9,041
<hr/>	
Total revenues	21,642,317
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Expenditures:	
Current:	
General government	21,594,584
Capital outlay	44,295
Debt service	3,438
<hr/>	
Total expenditures	21,642,317
<hr/>	
Excess of revenues over (under) expenditures	-
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance, October 1, 2009	-
<hr/>	
Fund balance, September 30, 2010	\$ -
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The notes to the financial statements are an integral part of this statement.

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements:

Reporting Entity

The Palm Beach County Property Appraiser (the Property Appraiser) is a separately elected county official established pursuant to the Constitution of the State of Florida. The Property Appraiser's financial statements do not purport to reflect the financial position or the results of operations of Palm Beach County, Florida (the County) taken as a whole.

Section 10.556(6), *Rules of the Auditor General for Local Governmental Entity Audits*, requires the Palm Beach County, Florida, Property Appraiser financial statements to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Palm Beach County, Florida, Property Appraiser as of September 30, 2010 and the changes in financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The financial activities of the Property Appraiser, as a constitutional officer, are included in the Palm Beach County, Florida Comprehensive Annual Financial Report.

Basis of Presentation

The accounting records of the Property Appraiser are organized on the basis of funds as prescribed by GAAP applicable to governments as established by the GASB. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Property Appraiser utilizes the following fund type:

- *The General Fund*, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Property Appraiser.

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is utilized by governmental funds. Under this basis, revenues are recognized if they are measurable and available for use during the year. For this purpose, the Property Appraiser considers revenues to be available if they are collected within 60 days of year-end. Primary revenue sources susceptible to accrual include charges for services and interest. Expenditures are recognized when the related fund liability is incurred, except for interest on capital leases, which is recognized when paid, and compensated absences, which are not recorded as expenditures because these amounts will not be paid from expendable available resources.

Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. The operating statement reports increases and decreases in net current assets.

Encumbrances

Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid for goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the Property Appraiser’s policy to liquidate open encumbrances and reappropriate such amounts at the beginning of the next fiscal year.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 during the reporting periods. Actual results could differ from those estimates.

Deposits

All deposits are held in qualified public depositories pursuant to the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" and are covered by either federal depository insurance or collateral held by the Chief Financial Officer of Florida.

In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the Chief Financial Officer of Florida from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool.

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Cash Equivalents

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents.

Investments

State statutes authorize investments in obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreements, interest-bearing time deposits, savings accounts, the Local Government Surplus Funds Trust Fund (State Board of Administration), the Florida Local Government Investment Trust (FLGIT), collateralized mortgage obligations (CMO), and certain corporate securities.

All investments are reported at fair value except for the following which are reported at amortized cost which approximates fair value as permitted by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*:

Local Government Surplus Funds Trust Fund (State Board of Administration),
Money Market Mutual Funds.

The following external investment pool is not SEC-registered:

The Local Government Surplus Funds Trust Fund (State Board of Administration of Florida or SBA) is an external investment pool operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Regulatory oversight of the State Board of Administration is provided by three elected officials who are accountable to the electorate: the Governor of the State of Florida, as Chairman; the Chief Financial Officer of Florida, as Treasurer; and the State Comptroller, as Secretary. External oversight of the State Board of Administration is provided by the Investment Advisory Council which reviews the investments made by the staff of the Board of Administration and makes recommendations to the Board regarding investment policy, strategy, and procedures. Audit oversight is provided by the Florida Auditor General's Office. The SBA fund consists of two Pools, A and B. The share price of the investment in Pool A represents the fund's amortized cost as permitted for a 2a7-like pool. The Pool B investment is recorded at fair value based on the net asset value of the Fund B assets reported by the SBA.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Capital Assets

Upon acquisition, capital assets are recorded as expenditures in the General Fund of the Property Appraiser and capitalized at cost in the governmental activities of the basic financial statements of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by its office. Capital assets are depreciated using the straight-line method over a period ranging from three to seven years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County.

Compensated Absences

The Property Appraiser’s employees may accumulate unused personal Time Off (PTO) up to a maximum of 900 hours. Upon termination, any unused PTO is paid at 75% of the then current hourly rate.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Property Appraiser determines the liability for compensated absences, as well as certain other salary related costs associated with the payment of compensated absences that are recorded and reported by the County in the basic financial statements. For governmental fund reporting, a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within governmental activities of the County’s basic financial statements, PTO leave is accrued as a liability when benefits are earned by the employee. The obligation is reported in Note 3.

2. CASH AND INVESTMENTS

As of September 30, 2010, the Property Appraiser’s cash, deposits, and investments were as follows:

Cash and cash equivalents:

Deposits with financial institutions	\$ 535,603
Local Government Investment Pool	1,268,239
SBA Pool Fund B	55,153
Federated Investors Money Market Mutual Fund	862,952
Cash on hand	<u>425</u>
Total cash and cash equivalents	<u>\$2,722,372</u>

Deposits: The Property Appraiser’s policy is to follow Florida Statutes, which authorize the deposit of funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All of the County’s deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, “Florida Security of

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Public Deposits Act.” Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral equal to or in excess of the required 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 50% to 125% of the average monthly balance of public deposits depending upon the depository’s financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any 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.

Local Government Investment Pool and Fund B: On November 29, 2007 the Board of Trustees of the State Board of Administration (SBA) closed the LGIP to all redemptions by participants due to substantial withdrawals from the LGIP over the two preceding weeks that severely reduced the overall liquidity of the LGIP. The withdrawals were in response to published press reports concerning the exposure of the LGIP investments to potential losses from sub-prime mortgage investments. On December 4, 2007 the Board of Trustees approved a restructuring plan for the LGIP and engaged a new investment manager for the LGIP.

The restructuring divided the LGIP into two separate pools, the LGIP and Fund B representing approximately 86% and 14%, respectively, of the original LGIP assets. The LGIP was designated as the ongoing fund consisting of only short-term, money market assets of the highest quality. On December 6, 2007, the LGIP re-opened to accept new deposits from participants and allow restricted withdrawals. Fund B retained all securities from the original LGIP that had defaulted, were in default or had extended payment terms or potentially elevated credit risk. Fund B is closed to deposits and withdrawals and is generally expected to hold all assets to their ultimate maturity and to distribute funds to participants as they become available. The Fund B investment is recorded at fair value based on the net asset value of the Fund B assets reported by the SBA.

The ultimate realizable value and the date when the LGIP Fund B investment will be available to the participant cannot be determined at this time. Additional information on the current status of the LGIP may be obtained from the State Board of Administration.

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. There is no formal policy but it is the Property Appraiser’s practice to limit its interest rate risk for investments in the portfolio by structuring its investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity. The weighted average maturity for the underlying investments of the external investment pool (SBA) was 52 days, for Pool B the weighted average maturity was 7.49 years. For the money market mutual fund it was 32 days.

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Credit risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Local Government Surplus Funds Trust Fund is not rated. The Federated Investors Money Market Mutual Fund is rated AAAM, Aaa, AAA by Standard & Poor's, Moody's, and Fitch respectively.

Concentration risk:

In accordance with its investment policy, the Property Appraiser requires diversification to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument dealer or bank. Diversification strategies are reviewed quarterly by the Property Appraiser.

3. ACCUMULATED COMPENSATED ABSENCES AND OTHER GENERAL OBLIGATIONS

Compensated absences and other general obligations payable are reported by the County as part of governmental activities in its basic financial statements. The following is a summary of changes in the compensated absences liability and other general obligations payable during fiscal year 2010:

Long-term obligations at October 1, 2009	\$2,366,719
Decrease in other general obligations payable	(3,313)
Increase in accrued compensated absences	1,676,005
Decrease in accrued compensated absences	<u>(1,642,935)</u>
Long-term obligations at September 30, 2010	<u><u>\$2,396,476</u></u>

4. PENSION PLAN

FLORIDA RETIREMENT SYSTEM

Plan Description - The Property Appraiser participates in the Florida Retirement System (FRS), a non-contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement. The FRS was created December 1, 1970. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Florida Statutes, Chapter 121, and may only be amended by the Florida Legislature.

PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Florida Division of Retirement, Research, Education & Policy Section, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32315-9000 or calling 1-850-488-5706 or accessing their website at: http://dms.myflorida.com/human_resource_support/retirement.

Beginning July 1, 2002, the FRS became one plan with two primary options, a defined benefit option known as the FRS Pension Plan and an alternative defined contribution option known as the FRS Investment Plan. The two options are described in detail below.

The FRS Pension Plan provides for vesting of benefits after 6 years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Average final compensation is the average of the five highest fiscal years of earnings. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS Investment Plan, formally created as the Public Employee Optional Retirement Program (PEORP), is a participant-directed 401(a) program selected by employees in lieu of participation in the defined benefit option of the Florida Retirement System. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Participants and beneficiaries bear the investment risks that result when they exercise control over investments in their accounts. The Investment Plan offers a diversified mix of low-cost investment options that span the risk-return spectrum and give participants the opportunity to accumulate retirement benefits. Members are vested after completing one year of creditable service.

Funding Policy - The contribution requirements of the Property Appraiser are established and may be amended by the Florida Legislature. The Property Appraisers' contributions to the FRS for the years ended September 30, 2010, 2009, and 2008 were approximately \$1.5 million, \$1.5 million, and \$1.5 million, respectively, equal to the required contributions for each year.

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

The following membership classes and rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2010:

<u>Membership Class</u>	<u>Rates</u>
Regular	10.77%
Special Risk	23.25%
Judges	21.79%
Legislators	16.34%
Governor/Lieutenant Governor/Cabinet	16.34%
State Attorney/Public Defender	16.34%
County, City, Special District Elected Officers	18.64%
Special Risk Administrative Support	13.24%
IFAS Supplemental	18.75%
Senior Management	14.57%
Deferred Retirement Option Program	12.25%

5. LEASES

The Property Appraiser has entered into various leases which are classified as capital or operating leases for accounting purposes. Capital leases are recorded as capital assets in the statement of net assets of the County. Total operating lease and rent expense for equipment for fiscal year ended September 30, 2010 amounted to \$11,527. Interest paid on capital leases amounted to \$125 for the current fiscal year.

Future minimum rental and lease payments under noncancellable operating leases as of September 30, 2010 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 11,527
2012	<u>10,476</u>
Total	<u>\$ 22,003</u>

6. COMMITMENTS

Purchase orders and contracts had been executed, but certain goods and services were not received for approximately \$142,660. Because the budget authority for these amounts lapses at fiscal year-end, they are not shown as either encumbrances or liabilities. Funds are reappropriated at the beginning of each fiscal year to provide for these commitments.

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

7. RISK MANAGEMENT

The Property Appraiser is covered by the BOCC self-insurance program for workers' compensation exposure and maintains a fully insured program for its employee group health insurance program.

Casualty Insurance

The Property Appraiser maintains separate commercial automobile insurance and is covered by the BOCC for other casualty liabilities.

Workers' Compensation Insurance

The Property Appraiser participates in the BOCC's workers' compensation self-insurance program. Payments are made by the Property Appraiser to the BOCC based on estimates of the amounts needed to pay prior and current year claims.

For the fiscal year ended September 30, 2010, the BOCC charged the Property Appraiser \$40,960 for workers compensation insurance.

Employee Group Health Insurance

The Property Appraiser is fully insured and provides health insurance for its employees and eligible dependents through commercial insurance.

Settled claims have not exceeded insurance coverage for any of the insurance programs noted above in the past three fiscal years.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Healthcare Plan for the Property Appraiser of Palm Beach County:

Plan Description: The defined benefit post employment healthcare plan provides medical benefits to eligible retired employees and their beneficiaries. The plan is a single employer plan which is administered by the Property Appraiser. The plan does not issue stand-alone financial statements.

Funding Policy: The contribution requirements of plan members and the Property Appraiser are established and may be amended by the Property Appraiser. The Property Appraiser is required by Florida Statute 112.0801 to allow their retirees (and eligible participants) to continue participation in the group insurance plan. Retirees must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

active employees which results in an implicit subsidy as defined by GASB 45. At September 30, 2010, retirees receiving benefits contributed \$647 to 1,907 monthly for medical coverage.

OPEB Cost and Net OPEB Obligation: The annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2010:

Annual required contribution	\$ 37,777
Interest on net OPEB obligation	3,004
Adjustment to annual required contribution	(2,384)
Annual OPEB cost (expense)	38,397
Contributions made	0
Increase in net OPEB obligation	38,397
Net OPEB obligation- beginning of year	60,074
Net OPEB obligation- end of year	\$ 98,471

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding two fiscal years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	\$ 29,562	0.0%	\$ 29,562
9/30/2009	30,512	0.0%	60,074
9/30/2010	38,397	0.0%	98,471

Funded Status and Funding Progress: The plan is financed on a 'pay-as-you-go' basis. The funded status of the plan as of the most recent actuarial valuation date was as follows:

Actuarial accrued liability (AAL)	\$348,156
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	\$348,156
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$14,286,192
UAAL as a percentage of covered payroll	2.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2009
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percentage of salary at beginning of fiscal year
Remaining amortization period	30 years
Asset valuation method	not applicable
Actuarial assumptions:	
Investment rate of return	5%
Projected salary increases	4%
Healthcare inflation rate	8% initial 5% ultimate

**PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
SEPTEMBER 30, 2010**

Required Supplemental Information (RSI)

Other Post Employment Benefits (OPEB)

Healthcare Plan for Property Appraiser of Palm Beach County
Scheduling of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2007	\$0	\$312,788	\$312,788	0.0%	\$14,237,382	2.2%
10/1/2009	\$0	\$348,156	\$348,156	0.0%	\$14,286,192	2.4%

PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the fiscal year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	\$ 23,306,461	\$ 23,306,461	\$ 23,380,928	\$ 74,467
Less - excess fees paid out	-	-	(1,747,652)	(1,747,652)
Investment income	-	-	9,041	9,041
Total revenues	23,306,461	23,306,461	21,642,317	(1,664,144)
Expenditures:				
Current:				
General government	23,264,623	23,264,623	21,594,584	1,670,039
Capital outlay	41,838	41,838	44,295	(2,457)
Debt service	-	-	3,438	(3,438)
Total expenditures	23,306,461	23,306,461	21,642,317	1,664,144
Excess of revenues (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2009	-	-	-	-
Fund balance, September 30, 2010	\$ -	\$ -	\$ -	\$ -

Section 195.087, Florida Statutes, governs the preparation, adoption, and administration of the budget of the Property Appraiser. On or before a legally designated date each year, the Property Appraiser shall submit to the Florida Department of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same time to the Board of County Commissioners. Final approval of the budget is given by the Florida Department of Revenue. The budget is adopted for the general fund on a basis consistent with GAAP. The level of budgetary control is at the fund level.

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**Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based
on an Audit of the Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Gary R. Nikolits
Property Appraiser
Palm Beach County, Florida

We have audited the financial statements of the major fund of the Property Appraiser of Palm Beach County, Florida (the "Property Appraiser"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011. These financial statements were prepared to comply with Section 218.39(2), Florida Statutes and Section 10.557(3), Rules of the Auditor General for Local Government Entity Audits. 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 Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Property Appraiser'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 Property Appraiser's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 Property Appraiser's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Property Appraiser, management of the Palm Beach County, Florida Property Appraiser's office, and State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011



Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Gary R. Nikolits
Property Appraiser
Palm Beach County, Florida

We have audited the financial statements of the major fund of the Property Appraiser of Palm Beach County, Florida (the "Property Appraiser"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011 which was prepared to comply with State of Florida reporting requirements.

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. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 14, 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 govern 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:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial report.

Section 10.554(1)(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 Property Appraiser complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Property Appraiser's 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 findings.

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 the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Property Appraiser's financial statements.

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 requires us to indicate that this letter is intended solely for the information and use of the Property Appraiser, management of Palm Beach County, Florida Property Appraiser's Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

Section VIII

SHERIFF

Independent Auditor's Report

Honorable Ric L. Bradshaw
Sheriff
Palm Beach County, Florida

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of the Sheriff, Palm Beach County, Florida (the "Sheriff"), as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Sheriff'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

As discussed in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Government Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of the Sheriff as of September 30, 2010, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Sheriff, as of September 30, 2010, and the respective changes in financial position 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 July 14, 2011 on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 budgetary comparison information and the schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by the 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. The Statement of Changes in Assets and Liabilities – Agency Fund is presented for purposes of additional analysis and is not a required part of the financial statements. The Statement of Changes in Assets and Liabilities- Agency Fund has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

PALM BEACH COUNTY, FLORIDA
SHERIFF
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2010

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
ASSETS			
Cash and cash equivalents	\$ 60,868,855	\$ 8,567,402	\$ 69,436,257
Accounts receivable, net	218,096	61,616	279,712
Due from other county funds	-	36,605	36,605
Due from other governments	138,998	1,286,880	1,425,878
Inventory	3,511,957	-	3,511,957
Other assets	123,875	24,000	147,875
Total assets	\$ 64,861,781	\$ 9,976,503	\$ 74,838,284
LIABILITIES			
Vouchers payable and accrued liabilities	\$ 27,269,901	\$ 721,234	\$ 27,991,135
Due to other county funds	16,411,947	5,621,304	22,033,251
Due to other governments	6,799,139	243,373	7,042,512
Due to individuals	-	165	165
Insurance claims payable	1,556,388	-	1,556,388
Other liabilities	9,312,449	-	9,312,449
Total liabilities	61,349,824	6,586,076	67,935,900
FUND BALANCES			
Reserved for inventory	3,511,957	-	3,511,957
Unreserved	-	3,390,427	3,390,427
Total fund balances	3,511,957	3,390,427	6,902,384
Total liabilities and fund balances	\$ 64,861,781	\$ 9,976,503	\$ 74,838,284

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

PALM BEACH COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2010

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Revenues:			
Charges for services	\$ -	\$ 2,009,600	\$ 2,009,600
Fines and forfeitures	-	149,288	149,288
Investment income	-	205,404	205,404
Miscellaneous	-	19,822	19,822
Total revenues	-	2,384,114	2,384,114
Expenditures:			
Current:			
General government	23,333,002	-	23,333,002
Public safety	434,518,076	5,795,921	440,313,997
Capital outlay	14,274,919	1,934,302	16,209,221
Total expenditures	472,125,997	7,730,223	479,856,220
Deficiency of revenues over expenditures	(472,125,997)	(5,346,109)	(477,472,106)
Other financing sources (uses):			
Transfer from Board of County Commissioners	487,930,562	5,130,318	493,060,880
Transfers to Board of County Commissioners	(15,885,024)	(17,960)	(15,902,984)
Total other financing sources	472,045,538	5,112,358	477,157,896
Net change in fund balances	(80,459)	(233,751)	(314,210)
Fund balances, October 1, 2009	3,592,416	3,624,178	7,216,594
Fund balances, September 30, 2010	\$ 3,511,957	\$ 3,390,427	\$ 6,902,384

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

PALM BEACH COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
September 30, 2010

ASSETS

Cash and cash equivalents	\$ 279,460
Accounts receivable, net	437,188
Due from other governments	1,664,752
Other assets	408
<hr/>	
Total assets	\$ 2,381,808
<hr/>	

LIABILITIES

Vouchers payable and accrued liabilities	\$ 56,484
Due to other governments	571,848
Due to individuals	1,753,476
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Total liabilities	\$ 2,381,808
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The notes to the financial statements are an integral part of this statement.

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PALM BEACH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements:

Reporting Entity

The Palm Beach County Sheriff (the Sheriff) is a separately elected county official established pursuant to the Constitution of the State of Florida. The Sheriff's financial statements do not purport to reflect the financial position or the results of operations of Palm Beach County, Florida (the County) taken as a whole.

State of Florida, *Rules of the Auditor General for Local Governmental Entity Audits*, Section 10.556(4) requires the Palm Beach County, Florida, Sheriff financial statements to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Palm Beach County, Florida, Sheriff as of September 30, 2010 and the changes in financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The financial activities of the Sheriff, as a constitutional officer, are included in the Palm Beach County, Florida Comprehensive Annual Financial Report.

Basis of Presentation

The accounting records of the Sheriff are organized on the basis of funds as prescribed by GAAP applicable to governments as established by the GASB. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various types and funds used by the Sheriff are described as follows:

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Major Funds:

General Fund – The General Fund is a governmental fund type and is used to account for all revenue and expenditures applicable to the general operations of the Sheriff that are not required either legally or by GAAP to be accounted for in another fund.

Special Revenue Fund – This fund is a governmental fund type and is used to account for revenues which are restricted by outside sources, and include Inmate Canteen and Welfare, Grants, Parking Enforcement, 911, Public Law Enforcement Insurance Combating Auto Theft (PLICAT), Law Enforcement Trust (LETF), and Law Enforcement Technology Project.

Fiduciary Fund:

Agency Fund – This Fund accounts for assets held by the Sheriff as an agent for individuals, organizations or other governments for cash bonds, inmate funds and civil trusts.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is utilized by governmental funds. Under this basis, revenues are recognized if they are susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within 60 days of year-end. Primary revenue sources susceptible to accrual include charges for services, fines and forfeitures, and interest. Expenditures are recognized when the related fund liability is incurred, except for interest on capital leases, which is recognized when paid. Expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. The operating statement reports increases and decreases in net current assets. Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations, but assets and liabilities are measured on the accrual basis of accounting.

Encumbrances

Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid for goods on order or unperformed contracts in progress at year-end.

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Because appropriations lapse at year-end, it is the Sheriff's policy to liquidate open encumbrances and re-appropriate such amounts at the beginning of the next fiscal year.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 during the reporting periods. Actual results could differ from those estimates.

Deposits

All deposits are held in qualified public depositories pursuant to the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" and are covered by either federal depository insurance or collateral held by the Chief Financial Officer of Florida.

In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the Chief Financial Officer of Florida from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool.

Cash Equivalents

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents. The County maintains an internal investment pool for substantially all funds. Earnings are allocated daily to each fund based on their equity balances in the pool. Each fund reports their equity in the County's internal investment pool as a cash equivalent.

Investments

State statutes and local ordinances authorize investments in obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreements, interest-bearing time deposits, savings accounts, Florida Prime Investment Pool (formerly known as the Local Government Surplus funds Trust Fund LGIP administered by the State Board of Administration), the Florida Local Government Investment Trust (FLGIT), collateralized mortgage obligations (CMO), certain corporate securities, instruments backed by the full faith and credit of the State of Israel, bankers acceptances, and money market mutual funds.

The following external investment pool is not SEC-registered:

The *Florida Local Government Investment Trust* (FLGIT) is a local government investment pool developed jointly by the Florida Association of Court Clerks and the Florida Association of Counties. The FLGIT has no regulatory oversight, but has been recognized by an Internal

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Revenue Service private letter ruling as a tax-exempt organization, received a Standard and Poor's rating and is governed by a six member Board of Trustees. The share price of this investment represents the fair value of the fund's underlying investments.

Inventory and Prepaid Items

Inventory consists primarily of materials and supplies that are stated at average cost. Under average costing, the unit cost of an item is the average value of all receipts of that item to inventory, on a per unit basis. The Sheriff accounts for purchases of inventory under the consumption method. Under this method, inventory is reported as an expenditure when consumed in the operations of the Sheriff's Office.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

Capital Assets

Capital assets, which include furniture, fixtures and equipment, are recorded as capital outlay expenditures in the Governmental Funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net assets as part of the basic financial statements of the County. Capital assets acquired under capital leases are capitalized at cost in the statement of net assets of the County at the time the assets are received. Donated and confiscated capital assets are recorded in the statement of net assets of the County at fair value at the time received. Capital assets are depreciated using the straight-line method over a period ranging from four to fifteen years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County.

Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Sheriff accrues a liability for compensated absences, as well as certain other salary-related costs associated with the payment of compensated absences. Employees of the Sheriff may accumulate unused vacation and sick leave in varying amounts based primarily on length of service and position.

Up to 1,200 hours of sick leave and 850 hours of accumulated vacation leave are payable to employees upon termination or retirement. Employees may defer up to a maximum of 200 hours each in compensatory and holiday leave. Accumulated vacation, sick leave, compensatory and holiday leave are payable at the rate of pay on the date used or the date of termination or retirement.

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For governmental fund reporting a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within governmental activities of the County's basic financial statements, vacation, compensatory and holiday leave are accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the liability and it is probable the Sheriff will compensate the employees in cash upon termination or retirement. The Sheriff uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future. The obligation is reported in Note 4.

Transfers In

In accordance with Florida Statutes, the Board of County Commissioners is required to fund certain operations of the Sheriff. These County appropriations are reported as transfers in.

Transfers Out

In accordance with Florida Statutes, all revenues and other financial sources in excess of expenditures (unexpended appropriations) are owed to the Board of County Commissioners and other governmental units. Unexpended appropriations returned to the Board of County Commissioners are reported as transfers out.

2. CASH AND INVESTMENTS

At September 30, 2010 the Sheriff was invested in the County's internal investment pool with a fair value of \$69,436,257.

The Sheriff participates in the County's pooled cash system to maximize earnings and facilitate cash management. The County's pooled cash fund is a highly liquid investment pool of approximately \$1.6 billion as of September 30, 2010, of which approximately 88% is invested in U.S. Government and Agency obligations. The County's investment policy for the internal investment pool requires that all securities be insured or registered in the name of the County and held by a third party custodial institution, with capital and surplus stock of at least \$500 million and a separate custody account at the Federal Reserve Bank (FED) specifically designated by the FED as restricted for the safekeeping of the member-bank's customer-owned securities only. All securities purchased or sold are transferred "delivery versus payment" (D.V.P.) or "payment versus delivery" to ensure that funds or securities are not released until all criteria relating to the specific transactions are met. The equity in the County pooled cash system is available to the Sheriff on a demand basis. See the County-wide financial statements for disclosures relating to its interest rate risk, credit risk, custodial credit risk and concentration of credit risk.

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3. CAPITAL ASSETS

A summary of capital assets are reported at cost in the statement of net assets as part of the governmental activities in the government-wide financial statements of the County as follows:

	Balance <u>10/01/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/10</u>
Furniture, fixtures and equipment	\$143,108,119	\$ 17,105,136	\$ (6,495,854)	\$153,717,401
Accumulated depreciation	<u>(72,169,125)</u>	<u>(18,566,727)</u>	<u>5,852,399</u>	<u>(84,883,453)</u>
Capital assets, net	<u>\$ 70,938,994</u>	<u>\$ (1,461,591)</u>	<u>\$ (643,455)</u>	<u>\$ 68,833,948</u>

4. ACCUMULATED COMPENSATED ABSENCES AND OTHER GENERAL OBLIGATIONS

Compensated absences and other obligations payable (which consists of claims and judgments related to self-insurance program – see Note 7) are reported by the County as part of the governmental activities in its government-wide financial statements. The following is a summary of changes in the amount not due and payable from current available resources:

Compensated absences at October 1, 2009	\$70,994,346	
Increase in accrued compensated absences	45,507,773	
Decrease in accrued compensated absences	<u>(37,559,898)</u>	
Compensated absences at September 30, 2010		78,942,221
Claims and judgments at October 1, 2009	31,746,564	
Increase in claims and judgments	14,765,316	
Decrease in claims and judgments	<u>(12,042,384)</u>	
Claims and judgments at September 30, 2010		<u>34,469,496</u>
Total		<u>\$113,411,717</u>

5. RETIREMENT PLANS

FLORIDA RETIREMENT SYSTEM

Plan Description. The Sheriff participates in the Florida Retirement System (FRS), a non-contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement. The FRS was created December 1, 1970. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Florida Statutes, Chapter 121, and may only be amended by the Florida Legislature.

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The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Florida Division of Retirement, ATTN: Research, Education & Policy Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, calling 1-850-488-5706 or accessing their website at <http://dms.myflorida.com>.

Beginning July 1, 2002, the FRS became one plan with two primary options, a defined benefit option known as the FRS Pension Plan and an alternative defined contribution option known as the FRS Investment plan. The two plans are described in detail below.

The FRS Pension Plan provides for vesting of benefits after 6 years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Average final compensation is the average of the five highest fiscal years of earnings. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS Investment Plan, formally created as the Public Employee Optional Retirement Program (PEORP), is a participant-directed 401(a) program selected by employees in lieu of participation in the defined benefit option of the Florida Retirement System. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Participants and beneficiaries bear the investment risks that result when they exercise control over investments in their accounts. The Investment Plan offers a diversified mix of low-cost investment options that span the risk-return spectrum and give participants the opportunity to accumulate retirement benefits. Members are vested after completing one year of creditable service.

Funding policy- The contribution requirements of the Sheriff are established and may be amended by the Florida Legislature. The Sheriff's contributions to FRS for the years ended September 30, 2010, 2009, and 2008 were \$46.6 million, \$43.5 million, and \$39.7 million, respectively, equal to the required contributions for each year.

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The following membership classes and rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2010:

<u>Membership Class</u>	<u>Rates</u>
Regular	10.77%
Special Risk	23.25%
Judges	21.79%
Legislators	16.34%
Governor/Lieutenant Governor/Cabinet	16.34%
State Attorney/Public Defender	16.34%
County, City, Special District Elected Officers	18.64%
Special Risk Administrative Support	13.24%
IFAS Supplemental	18.75%
Senior Management	14.57%
Deferred Retirement Option Program	12.25%

The rates above include the appropriate retirement contribution rate, 1.11% Health Insurance Subsidy (HIS) contribution rate and 0.05% administrative/educational fee.

Other Pension Payments

Effective October 1, 2008, the Sheriff's Office entered into an agreement for law enforcement services with the City of Lake Worth (City). Employees of the City who became Sheriff's Office employees had the choice to remain in the appropriate City sponsored retirement plan or to become a member of the Florida Retirement System (FRS). The Sheriff contributes to the City sponsored plans an amount up to the amount required by FRS. The Sheriff's contributions for employees who elected to remain with the City sponsored plans were \$622,440 for the year ended September 30, 2010.

A copy of the City's pension fund financial statements may be obtained by contacting the Plan Administrators for the Lake Worth Pension Fund: The Resource Centers, LLC, 4360 Northlake Blvd. Ste 206, Palm Beach Gardens, FL 33410 or accessing their website at <http://www.resourcecenters.com> or by calling (561)624-3277 ext. 2957.

6. LEASES

The Sheriff has entered into various leases which are classified as operating leases for accounting purposes. Total operating lease expense for facilities for fiscal year ended September 30, 2010 amounted to \$1,393,541. There are no future minimum leases or rental payments.

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7. RISK MANAGEMENT

The Sheriff's Office maintains a general liability self-insurance program, a workers' compensation self-insurance program and a commercially insured employee health insurance program. The amount expected to be paid from current available resources of the general liability and workers' compensation self-insurance liabilities are accounted for in the Sheriff's General Fund in the amount of \$1,556,388. The amount not due and payable from current available resources is reported in the governmental activities in the County's basic financial statements in the amount of \$34,469,496. The following is a brief description of each of the Sheriff's insurance programs.

Current portion	\$	1,556,388		General Liability	\$ 12,810,571
Long-Term portion		34,469,496		Workers' Compensation	23,215,313
TOTAL	\$	<u>36,025,884</u>		TOTAL	<u>\$ 36,025,884</u>

General Liability Insurance

The Sheriff's Office is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; and natural disasters. The claims liability reported for general liability at September 30, 2010 is \$12,810,571. This amount is based on the requirements of GASB 10 which specifies 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.

During claim years 2010 and 2009, changes recorded to the claims liability for general liability were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2009	\$12,907,299	\$3,601,656	\$(3,639,504)	\$12,869,451
2010	12,869,451	5,235,286	(5,294,166)	12,810,571

Workers' Compensation Insurance

The Sheriff's Office is self-funded for its workers' compensation exposure. The claims liability reported at September 30, 2010 is \$23,215,313. This amount is the actuarially determined claims liability based on the requirements of GASB 10 which specifies that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is

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probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

During claim years 2010 and 2009, changes recorded to the claims liability for workers' compensation were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2009	\$19,505,079	\$6,487,733	\$(5,776,971)	\$20,215,841
2010	20,215,841	9,747,690	(6,748,218)	23,215,313

Settled claims have not exceeded insurance coverage for any of the insurance programs noted above in the past three fiscal years.

8. CONTINGENCIES

Litigation

The Sheriff's Office is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of the management of the Sheriff's Office based upon consultation with legal counsel, that the outcome of these matters will not materially affect the financial position of the Sheriff's Office.

9. OTHER POST EMPLOYMENT BENEFITS

Healthcare Plan for the Palm Beach County Sheriff's Office (PBSO):

Plan Description: The defined benefit post-employment healthcare plan provides medical benefits to eligible retired employees and their dependents. The plan is a single employer plan which is administered by the PBSO. The plan does not issue stand-alone financial statements.

Funding Policy: The contribution requirements of plan members and the PBSO are established and may be amended by the PBSO. The PBSO is required by Florida Statute 112.0801 to allow their retirees (and eligible participants) to continue participation in the group insurance plan. Retirees must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees which results in an implicit subsidy as defined by GASB 45. In addition to the 'implicit' benefit, the PBSO provides a subsidy that retirees can use to partially or fully offset the cost of health insurance. At September 30, 2010, retirees receiving benefits contributed \$406 to \$2,276 monthly for medical coverage and \$24 to \$89 monthly for dental.

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OPEB Cost and Net OPEB Obligation: The annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2010:

Annual required contribution (ARC)	\$ 17,800,000
Interest on net OPEB obligation	1,100,000
Adjustment to annual required contribution	(900,000)
Annual OPEB cost	<u>18,000,000</u>
Contributions made	<u>(4,500,000)</u>
Increase in net OPEB obligation	13,500,000
Net OPEB obligation- beginning of year	<u>22,500,000</u>
Net OPEB obligation- end of year	<u>\$ 36,000,000</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding two fiscal years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	\$ 15,300,000	28.1 %	\$ 11,000,000
9/30/2009	16,200,000	29.0	22,500,000
9/30/2010	18,000,000	25.0	36,000,000

Funded Status and Funding Progress: The plan is financed on a ‘pay-as-you-go’ basis. The funded status of the plan as of the most recent actuarial valuation date was as follows:

Actuarial accrued liability (AAL)	\$ 190,600,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 190,600,000</u>
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$ 269,750,942
UAAL as a percentage of covered payroll	70.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the

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employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2010
Actuarial cost method	Projected Unit credit actuarial cost method
Actuarial amortization method	Level percentage of projected payroll on open basis
Remaining amortization period	30 years - Open
Asset valuation method	Not applicable
Actuarial assumptions:	
Investment rate of return	5%
Projected salary increases	4%
Healthcare inflation rate- initial	7.8%
Healthcare trend rate- ultimate	4.7%

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Required Supplemental Information (RSI)

Other Post Employment Benefits (OPEB)

Healthcare Plan for PBSO
Scheduling of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2008	\$0	\$169,700,000	\$169,700,000	0.0%	\$222,956,243	76.1%
1/1/2009	\$0	\$182,500,000	\$182,500,000	0.0%	\$248,925,472	73.3%
1/1/2010	\$0	\$190,600,000	\$190,600,000	0.0%	\$269,750,942	70.7%

PALM BEACH COUNTY, FLORIDA
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the fiscal year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	22,058,777	23,383,727	23,333,002	50,725
Public safety	456,417,476	445,460,108	434,518,076	10,942,032
Capital outlay	9,454,309	18,969,911	14,274,919	4,694,992
Total expenditures	487,930,562	487,813,746	472,125,997	15,687,749
Deficiency of revenues (under) expenditures	(487,930,562)	(487,813,746)	(472,125,997)	15,687,749
Other financing sources (uses):				
Transfers from Board of County Commissioners	487,930,562	487,930,562	487,930,562	-
Transfers to Board of County Commissioners	-	(116,816)	(15,885,024)	(15,768,208)
Total other financing sources (uses)	487,930,562	487,813,746	472,045,538	(15,768,208)
Net change in fund balance	-	-	(80,459)	(80,459)
Fund balance, October 1, 2009	-	-	3,592,416	3,592,416
Fund balance, September 30, 2010	\$ -	\$ -	\$ 3,511,957	\$ 3,511,957

Section 30.49, Florida Statutes, governs the preparation, adoption and administration of the Sheriff's annual budget. By May 1 each year, the Sheriff shall certify to the Board a proposed budget of expenditures for performing the duties of his office for the ensuing fiscal year. The Sheriff's budget is legally adopted by Board of County Commission action for the fiscal year beginning October 1 for the general and special revenue funds on a basis consistent with accounting principles generally accepted in the United States. The legal level of budgetary control is at the fund level by functional category.

PALM BEACH COUNTY, FLORIDA
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
For the fiscal year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 2,009,600	\$ 2,009,600
Fines and forfeitures	-	-	149,288	149,288
Investment income	-	-	205,404	205,404
Miscellaneous	-	-	19,822	19,822
Total revenues	-	-	2,384,114	2,384,114
Expenditures:				
Current:				
Public safety	1,109,092	5,092,980	5,795,921	(702,941)
Capital outlay	183,600	3,396,351	1,934,302	1,462,049
Total expenditures	1,292,692	8,489,331	7,730,223	759,108
Deficiency of revenues (under) expenditures	(1,292,692)	(8,489,331)	(5,346,109)	3,143,222
Other financing sources:				
Transfers from Board of County Commissioners	1,292,692	8,489,331	5,130,318	(3,359,013)
Transfers to Board of County Commissioners	-	-	(17,960)	(17,960)
Total other financing sources	1,292,692	8,489,331	5,112,358	(3,376,973)
Net change in fund balance	-	-	(233,751)	(233,751)
Fund balance, October 1, 2009	-	-	3,624,178	3,624,178
Fund balance, September 30, 2010	\$ -	\$ -	\$ 3,390,427	\$ 3,390,427

Section 30.49, Florida Statutes, governs the preparation, adoption and administration of the Sheriff's annual budget. By May 1 each year, the Sheriff shall certify to the Board a proposed budget of expenditures for performing the duties of his office for the ensuing fiscal year. The Sheriff's budget is legally adopted by Board of County Commission action for the fiscal year beginning October 1 for the general and special revenue funds on a basis consistent with accounting principles generally accepted in the United States. The legal level of budgetary control is at the fund level by functional category.

PALM BEACH COUNTY, FLORIDA
SHERIFF
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the fiscal year ended September 30, 2010

	Balance 10/1/2009	Additions	Deductions	Balance 9/30/2010
ASSETS				
Cash and cash equivalents	\$ -	\$ 90,589,197	\$ 90,309,737	\$ 279,460
Accounts receivable, net	306,438	8,344,314	8,213,564	437,188
Due from other county funds	-	12,391,937	12,391,937	-
Due from other governments	590,374	51,840,503	50,766,125	1,664,752
Other assets	468	809	869	408
Total assets	\$ 897,280	\$ 163,166,760	\$ 161,682,232	\$ 2,381,808
LIABILITIES				
Vouchers payable and accrued liabilities	\$ 83,684	\$ 92,460,851	\$ 92,488,051	\$ 56,484
Due to other county funds	-	101,837,163	101,837,163	-
Due to other governments	339,393	3,242,052	3,009,597	571,848
Due to individuals	474,203	55,718,698	54,439,425	1,753,476
Total liabilities	\$ 897,280	\$ 253,258,764	\$ 251,774,236	\$ 2,381,808

**Independent Auditor's Report
on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards**

To the Honorable Ric L Bradshaw
Sheriff
Palm Beach County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Sheriff, Palm Beach County, Florida (the "Sheriff") as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011. These financial statements were prepared to comply with Section 218.39 (2), Florida Statutes and Section 10.557(3), Rules of the Auditor General for Local Government Entity Audits. 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 Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff'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 Sheriff'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 Sheriff'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 Honorable Sheriff, management of Palm Beach County, Florida Sheriff's office, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

**Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida**

The Honorable Ric L Bradshaw
Sheriff
Palm Beach County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Sheriff of Palm Beach County, Florida ("the Sheriff"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011, which was prepared to comply with State of Florida reporting requirements.

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. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, if any, which is dated July 14, 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 govern 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:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Section 10.554(1)(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 Sheriff complied with Section 218.415, Florida Statutes.

Section 10.554(1)(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 laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts 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 findings.

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 information is disclosed in Note 1 of the Sheriff's financial statements.

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 Sheriff, management of the Palm Beach County, Florida Sheriff's Office, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by another other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

Section IX

CLERK & COMPTROLLER

Independent Auditor's Report

The Honorable Sharon R. Bock Clerk & Comptroller
Palm Beach County, Florida

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of the Clerk & Comptroller, Palm Beach County, Florida (the "Clerk"), as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Clerk'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

As discussed in Note 1, the financial statements referred to above have been prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Section 10.557 (3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of the Clerk as of September 30, 2010, and changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Clerk as of September 30, 2010, and the respective changes in financial position, 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 July 14, 2011 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 budgetary comparison schedules and schedule of funding progress are not a required part of the 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. The Combining Statement of Changes in Assets and Liabilities – Agency Fund is presented for purposes of additional analysis and is not a required part of the financial statements. The Combining Statement of Changes in Assets and Liabilities – Agency Fund has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Clerk, management of the Clerk & Comptroller's office and the Auditor General, of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2010

	Major Funds		Total Governmental Funds
	General Fund	Public Records Modernization Trust Fund	
ASSETS			
Cash and cash equivalents	\$ 10,314,857	\$ 12,623,599	\$ 22,938,456
Accounts receivable, net	163,601	-	163,601
Due from Board of County Commissioners	970,648	-	970,648
Due from other funds	1,302,165	580,988	1,883,153
Due from other governments	219,612	-	219,612
Total assets	\$ 12,970,883	\$ 13,204,587	\$ 26,175,470
LIABILITIES			
Vouchers payable and accrued liabilities	\$ 3,834,851	\$ 160,254	\$ 3,995,105
Due to Board of County Commissioners	1,775,309	-	1,775,309
Due to other funds	999,270	570,563	1,569,833
Due to other governments	2,502,318	-	2,502,318
Due to individuals	360,000	-	360,000
Deferred revenue	1,431,275	-	1,431,275
Other liabilities	2,067,860	-	2,067,860
Total liabilities	12,970,883	730,817	13,701,700
FUND BALANCES			
Fund balances	-	12,473,770	12,473,770
Total fund balances	-	12,473,770	12,473,770
Total liabilities and fund balances	\$ 12,970,883	\$ 13,204,587	\$ 26,175,470

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

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2010

	Major Funds		Total Governmental Funds
	General Fund	Public Records Modernization Trust Fund	
Revenues:			
Intergovernmental	\$ 34,491,918	\$ -	\$ 34,491,918
Charges for services	5,932,899	2,086,185	8,019,084
Fines and forfeitures	-	1,721,080	1,721,080
Investment income	2,741	10,035	12,776
Total revenues	40,427,558	3,817,300	44,244,858
Expenditures:			
Current:			
General government	55,614,852	1,541,781	57,156,633
Capital outlay	489,491	580,590	1,070,081
Total expenditures	56,104,343	2,122,371	58,226,714
Excess of revenues over (under) expenditures	(15,676,785)	1,694,929	(13,981,856)
Other financing sources (uses):			
Transfers from Board of County Commissioners	14,319,034	-	14,319,034
Transfers to Board of County Commissioners	(1,415,897)	-	(1,415,897)
Transfers from other funds	2,773,648	-	2,773,648
Transfers to other funds	-	(2,773,648)	(2,773,648)
Total other financing sources (uses)	15,676,785	(2,773,648)	12,903,137
Net change in fund balances	-	(1,078,719)	(1,078,719)
Fund balances, October 1, 2009	-	13,552,489	13,552,489
Fund balances, September 30, 2010	\$ -	\$ 12,473,770	\$ 12,473,770

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

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
STATEMENT OF NET ASSETS - INTERNAL SERVICE FUND
September 30, 2010

	Self- Insurance Fund
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ASSETS	
Cash and cash equivalents	\$ 3,740,642
Accounts receivable, net	1,185
Due from other funds	418,282
Due from other governments	16,100
<hr/>	
Total assets	\$ 4,176,209
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LIABILITIES	
Vouchers payable and accrued liabilities	\$ 818
Due to other funds	731,602
Due to individuals	103,028
Insurance claims payable	806,000
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Total liabilities	1,641,448
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NET ASSETS	
Unrestricted	2,534,761
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Total net assets	\$ 2,534,761
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The notes to the financial statements are an integral part of this statement.

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND
For the fiscal year ended September 30, 2010

	Self- Insurance Fund
Operating revenues:	
Charges for services	\$ 7,235,091
Total operating revenues	7,235,091
Operating Expenses:	
Current:	
Self-insurance services	7,401,276
Total operating expenses	7,401,276
Operating (Loss)	(166,185)
Nonoperating revenues :	
Investment income	3,211
Total nonoperating revenues	3,211
Change in net assets	(162,974)
Net Assets, October 1, 2009	2,697,735
Net Assets, September 30, 2010	\$ 2,534,761

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

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the fiscal year ended September 30, 2010

	Self- Insurance Fund
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Cash flows from operating activities:	
Cash received from customers	\$ 1,502,316
Cash received from other funds for goods and services	6,044,834
Cash payments to vendors for goods and services	(2,605,106)
Cash payments to employees for services	(56,719)
Claims paid	(4,018,443)
<hr/>	
Net cash provided by operating activities	866,882
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Cash flows from investing activities:	
Interest on investments	3,211
<hr/>	
Net cash provided by investing activities	3,211
<hr/>	
Net increase in cash and cash equivalents	870,093
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Cash and cash equivalents, October 1, 2009	2,870,549
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Cash and cash equivalents, September 30, 2010	\$ 3,740,642
<hr/>	
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (166,185)
Change in assets and liabilities:	
Decrease in accounts receivable	299,568
Decrease in due from other county funds	28,591
(Increase) in due from other governments	(16,100)
(Decrease) in vouchers payable and accrued liabilities	(5,456)
Increase in due to other county funds	634,436
Increase in due to individuals	103,028
(Decrease) in insurance claims payable	(11,000)
<hr/>	
Net cash provided by operating activities	\$ 866,882
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The notes to the financial statements are an integral part of this statement.

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND
September 30, 2010

ASSETS

Cash and cash equivalents	\$ 57,571,878
Accounts receivable, net	86,103
Due from other governments	12,093
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Total assets	\$ 57,670,074
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LIABILITIES

Due to other governments	\$ 11,243,294
Due to individuals	46,426,780
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Total liabilities	\$ 57,670,074
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The notes to the financial statements are an integral part of this statement.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements:

Reporting Entity

The Palm Beach County Clerk & Comptroller (the Clerk) is a separately elected county official established pursuant to the Constitution of the State of Florida. The Clerk's financial statements do not purport to reflect the financial position or the results of operations of Palm Beach County, Florida (the County) taken as a whole.

Section 10.556(6), *Rules of the Auditor General for Local Governmental Entity Audits*, requires the Palm Beach County, Florida, Clerk financial statements to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Palm Beach County, Florida, Clerk as of September 30, 2010 and the changes in financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The financial activities of the Clerk, as a constitutional officer, are included in the Palm Beach County, Florida Comprehensive Annual Financial Report.

Basis of Presentation

The accounting records of the Clerk are organized on the basis of funds as prescribed by GAAP applicable to governments as established by the GASB. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various types and funds used by the Clerk are described as follows:

Major Funds:

General Fund – The General Fund is a governmental fund type and is used to account for all revenue and expenditures applicable to the general operations of the Clerk that are not required either legally or by GAAP to be accounted for in another fund.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Public Records Modernization Trust Fund - The Public Records Modernization Trust Fund is a special revenue fund used to account for funds restricted in use by Florida Statute. There are two funding sources for this fund; recording fees provided for by Florida Statute Section 28.24 and 10% of court related fines collected by the clerk provided for by Florida Statute Section 28.37. Recording fees are to be used for the modernization of the public records system of the office and for the cost of court-related technology needs. The court-related fines collected by the clerk are to be used exclusively for additional clerk court-related operational needs and program enhancements.

Internal Service Fund:

Self-Insurance Fund – This fund is used to account for the assessed premiums, claims and administration of the Clerk’s employee group health insurance program.

Fiduciary Fund:

Agency Fund – This fund is used to account for cash held by the Clerk as an agent for individuals, organizations or other governments received for fines, forfeitures, filing fees, documentary stamps and intangible tax.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is utilized by governmental funds. Under this basis, revenues are recognized if they are susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within 60 days of year-end. Primary revenue sources susceptible to accrual include intergovernmental, charges for services and interest. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include accumulated sick and vacation pay and other post-employment benefits, which are not recorded as expenditures because these amounts will not be paid from expendable available resources.

The accrual basis of accounting is utilized by internal service funds and agency funds. Under this basis, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Internal service funds are accounted for using the economic resources measurement focus in which all assets and liabilities associated with the operation of the fund are included on the statement of net assets.

Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. The

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

operating statement reports increases and decreases in net current assets. Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations, but assets and liabilities are measured on the accrual basis of accounting.

Encumbrances

Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid for goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the Clerk's policy to liquidate open encumbrances and re-appropriate such amounts at the beginning of the next fiscal year.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 during the reporting periods. Actual results could differ from those estimates.

Deposits

All deposits are held in qualified public depositories pursuant to the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" and are covered by either federal depository insurance or collateral held by the Chief Financial Officer of Florida.

In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the Chief Financial Officer of Florida from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool.

Cash Equivalents

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Capital Assets

Upon acquisition, capital assets are recorded as capital outlay expenditures in the governmental funds of the Clerk. Capital assets are capitalized at cost and reported in the governmental activities of the basic financial statements of the County. Capital assets are depreciated using the straight-line method over a period ranging from two to fifteen years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County. The Clerk maintains custodial responsibility for the capital assets used by its office.

Compensated Absences

Employees of the Clerk may accumulate unused vacation up to a specified amount and may accumulate unused sick leave, which does not have a limit. Sick leave is payable up to a maximum of 50% based on years of service to employees who voluntarily resign in good standing at the rate of pay on that date. Vacation leave is payable up to a maximum of 400 hours.

All FLSA exempt employees were enrolled in the Clerk's PTO Plan effective January 1, 2007. Employees may carry a maximum of 25 PTO days from year to year. Any accruals in excess of 25 PTO days on December 31 of each year will be transferred to a Sick Leave Bank not to exceed 800 hours.

For governmental fund reporting a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within governmental activities of the County's basic financial statements, vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Clerk will compensate the employees in some manner, e.g. in cash or in paid time-off, now or upon termination or retirement. The Clerk uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future. The obligation is reported in Note 5.

Transfers In

In accordance with Florida Statutes, the Board of County Commissioners is required to fund certain operations of the Clerk. These County appropriations are reported as transfers in.

Transfers Out

In accordance with Florida Statutes, except for the Public Records Modernization Trust Fund and Article V court-related cumulative excess, all revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners. These "excess fees" are reported as transfers out.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Net Assets

The \$2,534,761 net asset balance at September 30, 2010 in the internal service fund is necessary to provide for actuarial soundness pursuant to the State of Florida’s Office of Insurance Regulation as detailed under the guidelines of Florida Statute 112.08 and based on recommendation from the Clerk’s actuary.

Insurance Claims Payable

The Clerk’s Office is self-insured for employee health benefits. The general fund and employees are charged premiums by the internal service fund which are reviewed and adjusted annually based on claims experience. The accrued liability for estimated claims payable represents an actuarially determined estimate of the eventual loss of claims arising prior to fiscal year-end including claims incurred but not yet reported.

2. CASH AND CASH EQUIVALENTS

As of September 30, 2010, the Clerk’s cash, deposits and investments were as follows:

Cash, deposits and investments:

Deposits with Financial Institutions	\$ 71,562,921
Federated Investors	4,016,068
Invesco	8,615,983
Cash on hand	56,004
Total cash, deposits and investments	\$ 84,250,976

The breakdown for financial statement purposes was as follows:

Governmental Funds	\$ 22,938,456
Internal Service Fund	3,740,642
Fiduciary Funds	57,571,878
Total cash, deposits and investments	\$ 84,250,976

The Clerk’s cash, deposits and investments are classified as cash and cash equivalents in the accompanying financial statements.

Deposits: The Clerk’s policy is to follow Florida Statutes, which authorize the deposit of funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All of the County’s deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, “Florida Security of Public Deposits Act.” Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral equal to or in excess of the required 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 50% to 125% of the average monthly balance of public

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any 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.

Investments: All investments are reported at fair value except for the following which are reported at cost or amortized cost which approximates fair value as permitted by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*:

Local Government Surplus Funds Trust Fund (State Board of Administration),
Money Market Mutual Funds.

Authorized Investments: The Clerk's policy for investments is to follow Florida Statutes which authorizes investments in obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreements, interest-bearing time deposits, money market funds, savings accounts, the Local Government Surplus Funds Trust Fund (State Board of Administration), the Florida Local Government Investment Trust (FLGIT), collateralized mortgage obligations (CMO), and certain corporate securities. The Florida State Board of Administration Local Government Surplus Funds Trust Fund ("SBA") is not a registrant with the Securities and Exchange Commission (SEC); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity. The Local Government Surplus Funds Trust Fund is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. There is no formal policy, but it is the Clerk's practice to structure its investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Information about the sensitivity of the fair values of the Clerk's investments to market interest rate fluctuations of its debt type investments using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (In Years) <hr/> Less Than 1 Year
Federated Investors	\$ 4,016,068	\$ 4,016,068
Invesco	8,615,983	8,615,983
	\$12,632,051	\$12,632,051

Credit risk: Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Federated Investors and Invesco money market accounts are rated Triple-A by all three of the major rating agencies.

Concentration of credit risk: There is no formal policy, but it is the Clerk's practice to limit investments in equities and fixed income securities to no more than 5 % in any one issuer with the exception of SBA funds and U.S. Government and Agency obligations, which have no limit.

3. INTERFUND RECEIVABLES AND PAYABLES

	<u>Balances at September 30, 2010</u>	
	<u>Due From</u>	<u>Due To</u>
	<u>Other Funds</u>	<u>Other Funds</u>
General Fund	\$1,302,165	\$999,270
Public Records Modernization Trust Fund	580,988	570,563
Self-Insurance Fund	418,282	731,602
Total	\$2,301,435	\$2,301,435

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

4. INTERFUND TRANSFERS

	<u>Balances at September 30, 2010</u>	
	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$2,773,648	\$ -
Public Records Modernization Trust Fund	-	2,773,648
Total	\$2,773,648	\$2,773,648

The transfers from the Public Records Modernization Trust Fund to the General Fund represent reimbursements of Clerk technology costs.

5. ACCUMULATED COMPENSATED ABSENCES

Compensated absences are reported as part of governmental activities in the basic financial statements of the County. The following is a summary of changes in the compensated absences liability during fiscal year 2010:

Compensated absences at October 1, 2009	\$ 5,140,616
Increase in accrued compensated absences	3,516,465
Decrease in accrued compensated absences	<u>(5,760,267)</u>
Compensated absences at September 30, 2010	<u>\$ 2,896,814</u>

6. RETIREMENT PLANS

FLORIDA RETIREMENT SYSTEM

Plan Description. The Clerk participates in the Florida Retirement System (FRS), a non-contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement. The FRS was created December 1, 1970. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The benefits are established by Florida Statutes, Chapter 121, and may only be amended by the Florida Legislature.

The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Florida Division of Retirement, ATTN: Research, Education & Policy Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, calling 1-850-488-5706 or accessing their website at <http://dms.myflorida.com>.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Beginning July 1, 2002, the FRS became one plan with two primary options, a defined benefit option known as the FRS Pension Plan and an alternative defined contribution option known as the FRS Investment plan. The two plans are described in detail below.

The FRS Pension Plan provides for vesting of benefits after 6 years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Average final compensation is the average of the five highest fiscal years of earnings. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulated and earn interest compounded monthly at an effective annual rate of 6.5%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit. The FRS investment Plan, formally created as the Public Employee Optional Retirement Program (PEORP), is a participant-directed 401(a) program selected by employees in lieu of participation in the defined benefit option of the Florida Retirement System. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Participants and beneficiaries bear the investment risks that result when they exercise control over investments in their accounts. The Investment Plan offers a diversified mix of low-cost investment options that span the risk-return spectrum and give participants the opportunity to accumulate retirement benefits. Members are vested after completing one year of creditable service.

Funding policy- The contribution requirements of the Clerk are established and may be amended by the Florida Legislature. The Clerk's contributions to the FRS for the years ended September 30, 2010, 2009, and 2008 were approximately \$3.3 million, \$3.5 million, and \$3.6 million, respectively, equal to the required contributions for each year.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

The following membership classes and rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2010:

<u>Membership Class</u>	<u>Rates</u>
Regular	10.77%
Special Risk	23.25%
Judges	21.79%
Legislators	16.34%
Governor/Lieutenant Governor/Cabinet	16.34%
State Attorney/Public Defender	16.34%
County, City, Special District Elected Officers	18.64%
Special Risk Administrative Support	13.24%
IFAS Supplemental	18.75%
Senior Management	14.57%
Deferred Retirement Option Program	12.25%

7. LEASES

The Clerk has entered into various leases which are classified as operating leases for accounting purposes. Total operating lease and rent expense for fiscal year ended September 30, 2010 amounted to \$358,153. Future minimum rental payments under noncancellable operating leases as of September 30, 2010 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2011	<u>\$298,461</u>
TOTAL	<u>\$298,461</u>

8. COMMITMENTS

Outstanding Purchase Orders and Contracts

There was \$752,993 in outstanding purchase orders or contracts executed, where the goods and services were not received at September 30, 2010. The budget authority for amounts outstanding at fiscal year-end lapse so they are not shown as either encumbrances or liabilities. Funds are reappropriated at the beginning of each fiscal year to provide for commitments that were outstanding as of the prior fiscal year.

9. RISK MANAGEMENT

The Clerk is covered by the Board of County Commissioners (BOCC) insurance programs for workers' compensation exposure. The Clerk maintains commercial insurance for automobile,

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

crime, and employee dishonesty claims. The Clerk's office is self-insured for its health insurance coverage. Settled claims have not exceeded insurance coverage for any of the insurance programs in the past three fiscal years.

For the fiscal year ended September 30, 2010, the BOCC charged the Clerk \$122,307 for workers compensation insurance.

Employee Group Health Insurance

The Clerk's office provides health insurance for its employees and eligible dependents. The Clerk's office is self-insured for its health insurance coverage and beginning with fiscal year 2004 is accounted for as an internal service fund. The claims liability reported in the internal service fund at September 30, 2010 for employee group health insurance is \$806,000 and is actuarially determined.

During claim years 2009 and 2010, changes to the claims liability for health insurance were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2009	\$752,000	\$9,867,523	\$(9,802,523)	\$817,000
2010	817,000	7,401,276	(7,412,276)	806,000

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Healthcare Plan for the Clerk & Comptroller of Palm Beach County:

Plan Description: The defined benefit post-employment healthcare plan provides medical benefits to eligible retired employees and their dependants. The plan is a single employer plan which is administered by the Clerk & Comptroller. The plan does not issue stand-alone financial statements.

Funding Policy: The contribution requirements of plan members and the Clerk & Comptroller are established and may be amended by the Clerk & Comptroller. The Clerk & Comptroller is required by Florida Statute 112.0801 to allow their retirees (and eligible participants) to continue participation in the group insurance plan. Retirees must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees which results in an implicit subsidy as defined by GASB 45. The plan is funded on a pay-as-you-go basis. At September 30, 2010 retirees receiving benefits contributed \$552 to \$1,982 monthly for medical coverage.

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

OPEB Cost and Net OPEB Obligation: The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2010:

Annual required contribution (ARC)	\$ 412,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	(4,000)
Annual OPEB cost	413,000
Contributions made	(381,476)
Increase in net OPEB obligation	31,524
Net OPEB obligation- beginning of year	102,958
Net OPEB obligation- end of year	\$ 134,482

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current year and preceding two fiscal years.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	\$520,000	85.0%	\$77,955
9/30/2009	\$522,000	95.2%	\$102,958
9/30/2010	\$413,000	95.4%	\$134,482

Funded Status and Funding Progress: The plan is financed on a ‘pay-as-you-go’ basis. The funded status of the plan as of the most recent actuarial valuation date:

Actuarial accrued liability (AAL)	\$5,202,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$5,202,000
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$27,580,451
UAAL as a percentage of covered payroll	18.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2009
Actuarial cost method	Projected Unit credit actuarial cost method
Actuarial amortization method	Level percentage of projected payroll on an open basis
Remaining amortization period	30 years-open
Asset valuation method	Not applicable
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.5%
Healthcare inflation rate- initial	11%
Healthcare trend rate- ultimate	5%

**CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
SEPTEMBER 30, 2010**

Required Supplemental Information (RSI)

Other Post Employment Benefits (OPEB)

Healthcare Plan for Clerk & Comptroller of Palm Beach County
Scheduling of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2007	\$0	\$5,445,000	\$5,445,000	0.0%	\$35,775,864	15.2%
10/1/2009	\$0	\$5,202,000	\$5,202,000	0.0%	\$27,581,451	18.9%

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the fiscal year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 34,241,001	\$ 34,341,803	\$ 34,491,918	\$ 150,115
Charges for services	7,076,093	5,576,093	5,932,899	356,806
Investment income	23,907	23,907	2,741	(21,166)
Total revenues	41,341,001	39,941,803	40,427,558	485,755
Expenditures:				
Current:				
General government	58,845,112	58,445,470	55,614,852	2,830,618
Capital outlay	-	500,444	489,491	10,953
Total expenditures	58,845,112	58,945,914	56,104,343	2,841,571
Deficiency of revenues (under) expenditures	(17,504,111)	(19,004,111)	(15,676,785)	3,327,326
Other financing sources (uses):				
Transfers in from Board of County Commissioners	14,428,606	14,428,606	14,319,034	(109,572)
Transfers out to Board of County Commissioners	(2,000,000)	(500,000)	(1,415,897)	(915,897)
Transfers in from other funds	5,075,505	5,075,505	2,773,648	(2,301,857)
Total other financing sources (uses)	17,504,111	19,004,111	15,676,785	(3,327,326)
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2009	-	-	-	-
Fund balance, September 30, 2010	\$ -	\$ -	\$ -	\$ -

Section 218.35, Florida Statutes, governs the preparation, adoption, and administration of the Clerk's annual budget. The Clerk, as county fee officer, establishes an annual balanced budget for her office, which clearly reflects the revenues available to the office and the functions for which the money is to be expended. The budget for the general and special revenue funds are adopted on a basis consistent with GAAP. The level of budgetary control is at the fund level.

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC RECORDS MODERNIZATION TRUST FUND
For the fiscal year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 2,126,451	\$ 2,126,451	\$ 2,086,185	\$ (40,266)
Fines and forfeitures	-	1,600,001	1,721,080	121,079
Investment income	91,633	91,633	10,035	(81,598)
Total revenues	2,218,084	3,818,085	3,817,300	(785)
Expenditures:				
Current:				
General government	3,163,920	1,623,520	1,541,781	81,739
Capital outlay	75,000	600,001	580,590	19,411
Total expenditures	3,238,920	2,223,521	2,122,371	101,150
Excess of revenues over (under) expenditures	(1,020,836)	1,594,564	1,694,929	100,365
Other financing sources (uses):				
Transfers out to other funds	(5,075,505)	(5,075,505)	(2,773,648)	2,301,857
Total other financing sources (uses)	(5,075,505)	(5,075,505)	(2,773,648)	2,301,857
Net change in fund balance	(6,096,341)	(3,480,941)	(1,078,719)	2,402,222
Fund balance, October 1, 2009	8,884,882	13,552,489	13,552,489	-
Fund balance, September 30, 2010	\$ 2,788,541	\$ 10,071,548	\$ 12,473,770	\$ 2,402,222

Section 218.35, Florida Statutes, governs the preparation, adoption, and administration of the Clerk's annual budget. The Clerk, as county fee officer, establishes an annual balanced budget for her office, which clearly reflects the revenues available to the office and the functions for which the money is to be expended. The budget for the general and special revenue funds are adopted on a basis consistent with GAAP. The level of budgetary control is at the fund level.

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the fiscal year ended September 30, 2010

	Balance 10/1/2009	Additions	Deductions	Balance 9/30/2010
ASSETS				
Cash and cash equivalents	\$ 28,750,166	\$ 442,417,536	\$ 413,595,824	\$ 57,571,878
Accounts receivable, net	82,850	9,766,858	9,763,605	86,103
Due from other county funds	-	8,488,009	8,488,009	-
Due from other governments	16,426	12,330	16,663	12,093
Total assets	\$ 28,849,442	\$ 460,684,733	\$ 431,864,101	\$ 57,670,074
LIABILITIES				
Due to other county funds	\$ -	23,836,542	23,836,542	\$ -
Due to other governments	8,452,981	284,866,534	282,076,221	11,243,294
Due to individuals	20,396,461	197,352,153	171,321,834	46,426,780
Total liabilities	\$ 28,849,442	\$ 506,055,229	\$ 477,234,597	\$ 57,670,074

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**Independent Auditor's Report
on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Sharon R. Bock Clerk & Comptroller
Palm Beach County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Clerk & Comptroller of Palm Beach County, Florida (the "Clerk"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011. These financial statements were prepared to comply with Section 218.39(2), Florida Statutes and Section 10.557(3), Rules of the Auditor General for Local Government Entity Audits. 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 Clerk'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 Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk'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 Clerk'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 Clerk'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 Clerk, management of Palm Beach County, Florida Clerk & Comptroller's office, and the Auditor General, State of Florida and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011



**Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida**

To the Honorable Sharon R. Bock
Clerk and Comptroller
Palm Beach County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Clerk & Comptroller, Palm Beach County, Florida (the "Clerk"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011, which was prepared to comply with State of Florida reporting requirements.

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. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 14, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the 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:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial report have been addressed in Appendix A to this report.

Section 10.554(1)(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 Clerk complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Clerk's 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.

Sections 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 findings.

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. This information is disclosed in Note 1 of the Clerk's financial statements.

Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of the courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

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 requires us to indicate that this letter is intended solely for the information and use of the Clerk, management of Palm Beach County, Florida, Clerk's Office and the State of Florida Office of the Florida Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

Clerk & Comptroller
Palm Beach County, Florida

Appendix A – Prior Year Recommendations to Improve
Financial Management, Accounting Procedures
and Internal Controls

No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 09-1	Correction Mode of Payroll Application		X

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Section X

SUPERVISOR OF ELECTIONS



Independent Auditor's Report

The Honorable Susan Bucher
Supervisor of Elections
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund of the Supervisor of Elections, of Palm Beach County, Florida (the "Supervisor"), as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Supervisor's management. Our responsibility is to express an opinion 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

As discussed in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Government Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of the Supervisor as of September 30, 2010, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Supervisor as of September 30, 2010, and the changes in its financial position 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 July 14, 2011 on our consideration of the Supervisor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 budgetary comparison schedule and schedule of funding progress are not a required part of the 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.

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

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
BALANCE SHEET - GENERAL FUND
September 30, 2010

ASSETS

Cash and cash equivalents	\$ 3,128,973
Accounts receivable, net	8,730
Other assets	24,056
<hr/>	
Total assets	\$ 3,161,759
<hr/> <hr/>	

LIABILITIES AND FUND BALANCE

Vouchers payable and accrued liabilities	\$ 299,733
Due to Board of County Commissioners	2,681,103
Due to other governments	33,083
Deferred and unearned revenue	147,840
<hr/>	
Total liabilities	3,161,759
<hr/>	
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 3,161,759
<hr/> <hr/>	

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

PALM BEACH COUNTY, FLORIDA
 SUPERVISOR OF ELECTIONS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND
 For the fiscal year ended September 30, 2010

Revenues:	
Intergovernmental	\$ 173,040
Charges for services	311,089
Investment income	9,674
Miscellaneous	534,583
<hr/>	
Total revenues	1,028,386
<hr/>	
Expenditures:	
Current:	
General government	7,311,055
Capital outlay	102,921
<hr/>	
Total expenditures	7,413,976
<hr/>	
Excess of expenditures over revenues	(6,385,590)
<hr/>	
Other financing sources (uses):	
Transfer from Board of County Commissioners	9,028,270
Transfer to Board of County Commissioners	(2,642,680)
<hr/>	
Total other financing sources (uses)	6,385,590
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance, October 1, 2009	-
<hr/>	
Fund balance, September 30, 2010	\$ -
<hr/> <hr/>	

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

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying financial statements:

Reporting Entity

The Palm Beach County Supervisor of Elections is a separately elected county official established pursuant to the Constitution of the State of Florida. The Supervisor of Election's financial statements do not purport to reflect the financial position or the results of operations of Palm Beach County, Florida (the County) taken as a whole.

Section 10.556(6), *Rules of the Auditor General for Local Governmental Entity Audits*, requires the Palm Beach County, Florida, Supervisor of Elections financial statements to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Palm Beach County, Florida, Supervisor of Elections as of September 30, 2010 and the changes in financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The financial activities of the Supervisor of Elections, as a constitutional officer, are included in the Palm Beach County, Florida Comprehensive Annual Financial Report.

Basis of Presentation

The accounting records of the Supervisor of Elections are organized on the basis of funds as prescribed by GAAP applicable to governments as established by the GASB. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The type and fund used by the Supervisor of Elections is described as follows:

- *The General Fund*, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Supervisor of Elections.

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is utilized by governmental funds. Under this basis, revenues are recognized if they are susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. For this purpose, the Supervisor of Elections considers revenue to be available if they are collected within 60 days of year-end. Primary revenue sources susceptible to accrual include charges for services and interest. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include compensated absences and other post-employment benefits, which are not recorded as expenditures because these amounts will not be paid from expendable available resources.

Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. The operating statement reports increases and decreases in net current assets.

Encumbrances

Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid for goods on order or unperformed contracts in progress at year-end. Because appropriations lapse at year-end, it is the Supervisor of Elections’ policy to liquidate open encumbrances and re-appropriate such amounts at the beginning of the next fiscal year.

Accounting Estimates

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

Deposits

All deposits are held in qualified public depositories pursuant to the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" and are covered by either federal depository insurance or collateral held by the Chief Financial Officer of Florida. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the Chief Financial Officer of Florida from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool.

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Cash Equivalents

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents.

Investments

State statutes authorize investments in obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreements, interest-bearing time deposits, savings accounts, the Local Government Surplus Funds Trust Fund (State Board of Administration), the Florida Local Government Investment Trust (FLGIT), collateralized mortgage obligations (CMO), and certain corporate securities.

During the fiscal year and at fiscal year ending September 30, 2010 the Supervisor of Elections did not have any investments.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

Capital Assets

Upon acquisition, capital assets are recorded as capital outlay expenditures in the General Fund of the Supervisor of Elections and are capitalized at cost in the governmental activities of the basic financial statements of the County. Capital assets are depreciated using the straight-line method over a period ranging from 2 to 15 years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County. The Supervisor of Elections maintains custodial responsibility for the capital assets used by its office.

Compensated Absences

Employees of the Supervisor of Elections may accumulate unused vacation and sick leave up to a specified amount. Sick leave up to a maximum of 50%, but not more than 500 hours, based on years of service, and a maximum of 400 hours of accumulated vacation are payable to employees upon termination or retirement at the rate of pay on that date.

For governmental fund reporting a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within governmental activities of the County's basic financial statements, vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

liability and it is probable that the Supervisor of Elections will compensate the employees in some manner, e.g. in cash or in paid time-off, now or upon termination or retirement. The Supervisor of Elections uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future. The obligation is reported in Note 2.

2. COMPENSATED ABSENCES

A summary of changes in compensated absences not reported at the governmental fund level but reported in the basic government-wide financial statements of the County is as follows:

Compensated absences at October 1, 2009	\$273,788
Increase in accrued compensated absences	154,336
Decrease in accrued compensated absences	<u>(216,429)</u>
Compensated absences at September 30, 2010	<u>\$211,695</u>

3. RETIREMENT PLANS

FLORIDA RETIREMENT SYSTEM

Plan Description - The Supervisor of Elections participates in the Florida Retirement System (FRS), a non-contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement. The FRS was created December 1, 1970. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Florida Statutes, Chapter 121, and may only be amended by the Florida Legislature.

The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Florida Division of Retirement, ATTN: Research, Education & Policy Section, P. O. Box 9000, Tallahassee, Florida 32315-9000, calling 1-850-488-5706, or accessing their website at: <http://dms.myflorida.com>.

Beginning July 1, 2002, the FRS became one plan with two primary options, a defined benefit option known as the FRS Pension Plan and an alternative defined contribution option known as the FRS Investment Plan. The two options are described in detail below.

The FRS Pension Plan provides for vesting of benefits after 6 years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. Average final compensation is the average of the five highest fiscal years of earnings. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. Regular Class members are eligible for normal retirement if they are

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

vested and age 62 or if they have 30 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS Investment Plan, formally created as the Public Employee Optional Retirement Program (PEORP), is a participant-directed 401(a) program selected by employees in lieu of participation in the defined benefit option of the Florida Retirement System. Benefits accrue in individual accounts that are participant-directed, portable, and funded by employer contributions. Participants and beneficiaries bear the investment risks that result when they exercise control over investments in their accounts. The Investment Plan offers a diversified mix of low-cost investment options that span the risk-return spectrum and give participants the opportunity to accumulate retirement benefits. Members are vested after completing one year of creditable service.

Funding Policy - The contribution requirements of the Supervisor of Elections are established and may be amended by the Florida Legislature. The Supervisor of Elections' contributions to FRS for the years ended September 30, 2010, 2009, and 2008 were \$204,691, \$213,020, \$207,126, respectively, equal to the required contributions for each year.

The following membership classes and rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2010:

<u>Membership Class</u>	<u>Rates</u>
Regular	10.77%
Special Risk	23.25%
Judges	21.79%
Legislators	16.34%
Governor/Lieutenant Governor/Cabinet	16.34%
State Attorney/Public Defender	16.34%
County, City, Special District Elected Officers	18.64%
Special Risk Administrative Support	13.24%
IFAS Supplemental	18.75%
Senior Management	14.57%
Deferred Retirement Option Program	12.25%

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

4. LEASES

The Supervisor of Elections has entered into various leases which are classified as operating leases for accounting purposes. Total operating lease expense for facilities for fiscal year ended September 30, 2010 amounted to \$181,582.

Future minimum lease payments under operating leases as of September 30, 2010 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 488,097
2012	484,231
2013	480,365
2014	480,365
2015	<u>120,091</u>
Total	<u>\$2,053,149</u>

5. RISK MANAGEMENT

The Supervisor of Elections is covered by the BOCC's self-insurance programs for its casualty insurance and workers' compensation exposures and included under its commercial policies for employee group health insurance.

Casualty Insurance

The Supervisor of Elections is covered by the BOCC's casualty self-insurance program. This type of insurance limits the Supervisor of Elections' exposure to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; and natural disasters.

Workers' Compensation

The Supervisor of Elections participates in the BOCC's workers' compensation self-insurance program. Payments are made by the Supervisor of Elections to the BOCC based on estimates of the amounts needed to pay current claims and a provision for incurred but unreported claims.

For the fiscal year ended September 30, 2010, the BOCC charged the Supervisor of Elections \$12,461 for workers' compensation insurance.

Employee Group Health Insurance

The Supervisor of Elections participates in the BOCC's health insurance program for its employees and eligible dependents. Payments are made to the BOCC's insurance fund.

For the fiscal year ended September 30, 2010, the BOCC charged the Supervisor of Elections \$401,946 for employee group health insurance.

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Settled claims have not exceeded insurance coverage for any of the insurance programs noted above in the past three fiscal years.

6. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Healthcare Plan for the Supervisor of Elections of Palm Beach County:

Plan Description: The defined benefit post-employment healthcare plan provides medical benefits to eligible retired employees and their dependents. The plan is a single employer plan which is administered by the County. The Supervisor of Elections participates in the County plan. The plan does not issue stand-alone financial statements.

Funding Policy: The contribution requirements of plan members and the Supervisor of Elections are established and may be amended by the County. The Supervisor of Elections is required by Florida Statute 112.0801 to allow their retirees (and eligible participants) to continue participation in the group insurance plan. Retirees must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees which results in an implicit subsidy as defined by GASB 45. At September 30, 2010, retirees receiving benefits contributed \$549 to \$4,177 monthly for medical coverage.

OPEB Cost and Net OPEB Obligation: The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2010:

Annual required contribution (ARC)	\$ 5,000
Interest on net OPEB obligation	96
Adjustment to annual required contribution	2,542
Annual OPEB cost	7,638
Contributions made	-
Increase in net OPEB obligation	7,638
Net OPEB obligation- beginning of year	12,019
Net OPEB obligation- end of year	\$ 19,657

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding two fiscal years.

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	\$6,000	0.0%	\$6,000
9/30/2009	\$6,019	0.0%	\$12,019
9/30/2010	\$7,638	0.0%	\$19,657

Funded Status and Funding Progress: The plan is financed on a ‘pay-as-you-go’ basis. The funded status of the plan as of the most recent actuarial valuation date was as follows:

Actuarial accrued liability (AAL)	\$39,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$39,000
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$1,976,670
UAAL as a percentage of covered payroll	2.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2009
Actuarial cost method	Projected unit credit actuarial cost method
Actuarial Amortization method	Level percentage of projected payroll on open basis
Remaining amortization period	30 years
Asset valuation method	not applicable
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.5%
Healthcare inflation rate- initial	11%
Healthcare inflation rate- ultimate	5%

**PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
SEPTEMBER 30, 2010**

Required Supplemental Information (RSI)

Other Post Employment Benefits (OPEB)

Healthcare Plan for Supervisor of Elections of Palm Beach County
Scheduling of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2007	\$0	\$51,000	\$51,000	0.0%	\$2,009,903	2.5%
10/1/2009	\$0	\$39,000	\$39,000	0.0%	\$1,976,670	2.0%

PALM BEACH COUNTY, FLORIDA
 SUPERVISOR OF ELECTIONS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 For the fiscal year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 173,040	\$ 173,040
Charges for services	-	-	311,089	311,089
Investment income	-	-	9,674	9,674
Miscellaneous	-	-	534,583	534,583
Total revenues	-	-	1,028,386	1,028,386
Expenditures:				
Current:				
General government	8,872,558	8,872,558	7,311,055	1,561,503
Capital outlay	155,712	155,712	102,921	52,791
Total expenditures	9,028,270	9,028,270	7,413,976	1,614,294
Excess of revenues over (under) expenditures	(9,028,270)	(9,028,270)	(6,385,590)	2,642,680
Other financing sources:				
Transfers from Board of County Commissioners	9,028,270	9,028,270	9,028,270	-
Transfers to Board of County Commissioners	-	-	(2,642,680)	(2,642,680)
Total other financing sources (uses)	9,028,270	9,028,270	6,385,590	(2,642,680)
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2009	-	-	-	-
Fund balance, September 30, 2010	\$ -	\$ -	\$ -	\$ -

Sections 129.03 and 129.201-.202, Florida Statutes, govern the preparation, adoption and administration of the budget of the Supervisor of Elections. On or before June 1 of each year, the Supervisor of Elections shall submit to the BOCC a tentative budget for the office for the ensuing fiscal year. However, the BOCC, by resolution R-95-1195, requires the tentative budget to be submitted by May 1 of each year. The budget for the general fund is adopted on a basis consistent with accounting principles generally accepted in the United States. The level of budgetary control is at the fund level.



**Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based
on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Susan Bucher
Supervisor of Elections
Palm Beach County, Florida

We have audited the financial statements of the major fund of the Supervisor of Elections, of Palm Beach County, Florida (the "Supervisor"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011. These financial statements were prepared to comply with Section 218.39(2), Florida Statutes and Section 10.557(3), Rules of the Auditor General for Local Government Entity Audits. 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 Supervisor's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor'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 Supervisor'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 Supervisor'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 Supervisor, management of the Palm Beach County, Florida Supervisor's office, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

Supervisor of Elections, Palm Beach County

Schedule of Prior Year Findings and Responses
Year Ended September 30, 2010

IC 2009-01 – Lack of Supporting Documentation for Transaction

Criteria: Internal control policies and procedures should be in place and implemented to provide reasonable assurance that transactions are properly authorized and have been accurately executed.

Condition: In our testing of controls over disbursements we noted a transaction that was not properly supported by a purchase order or invoice. This item was prepaid and therefore was approved before it occurred by the Supervisor of Elections; however, there was no evidence of a tracking system in place to ensure that the transaction was properly executed.

Context: This condition is considered to be an isolated incident.

Effect: Without proper authorization or documentary evidence of tracking the execution of the transaction it is possible for a material misstatement to occur.

Cause: The prepayment was authorized by virtue of the signing of the check by the chief deputy, in the absence of the Supervisor of Elections. The tracking documentation, available on line for a limited period, was not retrieved in a timely manner after the service was performed by the vendor.

Prior Recommendation: We recommend that all transactions be properly supported with a purchase order as dictated by the Supervisor's policies and procedures. Further, when a service is prepaid, we recommend the Supervisor's Office establish procedures to ensure that the transaction occurs and obtain evidence to support the completion of the transaction.

Prior Views of Responsible Officials and Planned Corrective Action: To be provided by management: It is agreed that a purchase order for the service is to be completed, per our office purchasing procedures. In addition, the tracking documentation will be retrieved within the timing of online availability from the vendor.

Current Year Status: Corrective action has been taken.



**Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida**

The Honorable Susan Bucher
Supervisor of Elections
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund of the Supervisor of Elections, of Palm Beach County, Florida (the "Supervisor"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011, which was prepared to comply with State of Florida reporting requirements.

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. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 14, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern 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' report:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial report have been addressed in Appendix A to this report.

Section 10.554(1)(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 Supervisor complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Supervisor's 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.

Sections 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 findings.

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 the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Supervisor's financial statements.

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 requires us to indicate that this letter is intended solely for the information and use of the Supervisor, management of the Palm Beach County, Florida Supervisor's Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011

Supervisor of Elections

Appendix A
Prior Year Recommendations to Improve
Financial Management, Accounting Procedures
and Internal Controls

No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 09-01	Evidence of Review		X
ML 09-02	General Accounts		X
ML 09-03	Anti Virus Program		X

Section XI

IMPACT FEE COMPLIANCE



SHARON R. BOCK

Clerk & Comptroller
Palm Beach County

July 25, 2011

Auditor General's Office
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Affidavit - Florida Impact Fee Act

In accordance with the Florida Impact Fee Act, Section 163.31801 (4), F.S. (the "Act"), I hereby certify that Palm Beach County has complied with the Act as follows:

1. Calculation of impact fee based on most recent and localized data.
2. Provision of accounting and reporting of impact fee collections and expenditures.
3. Administrative charges for the collection of impact fees limited to actual costs.
4. Notice was provided not less than 90 days before effective date of new or amended impact fee.

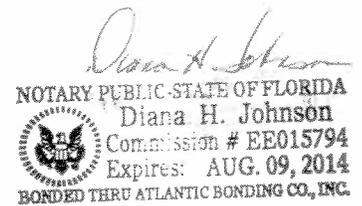
Attached is correspondence received from the County's Office of Financial Management and Budget which states the County has complied with the Act.

For any questions related to this information, please call Mr. Tony F. DeBlasio, Manager of Accounting & Financial Reporting in my office at 561-355-3448.

Best regards,

Sharon R. Bock, Esq.
Clerk & Comptroller,
Palm Beach County, Florida

SRB/tfd/pag
Attachment



State of Florida
County: Palm Beach
Sworn to & subscribed
before me this 25th day of
July, 2011 by Sharon R. Bock,
personally known to me.

301 North Olive Avenue, 9th Floor
West Palm Beach, Florida 33401

P.O. Box 229
West Palm Beach, Florida 33402

Telephone 561-355-2996
Facsimile 561-355-6727

www.mypalmbeachclerk.com

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INTER-OFFICE COMMUNICATION
PALM BEACH COUNTY

To: Sharon R. Bock
Palm Beach County Clerk & Comptroller

From: Elizabeth Bloeser, Director
Office of Financial Management & Budget



Date: April 18, 2011

Subject: Certification of Compliance (Sec. 163.31801 F.S.)

Pursuant to law, the County's Chief Financial Officer is required to file an affidavit with the County's annual audit submittal to the Auditor General, stating that the County has complied with Sec. 163.31801 F.S. To permit you to carry out that requirement, OFMB certifies as follows:

Yes	No	Action or Event Required
✓		Impact fees are adopted by ordinance
✓		Fee calculations are based on the most recent and localized data
✓		The County's impact fee ordinance provides for accounting and reporting of impact fee collections and expenditures. Revenues and expenditures for each impact fee are accounted for in a separate accounting fund.
✓		Administrative charges are limited to actual costs
✓		Notice is provided not less than 90 days before any amendment of impact fees

If there are questions concerning any of these points, please contact Richard Iavarone, Director of the Financial Management Division, at 355-4369.

Copies: Richard Iavarone
Willie Swoope
Leonard Berger
Paul Guzenski ✓

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