PALM BEACH COUNTY, FLORIDA

ANNUAL FINANCIAL AUDIT REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2007

Prepared By
SHARON R. BOCK

Clerk & Comptroller
Palm Beach County
Finance Department

Palm Beach County, Florida
Annual Financial Audit Report
September 30, 2007
Table of Contents

		PAGE
COUNTY-WIDE AUDIT:		
Section I:	Independent Auditor's Report	i
	Management's Discussion and Analysis	iii
	Basic Financial Statements	
	- Government-wide Financial Statements	I-2
	- Fund Financial Statements	I-8
	- Notes to Financial Statements	I-28
	Required Supplementary Information	I-105
Section II:	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*	
	- Solid Waste Authority	II-1
	(Refer to V-9,V-10 for Board of County Commissioners)	
Section III:	Management Letter - Board of County Commissioners	III-1
Section IV:	Management Letter - Solid Waste Authority	IV-1
Section V:	Federal and State Financial Assistance	V-1
COUNTY AGENCY AUDITS:		
Section VI:	***TAX COLLECTOR***	
	Independent Auditor's Report	VI-1
	Financial Statements and Notes	VI-3
	Required Supplementary Information	
	Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - General Fund	VI-14

(Continued)

Palm Beach County, Florida
Annual Financial Audit Report
September 30, 2007
Table of Contents, continued

	PAGE
Section VI: ***TAX COLLECTOR, continued***	
Other Financial Information	
Statement of Changes in Assets and Liabilities - Agency Fund	VI-15
Other Reports	
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*	VI-17
Management Letter	VI-19
Section VII: ***PROPERTY APPRAISER***	
Independent Auditor's Report	VII-1
Financial Statements and Notes	VII-3
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - General Fund	VII-14
Other Reports	
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*	VII-15
Management Letter	VII-17
Section VIII: ***SHERIFF***	
Independent Auditor's Report	VIII-1
Financial Statements and Notes	VIII-3
Required Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - General Fund	VIII-17
- Special Revenue Fund	VIII-18
Other Financial Information	
Statement of Changes in Assets and Liabilities - Agency Fund	VIII-19

(Continued)

Palm Beach County, Florida
Annual Financial Audit Report
September 30, 2007
Table of Contents, continued

		PAGE
Section VIII:	***SHERIFF, continued***	
	Other Reports	
	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*	VIII-21
	Management Letter	VIII-23
Section IX:	***CLERK & COMPTROLLER***	
	Independent Auditor's Report	IX-1
	Financial Statements and Notes	IX-3
	Required Supplementary Information	
	Schedules of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - General Fund	IX-19
	- Public Records Modernization Trust Fund	IX-20
	Other Financial Information	
	Statement of Changes in Assets and Liabilities - Agency Fund	IX-21
	Other Reports	
	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*	IX-23
	Management Letter	IX-25
Section X:	***SUPERVISOR OF ELECTIONS***	
	Independent Auditor's Report	X-1
	Financial Statements and Notes	X-3
	Required Supplementary Information	
	Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - General Fund	X-12
	Other Reports	
	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*	X-13
	Management Letter	X-15

(Continued)

Palm Beach County, Florida
Annual Financial Audit Report
September 30, 2007
Table of Contents, continued

IMPACT FEE COMPLIANCE:

		PAGE
Section XI:	Affidavit signed by Chief Financial Officer	XI-1
	Certification of Compliance from OFMB	XI-3

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

McGladrey & Pullen

Certified Public Accountants

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 Arthur Anderson
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, 2007, 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 27% of the total assets and 53% 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 43% of the total assets and 45% 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 55% of the total assets and 28% 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

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, 2007, 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 our report dated March 19, 2008 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 on pages xiii through xxviii, the Budgetary Comparison Schedules – General Fund, Fire Rescue Special Revenue Fund and Sheriff Special Fund on pages 105 through 107 and the schedules of funding progress on page 108 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

West Palm Beach, Florida
March 19, 2008

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, 2007. 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 I-2).

Financial Highlights

- The County's assets exceeded its liabilities (net assets) by approximately $3.838 billion and $3.561 billion at the close of fiscal years 2007 and 2006, respectively. Of these amounts, $2.346 billion and $2.098 billion were invested in capital assets, net of related debt. In addition, $788.2 million and $728.5 million were restricted by law, grant agreements, debt covenants, or for capital projects. As a result, $704.3 million and $734.2 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 increased $277.5 million, an increase of approximately 7.8% from the previous year. Approximately $146.3 million of this increase was from business-type activities. Approximately $131.2 million of the increase was from governmental activities.

- At September 30, 2007, the County's governmental funds reported a combined ending fund balance of $1.410 billion, a decrease of $73.9 million or 5.0% from the previous year.

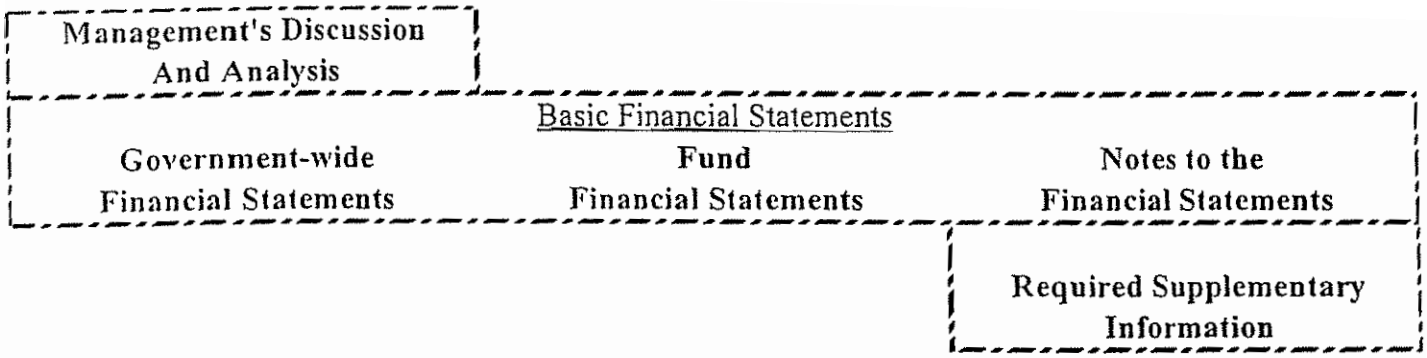
- At September 30, 2007, the unreserved fund balance for the General Fund was $240.8 million and the total fund balance was $242.8 million which is an increase of $21.3 million or 9.6% from the previous year.

- The County's three enterprise funds, the Department of Airports, the Water Utilities Department, and the Solid Waste Authority had increases in net assets of $24.6 million, $51.8 million and $70.6 million, respectively, over the previous year.

- The County's total liabilities at September 30, 2007 and 2006 were $2.195 billion and $2.134 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 (see chart on next page).



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, Graphic, Risk Management and Information System Services 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 five 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, 2007 and 2006, the County's total net assets, or total assets less liabilities, were $3.838 billion and $3.561 billion, respectively. A significant portion of the County's net assets, $2.346 billion or 61.1%, 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, 2007 and 2006, 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 thousands)

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	$ 1,745,922	$ 1,744,925	$ 575,790	$ 667,161	$ 2,321,712	$ 2,412,086
Capital assets	2,096,057	1,872,371	1,615,468	1,410,545	3,711,525	3,282,916
Total assets	3,841,979	3,617,296	2,191,258	2,077,706	6,033,237	5,695,002
Liabilities						
Current	369,961	272,943	127,777	113,219	497,738	386,162
Long-term debt due in more than one year	1,097,067	1,100,598	600,357	647,673	1,697,424	1,748,271
Total liabilities	1,467,028	1,373,541	728,134	760,892	2,195,162	2,134,433
Net Assets						
Invested in capital assets, net of related debt	1,258,859	1,149,700	1,086,676	948,166	2,345,535	2,097,866
Restricted	691,922	653,306	96,296	75,198	788,218	728,504
Unrestricted	424,170	440,749	280,152	293,450	704,322	734,199
Total net assets	$ 2,374,951	$ 2,243,755	$ 1,463,124	$ 1,316,814	$ 3,838,075	$ 3,560,569

Governmental activities

Governmental activities were responsible for a $131.2 million increase in the County's net assets. The growth in net assets from governmental activities represented 47.3% of the County's total growth in net assets. The increase in net assets is attributed to significant increases in two revenue categories:

- An increase in property values accompanied by a small reduction in the overall millage rates resulted in additional ad valorem tax revenue for the year. The assessed value of taxable property located in the County (after exemptions) grew from $138.7 billion in 2006 to $146.6 billion in 2007. This represented an increase of $7.9 billion or 5.7%. Gross property taxes levied for fiscal year 2007 rose from $831.9 million in 2006 to $978.1 million for 2007, an increase of $146.2 million or 17.6%.

- Investment income grew significantly. This is due to several factors, including the overall yield increasing 41 basis points to 5.17% and rebalancing certain securities to increase overall portfolio yield.

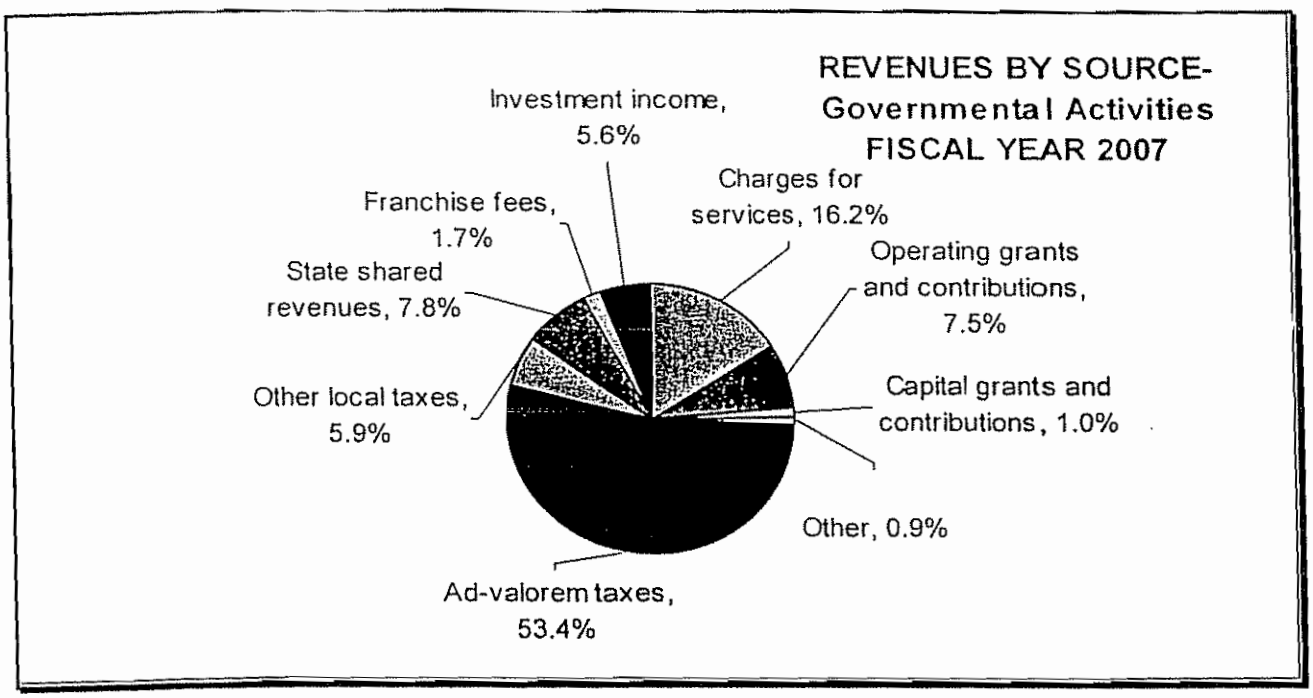
Key elements on the increase in net assets during fiscal year 2007 are on the chart on the following page.

Operating grants and contributions decreased $37.1 million. This was partially due to additional funds being received from the Federal Emergency Management Agency for hurricane related reimbursements in fiscal year 2006. Since there were no hurricanes during fiscal year 2007, no additional operating grant revenues were recorded during fiscal year 2007.

Investment income increased $23.5 million. The overall increase was due to an increase in realized interest earnings during the year due to rising market interest rates earned during the fiscal year.

Transportation expenses increased $22.2 million primarily due to higher transportation related expenditures related to operations (gasoline costs) and maintenance.

The County's governmental activities had net expenses of $1.193 billion. However, 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) exceeded total expenses by $133.7 million.



Business-type activities

The County's business-type activities had total revenues of $481.4 million and had total revenues in excess of total expenses of $143.8 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.

Palm Beach County, Florida
Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues:						
Charges for services	$ 285,765	$ 340,030	$ 380,467	$ 347,556	$ 666,232	$ 687,586
Operating grants and contributions	132,204	169,339	43,763	81,160	175,967	250,499
Capital grants and contributions	18,203	18,861	57,147	86,049	75,350	104,910
	436,172	528,230	481,377	514,765	917,549	1,042,995
General Revenues:						
Ad valorem taxes	939,720	800,033			939,720	800,033
Other local taxes	104,310	101,556			104,310	101,556
State shared revenues	137,690	141,613			137,690	141,613
Franchise fees	30,005	29,708			30,005	29,708
Investment income	98,855	75,370			98,855	75,370
Other	16,446	5,275	20	3,464	16,466	8,739
Total revenues	1,763,198	1,681,785	481,397	518,229	2,244,595	2,200,014
Expenses						
General government	353,586	334,222			353,586	334,222
Public safety	648,701	594,770			648,701	594,770
Physical environment	28,637	22,759			28,637	22,759
Transportation	169,133	146,886			169,133	146,886
Economic environment	160,162	70,954			160,162	70,954
Human services	100,967	92,500			100,967	92,500
Culture and recreation	119,260	135,555			119,260	135,555
Interest expense	49,028	46,868			49,028	46,868
Department of Airports			66,277	65,296	66,277	65,296
Water Utilities Department			112,853	98,664	112,853	98,664
Solid Waste Authority			158,485	211,846	158,485	211,846
Total expenses	1,629,474	1,444,514	337,615	375,806	1,967,089	1,820,320
Excess	133,724	237,271	143,782	142,423	277,506	379,694
Transfers In (Out)	(2,528)	(11,055)	2,528	11,055	-	-
Special items	-	-	-	(32,214)	-	(32,214)
Change in net assets	131,196	226,216	146,310	121,264	277,506	347,480
Beginning net assets	2,243,755	2,017,539	1,316,814	1,195,550	3,560,569	3,213,089
Ending net assets	$ 2,374,951	$ 2,243,755	$ 1,463,124	$ 1,316,814	$ 3,838,075	$ 3,560,569

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 overall fund balance decrease in the Governmental Funds is primarily the net result of activity in the various capital projects funds and some of the special revenue funds.

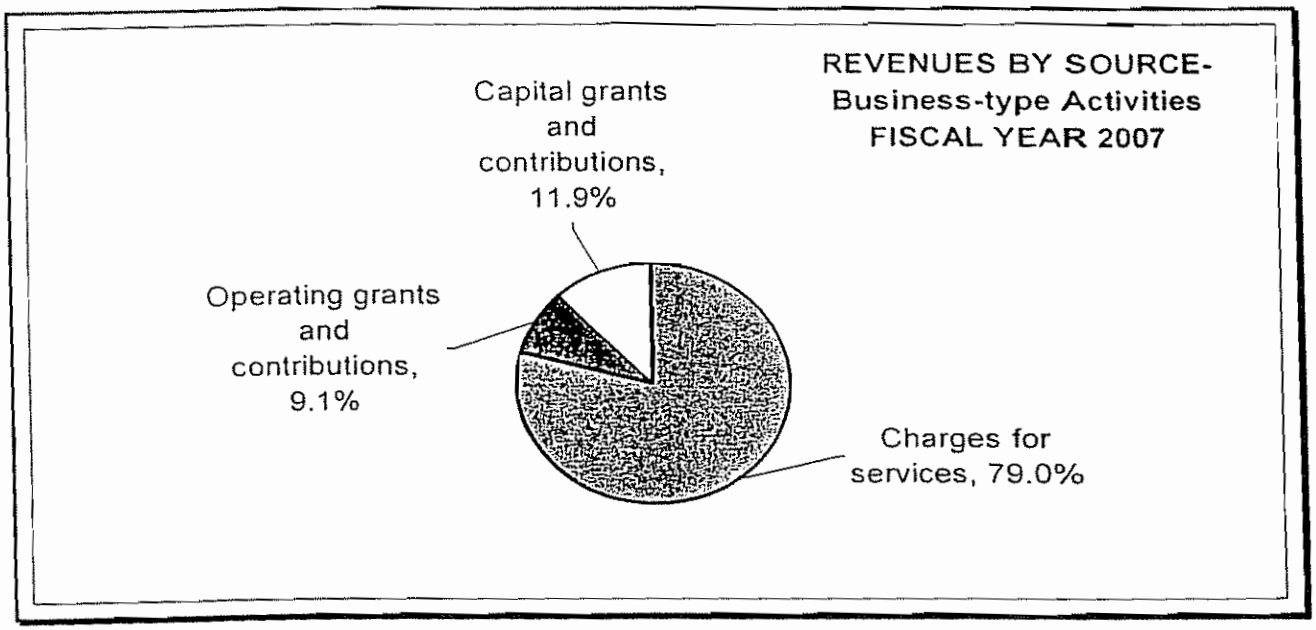
- General Fund growth in fund balance can be attributed to investment earnings in excess of budget, the Sheriff's return of $10 million in excess fees, and the net over-collection/under-spending of the various departmental budgets.

- Balances in the Capital Project funds decreased by $99 million (24%) due to project activity and completions. Most of the major projects are multi-year projects, funded in the first year, with the unspent balance carrying over into subsequent years. Fund balance not designated for a specific project in the Road Program is carried over and held in reserve for future projects.

- Fund balance in the Fire-Rescue special revenue fund increased due to a planned increase in reserves to offset future operating needs. Also, increased investment earnings and un-expended salary budget for disaster recovery is available for carry over.

- In FY 2007, over $88 million in ad valorem equivalent funding was provided for capital projects, including street and drainage improvements, park improvements, new computer technology, and facility renovations. Additionally, bond/loan proceeds were recognized to fund other capital projects, including Judicial Parking Garage, South County Golf Course and Environmentally Sensitive Lands. These projects are multi-year projects, whose budgets are established at inception when the revenue is recognized. The expenditure budgets carry over into the ensuing years.

At September 30, 2007, the County's governmental funds reported combined ending fund balances of $1.410 billion, a decrease of $73.9 million from the previous year. This decrease was the result of a combination of the $1.8 million decrease in the ending fund balance of the Road Program Capital Projects Fund; an increase in the General Fund of $21.3 million; an increase in the Fire Rescue Special Revenue Fund of $17.9 million; an increase in the Sheriff Special Revenue Fund of $2.8 million; a decrease in the General Government Capital Projects Fund of $51.2 million and a decrease in Other Governmental Funds of $62.9 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 rose by 3%, increasing from $64.2 million to $66 million. Components include an increase in parking revenues of $1 million and an increase in landing fee revenue of $400,000. Both revenue increases were attributable to rate increases over the prior year.

- Operating expenses increased by 3%, totaling $41 million in fiscal year 2007. Maintenance expenses increased by 11% due to additional equipment maintenance (loading bridges, baggage systems, escalators, vehicles) and additional janitorial costs due to increased terminal areas to maintain.

- Operating income after depreciation remained at $5.1 million.

- Non-operating revenues from Passenger Facility Charges (PFC) increased from $9.4 million to $10.7 million. Actual PFC receipts in fiscal year 2007 were substantially the same as receipts in fiscal year 2006.

Water Utilities Department:

- The Department's net assets increased by $51.8 million, or 6.4%, during the year.

- Long-term debt (net of the current portion) decreased by $13.7 million, or 7.1%, during the year.

- Operating revenues in fiscal year 2007 totaled $101.2 million, a 12.7% increase. Fiscal year 2007 also included the effect of an 18% on-line rate increase effective in May, 2007 and a 1.6% increase in the customer base. These were offset by the effects of mandatory water restrictions imposed by the South Florida Water Management District.

- Operating expenses before depreciation and amortization and equity interest in net loss of joint venture totaled $73.8 million, an increase of $8.3 million or 12.7%.

- Non-operating revenue increased by $0.3 million, or 2.7% in fiscal year 2007.

- The Department's total income before contributions and transfers remained strong at $5.3 million.

Solid Waste Authority:

- ✓ The Authority's assets exceeded its liabilities (net assets) by approximately $276.8 million at the close of fiscal year 2007. Of this amount, approximately $102.9 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 $70.6 million for fiscal year 2007.

- ✓ In fiscal year 2007 the Authority received approximately $7.8 million from federal and state agencies for reimbursement of costs associated with the clean-up efforts following Hurricanes Wilma, Frances, and Jeanne.

- ✓ The Authority repaid three line of credit agreements that were entered into for the purpose of financing the costs incurred in connection with the removal and disposal of debris and the cost to repair damaged facilities resulting from Hurricanes Wilma, Frances, and Jeanne.

- ✓ During fiscal year 2007, the Authority received insurance proceeds of approximately $4.55 million relating to a fire that damaged the Authority's waste-to-energy facility in October 2005. The facility was shut down for approximately one month and returned to operation.

- ✓ Tipping Fee revenue for fiscal year 2007 declined by approximately $7.6 million from fiscal year 2006. This is due in large part to higher than normal amounts of debris being brought to the Authority in 2006 resulting from hurricane activity.

- ✓ The Authority is beginning an aggressive capital renewal and expansion program. As a result of this effort, assessment rates were increased resulting in an increase in assessment revenue of approximately $22.5 million in fiscal year 2007.

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 2007, supplemental appropriations to the Board of County Commissioners' budget excluding component units, were approximately $281.2 million, or approximately 6.4% of the original adopted budget.

Differences between the original budget for fiscal year 2007 and the final amended budget for the General Fund can be summarized as follows:

- Reappropriations, which represent the "true up" of beginning fund balance to actual fund balance, accounted for $26.4 million of the difference between adopted budget and the final budget.

- The Utility Tax - Electricity fund was established during the year and the related budget of $29.6 was moved from the General Fund.

- Additional budget amendments throughout the year accounted for the remaining increase in final budget. The most significant of these increased the Sheriff's budget providing for the establishment of contracts for off-duty patrol and contracts between the Sheriff's Office and the municipalities of Royal Palm Beach and Belle Glade.

Budget to Actual Expenditures

- General Fund budgeted reserves had a balance at year-end of $169 million which represents 85% of the total unexpended appropriations in the fund. These unexpended funds will be carried over into FY 2008 and will be reappropriated.

- The Tax Collector and Property Appraiser returned/underspent approximately $6.8 million.

- The remaining unspent funds can be attributed to County departments, overall, spending less than budgeted.

Budget to Actual Revenues

General Fund collections exceeded budget for the year:

- 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 $7 million.

- Investment Income exceeded budget by 130%. A significant portion of the difference is attributable to interest earned by the Tax Collector and Sheriff's Office. Moreover, a positive GASB 31 adjustment attributed to an increase in the year-end valuation of investments.

Budget to Actual – Other financing sources

Transfers in:

- Actual transfers in includes $13.7 million of excess fees received from the Sheriff and Clerk & Comptroller. Excess fees received from the Sheriff were $10.9 million more than budgeted. Budgeted transfers in totaling $6 million from the Sales Tax fund did not occur during the year due to under-collection of Sales Tax.

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, 2007, amounts to $3.712 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 2007 was 13.1% (a 11.9% increase for governmental activities and a 14.5% increase for business-type activities.

Palm Beach County, Florida
Capital Assets, net of Accumulated Depreciation at Year-End (in thousands)

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2007	2006	2007	2006	2007	2006
Primary Government:						
Land	$ 700,759	$ 635,818	$ 160,616	$ 152,268	$ 861,375	$ 788,086
Buildings & improvements	514,835	449,203	305,701	310,577	820,536	759,780
Improvements other than buildings	126,738	88,417	779,446	684,201	906,184	772,618
Equipment	177,299	150,631	77,606	77,657	254,905	228,288
Infrastructure	241,558	244,798	-	-	241,558	244,798
Easement rights	-	-	11,613	-	11,613	-
Leasehold interest	-	-	10,257	11,457	10,257	11,457
Goodwill	-	-	5,032	5,209	5,032	5,209
Construction in progress	334,868	303,504	265,197	169,176	600,065	472,680
TOTALS	$ 2,096,057	$ 1,872,371	$ 1,615,468	$ 1,410,545	$ 3,711,525	$ 3,282,916

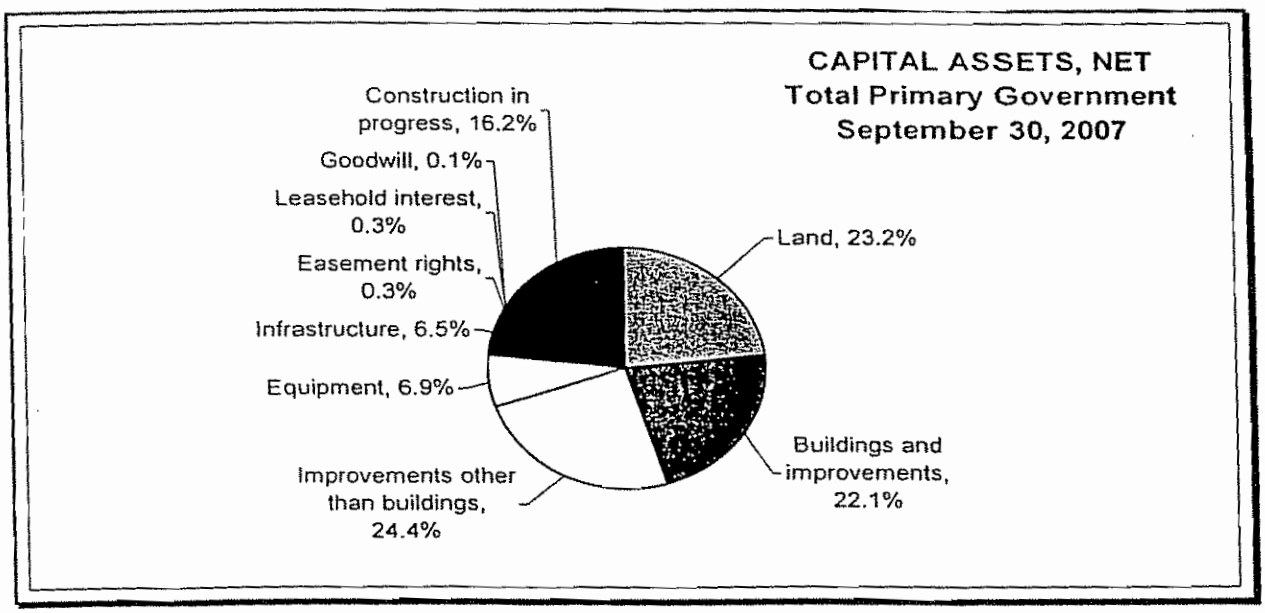
Major capital asset events during the fiscal year include the following:

- Substantially completed projects for 2007 include the Park Ridge Golf Course for $9.0 million, the Therapeutic Recreation Complex for $10 million, District Park "F" (Acreage) for $11.4 million, the Jim Brandon Equestrian Center for $11.3 million, and Glades Pioneer Park Pool for $4.3 million.

- Major capital asset additions by the Water Utilities Department included the completion of the Northern Region Pipeline for $60.9 million, the completion of water treatment plant improvements for $18.9 million and construction of the Century Village Reclaimed Water Facility for $5.9 million.

- The Solid Waste Authority expended approximately $45.2 million on capital assets, which included approximately $9 million for equipment, $12.2 million for construction costs associated with the construction of a golf course on the site of the closed Lantana landfill and $8.2 million for landfill cell construction.

- The Department of Airports expended $90.3 million on capital activities. Completed projects during 2007 totaling $10.3 million were transferred from construction-in-progress to their respective capital accounts. The major project during fiscal year 2007 was construction of an additional long term parking garage which is scheduled for completion in early calendar year 2008.



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

Long-term liabilities. At September 30, 2007, the primary government had 43 issues of bonded debt totaling $1.493 billion. Of this amount, $316 million comprises debt backed by the full faith and credit of the government, $586 million is special obligation debt secured by dedicated revenue sources and $591 million is secured by specified enterprise revenue sources. See chart below for more information.

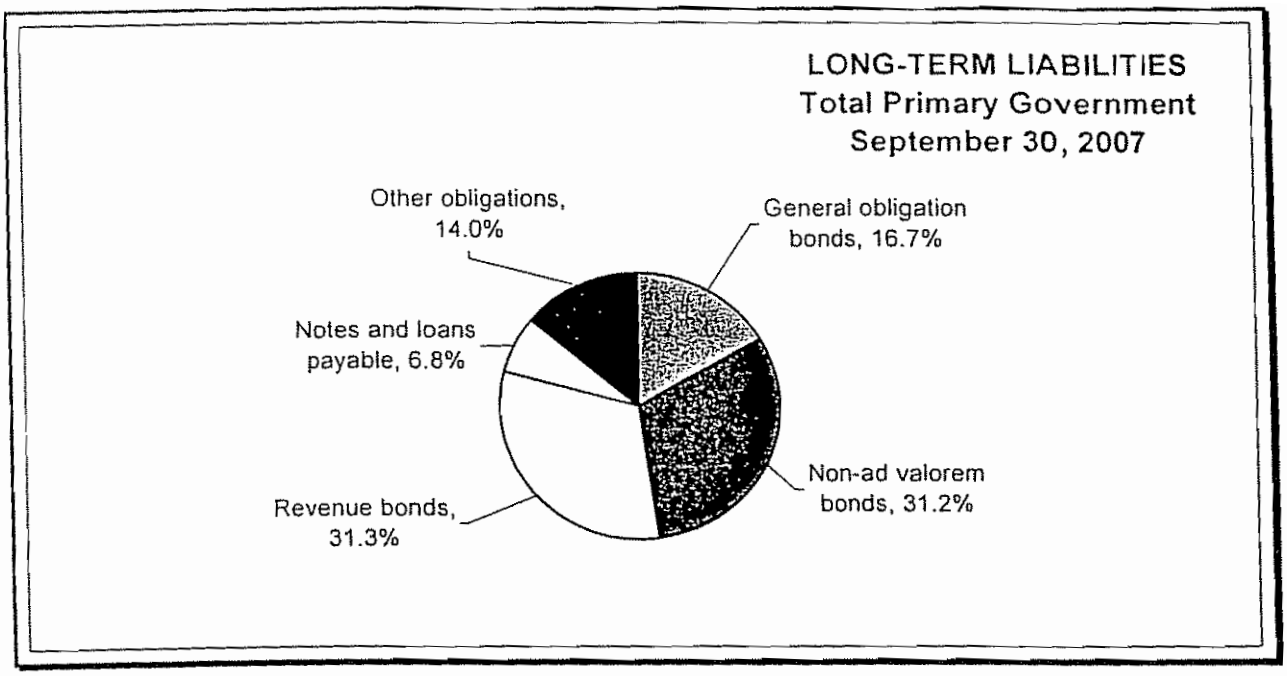
Palm Beach County, Florida
Long-Term Liabilities at Year-End (in thousands)

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2007	2006	2007	2006	2007	2006
General obligation bonds	$ 316,245	$ 338,918	$ -	$ -	$ 316,245	$ 338,918
Non-ad valorem revenue bonds	586,021	609,957	-	-	586,021	609,957
Revenue bonds	-	-	591,205	635,635	591,205	635,635
Notes and loans payable	129,057	94,871	250	7,654	129,307	102,525
Other obligations	203,410	179,337	60,884	56,743	264,294	236,080
TOTALS	$ 1,234,733	$ 1,223,083	$ 652,339	$ 700,032	$ 1,887,072	$ 1,923,115

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, 2007, the County's non-ad valorem revenues were 4.18 times the debt service required in the current or any future fiscal year.

Type of Debt Issue	Moody's	Fitch Ratings	S&P
General obligation bonds	Aaa	AAA	AAA
Non-ad valorem revenue bonds	Aa1	AA+	AA+
Pooled financing loans	Aa1	-	-
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



Refer to Note 15, *Long-Term Debt,* in the *Notes to the Financial Statements* for more information on long-term liabilities.

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.

- During fiscal year 2007, the Florida Legislature imposed significant restrictions on the ability of municipalities and counties to increase ad valorem millage rates, beginning in fiscal year 2008.

- The Florida Department of Labor and Employment Security reported that the number of employed Palm Beach County residents rose from 645,211 in 2006 to 650,548 in 2007, an increase of less than 1%. This compares to a 3.7% increase in 2006. The County's unemployment rate increased to 4.8% for 2007 compared to 3.7% for 2006.

- The Consumer Price Index increased 2.76% over the previous year's rate. Although not specific to Palm Beach County, it does provide economic guidance for budgeting.

- The assessed value of taxable property located in the County (after exemptions) grew from $138.7 billion in 2006 to $146.6 billion in 2007. This represented an increase of $7.9 billion or 5.7%.

- Palm Beach County has a diversified property tax base. The ten largest property taxpayers in the County represent 6.99% of the total ad valorem property taxes levied.

- Gross property taxes levied for fiscal year 2007 rose from $831.9 million in 2006 to $978.1 million for 2007, an increase of $146.2 million or 17.6%.

- Single family permits decreased from 3,866 in 2006 to 1,697 in 2007, or by 56.1%.

- Existing single family home sales for the month of September 2007 were down 17% with 471 units sold compared to 566 units sold in September 2006.

- The median price for an existing single family home in Palm Beach County declined 3% from September 2006 to $355,300 in September 2007.

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

PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
September 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents - internal investment pool	$ 1,524,797,884	$ 186,643,984	$ 1,711,441,868
Cash and cash equivalents - separate accounts	112,909,729	248,237,848	361,147,577
Investments - separate accounts	1,910	41,177,629	41,179,539
Interest receivable - separate accounts	316,689	2,078,540	2,395,229
Accounts receivable, net	16,120,474	22,871,053	38,991,527
Internal Balances	(5,267,887)	5,267,887	-
Due from primary government	-	-	-
Due from other governments	51,123,392	6,764,022	57,887,414
Due from component units	6,536	-	6,536
Inventory	12,624,253	7,694,800	20,319,053
Other assets	6,045,707	4,302,508	10,348,215
Other receivable - noncurrent	19,288,941	20,268,631	39,557,572
Investment in joint venture	-	25,202,045	25,202,045
Deferred issue costs	7,954,006	5,281,662	13,235,668
Capital assets (note 4)			
Non-depreciable capital assets	1,035,627,055	425,812,875	1,461,439,930
Depreciable capital assets, net	1,060,429,620	1,189,654,792	2,250,084,412
Total assets	$ 3,841,978,309	$ 2,191,258,276	$ 6,033,236,585
LIABILITIES			
Vouchers payable and accruals	$ 135,325,459	$ 45,610,462	$ 180,935,921
Due to primary government	-	-	-
Due to other governments	20,360,049	4,854,376	25,214,425
Due to component units	287,128	-	287,128
Due to individuals	77,080	5,138,575	5,215,655
Accrued interest payable	14,838,666	13,281,675	28,120,341
Unearned revenue	28,817,938	650,704	29,468,642
Other current liabilities	32,588,458	6,258,821	38,847,279
Long-term liabilities (note 15)			
Long-term liabilities due within one year	137,665,642	51,982,055	189,647,697
Long-term liabilities due more than one year	1,097,067,144	600,357,352	1,697,424,496
Total liabilities	$ 1,467,027,564	$ 728,134,020	$ 2,195,161,584
NET ASSETS			
Invested in capital assets, net of related debt	$ 1,258,858,321	$ 1,086,676,383	$ 2,345,534,704
Restricted for:			
Debt service	2,335,276	21,472,365	23,807,641
Capital projects	487,795,823	42,574,134	530,369,957
School district impact fee land acquisition	992,818	-	992,818
Library taxing district	39,026,966	-	39,026,966
Fire rescue taxing district	106,780,505	-	106,780,505
Tourist development tax programs	24,688,444	-	24,688,444
Grants and other	30,302,237	32,249,601	62,551,838
Unrestricted (deficit)	424,170,355	280,151,773	704,322,128
Total net assets	$ 2,374,950,745	$ 1,463,124,256	$ 3,838,075,001

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	7,991,031	2,568,989
-	278,661	390,108
-	3,710	-
-	-	-
-	-	-
287,128	-	-
18,315	-	-
-	-	-
-	-	-
-	63,027	2,643,669
-	36,497	-
-	-	-
-	-	112,096
-	-	804,734
-	-	6,557
$ 305,543	$ 8,372,926	$ 6,526,153
$ 32,554	$ 191,230	$ 42,236
6,536	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	3,500
1,675	190,000	873,432
207,688	-	4,829,776
$ 248,453	$ 381,230	$ 5,748,944
$ -	$ -	$ 551,291
-	-	314,718
-	-	1,151,766
-	-	-
-	-	-
-	-	-
-	-	-
-	54,920	-
57,090	7,936,776	(1,240,566)
$ 57,090	$ 7,991,696	$ 777,209

PALM BEACH COUNTY, FLORIDA
Statement of Activities
For the fiscal year ended September 30, 2007

	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	$ 367,426,028	$ (13,838,421)	$ 132,000,732	$ 10,008,377	$ 14,000,835
Public Safety	642,477,801	6,223,402	94,764,762	13,497,778	303,603
Physical Environment	28,636,570	-	5,680,770	9,620,431	807,658
Transportation	169,132,729	-	31,801,521	40,663,877	2,393,239
Economic Environment	159,626,147	535,867	3,122,003	21,936,781	337,313
Human Services	100,583,883	383,163	3,140,222	34,349,983	-
Culture and Recreation	116,785,901	2,474,393	15,254,861	2,127,532	360,000
Interest Expense	49,027,928	-	-	-	-
Total Governmental Activities	$ 1,633,696,987	$ (4,221,596)	$ 285,764,871	$ 132,204,759	$ 18,202,648
Business Activities					
Department of Airports	65,117,867	1,159,089	77,478,538	6,704,264	6,541,369
Water Utilities Department	109,882,704	2,970,760	107,090,233	10,508,070	44,016,230
Solid Waste Authority	158,484,143	-	195,898,364	26,550,329	6,589,275
Total Business Activities	$ 333,484,714	$ 4,129,849	$ 380,467,135	$ 43,762,663	$ 57,146,874
Total Primary Government	$ 1,967,181,701	$ (91,747)	$ 666,232,006	$ 175,967,422	$ 75,349,522
COMPONENT UNITS					
Metropolitan Planning Organization	$ 1,382,155	$ 91,747	$ 29	$ 1,351,030	$ -
Housing Finance Authority	1,094,995	-	644,152	808,189	-
Westgate/Belvedere CRA	1,152,269	-	-	12,100	-
Total Component Units	$ 3,629,419	$ 91,747	$ 644,181	$ 2,171,319	$ -

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 (loss)
Other general revenues
Gain on sale of capital assets
Transfers - net
Total general revenues and transfers

Change in net assets

Beginning net assets (deficit)

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
$ (197,577,663)	$ -	$ (197,577,663)	$ -	$ -	$ -
(540,135,060)	-	(540,135,060)	-	-	-
(12,527,711)	-	(12,527,711)	-	-	-
(94,274,092)	-	(94,274,092)	-	-	-
(134,765,917)	-	(134,765,917)	-	-	-
(63,476,841)	-	(63,476,841)	-	-	-
(101,517,901)	-	(101,517,901)	-	-	-
(49,027,928)	-	(49,027,928)	-	-	-
$ (1,193,303,113)	$ -	$ (1,193,303,113)	$ -	$ -	$ -
-	24,447,215	24,447,215	-	-	-
-	48,761,069	48,761,069	-	-	-
-	70,553,825	70,553,825	-	-	-
$ -	$ 143,762,109	$ 143,762,109	$ -	$ -	$ -
$ (1,193,303,113)	$ 143,762,109	$ (1,049,541,004)	$ -	$ -	$ -
-	-	-	(122,843)	-	-
-	-	-	-	357,346	-
-	-	-	-	-	(1,140,169)
$ -	$ -	$ -	$ (122,843)	$ 357,346	$ (1,140,169)
$ 939,719,588	$ -	$ 939,719,588	$ -	$ -	$ 2,211,793
29,824,203	-	29,824,203	-	-	-
47,668,148	-	47,668,148	-	-	-
26,818,069	-	26,818,069	-	-	-
76,120,744	-	76,120,744	-	-	-
30,005,367	-	30,005,367	-	-	-
61,569,609	-	61,569,609	-	-	-
98,855,421	-	98,855,421	2,595	-	22,867
9,640,268	-	9,640,268	-	-	90,497
6,804,989	20,324	6,825,313	-	-	-
(2,528,033)	2,528,033	-	-	-	-
1,324,498,373	2,548,357	1,327,046,730	2,595	-	2,325,157
131,195,260	146,310,466	277,505,726	(120,248)	357,346	1,184,988
2,243,755,485	1,316,813,790	3,560,569,275	177,338	7,634,350	(407,779)
$ 2,374,950,745	$ 1,463,124,256	$ 3,838,075,001	$ 57,090	$ 7,991,696	$ 777,209

PALM BEACH COUNTY

FLORIDA

DESCRIPTIONS OF MAJOR FUNDS

GOVERNMENTAL ACTIVITIES

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.

General Government Capital Projects - To account for costs of capital improvements not included in any other category.

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.

BUSINESS-TYPE ACTIVITIES

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, 2007

	MAJOR FUNDS			
	General	Fire Rescue Special Revenue Fund	Sheriff Special Revenue Fund	General Government Capital Projects
ASSETS				
Cash and cash equivalents	$ 189,919,848	$ 80,859,934	$ 51,664,866	$ 241,799,310
Investments	-	-	1,910	-
Accounts receivable, net	5,632,363	934,777	303,341	570
Due from other county funds	80,949,324	2,861,081	67,865	687,445
Due from other governments	5,769,998	1,038,570	1,124,129	245,858
Inventory	2,072,013	2,166,065	1,950,884	-
Other assets	36,513	75	104,638	-
Other receivable, noncurrent	-	-	-	2,050,000
Total assets	$ 284,380,059	$ 87,860,502	$ 55,217,633	$ 244,783,183
LIABILITIES				
Vouchers payable and accrued liabilities	$ 11,861,839	$ 11,027,744	$ 25,343,321	$ 25,342,059
Due to other county funds	15,191,976	189,776	14,635,561	579,828
Due to other governments	1,352,460	21,070	2,377,867	103,000
Due to component unit	287,128	-	-	-
Due to individuals	-	-	1,340	-
Insurance claims payable	-	-	1,346,977	-
Deferred and unearned revenue	11,468,983	-	-	-
Other liabilities	1,380,856	-	6,630,047	-
Matured principal and interest payable	-	-	-	-
Total liabilities	41,543,242	11,238,590	50,335,113	26,024,887
FUND BALANCE				
Fund balances:				
Reserved for debt service	-	-	-	-
Reserved for inventory	2,072,013	2,166,065	1,950,884	-
Reserved for noncurrent loans receivable	-	-	-	2,050,000
Unreserved, reported in:				
General Fund	240,764,804	-	-	-
Special Revenue Funds	-	74,455,847	2,931,636	-
Capital Projects Funds	-	-	-	216,708,296
Total fund balance	242,836,817	76,621,912	4,882,520	218,758,296
Total liabilities and fund balance	$ 284,380,059	$ 87,860,502	$ 55,217,633	$ 244,783,183

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

Road Program Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 385,524,498	$ 594,356,242	$ 1,544,124,698
-	-	1,910
750	9,189,485	16,061,286
-	17,972,732	102,538,447
6,719,212	35,909,541	50,807,308
-	5,511,044	11,700,006
-	321,308	462,534
-	17,238,941	19,288,941
$ 392,244,460	$ 680,499,293	$ 1,744,985,130
$ 7,426,112	$ 49,315,619	$ 130,316,694
37,770	80,311,416	110,946,327
7,126	16,090,585	19,952,108
-	-	287,128
-	75,740	77,080
-	-	1,346,977
-	31,340,182	42,809,165
-	20,997,935	29,008,838
-	262,540	262,540
7,471,008	198,394,017	335,006,857
-	17,885,780	17,885,780
-	5,511,044	11,700,006
-	-	2,050,000
-	-	240,764,804
-	176,895,566	254,283,049
384,773,452	281,812,886	883,294,634
384,773,452	482,105,276	1,409,978,273
$ 392,244,460	$ 680,499,293	$ 1,744,985,130

PALM BEACH COUNTY, FLORIDA

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets - Governmental Activities

September 30, 2007

Fund balance for total of governmental funds (page 9)		$ 1,409,978,273
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	$ 76,780,525	
Less amount due to business-type activities for 'look-back' allocation	(4,273,120)	
Plus amount due from component units for 'look-back' allocation	144	
		72,507,549
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	1,035,627,055	
Depreciable capital assets, net of accumulated depreciation	1,025,168,747	
		2,060,795,802
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	313,515,000	
Non-ad valorem bonds payable	573,909,600	
Notes and loans payable	128,546,544	
Capital leases	11,294	
Compensated absences	100,221,146	
Fire rescue long term disability plan	8,157,329	
Arbitrage accrued	4,406,172	
Claims and judgements	32,290,958	
Unamortized premium	27,971,495	
Deferred (loss) on refundings	(13,129,663)	
		(1,175,899,875)
Report adjustments to convert from modified accrual to full accrual		
Interest Receivable- Separate Accounts		
Interest receivable on special assessments is not due and available in the current period and therefore is not reported in the governmental fund statements.		316,689
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 cost are recorded as expenditures in the governmental fund statements.		7,954,006
Accrued Interest Payable		
Accrued Interest Payable that is not due and payable in the current period is not reported in the governmental fund statements		(14,571,375)
Deferred Revenue		
Revenue is recognized when earned. However, revenue is deferred until the current financial resources are available in the governmental fund statements.		13,991,226
Due To Other Governments		
Palm Beach County and the Palm Beach County School District engage in an interlocal agreement that allows them to exchange land and maintain a receivable and payable for the difference in value. When a general capital asset is exchanged for another capital asset and there is no receipt of current financial resources for the difference in value, the receivable or payable is not reported in the governmental fund statements.		(121,550)
Net assets of governmental activities (page 2)		$ 2,374,950,745

PALM BEACH COUNTY
FLORIDA

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended September 30, 2007

	MAJOR FUNDS			
	General	Fire Rescue Special Revenue Fund	Sheriff Special Revenue Fund	General Government Capital Projects
Revenues:				
Taxes (net of discount)	$718,007,677	$ 196,148,581	$ -	$ 79
Special assessments	-	303,603	-	2,386,940
Licenses and permits	4,134,899	3,548	-	-
Intergovernmental	35,150,477	1,125,167	-	781,664
Charges for services	62,142,840	26,355,813	1,582,020	3,219,364
Less - excess fees paid out	-	-	-	-
Fines and forfeitures	1,794,967	-	1,329,137	1,176,750
Investment income	19,502,991	6,341,058	242,978	15,996,309
Miscellaneous	10,153,418	884,834	125,686	5,162,305
Total revenues	850,887,269	231,162,604	3,279,821	28,723,411
Expenditures:				
Current:				
General government	119,714,179	-	16,532,978	29,702,170
Public safety	33,678,466	192,205,134	341,165,174	1,694,449
Physical environment	13,288,662	-	-	1,124,751
Transportation	6,843,775	-	-	1,339,354
Economic environment	29,864,005	901,248	-	70,322,594
Human services	53,049,585	-	-	-
Culture and recreation	60,614,252	-	-	-
Capital outlay	2,382,315	5,848,026	22,611,976	59,691,026
Debt service	-	-	23,880	66,600
Total expenditures	319,435,239	198,954,408	380,334,008	163,940,944
Excess of revenues over (under) expenditures	531,452,030	32,208,196	(377,054,187)	(135,217,533)
Other financing sources (uses):				
Transfers in	52,680,069	7,505,028	390,482,509	83,378,301
Transfers out	(562,169,769)	(21,870,030)	(10,648,639)	(27,198,876)
Issuance of long-term debt	-	-	-	27,866,492
Premium (discount) long-term debt	-	-	-	-
Total other financing sources (uses)	(509,489,700)	(14,365,002)	379,833,870	84,045,917
Net change in fund balances	21,962,330	17,843,194	2,779,683	(51,171,616)
Fund balances, October 1, 2006	221,508,148	58,681,254	2,102,837	269,929,912
Increase (decrease) in reserves, inventory	(633,661)	97,464	-	-
Fund balances, September 30, 2007	$242,836,817	$ 76,621,912	$ 4,882,520	$ 218,758,296

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

Road Program Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 34,975,554	$ 154,393,060	$ 1,103,524,951
18,540,244	15,968,597	37,199,384
-	14,767,394	18,905,841
12,106,864	176,014,175	225,178,347
1,846,432	163,386,960	258,533,429
-	(50,266,917)	(50,266,917)
-	10,604,900	14,905,754
21,654,399	33,494,894	97,232,629
4,518,863	18,834,529	39,679,635
93,642,356	537,197,592	1,744,893,053
5,022,905	142,043,031	313,015,263
-	31,126,968	599,870,191
-	12,135,987	26,549,400
10,329,327	115,080,174	133,592,630
-	54,279,592	155,367,439
-	46,060,169	99,109,754
-	43,195,164	103,809,416
60,644,901	175,007,512	326,185,756
-	138,533,485	138,623,965
75,997,133	757,462,082	1,896,123,814
17,645,223	(220,264,490)	(151,230,761)
831,601	254,828,977	789,706,485
(20,289,761)	(148,161,448)	(790,338,523)
-	50,604,426	78,470,918
-	561,966	561,966
(19,458,160)	157,833,921	78,400,846
(1,812,937)	(62,430,569)	(72,829,915)
386,586,389	545,057,687	1,483,866,227
-	(521,842)	(1,058,039)
$384,773,452	$ 482,105,276	$ 1,409,978,273

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, 2007

Net change in fund balances for total governmental funds (page 13)		$ (72,829,915)
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, computer systems, printing, 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	$ (5,140,457)	
Less current year allocation to business-type activities	718,699	
Less current year allocation to component units	4,356	
		(4,417,402)
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.	323,131,365	
Acquisition of capital assets from contributions do not generate current financial resources and therefore are not reported in the governmental fund statements as revenue.	8,138,437	
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.	(88,018,696)	
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 by the net book value of the assets retired.	(18,532,119)	
		224,718,987
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	(78,470,918)	
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	(561,966)	
Current year amortization of premium / discount	1,736,106	
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 amortization of deferred refunding gain / loss	(821,409)	

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, 2007

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.		88,291,399	
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	$ (3,791,116)		
Arbitrage fund liabilities paid during the year	2,886		
		(3,788,230)	
(Increase) Decrease in claims and judgements liability		(9,182,123)	
(Increase) Decrease in fire rescue disability plan liability		(296,060)	
(Increase) Decrease in compensated absences liability		(14,363,345)	
			(17,456,546)
Report adjustments for converting from modified accrual to full accrual			
Net Increase (Decrease) in deferred issue costs:			
Current year debt issue costs deferred	407,046		
Current year amortization of deferred issue costs	(592,980)		
		(185,934)	
Increase (Decrease) in inventory		(1,058,039)	
Increase (Decrease) in accrued interest receivable		60,854	
Increase (Decrease) in due from other governments		(3,702,450)	
(Increase) Decrease in due to other governments		(121,550)	
(Increase) Decrease in accrued interest payable		(259,818)	
(Increase) Decrease in deferred revenue		6,447,073	
			1,180,136
Change in net assets of governmental activities (page 5)			$ 131,195,260

PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2007

	Business-type Activities -	
	Airports	Water Utilities
ASSETS		
Current assets:		
Cash and cash equivalents	$ 47,938,212	$ 76,930,011
Cash and cash equivalents - restricted	-	22,397,491
Interest receivable - restricted	-	-
Investments - restricted	-	-
Interest receivable	-	759,300
Accounts receivable, net	1,138,965	11,421,909
Due from other county funds	275,101	42,893
Due from other governments	1,211,149	2,500,000
Due from component unit	-	-
Inventory	982,480	6,298,745
Current portion of other receivable	101,379	869,286
Other assets	1,073,506	761,460
Total current assets	52,720,792	121,981,095
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	80,919,457	2,000,000
Investments	-	-
Accounts receivable, net	1,175,640	-
Total noncurrent restricted assets	82,095,097	2,000,000
Capital assets:		
Land	94,512,411	15,308,004
Buildings	230,574,583	96,800,931
Improvements other than buildings	168,134,185	984,532,683
Furniture, fixtures and equipment	30,628,535	58,741,600
Leasehold interest	-	12,010,002
Goodwill	-	5,286,966
Easement rights	13,740,457	-
Accumulated depreciation and amortization	(271,510,856)	(349,562,183)
Construction in progress	95,585,874	99,999,655
Total capital assets	361,665,189	923,117,658
Investment in joint venture	-	25,202,045
Loans receivable, noncurrent	819,559	18,147,029
Deferred issuance costs	2,074,826	1,582,205
Other assets	-	-
Total noncurrent assets	446,654,671	970,048,937
Total assets	$ 499,375,463	$ 1,092,030,032

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

Enterprise Funds		Governmental Activities Internal Service Funds
Solid Waste Authority	Totals	
$ 106,676,016	$ 231,544,239	$ 93,582,915
82,946,588	105,344,079	-
1,162,398	1,162,398	-
7,002,765	7,002,765	-
156,842	916,142	-
9,134,539	21,695,413	59,188
1,724,135	2,042,129	7,663,365
3,052,873	6,764,022	316,084
-	-	6,392
413,575	7,694,800	924,247
187,440	1,158,105	-
1,301,994	3,136,960	5,583,173
213,759,165	388,461,052	108,135,364
15,074,057	97,993,514	-
34,174,864	34,174,864	-
-	1,175,640	-
49,248,921	133,344,018	-
50,795,763	160,616,178	-
220,824,976	548,200,490	439,352
73,061,859	1,225,728,727	810,040
136,853,095	226,223,230	96,895,823
-	12,010,002	-
-	5,286,966	-
-	13,740,457	-
(220,462,041)	(841,535,080)	(62,884,342)
69,611,168	265,196,697	-
330,684,820	1,615,467,667	35,260,873
-	25,202,045	-
1,302,043	20,268,631	-
1,624,631	5,281,662	-
7,443	7,443	-
382,867,858	1,799,571,466	35,260,873
$ 596,627,023	$ 2,188,032,518	$ 143,396,237

PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2007

	Business-type Activities -	
	Airports	Water Utilities
LIABILITIES		
Current liabilities payable from current assets:		
Vouchers payable and accrued liabilities	$ 9,537,950	$ 10,356,836
Due to other county funds	158,415	478,492
Due to other governments	1,698,528	364,686
Deferred revenue	650,704	-
Current portion of long-term debt	-	-
Compensated absences	100,288	261,000
Insurance claims payable	-	-
Other liabilities	-	5,754,653
Total current liabilities payable from current assets	12,145,885	17,215,667
Current liabilities payable from restricted assets:		
Customers' deposits	297,954	4,226,786
Accounts and contracts payable	5,314,737	298,107
Due to other governments	310,000	260,585
Accrued landfill closure and postclosure care costs	-	-
Note payable	250,000	-
Current portion of long-term debt	6,790,000	13,350,000
Interest payable on bonds	4,220,326	4,262,013
Total current liabilities payable from restricted assets	17,183,017	22,397,491
Total current liabilities	29,328,902	39,613,158
Noncurrent liabilities:		
Due to other governments	-	2,220,577
Compensated absences	1,029,338	2,490,207
Revenue bonds payable, net of discount	154,264,283	180,389,121
Other long-term liabilities	-	-
Total noncurrent liabilities	155,293,621	185,099,905
Total liabilities	184,622,523	224,713,063
NET ASSETS		
Invested in capital assets, net of related debt	204,190,735	730,960,742
Restricted for:		
Debt service	7,294,261	13,350,000
Capital projects	41,574,134	1,000,000
Grants and other	9,715,898	1,000,000
Unrestricted	51,977,912	121,006,227
Total net assets	$ 314,752,940	$ 867,316,969

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.

Enterprise Funds		Governmental Activities Internal Service Funds
Solid Waste Authority	Totals	
$ 7,032,558	$ 26,927,344	$ 5,013,515
410,455	1,047,362	250,252
-	2,063,214	286,391
-	650,704	-
-	-	198,332
326,193	687,481	-
448,000	448,000	23,191,965
56,168	5,810,821	3,579,620
8,273,374	37,634,926	32,520,075
613,835	5,138,575	-
13,070,274	18,683,118	-
-	570,585	-
454,574	454,574	-
-	250,000	-
30,700,000	50,840,000	-
4,799,336	13,281,675	-
49,638,019	89,218,527	-
57,911,393	126,853,453	32,520,075
-	2,220,577	-
3,400,185	6,919,730	-
205,712,229	540,365,633	-
52,821,989	52,821,989	34,095,637
261,934,403	602,327,929	34,095,637
319,845,796	729,181,382	66,615,712
151,524,906	1,086,676,383	34,746,152
828,104	21,472,365	-
-	42,574,134	-
21,533,703	32,249,601	-
102,894,514	275,878,653	42,034,373
$ 276,781,227	1,458,851,136	$ 76,780,525
	4,273,120	
	$ 1,463,124,256	

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended September 30, 2007

	Business-type Activities -	
	Airports	Water Utilities
Operating revenues:		
Charges for services	$ 63,325,013	$ 96,426,883
Miscellaneous	2,701,142	4,776,456
Total operating revenues	66,026,155	101,203,339
Operating expenses:		
Aviation services	40,944,345	-
Water and sewer services	-	73,781,399
Transportation services	-	-
Solid waste services	-	-
Printing services	-	-
Self-insurance services	-	-
Data processing services	-	-
Equity interest in net loss of joint venture	-	1,278,090
Depreciation and amortization	20,012,057	32,354,767
Total operating expenses	60,956,402	107,414,256
Operating income (loss)	5,069,753	(6,210,917)
Nonoperating revenues (expenses):		
Operating grants	975,550	-
Investment income	5,728,714	7,204,041
Capacity reservation fees	-	5,886,894
Passenger facility charges	10,663,881	-
Deferred issue costs	(153,046)	(194,018)
Interest expense	(5,033,573)	(3,808,823)
Insurance recoveries	-	-
Hurricane debris collection and disposal	-	-
Other revenues	808,826	2,435,169
Total nonoperating revenues (expenses)	12,990,352	11,523,263
Income (loss) before capital contributions and transfers	18,060,105	5,312,346
Capital contributions	6,541,369	44,016,230
Transfers in	28,033	2,500,000
Transfers out	-	-
Change in net assets	24,629,507	51,828,576
Net assets October 1, 2006	290,123,433	815,488,393
Net assets September 30, 2007	$ 314,752,940	$ 867,316,969

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.

Enterprise Funds		Governmental Activities
Solid Waste Authority	Totals	Internal Service Funds
$ 194,543,522	$ 354,295,418	$ 141,548,510
-	7,477,598	-
194,543,522	361,773,016	141,548,510
-	40,944,345	-
-	73,781,399	-
-	-	20,315,192
124,047,422	124,047,422	-
-	-	1,339,256
-	-	91,929,340
-	-	30,032,715
-	1,278,090	-
21,270,204	73,637,028	12,483,503
145,317,626	313,688,284	156,100,006
49,225,896	48,084,732	(14,551,496)
7,828,267	8,803,817	-
14,168,981	27,101,736	5,355,135
-	5,886,894	-
-	10,663,881	-
-	(347,064)	-
(13,039,531)	(21,881,927)	(18,255)
4,553,081	4,553,081	-
(109,729)	(109,729)	-
1,354,842	4,598,837	3,936,431
14,755,911	39,269,526	9,273,311
63,981,807	87,354,258	(5,278,185)
6,589,275	57,146,874	2,033,723
-	2,528,033	107,294
-	-	(2,003,289)
70,571,082	147,029,165	(5,140,457)
206,210,145		81,920,982
$ 276,781,227		$ 76,780,525
	(718,699)	
	$ 146,310,466	

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2007

	Business-type Activities -	
	Airports	Water Utilities
Cash flows from operating activities:		
Cash received from customers	$ 67,858,381	$ 94,418,596
Cash received from other funds for goods and services	-	-
Cash payments to vendors for goods and services	(15,346,028)	(36,954,393)
Cash payments to employees for services	(10,587,648)	(24,186,708)
Cash payments to other funds	(16,278,116)	(12,107,276)
Claims paid	-	-
Other receipts (disbursements)	12,105	4,774,467
Net cash provided by operating activities	25,658,694	25,944,686
Cash flows from noncapital financing activities:		
Operating grants	-	361,461
Transfers in		-
Transfers out	(219,600)	-
Net cash provided by (used in) noncapital financing activities	(219,600)	361,461
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	84,341	2,791,840
Contributed capital	8,830,019	25,712,831
Purchase and construction of capital assets	(79,002,277)	(100,707,973)
Proceeds from long-term borrowings	-	-
Payments to joint venture	-	(1,334,078)
Principal payments on debt	(6,515,000)	(10,835,000)
Interest payments on debt	(4,599,892)	(8,568,500)
Paying agent fees	-	(56,909)
Passenger facility charges received	9,509,241	-
Transfer in	-	2,500,000
Principal received on notes receivable	-	-
Insurance proceeds	776,397	-
Net cash provided by (used in) capital and related financing activities	(70,917,171)	(90,497,789)
Cash flows from investing activities:		
Interest on investments	5,671,609	7,609,159
Purchase of investments	-	-
Receipt of repayments on other receivables	152,896	-
Proceeds from sale of investments	-	-
Net cash provided by investing activities	5,824,505	7,609,159
Net increase (decrease) in cash and cash equivalents	(39,653,572)	(56,582,483)
Cash and cash equivalents, October 1, 2006	168,511,241	157,909,985
Cash and cash equivalents, September 30, 2007	$ 128,857,669	$ 101,327,502

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

Enterprise Funds		Governmental Activities
Solid Waste Authority	Totals	Internal Service Funds
$ 192,844,656	$ 355,121,633	$ 4,316,607
2,994,897	2,994,897	137,749,748
(90,255,713)	(142,556,134)	(38,994,520)
(26,754,634)	(61,528,990)	(25,311,788)
(5,536,674)	(33,922,066)	(4,384,521)
-	-	(69,497,818)
593,521	5,380,093	3,250,346
73,886,053	125,489,433	7,128,054
6,311,777	6,673,238	-
-	-	107,294
-	(219,600)	(2,003,289)
6,311,777	6,453,638	(1,895,995)
909,677	3,785,858	1,292,573
6,110,196	40,653,046	-
(39,662,118)	(219,372,368)	(9,333,377)
2,508,904	2,508,904	606,412
-	(1,334,078)	-
(39,063,202)	(56,413,202)	(272,498)
(11,946,984)	(25,115,376)	(14,638)
-	(56,909)	-
-	9,509,241	-
-	2,500,000	-
173,652	173,652	-
4,553,081	5,329,478	-
(76,416,794)	(237,831,754)	(7,721,528)
14,195,709	27,476,477	5,356,466
(16,000,000)	(16,000,000)	-
-	152,896	-
27,000,000	27,000,000	-
25,195,709	38,629,373	5,356,466
28,976,745	(67,259,310)	2,866,997
175,719,916	502,141,142	90,715,918
$ 204,696,661	$ 434,881,832	$ 93,582,915

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2007

	Business-type Activities -	
	Airports	Water Utilities
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	$ 5,069,753	$ (6,210,917)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	20,012,057	32,354,767
Equity interest in net loss of joint venture	-	1,278,090
Provision for doubtful accounts	(997,131)	214,200
(Gain) on disposal of equipment	-	-
Hurricane debris collection and disposal	-	-
Miscellaneous revenue	12,105	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	1,874,604	(2,061,387)
(Increase) decrease in due from other county funds	-	(16,051)
Decrease in due from other governments	-	-
(Increase) in inventory	(5,858)	(495,753)
(Increase) decrease in other assets	(93,911)	2,042
(Increase) in due from component unit	-	-
Increase in vouchers payable and accrued liabilities	51,543	995,838
Increase (decrease) in due to other county funds	(6,080)	215,134
Increase (decrease) in due to other governments	-	(86,832)
Increase (decrease) in other current liabilities	(216,010)	-
(Decrease) in deferred revenue	(43,149)	-
Increase (decrease) in customer deposits	771	(244,445)
Increase in insurance claims payable	-	-
Increase in other long-term liabilities	-	-
Net cash provided by operating activities	$ 25,658,694	$ 25,944,686
Supplemental disclosure of noncash capital and related financing activities:		
Amortization of intangible assets	$ 343,512	$ -
Amortization of deferred issuance costs	$ 193,579	$ 194,018
Amortization of premium on bonds	$ 469,471	$ 893,916
Amortization of discount on bonds	$ -	$ 532
Amortization of deferred advance refunding loss	$ 428,938	$ 530,970
Disposal of fully depreciated capital assets	$ 3,867,625	$ 570,054
Increase in fair value of investments	$ -	$ -
Contribution of capital assets	$ -	$ 22,251,035

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

Enterprise Funds		Governmental Activities
Solid Waste Authority	Totals	Internal Service Funds
$ 49,225,896	$ 48,084,732	$ (14,551,496)
21,270,204	73,637,028	12,483,503
-	1,278,090	-
46,782	(736,149)	-
(820,230)	(820,230)	-
(109,729)	(109,729)	-
1,354,842	1,366,947	3,250,315
1,034,016	847,233	65,740
9,206	(6,845)	433,918
-	-	20,461
(46,376)	(547,987)	(155,250)
218,922	127,053	(1,705,728)
-	-	(1,211)
945,978	1,993,359	833,521
285,230	494,284	(517,392)
-	(86,832)	116,127
6,871	(209,139)	391,016
-	(43,149)	-
940	(242,734)	-
-	-	6,464,530
463,501	463,501	-
$ 73,886,053	$ 125,489,433	$ 7,128,054
$ -	$ 343,512	$ -
$ 359,794	$ 747,391	$ -
$ 994,299	$ 2,357,686	$ -
$ -	$ 532	$ -
$ 3,468,471	$ 4,428,379	$ -
$ -	$ 4,437,679	$ 5,685,017
$ 91,092	$ 91,092	$ -
$ -	$ 22,251,035	$ 2,033,723

PALM BEACH COUNTY, FLORIDA
Statement of Fiduciary Net Assets - Agency Funds
September 30, 2007

	Total Agency Funds
ASSETS	
Cash and cash equivalents	$ 65,543,843
Accounts receivable, net	1,233,196
Due from other governments	370,006
Other assets	452
Total assets	$ 67,147,497
LIABILITIES	
Vouchers payable and accrued liabilities	$ 583,768
Due to other governments	38,092,754
Due to individuals	28,123,851
Other liabilities	347,124
Total liabilities	$ 67,147,497

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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

INDEX

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES I-28
2. CASH AND INVESTMENTS I-47
3. RELATED PARTY TRANSACTIONS I-54
4. CAPITAL ASSETS I-55
5. INTERFUND TRANSFERS IN AND OUT I-57
6. RETIREMENT PLANS I-60
7. COMMITMENTS I-64
8. RISK MANAGEMENT I-66
9. OTHER POST EMPLOYMENT BENEFITS I-70
10. LEASES I-70
11. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS I-73
12. ADVANCE REFUNDING OF DEBT I-74
13. INTERFUND RECEIVABLE AND PAYABLE BALANCES I-76
14. SHORT-TERM DEBT I-79
15. LONG-TERM DEBT I-80
16. CONTINGENCIES I-101
17. SUBSEQUENT EVENTS I-102

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), 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.

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.

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.

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 interlocal agreement providing for short-term and long-term planning for all modes of travel 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
3323 Belvedere Road, Number 501
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.

Joint Ventures

East Central Regional Wastewater Facility

In September 1992, Palm Beach County entered into a thirty-year joint interlocal 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. Palm Beach County's interest in the joint venture is recorded in the County's Water Utilities Enterprise Fund. As of September 30, 2006, the Facility had total assets of $102,489,004 and total net assets of $87,659,651 including $61,850,292 invested in capital, net of debt, and $12,344,523 of unrestricted net assets.

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, 2007, Palm Beach County had a 31.452% interest.

The participants and each entity's interest at September 30, 2007 are as follows:

PARTICIPANT	RESERVE CAPACITY PERCENTAGES
City of West Palm Beach	27.419%
Palm Beach County	31.452%
City of Lake Worth	20.161%
City of Riviera Beach	12.903%
Town of Palm Beach	8.065%
TOTAL	100.000%

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

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

Tri-County Commuter Rail Authority

In October 1994, Palm Beach County entered into a five-year joint interlocal 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 Authority was created as an agency of the State of Florida 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

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.

Loan obligations from the Commission are reflected as debt by the participating governmental units. Palm Beach County has no obligation and minimal event risk associated with the Commission other than the repayment of its loan from the Commission.

Financial Statements may be obtained from the Commission.

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, which is similar to the accounting used by private-sector businesses. 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 shown 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 show a distinction 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 position. 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. There is a reconciliation of the governmental activities presented in the 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 Fund** is used to account for ad valorem taxes and other revenues designated for fire rescue services.

The **Sheriff's 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 **General Government Capital Fund** is used to account for improvements not included in any other category.

The **Road Program Capital 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, Graphics, Risk Management and Information Systems Service 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 five 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.

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. For example, under the accrual basis of accounting, transactions are recognized when the transactions take place, whereas in the cash basis of accounting, transactions are recognized when cash is received or paid.

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 considered available are recorded

as deferred revenues. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any intergovernmental revenues will be received by the County; therefore, revenues are recognized based upon the expenditures incurred when the eligibility requirements are met, if "available" under modified accrual. In the other, intergovernmental revenues are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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 funds' investments in the County's internal investment pool are reported in the fund financial statements as cash equivalents. For the entity-wide Statement of Net Assets, the primary government's investment in the internal investment pool is reported separately from investments held outside the pool.

Investments

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, the Local Government Surplus Funds Trust Fund (State Board of Administration), the Florida Local Government Investment Trust (FLGIT), collateralized mortgage obligations (CMO), certain corporate securities, commercial paper, bankers acceptances, and money market mutual funds.

State statutes authorize Solid Waste Authority (SWA) investments in the Local Government Surplus Funds Trust Fund (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.

All investments are reported at fair value except for the following which are reported at cost 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)
Guaranteed Investment Contracts (nonparticipating)

The following external investment pools are not SEC-registered:

The *Local Government Surplus Funds Trust Fund* (State Board of Administration of Florida) 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 share price of this investment represents the fund's amortized cost as permitted for a 2a7-like pool.

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. 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, 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:

Asset Classification	Estimated Useful Life (In Years)
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 but over the 30-year life of the debt used to acquire the Village of Royal Palm Beach's Utility System.

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 Postclosure 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 Postclosure 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 Postclosure Care Costs* Note 11.

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.

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 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.

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.

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 2007, supplemental appropriations amounted to a net increase of $281,203,959, or approximately 6.4% 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.

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.

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, 2007, have the following significant designations:

Designation	Amount
General Fund:	
Encumbrances	$ 3,905,280
Contingency	20,000,000
Other Operating Programs	17,000,535
Special Revenue Funds:	
Encumbrances	25,032,152
Fire Rescue Long-Term Disability	11,773,327
Capital Projects Funds:	
Encumbrances	222,186,025

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 2008, 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 2008.

The amount designated for other operating programs represent a portion of fund balance which has been designated by the Board of County Commissioners for specific purposes, which are anticipated to be appropriated during fiscal year 2008 by budget amendments.

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 Nonoperating Revenue and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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 Service Funds include costs of sales and services, administrative fees, insurance payments and depreciation. All revenues and expenses not meeting this definition are considered nonoperating 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 entity-wide statement of net assets reports $691,922,069 of restricted net assets, of which $407,809,267 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.

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, 2007.

For the 2006 tax roll year, the assessment roll was opened for collection on November 1, 2006, and discounts for payment prior to April 1, 2007, were determined as follows:

4%	if paid in November 2006
3%	if paid in December 2006
2%	if paid in January 2007
1%	if paid in Februrary 2007

W. Interest Costs

Interest costs are charged to expense or expenditure as incurred. Proprietary funds follow the provisions of FASB Statement No. 34, *Capitalization of Interest Costs* and No. 62, *Capitalization of Interest Cost on Certain Tax-Exempt Borrowings and Certain Gifts and Grants*. Interest cost incurred by proprietary funds for the fiscal year ended September 30, 2007 amounted to $26,621,070, of which $4,720,888 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). The investments of the primary government are held by six blended entities.

County Internal Investment Pool	$ 1,752,634,518	87.7%
Solid Waste Authority	237,851,227	11.9%
Property Appraiser	3,560,427	0.2%
Clerk & Comptroller	2,691,438	0.1%
Tax Collector	2,506,009	0.1%
Sheriff	1,910	0.0%
	$ 1,999,245,529	100.0%

As of September 30, 2007, the primary government had the following investments:

		Maturity in Years		
Investment Type	Fair Value	Less Than 1 year	1 Year but Less Than 3 Years	3 Years but Less Than 10 Years
Investments subject to interest rate risk				
Adjustable Rate Mortgage Securities	$ 489,721,250	$ -	$ 5,685,320	$ 484,035,930
Mortgage Backed Securities	342,287,660	530,654	33,492,345	308,264,661
Callable Bonds	355,484,990	50,723,861	34,230,554	270,530,575
Collateralized Mortgage Obligations	282,256,417	404,570	31,771,433	250,080,414
Indexed Amortization Notes	181,250,066	-	7,930,699	173,319,367
External Investment Pool	26,810,795	-	26,810,795	-
Step Rate Bonds	20,188,628	-	-	20,188,628
Fixed Rate/Term Bonds	1,006,562	1,006,562	-	-
	1,699,006,368	$ 52,665,647	$ 139,921,146	$ 1,506,419,575
Other investments				
External 2a7-like Investment Pool	271,705,311			
Guranteed Investment Contracts	21,149,922			
Money Market Mutual Funds	7,383,928			
Total investments	$ 1,999,245,529			

Maturity date is used for callable bonds because the later date reports the greatest risk of fair value declines when interest rates rise. The next reset date is used for step rate bonds. The weighted average maturity of the underlying assets is used for asset backed securities, external pools and money market mutual funds.

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's 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, County 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 and other volatile CMO types as well as corporate convertible securities are 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 then 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.

Investments		Fair Value	Percentage of Total Portfolio	Standard & Poor's Investment Rating Service
Investments subject to credit risk				
U.S Government Sponsored Enterprises (GSE)	$	1,463,596,539	73.2%	AAA
Local Government Surplus Funds Trust Fund (SBA)		271,705,311	13.6%	Not rated
Florida Local Government Investment Trust (FLGIT)		26,810,795	1.3%	AAAf
Guaranteed Investment Contracts		21,149,922	1.1%	Not rated
Money Market Mutual Funds		7,383,928	0.4%	AAAm
Private Issue Collaterialized Mortgage Obligation		1,910	0.0%	AAA
		1,790,648,405	89.6%	
Other investments				
U.S. Federal Agencies		208,597,124	10.4%	U.S. Guaranteed
Total investments	$	1,999,245,529	100.0%	

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

On November 29, 2007 the Board of Trustees of the State Board of Administration (SBA) closed the Local Government Surplus Funds Trust Fund to all redemptions by participants due to substantial withdrawals over the two preceding weeks that severely

reduced the overall liquidity of the fund. On December 6, 2007 withdrawals (with some limitations) were permitted. In addition, for the month of November 2007 no investment earnings were credited to participating governments. See additional information in the notes for subsequent events.

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. Corporate securities are limited to no more then 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 are allowable if they are rated in the highest rating category of a Nationally Recognized Statistical Rating Organization (NRSRO).

In accordance with the Solid Waste Authority's investment policy, investments are limited to the State of Florida Local Government Surplus Funds Trust Fund (an external 2a7-like pool), U.S Treasury and Instrumentality obligations, U.S. Agency securities and investments that are fully collateralized or secured.

Custodial Credit Risk- Investments

For an investment, this is the risk that in the event of a failure of the counter-party, the government will not be able to recover the value of its investments that are in the possession of an outside party.

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 Home Loan Mortgage Company (Freddie Mac)	$	689,882,606	34.5%
Florida National Mortgage Association (Fannie Mae)		621,125,434	31.1%
State Board of Administration of Florida (SBA)		271,705,311	13.6%
Government National Mortgage Association (Ginnie Mae)		188,218,241	9.4%
Federal Home Loan Bank		150,588,479	7.5%
Other combined- less then 5% per issuer		77,725,458	3.9%
	$	1,999,245,529	100.0%

The County's investment policy for the internal investment pool limits investments in corporate securities to 2% of total pool 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.

COMPONENT UNITS:

Westgate/Belvedere Homes Community Redevelopment Agency (CRA)

As of September 30, 2007, CRA was invested in the Local Government Surplus Funds Trust Fund (SBA) with a fair value of $390,108. This 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 SBA was 34 days as of September 30, 2007. 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 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 SBA. The CRA has no formal investment policy that limits investment concentration risk.

Palm Beach County Housing Finance Authority (HFA)

As of September 30, 2007, HFA had the following investments:

Investments	Fair Value	Percent of Total Investments	Maturity	Standard & Poor's Investment Rating Service
Fidelity U.S. Treasury Portfolio Money Market Mutual Fund	$ 470,078	5.7%	32 days	AAAm
Government National Mortgage Association Bond (Ginnie Mae)	137,610	1.7%	11/15/2024	Not rated, guaranteed by U.S. Govt
Government National Mortgage Association Bond (Ginnie Mae)	81,958	1.0%	4/15/2025	Not rated, guaranteed by U.S. Govt
Local Government Surplus Funds Trust Fund (State Board of Administration)	7,520,868	90.9%	34 days	Not Rated
Single Family Bond Issues	59,093	0.7%	See details in note	Not Rated
Total investments	8,269,607	100.0%		
Cash on hand	85			
Total cash and investments	$ 8,269,692			

Single Family Bond Issues:

The Authority provided funds for the issuance costs of certain Housing Finance Authority of Palm Beach County Single Family Mortgage Revenue Bonds. Similar to interest-only strips, the repayment is being made by receipt of a certain fixed percentage of each monthly interest payment for GNMA Certificates and FNMA Securities related to the 1994 Series A and Series B, 1995 Series A, 1998 Series A, 1999 Series A and 1999 Series B Single Family Mortgage Revenue Bond Issues. The repayments from these Issues began as follows; 1994 Series A and Series B issue, November 1, 1999

1995 Series A issue, September 1995; 1998 Series A issue, December 31, 1998; 1999 Series A issue, October 15, 1999, and the 1999 Series B issue, April 18, 2000.

The investments in Single Family Bond Issues are valued at the costs incurred to date until the end of the Bond issue's certificate acquisition period (typically within 18 months). From that point forward, the investments are valued at fair value based on the assumed prepayment rates (between 150% and 100% of the Public Security Association prepayment model) and a discount rate of 10%. The fair value of these investments is subject to fluctuations in the prepayment rate. The valuations related to 1994 Series A and Series B, 1995 Series A, 1998 Series A, 1999 Series A, and the 1999 Series B are based on projections provided by the original bond underwriters. Any impairment to the recorded investment balance is recorded when identified.

The following is a schedule of amounts originally provided by the Authority and cumulative amounts received:

	Amounts Provided (Cost)	Cumulative Amounts Received
1994 Series A and Series B	$ 285,175	$ 166,996
1995 Series A	170,205	381,922
1998 Series A	213,250	166,849
1999 Series A	378,000	319,543
1999 Series B	586,250	429,496

Investment in and maturity of Single Family Bond Issues for the years ended September 30, 2007 and 2006 consist of the following:

2007	1994 Series A and Series B 10/1/27	1995 Series A 4/1/27	1998 Series A 4/1/28	1999 Series A 4/1/32	1999 Series B 4/1/31	Total
Balance at October 1, 2006	$ 0	$ 0	$ 10,487	$ 27,043	$ 29,216	$ 66,746
Increase (decrease) in fair value	0	0	(8,402)	12,629	7,235	11,462
Principal receipts	0	0	(2,085)	(9,265)	(7,765)	(19,115)
Balance at September 30, 2007	$ 0	$ 0	$ 0	$ 30,407	$ 28,686	$ 59,093

The Authority monitors the following deposit and investment risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Cash and cash equivalents have a weighted average maturity of less than one year, resulting in minimal interest rate risk. The Authority's investment policy limits the maturity of investments to match cash and anticipated cash flow requirements. The investment in GNMA securities and Single Family Bond issues is subject to interest rate risk as a function of the length of time to maturity and are based on pools of residential home mortgage loans which are subject to prepayments and therefore highly sensitive to changes in interest rates.

Credit Risk:
Credit risk is the risk that an issuer will not fulfill its obligations. 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. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk. The Local Government Surplus Funds Trust Fund and Single Family Bond issues do not carry a credit rating. The Fidelity Institutional U.S. Treasury Portfolio money market fund and GNMA securities are rated AAA by Standard & Poor's at September 30, 2007

On November 29, 2007 the Board of Trustees of the SBA closed the Local Government Surplus Funds Trust Fund to all redemptions by participants due to substantial withdrawals over the two preceding weeks that severely reduced the overall liquidity of the fund. On December 6, 2007 withdrawals (with some limitations) were permitted. In addition, for the month of November 2007 no investment earnings were credited to participating governments. See additional information in the notes for subsequent events.

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. The investments in the Fidelity Institutional U.S. Treasury Portfolio money market mutual fund and Local Government Surplus are considered *unclassified* pursuant to the custodial credit risk categories. The investments in GNMA securities and Single Family Bond issues are held by the Authority's safekeeping agent in the Authority's name.

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, except for investments in the Local Government Surplus Funds Trust Fund and U.S. Treasury obligations, which are not limited.

Metropolitan Planning Organization (MPO)

At September 30, 2007 MPO's equity in Palm Beach County's internal investment pool was $287,128 which is included 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 2.6 years as of September 30, 2007. 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 not rated. 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 transactions involves the reimbursement of indirect costs. Accordingly, the reimbursement of these indirect costs in fiscal year 2007 was $16,036,287.

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	$ 635,818,097	$ 66,533,889	$ (1,593,117)	$ 700,758,869
Construction In Progress	303,503,668	198,423,585	(167,059,067)	334,868,186
Total non-depreciable assets	939,321,765	264,957,474	(168,652,184)	1,035,627,055
Depreciable assets:				
Buildings and improvements	669,094,890	85,240,310	(1,648,271)	752,686,929
Improvements other than buildings	230,832,268	47,956,714	(188,331)	278,600,651
Equipment	469,221,820	75,773,639	(35,055,256)	509,940,203
Infrastructure	1,134,507,566	21,477,515	-	1,155,985,081
Total depreciable assets	2,503,656,544	230,448,178	(36,891,858)	2,697,212,864
Less accumulated depreciation for:				
Buildings and improvements	(219,892,198)	(19,197,348)	1,237,580	(237,851,966)
Improvements other than buildings	(142,414,607)	(9,527,112)	78,191	(151,863,528)
Equipment	(318,591,176)	(47,234,071)	33,184,211	(332,641,036)
Infrastructure	(889,709,795)	(24,716,919)	-	(914,426,714)
Total accumulated depreciation	(1,570,607,776)	(100,675,450)	34,499,982	(1,636,783,244)
Total capital assets, being depreciated, net	933,048,768	129,772,728	(2,391,876)	1,060,429,620
Total governmental capital assets, net	$1,872,370,533	$ 394,730,202	$(171,044,060)	$ 2,096,056,675

	Beginning Balance	Additions	Deductions	Ending Balance
Business-type Activities:				
Non-depreciable assets:				
Land	$ 152,267,915	$ 8,541,661	$ (193,398)	$ 160,616,178
Construction In Progress	169,175,728	212,549,357	(116,528,388)	265,196,697
Total non-depreciable assets	321,443,643	221,091,018	(116,721,786)	425,812,875
Depreciable assets:				
Buildings and improvements	532,660,100	15,610,658	(70,268)	548,200,490
Improvements other than buildings	1,099,035,782	126,719,043	(26,098)	1,225,728,727
Equipment	218,027,445	17,306,468	(9,110,683)	226,223,230
Easement rights	13,740,457	-	-	13,740,457
Leasehold interest	12,010,002	-	-	12,010,002
Goodwill	5,286,966	-	-	5,286,966
Total depreciable assets	1,880,760,752	159,636,169	(9,207,049)	2,031,189,872
Less accumulated depreciation for:				
Buildings and improvements	(222,082,941)	(20,446,560)	30,356	(242,499,145)
Improvements other than buildings	(414,834,818)	(31,473,913)	26,098	(446,282,633)
Equipment	(140,370,401)	(17,161,848)	8,914,853	(148,617,396)
Easement rights	(1,784,162)	(343,512)	-	(2,127,674)
Leasehold interest	(552,555)	(1,201,000)	-	(1,753,555)
Goodwill	(78,445)	(176,232)	-	(254,677)
Total accumulated depreciation	(779,703,322)	(70,803,065)	8,971,307	(841,535,080)
Total capital assets, being depreciated, net	1,101,057,430	88,833,104	(235,742)	1,189,654,792
Total business-type capital assets, net	$ 1,422,501,073	$ 309,924,122	$ (116,957,528)	$ 1,615,467,667

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

Governmental Activities:	
General government	$ 18,094,834
Public safety	23,693,963
Physical environment	844,620
Transportation	30,279,648
Economic environment	208,884
Human services	1,281,912
Culture and recreation	13,499,622
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.	12,483,503
Total depreciation expense - governmental activities	100,386,986
Adjustments to accumulated depreciation	288,464
Total increases to accumulated depreciation	$ 100,675,450
Business-type Activities:	
Water Utilities Department	$ 32,354,767
Department of Airports	20,012,058
Solid Waste Authority	18,436,240
Total depreciation expense - business-type activities	$ 70,803,065

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	$ 338,851	$ 465,883	$ -	$ 804,734
Total non-depreciable assets	338,851	465,883	-	804,734
Depreciable assets:				
Equipment	9,023	6,880	-	15,903
Total depreciable assets	9,023	6,880	-	15,903
Less accumulated depreciation for:				
Equipment	(9,023)	(323)	-	(9,346)
Total accumulated depreciation	(9,023)	(323)	-	(9,346)
Total capital assets, being depreciated, net	-	6,557	-	6,557
Total component unit capital assets, net	$ 338,851	$ 472,440	$ -	$ 811,291

5. INTERFUND TRANSFERS IN AND OUT

Interfund transfers in and out during fiscal year 2007 were as follows:

Interfund Transfers In	Interfund Transfers Out	Amount
Governmental Funds:		
Major Governmental Funds		
General Fund	Law Enforcement Grants Special Revenue Fund	$ 754,262
	Other Special Revenue Funds	16,810,199
	Sheriff Special Revenue Fund	10,291,893
	Clerk & Comptroller Special Revenue Fund	2,798,390
	Parks and Recreation Capital Projects	2,143,961
	Combined Insurance Fund	406,237
	Supervisor of Elections Special Revenue Fund	651,827
	Other Financing Debt Service Fund	4,752,451
	General Government Capital Projects	14,070,849
		$ 52,680,069
Fire Rescue Special Revenue Fund	General Fund	$ 150,000
	Community & Social Development Special Revenue Fund	50,000
	Other Special Revenue Funds	7,305,028
		$ 7,505,028

Sheriff Special Revenue Fund	General Fund	$ 385,905,945
	Law Enforcement Grants Special Revenue Fund	3,917,694
	Other Special Revenue Funds	658,870
		$ 390,482,509
General Government Capital Projects	General Fund	$ 79,484,019
	Tourist Development Special Revenue Fund	1,000,000
	Law Enforcement Grants Special Revenue Fund	250,000
	Palm Tran Special Revenue Fund	189,736
	Other Special Revenue Funds	232,854
	Sheriff Special Revenue Fund	356,746
	Clerk & Comptroller Special Revenue Fund	157,894
	Road Program Capital Projects	110,000
	Fleet Management	97,052
	ISS	1,500,000
		$ 83,378,301
Road Program Capital Projects	General Fund	$ 750,000
	County Transportation Trust Special Revenue Fund	81,601
		$ 831,601
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds		
Law Enforcement Grants Special Revenue Fund	General Fund	$ 1,113,560
	Other Special Revenue Funds	221,443
	General Government Capital Projects	99,839
		$ 1,434,842
County Transportation Trust Special Revenue Fund	General Fund	$ 7,525,786
	Other Special Revenue Funds	4,666,935
	Road Program Capital Projects	18,927,371
		$ 31,120,092
Community & Social Development Special Revenue Fund	General Fund	$ 14,918,500
	County Transportation Trust Special Revenue Fund	280,000
	General Government Capital Projects	442,000
	Road Program Capital Projects	48,400
		$ 15,688,900
Palm Tran Special Revenue Fund	General Fund	$ 31,754,567
	General Government Capital Projects	125,125
	Road Program Capital Projects	519,600
		$ 32,399,292
Other Special Revenue Funds	General Fund	$ 2,405,039
	Law Enforcement Grants Special Revenue Fund	85,749
	General Government Capital Projects	499,555
		$ 2,990,343

Clerk & Comptroller Special Revenue Fund	General Fund	$ 17,803,724
		$ 17,803,724
Supervisor of Elections Special Revenue Fund	General Fund	$ 9,883,688
		$ 9,883,688
Nonmajor Debt Service Funds		
Revenue Bonds Debt Service Fund	Tourist Development Special Revenue Fund	$ 6,118,647
	Other Special Revenue Funds	57,815,510
	Other Financing Debt Service Fund	34,971
	General Government Capital Projects	10,617,322
		$ 74,586,450
Other Financing Debt Service Fund	General Fund	$ 289,934
	Tourist Development Special Revenue Fund	30,000
	Other Special Revenue Funds	14,775,783
	Revenue Bonds Debt Service Fund	4,541
	Environmental Lands Capital Projects	6,532,537
	General Government Capital Projects	1,015,392
	Parks and Recreation Capital Projects	143,582
		$ 22,791,769
Nonmajor Capital Projects Funds		
Environmental Lands Capital Projects	General Fund	$ 1,100,000
	Tourist Development Special Revenue Fund	2,300,832
		$ 3,400,832
Fire Rescue Capital Projects	Fire Rescue Special Revenue Fund	$ 21,870,030
	Other Special Revenue Funds	2,100,000
		$ 23,970,030
Libraries Capital Projects	Library Taxing District Special Revenue Fund	$ 11,138,163
		$ 11,138,163
Parks & Recreation Capital Projects	General Fund	$ 3,585,007
	Other Special Revenue Funds	157,988
		$ 3,742,995
Street Drainage Capital Projects	General Fund	$ 3,000,000
	General Government Capital Projects	221,500
	Road Program Capital Projects	656,357
		$ 3,877,857
Total Nonmajor Governmental Funds		$ 254,828,977
Proprietary Funds:		
Enterprise Funds		
Airports	Road Program Capital Projects	$ 28,033
		$ 28,033

Water Utilities	General Fund	$ 2,500,000
		$ 2,500,000
Internal Service Funds		
ISS	General Government Capital Projects	$ 107,294
		$ 107,294
Total Internal Service Funds		$ 107,294
Total Interfund Transfers Primary Government		$ 792,341,812

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) provide matching funds for the County's portion of grant agreements, (4) use 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.

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, Research, Education & Policy Section, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32315-9000 or calling 1-850-488-5706 or accessing their website site 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 County are established and may be amended by the Florida Legislature. The County's contributions to FRS for the years ended September 30, 2007, 2006, and 2005 were $87.9 million, $70.7 million, and $60.5 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, 2007:

Membership Class	Rates
Regular	9.85%
Special Risk	20.92%
Judges	19.56%
Legislators	14.48%
Governor/Lieutenant Governor/Cabinet	14.48%
State Attorney/Public Defender	14.48%
County, City, Special District Elected Officers	16.53%
Special Risk Administrative Support	12.55%
IFAS Supplemental	18.75%
Senior Management	13.12%
Deferred Retirement Option Program	10.91%

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, 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, Florida 33410 or calling 1-561-624-3277 or accessing their website at: www.resourcecenters.com.

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.

The County's required contribution was determined as part of the January 1, 2007 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases of 5.0% - 12.5%. Both (a) and (b) included an inflation component of 4.0%. The actuarial value of the Plan's assets was determined using the 5-year Smoothed Market asset valuation method. The Plan's unfunded actuarial liability is being amortized using the Level Percent Closed amortization method. The remaining amortization period for the Plan is 30 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/04	$2,632,934	100%	$ -
12/31/05	2,761,386	100	$ -
12/31/06	2,909,900	100	$ -

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 fire fighters 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, 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.

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 51.25% of annual covered payroll.

The County's required contribution was determined as part of the September 30, 2006 actuarial valuation using the individual entry age actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases of 7.0%. Both (a) and (b) included an inflation component of 5.0%. The actuarial value of LFPF assets was determined using the market value. LFPF's unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2006 ranges from 4-20 years.

Note: The Actuarial Valuation report for 09/30/07 was not available.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/04	$633,634	100%	$ -
09/30/05	708,667	100	$ -
09/30/06	833,858	100	$ -

COMPONENT UNIT

Westgate/Belvedere Homes Community Redevelopment Agency (CRA) 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.

See pages 58 and 59 for plan description and funding policy of the Florida Retirement System defined benefit and contribution plans. 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, 2007, 2006, and 2005 were $16,993, $13,349, and $13,867, respectively, equal to the required contributions for each year.

7. COMMITMENTS

County Home

The County entered into an interlocal 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). This agreement provides that the County will make an annual payment of the fixed amount 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. The County's annual funding of $15 million is payable in equal monthly installments for the next 40 years.

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, 2007:

Fund	Amount
Capital Projects Funds	$ 222,186,025
Solid Waste Authority	50,980,023
Department of Water Utilities	48,389,000
Department of Airports	37,165,498
Special Revenue Funds	25,032,152
General Fund	3,905,280
Internal Service Funds	3,606,507
Clerk & Comptroller	740,824
Tax Collector	89,364
Property Appraiser	9,983
Total	$ 392,104,656

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.

On May 26, 2006, the County entered into an economic development grant project with The Scripps Research Institute, a nonprofit public benefit corporation, to induce Scripps to establish and operate a biomedical research facility at Florida Atlantic University in Jupiter, Florida and to encourage and stimulate economic growth by attracting new businesses and the creation of a biotech industry in the County. The County is providing funding of approximately $235 million for Scripps to construct and own 346,000 square feet of laboratory and office space. Two temporary facilities were funded by the County for Scripps at the FAU campus. The County owns and has provided 70 acres known as the Briger Tract for 1,600,000 square feet of related research and development uses. This Briger land will be

turned over to Scripps at the end of the agreement provided they meet certain minimum new job creation requirements. Scripps and FAU entered into a 99 year lease for the permanent facilities site on the FAU campus. Scripps has committed to strive to create or relocate 2,777 new jobs at the Scripps site. Scripps and the County agree to work cooperatively to create or relocate to the County an aggregate total of 6,500 Scripps new jobs and related employer new jobs. The agreement between the County and Scripps ends on February 6, 2021. The County has paid $97.8 million towards this commitment as of September 30, 2007.

The Board approved developer agreements on April 10, 2007 and certain financial commitments for the convention hotel and garage. The funding for which will be up to $ 42 million in tax exempt bonds for the garage and up to $32 million in taxable bonds for the hotel. The funding is subject to Board approval of a guaranteed construction contract for the garage and the Developer obtaining financing and completing the construction of the hotel.

In September 2007, the Board tentatively committed $87 million in County funding for construction of the Max Planck Society's (MPS) headquarters at Florida Atlantic University's (FAU) Jupiter campus. The conceptual approval of this facility moves the County closer to being a leader in biotechnology research and development. It is estimated that hundreds of jobs will be created by MPS' partnering with FAU and the Scripps Institute.

Land Acquisition

Palm Beach County School Board – On September 21, 1993, an agreement (R93-1188D) was entered into by the Palm Beach County School Board (School Board) and Palm Beach County for co-location of facilities and exchange of properties. This Agreement establishes a process to facilitate joint planning for co-located facilities and also establishes a mechanism by which properties owned by either party can be exchanged with the other party which has a need therefore. The Agreement also establishes a credit system whereby properties can be transferred and payments deferred for up to two years while offsetting exchanges are completed. As of September 30, 2007, Palm Beach County owes the School Board $121,550 under the Funding Agreement.

Land Commitment

During 1996, SWA purchased approximately 1,600 acres of farmland in western Palm Beach County as a replacement waste disposal site. SWA has entered into a ten year operating lease with the former owner of the western county site 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 years ended September 30, 2007 and 2006 was approximately $300,000 each year. The carrying value of the land subject to the lease was approximately $8 million at September 30, 2007 and 2006. The lease also provides the option to extend the term for six additional periods of four years 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 ten year term. Management expects the operating lease to be renewed until the property is utilized for its intended purpose as a replacement waste disposal site.

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, 2007, 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 limited to $100,000 per person and $200,000 per occurrence under Florida's sovereign immunity statute 768.28. 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 $6 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, 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, 2007 is $8,936,000.

During claim years 2007 and 2006, changes recorded to the claims liability for property and liability 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
2006	$ 6,464,000	$ 2,879,000	$ (797,000)	$ 8,546,000
2007	8,546,000	1,363,000	(973,000)	8,936,000

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, 2007 is $43,194,000.

During claim years 2007 and 2006, changes recorded to the claims liability for workers' compensation 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
2006	$ 35,291,000	$ 7,210,000	$ (4,614,000)	$ 37,887,000
2007	37,887,000	12,032,000	(6,725,000)	43,194,000

Employee Group Health Insurance

The County provides health insurance for its employees and eligible dependents. Effective January 1, 2004, 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.

With the exception of the Constitutional Officers who have separately contracted for health insurance coverage, all funds of the County, as well as the Solid Waste Authority, 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. The claims liability reported in the fund at September 30, 2007 is $4,313,965.

During claim years 2007 and 2006, changes recorded to the claims liability for employee 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
2006	$ 2,763,328	$ 33,633,789	$ (32,988,682)	$ 3,408,435
2007	3,408,435	47,335,906	(46,430,376)	4,313,965

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 $312 million, subject to various policy sub-limits, generally ranging from $1 million to $45 million and deductibles ranging from $10,000 to $250,000 per occurrence. The SWA also purchases commercial insurance for general liability claims with coverage up to $1 million per occurrence and $2 million general aggregate, with excess liability coverage of $25 million, all subject to various deductibles up to $10,000 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 $500,000 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 $1.4 million for 2007. 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, 2007 and 2006 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2006	$ 448,000	237,429	(237,429)	$ 448,000
2007	448,000	346,504	(346,504)	448,000

Effective January 1, 2003, the SWA contracted with Palm Beach County to provide employee health benefits through the County's self-insurance program for employee benefits. The County plan provides health insurance benefits to County employees and employees of component units of the County electing to participate in the plan. The County plan covers approximately 4,900 participants and is designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administration and a margin for unexpected losses or expenses. The County purchases commercial insurance for claims in excess of the annual stop loss deductible of $500,000 per person. The SWA pays a monthly premium based on the number of SWA employees participating in the plan and does not retain risk of loss for employee health claims, but is obligated to pay the premiums established by the County to fund the plan. For the year ended September 30, 2007 and 2006, the SWA paid premiums of $4,116,798 and $3,971,234 respectively, to the County for approximately 400 participating employees. The SWA does not expect any additional premium assessments for 2007 or prior years.

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, 2007 is $14,069,096. 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 2007 and 2006, 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
2006	$ 14,915,553	$ 379,156	$ (3,802,199)	$ 11,492,510
2007	11,492,510	6,494,703	(3,918,117)	14,069,096

Workers' Compensation Insurance

The Sheriff's office is self-funded for its workers' compensation exposure. The claims liability reported at September 30, 2007 is $19,568,839. 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 2007 and 2006, 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
2006	$ 22,214,852	$ 6,937,375	$ (6,199,168)	$ 22,953,059
2007	22,953,059	2,942,863	(6,327,083)	19,568,839

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 2007 and 2006, changes recorded 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
2006	$ 813,000	$ 5,379,207	$ (5,522,207)	$ 670,000
2007	670,000	6,543,038	(6,681,038)	532,000

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.

9. OTHER POST EMPLOYMENT BENEFITS

In accordance with Palm Beach County Sheriff's Office policy, Sheriff's Office employees, upon separation may elect to retain coverage for medical and dental insurance under the Sheriff's Office group plans. Employees leaving the agency in good standing and electing to retain medical and/or dental coverage may receive a monthly, prorated health insurance subsidy benefit based on years of service rendered to the Sheriff. Premium cost over and above the subsidy amount is the sole responsibility of the former employee. If the election is not made at separation, former employees will not be eligible to receive the benefit at a later date.

This benefit is provided by the Palm Beach County Sheriff's Office as insurance premiums are paid. There were 541 participants at September 30, 2007. Expenditures for the insurance subsidy benefit program for the fiscal year ended September 30, 2007 totaled $ 1,934,601.

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

revenues. Contingent rental income under such arrangements amounted to approximately $5,876,000 in fiscal year 2007. All leases have been classified as operating leases.

Minimum future rentals under these operating leases are as follows:

Year Ended September 30	Department of Airports
2008	$ 33,630,702
2009	20,705,043
2010	20,383,408
2011	20,397,253
2012	5,335,059
Thereafter	57,327,562
Total	$ 157,779,027

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

	September 30, 2007
Buildings	$ 203,851,020
Less: accumulated depreciation	(100,951,950)
Net Buildings	102,899,070
Land	5,742,182
Total property held for lease	$ 108,641,252

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, 2007 amounted to approximately $4,102,495 comprised of $3,734,638 for Governmental funds, $161,945 for Enterprise Funds, and $205,912 for Internal Service Funds.

Operating Leases

Future minimum rental payments under noncancellable operating leases as of September 30, 2007 are as follows:

Fiscal Year	Governmental Funds	Enterprise Funds	Internal Service Funds
2008	$ 3,488,302	$ 125,437	$ 182,640
2009	2,103,768	74,991	151,659
2010	1,258,566	28,707	63,822
2011	854,394	6,213	32,567
2012	299,691	-	-
Thereafter	1,174,052	-	-
Total	$ 9,178,773	$ 235,348	$ 430,688

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 proprietary fund types. Future minimum lease payments under capital leases as of September 30, 2007 are as follows:

Fiscal Year	Governmental Funds
2008	$ 4,584
2009	4,584
2010	3,438
Total minimum lease payments	12,606
Less: imputed interest	(1,312)
Present value of minimum lease payments	$ 11,294

The following schedule shows the leased assets capitalized as of September 30, 2007, by major asset class:

	Governmental Funds Capital Assets
Equipment	$ 18,958
Less: accumulated depreciation for entity wide	(9,734)
Carrying value	$ 9,224

11. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The SWA operated one active landfill site for the year ended September 30, 2007. 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. The $23,379,064 reported as landfill closure and postclosure care liability at September 30, 2007 represents the cumulative amount reported to that date based on the use of 32.6 percent of the estimated capacity of the operating landfill. The SWA will recognize the remaining estimated cost of closure and postclosure care of approximately $57.8 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 2007. Based on current demographic information and engineering estimates of landfill consumption, the SWA expects to close the landfill in approximately 2021. 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, 2007 assets of $28,098,999 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, 2007, the statutorily required escrow account balances were as follows:

Site	September 30, 2007
Site 7 closure costs	$ 22,395,196
Dyer landfill long-term care	324,432
Belle Glade landfill long-term care	19,621
	$ 22,739,249

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, 2007, 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.

12. ADVANCE REFUNDING OF DEBT

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.

The amount of in-substance defeased bonds outstanding as of September 30, 2007, consists of the following:

Bond Issues	Amount
Governmental Funds:	
Stadium Facilities Revenue Bonds, 1996	$ 17,280,000
Revenue Improvement Bonds (N Cnty Courthouse), 1997	13,595,000
General Obligation Bonds (Recreational & Cultural Fac), 1999A	15,520,000
General Obligation Bonds (Land Acquisition), 1999B	52,305,000
General Obligation Bonds (Land Acquisition), 2001	57,985,000
Public Improvement Revenue Bonds (Convention Center Project), 2001	73,390,000
	230,075,000
Proprietary Funds:	
Pollution Control Loan Agreement, 1976	4,405,000
Water & Sewer Refunding Revenue Bonds, 1986	10,685,000
Solid Waste Authority Refunding Revenue Bonds, 1997A	10,695,000
Water & Wastewater Revenue Bonds, 1998	12,115,000
Airport Refunding Revenue Bonds, 2001	12,240,000
Airport Refunding Revenue Bonds, 2002	14,740,000
	64,880,000
Total Defeased Bonds Outstanding	$ 294,955,000

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 are $2,035,000 at September 30, 2007.

13. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund balances at September 30, 2007, are expected to be repaid within one year. Interfund receivable and payable balances at September 30, 2007 were as follows:

Interfund Receivable Fund	Interfund Payable Fund	Amount
Governmental Funds:		
Major Governmental Funds		
General Fund	Law Enforcement Grants Special Revenue Fund	$ 1,316,438
	Community & Social Development Special Revenue Fund	11,459,785
	Other Special Revenue Funds	16,033,776
	Sheriff Special Revenue Fund	10,304,624
	Clerk & Comptroller Special Revenue Fund	2,825,817
	Tax Collector Special Revenue Fund	36,509,463
	Property Appraiser Special Revenue Fund	1,800,976
	Supervisor of Elections Special Revenue Fund	680,202
	Airports	1,337
	Solid Waste Authority	16,906
		$ 80,949,324
Fire Rescue Special Revenue Fund	General Fund	$ 19
	Sheriff Special Revenue Fund	10,618
	Tax Collector Special Revenue Fund	2,709,533
	Property Appraiser Special Revenue Fund	140,911
		$ 2,861,081
Sheriff Special Revenue Fund	General Fund	$ 2,342
	Law Enforcement Grants Special Revenue Fund	65,523
		$ 67,865
General Government Capital Projects	Palm Tran Special Revenue Fund	$ 135,758
	Law Enforcement Grants Special Revenue Fund	250,000
	Sheriff Special Revenue Fund	68,656
	Clerk & Comptroller Special Revenue Fund	110,841
	Tax Collector Special Revenue Fund	12,190
	Property Appraiser Special Revenue Fund	110,000
		$ 687,445
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds		
Law Enforcement Grants Special Revenue Fund	General Fund	$ 113,560
	Other Special Revenue Funds	221,443
	Sheriff Special Revenue Fund	3,806,429
		$ 4,141,432
Library Taxing District Special Revenue Fund	Tax Collector Special Revenue Fund	$ 707,857
	Property Appraiser Special Revenue Fund	36,834
		$ 744,691
Community & Social Development Special Revenue Fund	General Fund	$ 11,392,154
		$ 11,392,154
Affordable Housing (SHIP) Trust Fund Special Revenue Fund	Community & Social Development Special Revenue Fund	$ 3,096
		$ 3,096

Other Special Revenue Funds	General Fund	$ 4,355
	Fire Rescue Special Revenue Fund	27,012
	Clerk & Comptroller Special Revenue Fund	237,482
	Sheriff Special Revenue Fund	17,285
	General Government Capital Projects	428,839
	Solid Waste Authority	2,926
		$ 717,899
Clerk & Comptroller Special Revenue Fund	General Fund	$ 606,166
	Library Taxing District Special Revenue Fund	477
	Community & Social Development Special Revenue Fund	36
	Affordable Housing (SHIP) Trust Fund Special Revenue Fund	197
	Other Special Revenue Funds	188
	Tax Collector Special Revenue Fund	22,176
	Road Program Capital Projects	1,592
	Airports	35,900
	Water Utilities	3,096
	Clerk & Comptroller Insurance Fund	85,604
		$ 755,432
Nonmajor Debt Service Funds		
Other Financing Debt Service	Revenue Bonds Debt Service	$ 7,018
		$ 7,018
Nonmajor Capital Projects Funds		
Criminal Justice Capital Projects	Revenue Bonds Debt Service	$ 206,295
		$ 206,295
Street & Drainage Capital Projects	Tax Collector Special Revenue Fund	$ 4,715
		$ 4,715
Total Nonmajor Governmental Funds		$ 17,972,732
Proprietary Funds:		
Enterprise Funds		
Airports	General Fund	$ 275,101
		$ 275,101
Water Utilities	General Fund	$ 14,439
	County Transportation Trust Special Revenue Fund	882
	Library Taxing District Special Revenue Fund	1,338
	Fire Rescue Special Revenue Fund	1,756
	Community & Social Development Special Revenue Fund	564
	Other Special Revenue Funds	606
	Tax Collector Special Revenue Fund	7,213
	Libraries Capital Projects	204
	Graphics	187
	Airports	15,704
		$ 42,893
Solid Waste Authority	General Fund	$ 133
	County Transportation Trust Special Revenue Fund	18,918
	Tax Collector Special Revenue Fund	1,704,167
	Airports	917
		$ 1,724,135
Internal Service Funds		
Fleet Management	General Fund	$ 901,852
	County Transportation Trust Special Revenue Fund	565,998
	Municipal Service Taxing District Special Revenue Fund	63,815
	Library Taxing District Special Revenue Fund	7,434

	Community & Social Development Special Revenue Fund	69,026
	Affordable Housing (SHIP) Trust Fund Special Revenue Fund	175
	Fire Rescue Special Revenue Fund	83,242
	Palm Tran Special Revenue Fund	3,169
	Other Special Revenue Funds	22,137
	Sheriff Special Revenue Fund	427,949
	Clerk & Comptroller Special Revenue Fund	2,749
	Tax Collector Special Revenue Fund	10,704
	Property Appraiser Special Revenue Fund	752
	Supervisor of Elections Special Revenue Fund	4,590
	Road Program Capital Projects	17,743
	Airports	40,815
	Water Utilities	166,157
	Solid Waste Authority	237
	Graphics	743
	Combined Insurance Fund	418
	ISS	5,253
		$ 2,394,958
Graphics	Clerk & Comptroller Special Revenue Fund	$ 1,297
	Tax Collector Special Revenue Fund	892
		$ 2,189
Combined Insurance Fund	General Fund	$ 715,460
	Tourist Development Special Revenue Fund	1,783
	County Transportation Trust Special Revenue Fund	118,458
	Municipal Service Taxing District Special Revenue Fund	60,454
	Library Taxing District Special Revenue Fund	112,747
	Community & Social Development Special Revenue Fund	136,621
	Affordable Housing (SHIP) Trust Fund Special Revenue Fund	3,594
	Hurricane Housing Recovery Plan Fund Special Revenue Fund	652
	Fire Rescue Special Revenue Fund	18,501
	Palm Tran Special Revenue Fund	213,224
	Other Special Revenue Funds	15,744
	General Government Capital Projects	1,210
	Road Program Capital Projects	18,435
	Airports	49,476
	Water Utilities	163,854
	Solid Waste Authority	390,386
	Fleet Management	24,767
	Graphics	3,318
	ISS	71,366
		$ 2,120,050
ISS	General Fund	$ 1,166,395
	Tourist Development Special Revenue Fund	752
	County Transportation Trust Special Revenue Fund	1,463
	Municipal Service Taxing District Special Revenue Fund	170,786
	Library Taxing District Special Revenue Fund	9,297
	Community & Social Development Special Revenue Fund	4,524
	Fire Rescue Special Revenue Fund	59,265
	Palm Tran Special Revenue Fund	41,277
	Other Special Revenue Funds	101,046
	Clerk & Comptroller Special Revenue Fund	495,690
	Tax Collector Special Revenue Fund	332,364
	Property Appraiser Special Revenue Fund	96,058
	General Government Capital Projects	149,779
	Airports	14,266
	Water Utilities	145,385
	Fleet Management	9,487
	Graphics	2,781
	Combined Insurance Fund	46,328
		$ 2,846,943

Clerk & Comptroller Insurance Fund	Clerk & Comptroller Special Revenue Fund	$ 299,225
		$ 299,225
Total Internal Service Funds		$ 7,663,365
Total Interfund Receivables and Payables Primary Government		$ 112,243,941

Receivables and Payables Between Primary Government and Component Units:

Interfund Receivable Primary Government Fund	Interfund Payable Component Unit Fund	Amount
Combined Insurance Fund	Metropolitan Planning Organization	$ 2,813
		$ 2,813
ISS	Metropolitan Planning Organization	$ 3,579
		$ 3,579

Interfund Receivable Component Unit Fund	Interfund Payable Primary Government Fund	Amount
Metropolitan Planning Organization	General Fund	$ 287,128
		$ 287,128
Total Receivables and Payables Between Primary Government and Component Units		$ 293,520

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.

14. SHORT-TERM DEBT

Changes in Short-Term Liabilities - The following is a summary of changes in the short-term liabilities for the year ended September 30, 2007 for governmental activities:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance
$10.5M Taxable BAN Convention Center, Series 2005	$ 10,500,000	$ -	$ 10,500,000	$ -
$20M BAN Jail Facilities, Series 2007	-	20,043,500	-	20,043,500
Total Short-Term Liabilities	$ 10,500,000	$ 20,043,500	$ 10,500,000	$ 20,043,500

On September 20, 2007, the County issued the $20,043,500 Public Improvement Revenue Bond Anticipation Notes, Series 2007 (Public Facilities Development Program) in anticipation of the issuance of not-to-exceed $170,000,000 Public Improvement Revenue Bonds for the purpose of expediting the financing of the costs of acquisition, renovation, construction and equipping of Criminal Justice and Public Improvement Facilities and all other incidental costs. The Notes shall mature and be payable in full on October 1, 2008 and shall have a variable rate of interest. The interest rate on September 30, 2007 was 3.76%.

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, 2007 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	$ 336,020,000	$ -	$ 22,505,000	$ 313,515,000	$ 23,105,000
Non-ad valorem revenue bonds	597,659,893	14,685,000	38,435,293	573,909,600	38,885,195
Face amount of bonds payable	933,679,893	14,685,000	60,940,293	887,424,600	61,990,195
Unamortized bond premiums	29,145,636	561,966	1,736,107	27,971,495	-
Unamortized loss on bond refinancing	(13,951,073)	-	(821,410)	(13,129,663)	-
Net bonds payable	948,874,456	15,246,966	61,854,990	902,266,432	61,990,195
Notes and loans payable	94,871,054	64,392,331	30,206,872	129,056,513	32,838,358
Arbitrage liability	617,942	3,791,116	2,886	4,406,172	1,405,850
Compensated absences	85,857,800	52,872,763	38,509,417	100,221,146	6,970,180
Capital leases	43,027	-	31,733	11,294	3,842
Insurance Claims Payable	84,957,004	76,711,510	71,054,614	90,613,900	33,967,777
Fire Rescue LT liability	7,861,269	296,060	-	8,157,329	489,440
Governmental activity long-term liabilities	$ 1,223,082,552	$ 213,310,746	$201,660,512	$ 1,234,732,786	$ 137,665,642

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 $509,969 of internal service funds loans payable are included in the above amounts.

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Revenue bonds	$ 637,744,818	$ -	$ 46,500,000	$ 591,244,818	$ 50,840,000
Unamortized bond premiums	14,052,875	-	2,357,155	11,695,720	-
Unamortized loss on bond refinancing	(16,163,284)	-	(4,428,379)	(11,734,905)	-
Net bonds payable	635,634,409	-	44,428,776	591,205,633	50,840,000
Loans payable	7,654,298	-	7,404,298	250,000	-
Accrued interest on notes and capital appreciation bonds	26,543,122	4,988,128	1,633,751	29,897,499	-
Accrued landfill costs	23,218,758	3,014,296	2,853,990	23,379,064	454,574
Compensated absences	6,981,354	1,250,474	624,617	7,607,211	687,481
Business-type activities long-term liabilities	$ 700,031,941	$ 9,252,898	$ 56,945,432	$ 652,339,407	$ 51,982,055

Governmental Activities General Long-Term Debt

General long-term debt, including current maturities, at September 30, 2007 consisted of the following:

$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 annual installments range from $3,700,000 to $6,945,000 through July 1, 2011; with interest rates from 4.250% to 6.750% 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.	$ 18,660,000
$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 $2,885,000 to $4,030,000 through December 1, 2014; with interest rates from 4.200% 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.	$ 27,200,000
$25,000,000 General Obligation Bonds (Recreational and Cultural Facilities Program), Series 1999A were issued to pay the cost of acquisition, construction and other capital improvements to certain recreational and cultural facilities within the County. The annual installments range from $1,075,000 to $1,135,000 through August 1, 2009; with an interest rate of 6.000% 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. The County advance refunded $15,520,000 of this issue on May 11, 2005.	$ 2,210,000
$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 $1,195,000 to $2,205,000 through July 1, 2023; with interest rates from 2.750% to 5.250% 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.	$ 25,835,000

$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 $1,010,000 to $1,780,000 through July 1, 2023; with interest rates from 2.250% 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.	$ 21,215,000
$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 $55,000 to $1,920,000 through August 1, 2019; with interest rates from 2.850% 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.	$ 15,915,000
$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 $920,000 to $1,860,000 through July 1, 2025; with interest rates from 2.800% 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.	$ 23,320,000
$22,335,000 General Obligation Bonds (Library District Improvements) 2006 were issued for financing additional library facilities and renovation of existing facilities within the County. The annual installments range from $845,000 to $1,665,000 through August 1, 2025; with interest rates from 3.300% 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.	$ 21,520,000
$50,000,000 General Obligation Bonds (Waterfront Access Projects) 2006 were issued for financing purchase of waterfront access within the County. The annual installments range from $1,790,000 to $3,570,000 through August 1, 2026; with interest rates from 3.350% 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.	$ 48,270,000

$115,825,000 Taxable General Obligation Refunding Bonds 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 $6,125,000 to $11,355,000 through June 1, 2020; with interest rates from 5.634% 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.	$ 109,370,000
Total General Obligation Bonds	$ 313,515,000

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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 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 annual installments range from $1,550,000 to $1,865,000 through June 1, 2011; with an interest rate of 5.250% 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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 6,760,000
$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 annual installments range from $11,425,000 to $13,365,000 through June 1, 2011; with an interest rate of 5.375% 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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 49,510,000

$30,730,000 Beach Acquisition Revenue Refunding Bonds, Series 1993 were issued to pay the cost to advance refund and defease the County's Beach Acquisition Bonds, Series 1986. The remaining annual installment is $2,850,000 due November 1, 2007; with an interest rate of 5.250% payable semi-annually on May 1 and November 1. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 2,850,000
$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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 32,655,000
$22,425,000 Revenue Improvement Bonds, Series 1997 were issued to pay the cost of expanding the North County Courthouse and the construction of a light industrial maintenance facility for the Sheriff's vehicles. The remaining annual installment is $1,050,000 due December 1, 2007; with an interest rate of 4.300% payable December 1, 2007. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded $13,595,000 on July 7, 2005. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 1,050,000
$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 $1,495,000 to $2,015,000 through June 1, 2015; with interest rates from 3.375% 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.	$ 13,810,000
$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 $560,000 to $685,000 through July 1, 2014; with interest rates from 2.500% 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.	$ 4,325,000

$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 $4,295,000 to $6,690,000 through August 1, 2023; with interest rates from 2.000% 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.	$ 82,040,000
$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 $1,570,000 to $5,240,000 through November 1, 2030; with interest rates from 2.000% 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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 80,905,000
$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 $1,510,000 to $2,715,000 through November 1, 2024; with interest rates from 2.000% 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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 35,975,000
$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 range from $2,442,751 to $2,442,752 through November 1, 2014; with a variable rate of interest in effect of 5.228% 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.	$ 19,542,011

$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 $1,430,000 to $2,000,000 through November 1, 2016; 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.	$ 16,860,000
$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 $25,000 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.	$ 13,385,000
$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 $845,000 to $1,120,000 through November 1, 2015; 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.	$ 8,700,000
$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 $4,620,000 to $10,190,000 through June 1, 2025; with interest rates of 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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 125,345,000

$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 $1,445,000 to $2,090,000 through December 1, 2016; with interest rates of 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.	$ 17,350,000
$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 $1,297,443 to $1,641,680 through January 1, 2014; with a variable rate of interest in effect of 4.774% 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.	$ 10,247,589
$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 $475,000 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.	$ 14,685,000
Total Non-Ad Valorem Revenue Bonds	$ 573,909,600
Face Amount of Bonds Payable	$ 887,424,600
Unamortized bond premiums	$ 27,971,495
Unamortized loss on bond refinancing	$ (13,129,663)
Net General Obligation and Non-Ad Valorem Revenue Bonds	$ 902,266,432

Notes and Other Loans Payable

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. Loan obligations from the Commission are reflected as debt by the participating governmental units. Palm Beach County has no obligation and minimal event risk associated with the Commission other than the repayment of its loan from the Commission. Financial Statements may be obtained from the Commission.

$50,875,000 - In 1987, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments ranging from $1,430,000 to $1,435,000 through July 1, 2016; with a variable interest rate in effect of 3.780% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 12,875,000
$20,280,000 - In 2000, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments ranging from $890,000 to $1,465,000 through August 1, 2020; with a variable interest rate in effect of 3.660% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 15,005,000
$14,784,000 - In 2002, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in a remaining annual installment of $2,376,000 on August 15, 2008; with a variable interest rate in effect of 3.660% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 2,376,000
$12,000,000 - In 2004, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments of $2,000,000 through December 1, 2009; with a variable interest rate in effect of 3.780% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 6,000,000

$5,600,000 - In 2004, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in a remaining annual installment of $2,547,626 on December 1, 2008; with a variable interest rate in effect of 3.780% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 2,547,626
$27,000,000 - In 2006, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments ranging from $899,000 to $1,986,000 through November 1, 2025; with a variable interest rate in effect of 3.620% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 26,139,000
$6,125,000 - In 2006, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments ranging from $306,000 to $307,000 through April 1, 2026; with a variable interest rate in effect of 3.620% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 5,819,000
$7,500,000 - In 2006, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments ranging from $244,000 to $594,000 through November 1, 2025; with a variable interest rate in effect of 3.620% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 7,500,000

$8,160,000 - In 2006, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments ranging from $378,000 to $749,000 through November 1, 2021; with a variable interest rate in effect of 3.620% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 8,160,000
$7,965,000 - In 2006, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments ranging from $251,000 to $314,000 through November 1, 2008; with a variable interest rate in effect of 3.620% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 565,000
$4,838,000 - In 2007, Palm Beach County executed a loan agreement with the Sunshine State Governmental Financing Commission, due in annual installments ranging from $163,000 to $373,000 through November 1, 2026; with a variable interest rate in effect of 3.620% per annum payable monthly on the 15th of each month. This rate is determined based upon the County's Pro Rata share of interest paid on the bonds issued by the Sunshine State Governmental Financing Commission to fund the financing program for the immediately preceding loan payment period. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 4,838,000
$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 4.000% to 5.970% payable semi-annually on February 1 and August 1 of each year. The loan is not a general obligation of the County and is payable from non-ad valorem revenues.	$ 1,399,000

$16,322,600 Public Improvement Revenue Bond Anticipation Notes, Series 2006 (Biomedical Research Park Project) was issued on November 22, 2006 to provide interim financing for payment of the cost of certain lands, together with related mineral rights, comprising a portion of what is known as the "Briger Tract" to be used for permanent laboratory facilities and office space for the Scripps Biomedical Research Institute and for payment of the cost of issuance of the Notes. The principal and interest are due on December 30, 2007; with a variable rate of interest in effect of 4.59% 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.	
This BAN was refunded on December 19, 2007 and is therefore presented as a long term note payable as of September 30, 2007. Palm Beach County issued $98,080,000 Public Improvement Revenue Bonds, Series 2007C (Biomedical Research Park Project) maturing on November 1, 2027 for the purpose of redeeming the County's $16,322,600 Public Improvement Revenue Bond Anticipation Notes, Series 2006 (Biomedical Research Park Project) and funding a grant to The Scripps Research Institute, which will be applied to pay the costs of acquiring, constructing, improving and equipping the permanent facilities of the Biomedical Research Park. Interest is paid semi-annually at rates ranging from 4% to 5% and principal is paid annually beginning November 1, 2008.	$ 16,322,600
$6,976,660 Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project) Series 2006A was issued to pay the cost of infrastructure improvements to certain lands. The principal and interest are due on December 14, 2007; with a variable rate of interest in effect of 3.787% 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.	$ 6,976,660
$479,766 Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project) Series 2006B was issued to pay the cost of infrastructure improvements to certain lands. The principal and interest are due on December 14, 2007; with a variable rate of interest in effect of 5.959% 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.	$ 479,766
$11,543,892 Taxable Public Improvement Revenue Bond Anticipation Note (Convention Center Hotel Project) Series 2007 was issued to pay the cost of acquiring the convention center hotel site and initial design expenses. Interest is payable semiannually on May 1 and November 1 with the entire principal due on May 1, 2010; at a variable rate of interest in effect of 5.803% 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.	$ 11,543,892

$ 606,412 - IBM Mainframe IPA Systems Equipment Loan, 2007. The Information Systems Services Department agreed to an installment purchase agreement with IBM for data processing software systems equipment with maintenance and services. The terms of the installment purchase are quarterly principal and interest payments at a rate of 3.746% for the Equipment, 3.553% for the Software and 5.110% for Services through January 1, 2010. The installment purchase is not a general obligation of the County and is payable from non-ad valorem revenues.		$ 509,969
Total Notes and Other Loans Payable		$ 129,056,513

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.		$ 4,406,172

Compensated absences

Compensated absences are liquidated by the governmental fund incurring the expense.		
County Funds:		
General Fund	$ 15,459,373	
Special Revenue Funds	21,057,972	
Capital Projects Fund	781,299	
Constitutional Officers:		
Sheriff	54,858,153	
Clerk & Comptroller	5,036,432	
Tax Collector	634,657	
Property Appraiser	2,189,367	
Supervisor of Elections	203,893	
		$ 100,221,146
Capital leases		11,294
Insurance claims payable		90,613,900
Long-Term Disability – Fire Rescue		8,157,329
Total Governmental Activities General Long-Term Debt including current portion		$1,234,732,786

Business-type Activities Long-Term Debt

Business-type long-term debt, including current portion, at September 30, 2007 consisted of the following:

Revenue Bonds

$18,645,000 Water and Sewer Revenue Bonds, Series 1985 were issued to pay the cost of refunding the County's presently outstanding Water and Sewer Revenue Bond Anticipation Notes, Series 1984. The annual installments range from $1,200,000 to $1,800,000 through October 1, 2011; with interest based upon rates calculated on a daily basis, with the effective interest of 4.050% but not to exceed 15.000%, payable monthly on the fifth working day of each month. The County has the option to change to a variable, adjustable or fixed interest calculation method as it deems appropriate. 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 pledge of the connection charges of the system.	$ 7,545,000
$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 $1,450,000 to $1,715,000 through October 1, 2011; with interest rates from 4.200% 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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 7,895,000
$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 $4,120,000 through October 1, 2013; with interest rates from 2.000% 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.	$ 15,910,000

$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 annual installments range from $3,985,000 to $5,270,000 through April 1, 2011; with interest rates from 3.000% 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.	$ 19,075,000
$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 $2,035,000 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.	$ 125,850,000
$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 $40,000 to $2,245,000 through October 1, 2017; with interest rates from 3.500% 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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 12,450,000
$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 annual installments range from $6,790,000 to $7,975,000 through October 1, 2010; with interest rates from 4.000% 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 payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 29,525,000

$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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 45,410,000
$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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 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. Payment of principal and interest on the bonds is guaranteed under a noncancellable insurance policy.	$ 16,855,000
$266,590,000 Solid Waste Authority Refunding Revenue Bonds, Series 1997A were issued to refund the Authority's Adjustable/Fixed Rate Revenue Bonds, Series 1984 maturing on and after July 1, 1998. The annual installments range from $29,630,000 to $71,430,000 through July 1, 2010; with interest of 6.000% 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. Payment of principal and interest is guaranteed under a noncancellable insurance policy.	$ 132,465,000

$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 due in annual installments ranging from $1,025,000 to $1,070,000 through October 1, 2008; with interest rates from 4.250% to 4.300% payable semi-annually on April 1 and October 1 of each year. $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. Payment of principal and interest is guaranteed under a noncancellable insurance policy.	$ 36,335,432
$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. Payment of principal and interest is guaranteed under a noncancellable insurance policy.	$ 38,734,386
$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 2.000% 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. Payment of principal and interest is guaranteed under a noncancellable insurance policy.	$ 34,115,000
Total face value of revenue bonds payable	$ 591,244,818
Unamortized bond premiums	$ 11,695,720
Unamortized loss on bond refinancing	$ (11,734,905)
Net Revenue Bonds, Business-Type Activities	$ 591,205,633

Loans Payable

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 4.860% at September 30, 2007) 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.		$ 250,000
Total loans payable		$ 250,000
Accrued interest payable on notes and capital appreciation bonds		$ 29,897,499
Accrued landfill costs		$ 23,379,064

Compensated absences

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

Business-Type Fund		
Water Utilities Department	$ 2,751,207	
Department of Airports	1,129,626	
Solid Waste Authority	3,726,378	
		$ 7,607,211
Total Business-Type Activities Long-Term Debt, including current portion		$ 652,339,407

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		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2008	$ 23,105,000	$ 15,402,985	$ 38,885,195	$ 27,461,814	$ 32,838,358	$ 5,008,768	$ 142,702,120
2009	20,260,000	14,394,298	37,297,093	25,901,702	9,572,451	3,581,940	111,007,484
2010	21,185,000	13,468,818	38,671,067	24,381,257	18,276,704	3,080,869	119,063,715
2011	22,240,000	12,416,424	40,347,198	22,619,624	4,754,000	2,440,187	104,817,433
2012	18,965,000	11,269,506	42,270,576	20,721,861	4,888,000	2,261,563	100,376,506
2013-2017	101,240,000	41,560,386	184,143,471	70,563,697	25,250,000	8,448,196	431,205,750
2018-2022	79,045,000	16,218,100	103,030,000	36,218,050	20,793,000	4,021,237	259,325,387
2023-2027	27,475,000	2,647,332	69,455,000	12,050,622	12,684,000	839,986	125,151,940
2028-2032	-	-	19,810,000	2,028,500	-	-	21,838,500
Total	$ 313,515,000	$ 127,377,849	$ 573,909,600	$ 241,947,127	$ 129,056,513	$ 29,682,746	$ 1,415,488,835

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		
	Principal	Interest	Principal	Interest	Total
2008	$ 50,840,000	$ 25,486,945	$ -	$ 12,161	$ 76,339,106
2009	53,815,000	22,705,775	-	12,161	76,532,936
2010	93,700,000	20,339,209	-	12,161	114,051,370
2011	18,430,000	15,592,825	250,000	10,134	34,282,959
2012	53,605,830	16,171,451	-	-	69,777,281
2013-2017	136,103,988	120,752,495	-	-	256,856,483
2018-2022	34,000,000	41,869,158	-	-	75,869,158
2023-2027	38,610,000	32,871,400	-	-	71,481,400
2028-2032	49,275,000	21,937,201	-	-	71,212,201
2033-2037	62,865,000	8,020,391	-	-	70,885,391
Total	$ 591,244,818	$ 325,746,850	$ 250,000	$ 46,617	$ 917,288,285

COMPONENT UNITS:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 155,730	$ 55,964	$ 2,331	$ 209,363	$ 1,675

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 2,390,000	$ -	$ 160,000	$ 2,230,000	$ 160,000
Loans payable	2,778,316	-	229,244	2,549,072	238,595
Mortgage payable	208,310	-	9,174	199,136	9,837
Mortgage payable	-	465,000	-	465,000	465,000
Mortgage payable	-	260,000	-	260,000	-
Total	$ 5,376,626	$ 725,000	$ 398,418	$ 5,703,208	$ 873,432

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, 2007 were $2,230,000 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 – The mortgage is payable in monthly installment payments of $1,955 including interest with a maturity of August 3, 2010 and interest rate of 7%. The mortgage is secured by the building.

Mortgage payable – The mortgage is payable in monthly installment payments of $2,519, interest only, with a maturity of December 28, 2007 and interest rate of 6.5%. The mortgage is secured by the building.

Mortgage payable – The mortgage is payable in monthly installment payments of $1,625, interest only, with a maturity of September 28, 2010 and interest rate of 7.5%. The mortgage is secured by the building.

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

Year Ending	Bond Obligation		
September 30	Principal	Interest	Total
2008	$ 160,000	$ 96,830	$ 256,830
2009	170,000	89,858	259,858
2010	175,000	82,570	257,570
2011	185,000	74,917	259,917
2012	190,000	66,760	256,760
2013-2017	1,100,000	193,010	1,293,010
2018	250,000	6,000	256,000
Total	$ 2,230,000	$ 609,945	$ 2,839,945

Year Ending September 30	Loan Payable Principal	Interest	Total
2008	$ 238,595	$ 107,550	$ 346,145
2009	248,929	97,216	346,145
2010	259,403	86,742	346,145
2011	270,317	75,828	346,145
2012	281,515	64,630	346,145
2013-2016	1,250,313	134,267	1,384,580
Total	$ 2,549,072	$ 566,233	$ 3,115,305

Year Ending September 30	Mortgage Payable Principal	Interest	Total
2008	$ 9,837	$ 13,628	$ 23,465
2009	10,548	10,917	21,465
2010	178,751	11,172	189,923
Total	$ 199,136	$ 35,717	$ 234,853

Year Ending September 30	Mortgage Payable Principal	Interest	Total
2008	$ 465,000	$ 7,556	$ 472,556
Total	$ 465,000	$ 7,556	$ 472,556

Year Ending September 30	Mortgage Payable Principal	Interest	Total
2008	$ -	$ 19,500	$ 19,500
2009	-	19,500	19,500
2010	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, five series of Industrial Development Bonds were issued with an aggregate par value of $81,835,000. As of September 30, 2007, there were thirty-four series of Industrial Development Bonds outstanding, with an estimated aggregate principal amount payable of $475,925,000.

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. No bonds were issued in the current period. As of September 30, 2007, the HFA has $259 million of bonds outstanding that were originally issued in the aggregate principal amount of $353 million.

16. CONTINGENCIES

Litigation

The County 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 management of the County based upon consultation with legal counsel, that the outcome of these matters will not materially affect 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.

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.

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. SUBSEQUENT EVENTS

At September 30, 2007, the primary government and its discretely presented component units were invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool the following amounts:

Blended Entities of Primary Government	*Balance*
Solid Waste Authority	$ 196,673,598
County Internal Investment Pool	67,451,281
Clerk & Comptroller	2,691,438
Tax Collector	2,506,009
Property Appraiser	2,382,985
Total Primary Government	$ 271,705,311

Discretely Presented Component Units	*Balance*
Housing Finance Authority of Palm Beach County (HFA)	$7,520,868
Westgate/Belvedere Homes Community Redevelopment Agency (CRA)	$390,108

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately $12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately $2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 15% of their balance or $2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable. Subsequent to year-end, the primary government and discretely presented component units had the following balances as of December 4, 2007, the date Pool B was created:

Blended Entities of Primary Government	Balance in Pool A	Balance in Pool B
Solid Waste Authority	$ 44,357,830	$ 7,452,594
County Internal Investment Pool	-	-
Clerk & Comptroller	-	-
Tax Collector	3,877,719	651,499
Property Appraiser	1,641,511	275,792
	$ 49,877,060	$ 8,379,885

Discretly Presented Component Units	Balance in Pool A	Balance in Pool B
Housing Finance Authority of Palm Beach County (HFA)	$48,601	$8,165
Westgate/Belvedere Homes Community Redevelopment Agency (CRA)	$335,586	$56,382

Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the Florida State Board of Administration. www.sbafla.com.

Debt Issuance:

November 14, 2007 - Palm Beach County issued $2,582,647 Public Improvement Revenue Refunding Bonds, Series 2007A (Biomedical Research Park Project) for the purpose of refinancing the tax-exempt portion of the outstanding principal and accrued interest of the $6,976,660 Public Improvement Revenue Note, Series 2006A. Interest is paid semi-annually at a fixed rate of 4.01% and principal paid annually beginning November 1, 2008.

November 14, 2007 - Palm Beach County issued $5,180,949 Taxable Public Improvement Revenue Refunding Bonds, Series 2007B (Biomedical Research Park Project) for the purpose of refinancing the taxable portion of the outstanding principal and accrued interest of the $6,976,660 Public Improvement Revenue Note, Series 2006A and completely refinancing the outstanding principal and accrued interest of the $479,766 Taxable Public Improvement Revenue Note, Series 2006B. Interest is paid semi-annually at a fixed rate of 5.56% and principal paid annually beginning November 1, 2008.

December 19, 2007 - Palm Beach County issued $98,080,000 Public Improvement Revenue Bonds, Series 2007C (Biomedical Research Park Project) maturing on November 1, 2027 for the purpose of redeeming the County's $16,322,600 Public Improvement Revenue Bond Anticipation Notes, Series 2006 (Biomedical Research Park Project) and funding a grant to The Scripps Research Institute, which will be applied to pay the costs of acquiring, constructing, improving and equipping the permanent facilities of the Biomedical Research Park. Interest is paid semi-annually at rates ranging from 4% to 5% and principal is paid annually beginning November 1, 2008.

January 24, 2008 - Palm Beach County issued $35,075,000 Public Improvement Revenue Bonds, Series 2008 (Law Enforcement Information Technology Project) maturing on February 1, 2014 for the purpose of funding the upgrade and installation of information technology systems within the County's law enforcement offices. Interest is paid semi-annually at a fixed rate of 3.038% and principal is paid annually beginning February 1, 2009.

Water Utilities Department - On March 11, 2008, the BOCC adopted a Resolution approving an agreement with the Indian Trail Improvement District (District) to acquire the District's utility system and settle all pending litigation. The $8.9 million total cost of the agreement includes: 1) reimbursement of $6.2 million to the District for utility assets, current and future customers, stabilization of certain roadways, and to settle on-going litigation; 2) $2.2 million payment to the City of West Palm Beach to terminate an existing bulk service agreement between the District and the City of West Palm Beach; and 3) $500,000 to be allocated by the County to provide financial support of up to 10% of the total costs for future assessment projects within the District.

Solid Waste Authority - On December 4, 2007 the Solid Waste Authority (the "Authority") entered into an interlocal agreement with Palm Beach County, Florida, for the joint acquisition of a parcel of property in Jupiter, Florida and the development of a water resource and environmental restoration project on the property. The Authority will contribute $5.5 million for the acquisition and will receive 28 percent interest in the property and the right to excavate approximately 2.2 million cubic yards of fill from the property that will be used for the Authority's landfill operations. The Authority will pay its share of the acquisition cost at closing on the property, which is expected to take place during 2008.

Solid Waste Authority - On January 9, 2008 the Authority entered into an $80 million non-revolving line of credit agreement (the "Series 2008 Note") with a financial institution to finance costs of future capital acquisitions and construction projects. The Authority drew $80 million on the Series 2008 Note on January 9, 2008. Principal on the Series 2008 Note is due in equal annual installments of $4 million commencing on October 1, 2008 through maturity on October 1, 2027. Interest on the outstanding principal balance of the Series 2008 Note accrues at a rate of 65% of the one month LIBOR rates plus 82 basis points (approximately 3.7% at the date of the Note) and is due April 1 and October 1 each year. Borrowings on the Note are payable from and secured by a pledge of the net revenues of the solid waste system, subordinate to the lien and pledge of net revenues for repayment of the Authority's bonds.

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, 2007
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	$ 777,226,243	$ 747,621,243	$ 718,007,677	$ (29,613,566)
Licenses and permits	4,648,000	4,648,000	4,134,899	(513,101)
Intergovernmental	31,947,693	32,594,382	35,150,477	2,556,095
Charges for services	49,177,043	61,268,283	62,142,840	874,557
Fines and forfeitures	1,750,808	1,750,808	1,794,967	44,159
Investment income	8,467,520	8,467,520	19,502,991	11,035,471
Miscellaneous	4,907,910	4,977,460	10,153,418	5,175,958
Less 5% anticipated revenues	(43,949,290)	(42,469,040)	-	42,469,040
Total revenues	834,175,927	818,858,656	850,887,269	32,028,613
Expenditures:				
Current:				
General government	272,781,122	306,919,978	119,714,179	187,205,799
Public safety	33,869,254	35,605,001	33,678,466	1,926,535
Physical environment	14,367,873	14,623,425	13,288,662	1,334,763
Transportation	7,136,067	7,042,442	6,843,775	198,667
Economic environment	31,105,321	30,806,321	29,864,005	942,316
Human services	54,290,639	55,185,444	53,049,585	2,135,859
Culture and recreation	63,845,245	63,353,740	60,614,252	2,739,488
Capital outlay	2,730,452	5,273,819	2,382,315	2,891,504
Total expenditures	480,125,973	518,810,170	319,435,239	199,374,931
Excess of revenues over expenditures	354,049,954	300,048,486	531,452,030	231,403,544
Other financing sources (uses):				
Transfers in	9,823,657	47,625,800	52,680,069	5,054,269
Transfers out	(551,128,560)	(566,476,761)	(562,169,769)	4,306,992
Total other financing sources (uses)	(541,304,903)	(518,850,961)	(509,489,700)	9,361,261
Net change in fund balances	(187,254,949)	(218,802,475)	21,962,330	240,764,805
Fund balances, October 1, 2006	187,254,949	218,802,475	221,508,148	2,705,673
Increase in reserves, inventory	-	-	(633,661)	(633,661)
Fund balances, September 30, 2007	$ -	$ -	$ 242,836,817	$ 242,836,817

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, 2007
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	$ 203,771,262	$ 203,771,262	$ 196,148,581	$ (7,622,681)
Special assessments	314,350	314,350	303,603	(10,747)
Licenses and permits	2,700	2,700	3,548	848
Intergovernmental	179,103	493,933	1,125,167	631,234
Charges for services	26,969,546	26,969,546	26,355,813	(613,733)
Investment income	2,018,702	2,018,702	6,341,058	4,322,356
Miscellaneous	101,850	101,850	884,834	782,984
Less 5% anticipated revenues	(11,349,763)	(11,349,763)	-	11,349,763
Total revenues	222,007,750	222,322,580	231,162,604	8,840,024
Expenditures:				
Current:				
Public safety	245,648,467	257,405,524	192,205,134	65,200,390
Economic environment	920,000	920,000	901,248	18,752
Capital outlay	8,045,836	9,852,305	5,848,026	4,004,279
Total expenditures	254,614,303	268,177,829	198,954,408	69,223,421
Excess of revenues over (under) expenditures	(32,606,553)	(45,855,249)	32,208,196	78,063,445
Other financing sources (uses):				
Transfers in	10,967,477	11,112,627	7,505,028	(3,607,599)
Transfers out	(19,980,000)	(21,870,030)	(21,870,030)	-
Total other financing sources (uses)	(9,012,523)	(10,757,403)	(14,365,002)	(3,607,599)
Net change in fund balances	(41,619,076)	(56,612,652)	17,843,194	74,455,846
Fund balances, October 1, 2006	41,619,076	56,612,652	58,681,254	2,068,602
Increase in reserves, inventory	-	-	97,464	97,464
Fund balances, September 30, 2007	$ -	$ -	$ 76,621,912	$ 76,621,912

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, 2007
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ -	$ -	$ 1,582,020	$ 1,582,020
Fines and forfeitures	-	-	1,329,137	1,329,137
Investment income	-	-	242,978	242,978
Miscellaneous	-	-	125,686	125,686
Total revenues	-	-	3,279,821	3,279,821
Expenditures:				
Current:				
General government	15,794,881	16,676,904	16,532,978	143,926
Public safety	342,840,036	350,643,178	341,165,174	9,478,004
Capital outlay	12,360,763	23,911,013	22,611,976	1,299,037
Debt service	-	24,000	23,880	120
Total expenditures	370,995,680	391,255,095	380,334,008	10,921,087
Excess of revenues over (under) expenditures	(370,995,680)	(391,255,095)	(377,054,187)	14,200,908
Other financing sources (uses):				
Transfers in	370,995,680	391,614,290	390,482,509	(1,131,781)
Transfers out	-	(359,195)	(10,648,639)	(10,289,444)
Total other financing sources (uses)	370,995,680	391,255,095	379,833,870	(11,421,225)
Net change in fund balances	-	-	2,779,683	2,779,683
Fund balances, October 1, 2006	-	-	2,102,837	2,102,837
Fund balances, September 30, 2007	$ -	$ -	$ 4,882,520	$ 4,882,520

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 Tran Pension Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/05	$35,781,897	$41,125,875	$ 5,343,978	87.0%	$17,938,780	29.8%
1/1/06	38,539,860	44,962,920	6,423,060	85.7%	18,954,945	33.9%
1/1/07	42,001,404	50,729,230	8,727,826	82.8%	20,148,949	43.3%

Lantana Firefighter's Pension Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
9/30/04	$ 7,353,000	$10,430,000	$ 3,077,000	70.5%	$ 2,324,000	132.4%
9/30/05	8,689,000	15,087,000	6,398,000	57.6%	2,559,000	250.1%
9/30/06	10,314,000	16,503,000	6,190,000	62.5%	2,579,000	240.0%

Section II

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

Solid Waste Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
SCOTT D. DRUKER, CPA, JD
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

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

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

info@cdlcpa.com

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, 2007, and have issued our report thereon dated February 6, 2008. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, Donten, Levine,
Duker, Porter & Veil, P.A.

February 6, 2008

Section III

MANAGEMENT LETTER - Board of County Commissioners

McGladrey & Pullen

Certified Public Accountants

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, 2007, and have issued our report thereon dated March 19, 2008. We did not audit the financial statements of the Solid Waste Authority, a major enterprise fund, which represents 27% of the total assets and 53% 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 43% of the total assets and 45% 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 55% of the total assets and 28% 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 the 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* and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting , Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 19, 2008, 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

The Rules of the Auditor General (section 10.554(1)(i)1.) requires that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, 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. Those comments have not been repeated. Prior year comments that were not implemented or were only partially implemented in the current year have been repeated in Appendix B to this report.

The Rules of the Auditor General (Section 10.554(1)(i)2.), 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.

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

The Rules of the Auditor General (Section 10.554(1)(i)4.) requires disclosure in the management letter of the following matters, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs whether there are violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. These matters are disclosed in Appendix A of this report.

The Rules of the Auditor General (Section 10.554(1)(i)5.) requires disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal control or schedule of findings and questioned costs and are not clearly inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred or are likely to have occurred; (2) improper expenditures or illegal acts; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

The Rules of the Auditor General (Section 10.554(1)(i)6.) also 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.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.a), 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 did not meet any of the conditions described by Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b), we determined that the annual financial report for the County for the fiscal year ended September 30, 2007, 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, 2007.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.c) and 10.556(7.), we applied financial 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 provided by same.

This management 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 19, 2008

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

No.	Current Year's Observations
Department of Airports	
ML 07-1	Investment in Corporate Securities
Risk Management	
ML 07-2	Risk Management: Documentation of Review of Claims Reserves
ML 07-3	Risk Management: Data Provided to the County's Actuary
ML 07-4	Risk Management: Reimbursement Checks for Workers' Compensation
Water Utilities Department	
ML 07-5	Construction in Progress
ML 07-6	Approval of Journal Entries

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

Department of Airports

ML 07-1 Investment in Corporate Securities

Criteria: The County's investment policy, as established by the Clerk, does not allow for the County to be invested in equity securities.

Condition: As of September 30, 2007, the Department of Airports was holding approximately $320,000 of equity securities from three airlines.

Cause: The securities were received by the County to satisfy the airline debt for facility rentals and landing fees. The administrative procedures required by the third party trustee holding the securities resulted in the County holding the stocks for a period of time prior to the sale of the stocks.

Effect: The Department of Airports is in violation of the County's investment policy.

Recommendation: It was noted that all equity securities have been sold as of the date of this Management Letter, with the most recent sale being handled by the Palm Beach County Treasurer's Office. We recommend all future sales of such securities be handled by the Palm Beach County Treasurer's Office, who then needs to liquidate the securities as soon as administratively possible. We also recommend the Clerk revise its investment policy to allow for certain instances where the County is paid in equity securities to satisfy that entity's debt to the County.

Management Response: The Department concurs with the recommendation and supports the Investment Policy change and to direct the County Treasurer to handle these transactions.

Risk Management

ML 07-2 – Risk Management: Documentation of Review of Claims Reserves

Criteria: GASB requires entities to implement adequate internal controls, to ensure proper recording of accounting information reported on government financial statements.

Condition: We noted inadequate review for reserves of a claim amounts. The amount is generated by the manager, and entered into the system without review and approval.

Cause: Ineffective design of internal controls over claim reserves.

Effect: Possibility of inaccurate amounts reported for reserves of a claim.

Recommendation: We recommend the County implement a thorough review process for these claims.

Management Response: This recommendation, which involves management review of reserving practices for the County's self-insured workers' compensation claims, has been met with last year's implementation of internal policy & procedure #RM-F-304, which requires the Manager, Workers' Compensation, to follow specific reserving practices for each claim reported. Upon review of this recommendation with the auditors, it was evident that this procedure has been followed when the auditors stated that no discrepancies had been found. However, the department will implement a "claim review" policy and procedure which will document the Department Director's regular review of the claim reserves to ensure they are being set properly and deviations to the policy are well documented.

ML 07-3 – Risk Management: Data Provided to the County's Actuary

Criteria: GASB requires entities to implement adequate internal controls, to ensure proper recording of accounting information reported on government financial statements.

Condition: The workers' compensation data provided to the County's actuary was inaccurate. The report, with the data, provided to the actuary contained an additional number of days than the actual County's fiscal year. The report was run from 10/01/06 through 10/16/07, when the County's fiscal year end is 9/30/07, thus providing the actuary with an additional 16 days of data from fiscal year 2008.

Cause: Administrative oversight.

Effect: Inaccurate actuary amounts presented on financial statements.

Recommendation: We recommend the County implement policies and procedures to ensure the data reported to actuary are accurate.

Management Response: Existing procedure in this Department is for the Fiscal Manager to report data to the actuary at the end of each fiscal year period. A report is requested of the ISS Department limiting the data to the period 10/1 to 9/30. However, it is apparent that staff failed to notice that the data provided to the Actuary for the most recent Fiscal Year completed contained data through 10/16/07 (the date the report was completed by ISS). Although the payment amounts for that timeframe are considered immaterial in the large scope of the self-insured liability associated with workers' compensation and property/casualty, I agree with the recommendation that a policy and procedure should be implemented to ensure the data reported to the actuary are strictly contained within the reporting period. The policy will be implemented immediately.

ML 07-4 – Risk Management: Reimbursement Checks for Workers' Compensation

Criteria: GASB requires entities to implement adequate internal controls, to ensure proper recording of accounting information reported on government financial statements.

Condition: When workers' compensation receives a reimbursement check, they send it over to finance in an envelope through the interoffice mail. However, Risk Management does not maintain a listing of the checks that are sent and reconcile them with the bank statement to ensure that all of the checks have been deposited.

Cause: Administrative oversight.

Effect: Cash received has the potential of not being recorded.

Recommendation: We recommend the County implement an internal control procedure, requiring Risk Management Department to maintain a listing of all checks sent to finance and reconcile these checks with the bank statement.

Management Response: Risk Management does maintain a listing of all checks sent to the Finance Department, and, for each check sent, makes an entry into the receipt book as required by internal PPM #RM-F-302. Risk Management does not have access to the County's bank statement. However, #RM-F-302 will be expanded to include a review of the appropriate line item in the Advantage System to ensure the subrogation has been credited to the account.

Water Utilities Department (WUD)

ML 07-5 – Construction in Progress

Criteria: The Water Utilities Department's ("WUD") designed internal controls over the construction in progress account balance to provide reasonable assurance regarding the reliability of financial reporting. One of these controls is the review and approval of various components to a construction project.

Condition: The WUD has a number of control procedures in place related to construction projects but the review or approval process is not always documented.

Cause: Administrative oversight.

Effect: There is a lack of evidence to ensure that the internal control procedures are operating effectively.

Recommendation: We recommend that WUD modify its current procedures to provide evidence of the reviews that take place throughout the project's process.

Management Response: The WUD concurs with the comment and will implement a procedural change to correct this comment.

Water Utilities Department (WUD)

ML 07-6 – Approval of Journal Entries

Criteria: Government Auditing Standards defines internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) effectiveness and efficiency of operations; (b) reliability of financial reporting; and (c) compliance with applicable laws and regulations.

Condition: The WUD senior accountant has the ability to both create and approve journal entries in the accounting system. There is no review of the journal entries after the senior accountant has entered them into the accounting system.

Cause: Inadequate design of internal controls over journal entries.

Effect: Although the senior accountant does not usually prepare journal entries, it is possible for the senior accountant to bypass the internal control system by preparing entries without review. This bypass of the internal control could result in the failure to detect errors in financial reporting.

Recommendation: We recommend the department director or another employee review and approve the senior accountant's journal entries.

Management Response: The WUD concurs with the comment and will implement a procedural change to correct this comment.

Appendix B – 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 04-1	Transfer of Completed Projects out of Construction Work in Progress		X
ML 05-1	Transfer of Infrastructure out of Construction Work in Progess and Depreciation		X
ML 06-1	ISS - Application Security	X	
ML 06-2	ISS - Data Security	X	
ML 06-3	ISS - Output Data Access		X
ML 06-4	ISS - System Access		X
ML 06-5	ISS - Physical Control Access		X
ML 06-6	WUD - Application Security		X
ML 06-7	WUD - Data Security		X
ML 06-8	DOA - Appraisal of Fixed-Based Operator Building Additions		X
ML 06-9	DOA - Passenger Facility Charges Revenue		X
ML 06-10	OFMB - Transfers of Completed Projects from CWIP to Infrastructure		X
ML 06-11	OFMB - Recording Capital Assets in the Proper Period		X
ML 06-12	OFMB - Risk Mgt: Adjustment to Loss Report for Workers' Compensation Claims		X
ML 06-13	OFMB - Risk Mgt: Control over Completeness of Workers' Compensation Claims		X
ML 06-14	OFMB - Inventory: Valuation Support		X
ML 06-15	OFMB - Cash Receipts: Securing Assets		X
ML 06-16	OFMB - Allowed Activities: Highway Planning and Construction Grant Program		X
ML 06-17	OFMB - Allowed Activities: Highway Planning and Construction Grant Program		X
ML 06-18	OFMB - Cash Management: Community Development Block Grant		X
ML 06-19	OFMB - Reporting: Community Development Block		X
ML 06-20	Clerk - Payroll: Segregation of Duties		X
ML 06-21	Clerk - Payroll: Time Card Audits		X
ML 06-22	Clerk - Prepaid Insurance		X
ML 06-23	Clerk - Equity: Use of Restricted Funds		X
ML 06-24	Clerk - Conduit Debt		X

ML 06-1 ISS – Application Security

Prior Year Observation: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Board information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues which included the following:

- Certain important security features available in the application software had not been utilized;
- Certain Board of County Commissioner (Board) staff had the capability to perform incompatible duties. We noted an instance of questionable employee access privileges that should be made more restrictive by the Board to enforce an appropriate segregation of duties. This issue was immediately addressed and corrected;
- An active application user account that may have had excessive privileges. This item has been reviewed and corrected.

Prior Year Recommendation: We recommend management implement the following corrective actions:

- Appropriate application security control features to enhance security over its data and programs;
- Review and enhance established procedures that periodically review the duties and access capabilities of staff and implement, to the extent practicable, proper segregation of duties and access levels to ensure that personnel are performing only those duties established for their respective jobs and positions.

Prior Year Management Response:

Information Support Services (ISS) Response: Management concurs with the recommendation and has contacted the application vendor who indicates that enabling identified security features will not adversely effect operations. ISS is in the process of determining the actions required to implement the recommendation.

Clerk Response: Management concurs with the recommendation. Current procedures require that at least once per year, Department Directors review their staff's access to the Financial and Payroll systems to validate the users in their departments and their access levels, to ensure that there is segregation of duties and appropriate access granted. Existing procedures will be reviewed to improve the frequency and scope of the reviews so that discrepancies, if any, can be found and corrected promptly.

Current Year Status: Observation is still relevant and resolution is pending conversion and testing of security features.

Current Year Management Response:

Information Support Services (ISS) Response: 1st Prior Year Recommendation- This recommendation relates to activating password encryption for web access to the Advantage Financial application. Technological modifications have been implemented to activate encryption, but problems were experienced by the system users. It was determined that the problem is an application defect and the application vendor has accepted the problem as a repair. ISS will follow-up with the vendor (CGI) in an attempt to determine when they will complete the necessary corrections.

Clerk Response: 2nd Prior Year Recommendation -A review of the existing process was conducted resulting in an increased frequency of the departmental reviews (increased from annual to semi-annual) and additional clarification of codes used in the review report.

ML 06-2 ISS – Data Security

Prior Year Observation: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Board information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues which included the following:

- Certain important security features available in the database software had not been utilized;
- Instances of active database user accounts they may not be required to perform existing operations.

Prior Year Recommendation: Management should implement the following corrective actions:

- Activate the identified database security control features to enhance security over its data and programs;
- The policies and procedures should be reviewed periodically and updated as needed for organizational and system-related changes to help ensure that management requirements are met by Board staff when performing assigned tasks.

Prior Year Management Response:

ISS Response: Management concurs with the auditor's first recommendation and will activate the identified security feature in both databases once testing in the development databases is complete. Additionally, ISS will increase auditing on critical tables in both applications and enable password parameters where supported by the applications. Management also concurs with the second recommendation and has confirmed operational accounts, has removed stale accounts, and is working with the Clerk and Comptroller's Office to finalize a procedure for maintaining user accounts. Additionally, user roles have been adjusted to minimize privileges, unnecessary database links have been removed, and table privileges will be granted to a role established for each application where applicable.

Clerk Response: This issue is the responsibility of ISS and no action is required by the Clerk and Comptroller.

Current Year Status: Observation is still relevant and resolution is pending conversion and testing of security features.

Current Year Management Response:

ISS Response:

1st Prior Year Recommendation
This recommendation and our response relates to seven modifications to the security configuration of the Advantage and TimeServer systems. Currently the security features, role changes, and database links have been corrected. Auditing for critical tables in the Advantage database has not been implemented due to the impact on application performance. The Clerk's Office is currently working with the application vendor for alternatives to directly auditing tables in the database. Additionally, enabling password parameters in the Advantage database is still outstanding. Investigations into the alternatives for activating these features are near completion. However, the alternatives that have been considered so far have proven to be technically incompatible or expensive given the limited access of the user accounts involved. A final report of the results is anticipated in the next three to four weeks and, when available, will be forwarded to OFMB and the external auditors. Password parameters have been activated in the TimeServer application.

2nd Prior Year Recommendation
A procedure for maintaining user credentials in the Advantage and TimeServer databases has been compiled but has yet to be fully implemented. It is anticipated the procedures will be ready for final implementation in the next six to eight weeks.

ISS will monitor these items through completion and will prepare periodic reports showing current status.

Section IV

MANAGEMENT LETTER -
Solid Waste Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
SCOTT D. DRUKER, CPA, JD
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

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

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

info@cdlcpa.com

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, 2007 and 2006, and have issued our report thereon dated February 6, 2008.

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. 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 February 6, 2008, 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 govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in the management letter.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

The Rules of the Auditor General require disclosure in the management letter of the following matters if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, unless clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures; (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit for the year ended September 30, 2007 disclosed no such matters that are required to be disclosed. The Rules of the Auditor General also require that we address in the management letter any other findings or recommendations noted during our audit. Our audit as of and for the year ended September 30, 2007 disclosed no other findings or recommendations.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

The Rules of the Auditor General require that we address in the management letter, if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, whether or not inaccuracies, shortages, defalcations, fraud, and/or

violations of laws, rules, regulations and contractual provisions reported in the preceding annual financial audit report have been corrected. Additionally, the Rules of the Auditor General require that we address in the management letter, if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, whether or not recommendations made in the preceding management letter have been followed or otherwise no longer apply. Our recommendation regarding Internal Audit (2006-1) in our management letter for the prior year was satisfactorily resolved by the Authority in the current year.

OTHER REQUIRED INFORMATION

Consideration of Financial Emergency Criteria

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the Solid Waste Authority of Palm Beach County, Florida, did not meet any of the criteria for a financial emergency during the fiscal year ended September 30, 2007 as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition Assessment Procedures

In connection with our audit, we applied financial condition assessment procedures, pursuant to Rule 10.556(8), Rules of the Auditor General, for the year ended September 30, 2007. The results of our procedures disclosed no matters that are required to be reported.

Annual Financial Report

The Solid Waste Authority of Palm Beach County, Florida, 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 filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, for the year ended September 30, 2007.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included 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 Solid Waste Authority of Palm Beach County, Florida, complied with Section 218.415, Florida Statutes, for the year ended September 30, 2007.

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, Donten, Levine,
Durker, Porter & Veil, P.A.

February 6, 2008

Section V

FEDERAL AND STATE FINANCIAL ASSISTANCE

Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2007

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2007

Grantor/ Pass-through Grantor/ Program Title	CFDA CSFA	Contract/Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL GRANTS				
U.S. Department of Agriculture				
Direct Programs:				
Watershed Protection and Flood Prevention - Hurricane Wilma	10.904	69-4209-6-1643	$ 1,165,005	$ -
Passed Through Florida Department of Health				
Child and Adult Care Food Program GY06	10.558	S-735	753,194	-
Passed Through Florida Department of Education				
Summer Food Service Program for Children GY07	10.559	04-0781	499,372	-
Passed Through Florida Department of Agriculture & Consumer Svcs				
Cooperative Forestry Assistance – Tree Canopy Analysis	10.664	10320	175,000	-
Total Department			2,592,571	-
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grant/Entitlement Grants	14.218	B-96-UC-12-0004	811	811
Community Development Block Grant/Entitlement Grants	14.218	B-99-UC-12-0004	26,939	26,939
Community Development Block Grant/Entitlement Grants	14.218	B-00-UC-12-0004	82,680	82,680
Community Development Block Grant/Entitlement Grants	14.218	B-01-UC-12-0004	210,887	209,912
Community Development Block Grant/Entitlement Grants	14.218	B-02-UC-12-2004	77,639	75,383
Community Development Block Grant/Entitlement Grants	14.218	B-03-UC-12-2004	346,420	332,359
Community Development Block Grant/Entitlement Grants	14.218	B-04-UC-12-0004	529,363	529,363
Community Development Block Grant/Entitlement Grants	14.218	B-05-UC-12-0004	964,718	916,690
Community Development Block Grant/Entitlement Grants	14.218	B-06-UC-12-0004	3,494,128	1,372,732
Emergency Shelter Grant Program	14.231	S-05-UC-12-0016	18,128	18,128
Emergency Shelter Grants Program	14.231	S-06-UC-12-0016	301,511	301,511
Supportive Housing Program GY06	14.235	FL14B40-5002	78,358	-
Supportive Housing Program GY07	14.235	FL14B50-5003	285,983	-
Shelter Care Plus Program	14.238	FL14C10-5001	124,525	-
Shelter Care Plus Program	14.238	FL14C40-5001	129,975	-
HOME Investment Partnerships Program	14.239	M-01-UC-12-0215	144,929	144,929
HOME Investment Partnerships Program	14.239	M-02-UC-12-0215	5,071	5,071
HOME Investment Partnerships Program	14.239	M-04-UC-12-0215	321,738	320,912
HOME Investment Partnerships Program	14.239	M-05-UC-12-0215	2,690,111	2,684,139
HOME Investment Partnerships Program	14.239	M-06-UC-12-0215	506,847	101,928
Fair Housing Assistance Program – State & Local	14.401	FF204K014023	103,542	-
Passed Through Florida Department of Community Affairs				
Community Development Block Grant/State's program & Non-Ent	14.228	06DB-3C-10-60-01-W 26	1,354,263	1,340,088
Community Development Block Grant/State's program & Non-Ent	14.228	07DB-3V-10-60-01-Z 07	309	309
Total Department			11,798,875	8,463,884
U.S. Department of Justice				
Direct Programs:				
National Institute of Justice – Forensic Casework DNA Backlog	16.560	2004-DN-BX-K140	54,065	-
National Institute of Justice – DNA Capacity Enhancement	16.560	2005-DA-BX-K075	140,272	-
National Institute of Justice – Cold Cases	16.560	2005-DN-BX-K031	192,099	-
National Institute of Justice – DNA Backlog Reduction Program	16.560	2005-DN-BX-K099	91,056	-
Local Law Enforcement Block Grant – Comm Justice Serv Cntr	16.592	2005-DJ-BX-1112	64,423	-
Local Law Enforcement Block Grant – COMBAT (SAO)	16.592	2005-LB-BX-1112	39,201	-
Local Law Enforcement Block Grant – Comm Justice Serv Cntr	16.592	2006-DJ-BX-0816	20,587	-
Local Law Enforcement Block Grant – Crime Analysis	16.592	2006-DJ-BX-0816	60,000	-
Local Law Enforcement Block Grant – Re-Entry (PubDef)	16.592	2006-DJ-BX-0816	45,000	-
Local Law Enforcement Block Grant – COMBAT (SAO)	16.592	2006-DJ-BX-0816	45,000	-
Bulletproof Vests Partnership Pgm FY 07	16.607	GII-4.0	27,821	-
Public Safety Partnership & Comm. – COPS Universal Hiring	16.710	2004-UL-WX-0001	275,701	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2007

Grantor/ Pass-through Grantor/ Program Title	CFDA CSFA	Contract/Grant Number	Expenditures	Transfers to Subrecipients
Public Safety Partnership & Comm. þ COPS in School FY 2004	16.710	2001-SH-WX-0624	$ 215,493	$ -
Forensic DNA Capacity Enhancement Program – K224	16.741	2006-DN-BX-K224	95,007	-
Equitable Sharing	16.UNKNOWN	FL0500000	1,157,072	-
Passed Through Florida Department of Law Enforcement				
National Institute of Justice – Paul Coverdell 0073	16.560	2005-DN-BX-0073	17,765	-
Residential Substance Abuse Treatment – Drug Farm Phase II GY07	16.593	2007RSATPALM1P2003	37,412	-
Residential Substance Abuse Treatment – Drug Farm Phase II GY07	16.593	2008RSATPALM1Q8002	13,688	-
Byrne Formula Grant – West Palm Beach CJSC	16.738	2007JAGCPALM4M3107	39,394	-
Byrne Formula Grant – Westgate CJSC	16.738	2007JAGCPALM3M3189	14,730	-
Byrne Formula Grant – Forensic Accountant IV	16.738	2007JAGCPALM7M3141	45,000	-
Byrne Formula Grant – Domestic Violence	16.738	2007JAGCPALM2P3105	60,000	-
Byrne Formula Grant – PBSO Enhancing Officer Safety	16.738	2008JAGCPALM1M8263	39,640	-
Byrne Formula Grant þ Drug Court	16.738	2007JAGCPALM1P3106	103,811	-
Paul Coverdell Forensic Sciences Improv Grant – GY 07	16.742	2006-DN-BX-0041	14,000	-
Passed Through Florida Department of Juvenile Justice				
DJJ – Truancy Interdiction Belle Glade	16.579	DP569	40,438	-
Passed Through State Attorney's Office				
Crime Victim Assistance - FY 07	16.575	V6138	53,960	-
Crime Victim Assistance - VOCA	16.575	V6117	148,654	-
Total Department			3,151,289	-
Institute of Museum & Library Services				
Passed Through Florida Department of State				
Grants to States – Read and Write Around Florida	45.310	06-LSTA-D-02-D	10,000	-
Total Department			10,000	-
U.S. Department of Labor				
Passed Through Florida Department of Education				
Migrant and Seasonal Farmworkers – GY06	17.264	760-4057A-7CFJ1	267,345	-
Migrant and Seasonal Farmworkers – GY07	17.264	760-4058A-8CFJ1	86,026	-
Total Department			353,371	-
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program – Runway End Id Lights	20.106	AIP31200850442005	18,220	-
Airport Improvement Program – Emergency Operations Center	20.106	AIP31200850442005	736,600	-
Airport Improvement Program – Conduct Airport System Study	20.106	AIP31200850432004	342,906	-
Airport Improvement Program – Repairs to Terminal PBIA	20.106	AIP31200850452006	1,600,240	-
Airport Improvement Program – Impact Statement (EIS)	20.106	AIP31200850462006	1,103,504	-
Airport Improvement Program – Replace AWOS at Lantana	20.106	AIP31200860062006	146,363	-
Airport Improvement Program – Runway 33 Threshold Improv	20.106	AIP31200860072007	11,678	-
Highway Planning & Construction – CMAQ Tri Rail Feeder Buses	20.205	FL-90-X573	235,000	-
Highway Planning & Construction – CMAQ Tri Rail Feeder Buses	20.205	FL-90-X640	802,397	-
Federal Transit Formula Grants – FY2005 Section 5309	20.500	FL-03-0306	239,153	-
Federal Transit Formula Grants – FY2006 Section 5309	20.500	FL-04-0002	40,120	-
Federal Transit Formula Grants – FY2006 Section 5309	20.500	FL-04-0026	503,160	-
Federal Transit Formula Grants – FY1999 Section 5307	20.507	FL-90-X371	12,020	-
Federal Transit Formula Grants – FY2002 Section 5307	20.507	FL-90-X438	167,529	-
Federal Transit Formula Grants – FY2003 Section 5307	20.507	FL-90-X485	44,518	-
Federal Transit Formula Grants – FY2004 Section 5307	20.507	FL-90-X520	554,593	-
Federal Transit Formula Grants – FY2005 Section 5307	20.507	FL-90-X551	1,156,772	-
Federal Transit Formula Grants – FY2006 Section 5307	20.507	FL-90-X571	1,964,780	-
Federal Transit Formula Grants – FY2006 Section 5307	20.507	FL-90-X625	7,826,613	-
Federal Transit Formula Grants – Intermodal Site	20.507	FL-90-X627	95,638	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2007

Grantor/ Pass-through Grantor/ Program Title	CFDA CSFA	Contract/Grant Number	Expenditures	Transfers to Subrecipients
Passed Through Florida Department of Transportation				
Highway Planning & Construction – Computerized Traffic Signals	20.205	229253-1-54-03/AI599	$ 353,861	$ -
Highway Planning & Construction – Australian Ave Pathway	20.205	409412-1-38-01	6,898	-
Federal Transit: Metropolitan Planning Grants – Section 112	20.205	PL-0097(44)/A5359	909,413	-
Federal Transit: Metropolitan Planning Grants – FTA Section 5303	20.505	FL-80-X014	344,858	-
Federal Transit: Metropolitan Planning Grants – FTA Section 5303	20.505	FL-80-X013	5,753	-
Formula Grants Non Urbanized Areas – Rural Operating FY 2007	20.509	FL-18-X025	225,152	-
State & Community Highway Safety – Bicycle Safety Education	20.600	PS-07-08-10	88,480	-
State & Community Highway Safety – PBC 195 Project GY 07	20.600	SC-07-13-08	51,276	-
Development and Promo of Ports & Intermodal Trans Water Taxi	20.801	415050-1-94-01/ANO90	9,313	-
Total Department			19,596,808	-
U.S. Department of Health and Human Services				
Direct Programs:				
Head Start – GY06	93.600	04CH3046/41	14,364,276	6,617,256
HIV Emergency Relief Project Grants – Ryan White GY06	93.914	H89HA00034-13	5,279,003	5,086,867
HIV Emergency Relief Project Grants – Ryan White GY07	93.914	H89HA00034-14	505,269	499,342
HIV Emergency Relief Project Grants – Ryan White GY07	93.914	H89HA00034-14	3,019,549	2,189,053
HIV Emergency Relief Project Grants – Ryan White GY07	93.914	H3MHA08466-01	137,787	137,787
Passed Through Florida Department of Elder Affairs				
Special Programs for the Aging: Title III, Part B GY06	93.044	IA006-1	125,331	-
Special Programs for the Aging: Title III, Part B GY07	93.044	IA007-1	503,321	-
Special Programs for the Aging: Title III, Part B Transportation	93.044	IA006-21	294,675	294,675
Special Programs for the Aging: Title III, Part C2 GY06	93.045	IA006-1	95,458	-
Special Programs for the Aging: Title III, Part C1 GY06	93.045	IA006-1	209,552	-
Special Programs for the Aging: Title III, Part C2 GY07	93.045	IA007-1	332,879	-
Special Programs for the Aging: Title III, Part C1 GY07	93.045	IA007-1	357,583	-
National Services Incentive Program GY07	93.053	IU007-1	254,124	-
National Family Caregiver Support: Title IIIE GY06	93.052	IA006-1	84,770	-
National Family Caregiver Support: Title IIIE GY07	93.052	IA007-1	83,015	-
Low Income Home Energy Assistance – Emergency GY07	93.568	IP006-9500	49,575	-
Passed Through Florida Department of Health				
HIV Care Formula Grants – Ryan White	93.917	PB220	250,000	250,000
Passed Through Florida Department of Revenue				
Child Support Enforcement	93.563	CC350	630,370	-
Passed Through Florida Department of Children & Families				
Access and Visitation Programs – Justice Services Family Conn.	93.597	I9FS04	32,820	-
Passed Through Florida Department of Community Affairs				
Low Income Home Energy Assistance – GY07	93.568	07EA-6J-10-60-01-023	819,895	-
Low Income Home Energy Assistance – GY07	93.568	06EA-3M-10-60-01-023	1,290,458	-
Community Services Block Grant – GY06	93.569	06SB-5N-10-60-01-023	2,024	-
Community Services Block Grant – GY07	93.569	07SB-5Z-10-60-01-023	948,906	-
Total Department			29,670,640	15,074,980
U.S. Department of Homeland Security				
Direct Programs:				
Emergency Food & Shelter National Board Program	97.024	22-1686-00-019	7,360	-
Emergency Food & Shelter National Board Program	97.024	22-1686-00-019	61,464	-
Assistance to Firefighters Grant	97.044	EMW-2007-FO-04097	255,856	-
National Explosives Det. Canine Tm Program	97.072	HSTS02-06-H-CAN078	251,000	-
Passed Through Florida Department of Community Affairs				
State Dom. Prep. Eqpmnt Supp. Prgm. – Office of Domestic Preparedness	97.004	07DS-2N-10-60-01	150,000	-
Public Assistance Grants – Hurricanes Jeanne and Frances	97.036	05-G%-10-60-02-987	256,512	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2007

Grantor/ Pass-through Grantor/ Program Title	CFDA CSFA	Contract/Grant Number	Expenditures	Transfers to Subrecipients
Public Assistance Grants – Hurricane Wilma	97.036	06-WL-&K-10-60-01-616	$ 3,872,786	$ -
Hazard Mitigation Grant – Loxahatchee River Road Drainage	97.039	03UN-6Q-10-60-15-442	52,318	-
Hazard Mitigation Grant – Bridge Houses Storm Impact Windows	97.039	06HM-4@-10-60-01-030	16,036	-
Emergency Management Performance Grant	97.042	07-BG-04-10-60-01-354	104,692	-
Homeland Security Grant Program – TACPAK	97.067	07-DS-5N-10-60-23-340	23,100	-
Homeland Security Grant Program – FLEX	97.067	07-DS-5N-10-60-23-431	2,610	-
Homeland Security Grant – UASI	97.067	07-DS-5S-11-16-02-259	22,467	-
Passed Through Florida Department of Law Enforcement				
State Dom. Prep. Eqpmnt Supp. Prgm. – Reg'l Dom. Sec. Task Force	97.004	2006LETPPALM1N1026	51,331	-
Homeland Security Grant - FL Domestic Security Strategic Plan	97.067	2007SHSPPALM1Q5041	135,041	-
Buffer Zone Protection Plan	97.078	2007BZPPPALM4N5037	44,178	-
Passed Through Florida Division of Emergency Management				
State Dom. Prep. Eqpmnt Supp. Prpgram Regional Plan Meeting	97.004	07DS2N106001415	2,719	-
Hazard Mitigation Grant – Grove Street Drainage	97.039	FEMA-DR-1561-76-R	13,030	-
Passed Through City of Miramar				
Homeland Security Grant - UASI GY 07	97.067	07-DS-5N-11-16-02-259	574,622	-
Total Department			5,897,122	-
U.S. Department of Treasury				
Direct Programs:				
Equitable Sharing	21.UNKNOWN	FL0500000	300,000	-
Total Department			300,000	-
Total Federal Grants - All Departments			$ 73,370,676	$ 23,538,864
STATE GOVERNMENT GRANTS				
Florida Department of Environmental Protection				
Direct Programs:				
Beach Erosion Control Program - Singer Island	37.003	06PB2	$ 81,338	$ -
Beach Erosion Control Program - PB Countywide Monitoring	37.003	06PB3	27,913	
Beach Erosion Control Program - Storm Andrea, Noel Dune Restoration	37.003	07PB2	716,508	-
Beach Erosion Control Program - S Lake Worth Inlet Mgmt Plan	37.003	99PB1	26,833	-
Local Government Cleanup Contracting - Petroleum Contam. Cleanup	37.024	GC629	730,830	-
Statewide Surface Water Rest. & Wastewater Pjts – Limestone Crk	37.039	4600000690	14,100	-
Statewide Surface Water Rest. & Wastewater Pjts – LW Lagoon	37.039	LP6046	305,783	289,734
Statewide Surface Water Rest. & Wastewater Pjts – Chain of Lakes	37.039	LP6077	1,038,402	-
Statewide Surface Water Rest. & Wastewater Pjts – LRWTP	37.039	LP0528	1,500,000	-
Statewide Greenways Dev/Imprv/Mgmnt – Lake Okeechobee Scenic Trail	37.053	S0266	324,052	-
2004 Hurricane Rec. Plan Grant Prgm – Feasibility Study	37.065	H5PB1	995,458	-
Passed Through Florida Recreation Development Assistance Program				
FL Recreation Development Asst. Prgm – Glades Pioneer	37.017	F5035	200,000	-
Total Department			5,963,237	289,734
Florida Department of Legal Affairs & Attorney General				
Direct Programs:				
Florida Council Against Sexual Violence	41.010	06OAG26	43,351	-
Total Department			43,351	-
Florida Department of Agriculture and Consumer Services				
Passed Through Bureau/Entomology/Pest Control				
Mosquito Control FY07	42.003	11700	37,000	-
Total Department			37,000	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2007

Grantor/ Pass-through Grantor/ Program Title	CFDA CSFA	Contract/Grant Number	Expenditures	Transfers to Subrecipients
Florida Department of State and Secretary of State				
Direct Programs:				
Acquisition, Restoration of Historic Properties	45.032	SC533	$ 300,000	$ -
Acquisition, Restoration of Historic Properties	45.032	SC632	356,526	-
Community Libraries in Caring Program – Belle Glade	45.042	07-CLIC-09	5,694	-
Community Libraries in Caring Program – Loula V York-Pahokee	45.042	07-CLIC-10	1,870	-
Community Libraries in Caring Program – South Bay	45.042	07-CLIC-11	1,892	-
Passed Through Division of Library & Information Services				
Public Library Construction Program	45.020	06-PLC-15	350,000	-
State Aid to Libraries	45.030	07-ST-53	1,349,497	-
Total Department			2,365,479	-
Florida Department of Community Affairs				
Direct Programs:				
Hazard Mitigation Grant - Loxahatchee River Road Drainage	N/A	03UN-6Q-10-60-15-442	8,720	-
Passed Through Division of Emergency Management				
Emergency Management Programs (EMPA)	52.008	07-BG-04-10-60-01-354	102,670	-
Emergency Management Projects – Sara Hazardous Waste Grant	52.023	07-CP-11-10-60-01-124	22,034	-
Passed Through Florida Communities Trust				
Florida Forever Act – Pine Glades	52.002	05-028-FF5	3,394,981	-
Florida Forever Act – Delaware Scrub	52.002	06-017-FF6	3,524,049	-
Total Department			7,052,454	-
Florida Housing Finance Corporation				
Direct Programs:				
State Housing Initiatives Partnership Program: 04	52.901	HFC01	5,477,801	5,450,536
State Housing Initiatives Partnership Program: 05	52.901	HFC01	2,316,053	2,070,656
State Housing Initiatives Partnership Program: 06	52.901	HFC01	5,494,186	4,882,608
State Housing Initiatives Partnership Program: 07	52.901	HFC01	1,585,567	1,579,441
Hurricane Housing Recovery Program 05	52.902	HFC01	1,317,846	1,227,449
Total Department			16,191,453	15,210,690
Florida Department of Transportation				
Direct Programs:				
Aviation Development Grants – Pahokee Costruct Hangars	55.004	ANO67/236525-1-94-01	77,465	-
Aviation Development Grants – Concourse C Expansion	55.004	ANA40/236605-1-94-01	532,245	-
Aviation Development Grants – Relocate Comm Center at PBIA	55.004	AK636/405835-1-94-01	155,892	-
Aviation Development Grants – Sound	55.004	ANO68/407711-1-94-01	62,134	-
Aviation Development Grants – Purchase ARFF Vehicle	55.004	AO531/409834-1-94-01	350,000	-
Aviation Development Grants – Rehab Terminal Signage	55.004	ANA48/412390-1-94-01	42,932	-
Aviation Development Grants – Rehab Terminal Air	55.004	ANA50/412396-1-94-01	27,956	-
Aviation Development Grants – Install Passenger Loading Bridges	55.004	AOE39/412403-1-94-01	625,000	-
Aviation Development Grants – Relocate Communications Center	55.004	AO212/416305-1-94-01	124,410	-
Aviation Development Grants – Lantana AWOS	55.004	ANY32/418786-1-94-01	33,104	-
Aviation Development Grants – Pahokee Taxilane Rehab	55.004	AO565/422876-1-94-01	177	-
Aviation Development Grants – Lantana Runway 33 Threshold Imp	55.004	AO566/422877-1-94-01	307	-
County Incentive Prgm – Forest Hill & Congress Intersection Improv	55.008	421785-1-38-01	53,490	-
County Incentive Prgm – Lyons Rd/N of Atlantic to S of Boynton D	55.008	421786-138-01	167,478	-
County Incentive Prgm – Lyons Rd/N of Atlantic to S of Boynton R	55.008	421786-1-48-01	1,920	-
Public Transit Block Grant Program – Operating	55.010	ANQ71	3,638,532	-
Public Transit Svc Development Prgm – Marketing PR Agency	55.012	AK922	1,062	-
Public Transit Svc Development Prgm – Justice Passes	55.012	AND24	14,311	-
Public Transit Svc Development Prgm – Marketing Campaign	55.012	ANU43	18,302	-
Public Transit Svc Development Prgm – Travel Training	55.012	ANU45	2,410	-
Public Transit Svc Development Prgm – Clewiston Service	55.012	AL615	172,495	-
Public Transit Svc Development Prgm – Maintenance Training	55.012	AOJ19	17,000	-
Transit Corridor Prgm – Development Rte #1 Operations/Mktg	55.013	AM877	17,484	-
Intermodal Development Program – WPB Intermodal Facility	55.014	AL744	53,978	-

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2007

Grantor/ Pass-through Grantor/ Program Title	CFDA CSFA	Contract/Grant Number	Expenditures	Transfers to Subrecipients
Transit Corridor Prgm – Development Route #1 Infrastructure	55.014	AM878	$ 89,810	$ -
New Starts Transit Program Shelters in Municipalities	55.017	AK897	298,728	-
State Highway Project Reimbursement – W Atlantic/Lyons/Fl Trpk	55.023	ANH96/229658-3-38-01	8,475	-
State Highway Project Reimbursement – Okeechobee/W of Clear Lk	55.023	229755-1-58-01	933,359	-
State Highway Project Reimbursement – Blue Heron & Congress Intersecti	55.023	417062-2-8-01	103,930	-
State Highway Project Reimbursement – Intelligent Transport System	55.023	AN554/231930-1-A8-01	1,467,627	-
Passed Through Florida Commission/Transportation Disadvantaged				
Comm. for the Transportation Disadvantaged – Trip & Equipment	55.001	AOG38	1,876,815	1,876,815
Comm. for the Transportation Disadvantaged – Planning Grant	55.002	AOG23	42,737	-
Total Department			11,011,565	1,876,815
Florida Department of Children & Families				
Direct Programs:				
Homeless Challenge Grant	60.014	IFZ-09	60,000	-
Homeless Grant-In-Aid Project - GY06	60.021	IF-183	51,521	-
Total Department			111,521	-
Florida Department of Health				
Direct Programs:				
County Grant Awards – EMS Grants	64.005	C6050	540,824	489,535
Passed Through the Florida Council Against Sexual Violence				
Rape Crisis Trust Fund Prgm	64.061	05DOH26	63,106	-
Rape Crisis Center	64.069	05DOH26	15,173	-
Rape Crisis Center	64.069	07OAG26	15,115	-
Total Department			634,218	489,535
Florida Department of Elder Affairs				
Passed Through the Area Agency on Aging				
Home Care for the Elderly GY06	65.001	1H006-9500	5,016	-
Home Care for the Elderly GY07	65.001	1H007-9500	3,537	-
Alzheimer's Respite Services GY06	65.004	1Z006-9500	233,441	-
Alzheimer's Respite Services GY07	65.004	1Z007-9500	64,883	-
RELIEF/Respite GY06	65.006	1R006-9500	75,641	-
RELIEF/Respite GY07	65.006	1R007-9500	30,436	-
Community Care for the Elderly GY06	65.010	1C006-9500	817,725	-
Community Care for the Elderly GY07	65.010	1C007-9500	256,716	-
Total Department			1,487,395	-
Florida Department of Law Enforcement				
Direct Programs:				
Statewide Criminal Analysis Laboratory System	71.002	N/A	383,466	-
Violent Crimes Investigations	71.004	N/A	39,868	-
Total Department			423,334	-
Florida Department of Highway Safety and Motor Vehicles				
Passed Through the Caribbean Conservation Corporation				
Sea Turtle License Plate Project – Sea Turtle Population Study	76.070	06-010R	3,668	-
Total Department			3,668	-
Florida Fish and Wildlife Conservation Commission				
Direct Programs:				
Artificial Reef Grants Program – Monitoring	77.007	04030	6,786	-
Artificial Reef Grants Program – Monitoring	77.007	6122	700	-
Aquatic Habitat Conservation and Restoration Projects	77.016	6186	168,186	-
Total Department			175,672	-
Total State Grants - All Departments			$ 45,500,347	$ 17,866,774
TOTAL FEDERAL AND STATE GRANTS			$ 118,871,023	$ 41,405,638

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2007

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, 2007. 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 Palm Beach County, Florida ("the County"), 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 expenses of 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.

McGladrey & Pullen
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*

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 Arthur Anderson
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, 2007, and have issued our report thereon dated March 19, 2008. We did not audit the financial statements of the Solid Waste Authority, a major enterprise fund, which represents 27% of the total assets and 53% 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 43% of the total assets and 45% 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 55% of the total assets and 28% 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 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 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements, that is more than inconsequential, will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses, as defined above.

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 dated March 19, 2008.

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 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 19, 2008

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550

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 Arthur Anderson
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 are applicable to each of its major federal programs and state projects for the year ended September 30, 2007. 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

As described in item 2007-5 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding reporting that are applicable to its State Housing Initiatives Partnership Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that state project.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2007. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as items 2007-1, 2007-2, 2007-4, 2007-6 and 2007-7.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program and state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2007-1 through 2007-7 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2007-7 to be a material weakness.

The County 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 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, 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 19, 2008

Palm Beach County, Florida

Schedule of Findings and Questioned Costs
Year Ended September 30, 2007

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)?		Yes	X	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:

CFDA Number(s)	Name of Federal Program or Cluster
14.218/14.219	Community Development Block Grant
14.239	Home Investment Partnership Program Grant
20.106	Airport Improvement Grant
20.205/23.003	Highway Planning and Construction
20.500/20.507	Federal Transit Cluster
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs:		$	2,201,120	
Auditee qualified as low-risk auditee?		Yes	X	No

(Continued)

Palm Beach County, Florida

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2007

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:	Qualified	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules* of the Auditor General?	X Yes	No

The project tested as major included the following:

CSFA Number(s)	Name of State Financial Assistance Project
52.002	Florida Forever Act
52.901	State Housing Initiatives Partnership (SHIP) Program
55.001	Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program
55.010	Public Transit Block Grant
55.023	State Highway Project Reimbursement

Dollar threshold used to distinguish between type A and type B projects: $ 1,365,010

II – Financial Statements Findings

None reported

2007-1

Program Income
U.S. Department of Housing and Urban Development, Community Planning and Development

Title:	CFDA#:
Home Investment Partnerships Program ("HOME")	14.239

Criteria: The U.S. Department of Housing and Urban Development ("HUD")'s stipulates in its program guide for the HOME Program the participating jurisdiction must establish resale provisions that safeguard the property's continued affordability or recapture all or part of the HOME subsidy. Guidelines for the County's resale provisions are included in its Action Plan submitted to HUD and states any home acquired under the HOME Program must be the principal residence of a low or very low income owner. In the event that the property, or any interest in the property is sold, conveyed or in any other manner disposed of prior to thirty years, the amount of the assistance which was provided to the homebuyer shall become due and repayable in full. Procedures should be in place to ensure that all transactions are properly reviewed to ensure compliance with program requirements.

Condition: During our testing of program income, it was determined that the County does not collect program income in accordance with the resale provisions established in its Action Plan submitted to HUD. In addition, there was no review performed to ensure that all appropriate program income had been properly requested and received as required under the County's guidelines.

Questioned costs: $17,309

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

Effect: Of the 12 instances of property sale or conveyance sampled for testing, 3 instances were noted where the amount of assistance which was provided to the homebuyer had been recaptured on a prorated basis instead of having the full amount of assistance provided recaptured. These instances showed a total of actual recaptured income of $66,681 instead of $83,990 if the recapture provision was correctly interpreted.

Cause: The entire principal becomes repayable in the event of sale or conveyance of real property pledged. However the Housing and Community Development ("HCD") has continuously prorated the recapture amount based on a misinterpretation of a provision in the promissory note. The County's Action Plan discusses the potential for proration but clearly states that if the individual fails to meet the time requirement in the note agreement the entire principal is due and payable to the County from proceeds received on the sale or conveyance of the property. The errors in the application of the program income requirements were not detected due to a lack of review procedures to ensure that the requirements had been properly adhered to.

Recommendation: The County should ensure there are procedures in place to monitor the repayment of promissory notes and ensure that all applicable program income is properly recorded under the grant program. The HCD should also communicate to staff how to properly apply and adhere to the program income requirements of this program.

Views of responsible officials and planned corrective actions: We are in agreement with the findings and recommendations of the independent auditor. We have amended our mortgage and promissory note (through the County Attorney) to remove the unnecessary and ambiguous language relating to the proration of the assistance. The revision has removed all language relating to the proration of the amount of assistance. The real intent of our mortgage and promissory note is to provide and secure the assistance over a thirty (30) year period with there being full repayment of the assistance amount if the assisted property is "transferred" prior to the end of the thirty (30) year encumbrance period. The new mortgage became effective April 1, 2008.

Those mortgages with the conflicting language will be considered mortgages with a forgiveness of 10% per year. At that time, it was the intent to forgive the indebtedness 10% per year. Per the County Attorney, the County cannot legally force these homeowners to execute a new mortgage.

2007-2

Special Tests and Provisions
U.S. Department of Housing and Urban Development, Community Planning and Development

Title:	CFDA#:
Home Investment Partnerships Program	14.239

Criteria: OMB Circular A-133 stipulates adequate and effective internal controls must be in place over the applicable compliance requirements. Under the Special Tests and Provisions section of the compliance supplement for CFDA # 14.239, "During the period of affordability (i.e., the period for which the non-Federal entity must maintain subsidized housing) for HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than: (a) every three years for projects containing 1 to 4 units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant-based rental assistance to determine compliance with housing quality standards (24 CFR sections 92.251, 92.252, and 92.504(b))." In addition, the recipient is required to follow-up to ensure any deficiencies noted in the on-site inspections are addressed in a timely manner and ensure compliance with the housing quality standards. There should be specific policies and procedures in place to monitor compliance with the special tests and provisions requirement for this grant program.

Condition: During our testing we noted the HCD identified 9 deficiencies during their annual inspections of the Villa at Cove Crossing and Woodlake properties. However, these deficiencies were not communicated to the individual project managers responsible for the projects and there was no evidence that corrective actions were taken to address the deficiencies. In addition, we did not see any documentation in the files that indicated whether the HCD followed up to ensure the deficiencies had been adequately addressed to ensure the properties met the housing quality standards as required by the grant program. We also did not identify any internal control procedure in place to ensure that the results of the housing quality standards reviews are communicated and follow-up is performed as required by the grant program.

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

Questioned Costs: Undeterminable

Effect: The lack of internal control over this compliance requirement does not allow for the HCD to conduct the program in compliance with the program's requirements. This may result in failure to comply with the housing quality standards and disallowed costs by the granting agency. Although inspections were performed by HCD staff there was no follow-up procedures performed to ensure that the deficiencies noted had been appropriately addressed and housing quality standards had been met.

Cause: HCD has not determined whether any of the deficiencies found during the housing quality inspections under the HOME program were addressed. We noted that: (1) Villa at Cove Crossing – 2742 Lantana Road was inspected in May 2007, and 4 deficiencies were found during the inspection. We also noted that (2) Woodlake was inspected in June 2007, and 5 deficiencies were found during the inspection. We reviewed the inspection reports for these two units on November 28, 2007 and noted no follow up to the previously identified deficiencies. Also the lack of a procedure to verify whether the inspections had been performed and appropriate follow-up action taken resulted in the failure to detect these deficiencies.

Recommendation: We recommend that the County establish procedures to ensure the inspections are done as required and establish controls to monitor the timely performance of the inspections and any remedial actions that are necessary following the inspection to address any deficiencies noted and ensure continued compliance with the housing quality standards.

Views of responsible officials and planned corrective actions: We are in agreement with the findings and recommendations of the independent auditor. The Commission on Affordable Housing is currently implementing a process that ensures that all monitoring and inspections are completed in a timely manner. In addition, an automatic system will be established which reminds the responsible Supervisor and the Inspector of follow-up visits that may be necessary.

As it relates to the files cited, the HOME Program Coordinator will review these files and ensure that by July 1, 2008 an Inspector has revisited the two sites to confirm that the work was completed as requested.

2007-3

Allowed Costs
U.S. Department of Health and Human Services

Title:	CFDA#:
Head Start	93.600

Criteria: OMB Circular A-133 stipulates adequate and effective internal controls must be in place over the applicable compliance requirements. One of the County's controls over Head Start's allowed costs requirements is that management reviews supporting documentation of allowable cost information.

Condition: We noted 2 out of 12 sampled expenditures did not contain evidence that an adequate approval from the Head Start management was obtained as required by the programs internal control system. We noted these were for costs approved by service center employees and not Head Start management.

Questioned costs: Undeterminable

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

Effect: The County's controls policies for this program have not been followed. This could result in unallowable costs being charged to the program. Also there was no procedure in place to detect the lack of required approval.

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

Recommendation: We recommend the County implement policies and procedures to ensure that internal controls over grant requirements are followed.

View of responsible officials and planned corrective actions: Head Start management does review supporting documentation to ensure that only allowable costs are being charged to the program. The Nutrition Specialist request by e-mail and sends quote sheets weekly to fiscal for purchase order numbers to place the orders. A staff person in this position is responsible for ordering the food items according to menus that are developed by a certified nutritionist in accordance with the USDA Child Care Food program standards and as required by the Head Start Performance Standards. The goods are delivered to the center and a center level staff verifies accuracy of the delivery against the delivery slip/invoice, signs off on the deliver slip/invoice, and then sends it to the Nutrition Specialist in Head Start administration. The Nutrition Specialist in Head Start administration cross checks the invoice/delivery slip against the order he placed. He circles the purchase order number in red if there are no changes and adds his initials if changes are made. Head Start will modify procedures to include the signature of the Nutrition Specialist to attest to the accuracy of the entire document including initialed amendments, and to approve invoices for payment. He then sends the bill to Head Start fiscal specialist who reviews and verifies for Nutrition Specialist modifications (if any) and approval. Head Start will modify procedures to include the signature of a fiscal staff member to indicate approval to pay invoices. Only then does she complete processing the payment and sends original invoices to finance.

2007-4

Allowed Costs
U.S. Department of Transportation Federal Highway Administration

Title:	CFDA#:
Highway Planning and Construction	20.205

Criteria: OMB Circular A-133 stipulates federal awards received in the form of grants are considered expended when the transaction occurs. The County's internal control system for this grant program should be designed to ensure that expenditures are reported in the proper period on the schedule of expenditures of federal awards.

Condition: We noted four out of seven samples contained expenditures from fiscal year 2005 being reported in the current year schedule of expenditures of federal awards. There was also no evidence of an internal control procedure in place to ensure the timely reporting of these expenditures in the proper reporting period.

Questioned costs: Not applicable.

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

Effect: The County is not reporting grant expenditures in accordance with OMB Circular A-133 and as a result the expenditures may be disallowed by the granting agency.

Cause: The Schedule included amounts representing expenditures incurred in periods prior to fiscal year 2007. There was no evidence of an internal review to ensure that all amounts were properly reported in the schedule.

Recommendation: Policies and procedures should be implemented to ensure appropriate internal controls over compliance requirements. A system should be established to ensure that all programs report their expenditures in a timely manner and a review is performed to ensure the listing is complete and accurate.

Views of responsible officials and planned corrective actions: Engineering has procedures in place whereby the grant reconciliation is completed by the Fiscal Specialist III and then reviewed and approved by the Financial Manager prior to submission to OFMB. This particular audit finding involves a reconciliation that was prepared during a period where Engineering was short-staffed and the second review/confirmation did not occur prior to submission to OFMB. In the future, Engineering will ensure that the second review/confirmation occurs prior to submission to OFMB.

2007-5

Reporting
Florida Housing Finance Corporation

Title:	CSFA#:
State Housing Initiatives Partnership Program	52.901

Criteria: The grant agreement with the County requires the County to submit an annual report to the State. An internal control procedure should be in place to ensure that all reports are accurately and timely prepared and submitted as required by the grant program.

Condition: The Florida Housing Finance Corporation questioned the accuracy and completeness of this year's SHIP annual reports due to the County's apparent failure to meet its program commitment and expenditure goals.

Questioned costs: Not applicable

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

Effect: The County appears not to be in compliance with the SHIP grant agreement. Failure to properly comply with the reporting requirement could result in disallowance of grant expenditures or reduction of future funding by the grantor agency.

Cause: The County prepared an inaccurate SHIP annual report and the report was not properly reviewed to ensure it complied with the requirements of the grant program and properly reflected the current year activity.

Recommendation: The County should implement procedures to ensure all reports filed with granting agencies are accurately prepared and properly reviewed to ensure accuracy and compliance prior to submission. Also a procedure should be in place to ensure all reports are submitted as required by the grant individual grant program.

Views of responsible officials and planned corrective actions: We are in agreement with the findings and recommendations of the independent auditor. The County will strictly adhere to the State's SHIP Program Tracking Process. Implementing this tracking process is a required prerequisite for completing the SHIP Annual Report. The previous department Manager has been terminated and new department policies have been implemented to assure the timely and accurate preparation of the SHIP Tracking Process.

2007-6

Special Tests & Provisions
Florida Housing Finance Corporation

Title:	CSFA#:
State Housing Initiatives Partnership Program (SHIP)	52.901

Criteria: The County's SHIP Local Housing Assistance Plan states that deferred payment loans used for the HOME Match, Purchase Assistance, Housing Rehabilitation, Foreclosure Prevention, Water/Sewer Connection/Impact Fee Payment, and Replacement Housing will be secured by a mortgage and the promissory note will be for a period of 30 years with zero interest. No payment is required as long as the home remains the primary residence of the original applicant. If the home is sold, title is transferred or conveyed, or the home ceases to be the primary residence of the applicant during the 30 year occupancy period, the entire amount of the assistance provided will be due and payable in full. There should be a control procedure in place to ensure that the correct amount of program income was received from each grant program recipient.

Condition: It was determined that the County does not maintain adequate documentation to provide reasonable assurance that the County collected the appropriate amount of program income.

Questioned costs: Not applicable.

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

Effect: Of the 12 instances of property sale or conveyance sampled for testing, 1 instance was noted where the amount of assistance which was provided to the homebuyer appears to have been in the form of two promissory notes ($38,250 and $34,200). It appears the County only collected the amount of assistance provided to the homebuyer for one of the two promissory notes ($34,200), instead of the combined $72,450, leaving a deficiency of reported recapture amounts of $38,250.

Cause: We were not able to obtain adequate documentation from the County for the discrepancies. There was a lack of an adequate control procedure in place to ensure compliance with this requirement.

Recommendation: The County should ensure there are procedures in place to monitor the repayment of promissory notes and ensure that all applicable program income is properly recorded under the grant program. The County should also communicate to staff how to properly apply and adhere to the program income requirements of this program.

Views of responsible officials and planned corrective actions: We are in agreement that a processing error, which was systematic in nature, did occur. The processing error involved the recording of the larger mortgage ($38,250), prior to recording the satisfaction of the initial/smaller mortgage ($34,200). However, there was no error with the collection of Program Income. In the one instance noted only one mortgage was satisfied, because a "change order" occurred as a result of the costs for rehabilitation of the property in question being increased. The "change order" increased the cost of the work required to rehabilitate the property. As a result, the (first) smaller mortgage was satisfied and then the (second) larger mortgage was actually recorded. Please note that it is not unusual to see two or more change orders for a rehabilitation project, which would result in one or more mortgages being satisfied and new mortgages subsequently recorded. This error was not detected by staff and a procedure will be established to review the process by which mortgages are recorded and satisfied to ensure they are done properly and in accordance with the program guidelines.

The Commission on Affordable Housing has changed the way it processes rehabilitation requests. The Commission on Affordable Housing will now prepare the initial mortgage at an amount that is equal to the household's maximum eligible subsidy amount. And once the work is completed, we will satisfy the initial mortgage (if the household did not use the complete amount) and we will then record a new mortgage equal to the work that was actually completed.

2007-7

Allowed Costs
Florida Department of Transportation

Title:	CSFA#:
State Highway Project Reimbursement	55.023

Criteria: Chapter 96I-5.004(2) of the Rules of the Florida Department of Financial Services states the determination of when state financial assistance is expended should be based on when the related activity occurs. Generally, the activity pertains to events that require the non-state organization to comply with laws, rules, and the provisions of contracts or grant agreements such as: expenditure/expense transactions associated with grants, cooperative agreements, and direct appropriations. There should also be an internal control policy in place to review the accuracy of the amounts reported to ensure compliance with the grant program.

Condition: It was determined that the County reported $60,000 as expenditures; however, these were not actual expenditures, only budget estimates. In addition, there was no internal control procedure in place to allow the County staff to detect this reporting error in the course of performing their assigned functions.

Questioned costs: Not applicable.

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

Effect: The allowable costs are supposed to be based on actual costs incurred. Therefore the amount reported is not properly supported and may not be allowable. This is a reimbursable grant and as such the actual expenditures must be incurred before a reimbursement request is submitted. In addition, the lack of a control to review and verify the accuracy of the amounts recorded could result in unallowed costs being charged to the grant program. These costs could subsequently be disallowed by the grantor agency and future funding could be reduced.

Cause: The County is estimating costs of projects, and reporting the expenditures for reimbursement from the grantor prior to their occurrence. No supervisory review was performed to ensure that all costs being charged to the program were appropriate and supported by actual incurred charges.

Recommendation: The County should establish procedures to ensure that only actual costs are submitted for reimbursement. In addition, the County should review their current policy for monitoring compliance with the allowable cost provisions of this grant to ensure there are adequate controls in place to monitor compliance.

Views of responsible officials and planned corrective actions: Engineering has procedures in place whereby the grant reconciliation is completed by the Fiscal Specialist III and then reviewed and approved by the Financial Manager prior to submission to OFMB. This particular audit finding involves a reconciliation that was prepared during a period where Engineering was short-staffed and the second review/confirmation did not occur prior to submission to OFMB. In the future, Engineering will ensure that the second review/confirmation occurs prior to submission to OFMB.

Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2007

Federal Awards Programs:

2006-01 U.S. Department of Transportation Federal Aviation Administration:
CFDA 20.106 – Airport Improvement Program

Finding: We noted that the Department of Airport's ("DOA") included on the SEFA expended amounts, related to the Airport Improvement Grant, from periods prior to fiscal year 2006.

Corrective Action Taken: Corrective action taken.

2006-02 U.S. Department of Transportation Federal Highway Administration:
CFDA 20.205 – Highway Planning and Construction

Finding: The Engineering Department could not provide evidence that it was in compliance with the reporting requirement, specifically PR-20 Voucher for Work Under Provisions of the Federal-Aid and Federal Highway Acts, as Amended (OMB No. 2125-0507).

Corrective Action Taken: Corrective action taken.

2006-03 U.S. Department of Transportation Federal Highway Administration:
CFDA 20.205 – Highway Planning and Construction

Finding: The Engineering Department did not have the Davis-Bacon requirement included in the contract we tested. For 2006 there was only one contract under this grant program. We noted that neither the payroll certifications were maintained by the department nor was the required Davis-Bacon language incorporated into the contract. In addition, the County did not have a procedure in place to ensure that they were complying with the requirements of the Davis Bacon Act as required under OMB Circular A-133.

Corrective Action Taken: Corrective action taken.

2006-04 U.S. Department of Housing and Urban Development, Community Planning and Development:
CFDA 14.218 – Community Development Block Grants

Finding: During our documentation of internal controls over HCD's Matching, Level of Effort, & Earmarking requirements, the fiscal department continuously provided the auditors with different general ledger reports, with variances that could not be readily explained by HCD personnel.

Corrective Action Taken: Corrective action taken.

2006-05 U.S. Department of Housing and Urban Development, Community Planning and Development:
CFDA 14.218 – Community Development Block Grants

Finding: HCD does not have semi-annual certifications to support the charges of salaries and wages for employees that work solely on a single federal award are completed as required.

Corrective Action Taken: Corrective action taken.

2006-06 U.S. Department of Transportation Federal Highway Administration:
CFDA 20.205 – Highway Planning and Construction

Finding: The Engineering Department and the Fixed Asset Management Office were unable to provide us with a listing of Real Property purchased with grant dollars; therefore, we were unable to perform any testing of the equipment and real property management compliance requirement.

2007 Status of Finding: Corrective action taken.

2006-07 U.S. Department of Housing and Urban Development, Community Planning and Development:
CFDA 14.239 – Home Investment Partnerships Program

Finding: During our testing of program income, it was determined that the County does not collect program income in accordance with the promissory notes signed by the County and the participants.

Corrective Action Taken: Management is in the process of amending their mortgage and promissory note (through the county attorney) to remove the unnecessary and ambiguous language relating to the prorating of the assistance loan. This revision will remove any language relating to the prorating of the amount of assistance. The real intent of our mortgage and promissory note is to provide and secure the assistance over a thirty (30) year period with there being full repayment of the assistance amount if the assisted property is "transferred" prior to the end of the thirty (30) year encumbrance period. See finding 2007-1.

2006-08 U.S. Department of Housing and Urban Development, Community Planning and Development:
CFDA 14.239 – Home Investment Partnerships Program

Finding: We noted the HCD had not performed annual site inspections of their rental developments with more than 25 units in over two years.

Corrective Action Taken: HCD performed site inspections in June 2007; however, no follow-up procedures were performed by HCD on the five deficiencies noted during the inspections. We have determined only partial corrective action has been taken. See finding 2007-2.

Summary Schedule of Prior Year Audit Findings (Continued)
Year Ended September 30, 2007

2006-09 U.S. Department of Housing and Urban Development, Community Planning and Development:
CFDA 14.239 – Home Investment Partnerships Program

Finding: We noted HCD has not disbursed any of its CHDO reserve allocation to CHDOs during the program years 2004/05 or 2005/06.

2007 Status of Finding: Corrective action taken.

2006-10 U.S. Department of Housing and Urban Development, Community Planning and Development:
CFDA 14.218 – Community Development Block Grants

Finding: The Housing department incurs expenditures and submits to the Department of Housing and Urban Development ("HUD") for approval, followed by a drawdown of funds. We noted on 1 of 6 revenue deposits selected for testing, the Housing Department drew down funds for various accounts (Number 1874 and 1948), before approval from HUD. These unapproved activities are not allowed to be drawn down by HUD, thus there is a reconciling difference between what is drawn down from HUD and what was requested.

2007 Status of Finding: Corrective action taken.

PAGE INTENTIONALLY LEFT BLANK

Section VI

TAX COLLECTOR

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of each 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, 2007, 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 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, 2007, 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 Tax Collector as of September 30, 2007, 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 March 19, 2008 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

The budgetary comparison schedule on page VI-14 is not a required part of the financial statements but is 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
March 19, 2008

PALM BEACH COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET - GENERAL FUND
September 30, 2007

ASSETS	
Cash and cash equivalents	$ 49,609,161
Accounts receivable	205,990
Due from other governments	312
Other assets	6,748
Total assets	$ 49,822,211

LIABILITIES AND FUND BALANCE	
Vouchers payable and accrued liabilities	$ 686,502
Due to other county funds	41,999,098
Due to other county agencies	22,176
Due to other governments	6,374,055
Deferred revenue	740,380
Total liabilities	49,822,211
Fund balance	-
Total liabilities and fund balance	$ 49,822,211

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, 2007

Revenues:	
Charges for services	$ 64,772,810
Less - excess fees paid out	(48,004,014)
Investment income	2,133,307
Total revenues	18,902,103
Expenditures:	
Current:	
General government	18,708,176
Capital outlay	189,387
Debt Service	4,540
Total expenditures	18,902,103
Excess of revenues over (under) expenditures	-
Net change in fund balance	-
Fund balance, October 1, 2006	-
Fund balance, September 30, 2007	$ -

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, 2007

ASSETS	
Cash and cash equivalents	$ 29,225,541
Accounts receivable, net	183,658
Total assets	$ 29,409,199
LIABILITIES	
Vouchers payable and accrued liabilities	$ 131,752
Due to other governments	26,292,260
Due to individuals	2,985,187
Total liabilities	$ 29,409,199

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, 2007

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, 2007 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.

- *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, 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 reappropriated 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.

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 his 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 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 CASH EQUIVALENTS

As of September 30, 2007, the Tax Collector's cash and deposits were as follows:

Cash and cash equivalents:	
Deposits with financial institutions	$78,821,622
Cash on hand	13,080
Total cash and cash equivalents	$78,834,702

The breakdown for financial statement purposes was as follows:

Governmental Funds	$49,609,161
Fiduciary Funds	29,225,541
Total cash and cash equivalents	$78,834,702

The Tax Collector's cash 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.

3. ACCUMULATED COMPENSATED ABSENCES AND OTHER GENERAL OBLIGATIONS

Compensated absences and other general obligations payable are recorded and reported by the County 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 2007:

Long-term obligations payable at October 1, 2006	$1,206,456
Decrease in other general obligations payable	(5,335)
Increase in accrued compensated absences	1,106,165
Decrease in accrued compensated absences	(1,672,629)
Long-term obligations payable at September 30, 2007	$ 634,657

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 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, 2007, 2006, and 2005 were approximately $1.0 million, $0.8 million, and $0.7 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, 2007:

Membership Class	Rates
Regular	9.85%
Special Risk	20.92%
Judges	19.56%
Legislators	14.48%
Governor/Lieutenant Governor/Cabinet	14.48%
State Attorney/Public Defender	14.48%
County, City, Special District Elected Officers	16.53%
Special Risk Administrative Support	12.55%
IFAS Supplemental	18.75%
Senior Management	13.12%
Deferred Retirement Option Program	10.91%

5. COMMITMENTS

Outstanding Purchase Orders and Contracts

Purchase orders and contracts had been executed, but certain goods and services were not received for approximately $89,000. 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.

6. 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, 2007, the BOCC charged the Tax Collector $8,500 and $40,000, respectively, for casualty insurance and workers' compensation insurance.

7. SUBSEQUENT EVENT

At September 30, 2007, the Tax Collector had $2,506,009 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool.

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately $12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately $2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 15% of their balance or $2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the

Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable. As of December 4, 2007 (the date Pool B was created), the Tax Collector had $3,877,719 in Pool A and $651,499 in Pool B.

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 56,249,100	$ 61,249,100	$ 64,772,810	$ 3,523,710
Less - excess fees paid out	(37,673,315)	(42,095,315)	(48,004,014)	(5,908,699)
Investment income	850,000	850,000	2,133,307	1,283,307
Total revenues	19,425,785	20,003,785	18,902,103	(1,101,682)
Expenditures:				
Current:				
General government	$ 18,942,726	$ 19,566,883	18,708,176	858,707
Capital outlay	483,059	436,902	189,387	247,515
Debt service	-	-	4,540	(4,540)
Total expenditures	19,425,785	20,003,785	18,902,103	1,101,682
Excess of revenues (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2006	-	-	-	-
Fund balance, September 30, 2007	$ -	$ -	$ -	$ -

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, 2007

	Balance 10/1/2006	Additions	Deductions	Balance 9/30/2007
ASSETS				
Cash and cash equivalents	$ 18,907,957	$ 3,315,809,059	$ 3,305,491,475	$ 29,225,541
Accounts receivable, net	253,271	4,827,962	4,897,575	183,658
Due from other governments	-	531	531	-
Total assets	$ 19,161,228	$ 3,320,637,552	$ 3,310,389,581	$ 29,409,199
LIABILITIES				
Vouchers payable and accrued liabilities	$ 100,209	$ 848,587	$ 817,044	$ 131,752
Due to other governments	15,970,675	2,343,230,800	2,332,909,215	26,292,260
Due to individuals	3,090,344	994,051,094	994,156,251	2,985,187
Total liabilities	$ 19,161,228	$ 3,338,130,481	$ 3,327,882,510	$ 29,409,199

PAGE INTENTIONALLY LEFT BLANK

**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 each 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, 2007, and have issued our report thereon dated March 19, 2008. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

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 grant agreements and other matters, 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 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
March 19, 2008

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 each 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, 2007, and have issued our report thereon dated March 19, 2008, 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, if any, which is dated March 19, 2008, 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 require that certain items be addressed in this letter.

Rules of the Auditor General (Section 10.554(1)(i)1.), requires that we address in the management letter, if not already addressed in the auditor's report on compliance and internal controls 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 audit report have been addressed in Appendix A to this report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.), the scope of our audit included 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.

Rules of the Auditor General (Section 10.554(1)(i)3.), requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. We did not have any findings and recommendations to improve financial management, accounting procedures, and internal controls for the current annual financial audit report.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

Rules of the Auditor General (Section 10.554(1)(i)4.), requires disclosure in the management letter of the following matters if not already addressed in the auditor's report on compliance and internal controls, whether there were violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. There were no such matters noted during our audit.

Rules of the Auditor General (Section 10.554(1)(i)5.), requires disclosure in the management latter of the following matters if not already addressed in the auditors reports on compliance and internal controls and are not clearly inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred; (2) improper expenditures or illegal acts; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

Rules of the Auditor General (Section 10.554(1)(i)6.), 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 to the financial statements.

This management letter is intended solely for the information 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
March 19, 2008

Tax Collector
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 06-01	Application Security		X
ML 06-02	Data Security		X
ML 06-03	IT Access		X
ML 06-04	Formal Security Programs	X	
ML 06-05	System Upgrades/Modifications	X	
ML 06-06	Security Access		X
ML 06-07	Security Training	X	

ML 06-04 Formal Security Programs

Criteria: Effective security relies on a security structure that includes consideration of data classification and ownership, organizational and operational policies, a thorough review of security, user awareness, and security administration procedures. Specific procedures developed for each of the major functions of security administration include designing the security hierarchy; granting and revoking data and resource access; and reporting and monitoring activity.

Condition: The Tax Collector had not established a formal security program.

Cause: The relatively small size of the department and limited resources available.

Impact: Absent of a formal security program, the risk is increased that sound information security controls will not be sufficiently assessed and imposed to prevent compromise of data confidentiality, integrity, and availability.

Prior Year Recommendation: The Tax Collector should develop a formal security program including an assessment of defined risk, mitigating controls, and acceptance levels.

Prior Year Management Response: System access privileges are controlled using the application security modules. Users are granted system access only to modules required to perform their job function. The Finance and Budget Director audits the security levels to ensure that adequate security controls are in place. Only the I.T. department can modify the security levels.

User accounts and password standards are in place to ensure system integrity. The IT department uses internal processes for user provisioning.

A formal security program that includes an assessment of defined risk, mitigating controls, and acceptance levels, will be developed.

Current Year Status and Management Response: A formal security program will be implemented in the 3rd quarter of 2008.

ML 06-05 System Upgrades/Modifications

Criteria: A formalized and documented Systems Development Life Cycle ("SDLC") methodology can provide consistent guidance to all staff at all levels of skill and experience. An SDLC methodology typically details the procedures that are to be followed when applications are being acquired, designed, developed, and implemented, as well as when they are subsequently modified. Project management is an inherent part of the SDLC process and defines the scope and boundaries for managing a project, as well as the methodology used in managing the project. The methodology, at a minimum, covers the responsibilities, task breakdown, budgeting of time and resources, milestones, check points, and approvals. Additionally, once the system is implemented, written procedures serve to document the duties of business personnel using the new systems.

Condition: The Tax Collector did not have adequate written policies and procedures in place for tracking, evaluating, and applying patches and upgrades to systems software. Specific details of these deficiencies are not disclosed in this report to avoid the possibility of compromising Tax Collector information in accordance with Florida Statute 281.301. However, appropriate Tax Collector personnel have been notified of these deficiencies.

Cause: The relatively small size of the department and limited resources available.

Impact: Without an established methodology governing the maintenance of systems, management risks implementation of system modifications that may not satisfy the users' needs, meet the organization's business needs, or preserve appropriate controls. Also, in the absence of policies and procedures outlining controls and measures necessary for the quality and consistency with which the Tax Collector's objectives are achieved, the risk is increased that management will not have a basis for determining whether directives are properly performed nor will personnel have guidelines for meeting management's expectations.

Prior Year Recommendation: The Tax Collector should develop a closed-loop change management policy.

Prior Year Management Response: Vendor-supplied applications, under support contract, already have formalized documentation and procedures to apply patches and install upgrades. This documentation will be integrated into the SDLC.

Current Year Status and Management Response: Formalized documentation and procedures will be implemented in the 3rd quarter of 2008.

ML 06-07 Security Training

Criteria: Effective security relies on a security structure that includes consideration of security awareness training for all employees.

Condition: The Tax Collector had not implemented an ongoing comprehensive security awareness and training program for new and continuing employees covering the Tax Collector's IT resources.

Cause: The relatively small size of the department and limited resources available.

Impact: The lack of a comprehensive security awareness and training program increases the risk to, and the vulnerability of, the Tax Collector's IT resources, and limits the assurance that the level of security over IT resources is adequate.

Prior Year Recommendation: The Tax Collector should develop and implement a program to provide ongoing comprehensive security awareness and training for new and continuing employees.

Prior Year Management Response: The IT department provides end-user training for new employees. In addition, policies are in place to remind users of their responsibilities related to IT security and acceptable use of office equipment. Moreover, the IT department monitors systems to identify security threats. A program to provide ongoing comprehensive security awareness and training for new and continuing employees will be developed and implemented.

Current Year Status: A comprehensive training program has not been developed.

Current Year Management's Response: A program to provide ongoing comprehensive security awareness and training for new and continuing employees will be developed and implemented.

Section VII

PROPERTY APPRAISER

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

The Honorable Gary R. Nikolits
Property Appraiser
Palm Beach County, Florida

We have audited the accompanying financial statements of each major fund of the Property Appraiser of Palm Beach County, Florida, (the "Property Appraiser") as of and for the year ended September 30, 2007, 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, 2007, 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 of the Property Appraiser of Palm Beach County, Florida, as of September 30, 2007, 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2008 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 on page VII-14 is not a required part of the financial statements but is 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.

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
March 19, 2008

PALM BEACH COUNTY, FLORIDA
PROPERTY APPRAISER
BALANCE SHEET - GENERAL FUND
September 30, 2007

ASSETS	
Cash and cash equivalents	$ 3,580,481
Other assets	63,952
Total assets	$ 3,644,433
LIABILITIES AND FUND BALANCE	
Vouchers payable and accrued liabilities	$ 1,172,209
Due to Board of County Commissioners	2,185,531
Due to other governments	286,693
Total liabilities	3,644,433
Fund balance	-
Total liabilities and fund balance	$ 3,644,433

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, 2007

Revenues:	
Charges for services	$ 23,233,498
Less - excess fees paid out	(2,262,903)
Investment income	259,800
Total revenues	21,230,395
Expenditures:	
Current:	
General government	20,996,584
Capital outlay	229,227
Debt Service	4,584
Total expenditures	21,230,395
Excess of revenues over (under) expenditures	-
Net change in fund balance	-
Fund balance, October 1, 2006	-
Fund balance, September 30, 2007	$ -

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, 2007

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, 2007 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.

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.

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) 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 share price of this investment represents the fund's amortized cost as permitted for a 2a7-like pool.

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 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, 2007, the Property Appraiser was invested in the Local Government Surplus Funds Trust Fund (State Board of Administration) with a carrying value of $2,382,985. This is an external 2a7-like investment pool. The Property Appraiser was also invested in Federated Investors Money Market Mutual Fund with a carrying value of $1,177,442.

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 and the money market mutual fund was 34 days and 32 days respectively.

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. In accordance with its investment policy, the Property Appraiser may invest in the following investments: Local Government Surplus Funds Trust Fund of Florida, SEC registered money market mutual funds, savings accounts & certificates of deposit in state certified Qualified Public Depositories, U.S. treasuries & Agencies, Government Sponsored Enterprises (GSE), and repurchase agreements if fully collateralized by U.S. Government Obligations and held in the name of the Property Appraiser.

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 recorded and reported by the County 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 2007:

Long-term obligations at October 1, 2006	$2,036,299
Decrease in other general obligations payable	(3,567)
Increase in accrued compensated absences	1,587,715
Decrease in accrued compensated absences	(1,419,786)
Long-term obligations at September 30, 2007	$2,200,661

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.

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, 2007, 2006, and 2005 were approximately $1.4 million, $1.1 million, and $.94 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, 2007:

Membership Class	Rates
Regular	9.85%
Special Risk	20.92%
Judges	19.56%
Legislators	14.48%
Governor/Lieutenant Governor/Cabinet	14.48%
State Attorney/Public Defender	14.48%
County, City, Special District Elected Officers	16.53%
Special Risk Administrative Support	12.55%
IFAS Supplemental	18.75%
Senior Management	13.12%
Deferred Retirement Option Program	10.91%

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, 2007 amounted to $12,852. Interest paid on capital leases amounted to $1,017 for the current fiscal year.

Future minimum rental and lease payments under noncancellable operating leases as of September 30, 2007 are as follows:

Fiscal Year	Amount
2008	$12,852
2009	2,142
Total	$14,994

6. COMMITMENTS

Purchase orders and contracts had been executed, but certain goods and services were not received for approximately $10,000. 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.

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, 2007, the BOCC charged the Property Appraiser $40,000 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. SUBSEQUENT EVENT

At September 30, 2007, the Property Appraiser had $2,382,985 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool.

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately $12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately $2 billion or 14% of Pool assets. At the time

of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 15% of their balance or $2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable. As of December 4, 2007 (the date Pool B was created), the Property Appraiser had $1,641,511 in Pool A and $275,792 in Pool B.

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 23,133,199	$ 23,133,199	$ 23,233,498	$ 100,299
Less - excess fees paid out	-	-	(2,262,903)	(2,262,903)
Investment income	-	-	259,800	259,800
Total revenues	23,133,199	23,133,199	21,230,395	(1,902,804)
Expenditures:				
Current:				
General government	22,979,212	22,913,899	20,996,584	1,917,315
Capital outlay	153,987	219,300	229,227	(9,927)
Debt service	-	-	4,584	(4,584)
Total expenditures	23,133,199	23,133,199	21,230,395	1,902,804
Excess of revenues (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2006	-	-	-	-
Fund balance, September 30, 2007	$ -	$ -	$ -	$ -

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.

McGladrey & Pullen
Certified Public Accountants

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 each major fund of the Property Appraiser of Palm Beach County, Florida (the "Property Appraiser"), as of and for the year ended September 30, 2007, and have issued our report thereon dated March 19, 2008. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, 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 reported to management of the Property Appraiser in a separate letter dated March 19, 2008.

This report is intended solely for the information and use of the Property Appraiser, management of Palm Beach County, Florida Property Appraiser's office, and 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
March 19, 2008

McGladrey & Pullen
Certified Public Accountants

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 accompanying financial statements of each major fund of the Property Appraiser of Palm Beach County, Florida, (the "Property Appraiser") as of and for the year ended September 30, 2007, and have issued our report thereon dated March 19, 2008, 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, if any, which is dated March 19, 2008, 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 require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(i)1.) requires that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal controls, 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 audit report have been addressed in Appendix B to this report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.), the scope of our audit included 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*.

The Rules of the Auditor General (Section 10.554(1)(i)3.) requires that we address in the management letter any findings and recommendations to improve the Property Appraiser's financial management, accounting procedures and internal controls. The recommendations to improve financial management, accounting procedures and internal controls are presented in Appendix A to this report.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

The Rules of the Auditor General (Section 10.554(1)(i)4.) requires disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls whether there are any violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. There are no such matters noted during our audit.

The Rules of the Auditor General (Sections 10.554(1)(i)5.) requires disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls and are not clearly inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred; (2) improper expenditures or illegal acts; (3) improper or inadequate accounting procedures (for example, the omission of required disclosures from the annual financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

The Rules of the Auditor General (Section 10.554(1)(i)6.) also 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.

This management letter is intended solely for the information 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
March 19, 2008

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

No.	Current Year's Observations
ML 07-01	Review of Journal Entries

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

Current Year Suggestions

ML 07-01 Review of Journal Entries

Criteria: As part of the accounting and reporting system, it is necessary to have adequate supervision and review controls in place to ensure that all entries that are prepared are reviewed and approved by someone other than the preparer.

Condition: The comptroller prepares various journal entries and submits the entries to be posted to an accounting clerk; these entries are not subjected to a review process. Although it is not typically done, there is also no system to prevent the comptroller from keying the entry into the system themselves.

Cause: A secondary review has not been identified for these particular entries.

Effect: Errors can go undetected in the financial statements.

Recommendation: While we realize that the financial staff of the Property Appraiser's office is relatively small, there should be segregation of duties and checks and balances in place wherever possible. Therefore, we recommend that whenever possible the comptroller refrain from initiating transactions to the system and in instances where that can not be avoided, provide all significant changes or adjustments to the accounting system to the Property Appraiser for their approval.

Management's Response: All journal entries prepared by the Comptroller will be forwarded to the Property Appraiser for his review and approval.

Property Appraiser
Palm Beach County, Florida

Appendix B – 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 06-01	Application Security		X
ML 06-02	Database Security		X
ML 06-03	Security Controls		X
ML 06-04	System Upgrades/Modifications		X
ML 06-05	Business Continuity Controls		X
ML 06-06	Security Access		X
ML 06-07	Security Training		X

PAGE INTENTIONALLY LEFT BLANK

Section VIII

SHERIFF

McGladrey & Pullen

Certified Public Accountants

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, 2007, 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, 2007, 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, 2007, 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 March 19, 2008 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

The budgetary comparison information on pages VIII-17 and VIII-18 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 Palm Beach County, Florida 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
March 19, 2008

PALM BEACH COUNTY, FLORIDA
SHERIFF
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2007

	Major Funds		
	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 44,428,262	$ 7,236,604	$ 51,664,866
Accounts receivable, net	186,108	117,233	303,341
Investments	1,910	-	1,910
Due from other county funds	-	67,865	67,865
Due from other governments	134,648	989,481	1,124,129
Inventory	1,950,884	-	1,950,884
Other assets	103,882	756	104,638
Total assets	$ 46,805,694	$ 8,411,939	$ 55,217,633
LIABILITIES			
Vouchers payable and accrued liabilities	$ 23,693,666	$ 1,649,655	$ 25,343,321
Due to other county funds	10,811,848	3,823,713	14,635,561
Due to other governments	2,370,932	6,935	2,377,867
Due to individuals	1,340	-	1,340
Insurance claims payable	1,346,977	-	1,346,977
Other liabilities	6,630,047	-	6,630,047
Total liabilities	44,854,810	5,480,303	50,335,113
FUND BALANCES			
Reserved for inventory	1,950,884	-	1,950,884
Unreserved	-	2,931,636	2,931,636
Total fund balances	1,950,884	2,931,636	4,882,520
Total liabilities and fund balances	$ 46,805,694	$ 8,411,939	$ 55,217,633

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, 2007

	Major Funds		
	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Charges for services	$ -	$ 1,582,020	$ 1,582,020
Fines and forfeitures	-	1,329,137	1,329,137
Investment income	-	242,978	242,978
Miscellaneous	-	125,686	125,686
Total revenues	-	3,279,821	3,279,821
Expenditures:			
Current:			
General government	16,532,978	-	16,532,978
Public safety	335,961,394	5,203,780	341,165,174
Capital outlay	20,772,962	1,839,014	22,611,976
Debt Service	23,880	-	23,880
Total expenditures	373,291,214	7,042,794	380,334,008
Deficiency of revenues over expenditures	(373,291,214)	(3,762,973)	(377,054,187)
Other financing sources (uses):			
Transfer from Board of County Commissioners	385,890,737	4,591,772	390,482,509
Transfers to Board of County Commissioners	(10,648,639)	-	(10,648,639)
Total other financing sources	375,242,098	4,591,772	379,833,870
Net change in fund balances	1,950,884	828,799	2,779,683
Fund balances, October 1, 2006	-	2,102,837	2,102,837
Fund balances, September 30, 2007	$ 1,950,884	$ 2,931,636	$ 4,882,520

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, 2007

ASSETS		
Accounts receivable, net	$	939,501
Due from other governments		163,919
Other assets		452
Total assets	$	1,103,872
LIABILITIES		
Vouchers payable and accrued liabilities	$	77,308
Due to other governments		20,581
Due to individuals		1,005,983
Total liabilities	$	1,103,872

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

PAGE INTENTIONALLY LEFT BLANK

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.

Section 10.556(6), *Rules of the Auditor General for Local Governmental Entity Audits*, 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, 2007 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 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 Sheriff 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 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), and Law Enforcement Trust (LETF) .

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, 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. 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. 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.

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 pools are not SEC-registered:

The *Local Government Surplus Funds Trust Fund* (State Board of Administration of Florida) 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 share price of this investment represents the fund's amortized cost as permitted for a 2a7-like pool.

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.

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 three 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

Employees of the Sheriff may accumulate unused vacation and sick leave up to a specified amount. Sick leave, up to a maximum of 1,200 hours, based on years of service, is payable to employees upon termination or retirement. Accumulated vacation, up to a maximum of 750 hours, based on years of service, is payable to employees. Vacation and sick leave are payable at the rate of pay on the date of termination or retirement.

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 Sheriff will compensate the employees in some manner, e.g. in cash or in paid time-off, now or 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 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, 2007 the Sheriff was invested in the County's internal investment pool with a fair value of $51,664,866.

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 $1.8 billion as of September 30, 2007, 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.

3. CAPITAL ASSETS

A summary of capital assets are reported at cost in the statement of net assets as part of the government-wide financial statements of the County as follows:

	Balance 10/01/06	Additions	Deletions	Balance 09/30/07
Furniture, fixtures and equipment	$93,833,065	$23,713,754	$(10,107,614)	$107,439,205
Accumulated depreciation	(60,874,883)	(9,742,991)	9,343,237	(61,274,637)
Capital assets, net	$32,958,182	$13,970,763	$ (764,377)	$ 46,164,568

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 recorded and reported by the County 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, 2006	$44,910,130	
Increase in accrued compensated absences	39,307,840	
Decrease in accrued compensated absences	(29,359,817)	
Compensated absences at September 30, 2007		54,858,153
Claims and judgments at October 1, 2006	23,108,834	
Increase in claims and judgments	19,427,324	
Decrease in claims and judgments	(10,245,200)	
Claims and judgments at September 30, 2007		32,290,958
Total		$87,149,111

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. The pension benefits of FRS 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 accessing their website at http://dms.myflorida.com/human_resource_support/retirement or by calling 1-850-488-5706.

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 terminated 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 the FRS for the years ended September 30, 2007, 2006, and 2005 were $37.2 million, $29.9 million, and $25.5 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, 2007:

Membership Class	Rates
Regular	9.85%
Special Risk	20.92%
Judges	19.56%
Legislators	14.48%
Governor/Lieutenant Governor/Cabinet	14.48%
State Attorney/Public Defender	14.48%
County, City, Special District Elected Officers	16.53%
Special Risk Administrative Support	12.55%
IFAS Supplemental	18.75%
Senior Management	13.12%
Deferred Retirement Option Program	10.91%

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, 2007 amounted to $378,730. There are no future minimum leases or rental payments.

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 current portion of the general liability and workers' compensation self-insurance liabilities are accounted for in the Sheriff's General Fund in the amount of $1,346,977. 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 $33,637,935. 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 noncurrent portion of the claims liability reported for general liability at September 30, 2007 is $14,069,096. 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 2007 and 2006, 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
2006	$14,915,553	$379,156	$(3,802,199)	$11,492,510
2007	11,492,510	6,494,703	(3,918,117)	14,069,096

Workers' Compensation Insurance

The Sheriff's Office is self-funded for its workers' compensation exposure. The noncurrent portion of the claims liability reported at September 30, 2007 is $19,568,839. 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 2007 and 2006, 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
2006	$22,214,852	$6,937,375	$(6,199,168)	$22,953,059
2007	22,953,059	2,942,863	(6,327,083)	19,568,839

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

Sheriff's Office employees, upon separation, may elect to retain coverage for medical and dental insurance under the Sheriff's Office group plans. Employees leaving the agency in good standing and electing to retain medical and/or dental coverage may receive a monthly, prorated health insurance subsidy benefit based on years of service rendered to the Sheriff. Premium cost over and above the subsidy amount is the sole responsibility of the former employee. If the election is not made at separation, retirees will not be eligible to receive the benefit at a later date.

This benefit is provided by the Palm Beach County Sheriff's Office as insurance premiums are paid. There were 541 eligible participants at September 30, 2007. Expenditures for the insurance subsidy benefit program for the fiscal year ended September 30, 2007, totaled $1,934,601.

10. SIGNIFICANT DEVELOPMENTS

Separation Incentive Program

The Sheriff established an incentive program to provide severance pay to employees meeting established criteria for ending employment earlier than they otherwise would have. This was completed in October 2007. Five employees participated in the program. The additional cost associated with this incentive program was approximately $706,875 including applicable benefits.

Mergers

During fiscal year 2007, the Sheriff negotiated mergers with the Royal Palm Beach and Mangonia Park police departments. The mergers are intended to enhance the police protection in the communities and provide continuity of investigative processes.

Collective Bargaining

The Sheriff entered into two collective bargaining agreements with the Palm Beach County Police Benevolent Association (PBA) effective October 1, 2006. Under the agreement, the PBA represents full-time sworn corrections and law enforcement officers in the rank of lieutenants and below in matters regarding wages, hours worked, and other terms and conditions of employment, except managerial or confidential appointees or employees. The agreements replace previous agreements which expired on September 30, 2006. These agreements expire on September 30, 2009.

PALM BEACH COUNTY, FLORIDA
SHERIFF
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the fiscal year ended September 30, 2007

	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	15,794,881	16,676,904	16,532,978	143,926
Public safety	342,840,036	347,027,825	335,961,394	11,066,431
Capital outlay	12,360,763	21,802,813	20,772,962	1,029,851
Debt service	-	24,000	23,880	120
Total expenditures	370,995,680	385,531,542	373,291,214	12,240,328
Excess of revenues over (under) expenditures	(370,995,680)	(385,531,542)	(373,291,214)	12,240,328
Other financing sources (uses):				
Transfers from Board of County Commissioners	370,995,680	385,890,737	385,890,737	-
Transfers to Board of County Commissioners	-	(359,195)	(10,648,639)	(10,289,444)
Total other financing sources (uses)	370,995,680	385,531,542	375,242,098	(10,289,444)
Net change in fund balance	-	-	1,950,884	1,950,884
Fund balance, October 1, 2006	-	-	-	-
Fund balance, September 30, 2007	$ -	$ -	$ 1,950,884	$ 1,950,884

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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
For the fiscal year ended September 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ -	$ -	$ 1,582,020	$ 1,582,020
Fines and forfeitures	-	-	1,329,137	1,329,137
Investment income	-	-	242,978	242,978
Miscellaneous	-	-	125,686	125,686
Total revenues	-	-	3,279,821	3,279,821
Expenditures:				
Current:				
Public safety	-	3,615,353	5,203,780	(1,588,427)
Capital outlay	-	2,108,200	1,839,014	269,186
Total expenditures	-	5,723,553	7,042,794	(1,319,241)
Excess of revenues over (under) expenditures	-	(5,723,553)	(3,762,973)	1,960,580
Other financing sources:				
Transfers from Board of County Commissioners	-	5,723,553	4,591,772	(1,131,781)
Total other financing sources	-	5,723,553	4,591,772	(1,131,781)
Net change in fund balance	-	-	828,799	828,799
Fund balance, October 1, 2006	-	-	2,102,837	2,102,837
Fund balance, September 30, 2007	$ -	$ -	$ 2,931,636	$ 2,931,636

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, 2007

	Balance 10/1/2006	Additions	Deductions	Balance 9/30/2007
ASSETS				
Cash and cash equivalents	$ -	$ 116,623,407	$ 116,623,407	$ -
Accounts receivable, net	368,629	8,038,669	7,467,797	939,501
Due from other county funds	-	15,673,085	15,673,085	-
Due from other governments	225,015	27,674,522	27,735,618	163,919
Other assets	132	1,131	811	452
Total assets	$ 593,776	$ 168,010,814	$ 167,500,718	$ 1,103,872
LIABILITIES				
Vouchers payable and accrued liabilities	$ 80,790	$ 75,634,811	$ 75,638,293	$ 77,308
Due to other county funds	-	52,697,461	52,697,461	-
Due to other governments	27,820	108,944	116,183	20,581
Due to individuals	485,166	7,018,912	6,498,095	1,005,983
Total liabilities	$ 593,776	$ 135,460,128	$ 134,950,032	$ 1,103,872

PAGE INTENTIONALLY LEFT BLANK

McGladrey & Pullen
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

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, 2007, and have issued our report thereon dated March 19, 2008. 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 opinions 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

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 and other matters, 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 Sheriff, management of the 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
March 19, 2008

McGladrey & Pullen

Certified Public Accountants

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, 2007, and have issued our report thereon dated March 19, 2008, 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 March 19, 2008, 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 require that certain items be addressed in this letter.

Rules of the Auditor General (Section 10.554(1)(i)1.), requires that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, 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 audit report have been addressed in Appendix A to this report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.), the scope of our audit included 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.

Rules of the Auditor General (Section 10.554(1)(i)3.), requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. There are no findings and recommendations to improve financial management, accounting procedures, and internal controls for the current annual financial audit report.

McGladrey & Pullen, LLP is a member firm of RSM International, an affiliation of separate and independent legal entities.

Rules of the Auditor General (Section 10.554(1)(i)44), requires disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls whether there were any violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. There are no such matters noted during our audit.

Rules of the Auditor General (Section 10.554(1)(i)54), requires disclosure in the management letter if not already addressed in the auditor's reports on compliance and internal controls and are not clearly inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred; (2) improper expenditures or illegal acts; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

Rules of the Auditor General (Section 10.554(1)(i)64), 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 to the financial statements.

This management letter is intended solely for the information of the Sheriff, management of the Palm Beach County 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 anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
March 19, 2008

Sheriff
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 06-01	Application Security	X	
ML 06-02	Data Security	X	
ML 06-03	Security Controls	X	
ML 06-04	IT User Access	X	
ML 06-05	Data Center Access	X	
ML 06-06	IT Security Awareness	X	

ML 06-01 Application Security

Criteria: Effective application security relies on a security structure that includes the use of the following:

- Available security features in the software
- Security administration procedures developed and documented for the granting and revoking of data and resource access.

Condition: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Sheriff's Office information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues.

- Certain important security features available in the application software had not been utilized.
- Certain Sheriff's Office staff had the capability to perform incompatible duties. We noted an instance of questionable employee access privileges that should be made more restrictive by the Sheriff's Office to enforce an appropriate segregation of duties.
- Instances of active application user accounts that may not be required to perform existing operations.

Cause: Certain important security features available in the application software had not been utilized due to assuming that required security functionality was present during initial installation and reliance on other access controls.

Effect:

- Unauthorized access to applications through obsolete use accounts.
- Segregation of incompatible duties is fundamental to the reliability of an organization's internal controls. Appropriate segregation of duties can assist in the detection of mistakes or errors and potential fraud.
- The absence of written policies and procedures for these functions increases the risk that the functions will not be carried out as management intended.

Prior Year Recommendation: The Sheriff's Office should implement the following corrective actions:

- Appropriate application security control features to enhance security over its data and programs.
- Review the duties and access capabilities of staff and implement, to the extent practicable, a proper segregation of duties.
- Develop a plan to ensure that policies and procedures are in place for security-related functions within the organization and also with interdependent entities.

The policies and procedures should be reviewed periodically and updated as needed for organizational and system-related changes to help ensure that management requirements are met by Sheriff's Office staff when performing assigned tasks.

Prior Year Management Response: We agree with the recommendation and we will review processes to ensure application of the referenced security control features.

Current Year Status and Management Response: We agree with the recommendation, and will review processes to ensure application of the referenced security control features. Written policy and procedures will be developed as recommended.

ML 06-02 Data Security

Criteria: Effective database security relies on a security structure that includes the use of the following:

- Security features available in the software
- Security administration procedures developed and documented for the granting and revoking of data and resource access.

Condition: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Sheriff's Office information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues.

- Certain important security features available in the database software had not been utilized.
- The Sheriff's Office had not established formal policies and procedures for certain security controls: the granting, revoking, and maintenance of user access; employee termination procedures; and the periodic review of user access.
- Instances of active database user accounts they may not be required to perform existing operations.

Cause:

- Certain important security features available in the database software had not been utilized due to assuming that required security functionality was present during initial installation.
- Insufficient coordination and communication.

Effect:

- The absence of written policies and procedures for these functions increases the risk that the functions will not be carried out as management intended.
- Unauthorized access to applications through obsolete user accounts.

Prior Year Recommendation: The Sheriff's Office should implement the following corrective actions:

- Develop a plan to ensure that policies and procedures are in place for security-related functions within the organization and also with interdependent entities. The policies and procedures should be reviewed periodically and updated as needed for organizational and system-related changes to help ensure that management requirements are met by Sheriff's Office staff when performing assigned tasks.
- Appropriate database security control features to enhance security over its data and programs.

Prior Year Management Response: We agree with the recommendations and will craft a plan to implement measures to address issues identified and improve aspects of Information Systems security management.

Current Year Status and Management Response: We agree with the recommendations, and will craft a plan to implement measures to address issues identified and improve aspects of Information Systems security management.

ML 06-03 Security Controls

Criteria: Security controls are intended to protect the integrity, confidentiality, and availability of information systems data and resources.

Condition: We noted deficiencies in certain security control features implemented by the Sheriff's Office. Specific details of these deficiencies are not disclosed in this report to avoid the possibility of compromising the Sheriff's Office information resources. However, the appropriate Sheriff's Office personnel have been notified of the deficiencies.

Cause: Certain important security features available in the database software had not been utilized due to assuming that required security functionality was present during initial installation.

Effect: Without adequate security controls in place, the risk is increased that the District's information resources may be subject to improper disclosure or modification.

Prior Year Recommendation: The Sheriff's Office should implement the appropriate security control features to enhance their security.

Prior Year Management Response: We agree with recommendations and will assess the referenced security controls to help protect information systems data and resources.

Current Year Status and Management Response: We agree with recommendation, and will assess the referenced security controls to help protect Information Systems data and resources.

ML 06-04 IT User Access

Criteria: Effective security relies on a security structure that includes consideration of organizational and operational policies. Specific procedures developed and documented for the granting and revoking of data and resource access for employee transfers.

Condition: The Sheriff's Office had not established formal policies and procedures for reviewing user access for employee transfers. Specific details of this issue are not disclosed in this report to avoid the possibility of compromising Sheriff's Office information. However, appropriate personnel have been notified of these issues.

Cause: The Sheriff's office relied on a departmental process for access control.

Effect: The absence of written policies and procedures for this function increases the risk that the function will not be carried out as management intended.

Prior Year Recommendation: The Sheriff's Office should implement a plan to ensure that policies and procedures are in place for security-related functions within the organization.

Prior Year Management Response: We agree with recommendations. We will implement procedures and processes, to update responsibilities upon employee transfers, and restrict data and resource access to that relating to current job responsibilities.

Current Year Status and Management Response: We agree with recommendation. We will implement procedures and processes to update responsibilities upon employee transfers and restrict data and resource access to that relating to current job responsibilities.

ML 06-05 Data Center Access

Criteria: Proper security of computer systems includes measures to monitor visitors to the data center.

Condition: The Sheriff's Office had not established formal policies and procedures for logging visitors to the data center.

Cause: Reliance on undocumented procedures.

Effect: Unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

Prior Year Recommendation: The Sheriff's Office should implement a plan to ensure that policies and procedures are in place for security-related functions within the organization.

Prior Year Management Response: We agree with recommendations and we will formally document the sign-in policy that grants physical access to secured areas within Information Systems. This procedure has been in practice in Information Systems for many years; however, the process has never been formally documented as part of the agency wide standards and procedures.

Current Year Status and Management Response: We agree with recommendation. We will formally document the sign-in policy that grants physical access to secured areas within Information Systems. This procedure has been in practice in Information Systems for many years; however, the process has never been formally documented as part of the agency wide standards and procedures.

ML 06-06 IT Security Awareness

Criteria: Effective security relies on a security structure that includes consideration of security awareness training for all employees.

Condition: The Sheriff's Office had not implemented an ongoing comprehensive security awareness and training programs for new and continuing employees covering the Sheriff's Office's IT resources.

Cause: Reliance on other access control methods.

Impact: The lack of a comprehensive security awareness and training program increases the risk to, and the vulnerability of, the Sheriff's Office IT resources, and limits the assurance that the level of security over IT resources is adequate.

Prior Year Recommendation: The Sheriff's Office should develop and implement a program to provide ongoing comprehensive security awareness and training for new and continuing employees.

Prior Year Management Response: We agree with the recommendation, and will develop an ongoing agency-wide information security awareness program of training and education to employees.

Current Year Status and Management Response: We agree with the recommendation, and will develop an ongoing agency-wide Information Security Awareness Program of training and education to employees.

Section IX

CLERK & COMPTROLLER

McGladrey & Pullen

Certified Public Accountants

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, 2007, 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, 2007, 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, 2007, 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 March 19, 2008 on our consideration of the Clerks 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

The budgetary comparison schedule on page IX-19 and IX-20 is not a required part of the financial statements, but is 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 Palm Beach County, Florida Clerk'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
March 19, 2008

CLERK & COMPTROLLER
PALM BEACH COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2007

	Major Funds		
	General Fund	Public Records Modernization Trust Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 11,227,570	$ 20,368,826	$ 31,596,396
Accounts receivable, net	195,254	-	195,254
Due from other county funds	647,652	-	647,652
Due from other funds	652,764	-	652,764
Due from other county agencies	22,176	-	22,176
Due from other governments	83,123	-	83,123
Other assets	131,016	-	131,016
Total assets	$ 12,959,555	$ 20,368,826	$ 33,328,381
LIABILITIES			
Vouchers payable and accrued liabilities	$ 6,257,738	$ -	$ 6,257,738
Due to other county funds	3,673,876	-	3,673,876
Due to other funds	299,225	567,160	866,385
Due to other governments	1,790,292	-	1,790,292
Other liabilities	938,424	-	938,424
Total liabilities	12,959,555	567,160	13,526,715
FUND BALANCES			
Fund balances	-	19,801,666	19,801,666
Total fund balances	-	19,801,666	19,801,666
Total liabilities and fund balances	$ 12,959,555	$ 20,368,826	$ 33,328,381

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, 2007

	Major Funds		
	General Fund	Public Records Modernization Trust Fund	Total Governmental Funds
Revenues:			
Intergovernmental	$ 630,370	$ -	$ 630,370
Charges for services	38,421,469	5,486,943	43,908,412
Fines and forfeitures	6,915,865	-	6,915,865
Investment income	549,814	946,650	1,496,464
Miscellaneous	1,967,784	-	1,967,784
Total revenues	48,485,302	6,433,593	54,918,895
Expenditures:			
Current:			
General government	62,848,444	1,350	62,849,794
Capital outlay	3,605,083	-	3,605,083
Total expenditures	66,453,527	1,350	66,454,877
Excess of revenues over (under) expenditures	(17,968,225)	6,432,243	(11,535,982)
Other financing sources (uses):			
Transfers in from Board of County Commissioners	17,803,724	-	17,803,724
Transfers to Board of County Commissioners	(2,956,284)	-	(2,956,284)
Transfers from other funds	3,120,785	-	3,120,785
Transfers to other funds	-	(3,120,785)	(3,120,785)
Total other financing sources (uses)	17,968,225	(3,120,785)	14,847,440
Net change in fund balances	-	3,311,458	3,311,458
Fund balances, October 1, 2006	-	16,490,208	16,490,208
Fund balances, September 30, 2007	$ -	$ 19,801,666	$ 19,801,666

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, 2007

	Self-Insurance Fund
ASSETS	
Cash and cash equivalents	$ 2,785,178
Due from other funds	299,225
Other assets	101,465
Total assets	$ 3,185,868
LIABILITIES	
Vouchers payable and accrued liabilities	$ 1,140
Due to other funds	85,604
Insurance claims payable	532,000
Other liabilities	7,124
Total liabilities	625,868
NET ASSETS	
Unrestricted	2,560,000
Total net assets	$ 2,560,000

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, 2007

	Self-Insurance Fund
Operating revenues:	
Charges for services	$ 6,955,981
Total operating revenues	6,955,981
Operating Expenses:	
Current:	
Self-insurance services	6,540,757
Total operating expenses	6,540,757
Operating Income	415,224
Nonoperating revenues :	
Investment income	167,776
Total nonoperating revenues	167,776
Change in net assets	583,000
Net Assets, October 1, 2006	1,977,000
Net Assets, September 30, 2007	$ 2,560,000

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, 2007

	Self-Insurance Fund
Cash received from customers	$ 1,033,650
Cash received from other funds for goods and services	5,776,572
Cash payments to vendors for goods and services	(1,619,943)
Cash payments to employees for services	(40,561)
Claims paid	(5,673,426)
Other receipts	31
Net cash (used in) operating activities	(523,677)
Cash flows from investing activities:	
Interest on investments	167,776
Net cash provided by investing activities	167,776
Net decrease in cash and cash equivalents	(355,901)
Cash and cash equivalents, October 1, 2006	3,141,079
Cash and cash equivalents, September 30, 2007	$ 2,785,178
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 415,224
Adjustments to reconcile operating income to net cash (used in) operating activities:	
(Increase) in due from other county funds	(44,294)
(Increase) in other assets	(101,465)
(Decrease) in vouchers payable and accrued liabilities	(110)
(Decrease) in due to other county funds	(545,621)
(Decrease) in other current liabilities	(109,411)
(Decrease) in insurance claims payable	(138,000)
Net cash (used in) operating activities	$ (523,677)

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, 2007

ASSETS	
Cash and cash equivalents	$ 29,926,413
Accounts receivable, net	109,732
Due from other governments	8,786
Total assets	$ 30,044,931
LIABILITIES	
Due to other governments	$ 8,092,485
Due to individuals	21,952,446
Total liabilities	$ 30,044,931

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

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, 2007 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.

Public Records Modernization Trust Fund – The Public Records Modernization Trust Fund is a special revenue fund used to account for recording fees which are restricted by Section 28.24, Florida Statutes, to be used for the modernization of the public records system of the office and for the cost of court-related technology needs.

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, 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 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.

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 4.

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.

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, 2007, the Clerk's cash and deposits were as follows:

Cash and cash equivalents:	
Deposits with Financial Institutions	$ 61,561,272
State of Florida Board of Administration Surplus Funds Trust Fund	2,691,438
Cash on hand	55,277
Total cash and cash equivalents	$ 64,307,987

The breakdown for financial statement purposes was as follows:

Governmental Funds	$ 31,596,396
Internal Service Fund	2,785,178
Fiduciary Funds	29,926,413
Total cash and cash equivalents	$ 64,307,987

The Clerk's cash 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 deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any loses 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 Clerk's policy for investments is to follow Florida Statutes. 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 maximize the market value risk of 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.

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:

		Investment Maturities (In Years)
Summary of Investments and Interest Rate Risk	Fair Value	Less Than 1 Year
SBA	$2,691,438	$2,691,438
Total	$2,691,438	$2,691,438

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 is unrated.

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 issue with the exception of SBA funds and U.S. Government and Agency obligations, which have no limit.

3. INTERFUND RECEIVABLES AND PAYABLES

	Balances at September 30, 2007	
	Due From Other Funds	Due To Other Funds
General Fund	$652,764	$299,225
Public Records Modernization Trust Fund	-	567,160
Self-Insurance Fund	299,225	85,604
Total	$951,989	$951,989

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.

4. ACCUMULATED COMPENSATED ABSENCES

Compensated absences are recorded and reported in the basic financial statements of the County. The following is a summary of changes in the compensated absences liability during fiscal year 2007:

Compensated absences at October 1, 2006	$ 4,710,463
Increase in accrued compensated absences	4,540,673
Decrease in accrued compensated absences	(4,214,704)
Compensated absences at September 30, 2007	$ 5,036,432

5. 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 pension benefits of FRS 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 accessing their website at http://dms.myflorida.com/human_resource_support/retirement or by calling 1-850-488-5706.

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 terminated 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, 2007, 2006, and 2005 were approximately $3.3 million, $2.5 million, and $2.1 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, 2007:

Membership Class	Rates
Regular	9.85%
Special Risk	20.92%
Judges	19.56%
Legislators	14.48%
Governor/Lieutenant Governor/Cabinet	14.48%
State Attorney/Public Defender	14.48%
County, City, Special District Elected Officers	16.53%
Special Risk Administrative Support	12.55%
IFAS Supplemental	18.75%
Senior Management	13.12%
Deferred Retirement Option Program	10.91%

6. 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, 2007 amounted to $352,965. Future minimum rental payments under noncancellable operating leases as of September 30, 2007 are as follows:

Fiscal Year	Amount
2008	$295,894
TOTAL	$295,894

7. COMMITMENTS

Outstanding Purchase Orders and Contracts

Purchase orders and contracts had been executed, but goods and services were not received for approximately $741,000. 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.

8. 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, 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, 2007, the BOCC charged the Clerk $130,000 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. The claims liability reported in the internal service fund at September 30, 2007 for employee group health insurance is $532,000 and is actuarially determined. During claim years 2006 and 2007, 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
2006	$813,000	$5,379,207	$(5,522,207)	$670,000
2007	$670,000	$6,543,038	$(6,681,038)	$532,000

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 598,826	$ 598,826	$ 630,370	$ 31,544
Charges for services	40,240,994	40,240,994	38,421,469	(1,819,525)
Fines and forfeitures	7,139,557	7,139,557	6,915,865	(223,692)
Investment income	365,707	365,707	549,814	184,107
Miscellaneous	1,967,781	1,967,781	1,967,784	3
Total revenues	50,312,865	50,312,865	48,485,302	(1,827,563)
Expenditures:				
Current:				
General government	61,353,185	65,834,720	62,848,444	2,986,276
Capital outlay	8,365,800	3,760,257	3,605,083	155,174
Total expenditures	69,718,985	69,594,977	66,453,527	3,141,450
Excess of revenues over (under) expenditures	(19,406,120)	(19,282,112)	(17,968,225)	1,313,887
Other financing sources (uses):				
Transfers from Board of County Commissioners	18,019,239	18,019,239	17,803,724	(215,515)
Transfers to Board of County Commissioners	(2,000,000)	(2,124,008)	(2,956,284)	(832,276)
Transfers from Other Funds	3,386,881	3,386,881	3,120,785	(266,096)
Total other financing sources (uses)	19,406,120	19,282,112	17,968,225	(1,313,887)
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2006	-	-	-	-
Fund balance, September 30, 2007	$ -	$ -	$ -	$ -

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 5,250,000	$ 5,250,000	$ 5,486,943	$ 236,943
Investment income	570,000	570,000	946,650	376,650
Total revenues	5,820,000	5,820,000	6,433,593	613,593
Expenditures:				
Current:				
General government	-	-	1,350	(1,350)
Total expenditures	-	-	1,350	(1,350)
Excess of revenues over expenditures	5,820,000	5,820,000	6,432,243	612,243
Other financing sources (uses):				
Transfers to Other Funds	(3,386,881)	(3,386,881)	(3,120,785)	266,096
Total other financing sources (uses)	(3,386,881)	(3,386,881)	(3,120,785)	266,096
Net change in fund balance	2,433,119	2,433,119	3,311,458	878,339
Fund balance, October 1, 2006	16,490,208	16,490,208	16,490,208	-
Fund balance, September 30, 2007	$ 18,923,327	$ 18,923,327	$ 19,801,666	$ 878,339

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, 2007

	Balance 10/1/2006	Additions	Deductions	Balance 9/30/2007
ASSETS				
Cash and cash equivalents	$ 35,274,005	$ 604,764,268	$ 610,111,860	$ 29,926,413
Accounts receivable, net	63,574	1,182,521	1,136,363	109,732
Due from other funds	-	2,357,879	2,357,879	-
Due from other governments	8,741	90	45	8,786
Total assets	$ 35,346,320	$ 608,304,758	$ 613,606,147	$ 30,044,931
LIABILITIES				
Due to other county funds	$ -	$ 17,202,406	$ 17,202,406	$ -
Due to other governments	13,600,417	343,786,118	349,294,050	8,092,485
Due to individuals	21,745,903	335,351,932	335,145,389	21,952,446
Total liabilities	$ 35,346,320	$ 696,340,456	$ 701,641,845	$ 30,044,931

PAGE INTENTIONALLY LEFT BLANK

McGladrey & Pullen
Certified Public Accountants

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, 2007, and have issued our report thereon dated March 19, 2008. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

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 and other matters, 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 reported to management of the Clerk in a separate letter dated March 19, 2008.

This report is intended solely for the information and use of the Clerk, management of Palm Beach County, Florida, Clerk'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
March 19, 2008

Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida

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, 2007, and have issued our report thereon dated March 19, 2008, 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, if any, which is dated March 19, 2008, 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 require that certain items be addressed in this letter.

Rules of the Auditor General (Section 10.554(1)(i)1), requires that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls 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 audit report have been addressed in Appendix B to this report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2), the scope of our audit included 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.

Rules of the Auditor General (Section 10.554(1)(i)3), requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. The recommendations to improve financial management, accounting procedures, and internal controls are presented in Appendix A to this report.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

Rules of the Auditor General (Section 10.554(1)(i)4.), requires disclosure in the management letter of the following matters, if not already addressed in the auditor's reports on compliance and internal controls, whether there were violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. There were no such matters noted during our audit.

Rules of the Auditor General (Section 10.554(1)(i)5.), requires disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal control and are not clearly inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred; (2) improper expenditures or illegal acts; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

Rules of the Auditor General (Section 10.554(1)(i)6.), 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 to the financial statements.

Rules of the Auditor General (Section 10.554(1)(i)8a), requires a statement as to whether or not the Clerk & Comptroller complied with the budget certified by the Florida Clerk of Courts Operations Corporation pursuant to Section 28.35, Florida Statutes. In connection with our audit, we noted no instances of noncompliance.

Rules of the Auditor General (Section 10.554(1)(i)8b), requires a statement as to whether or not the Clerk & Comptroller complied with the performance standards developed and certified pursuant to Section 28.35, Florida Statutes. In connection with our audit, we noted no instances of noncompliance.

This management letter is intended solely for the information of the Clerk, management of the Palm Beach County Florida Clerk and Comptroller'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
March 19, 2008

Clerk & Comptroller
Palm Beach County, Florida

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

No.	Current Year's Observations
ML 07-01	Cash/Signature Card

ML 07-01 Cash/Signature Card

Criteria: One of the control objectives over the cash disbursement transaction cycle is to ensure cash payments made are properly authorized. Part of the Clerk's control over this objective is a signature card on file with the bank.

Condition: We noted the name of a terminated employee listed on the signature card.

Cause: While the Clerk has procedures in place to remove access for terminated employees, it was not clear whether there was a breakdown in the process made by the Clerk's office or the financial institution. However, there was no internal control procedure in place by the Clerk's office to detect this error.

Effect: The former employee has access to the Clerks assets. The Clerk is also unable to satisfy its control objective that cash payments made are properly authorized.

Recommendation: While there are procedures in place to remove access for terminated employees, the Clerk should establish a control procedure to periodically review access controls to its internal systems and its bank accounts to ensure that terminated employees access has been properly removed.

Management's Response: Management concurs with the auditor's recommendation. The Clerk's Office will establish a policy that will include maintaining a list of employees authorized as signatories on Clerk bank accounts, review of the list on at least a quarterly basis, notification to the bank to remove terminated employees as authorized signatories and confirmation with the bank that requested changes have been processed. This list will be provided to the Clerk's Administration Department so that notification may be provided to the Accounting Department when an authorized signatory has terminated employment.

Clerk & Comptroller
Palm Beach County, Florida

Appendix B – 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
06-01	Application Security	X	
06-02	Data Security	X	
06-03	User Access	X	
06-04	Security Controls	X	
06-05	Imprest Accounts		X
06-06	Cash on Hand (Change Funds)		X
06-07	Bank Reconciliations		X
04-01	Circuit Court Registry Reports		X
04-05	Cash Disbursements		X

06-1: Application Security

Criteria: Effective application security relies on a security structure that includes the use of available security features in the software.

Condition: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Clerk information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues.

- Certain important security features available in the application software had not been utilized.

Cause: Certain important security features available in the application software had not been utilized due to assuming that required security functionality was present during initial installation.

Effect: Unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

Prior Year Recommendation: We recommend the Clerk implement appropriate application security control features to enhance security over its data and programs.

Prior Year Management Response: Management concurs with the auditor's recommendation and is in the process of implementing appropriate application security controls.

Current Year Status and Management Response: The Clerk's Office is currently implementing a new ERP system. This system will go live October 1st, 2008 and replace the existing Clerk Payroll and Finance systems. This implementation will result in a new security model and security management procedures consistent with prior year audit comments.

06-2 Data Security

Criteria: Effective database security relies on a security structure that includes the use of the following:

- Security features available in the software
- Security administration procedures developed and documented for the granting and revoking of data and resource access.

Condition: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Clerk information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues.

- Certain important security features available in the database software had not been utilized.
- Testing disclosed instances of active database user accounts that may not be required to perform existing operations. (This condition was brought to managements' attention and was immediately corrected.)

Cause:

- Certain important security features available in the database software had not been utilized due to assuming that required security functionality was present during initial installation.
- The Clerk had not fully documented policies and procedures for periodic review of user access.

Effect:

- The absence of written policies and procedures for these functions increases the risk that the functions will not be carried out as management intended.
- Unauthorized access to applications through obsolete user accounts.

Prior Year Recommendation: The Clerk should implement the following corrective actions:

- Enable appropriate database security control features to enhance security over its data and programs.
- Review and enhance existing policies and procedures for security-related functions within the organization and also with interdependent entities. The policies and procedures should be reviewed periodically and updated as needed for organizational and system-related changes to help ensure that management requirements are met by Clerk staff when performing assigned tasks.

Prior Year Management Response: Management concurs with the auditor's recommendation and is consulting with the vendor to ensure changes do not impact operations. Management concurs with the auditor's recommendation and will further develop and modify existing policies and procedures for security-related functions within the organization.

Current Year Status and Management Response: The Clerk's Office is currently implementing a new ERP system. This system will go live October 1st, 2008 and replace the existing Clerk Payroll and Finance systems. This implementation will result in a new security model and security management procedures consistent with prior year audit comments.

06-3 User Access

Criteria: Effective security relies on a security structure that includes consideration of organizational and operational policies. Specific procedures developed and documented for the granting and revoking of data and resource access for employee transfers.

Condition: The Clerk had not fully documented policies and procedures for reviewing user access for employee transfers. Specific details of this issue are not disclosed in this report to avoid the possibility of compromising Clerk information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues

Cause: Insufficient coordination and communication.

Effect: The absence of written policies and procedures for this function increases the risk that the function will not be carried out as management intended.

Prior Year Recommendation: The Clerk should review and enhance existing policies and procedures for security-related functions within the organization.

Prior Year Management Response: Management concurs with the auditor's recommendation and will implement a plan to ensure that policies and procedures are in place for security-related functions within the organization.

Current Year Status and Management Response: The Clerk's Office is currently implementing a new ERP system. This system will go live October 1st, 2008 and replace the existing Clerk Payroll and Finance systems. This implementation will result in a new security model and security management procedures consistent with prior year audit comments.

06-4 Security Controls

Criteria: Effective security of computer systems rely on a security structure that includes policies and procedures for the reporting and monitoring of activity.

Condition: The Clerk had not fully developed policies and procedures for certain security controls. Specific details of this issue are not disclosed in this report to avoid the possibility of compromising Clerk information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues

Cause: Policy development is ongoing.

Effect: Risks include the lack of management awareness, lack of agreement to specific corporate security measures, and inaccurate policies and procedures applied to information security requirements. Additionally, there would be a lack of security knowledge across the organization applying to potential opportunities for security risks.

Prior Year Recommendation: The Clerk should review and enhance existing policies and procedures for security-related functions within the organization.

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

Prior Year Management Response: Management concurs with the auditor's recommendation and will implement a plan to ensure policies and procedures are in place for security-related functions within the organization.

Current Year Status and Management Response: The Clerk's Office is currently implementing a new ERP system. This system will go live October 1st, 2008 and replace the existing Clerk Payroll and Finance systems. This implementation will result in a new security model and security management procedures consistent with prior year audit comments.

PAGE INTENTIONALLY LEFT BLANK

Section X

SUPERVISOR OF ELECTIONS

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

The Honorable Arthur Anderson
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 of Elections"), as of and for the year ended September 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Supervisor of Election'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 of Elections as of September 30, 2007, 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 of Elections as of September 30, 2007, 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 our report dated March 19, 2008 on our consideration of the Supervisor of Election'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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

The budgetary comparison schedule on page X-12 is not a required part of the financial statements but is 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.

This report is intended solely for the information and use of the Supervisor of Elections, management of the Supervisor of Elections' 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
March 19, 2008

PALM BEACH COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
BALANCE SHEET - GENERAL FUND
September 30, 2007

ASSETS	
Cash and cash equivalents	$ 1,047,222
Total assets	$ 1,047,222
LIABILITIES AND FUND BALANCE	
Vouchers payable and accrued liabilities	$ 149,959
Due to Board of County Commissioners	684,792
Deferred and unearned revenue	212,471
Total liabilities	1,047,222
Fund balance	-
Total liabilities and fund balance	$ 1,047,222

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, 2007

Revenues:	
Charges for services	$ 61,850
Investment income	74,545
Total revenues	136,395
Expenditures:	
Current:	
General government	7,543,526
Capital outlay	1,824,730
Total expenditures	9,368,256
Excess of expenditures over revenues	(9,231,861)
Other financing sources (uses):	
Transfer from Board of County Commissioners	9,883,688
Transfer to Board of County Commissioners	(651,827)
Total other financing sources (uses)	9,231,861
Net change in fund balance	-
Fund balance, October 1, 2006	-
Fund balance, September 30, 2007	$ -

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

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, 2007 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 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 Supervisor of Elections 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 Supervisor of Elections.

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, 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.

Cash Equivalents

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents. Investment in the County's internal investment pool is reported as a cash equivalent.

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 pools are not SEC-registered:

The *Local Government Surplus Funds Trust Fund* (State Board of Administration of Florida) 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 share price of this investment represents the fund's amortized cost as permitted for a 2a7-like pool.

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, has 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.

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% based on years of service, and all 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 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, 2006	$208,958
Increase in accrued compensated absences	4,499
Decrease in accrued compensated absences	(9,564)
Compensated absences at September 30, 2007	$203,893

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, 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 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, 2007, 2006, and 2005 were $185,960, $145,802, and $115,825, 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, 2007:

Membership Class	Rates
Regular	9.85%
Special Risk	20.92%
Judges	19.56%
Legislators	14.48%
Governor/Lieutenant Governor/Cabinet	14.48%
State Attorney/Public Defender	14.48%
County, City, Special District Elected Officers	16.53%
Special Risk Administrative Support	12.55%
IFAS Supplemental	18.75%
Senior Management	13.12%
Deferred Retirement Option Program	10.91%

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, 2007 amounted to $20,361.

Future minimum lease payments under operating leases as of September 30, 2007 are as follows:

Fiscal Year	Amount
2008	$20,361
2009	20,361
2010	1,697
Total	$42,419

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 participates in 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. Payments are made by the Supervisor of Elections to the BOCC based on estimates of the amounts needed to pay prior and current year claims.

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.

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, 2007, the BOCC charged the Supervisor of Elections $266,880 for employee group health insurance.

Settled claims have not exceeded insurance coverage for any of the insurance programs noted above in the past three fiscal years.

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 25,000	$ 25,000	$ 61,850	$ 36,850
Investment income	-	-	74,545	74,545
Total revenues	25,000	25,000	136,395	111,395
Expenditures:				
Current:				
General government	8,363,688	8,363,688	7,543,526	820,162
Capital outlay	170,000	1,545,000	1,824,730	(279,730)
Total expenditures	8,533,688	9,908,688	9,368,256	540,432
Excess of revenues over (under) expenditures	(8,508,688)	(9,883,688)	(9,231,861)	651,827
Other financing sources:				
Transfers from Board of County Commissioners	8,508,688	9,883,688	9,883,688	-
Transfers to Board of County Commissioners	-	-	(651,827)	(651,827)
Total other financing sources (uses)	8,508,688	9,883,688	9,231,861	(651,827)
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2006	-	-	-	-
Fund balance, September 30, 2007	$ -	$ -	$ -	$ -

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 Arthur Anderson
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 of Elections"), as of and for the year ended September 30, 2007, and have issued our report thereon dated March 19, 2008. 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 of Election'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 of Election's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Election's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Election's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, 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 reported to management of Supervisor of Election in a separate letter dated March 19, 2008.

This report is intended solely for the information and use of the Supervisor of Elections, management of the Palm Beach County, Florida Supervisor of Elections' 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
March 19, 2008

McGladrey & Pullen
Certified Public Accountants

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Dr. Arthur Anderson
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, 2007, and have issued our report thereon dated March 19, 2008, 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, if any, which is dated March 19, 2008, 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 require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(i)1.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal control, 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 audit report have been addressed in Appendix B to this report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.), the scope of our audit included 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*.

The Rules of the Auditor General (Section 10.554(1)(i)3.) requires that we address in the management letter any findings and recommendations to improve the Supervisor's financial management, accounting procedures and internal controls. The recommendations to improve financial management, accounting procedures and internal controls are presented in Appendix A to this report.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

The Rules of the Auditor General (Section 10.554(1)(i)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls whether there are any violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. There are no such matters noted during our audit.

The Rules of the Auditor General (Sections 10.554(1)(i)5.) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls and are not clearly inconsequential to the financial statements considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or are likely to have occurred; (2) improper expenditures or illegal acts; (3) improper or inadequate accounting procedures (for example, the omission of required disclosures from the annual financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

The Rules of the Auditor General (Section 10.554(1)(i)6.) also require 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.

This management letter is intended solely for the information of the Supervisor of Elections, 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
March 19, 2008

Supervisor of Elections
Palm Beach County, Florida

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

No.	Current Year's Observations
ML 07-01	Automated Business Processes
ML 07-02	Governance
ML 07-03	Password Security
ML 07-04	Operations

ML 07-01 Automated Business Processes

Criteria: A key control objective over the cash disbursement transaction cycle is that all purchases are appropriately authorized. Controls should be designed so that purchase requests are approved before the purchase is made and the funds are committed. To ensure all purchases are properly authorized, purchase orders should be generated and approved prior to the acquisition and commitment from the Supervisor being made.

Condition: We noted that purchase orders are not always being created before purchases are made leading to creation of these documents afterwards so invoices can be entered into and paid through the Fundware accounting and financial reporting system.

Cause: Lack of adequate administrative oversight to ensure that all purchase requests have been appropriately approved before the actual purchase is made.

Effect: Failure to properly follow the established control procedures could result in unauthorized purchases or purchases made in excess of available funds.

Recommendation: We recommend that management reinforce with staff the need to properly follow internal control procedures over the cash disbursement process. Additional software features that can be used with the fundware system include:

- Purchase order review and approvals
- Matching rules
- System auditing logging of AP processes

Management Response: Concur with recommendation and we will follow accounting and administrative controls and procedures as set forth in our procedures manual.

ML 07-02 Governance

Criteria: Official written policies and procedures should be documented for all of the Supervisor's accounting information systems.

Condition: We noted that written policies and procedures are not in place to address existing processes for security access and IT operations of the financial system.

Cause: Lack of adequate administrative oversight.

Effect: The Supervisor's office does not have a large staff and it is therefore essential that all policies and procedures be well documented to protect against the effects of employee turnover. Failure to properly document existing policies and procedures could impact future operations if there is employee turnover.

Recommendation: The organization should establish and document Information Technology policies and procedures or at minimum, desktop instructions regarding the following areas:

- IT planning and resource management
- IT change management
- Server and application patch management
- Server and application upgrades
- IT Operations
- Backup recovery
- Disaster recovery and business continuity
- IT Security
- User account maintenance (new hire, transfer, suspension, termination) and review
- Server and internal network event log monitoring and response
- User security awareness training

Management Response: The established guidelines for the financial system will be written and finalized in the near term.

ML -7-03 Password Security

Criteria: To satisfy a control objective over accounting information system access and security, employees should be prompted to change their passwords on a regular basis.

Condition: We noted that currently there are no formal password security parameter standards for the Palm Beach County Supervisor of Elections (PBSOE) enforcing users to change passwords or adhere to complexity requirements for the financial system.

Cause: The Supervisor has not designed adequate controls over this control objective.

Effect: System passwords can become known by other employees over a period of time and allow unauthorized access.

Recommendation: Passwords management should be established to include:

- A minimum password length of 6 – 8 characters
- Password should be complex with the inclusion of numeric characters and a combination of upper case and lower case characters.
- Where systems lack the ability to enforce password aging, manual procedures should be established to force passwords change at least every 90 days.

Management Response: Fundware allows password to be up to 15 alphanumeric characters and is case sensitive. Fundware can not enforce complexity of password. Fundware will allow enabling of password changes, and this change will be implemented.

ML 07-04 Operations

Criteria: Sound internal controls over the accounting information systems include documentation that outlines the recovery steps should the system become disabled.

Condition: We noted there is no designated recovery site in the event that the current data center is no longer operable. Also, we noted that backup tapes are taken offsite by the IT Manager to his home for storage.

Cause: No written recovery plan has been developed which addresses short-term continuation of processing as well as recovery in the event of a major disaster.

Effect: The lack of a written recovery plan may result in a delay in returning to normal operations in the event of a major disaster such as a hurricane.

Recommendation: It is recommended that the Palm Beach County Supervisor of Elections:

- Obtain an independent third-party solution such as a bank vault to store backup tapes containing financial data and/or a third-party, off-site storage provider.
- Enter into agreement with the Palm Beach County Information System Services Department to provide backup/recovery support in the event that the current data center is not operable including access to the backup/ recovery support site used by the County.

Management Response: Storage at a banking facility provides limited or no access during off hours (including weekends). We are currently evaluating the most appropriate resource for our purpose and concern. Off-site secured facilities with 24 hour 7 day access are being evaluated.

Supervisor of Elections
Palm Beach County, Florida

Appendix B – 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 06-1	Depositing on cash receipts		X
ML 06-2	Storage of cash		X
ML 06-3	"Voiding" of receipts		X
ML 06-4	Goods Received Note (GRN)		X
ML 06-5	New Financial System		X

PAGE INTENTIONALLY LEFT BLANK

Section XI

IMPACT FEE COMPLIANCE

SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

June 27, 2008

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. Richard A. Iavarone, Director of Accounting Services in my office at 561-355-3798.

Best regards,

Sharon R. Bock,
Clerk & Comptroller

SRB/pag/zg
Attachment

301 North Olive Avenue
West Palm Beach, Florida 33401

P.O. Box 229
West Palm Beach, Florida 33402

Telephone 561-355-2996
Facsimile 561-355-6727

www.pbcountyclerk.com

PAGE INTENTIONALLY LEFT BLANK

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: June 26, 2008

Subject: Certification of Compliance With SB 1194 (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 by SB 1194
✔		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 Walter Munchheimer, Director of the Financial Management Division, at 355-4369.

Copies: Walter Munchheimer
Willie Swoope
Leonard Berger
Richard Iavarone

PAGE INTENTIONALLY LEFT BLANK