Palm Beach County, Florida

Management Letter
09.30.2010
## Table of Contents

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

Appendix A – Current Year Recommendations to Improve Financial Management  

Appendix B – Prior Year Recommendations to Improve Financial Management  

1 – 3  

4 – 5  

6
Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida

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

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

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

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor
General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless
otherwise required to be reported in the report on compliance and internal controls or schedule of findings and
questioned costs, this letter is required to include the following information:

Section 10.554(1)(i), Rules of the Auditor General require that we determine whether or not corrective
actions have been taken to address significant findings and recommendations made in the preceding annual
financial audit report. During the course of our audit of the financial statements of the County we noted that
appropriate action had been taken upon certain recommendations and suggested accounting procedures as
outlined in the prior year's Management Letter. The status of recommendations made in the preceding
annual financial audit report has been noted in Appendix B to this report.
Section 10.554(1)(i)2, Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined the County complied with Section 218.415, Florida Statutes, regarding investment of public funds.

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

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations or grant agreements or abuse that have occurred or are likely to have occurred and (2) control deficiencies that are not significant deficiencies, including but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

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

Section 10.554(1)(i)7.b, Rules of the Auditor General, requires that we determine that the annual financial report for the County for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Section 10.554(1)(i)7.c) and 10.556(7., Rules of the Auditor General, we applied financial condition assessment procedures. It is management’s responsibility to monitor the entity’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provide by same.
Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information of the County Commission, and management of the County, federal and state awarding agencies, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

West Palm Beach, Florida
March 28, 2011

McAdrey & Allen, LLP
Palm Beach County, Florida

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

<table>
<thead>
<tr>
<th>No.</th>
<th>Current Year’s Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>ML 10-1</td>
<td>Water Utilities Department Inventory</td>
</tr>
</tbody>
</table>
Appendix A – Current Year Recommendations to Improve
Financial Management, Accounting Procedures
and Internal Controls (Continued)

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

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

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

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

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

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

Views of responsible officials: With the assistance of the County’s Internal Auditor’s office, we have completed an in-depth assessment of Inventory Control and Management at Water Utilities. Most of the recommendations from that report have been implemented already. The remaining items will be completed by September 2011.
## Appendix B - Prior Year Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls

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</tbody>
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# Table of Contents

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

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

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Letter Required By Chapter 10.550 of the Rules of the</td>
<td>1–2</td>
</tr>
<tr>
<td>Auditor General of the State of Florida</td>
<td></td>
</tr>
<tr>
<td>Appendix A – Prior Year Recommendations to Improve</td>
<td>3</td>
</tr>
<tr>
<td>Financial Management, Accounting Procedures and Internal Controls</td>
<td></td>
</tr>
</tbody>
</table>
Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida

To the Honorable Sharon R. Bock
   Clerk and Comptroller
Palm Beach County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Clerk & Comptroller, Palm Beach County, Florida (the "Clerk"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 14, 2011, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial report have been addressed in Appendix A to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Clerk's financial management. In connection with our audit, we did not have any such recommendations.
Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Sections 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Clerk’s financial statements.

Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of the courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Clerk, management of Palm Beach County, Florida, Clerk’s Office and the State of Florida Office of the Florida Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
July 14, 2011
Clerk & Comptroller  
Palm Beach County, Florida

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

<table>
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Table of Contents

Management Letter Required By
   Chapter 10.550 of the Rules of the
   Auditor General of the State of Florida  1–2
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

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

We have audited the financial statements of the major fund of the Property Appraiser of Palm Beach County, Florida (the "Property Appraiser"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011 which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 14, 2011 should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Property Appraiser's financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Property Appraiser’s financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Property Appraiser, management of Palm Beach County, Florida Property Appraiser’s Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

M. Hadley F. Sullivan, LLP

West Palm Beach, Florida
July 14, 2011
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Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida
Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida

The Honorable Ric L Bradshaw
Sheriff
Palm Beach County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Sheriff of Palm Beach County, Florida ("the Sheriff"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, if any, which is dated July 14, 2011, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 of the Sheriff's financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Sheriff, management of the Palm Beach County, Florida Sheriff's Office, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by another other than these specified parties.

\[Signature\]

West Palm Beach, Florida
July 14, 2011
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Table of Contents

Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida 1 – 2

Appendix A – Prior Year Recommendations to Improve
Financial Management, Accounting Procedures
and Internal Controls 3
Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida

The Honorable Susan Bucher
Supervisor of Elections
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund of the Supervisor of Elections, of Palm Beach County, Florida (the "Supervisor"), as of and for the year ended September 30, 2010, and have issued our report thereon dated July 14, 2011, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 14, 2011, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial report have been addressed in Appendix A to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Supervisor's financial management. In connection with our audit, we did not have any such recommendations.
Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Sections 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Supervisor’s financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Supervisor, management of the Palm Beach County, Florida Supervisor’s Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

West Palm Beach, Florida
July 14, 2011
<table>
<thead>
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<th>No.</th>
<th>Prior Year's Observations</th>
<th>Observation Addressed or No Longer Relevant</th>
</tr>
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</table>
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Table of Contents

Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida 1 - 2
Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida

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

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund
information of the Tax Collector of Palm Beach County, Florida (the "Tax Collector"), as of and for the year ended
September 30, 2010, and have issued our report thereon dated July 14, 2011 which was prepared to comply with
State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America
and the standards applicable to financial audits contained in Government Auditing Standards, issued by the
Comptroller General of the United States. We have issued our Independent Auditor’s Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 14,
2011 should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective
actions have been taken to address findings and recommendations made in the preceding annual financial
audit report. There were no recommendations made in the preceding annual financial report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions
of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit,
we determined that the Tax Collector complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any
recommendations to improve the Tax Collector’s financial management. In connection with our audit, we
did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of
contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an
effect on the financial statements that is less than material but more than inconsequential. In connection
with our audit, we did not have any such findings.
Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Tax Collector’s financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Tax Collector, management of Palm Beach County, Florida Tax Collector’s Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

McHale, F. Allen, LLC

West Palm Beach, Florida
July 14, 2011
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