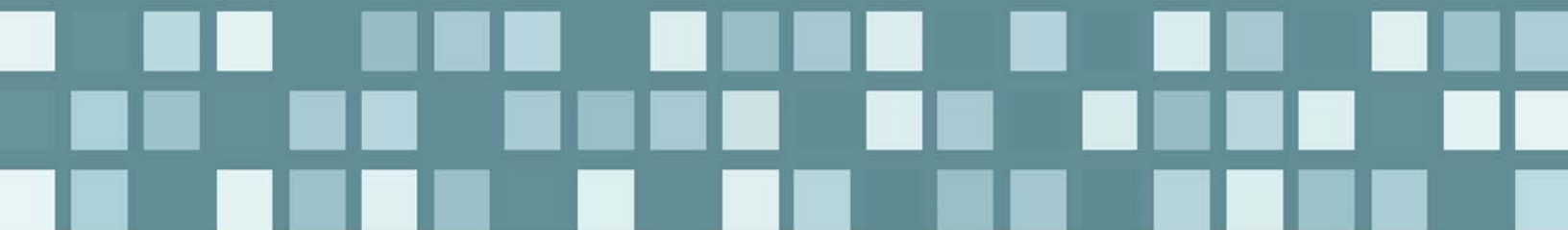


Palm Beach County, Florida

Single Audit Report
September 30, 2011



PALM BEACH COUNTY, FLORIDA

SINGLE AUDIT REPORT

Fiscal Year Ended September 30, 2011

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Independent Auditor's Report

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

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida (the "County"), as of and for the year ended September 30, 2011, 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, the Westgate Belvedere Homes Community Redevelopment Agency, or the Housing Finance Authority, discretely presented component units, which collectively represent 99% of the total assets and 99% of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Solid Waste Authority, Westgate Belvedere Homes Community Redevelopment Agency, and Housing Finance Authority, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated March 28, 2012 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.

As discussed in Note 17 to the financial statements, the County adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No.54, *Accounting for Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2011. The County also adopted Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity, Omnibus*, which amends accounting and financial reporting standards for including, presenting, and disclosing information about governmental component units, including equity interests.

The Management's Discussion and Analysis, the Budgetary Comparison Schedules – General Fund, Fire Rescue Special Revenue Fund and Community & Social Development Special Revenue Fund, and the schedules of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has 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 signature is written in a cursive, handwritten style. It reads "McGladrey LLP". The letters are dark and the ink appears to be black.

West Palm Beach, Florida
March 28, 2012

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, 2011. We encourage reading this narrative in conjunction with the additional information provided in the transmittal letter (beginning on page i) and the accompanying financial statements (beginning on page 2).

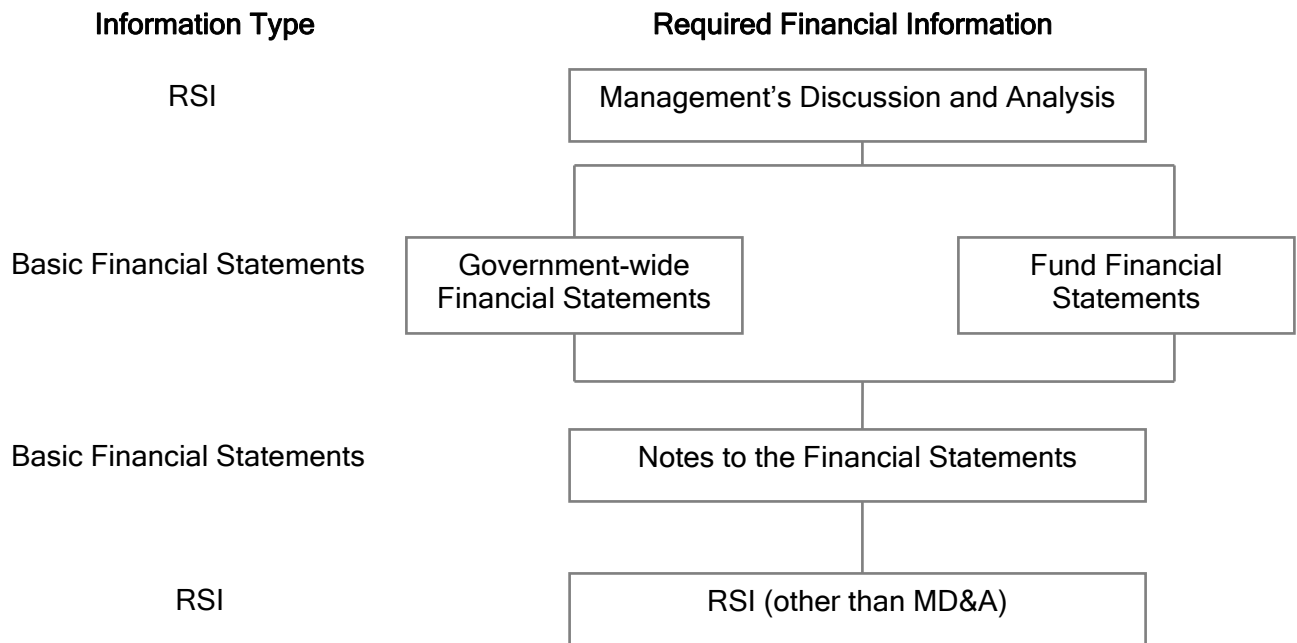
Financial Highlights

- The County's assets exceeded its liabilities (net assets) by approximately \$3.634 billion and \$3.596 billion at the close of fiscal years 2011 and 2010, respectively. Of these amounts, \$2.446 billion and \$2.416 billion were invested in capital assets, net of related debt. In addition, \$676 million and \$848 million were restricted by law, grant agreements, debt covenants, or for capital projects. As a result, \$512 million and \$332 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 \$38 million, compared to a decrease of \$51 million during the previous fiscal year. Business-type activities increased \$37 million, and governmental activities increased by \$1 million. An important factor in the significant decrease during the previous fiscal year was the Water Utility Department's contribution to the Glades Utility Authority of \$56 million in capital assets.
- At September 30, 2011, the County's governmental funds reported a combined ending fund balance of \$1.148 billion, a decrease of \$109.3 million or 8.7% from the previous year.
- At September 30, 2011, the fund balance for the General Fund, including Constitutional Officers, was \$200.8 million which is an increase of \$7.3 million or 3.8% from the previous year.
- The County's two enterprise funds had a combined increase in net assets of \$36 million. The Department of Airports increase was \$16 million and the Water Utilities Department had an increase of \$20 million.
- The County's total liabilities at September 30, 2011 and 2010 were \$1.960 billion and \$2.059 billion, respectively.
- The County implemented in fiscal year 2011 the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County also implemented in fiscal year 2011 the requirements of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. As a result, the Solid Waste Authority (SWA) is no longer considered part of the primary government.

Overview of the Financial Statements

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

Minimum Financial Reporting Requirements



Government-wide Financial Statements

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

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

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

Fiduciary funds

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

Notes to the financial statements

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

Other information

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

Government-wide Financial Analysis

Over time, net assets may serve as the most useful indicator of a government's financial position. At September 30, 2011 and 2010, the County's total net assets, or total assets less liabilities, were \$3.634 billion and \$3.596 billion, respectively. A significant portion of the County's net assets, \$2.446 billion or 67.3%, 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, 2011 and 2010, in all three categories of net assets, for governmental activities, business-type activities, as well as the County as a whole.

Palm Beach County, Florida						
Net Assets at Year-End (in millions)						
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2011	2010	2011	2010 **	2011	2010 **
Assets						
Current and other assets	\$ 1,446	\$ 1,568	\$ 380	\$ 353	\$ 1,826	\$ 1,921
Capital assets	2,500	2,442	1,268	1,292	3,768	3,734
Total assets	<u>3,946</u>	<u>4,010</u>	<u>1,648</u>	<u>1,645</u>	<u>5,594</u>	<u>5,655</u>
Liabilities						
Current	276	304	45	33	321	337
Long-term debt due in more than one year	1,318	1,355	321	367	1,639	1,722
Total liabilities	<u>1,594</u>	<u>1,659</u>	<u>366</u>	<u>400</u>	<u>1,960</u>	<u>2,059</u>
Net Assets						
Invested in capital assets, net of related debt	1,490	1,450	956	966	2,446	2,416
Restricted	595	775	81	73	676	848
Unrestricted	267	126	245	206	512	332
Total net assets	<u>\$ 2,352</u>	<u>\$ 2,351</u>	<u>\$ 1,282</u>	<u>\$ 1,245</u>	<u>\$ 3,634</u>	<u>\$ 3,596</u>

** Amounts have been restated for comparative purposes since SWA is no longer part of the primary government.

Governmental activities

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

- Current and other assets for Governmental activities decreased by \$122 million. Much of the change can be attributed to acquisitions of Capital Assets and payments on long-term debt.
- Capital assets for Governmental activities increased by \$58 million. Refer to the subsequent section on Capital assets for additional detail.
- The overall decrease in long-term debt for Governmental activities of \$37 million consists primarily of principal payments made on bonds, notes and loans, primarily offset by increases in claims, judgments and Other Post-Employment Benefits.

Governmental activities were responsible for a \$1 million increase in the County's net assets during fiscal year 2011, as compared with a \$35 million decrease during the previous fiscal year. This year's \$1 million increase in net assets from governmental activities is primarily attributed to two factors:

Investment income decreased \$25 million or 34.7% from the previous fiscal year. The decrease was primarily the result of lower average portfolio balances throughout the year as well as lower market interest rates.

Physical environment expenses decreased \$15 million or 34.9% from the previous fiscal year. The decrease was primarily attributable to significant beach restoration and refurbishment costs incurred in fiscal year 2010 that were not incurred in fiscal year 2011.

Additional factors impacting governmental activities during fiscal year 2011 are described below.

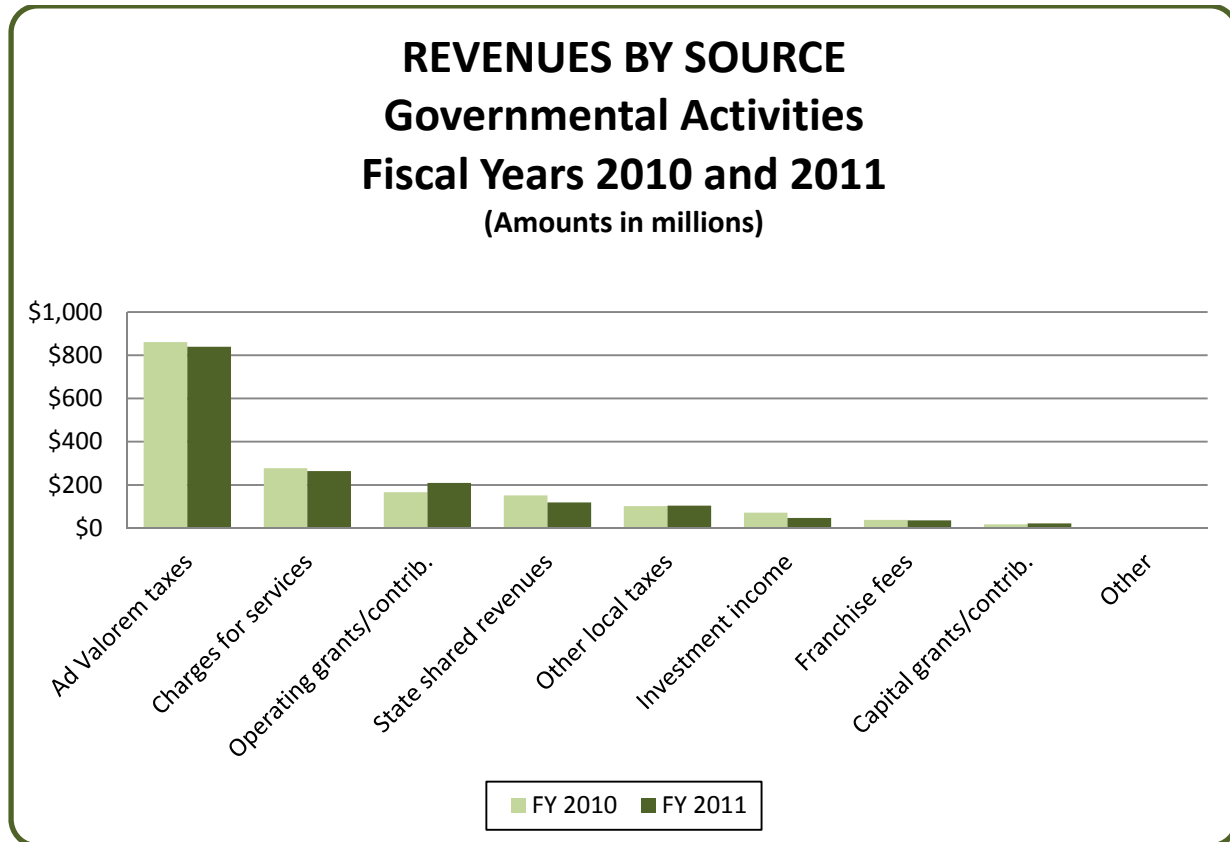
Ad valorem tax revenue decreased \$21 million or 2.4% from the previous fiscal year. In response to the current economic conditions, the Board of County Commissioners adopted a millage rate which resulted in reduced property taxes.

General government expenses decreased \$29 million or 7.8% from the previous fiscal year due in part to continued budget reduction strategies, including the elimination of 180 positions within the County.

Culture and recreation expenses decreased \$9 million or 7.2% from the previous fiscal year. This can be attributed in part to the elimination of several staff positions and continued reductions in utility usage.

Interest expense decreased \$3 million or 5.5% from the previous fiscal year due to lower debt service payments made in fiscal year 2011.

The County’s governmental activities had net expenses of \$1.147 billion. These services are intended to be primarily funded by taxes and other general revenues as opposed to charges for service and grants. Total revenues (both program and general revenues) were greater than total expenses by \$3 million.



Business-type activities

The County’s business-type activities had total revenues of \$262 million and had total revenues in excess of total expenses of \$39 million. Refer to the **Proprietary funds** section of **Financial Analysis of the Government’s Funds** which follows for more information on the County’s business-type activities. The significant change in the business-type activities Statement of Net Assets was due to substantial payments on long-term debt, which decreased \$46 million during fiscal year 2011.

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

	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT	
	2011	2010	2011	2010 **	2011	2010 **
Revenues						
Program Revenues:						
Charges for services	\$ 264	\$ 277	\$ 231	\$ 218	\$ 495	\$ 495
Operating grants and contributions	210	200	-	-	210	200
Capital grants and contributions	22	17	23	29	45	46
	496	494	254	247	750	741
General Revenues:						
Ad valorem taxes	840	861			840	861
Other local taxes	104	102			104	102
State shared revenues	119	118			119	118
Franchise fees	36	38			36	38
Investment income	47	72	8	7	55	79
Other	4	4	-	-	4	4
Total revenues	1,646	1,689	262	254	1,908	1,943
Expenses						
General government	342	371			342	371
Public safety	767	786			767	786
Physical environment	28	43			28	43
Transportation	154	156			154	156
Economic environment	81	81			81	81
Human services	103	106			103	106
Culture and recreation	116	125			116	125
Interest expense	52	55			52	55
Department of Airports			76	77	76	77
Water Utilities Department			147	138	147	138
Total expenses	1,643	1,723	223	215	1,866	1,938
Excess	3	(34)	39	39	42	5
Transfers In (Out)	(2)	(1)	2	1	-	-
Special Items	-	-	(4)	(56)	(4)	(56)
Change in net assets	1	(35)	37	(16)	38	(51)
Beginning net assets	2,351	2,386	1,245	1,261	3,596	3,647
Ending net assets	\$ 2,352	\$ 2,351	\$ 1,282	\$ 1,245	\$ 3,634	\$ 3,596

** Amounts have been restated for comparative purposes since SWA is no longer part of the primary government.

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.

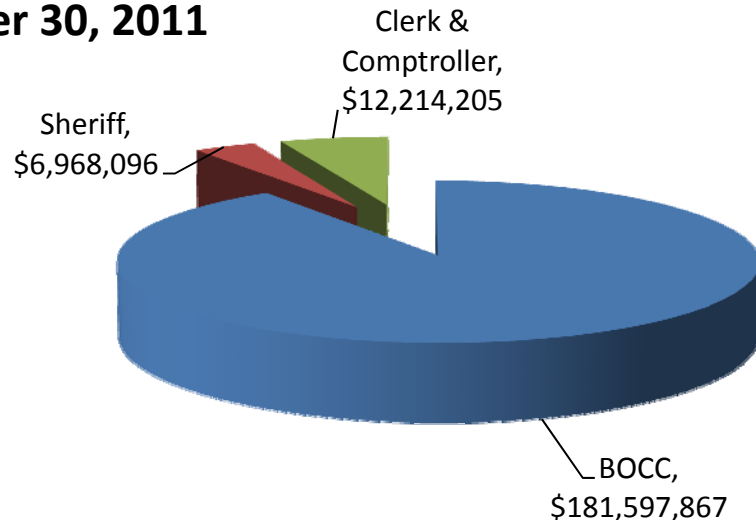
Changes in Fund Balance – Governmental Funds

- The increase in the General Fund's fund balance of \$7.3 million is attributable to overall revenues outpacing expenditures in the current year.
- The decrease in the Fire Rescue Special Revenue Fund of \$6.1 million is partially attributable to reduced tax revenue.
- The decrease in the Community and Social Development Special Revenue Fund of \$5.8 million is related to fewer grants provided by both the federal and state governments.
- The decrease of \$40.7 million in the General Government Capital Projects Fund is due to the spending of County capital projects funds.

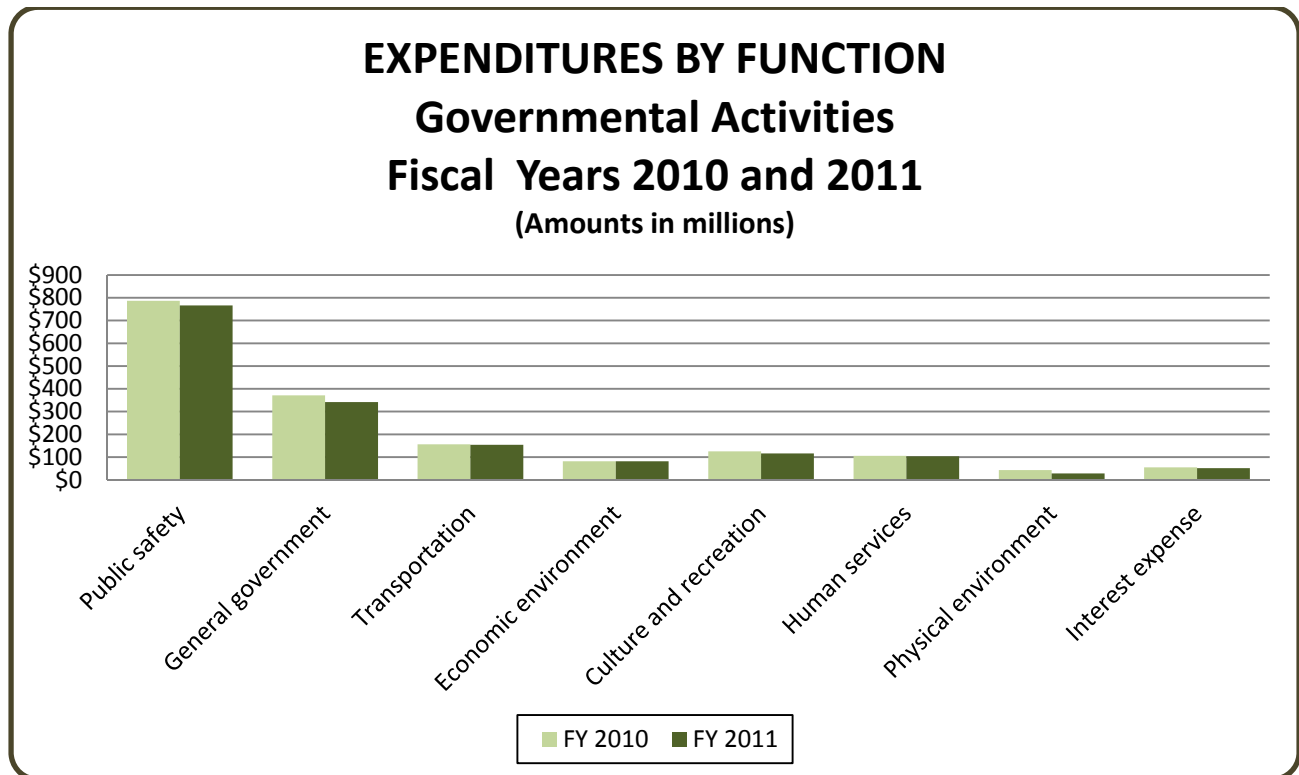
GENERAL FUND BALANCE BY CATEGORY

Total \$200,780,168

September 30, 2011



At September 30, 2011, the County’s governmental funds reported combined ending fund balances of \$1.148 billion, a decrease of \$109.3 million from the previous year. This decrease was the result of a combination of the \$4.5 million increase in the ending fund balance of the Road Program Capital Projects Fund; an increase in the General Fund of \$7.3 million; a decrease in the Fire Rescue Special Revenue Fund of \$6.0 million; a decrease in the Community & Social Development Special Revenue Fund of \$5.8 million; a decrease in the General Government Capital Project Fund of \$40.7 million; and a decrease in Other Governmental Funds of \$68.6 million.



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

Department of Airports:

- Operating revenues increased by \$2.9 million (4.6%) to \$66.4 million. Airline rents increased by \$1.5 million, or 9%, over the prior year, mostly due to increased lease rates charged to airlines. Landing fees increased by \$600,000 (11%) as a result of increased airline rates as well. Other revenue categories showed increases except for parking and car rental concessions which were down 2% due to the lack of passenger growth.

- ➔ Operating expenses (excluding depreciation and amortization) decreased by \$2.1 million, or 4.7%, to \$42 million in fiscal year 2011. Cost cutting measures by the Department achieved savings in a number of areas including salaries and benefits (6% reduction) and the general and administrative category (11% reduction). During fiscal year 2011, management chose not to fill several vacancies that occurred by attrition, some of which occurred due to the County's early retirement offers.
- ➔ 2011 Operating income after depreciation was a loss of \$1.6 million compared to a loss of \$5.7 million in 2010. Operating income before depreciation increased \$5 million, depreciation and amortization increased \$900,000. Investment income decreased due to lesser rates of return on investment.

Water Utilities Department:

- ◆ The Department's net assets increased by \$20.3 million, compared to a decrease of \$32.5 million in fiscal year 2010.
- ◆ Long-term debt (net of the current portion) decreased by \$16.4 million, or 7.8%, during the year.
- ◆ Operating revenues in fiscal year 2011 totaled \$151.5 million, an increase of \$9.9 million or 7.0%. Fiscal year 2011 included the effect of rate indexing, eight months revenue from operating the FPL reclaimed water system and a .4% increase in the customer base.
- ◆ Operating expenses before depreciation and amortization and equity interest in net loss of joint venture totaled \$99.6 million, an increase of \$8.7 million or 9.6%.
- ◆ Non-operating income increased by \$2.0 million, or 500.0% in fiscal year 2011.
- ◆ The Department showed net income before contributions, transfers, and special item of \$13.0 million for fiscal year 2011, an increase of \$2.1 million or 19.3% from fiscal year 2010.

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 2011, supplemental appropriations to the Board of County Commissioners' budget excluding component units, were approximately \$201.8 million, or approximately 5.0% of the original adopted budget.

Differences between the original budget for fiscal year 2011 and the final amended budget for the General Fund can be summarized as follows:

- On April 5, 2011, the Board amended the budget to reflect the “true up” of the original budgeted beginning fund balance to the actual fund balance, which accounts for a \$26.2 million adjustment to the reserves for balances forward in the General Government budget, established a \$6.2 million “Reserve for Tax Stabilization”, reduced the transfer to the Sales Tax Fund for debt service obligations in the amount of \$5 million, increased the transfer to the Capital Outlay Fund in the amount of \$.8 million, and the remaining \$.6 million for transfers for various Special Revenue, Capital Project, and general government expenses.
- The remaining amendments were primarily associated with new grants and carry forward of existing grant funds.

Budget to Actual Expenditures

- General Fund budgeted reserves had a balance at year-end of \$112.6 million, which represents 86% of the total unexpended appropriations in the fund. These unexpended funds will be carried over into fiscal year 2012 and will be re-appropriated.
- The Tax Collector and Property Appraiser returned/under spent approximately \$400,000.
- The remaining unspent funds can be attributed to County departments spending less than budgeted.

Budget to Actual Revenues

- Ad valorem tax collections were 96% of budget, in line with the historical collection rate. Florida Statutes require revenues to be budgeted at 95% of reasonably anticipated receipts. Palm Beach County budgets a negative 5% statutory reserve to accomplish this. Allowing for the reserve, ad valorem taxes were actually over collected by \$8.5 million.
- While State Revenue Sharing exceeded the budget in fiscal year 2011 by \$2.8 million, actual collections were only \$800,000 over the previous year.
- Sales tax collections exceeded the budget by \$6.5 million and were \$2.6 million above the previous year.
- Investment income fell short of budget by \$6.5 million. GASB 31 has made it difficult to project investment income that will be recognized. Fair market gains and losses cannot be projected accurately, resulting in possible variances in recognized income

Budget to Actual – Other financing sources

- Actual excess fees (transfers in) received from the Sheriff and the Supervisor of Elections amounted to \$22.9 million, of which no amount was budgeted. The Clerk & Comptroller returned \$1.2 million in excess fees, \$.7 million more than the final budget.

Capital Assets and Debt Administration

Capital assets. The County’s capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$3.768 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 2011 was 1.0% (a 2.3% increase for governmental activities and a 1.9% decrease for business-type activities).

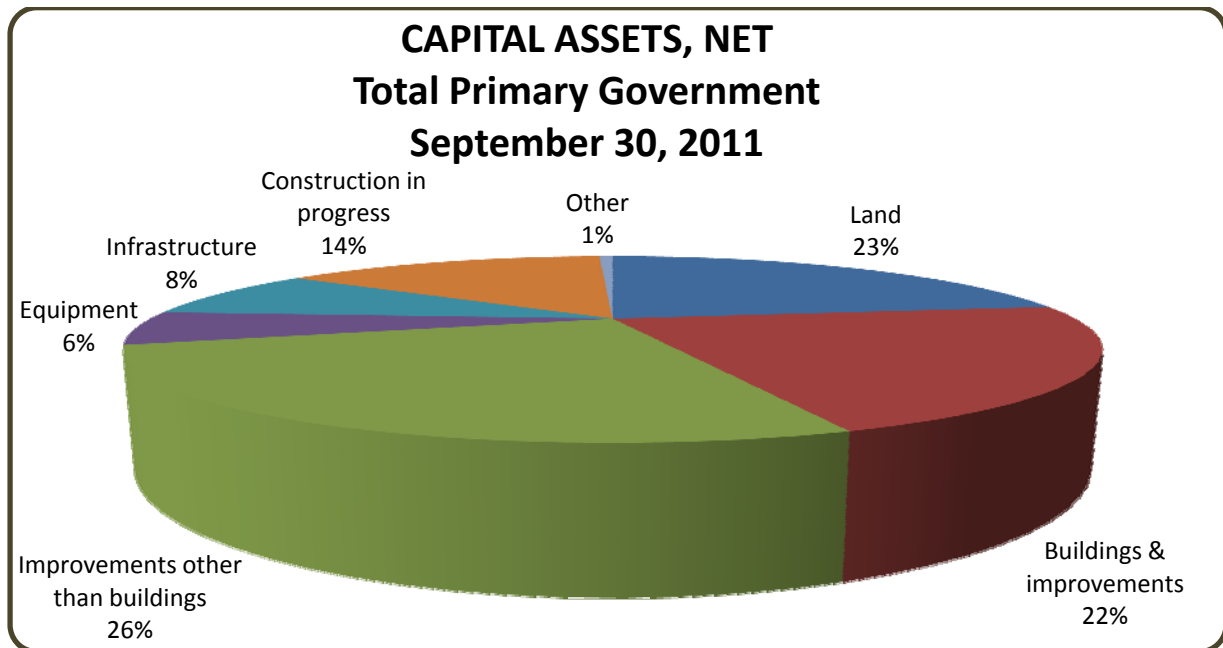
Palm Beach County, Florida							
Capital Assets, net of Accumulated Depreciation at Year-End (in millions)							
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT		
	2011	2010	2011	2010 **	2011	2010 **	
Primary Government:							
Land	\$ 739	\$ 741	\$ 114	\$ 112	\$ 853	\$ 853	
Buildings & improvements	564	576	250	264	814	840	
Improvements other than buildings	162	138	823	799	985	937	
Equipment	194	192	27	34	221	226	
Infrastructure	323	289	-	-	323	289	
Intangible - easement rights	-	-	11	12	11	12	
Leasehold interest	-	-	6	7	6	7	
Goodwill	-	-	6	6	6	6	
Construction in progress	518	506	31	58	549	564	
TOTALS	\$ 2,500	\$ 2,442	\$ 1,268	\$ 1,292	\$ 3,768	\$ 3,734	

** Amounts have been restated for comparative purposes since SWA is no longer part of the primary government.

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

- Substantially completed projects during fiscal year 2011 included \$32.6 million for improvements to Okeechobee Boulevard east of Jog Road and \$7.9 million related to the North County Regional Library expansion.
- Governmental activities Net Capital assets increased overall by \$58 million due to acquisitions of \$24 million for improvements other than buildings, \$2 million in equipment, additions of \$34 million to infrastructure, and \$12 million added to Construction in progress, offset by dispositions of land of \$2 million and buildings and improvements of \$12 million.

- Business-type activities Net Capital assets decreased overall by \$24 million, or 1.9% to \$1.268 billion.
- Major projects by the Water Utilities Department included the construction of new collection system piping Wellfield rehabilitation and expansion for \$14.2 million and improvements to the treatment process at Water Treatment Plant #2 for \$6.6 million.
- The Department of Airports expended \$14.6 million on capital activities. Completed projects during 2011 totaling \$19.9 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed in fiscal year 2011 involved runway and taxiway improvements.



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

Long-term liabilities. At September 30, 2011, the primary government had 44 issues of bonded debt totaling \$1.434 billion. Of this amount, \$229 million comprises debt backed by the full faith and credit of the government, \$871 million is special obligation debt secured by dedicated revenue sources and \$334 million is secured by specified enterprise revenue sources. See chart below for more information.

Palm Beach County, Florida							
Long-Term Liabilities at Year-End (in millions)							
	Governmental Activities		Business-type Activities		TOTAL PRIMARY GOVERNMENT		
	2011	2010	2011	2010 **	2011	2010 **	
General obligation bonds	\$ 229	\$ 251	\$ -	\$ -	\$ 229	\$ 251	
Non-ad valorem revenue bonds	871	895	-	-	871	895	
Revenue bonds	-	-	334	360	334	360	
Notes and loans payable	36	30	-	-	36	30	
Other obligations	302	295	6	7	308	302	
TOTALS	\$ 1,438	\$ 1,471	\$ 340	\$ 367	\$ 1,778	\$ 1,838	

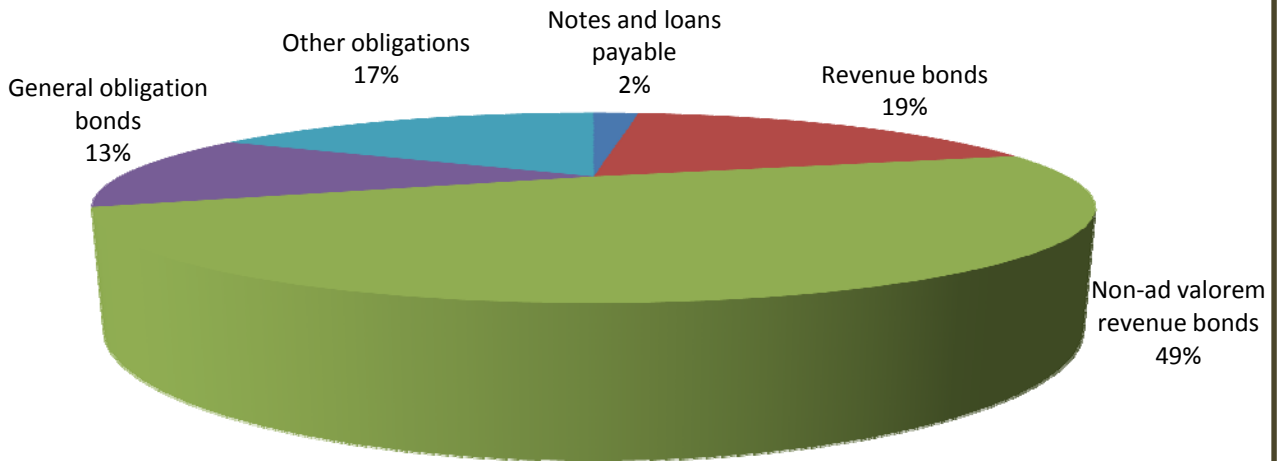
** Amounts have been restated for comparative purposes since SWA is no longer part of the primary government.

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, 2011, the County's non-ad valorem revenues were 3.63 times the debt service required in the current or any future fiscal year.

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

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

LONG-TERM LIABILITIES
Total Primary Government
September 30, 2011



See Note 14, *Long-Term Debt*, in the *Notes to the Financial Statements* for additional information.

Economic Factors

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

- The County’s population increased from 2010 to 2011. The 2010 Census figures shows that population increased from 1,320,134 in 2010 to 1,325,758 in 2011.
- The civilian labor force for Palm Beach County decreased from 623,320 at September 30, 2010 to 621,616 at September 30, 2011. However, the County’s unemployment rate decreased from 12.4% at September 30, 2010 to 10.9% at September 30, 2011.
- Gross property taxes levied for fiscal year 2011 decreased from \$898.8 million in 2010 to \$873.7 million for 2011, a decrease of \$25.1 million or 2.8%.
- Palm Beach County has a diversified property tax base. The ten largest property taxpayers in the County represent 10.8% of the total ad valorem property taxes levied.

- Residential building permits issued in Palm Beach County for both single family and multi-family units rose slightly from 1,573 in fiscal year 2010 to 1,583 in fiscal year 2011, an increase of .6%.
- West Palm Beach area existing home sales increased from 9,584 in 2010 to 11,900 in 2011, an increase of 24%. However, the median sales price for a single-family existing home in the West Palm Beach metropolitan area fell from \$228,900 to \$193,700 during 2011.
- Foreclosure filings in Palm Beach County fell from 19,840 in 2010 to 12,154 in 2011, a decrease of 39%.

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

To Obtain Further Information

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

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

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

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



PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
September 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 803,143,130	\$ 189,996,724	\$ 993,139,854
Interest receivable	262,498	678,500	940,998
Accounts receivable - net	21,151,592	17,471,978	38,623,570
Internal Balances	(3,310,136)	3,310,136	-
Due from primary government	-	-	-
Due from other governments	69,848,692	3,514,292	73,362,984
Due from component units	118,103	-	118,103
Inventory	14,995,710	7,934,515	22,930,225
Other assets	5,868,315	1,323,338	7,191,653
Other receivable - noncurrent	19,736,959	16,380,050	36,117,009
Investment in joint ventures	-	50,996,980	50,996,980
Deferred debt issuance costs	8,600,660	3,105,377	11,706,037
Restricted cash, cash equivalents and investments	505,770,727	85,338,008	591,108,735
Capital assets			
Non-depreciable capital assets	1,257,430,885	144,649,663	1,402,080,548
Depreciable capital assets, net	1,242,112,798	1,123,791,771	2,365,904,569
Total assets	3,945,729,933	1,648,491,332	5,594,221,265
LIABILITIES			
Vouchers payable and accruals	81,283,378	9,421,423	90,704,801
Due to primary government	-	-	-
Due to other governments	14,676,859	2,242,637	16,919,496
Due to component units	8,629,912	-	8,629,912
Due to individuals	840,980	5,981,446	6,822,426
Accrued interest payable	16,523,416	8,295,971	24,819,387
Unearned revenue	23,885,981	405,967	24,291,948
Other current liabilities	9,317,470	-	9,317,470
Long-term liabilities			
Long-term liabilities due within one year	120,230,608	19,114,478	139,345,086
Long-term liabilities due more than one year	1,318,144,048	321,215,662	1,639,359,710
Total liabilities	1,593,532,652	366,677,584	1,960,210,236
NET ASSETS			
Invested in capital assets, net of related debt	1,489,989,254	956,542,617	2,446,531,871
Restricted for:			
Debt service	23,127,660	20,807,933	43,935,593
Capital projects	366,867,559	48,494,318	415,361,877
Library services	8,197,179	-	8,197,179
Fire rescue services	85,153,225	-	85,153,225
Tourist development programs	17,124,168	-	17,124,168
Grant programs	49,163,250	-	49,163,250
Environmental protection programs	11,719,090	-	11,719,090
Public safety and judicial programs	24,320,192	-	24,320,192
Other services and programs	9,883,533	11,124,476	21,008,009
Unrestricted	266,652,171	244,844,404	511,496,575
Total net assets	\$ 2,352,197,281	\$ 1,281,813,748	\$ 3,634,011,029

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	Solid Waste Authority
\$ 100	\$ 4,818,210	\$ 617,669	\$ 376,465,606
-	16,225	-	225,854
1,420	92,570	675,626	8,917,234
-	-	-	-
153,824	6,244,432	100,189	2,131,467
419,974	-	-	-
-	-	-	-
-	-	-	7,631,997
5,412	25,010	3,269,774	1,728,409
-	131,350	-	696,499
-	-	-	-
-	-	67,043	9,507,712
-	-	-	48,882,686
-	-	3,906,247	340,479,380
-	-	1,323,377	338,575,987
580,730	11,327,797	9,959,925	1,135,242,831
96,630	61,636	217,015	19,976,388
70,901	17,976	-	29,226
17,321	-	-	-
-	-	-	-
-	-	-	453,170
-	-	-	13,214,832
419,973	-	-	-
-	324,455	1,500	448,000
11,982	-	569,125	45,935,637
161,670	-	3,002,620	583,952,243
778,477	404,067	3,790,260	664,009,496
-	-	4,969,624	349,984,309
-	-	327,711	-
-	-	979,826	28,801,675
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	17,690,851
(197,747)	10,923,730	(107,496)	74,756,500
\$ (197,747)	\$ 10,923,730	\$ 6,169,665	\$ 471,233,335

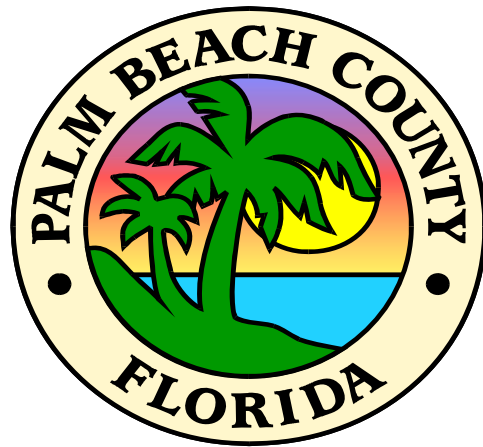
PALM BEACH COUNTY, FLORIDA
Statement of Activities
For the fiscal year ended September 30, 2011

	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	\$ 361,124,789	\$ (19,302,596)	\$ 102,103,820	\$ 40,768,325	\$ 2,247,799
Public Safety	759,204,524	7,280,384	112,387,583	19,068,994	275,244
Physical Environment	28,162,354	-	6,499,713	9,182,529	1,647,944
Transportation	154,340,423	-	20,060,113	64,252,058	16,122,263
Economic Environment	81,068,340	325,583	3,058,264	31,322,924	-
Human Services	102,146,648	1,000,706	3,351,710	42,824,617	-
Culture and Recreation	112,168,007	4,220,958	16,699,485	2,273,018	1,752,522
Interest Expense	51,630,978	-	-	-	-
Total Governmental Activities	1,649,846,063	(6,474,965)	264,160,688	209,692,465	22,045,772
Business Activities					
Department of Airports	74,094,935	1,405,685	78,911,145	-	8,768,816
Water Utilities Department	142,268,208	4,963,071	152,312,882	-	13,687,041
Total Business Activities	216,363,143	6,368,756	231,224,027	-	22,455,857
Total Primary Government	\$ 1,866,209,206	\$ (106,209)	\$ 495,384,715	\$ 209,692,465	\$ 44,501,629
COMPONENT UNITS					
Metropolitan Planning Organization	\$ 1,558,067	\$ 106,209	\$ -	\$ 1,392,430	\$ -
Housing Finance Authority	487,710	-	452,480	414,128	-
Westgate/Belvedere CRA	1,590,187	-	-	-	-
Solid Waste Authority	194,862,745	-	239,357,450	1,144,260	2,110,077
Total Component Units	\$ 198,498,709	\$ 106,209	\$ 239,809,930	\$ 2,950,818	\$ 2,110,077
<p style="text-align: right;">General Revenues</p> <p style="text-align: right;">Taxes - levied by the County</p> <p style="text-align: right;">Ad-valorem taxes</p> <p style="text-align: right;">Utility service taxes</p> <p style="text-align: right;">Local option gas taxes</p> <p style="text-align: right;">Tourist development taxes</p> <p style="text-align: right;">State shared sales tax-unrestricted</p> <p style="text-align: right;">Franchise gross receipts fee</p> <p style="text-align: right;">State shared revenues-unrestricted</p> <p style="text-align: right;">Investment income</p> <p style="text-align: right;">Other general revenues</p> <p style="text-align: right;">Gain on sale of capital assets</p> <p style="text-align: right;">Transfers - net</p> <p style="text-align: right;">Special item</p> <hr/> <p style="text-align: right;">Total general revenues, transfers and special item</p> <hr/> <p style="text-align: right;">Increase (decrease) in net assets</p> <hr/> <p style="text-align: right;">Beginning net assets (Restated)</p> <hr/> <p style="text-align: right;">Ending net assets</p> <hr/>					

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	Solid Waste Authority
					Community Redevelopment Agency	
\$ (196,702,249)	\$ -	\$ (196,702,249)	\$ -	\$ -	\$ -	\$ -
(634,753,087)	-	(634,753,087)	-	-	-	-
(10,832,168)	-	(10,832,168)	-	-	-	-
(53,905,989)	-	(53,905,989)	-	-	-	-
(47,012,735)	-	(47,012,735)	-	-	-	-
(56,971,027)	-	(56,971,027)	-	-	-	-
(95,663,940)	-	(95,663,940)	-	-	-	-
(51,630,978)	-	(51,630,978)	-	-	-	-
<u>(1,147,472,173)</u>	<u>-</u>	<u>(1,147,472,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	12,179,341	12,179,341	-	-	-	-
-	18,768,644	18,768,644	-	-	-	-
-	30,947,985	30,947,985	-	-	-	-
<u>\$ (1,147,472,173)</u>	<u>\$ 30,947,985</u>	<u>\$ (1,116,524,188)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (271,846)	\$ -	\$ -	\$ -
-	-	-	-	378,898	-	-
-	-	-	-	-	(1,590,187)	-
-	-	-	-	-	-	47,749,042
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (271,846)</u>	<u>\$ 378,898</u>	<u>\$ (1,590,187)</u>	<u>\$ 47,749,042</u>
\$ 839,684,057	\$ -	\$ 839,684,057	\$ -	\$ -	\$ 1,344,553	\$ -
33,947,339	-	33,947,339	-	-	-	-
44,603,467	-	44,603,467	-	-	-	-
25,480,495	-	25,480,495	-	-	-	-
66,826,717	-	66,826,717	-	-	-	-
36,350,282	-	36,350,282	-	-	-	-
52,288,454	-	52,288,454	-	-	-	-
47,432,115	8,271,098	55,703,213	-	-	2,100	-
2,073,844	-	2,073,844	-	-	1,418,978	-
2,001,396	-	2,001,396	-	-	-	-
(1,727,842)	1,727,842	-	-	-	-	-
-	(4,045,999)	(4,045,999)	-	-	-	-
<u>1,148,960,324</u>	<u>5,952,941</u>	<u>1,154,913,265</u>	<u>-</u>	<u>-</u>	<u>2,765,631</u>	<u>-</u>
1,488,151	36,900,926	38,389,077	(271,846)	378,898	1,175,444	47,749,042
<u>2,350,709,130</u>	<u>1,244,912,822</u>	<u>3,595,621,952</u>	<u>74,099</u>	<u>10,544,832</u>	<u>4,994,221</u>	<u>423,484,293</u>
<u>\$ 2,352,197,281</u>	<u>\$ 1,281,813,748</u>	<u>\$ 3,634,011,029</u>	<u>\$ (197,747)</u>	<u>\$ 10,923,730</u>	<u>\$ 6,169,665</u>	<u>\$ 471,233,335</u>



DESCRIPTIONS OF MAJOR FUNDS

GOVERNMENTAL FUNDS

General Fund - To account for all financial resources of the general government except those required to be accounted for in other funds. The General Fund is subdivided into the following categories: Board of County Commissioners (BOCC), Sheriff, Clerk & Comptroller, Tax Collector, Property Appraiser and the Supervisor of Elections.

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

Community & Social Development Special Revenue Fund - To account for governmental grant funds and other revenues designated for community and social services.

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.

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

PROPRIETARY FUNDS

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

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

PALM BEACH COUNTY, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2011

	MAJOR FUNDS		
	General Fund	Fire Rescue Special Revenue Fund	Community & Social Development Special Revenue Fund
ASSETS			
Cash and cash equivalents	\$ 243,848,434	\$ 120,159,451	\$ 197,807
Investments	101,307	-	-
Accounts receivable, net	10,830,775	1,487,356	522,921
Due from other county funds	30,827,816	2,523,521	7,145,742
Due from other governments	9,591,944	2,551,528	21,553,752
Due from component unit	45,623	-	-
Inventory	6,426,792	2,519,567	-
Other assets	186,008	75	-
Other receivable, noncurrent	7,753,941	-	8,433,018
Total assets	\$ 309,612,640	\$ 129,241,498	\$ 37,853,240
LIABILITIES			
Vouchers payable and accrued liabilities	\$ 31,782,232	\$ 8,861,731	\$ 4,419,729
Due to other county funds	22,292,382	154,500	16,130,947
Due to other governments	11,773,940	28,418	1,871,484
Due to component unit	8,525,460	-	100,188
Due to individuals	360,267	-	376,685
Insurance claims payable	1,521,953	-	-
Deferred and unearned revenue	23,269,457	-	17,387,295
Other liabilities	9,306,781	-	-
Total liabilities	108,832,472	9,044,649	40,286,328
FUND BALANCE			
Non-Spendable			
Inventory	6,426,792	2,519,567	-
Prepaid items	101,836	-	-
Spendable			
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	-
Library services	-	-	-
Fire rescue services	-	117,677,282	-
Tourist development programs	-	-	-
Grant programs	-	-	1,423,345
Environmental protection programs	-	-	-
Public safety and judicial programs	15,615,345	-	-
Other services and programs	-	-	-
Assigned to:			
Debt service	-	-	-
Capital projects	-	-	-
Tourist development programs	-	-	-
Other services and programs	-	-	-
Unassigned	178,636,195	-	(3,856,433)
Total fund balance	200,780,168	120,196,849	(2,433,088)
Total liabilities and fund balance	\$ 309,612,640	\$ 129,241,498	\$ 37,853,240

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

Road Program Capital Projects	General Government Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 360,015,326	\$ 133,838,986	\$ 355,747,869	\$ 1,213,807,873
-	-	-	101,307
750	3,054	6,186,511	19,031,367
1,386,683	292,327	12,739,817	54,915,906
13,930,776	376,960	21,454,032	69,458,992
-	-	69,133	114,756
-	-	4,319,641	13,266,000
-	-	661,195	847,278
-	-	3,550,000	19,736,959
\$ 375,333,535	\$ 134,511,327	\$ 404,728,198	\$ 1,391,280,438
\$ 6,376,448	\$ 10,897,662	\$ 14,890,777	\$ 77,228,579
1,413,813	23,896	18,013,375	58,028,913
1,623	-	1,001,343	14,676,808
-	-	4,264	8,629,912
-	-	1,000	737,952
-	-	-	1,521,953
11,041,624	91,683	21,773,104	73,563,163
-	-	10,689	9,317,470
18,833,508	11,013,241	55,694,552	243,704,750
-	-	4,319,641	13,266,000
-	-	55,145	156,981
-	-	30,360,622	30,360,622
269,068,603	47,349,967	170,716,660	487,135,230
-	-	10,551,286	10,551,286
-	-	-	117,677,282
-	-	17,131,240	17,131,240
-	-	46,811,142	48,234,487
-	-	11,667,340	11,667,340
-	-	12,489,725	28,105,070
-	-	11,088,650	11,088,650
-	-	661,655	661,655
87,431,424	76,148,119	20,168,132	183,747,675
-	-	4,143,188	4,143,188
-	-	13,296,055	13,296,055
-	-	(4,426,835)	170,352,927
356,500,027	123,498,086	349,033,646	1,147,575,688
\$ 375,333,535	\$ 134,511,327	\$ 404,728,198	\$ 1,391,280,438

PALM BEACH COUNTY, FLORIDA
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets - Governmental Activities
 September 30, 2011

Fund balance for total of governmental funds (page 9)

Amounts reported for governmental activities in the statements of net assets are different because: \$ 1,147,575,688

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	\$ 75,888,841	
Less amount due to business-type activities for 'look-back' allocation	<u>(3,955,678)</u>	71,933,163

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	(226,545,000)	
Non-ad valorem bonds payable	(848,086,272)	
Notes and loans payable	(36,128,885)	
Compensated absences	(123,700,007)	
Net OPEB Obligation	(70,292,346)	
Claims and judgments	(31,583,607)	
Unamortized premium	(35,514,341)	
Arbitrage accrued	(8,656,542)	
Net Pension Obligation	(8,055,374)	
Termination benefits	(2,803,524)	
Deferred loss on refundings	<u>9,612,831</u>	(1,381,753,067)

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	1,257,430,885	
Depreciable capital assets, net of accumulated depreciation	<u>1,214,319,421</u>	2,471,750,306

Report other adjustments to convert from modified accrual to full accrual

Interest Receivable

Accrued interest receivable on special assessments is not reported in the governmental fund statements. 262,498

Net OPEB Obligation Asset

Cumulative plan contributions in excess of ARC is reported as an asset. However, the plan contributions are reported as expenditures in the governmental fund statements. 674,266

Deferred Debt Issuance Costs

Issue cost for new debt is reported as a deferred charge and amortized over the life of the debt as an expense. However, issue costs are recorded as expenditures in the governmental fund statements. 8,600,660

Accrued Interest Payable

Accrued Interest Payable that is not due and payable in the current period is not reported in the governmental fund statements. (16,523,416)

Deferred Revenue

Revenue is recognized when earned. However, revenue is deferred until the current financial resources are available in the governmental fund statements. 49,677,183

42,691,191

Net assets of governmental activities (page 2)

\$ 2,352,197,281



PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended September 30, 2011

	MAJOR FUNDS		
	General Fund	Fire Rescue Special Revenue Fund	Community & Social Development Special Revenue Fund
Revenues:			
Taxes (net of discount)	\$ 641,205,184	\$ 187,980,583	\$ -
Special assessments	-	275,244	-
Licenses and permits	34,873,049	6,500	-
Intergovernmental	129,720,649	653,249	69,456,378
Charges for services	195,876,057	32,465,802	689,638
Less - excess fees paid out	(39,568,304)	-	-
Fines and forfeitures	3,679,860	-	-
Investment income	8,285,916	5,368,578	633,029
Miscellaneous	7,987,815	326,941	1,249,007
Total revenues	982,060,226	227,076,897	72,028,052
Expenditures:			
Current:			
General government	253,817,326	-	-
Public safety	453,961,734	237,621,779	1,349,545
Physical environment	11,920,410	-	-
Transportation	4,639,421	-	130,823
Economic environment	23,546,214	566,465	36,501,063
Human services	48,513,051	-	52,791,855
Culture and recreation	52,820,218	-	-
Capital outlay	17,349,992	1,727,260	148,689
Debt service	-	-	369,203
Total expenditures	866,568,366	239,915,504	91,291,178
Excess of revenues over (under) expenditures	115,491,860	(12,838,607)	(19,263,126)
Other financing sources (uses):			
Transfers in	19,849,019	6,958,553	13,372,109
Transfers out	(128,845,425)	(245,247)	(6,597,265)
Issuance of long-term debt	-	-	6,668,000
Issuance of refunding debt	-	-	-
Premium on refunding debt	-	-	-
Payment to escrow agent for refunding	-	-	-
Total other financing sources (uses)	(108,996,406)	6,713,306	13,442,844
Net change in fund balances	6,495,454	(6,125,301)	(5,820,282)
Fund balances, October 1, 2010 (Restated)	193,460,683	126,171,365	3,387,194
Increase (decrease) in nonspendable fund balance	824,031	150,785	-
Fund balances, September 30, 2011	\$ 200,780,168	\$ 120,196,849	\$ (2,433,088)

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

Road Program Capital Projects	General Government Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 16,788,040	\$ 460	\$ 123,611,528	\$ 969,585,795
5,591,669	368,038	8,029,606	14,264,557
-	-	15,833,385	50,712,934
16,744,573	7,035,380	65,555,150	289,165,379
-	193,218	29,792,016	259,016,731
-	-	-	(39,568,304)
-	1,121,283	3,303,120	8,104,263
11,844,664	4,414,118	13,718,009	44,264,314
1,714,236	1,234,981	7,493,596	20,006,576
<u>52,683,182</u>	<u>14,367,478</u>	<u>267,336,410</u>	<u>1,615,552,245</u>
750,217	56,838,692	8,998,182	320,404,417
-	13,908	20,077,077	713,024,043
-	2,997,470	12,318,978	27,236,858
6,138,931	510,273	109,200,724	120,620,172
-	195,992	20,579,716	81,389,450
-	-	854,065	102,158,971
-	-	47,296,482	100,116,700
47,197,809	12,616,424	86,068,767	165,108,941
76,746	-	138,670,112	139,116,061
<u>54,163,703</u>	<u>73,172,759</u>	<u>444,064,103</u>	<u>1,769,175,613</u>
<u>(1,480,521)</u>	<u>(58,805,281)</u>	<u>(176,727,693)</u>	<u>(153,623,368)</u>
814,000	30,643,363	131,236,083	202,873,127
(25,485,407)	(12,619,150)	(29,048,108)	(202,840,602)
30,691,407	-	-	37,359,407
-	-	91,475,000	91,475,000
-	-	14,763,603	14,763,603
-	-	(99,819,373)	(99,819,373)
<u>6,020,000</u>	<u>18,024,213</u>	<u>108,607,205</u>	<u>43,811,162</u>
4,539,479	(40,781,068)	(68,120,488)	(109,812,206)
351,960,548	164,279,154	417,619,665	1,256,878,609
-	-	(465,531)	509,285
<u>\$ 356,500,027</u>	<u>\$ 123,498,086</u>	<u>\$ 349,033,646</u>	<u>\$ 1,147,575,688</u>

PALM BEACH COUNTY, FLORIDA
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities - Governmental Activities
 For the fiscal year ended September 30, 2011

Net increase (decrease) in fund balances for total governmental funds (page 13)

Amounts reported for governmental activities in the statements of activities are different because: \$ (109,812,206)

Report internal service funds as governmental activities

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

Net income (loss) per fund statements	\$ 11,313,250	
Plus current year allocation of internal service funds to business-type activities	721,923	
Plus current year allocation of internal service funds to component units	3,703	12,038,876

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.

Current year face value of debt issued (128,834,407)

Governmental funds report the premium and discount as other financing sources/uses when debt is issued, but in the statement of activities these amounts are amortized to interest expense over the term of the debt.

Current year (premium) discount on debt issued (14,763,603)
 Current year amortization & retirement of premium / discount 9,205,109

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

Current year refunding (gain) loss deferred (922,528)
 Current year amortization of deferred refunding gain / loss (1,578,883)

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.

176,494,150

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	4,749,239	
(Increase) Decrease in Net OPEB Obligation	(19,358,291)	
(Increase) Decrease in estimated self-insurance obligation	2,885,891	
(Increase) Decrease in termination benefits	(1,037,020)	
(Increase) Decrease in Net Pension Obligation- Palm Tran	(5,301,996)	
(Increase) Decrease in compensated absences liability	3,612,854	25,150,515

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, 2011

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.	165,646,530		
Acquisition of capital assets from contributions do not generate current financial resources and therefore are not reported in the governmental fund statements as revenue.		2,292,475	
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.	(110,885,926)		
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.	(2,330,076)		
			54,723,003

Report other adjustments for converting from modified accrual to full accrual

Net Increase (Decrease) in deferred issue costs:			
Current year debt issue costs deferred	757,736		
Current year amortization & retirement of deferred issue costs	(1,839,776)		
		(1,082,040)	
Increase (Decrease) in inventory		509,285	
Increase (Decrease) in accrued interest receivable		(17,162)	
Increase (Decrease) in Net OPEB Obligation Asset		592,274	
(Increase) Decrease in accrued interest payable		1,857,969	
(Increase) Decrease in deferred revenue		17,527,637	
			19,387,963

Increase (decrease) in net assets of governmental activities (page 5)	\$ 1,488,151
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PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Business-type Activities -	
	Airports	Water Utilities
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 46,663,231	\$ 124,313,421
Investments	-	19,020,072
Interest receivable - restricted	-	678,500
Accounts receivable, net	494,009	14,420,244
Due from other county funds	3,266	38,139
Due from other governments	2,724,371	789,921
Due from component unit	-	-
Inventory	1,182,020	6,752,495
Current portion of other receivables	127,182	799,638
Other assets	1,062,951	260,387
Total current assets	52,257,030	167,072,817
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	59,458,115	8,674,493
Cash with fiscal agent	17,205,400	-
Accounts receivable, net	1,630,905	-
Total noncurrent restricted assets	78,294,420	8,674,493
Capital assets:		
Land	99,145,316	14,886,536
Buildings	352,583,293	99,703,050
Improvements other than buildings	210,352,916	1,162,481,006
Furniture, fixtures and equipment	41,483,137	65,010,538
Leasehold interest	-	12,411,525
Goodwill	-	6,915,903
Intangible - easement rights	13,754,957	1,660,856
Accumulated depreciation and amortization	(351,554,589)	(491,010,821)
Construction in progress	15,346,497	15,271,314
Total capital assets	381,111,527	887,329,907
Investment in joint ventures	-	50,996,980
Other receivables, noncurrent	351,361	16,028,689
Deferred debt issuance costs	1,443,220	1,662,157
Total noncurrent assets	461,200,528	964,692,226
Total assets	\$ 513,457,558	\$ 1,131,765,043

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

<u>Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
Totals	
\$ 170,976,652	\$ 95,004,677
19,020,072	-
678,500	-
14,914,253	2,120,225
41,405	3,860,738
3,514,292	389,700
-	3,347
7,934,515	1,729,710
926,820	-
1,323,338	4,346,771
<u>219,329,847</u>	<u>107,455,168</u>
68,132,608	-
17,205,400	-
1,630,905	-
<u>86,968,913</u>	<u>-</u>
114,031,852	-
452,286,343	206,558
1,372,833,922	512,286
106,493,675	74,848,897
12,411,525	-
6,915,903	-
15,415,813	-
(842,565,410)	(47,774,364)
30,617,811	-
<u>1,268,441,434</u>	<u>27,793,377</u>
50,996,980	-
16,380,050	-
3,105,377	-
<u>1,425,892,754</u>	<u>27,793,377</u>
<u>\$ 1,645,222,601</u>	<u>\$ 135,248,545</u>

PALM BEACH COUNTY, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Business-type Activities -	
	Airports	Water Utilities
LIABILITIES		
Current liabilities payable from current assets:		
Vouchers payable and accrued liabilities	\$ 4,035,682	\$ 4,632,593
Due to other county funds	212,360	474,587
Due to other governments	447,521	1,795,116
Due to individuals	-	-
Unearned revenue	405,967	-
Current portion of long-term debt	56,996	180,157
Compensated absences	57,595	223,000
Insurance claims payable	-	-
Other liabilities	599,803	32,619
Total current liabilities payable from current assets	5,815,924	7,338,072
Current liabilities payable from restricted assets:		
Customers' deposits	167,918	5,813,528
Accounts and contracts payable	24,461	96,265
Due to other governments	-	283,730
Current portion of long-term debt	10,270,000	8,043,000
Interest payable on bonds	3,512,422	4,783,549
Total current liabilities payable from restricted assets	13,974,801	19,020,072
Total current liabilities	19,790,725	26,358,144
Noncurrent liabilities:		
Due to other governments	-	1,405,004
Compensated absences	1,054,240	2,825,340
Revenue bonds payable, net	121,565,310	193,994,216
Other long-term liabilities	106,450	265,102
Total noncurrent liabilities	122,726,000	198,489,662
Total liabilities	142,516,725	224,847,806
NET ASSETS		
Invested in capital assets, net of related debt	252,687,685	703,854,932
Restricted for:		
Debt service	12,764,933	8,043,000
Capital projects	47,494,318	1,000,000
Grants and other	10,624,476	500,000
Unrestricted	47,369,421	193,519,305
Total net assets	\$ 370,940,833	\$ 906,917,237

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

Net assets of business-type activities

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

<u>Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
Totals	
\$ 8,668,275	\$ 4,054,799
686,947	102,189
2,242,637	51
-	103,028
405,967	-
237,153	73,178
280,595	-
-	12,737,923
632,422	-
<u>13,153,996</u>	<u>17,071,168</u>
5,981,446	-
120,726	-
283,730	-
18,313,000	-
8,295,971	-
<u>32,994,873</u>	<u>-</u>
<u>46,148,869</u>	<u>17,071,168</u>
1,405,004	-
3,879,580	-
315,559,526	-
371,552	42,288,536
<u>321,215,662</u>	<u>42,288,536</u>
<u>367,364,531</u>	<u>59,359,704</u>
956,542,617	27,793,377
20,807,933	-
48,494,318	-
11,124,476	-
240,888,726	48,095,464
1,277,858,070	<u>\$ 75,888,841</u>
3,955,678	
<u>\$ 1,281,813,748</u>	

PALM BEACH COUNTY, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended September 30, 2011

	<u>Business-type Activities -</u>	
	Airports	Water Utilities
Operating revenues:		
Charges for services	\$ 63,660,881	\$ 146,522,511
Miscellaneous	2,748,628	5,039,362
Total operating revenues	66,409,509	151,561,873
Operating expenses:		
Aviation services	41,978,289	-
Water and sewer services	-	99,590,580
Transportation services	-	-
Self-insurance services	-	-
Equity interest in net loss of joint ventures	-	1,076,592
Depreciation and amortization	26,082,101	40,213,473
Total operating expenses	68,060,390	140,880,645
Operating income (loss)	(1,650,881)	10,681,228
Nonoperating revenues (expenses):		
Investment income	2,091,798	6,179,300
Guaranteed revenue	-	2,528,447
Passenger facility charges	12,135,734	-
Deferred issue costs	(552,719)	(215,045)
Interest expense	(7,024,844)	(6,859,111)
Other revenues (expenses)	365,902	751,009
Total nonoperating revenues (expenses)	7,015,871	2,384,600
Income (loss) before capital contributions, transfers, and special item	5,364,990	13,065,828
Capital contributions	10,462,416	11,158,594
Special item - contribution of cash and capital assets to Glades Utility Authority	-	(4,045,999)
Transfers in	-	71,875
Transfers out	(37,633)	-
Change in net assets	15,789,773	20,250,298
Net assets October 1, 2010	355,151,060	886,666,939
Net assets September 30, 2011	\$ 370,940,833	\$ 906,917,237

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

Change in net assets of business-type activities

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

<u>Enterprise Funds</u>	Governmental Activities Internal Service Funds
<u>Totals</u>	
\$ 210,183,392	\$ 116,778,270
7,787,990	-
<u>217,971,382</u>	<u>116,778,270</u>
41,978,289	-
99,590,580	-
-	23,518,907
-	79,445,862
1,076,592	-
<u>66,295,574</u>	<u>8,660,194</u>
<u>208,941,035</u>	<u>111,624,963</u>
<u>9,030,347</u>	<u>5,153,307</u>
8,271,098	3,108,126
2,528,447	-
12,135,734	-
(767,764)	-
(13,883,955)	-
<u>1,116,911</u>	<u>3,083,584</u>
<u>9,400,471</u>	<u>6,191,710</u>
18,430,818	11,345,017
21,621,010	35,000
(4,045,999)	-
71,875	-
<u>(37,633)</u>	<u>(66,767)</u>
36,040,071	11,313,250
	<u>64,575,591</u>
	<u>\$ 75,888,841</u>
860,855	
<u>\$ 36,900,926</u>	

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2011

	<u>Business-type Activities -</u>	
	Airports	Water Utilities
Cash flows from operating activities:		
Cash received from customers	\$ 67,857,271	\$ 147,828,565
Cash received from other funds for goods and services	-	-
Cash payments to vendors for goods and services	(14,570,786)	(50,797,906)
Cash payments to employees for services	(10,489,761)	(30,998,400)
Cash payments to other funds	(17,255,151)	(18,604,486)
Claims paid	-	-
Other receipts	323,083	5,594,172
Net cash provided by operating activities	25,864,656	53,021,945
Cash flows from noncapital financing activities:		
Cash contributed to other governments	-	(1,560,044)
Transfers in	-	71,875
Transfers out	(37,633)	-
Net cash (used in) noncapital financing activities	(37,633)	(1,488,169)
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	42,819	318,327
Contributed capital	10,880,961	11,209,520
Purchase and construction of capital assets	(16,609,370)	(27,400,821)
Payments to joint ventures	-	(1,258,339)
Principal payments on debt	(7,975,000)	(10,410,000)
Interest payments on debt	(7,194,312)	(10,310,284)
Paying agent fees	-	(11,048)
Passenger facility charges received	12,169,673	-
Repayment of grants from asset sales	(310,000)	-
Cash for debt service from Florida Power and Light	-	2,631,384
Cash for bond call premium from Florida Power and Light	-	78,550
Revenue bonds refunded	-	(7,855,000)
Net cash (used in) capital and related financing activities	(8,995,229)	(43,007,711)
Cash flows from investing activities:		
Interest on investments	2,091,798	6,255,938
Investment arbitrage	4,161	-
Receipt of repayments on other receivables	120,174	-
Net cash provided by investing activities	2,216,133	6,255,938
Net increase (decrease) in cash and cash equivalents	19,047,927	14,782,003
Cash and cash equivalents, October 1, 2010	104,278,819	137,225,983
Cash and cash equivalents, September 30, 2011	\$ 123,326,746	\$ 152,007,986

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

<u>Enterprise Funds</u>	Governmental Activities Internal Service Funds
Totals	
\$ 215,685,836	\$ 12,312,401
-	106,066,094
(65,368,692)	(34,733,152)
(41,488,161)	(7,437,974)
(35,859,637)	(2,695,175)
-	(72,217,179)
5,917,255	1,847,079
<u>78,886,601</u>	<u>3,142,094</u>
(1,560,044)	-
71,875	-
<u>(37,633)</u>	<u>(66,767)</u>
<u>(1,525,802)</u>	<u>(66,767)</u>
361,146	1,443,070
22,090,481	-
(44,010,191)	(10,890,119)
(1,258,339)	-
(18,385,000)	-
(17,504,596)	-
(11,048)	-
12,169,673	-
(310,000)	-
2,631,384	-
78,550	-
<u>(7,855,000)</u>	<u>-</u>
<u>(52,002,940)</u>	<u>(9,447,049)</u>
8,347,736	3,108,126
4,161	-
<u>120,174</u>	<u>-</u>
<u>8,472,071</u>	<u>3,108,126</u>
33,829,930	(3,263,596)
<u>241,504,802</u>	<u>98,268,273</u>
<u>\$ 275,334,732</u>	<u>\$ 95,004,677</u>

PALM BEACH COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended September 30, 2011

	<u>Business-type Activities -</u>	
	Airports	Water Utilities
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (1,650,881)	\$ 10,681,228
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	26,082,101	40,213,473
Equity interest in net loss of joint ventures	-	1,076,592
Provision for doubtful accounts	6,463	8,000
Miscellaneous revenue	323,083	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	1,395,183	701,959
(Increase) decrease in due from other county funds	-	(2,301)
(Increase) decrease in due from other governments	-	567,477
(Increase) decrease in inventory	(48,871)	407,229
(Increase) decrease in other assets	126,067	1,491
Decrease in due from component unit	-	-
Increase (decrease) in vouchers payable and accrued liabilities	55,640	(1,059,511)
(Decrease) in due to other county funds	(88,207)	(166,409)
Increase (decrease) in due to other governments	-	22,420
(Decrease) in other current liabilities	(385,237)	-
(Decrease) in unearned revenue	(27,912)	-
Increase in current portion of long-term debt	-	-
Increase in customer deposits	77,227	570,297
(Decrease) in insurance claims payable	-	-
Increase in other long-term liabilities	-	-
Net cash provided by operating activities	\$ 25,864,656	\$ 53,021,945
Supplemental disclosure of noncash capital and related financing activities:		
Contribution of capital assets to Glades Utility Authority	\$ -	\$ 2,485,955
Amortization of deferred debt issuance costs	\$ 136,318	\$ 215,045
Amortization of premium on bonds	\$ 288,013	\$ 664,084
Amortization of discount on bonds	\$ -	\$ 121
Amortization of deferred advance refunding loss	\$ 704,414	\$ 122,187
Payables related to capital asset acquisition	\$ -	\$ 1,805,190
Contribution of capital assets	\$ -	\$ 4,030,080
Capitalized interest	\$ -	\$ 2,708,357

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

<u>Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
Totals	
\$ 9,030,347	\$ 5,153,307
66,295,574	8,660,194
1,076,592	-
14,463	-
323,083	1,847,079
2,097,142	(235,737)
(2,301)	1,919,910
567,477	(84,492)
358,358	(185,410)
127,558	(104,135)
-	544
(1,003,871)	(5,325,483)
(254,616)	(667,262)
22,420	(144,890)
(385,237)	-
(27,912)	-
-	24,016
647,524	-
-	(9,324,259)
-	1,608,712
<u>\$ 78,886,601</u>	<u>\$ 3,142,094</u>

<u>\$ 2,485,955</u>	<u>\$ -</u>
<u>\$ 351,363</u>	<u>\$ -</u>
<u>\$ 952,097</u>	<u>\$ -</u>
<u>\$ 121</u>	<u>\$ -</u>
<u>\$ 826,601</u>	<u>\$ -</u>
<u>\$ 1,805,190</u>	<u>\$ -</u>
<u>\$ 4,030,080</u>	<u>\$ 45,500</u>
<u>\$ 2,708,357</u>	<u>\$ -</u>

PALM BEACH COUNTY, FLORIDA
Statement of Fiduciary Net Assets - Agency Funds
September 30, 2011

	Total Agency Funds
ASSETS	
Cash and cash equivalents	\$103,623,999
Investments	45,970
Accounts receivable, net	614,066
Due from other governments	1,604,388
Other assets	325
	Total assets
	\$105,888,748
LIABILITIES	
Vouchers payable and accrued liabilities	\$ 4,998,856
Due to other governments	37,527,949
Due to individuals	63,243,870
Other liabilities	118,073
	Total liabilities
	\$105,888,748

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

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

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

Blended Component Units

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

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

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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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.

Additionally, as a result of GASB Statement No. 61, the following four component units are required to be discretely reported because: (1) The Primary Government and the Component Unit are *not* financially interdependent (i.e. there is not a relationship of potential financial benefit or burden between them), (2) Management is *not* responsible for the day-to-day operations of the component unit. (i.e. operational responsibility), and (3) The component unit's total debt outstanding is not expected to be repaid entirely or almost entirely with resources of the primary government.

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

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

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

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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 a proprietary fund type.

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

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

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

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

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

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

Related Organizations

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

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

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

Palm Beach County Health Facilities Authority – This organization was created pursuant to Part III – Chapter 154, Florida Statutes, and by Ordinance 77-379 and 77-398 adopted by the Board of County Commissioners. Members of the authority are appointed

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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.

Equity Joint Ventures

East Central Regional Wastewater Facility

In September 1992, Palm Beach County entered into a thirty-year joint inter-local agreement (the Agreement) with four municipalities for the East Central Regional Wastewater Facility (the Facility). The Facility was created to receive, treat and dispose of sewage generated within each municipality and the County. Under GAAP, the County is required to account for this joint venture using the equity method. Accordingly, the County recorded its initial investment at cost and is required to record its proportionate share of the Facility's income or loss as well as additional contributions made or distributions received. Palm Beach County's interest in the joint venture is recorded in the County's Water Utilities Enterprise Fund. As of September 30, 2010, the Facility had total assets of \$100,823,789 and total net assets of \$90,250,353 including \$69,892,127 invested in capital, net of debt, and \$11,133,733 of unrestricted net assets. September 30, 2011 amounts are expected to approximate the above figures. As of September 30, 2011, the County's investment in this joint venture is \$42.8 million.

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, 2011, Palm Beach County had a 34.29% interest. The participants and each entity's interest at September 30, 2011 are as follows:

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

PALM BEACH COUNTY, FLORIDA
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Separate financial statements for the Facility may be obtained at the following address:

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

Biosolids Processing and Recycling Facility

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

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

Since the BPF agreement does not state that the participants are to share in the profits and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture's results of operations. Rather, the investment in joint venture will be amortized using the straight line method over the twenty-year life of the agreement. The Department's 27.5% share resulted in pro rata obligations of \$8.7 million for construction costs and \$580,000 annually for operating expenses for the twenty-year period. The Department's operating costs were \$899,300 for the year ended September 30, 2011. During the fiscal year ended September 30, 2011, \$.1 million was paid to SWA by the Department for its pro rata share of the construction costs and is shown as an asset – investment in joint ventures – on the statement of net assets. As of September 30, 2011, the County's investment in the BPF is \$8.2 million.

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

Non - Equity Joint Ventures

Glades Utility Authority

On June 16, 2009, the Glades Utility Authority (GUA) was established when the BCC adopted a Resolution determining that the transfer of certain utility assets to the GUA was in the public

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

interest, as required under Section 125.3401, Florida Statutes. This transaction was accounted for by the Department as a non-exchange transaction which recognized a \$56.4 million contribution expense to other governments to reflect the \$55.7 million transfer of the Lake Region Water Treatment Plant and \$0.7 million in the Renewal & Replacement Fund for same to the GUA on October 1, 2009.

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

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

The GUA is currently experiencing operating difficulties. If they have a default on their outstanding loans, described in Note 7- Commitments under Water Utilities, the County could be subject to a call on its back-up pledge.

Separate financial statements for the GUA may be obtained by contacting the Water Utilities Department.

Sunshine State Governmental Financing Commission

The Sunshine State Governmental Financing Commission (the "Commission") was created in November 1985. As a joint venture among the member governmental units, the Commission enables a limited number of qualifying governments to participate in pooled debt financing with pricing and cost structures not normally available to governmental entities acting individually. The County has no current borrowings.

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.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

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

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

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

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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The following are definitions of the governmental fund types:

General Fund: Used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds: Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. The county uses a minimum of 50% as its definition of substantial.

Capital Projects Funds: Used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or assets that will held in trust for individuals, private organizations or other governments.

Debt Service Funds: Used for and reports financial resources that are restricted, committed or assigned to expenditures for principal and interest.

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 is subdivided into the following categories representing each of the elected officials of the County: Board of County Commissioners (BOCC), Sheriff, Clerk & Comptroller, Tax Collector, Property Appraiser and the Supervisor of Elections.

Special Revenue Funds:

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

The **Community and Social Development Special Revenue Fund** is used to account for governmental grant funds and other revenues designated for community and social services.

Capital Projects Funds:

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

The **General Government Capital Projects Fund** is used to account for costs of capital improvements not included in any other category.

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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 and the Department of Airports. These two operations are considered to be major proprietary funds of the County. Internal Service Funds are used to accumulate and allocate costs internally among the County's other functions. The County uses internal service funds to account for Fleet Management and Risk Management programs. These programs are included in the governmental activities column of the government-wide financial statements because they predominantly benefit governmental rather than business-type functions. The measurement focus is based on changes in economic resources. The three internal service funds are aggregated into a single column for presentation in the proprietary fund financial statements. The County's two 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.

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Cash and Investments

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

Deposits

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

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

Cash Equivalents

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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Investments

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

- Florida Prime Investment Pool
- Money Market Mutual Funds.

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

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

The following external investment pools are not SEC-registered:

The State Board of Administration (SBA) administers the *Florida Prime Investment Pool* (formerly known as the Local Government Surplus funds Trust Fund LGIP) and the *Fund B Surplus Funds Trust Fund (Fund B)*, both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. The Florida Prime Investment Pool is an external investment pool operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Fund B is accounted for as a fluctuating net asset value pool. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida Prime Investment Pool, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida Prime Investment Pool. The investments in the Florida Prime Investment Pool and Fund B are not insured by FDIC or any other governmental agency. Regulatory oversight of the State Board of Administration is provided by three elected officials who are accountable to the electorate: the Governor of the State of Florida, as Chairman; the Chief Financial Officer of Florida, as Treasurer; and the State Comptroller, as Secretary. External oversight of the State Board of Administration is provided by the Investment Advisory Council which reviews the investments made by the staff of the Board of

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Administration and makes recommendations to the Board regarding investment policy, strategy, and procedures. Audit oversight is provided by the Florida Auditor General's Office.

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

E. Accounts and Other Receivables

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

Assets are reported separately as 'restricted' in proprietary funds and the entity-wide statement of net assets when restrictions on asset use change the nature or normal understanding of the availability of the asset.

Consistent with this principle, the following assets are reported as restricted assets:

1. Assets that are restricted as to withdrawal or use for other than current operations.
2. Assets that are restricted for expenditure in the acquisition or construction of noncurrent assets.

**PALM BEACH COUNTY, FLORIDA
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H. Capital Assets

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

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

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

Goodwill is determined based on the difference between the acquisition price and the fair value of all assets acquired. Amortization of goodwill related to the utility system acquisition is also computed on the straight-line method. The Water Utilities Department has two items of goodwill: 1.) the goodwill resulting from the acquisition of the Village of Royal Palm Beach's Utility System is amortized over 30 years which represents the period the bonds issued to fund the acquisition will be outstanding, and 2.) the goodwill resulting from the acquisition of the Indian Trail Improvement District Utility System is amortized over 40 years.

I. 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.

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J. Deferred Debt 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 reported in the period the transaction occurs.

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 and Other Post-Employment Benefits Disclosure

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

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

N. Elimination of Internal Activity

In the government-wide Statement of Activities, interfund activity, such as transfers in and out as well as transfers within the Internal Service Funds and within the Governmental Activities category is eliminated. Interfund activity between governmental and business-type activities is

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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

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added to the budget in the proper fund. During fiscal year 2011, supplemental appropriations amounted to a net increase of \$201,821,462, or approximately 5.0% of the original budget.

5. It is unlawful for the Board to expend or contract for the expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. In addition, to comply with the above statutory requirements, the Board of County Commissioners has elected to adopt management controls and approved guidelines, which provide for the budget to be controlled at a detail level greater than the statutory level of control. This control (effective legal level) is maintained at the department or fund level. A separate detailed report providing this information is available for inspection at OFMB. Annual budgets are legally adopted for all governmental and proprietary fund types. Budgetary comparisons presented herein are on a basis consistent with GAAP.

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

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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. Operating versus Non-operating Revenue and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the County's Enterprise and Internal Service funds are charges to customers for sales and services. Operating revenues for the Enterprise Funds include water and wastewater service fees, airport fees and charges and solid waste refuse fees. For the Internal Service funds, operating revenues include charges to other departments for various maintenance, communications and insurance services. Operating expenses for the Enterprise and Internal Service Funds include costs of sales and services, administrative fees, insurance payments and depreciation. All revenues and expenses not meeting this definition are considered non-operating items.

S. Fund Balance

Fund balances are reported in classifications based on whether the amounts are non-spendable or spendable.

Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Spendable amounts are classified based on the extent to which there are external and/or internal constraints in how the fund balance amounts may be spent.

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Amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

Amounts that are constrained for specific purposes that are internally imposed by the County's highest level of decision making authority, the Board of County Commissioners (BOCC) are classified as committed fund balances. Formal action must be taken by the BOCC prior to the end of the fiscal year. The same formal action must be taken by the BOCC to remove or change the limitations placed on the funds.

Amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by County management based on the County Commission's direction.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance also includes any deficit fund balance of other governmental funds.

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

The County has not formally adopted a minimum fund balance policy.

T. Net Assets

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

Restricted net assets is that portion of net assets that has been restricted from general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. The restricted component of net assets represents restricted assets reduced by liabilities related to those assets.

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.

The entity-wide statement of net assets (government activities) reports \$595,555,856 of restricted net assets, of which \$179,561,860 is restricted by enabling legislation.

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U. 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, 2011.

For the 2009 tax roll year, the assessment roll was opened for collection on November 1, 2010, and discounts for payment prior to April 1, 2011, were determined as follows:

4%	if paid in November 2010
3%	if paid in December 2010
2%	if paid in January 2011
1%	if paid in February 2011

V. Interest Costs

Interest costs are expensed or capitalized as required by the Interest Topic 835, Subtopic 20, Section 30 "Amount of Interest to be Capitalized" of the FASB Accounting Standards Codification. Interest cost incurred by proprietary funds for the fiscal year ended September 30, 2011 amounted to \$16,592,312, of which \$2,708,357 was capitalized.

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2. CASH AND INVESTMENTS

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

At September 30, 2011 the cash and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Investments</u>
Deposits in Financial Institutions	\$ 241,098,881	\$ 224,016,191	\$ -
Cash on hand		323,735	-
Internal Investment Pool		1,397,139,017	1,387,036,845
Cash Equivalents		66,292,338	66,292,338
Fund Investments		147,277	147,277
Total		<u>\$ 1,687,918,558</u>	<u>\$ 1,453,476,460</u>

The carrying value of the internal investment pool includes cash, accrued interest receivable, and investments.

Cash and investments are reported in the financial statements as follows:

Statement of Net Assets

Primary Government

Cash, cash equivalents & investments \$ 993,139,854

Restricted cash, cash equivalents & investments 591,108,735

Statement of Fiduciary Net Assets

\$ 1,584,248,589

Agency Funds

Cash & cash equivalents \$ 103,623,999

Investments 45,970

103,669,969

\$ 1,687,918,558

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Investment Type	Fair Value	Maturity in Years		
		Less Than 2 Years	2 Year but Less Than 5 Years	5 Years but Less Than 9 Years
Investments subject to interest rate risk				
Adjustable Rate Securities	\$ 421,327,743	\$ -	\$ 393,847,858	\$ 27,479,885
Collateralized Mortgage Obligations	287,286,218	51,245,520	98,646,352	137,394,346
Mortgage Backed Securities	177,476,131	3,610,629	173,865,502	-
Callable Step Rate Bonds	165,175,938	125,132,938	40,043,000	-
Debenture Participation Certificates	139,953,899	-	31,836,078	108,117,821
Indexed Amortization Notes	53,340,779	30,629,270	22,711,509	-
Corporate Notes	37,572,760	20,906,800	-	16,665,960
Callable Bonds	34,210,799	-	34,210,799	-
Florida Local Govt Investment Trust	29,638,137	29,638,137	-	-
Foreign Government Bonds	10,000,000	10,000,000	-	-
Fund B Surplus Funds Trust Fund (SBA)	147,277	-	-	147,277
	<u>1,356,129,681</u>	<u>\$ 271,163,294</u>	<u>\$ 795,161,098</u>	<u>\$ 289,805,289</u>
Other Investments				
Money Market Mutual Funds	95,183,146			
Florida Prime Investment Pool (SBA)	<u>2,163,633</u>			
	<u>\$ 1,453,476,460</u>			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

In accordance with the County Investment Policy, the Clerk & Comptroller manages the County's internal investment pool's exposure to declines in fair values by managing overall effective duration appropriate to the risk tolerance in meeting stated objectives. The Policy states that at the time of purchase, the County's investments must have a final maturity or average life of 10 years or less.

Credit Risk

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

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Investments	Fair Value	Percentage of Total Portfolio	Standard & Poor's Investment Rating Service
U.S Government Sponsored Enterprises (GSE)	\$867,270,719	59.8%	AA+
U.S. Treasuries & Guaranteed Agencies	411,500,788	28.3%	AA+
Money Market Mutual Funds	95,183,146	6.5%	AAAm
Corporate Securities	37,572,760	2.6%	AA+
Florida Local Govt Investment Trust	29,638,137	2.0%	AAAf
Foreign Government Bonds	10,000,000	0.7%	A-1
Florida Prime Investment Pool (SBA)	2,163,633	0.1%	AAAm
Fund B Surplus Funds Trust Fund (SBA)	147,277	0.0%	Not rated
	\$1,453,476,460	100.0%	

Ratings by Moody's or Fitch were no lower then as indicated above by Standard and Poor's. Some securities were not rated by Moody's and Fitch.

In accordance with the County's Investment Policy for the internal investment pool, investments in commercial paper and bankers acceptances are limited to ratings of A-1 or P-1 or higher by Standard and Poor's and Moody's respectively. Investments in corporate securities are limited to ratings of AA or higher by Standard and Poor's and Moody's. Policy allows for the timely and appropriate disposal when an investment credit rating falls below a minimum threshold. Corporate securities are limited to no more than 20% of the investment pool's total market value, excluding commercial paper, which is limited to 25% of the total market value. No-load money market mutual funds backed by government bonds are allowable if rated in the highest rating category of a Nationally Recognized Statistical Rating Organization (NRSRO). Investments in collateralized mortgage obligations (CMO) are limited to 20% of total value of the County's internal investment pool. Investments in IO (interest only), PO (principal only), inverse floaters, other volatile CMO types, and corporate convertible securities are all prohibited. All CMO issues must pass the Federal Financial Institutions Examination Council (FFIEC) High Risk Security Test on a quarterly basis, or as specified in any Trust Indenture.

Custodial Credit Risk- Investments

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

To guard against this risk, the County's investment policy for the internal investment pool requires that all securities be insured or registered in the name of the County and held by a third party custodial institution, with capital and surplus stock of at least \$500 million and a separate

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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.

Concentration Risk

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

Investment Issuer	Fair Value	Percentage of Total
Federal National Mortgage Association (Fannie Mae)	\$ 601,821,169	41.5%
Small Business Administration	237,942,298	16.4%
Federal Home Loan Mortgage Company (Freddie Mac)	219,667,909	15.1%
Government National Mortgage Association (Ginnie Mae)	173,558,490	11.9%
Invesco AIM Institutional Money Market Fund	77,241,447	5.3%
Federal Home Loan Bank	45,781,641	3.1%
General Electric	37,572,760	2.6%
Other combined- less then 2% per issuer	30,252,609	2.1%
Florida Local Government Investment Trust (FLGIT)	29,638,137	2.0%
	\$ 1,453,476,460	100.0%

The County’s investment policy for the internal investment pool limits investments in corporate securities to 2% of total pool market value per single issuer at time of purchase.

Foreign Currency Risk:

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

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COMPONENT UNIT – Solid Waste Authority

Cash and Cash Equivalents: The bank balance and carrying value of the Authority’s cash and cash equivalents, including restricted balances, were as follows at September 30, 2011:

	2011
Bank balance of deposits with financial institutions	\$ 8,083,947
Carrying value	
Deposits with financial institutions	\$ 3,600,776
Petty cash	8,950
Money market mutual funds	211,978,434
Florida Prime Investment Pool (SBA)	208,864,291
Fund B Surplus Funds Trust Fund (SBA)	895,841
Total cash, cash equivalents, & investments	\$ 425,348,292

The deposits with financial institutions were entirely covered by a combination of federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer 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.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund B Surplus funds Trust Fund (SBA) has a weighted average maturity of 4.8 years.

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.

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 SBA Florida Prime investment pool, deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or investments that are otherwise fully collateralized or secured. The credit quality ratings of the investments held at September 30, 2011 are as follows:

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	<u>Fair Value</u>	<u>Credit Quality Ratings</u>	
		<u>S&P</u>	<u>Moody's</u>
Money market mutual funds	\$211,978,434	AAAm	Aaa
Florida Prime Investment Pool (SBA)	208,864,291	AAAm	Not Rated
Fund B Surplus Funds Trust Fund (SBA)	895,841	Not Rated	Not Rated

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 certain investments and in any one issuer, except for investments in Florida Prime, U.S. Treasury obligations and money market mutual funds which are not limited. Time and savings deposits are limited to 20% of the portfolio value, but no more than 5% per issuer. U.S. Government Agency and Instrumentality securities are limited to 40% of the portfolio value. Guaranteed investment contracts are limited to the total debt service reserve balance. Interest rate swap and repurchase agreements are generally limited to 50% of the portfolio fair value and must be fully collateralized or otherwise insured. The Authority was in compliance with these limitations at September 30, 2011 and 2010. At September 30, 2011 certain individual investments exceeded 5% of the total investment portfolio (including cash and cash equivalents) as follows:

	<u>Fair Value</u>	<u>Percentage of Total Investment Portfolio</u>
Florida State Board of Admin	\$209,760,132	49.7%
Dreyfus Government	162,605,896	38.6%
Fidelity Government	36,177,492	8.6%
Other less than 5%	13,195,046	3.1%
	<u>\$421,738,566</u>	<u>100.0%</u>

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 in accordance with the indirect cost plan. Accordingly, the reimbursement of these indirect costs in fiscal year 2011 was \$19,302,596.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

Primary Government

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 741,195,635	\$ -	\$ (1,693,600)	\$ 739,502,035
Construction In Progress	505,835,847	118,225,875	(106,132,872)	517,928,850
Total non-depreciable assets	<u>1,247,031,482</u>	<u>118,225,875</u>	<u>(107,826,472)</u>	<u>1,257,430,885</u>
Depreciable assets:				
Buildings and improvements	869,115,752	11,948,220	-	881,063,972
Improvements other than buildings	317,826,807	33,177,507	-	351,004,314
Equipment	586,410,657	60,715,927	(34,881,888)	612,244,696
Infrastructure	1,279,179,496	61,001,427	-	1,340,180,923
Total depreciable assets	<u>3,052,532,712</u>	<u>166,843,081</u>	<u>(34,881,888)</u>	<u>3,184,493,905</u>
Less accumulated depreciation for:				
Buildings and improvements	(292,918,081)	(24,210,183)	-	(317,128,264)
Improvements other than buildings	(179,851,293)	(10,162,582)	643,672	(189,370,203)
Equipment	(394,284,815)	(57,875,487)	33,636,741	(418,523,561)
Infrastructure	(990,050,711)	(27,308,368)	-	(1,017,359,079)
Total accumulated depreciation	<u>(1,857,104,900)</u>	<u>(119,556,620)</u>	<u>34,280,413</u>	<u>(1,942,381,107)</u>
Total capital assets, being depreciated, net	<u>1,195,427,812</u>	<u>47,286,461</u>	<u>(601,475)</u>	<u>1,242,112,798</u>
Total governmental capital assets, net	<u>\$2,442,459,294</u>	<u>\$ 165,512,336</u>	<u>\$(108,427,947)</u>	<u>\$ 2,499,543,683</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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	Beginning Balance (Restated)	Additions	Deductions	Ending Balance
Business-type Activities:				
Non-depreciable assets:				
Land	\$ 112,034,808	\$ 1,997,764	\$ (720)	\$ 114,031,852
Construction In Progress	57,876,534	38,458,594	(65,717,317)	30,617,811
Total non-depreciable assets	<u>169,911,342</u>	<u>40,456,358</u>	<u>(65,718,037)</u>	<u>144,649,663</u>
Depreciable assets:				
Buildings and improvements	448,677,841	3,777,420	(168,918)	452,286,343
Improvements other than buildings	1,314,258,347	64,241,726	(5,666,151)	1,372,833,922
Equipment	107,439,215	2,012,945	(2,958,485)	106,493,675
Intangible - easement rights	15,415,813	-	-	15,415,813
Leasehold interest	12,411,525	-	-	12,411,525
Goodwill	7,131,703	-	(215,800)	6,915,903
Total depreciable assets	<u>1,905,334,444</u>	<u>70,032,091</u>	<u>(9,009,354)</u>	<u>1,966,357,181</u>
Less accumulated depreciation for:				
Buildings and improvements	(184,969,466)	(17,317,803)	165,121	(202,122,148)
Improvements other than buildings	(515,317,444)	(37,210,810)	2,838,631	(549,689,623)
Equipment	(73,497,512)	(8,982,338)	2,955,805	(79,524,045)
Intangible - easement rights	(3,159,296)	(343,874)	-	(3,503,170)
Leasehold interest	(5,362,423)	(1,267,748)	-	(6,630,171)
Goodwill	(892,362)	(203,891)	-	(1,096,253)
Total accumulated depreciation	<u>(783,198,503)</u>	<u>(65,326,464)</u>	<u>5,959,557</u>	<u>(842,565,410)</u>
Total capital assets, being depreciated, net	<u>1,122,135,941</u>	<u>4,705,627</u>	<u>(3,049,797)</u>	<u>1,123,791,771</u>
Total business-type capital assets, net	<u>\$ 1,292,047,283</u>	<u>\$ 45,161,985</u>	<u>\$ (68,767,834)</u>	<u>\$ 1,268,441,434</u>

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

Governmental Activities:

General government	\$ 19,596,536
Public safety	33,816,175
Physical environment	1,104,404
Transportation	36,631,263
Economic environment	364,044
Human services	1,627,884
Culture and recreation	17,745,620
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their usage of the assets.	<u>8,670,694</u>
Total depreciation expense - governmental activities	<u>\$119,556,620</u>

Business-type activities:

Department of Airports	\$ 26,082,101
Water Utilities Department	<u>39,244,363</u>
Total depreciation expense-business-type activities	<u>\$ 65,326,464</u>

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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COMPONENT UNIT – Solid Waste Authority

A summary of changes in capital assets for the Solid Waste Authority follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Non-depreciable assets:				
Land	\$ 50,626,126	\$ -	\$ -	\$ 50,626,126
Construction In Progress	232,262,765	108,505,667	(50,915,178)	289,853,254
Total non-depreciable assets	<u>282,888,891</u>	<u>108,505,667</u>	<u>(50,915,178)</u>	<u>340,479,380</u>
Depreciable assets:				
Buildings and improvements	293,646,082	47,152,036	-	340,798,118
Improvements other than buildings	96,370,182	11,545,168	(1,451,484)	106,463,866
Equipment	180,955,582	10,199,565	(5,118,633)	186,036,514
Total depreciable assets	<u>570,971,846</u>	<u>68,896,769</u>	<u>(6,570,117)</u>	<u>633,298,498</u>
Less accumulated depreciation for:				
Buildings and improvements	(121,865,866)	(11,608,143)	521	(133,473,488)
Improvements other than buildings	(37,919,840)	(3,574,267)	-	(41,494,107)
Equipment	(110,745,601)	(13,993,916)	4,984,601	(119,754,916)
Total accumulated depreciation	<u>(270,531,307)</u>	<u>(29,176,326)</u>	<u>4,985,122</u>	<u>(294,722,511)</u>
Total capital assets, being depreciated, net	<u>300,440,539</u>	<u>39,720,443</u>	<u>(1,584,995)</u>	<u>338,575,987</u>
Total component unit capital assets, net	<u>\$ 583,329,430</u>	<u>\$ 148,226,110</u>	<u>\$ (52,500,173)</u>	<u>\$ 679,055,367</u>

5. INTERFUND TRANSFERS IN AND OUT

Interfund transfers in and out during fiscal year 2011 were as follows:

Interfund Transfers In	Interfund Transfers Out	Amount
Governmental Funds:		
Major Governmental Funds		
General Fund	Palm Tran Special Revenue Fund	\$ 956,456
	Law Enforcement Grants Special Revenue Fund	5,829,656
	Community & Social Development Special Revenue Fund	16,436
	Other Special Revenue Fund	2,002,810
	Criminal Justice Capital Projects	3,612,349
	General Government Capital Projects	6,712,401
	Parks & Recreation Capital Projects	718,911
		<u>19,849,019</u>
Fire Rescue Special Revenue Fund	General Fund	6,607,803
	Community & Social Development Special Revenue Fund	65,625
	Other Special Revenue Fund	285,125
		<u>6,958,553</u>

**PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

Interfund Transfers In	Interfund Transfers Out	Amount
Community & Social Development Special Revenue Fund	General Fund	13,293,996
	Other Special Revenue Fund	13,081
	Road Program Capital Projects	<u>65,032</u>
		<u>13,372,109</u>
Road Program Capital Projects	General Fund	750,000
	County Transportation Trust Special Revenue Fund	<u>64,000</u>
		<u>814,000</u>
General Government Capital Projects	General Fund	6,010,407
	Fire Rescue Special Revenue Fund	245,247
	County Transportation Trust Special Revenue Fund	35,519
	Municipal Service Taxing District Special Revenue Fund	12,685
	Library Taxing District Special Revenue Fund	9,937
	Community & Social Development Special Revenue Fund	6,348,116
	Palm Tran Special Revenue Fund	1,676,668
	Other Special Revenue Fund	644,540
	Road Program Capital Projects	15,615,000
	Airports	37,633
	Fleet Management	<u>7,611</u>
	<u>30,643,363</u>	
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds		
Law Enforcement Grants Special Revenue Fund	General Fund	\$ 132,052
	Other Special Revenue Fund	<u>307,755</u>
		<u>439,807</u>
County Transportation Trust Special Revenue Fund	General Fund	3,079,915
	Road Program Capital Projects	8,897,218
	Street & Drainage Capital Projects	<u>1,000,000</u>
		<u>12,977,133</u>
Affordable Housing Trust Fund (SHIP) Special Revenue Fund	General Fund	<u>141,520</u>
Palm Tran Special Revenue Fund	General Fund	15,514,940
	Community & Social Development Special Revenue Fund	<u>95,213</u>
		<u>15,610,153</u>
Other Special Revenue Fund	General Fund	1,934,501
	Law Enforcement Grants Special Revenue Fund	<u>119,111</u>
		<u>2,053,612</u>
Nonmajor Debt Service Funds		
General Obligation Bonds Debt Service Funds	General Fund	129,219
	Revenue Bonds Debt Service Fund	32,159
	Environmental Lands Capital Projects	<u>2,344</u>
	<u>163,722</u>	

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Interfund Transfers In	Interfund Transfers Out	Amount
Revenue Bonds Debt Service Fund	General Fund	80,307,804
	Tourist Development Special Revenue Fund	7,394,157
	Other Special Revenue Fund	712,584
	Other Financing Debt Service	441,688
	General Government Capital Projects	5,169,095
	Road Program Capital Projects	<u>908,157</u>
		<u>94,933,485</u>
Other Financing Debt Service	General Fund	693,268
	Environmental Lands Capital Projects	<u>29,580</u>
		<u>722,848</u>
Nonmajor Capital Projects Funds		
Environmental Lands Capital Projects	General Fund	250,000
	Tourist Development Special Revenue Fund	1,587,343
	Other Special Revenue Fund	<u>1,559,650</u>
		<u>3,396,993</u>
Parks & Recreation Capital Projects	General Government Capital Projects	737,654
	Combined Insurance Fund	<u>59,156</u>
		<u>796,810</u>
Total Nonmajor Governmental Funds		<u>\$ 131,236,083</u>
Proprietary Funds:		
Major Enterprise Funds		
Water Utilities	Community & Social Development Special Revenue Fund	<u>\$ 71,875</u>
Total Interfund Transfers Primary Government		<u><u>\$ 202,945,002</u></u>

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

In 2011, the County transferred land with a book value of \$1,693,600 from the governmental activities to the business-type activities. This item is recorded as a capital contribution in the Airport fund financial statements and a transfer in the statement of activities.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

6. RETIREMENT PLANS

FLORIDA RETIREMENT SYSTEM

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

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

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

Members enrolled in the FRS Pension Plan and actively employed on July 1, 2001, or first enrolled between July 1, 2001 and June 30, 2011, will be vested, or eligible to receive future benefits after 6 years of creditable service. Participants first enrolled on or after July 1, 2011 will be vested, or eligible to receive future benefits after 8 years of creditable service. Benefits are based on age, average final compensation and years-of-service credit. For members initially enrolled in the FRS before July 1, 2011, average final compensation is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of salary earned during covered employment. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. For members initially enrolled in the FRS before July 1, 2011, 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. For members initially enrolled in the FRS on or after July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 65 or if they have 35 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 a stated effective annual rate. For members who entered DROP prior to July 1, 2011, the rate is 6.5%. For members who enter DROP on or after July 1,

**PALM BEACH COUNTY, FLORIDA
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2011, the rate is 1.3%. 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/employee 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 are established and may be amended by the Florida Legislature. The County's contributions to FRS for the years ended September 30, 2011, 2010, and 2009 were \$93.5 million, \$100.5 million, and \$97.4 million, respectively, equal to the required contributions for each year. As of the fiscal year ending September 30, 2011, the Solid Waste Authority is considered a Component Unit rather than a part of the Primary Government. As a result, the prior-year contributions have been restated to reflect this change.

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, 2011:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular	3.00%	4.91%
Special Risk	3.00%	14.10%
Judges	3.00%	11.69%
Legislators	3.00%	9.04%
Governor/Lieutenant Governor/Cabinet	3.00%	9.04%
State Attorney/Public Defender	3.00%	9.04%
County, City, Special District Elected Officers	3.00%	11.14%
Special Risk Administrative Support	3.00%	6.04%
IFAS Supplemental	0.00%	18.75%
Senior Management	3.00%	6.27%
Deferred Retirement Option Program	N/A	4.42%

**PALM BEACH COUNTY, FLORIDA
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PALM TRAN, INC. – DEFINED BENEFIT PLAN

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

Funding Policy – The contribution requirements of plan members and Palm Tran, Inc. are established by the Pension Trust Agreement and may be amended by the Board. Plan members are required to contribute 2.5% of their annual covered payroll. Palm Tran, Inc. is required to contribute 15.7% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation – Per the actuarial valuation, the annual pension cost and net pension obligation as of September 30, 2011 were as follows:

Annual required contribution (ARC)	\$ 8,218,532
Interest on net pension obligation	217,510
Adjustment to ARC	153,435
Annual pension cost	<u>8,589,477</u>
Contributions made	<u>(3,294,481)</u>
Increase (decrease) in net pension obligation	5,294,996
Net pension obligation beginning of year	2,718,873
Net pension obligation end of year	<u><u>\$ 8,013,869</u></u>

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/09	\$3,527,501	93%	\$ 252,006
09/30/10	5,769,760	58	2,718,873
09/30/11	8,589,477	40	8,013,869

Funded Status and Funding Progress – As of January 1, 2011, the most recent actuarial valuation date, the plan was 65.2% funded. The actuarial accrued liability for benefits was \$83.6 million, and the actuarial value of assets was \$54.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$29.1 million. The covered payroll (annual payroll of

PALM BEACH COUNTY, FLORIDA
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active employees covered by the plan) was \$25.5 million, and the ratio of the UAAL to the covered payroll was 114.0%.

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

Actuarial Methods and Assumptions – In the January 1, 2011 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases ranging from 5.0% to 12.5% per year. Both (a) and (b) included an inflation component of 4.0% with no cost-of-living adjustments. The projection of benefits for financial accounting purposes does not explicitly incorporate the potential effects of the 15.7% limitation on Palm Tran’s contribution rate disclosed above under “Funding Policy”. The actuarial value of assets was determined using the 5-year Smoothed Market asset valuation method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2011 was 30 years.

LANTANA FIREFIGHTER’S – DEFINED BENEFIT/CONTRIBUTION PLAN

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

Funding Policy – (a) Plan members are required to contribute 10% of their salary to the Plan. Of this, 2% is allocated to the defined benefit portion of the Plan and 8% is allocated to the defined contribution portion. (b) Pursuant to Chapter 175, Florida Statutes, the Town imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within its corporate limits. 100% of the net proceeds of this 1.85% excise tax are allocated to the defined benefit portion of the Plan. (c) Because the County is ultimately responsible for the actuarial soundness of the Plan, the County must contribute an amount determined by the Trustees, in conjunction with the Plan’s actuary, to be sufficient, along with the employees’ contributions and the proceeds from the insurance tax, described above, to fund the defined benefits under the Plan. The current rate is 62.52% of annual covered payroll.

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Annual Pension Cost and Net Pension Obligation – Per the actuarial valuation, the annual pension cost and net pension obligation as of September 30, 2011 were as follows:

Annual required contribution (ARC)	\$ 1,430,327
Interest on net pension obligation	2,760
Adjustment to ARC	4,240
Annual pension cost	1,437,327
Contributions made	(1,430,327)
Increase (decrease) in net pension obligation	7,000
Net pension obligation beginning of year	34,505
Net pension obligation end of year	\$ 41,505

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/09	\$1,472,690	100%	\$ -
09/30/10	1,432,225	98	34,505
09/30/11	1,437,327	100	41,505

Funded Status and Funding Progress – As of September 30, 2010, the most recent actuarial valuation date, the plan was 78.2% funded. The actuarial accrued liability for benefits was \$24.7 million, and the actuarial value of assets was \$19.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.2 million, and the ratio of the UAAL to the covered payroll was 249.1%.

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

Actuarial Methods and Assumptions – In the September 30, 2010 actuarial valuation, the Individual Entry Age actuarial cost method was used. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 7.0% per year compounded annually, and (c) the assumption that benefits will not increase after retirement. Both (a) and (b) included an inflation component of 5.0%. The actuarial value of assets was determined using the 5-year Smoothed Market asset valuation method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2010 was 15 years.

OTHER PENSION PAYMENTS

The County entered into agreements with the City of Lake Worth (City) for law enforcement services, effective October 1, 2008, and fire rescue services, effective October 1, 2009. Employees of the City who became County employees had the choice to remain in the

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appropriate City sponsored retirement plan or to become a member of the Florida Retirement System (FRS). The County contributes to the City sponsored plans the equivalent amount that would be required by FRS. The County's contributions for employees who elected to remain with the City sponsored plans were \$895,753 for the year ended September 30, 2011.

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

COMPONENT UNIT – Solid Waste Authority (SWA)

Like the Primary Government, the SWA also participates in the Florida Retirement System (FRS), a contributory, cost-sharing, multi-employer, public employee retirement system administered by the Florida Department of Management Services, Division of Retirement.

The contribution requirements for plan members and participating governments are established by State statute. The SWA's contributions to the FRS for the years ended September 30, 2011, 2010 and 2009 were \$2,041,721, \$2,321,416 and \$2,227,194, respectively, and were equal to the required contributions for each year.

7. COMMITMENTS

Outstanding Purchase Orders and Contracts

Purchase orders and contracts (including construction contracts) had been executed, but goods and services were not received in the amounts shown below as of September 30, 2011:

<u>Fund</u>	<u>Amount</u>
Capital Projects Funds	\$ 100,723,838
Special Revenue Funds	31,686,460
Department of Water Utilities	16,841,000
Department of Airports	12,668,223
General Fund	1,367,567
Internal Service Funds	986,970
Tax Collector	200,314
Property Appraiser	142,124
Clerk & Comptroller	52,661
Total	<u><u>\$ 164,669,157</u></u>

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

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Water Utilities

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

On June 16, 2009, the Glades Utility Authority (GUA) was established when the BOCC: A) adopted a Resolution determining that the transfer of certain utility assets to the GUA is in the public interest, as required under Section 125.3401, Florida Statutes; B) approved an Interlocal Agreement with the Cities of Belle Glade, Pahokee, and South Bay (Cities) for the establishment of the GUA pursuant to Chapter 163, Florida Statutes; and C) approved a Transition Agreement with the Cities.

As part of the formation of the GUA, the County agreed to provide a backup pledge on some of the debt which was being acquired and refinanced by the GUA. Through this backup pledge the County has become obligated in some manner for the debt of the GUA. However, the County has no equity interest in the GUA and as such this entity is reported as a Non-Equity Joint Venture of the County.

The existing State Revolving Fund loans of the Cities which were assumed by the GUA were restructured for a 30-year term with the first 5 years interest only with an interest rate not exceeding 4.5%. The agreement commits the County as a backup pledge for the restructured debt. The balance of the various State Revolving Fund loans at September 30, 2011 is \$93 million. In addition, the GUA received a \$9.3 million bank loan with level principal and interest payments for a 10-year term with interest at 4.48%. The agreement commits the County as a backup pledge for the debt. The balance of the bank loan at September 30, 2011 is \$8.6 million.

Termination Benefits

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

Current Year Plan:

On March 3, 2011 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by April 29, 2011. For fiscal year 2011, the cost of providing those benefits for ninety voluntary terminations was approximately \$2.9 million. The

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liability for the accrued healthcare cost at September 30, 2011 was \$1.8 million with \$670,000 estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium. The value of the severance pay was \$1.1 million including payroll taxes.

Prior Year Plans:

On July 21, 2009 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by August 21, 2009. The liability for the accrued healthcare cost at September 30, 2011 was \$487,800 which is estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium.

On January 15, 2010 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by February 26, 2010. The liability for the accrued healthcare cost at September 30, 2011 was \$344,900 with \$229,300 estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium.

On June 28, 2010 the County offered eligible employees up to eight weeks of severance pay and the right to continue their healthcare insurance at the employee rate for up to three years if they agreed to voluntarily terminate employment by July 30, 2010. The liability for the accrued healthcare cost at September 30, 2011 was \$755,500 with \$408,000 estimated to be paid within one year. The healthcare cost benefit was valued using the unadjusted cost of the blended premium.

County Home

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

Max Planck

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

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sublease is a condition to the disbursement of the grant funds. The current fiscal year expense was \$35 million, and as of September 30, 2011 the County has paid \$41.7 million towards this commitment.

Tri-County Commuter Rail Authority

Pursuant to Chapter 343 of the Florida Statutes, the South Florida Regional Transportation Authority (SFRTA) was created and established as an agency of the State to own, operate, maintain, and manage a transit system in the tri-county area of Miami-Dade, Broward, and Palm Beach Counties.

A state-authorized, local option recurring funding source available to the tri-counties is directed to SFRTA to fund its capital, operating, and maintenance expenses if the counties dedicate and transfer annually not less than \$2.67 million. In addition, each county shall continue to annually fund the operations of SFRTA in an amount not less than \$1.565 million. The total annual commitment for Palm Beach County is \$4.235 million.

COMPONENT UNIT - Solid Waste Authority (SWA)

Contract Commitments: SWA has several uncompleted construction contracts for improvements to the solid waste system. The construction is being funded primarily from existing capital improvement funds and bond proceeds. At September 30, 2011 the uncompleted contracts are summarized as follows:

	<u>Contract Amount</u>	<u>Approved Payments</u>	<u>Retainage Payable</u>	<u>Remaining Contract Commitment</u>
Subordinated Indebtedness				
Account	\$ 8,419,937	\$ 1,469,821	\$ 147,521	\$ 6,802,595
Bond Funds	<u>796,946,777</u>	<u>151,549,236</u>	<u>3,566,313</u>	<u>641,831,228</u>
	<u>\$805,366,714</u>	<u>\$153,019,057</u>	<u>\$ 3,713,834</u>	<u>\$648,633,823</u>

In addition to the construction contract commitments, SWA also had outstanding purchase commitments for various equipment, goods and services totaling approximately \$4.3 million at September 30, 2011.

Interlocal Agreement: SWA entered into an interlocal agreement with Palm Beach County to provide funding for a hazardous materials emergency response team to provide regional hazardous materials investigation and mitigation services through the year ended September 30, 2007. The agreement was renewed on October 1, 2007 for an additional five year term through the fiscal year ending September 30, 2012.

SWA paid \$1,774,150 for 2011. SWA is required to pay \$1,826,683 under this agreement for the fiscal year ended September 30, 2012.

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Lease Commitments: SWA owns approximately 1,600 acres of farmland in western Palm Beach County, which is held as a replacement waste disposal site. SWA has an operating lease expiring in 2014 with the former owner to maintain and continue farming the property. The lease provides for annual rental payments to SWA adjusted each year based on the change in the producer price index for raw cane sugar, provided that the total annual rent shall not exceed \$450,000. Rental income from this lease for the year ended September 30, 2011 was approximately \$307,000. The carrying value of the land subject to the lease was approximately \$8 million at September 30, 2011. The lease also provides the option to extend the term for five additional periods of four years (through 2030), each under the same terms and conditions. SWA retains the right to terminate the lease, in part, for areas designated for landfill development by SWA after the initial lease term. Management expects the operating lease to be renewed until the property is utilized for its intended purpose as a replacement waste disposal site.

SWA leases the current site of the Delray Beach transfer station from the City of Delray Beach under a 20 year operating lease expiring September 30, 2020 with an option to renew for an additional 20 years under the existing terms. The lease provides for annual rental payments increased by the annual change in the consumer price index. Rent expense for the year ended September 30, 2011 was approximately \$133,000. The minimum future rental payments, based on an annual increase of 3 percent, under this operating lease at September 30, 2011 were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2012	\$ 137,039
2013	141,150
2014	145,385
2015	149,746
2016	154,239
2017-2020	<u>664,636</u>
	<u>\$ 1,392,195</u>

Landfill Closure and Postclosure Care Costs

The SWA operated one active landfill site for the year ended September 30, 2011. 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

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postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date.

Landfill closure and postclosure care liabilities at September 30, 2011 are as follows:

Accrued closure and postclosure care costs	\$ 33,693,292
Accrued postclosure care for closed landfills	4,841,382
Total Accrued Landfill Closure Costs	\$ 38,534,674

The \$33,693,292 of accrued closure and postclosure care liabilities at September 30, 2011 represents the cumulative cost based on the use of 38.3 percent of the estimated capacity of the operating landfill. The SWA will recognize the remaining estimated cost of closure and postclosure care of approximately \$64.9 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 2011. Based on current demographic information and engineering estimates of landfill consumption, the SWA expects to close the landfill in approximately 2047. 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, 2011 assets of \$31,586,181 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, 2011, the statutorily required escrow account balances were as follows:

Site	September 30, 2011
Site 7 closure costs	\$ 21,566,868
Dyer landfill long-term care	322,759
	\$ 21,889,627

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

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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, 2011, 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.

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, 2011, 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. The County self-funds its Property and Liability exposures up to the amounts of \$1,000,000 for Property and \$500,000 for Liability. In addition, the County purchases a portfolio of excess insurance policies for both Property and Liability as well as numerous smaller policies for areas that are typically excluded in a standard policy or are specialized in nature. Prior to October 1, 2011, liability exposures were limited to \$100,000 per person and \$200,000 per occurrence under Florida's sovereign immunity statute 768.28. Due to recent amendments to 768.28, those statutory limits will increase to \$200,000 per person and \$300,000 per occurrence for incidents taking place on or after October 1, 2011. The insurance program covers the Board of County Commissioners, the Supervisor of Elections, and the Tax Collector. In addition, the Property Appraiser participates in a small portion of the program as outlined in the Self Insured Retention Program.

Participants in the program 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 and to establish an additional liability for claims incurred but not reported. The claims liability reported in this fund at September 30, 2011 is \$3,819,171. During claim years 2011 and 2010, changes recorded to the claims liability for property and liability insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2010	\$7,118,000	\$610,000	(\$744,000)	\$6,984,000
2011	6,984,000	(530,245)	(2,634,584)	3,819,171

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Workers' Compensation Insurance

The County self-funds its workers' compensation exposure. The fund is professionally administered by a third party claims administrator. 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 manages his own program using a third party administrator. Under the County's Self-Insurance Program, the Workers' Compensation Fund provides full coverage pursuant to Florida Statute 440. The County purchases excess coverage for losses above the self-insured retention limit of \$1,000,000, for each workers' compensation occurrence.

Participants in the program 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 and to establish an additional liability for claims incurred but not reported. The claims liability reported in this fund at September 30, 2011 is \$45,395,975. During claim years 2011 and 2010, changes recorded to the claims liability for workers' compensation insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2010	\$43,671,000	\$11,257,000	(\$5,583,000)	\$49,345,000
2011	49,345,000	5,175,423	(9,124,448)	45,395,975

Employee Group Health Insurance

The County provides health insurance for its employees, retirees, and eligible dependents. The County has a \$550,000 specific excess insurance policy to protect the County against catastrophic health claims. The Health Insurance Fund covers all employees of the Board of County Commissioners and the Supervisor of Elections.

Participants in the program 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 and to establish an additional liability for claims incurred but not reported. The claims liability reported in the fund at September 30, 2011 is \$4,227,245. During claim years 2011 and 2010, changes recorded to the claims liability for employee health insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2010	\$3,746,517	\$57,125,005	(\$56,292,340)	\$4,579,182
2011	4,579,182	55,942,224	(56,294,161)	4,227,245

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SHERIFF

The Sheriff's Office maintains a general liability self-insurance program, a workers' compensation self-insurance program and a commercially insured employee health insurance program which record current activity in the Sheriff's General fund and an obligation in the government-wide financial statements. 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, 2011 is \$12,785,926. 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 2011 and 2010, changes recorded to the claims liability for general liability were as follows:

<u>Fiscal Year</u>	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2010	\$12,869,451	\$5,235,286	(\$5,294,166)	\$12,810,571
2011	12,810,571	3,828,633	(3,853,278)	12,785,926

Workers' Compensation Insurance

The Sheriff's office is self-funded for its workers' compensation exposure. The claims liability reported at September 30, 2011 is \$20,319,633. 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 2011 and 2010, changes recorded to the claims liability for workers' compensation were as follows:

<u>Fiscal Year</u>	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2010	\$20,215,841	\$9,747,690	(\$6,748,218)	\$23,215,313
2011	23,215,313	3,695,870	(6,591,550)	20,319,633

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Employee Group Health Insurance

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

CLERK & COMPTROLLER

Employee Group Health Insurance

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

During claim years 2011 and 2010, changes recorded to the claims liability for health insurance were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2010	\$817,000	\$7,401,276	(\$7,412,276)	\$806,000
2011	806,000	7,553,113	(7,617,113)	742,000

TAX COLLECTOR

Employee Group Health and Dental Insurance

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

PROPERTY APPRAISER

Employee Group Health and Dental Insurance

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

COMPONENT UNIT - 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 \$597 million, subject to various policy sub-limits, generally ranging from \$1 million to \$100 million and deductibles ranging from \$50,000 to \$1 million per occurrence. The SWA also purchases commercial insurance for general liability claims with

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coverage up to \$5 million per occurrence and \$5 million aggregate, with excess liability coverage of \$45 million, all subject to various deductibles up to \$50,000 per occurrence. General liability claims are limited by the Florida constitutional doctrine of sovereign immunity to \$100,000 per claim and \$200,000 per occurrence unless a higher claim is approved by the Florida Legislature.

The SWA purchases commercial insurance for workers' compensation benefits with a \$1,000,000 per occurrence and per employee policy limit, subject to a deductible of \$250,000 per occurrence and per claim, up to a maximum of approximately \$1.5 million for 2011. 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, 2011 and 2010 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2010	\$448,000	\$195,749	(\$195,749)	\$448,000
2011	448,000	347,973	(347,973)	448,000

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

9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Overview

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

A. Healthcare Plans:

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

B. Long Term Disability Plan:

1. Fire Rescue Taxing District

Healthcare Benefits Provided to Retirees

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

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

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

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

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

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

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

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the premium cost applicable to active employees which results in an implicit subsidy as defined by GASB 45.

At September 30, 2011 retirees receiving benefits contributed the following monthly premiums:

	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union
Monthly Minimum	\$ 549	\$ 662	\$ 572	\$ 551	\$ 489	\$ 147
Monthly Maximum	4,177	2,176	1,605	1,982	2,292	509

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

In accordance with the Fire Rescue Collective Bargaining Agreement, the plan provides a post-retirement health insurance benefit. The Retirees must meet retirement eligibility criteria in order to be eligible for the full benefit. For employees who retired before September 27, 2005, the subsidy is a monthly benefit of \$75 plus \$12 per year of service. Unless otherwise precluded, employees retiring on or after September 27, 2005, the subsidy is a monthly benefit of \$140 plus \$17 per year of service. This subsidy is payable for life and is assumed to remain fixed in the future. Employees who retire with at least ten years of service but before attaining normal retirement eligibility are eligible for a reduction to this benefit in the amount of 6% for each year between their age of retirement and age 55. This reduction remains fixed in the future.

Under the Sheriff’s Plan, employees who retire after six or eight years of service, depending upon date of employment, may elect to retain coverage for medical and dental insurance under the Sheriff’s group plans. Eligible employees leaving the agency in good standing and electing to retain group health insurance receive a monthly, prorated health insurance benefit of \$16 per month per year of service rendered to the Sheriff. If the election is not made at separation, retirees are not eligible to receive the benefit at a later date. Premium cost over and above the subsidy amount is the sole responsibility of the retiree. The subsidy terminates upon death of the retiree or when the retiree discontinues coverage under the Sheriff’s Plan. Some retirees and eligible family members receive additional subsidies based primarily on position and circumstances.

OPEB Cost and Net OPEB Obligation: The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2011:

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	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union
Annual required contribution (ARC)	\$ 1,155,000	\$ 148,657	\$ 38,682	\$ 429,000	\$ 18,890,000	\$ 9,752,000
Interest on net OPEB obligation	27,000	24,668	4,924	6,000	1,800,000	720,000
Adjustment to annually required contribution	(23,000)	(19,910)	(3,959)	(5,000)	(1,440,000)	(579,000)
Annual OPEB cost	1,159,000	153,415	39,647	430,000	19,250,000	9,893,000
Contributions made	(2,185,011)	-	-	(391,516)	(5,130,000)	(4,728,538)
Increase in net OPEB obligation	(1,026,011)	153,415	39,647	38,484	14,120,000	5,164,462
Net OPEB obligation-beginning of year	598,206	493,357	98,471	134,482	36,000,000	13,848,359
Net OPEB obligation (asset) - end of year	\$ (427,805)	\$ 646,772	\$ 138,118	\$ 172,966	\$ 50,120,000	\$ 19,012,821

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Liability (Asset)
County			
9/30/2009	\$ 1,273,000	85.0 %	\$ 511,147
9/30/2010	1,205,000	92.8	598,206
9/30/2011	1,159,000	188.5	(427,805)
Tax Collector			
9/30/2009	\$ 171,075	0.0 %	\$ 341,054
9/30/2010	152,303	0.0	493,357
9/30/2011	153,415	0.0	646,772
Property Appraiser			
9/30/2009	\$ 30,512	0.0 %	\$ 60,074
9/30/2010	38,397	0.0	98,471
9/30/2011	39,647	0.0	138,118
Clerk & Comptroller			
9/30/2009	\$ 522,000	95.2 %	\$ 102,958
9/30/2010	413,000	92.4	134,482
9/30/2011	430,000	91.1	172,966
Sheriff			
9/30/2009	\$ 16,200,000	29.0 %	\$ 22,500,000
9/30/2010	18,000,000	25.0	36,000,000
9/30/2011	19,250,000	26.6	50,120,000
Fire Rescue Union			
9/30/2009	\$ 12,288,000	34.2 %	\$ 5,432,098
9/30/2010	12,974,000	35.1	13,848,359
9/30/2011	9,893,000	47.8	19,012,821

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

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	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union
Actuarial accrued liability (AAL)	\$ 14,760,000	\$ 1,208,095	\$ 348,156	\$ 5,202,000	\$ 190,600,000	\$ 129,760,000
Actuarial value of plan asset	-	-	-	-	-	23,359,477
Unfunded actuarial accrued liability (UAAL)	\$ 14,760,000	\$ 1,208,095	\$ 348,156	\$ 5,202,000	\$ 190,600,000	\$ 106,400,523
Funded ratio (actuarial value of plan / AAL)	0.0%	0.0%	0.0%	0.0%	0.0%	18.0%
Covered payroll (active plan members)	\$ 253,793,723	\$ 10,945,091	\$ 14,286,192	\$ 27,580,451	\$ 269,750,942	\$ 132,643,996
UAAL as a percentage of covered payroll	5.8%	11.0%	2.4%	18.9%	70.7%	80.2%

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

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

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	County	Tax Collector	Property Appraiser	Clerk & Comptroller	Sheriff	Fire Rescue Union
Actuarial valuation date	10/1/2009	10/1/2009	10/1/2009	10/1/2009	1/1/2010	10/1/2010
Actuarial cost method	Projected Unit credit actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method	Projected Unit credit actuarial cost method	Projected Unit credit actuarial cost method	Projected Unit credit actuarial cost method
Actuarial amortization method	Level percentage of projected payroll on open basis	Level percentage of projected payroll on closed basis	Level percentage of projected payroll on closed basis	Level percentage of projected payroll on open basis	Level percentage of projected payroll on open basis	Level percentage of projected payroll on open basis
Remaining amortization period	30 yrs- Open	30 yrs- Closed	30 yrs- Closed	30 yrs- Open	30 yrs- Open	30 yrs- Open
Asset valuation method	na	na	na	na	na	na
Actuarial assumptions						
Investment rate of return	4.5%	5.0%	5.0%	4.5%	5.0%	5.2%
Projected salary increases	3.5%	4.0%	4.0%	3.5%	4.0%	3.5%
Healthcare inflation rate-initial	11.0%	8.0%	8.0%	11.0%	6.9%	10.0%
Healthcare trend rate-ultimate	5.0%	5.0%	5.0%	5.0%	4.7%	5.0%

Long Term Disability Benefits Provided to Retirees

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

Funding Policy: The contribution requirements of plan members and Palm Beach County are established and may be amended by collective bargaining between Palm Beach County and the Professional Firefighters/Paramedics of Palm Beach County, Local 2928, IAFF, Inc. The plan is funded by the County based on an annually required contribution calculated by an actuary. The earmarked funding, related earnings, expenditures and administrative costs are recorded in a special revenue fund.

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

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Annual required contribution	\$ 880,160
Interest on net OPEB obligation	3,276
Adjustment to annual required contribution	(4,083)
Annual OPEB cost (expense)	879,353
Contributions made	(706,196)
Increase in net OPEB obligation	173,157
Net OPEB obligation (asset)- beginning of year	(81,992)
Net OPEB obligation (asset)- end of year	\$ 91,165

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
9/30/2009	\$ 672,745	98.2%	\$ (208,367)
9/30/2010	798,989	84.2%	(81,992)
9/30/2011	879,353	80.3%	91,165

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

Actuarial accrued liability (AAL)	\$ 11,172,901
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 11,172,901
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$132,643,996
UAAL as a percentage of covered payroll	8.4%

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

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of

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sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2010
Actuarial cost method	Entry age normal actuarial cost method
Amortization method	Level Percentage of Projected Payroll on Open Basis
Remaining amortization period	30 years- open
Asset valuation method	na
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	4.0%
Cost of living adjustments	None

COMPONENT UNIT - Solid Waste Authority (SWA)

Plan Description: Effective January 1, 2009, the SWA established a single-employer defined benefit healthcare plan to provide benefits to its eligible retired employees and their beneficiaries (the “Plan”). The Plan is administered by the SWA’s Board, which also has the authority to establish and amend premiums for and the benefit provisions of the Plan. The Plan is financed on a “pay-as-you-go” basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

Funding Policy: The contribution requirements of Plan members and the SWA are established and may be amended by the SWA’s Board. The SWA is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$643 to a maximum of \$1,881.

Annual OPEB Cost and Net OPEB Obligation: The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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The SWA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for the year ended September 30, 2011 was as follows:

	2011
Annual required contribution	\$ 75,000
Interest on net OPEB obligation	21,000
Adjustment to annual required contribution	(16,000)
Annual OPEB cost	80,000
Contributions made	(99,470)
Increase (decrease) in net OPEB obligation	(19,470)
Net OPEB obligation, beginning of year	347,029
Net OPEB obligation, end of year	\$ 327,559

The year ended September 30, 2008 was the year of implementation of GASB 45 and the SWA elected to implement prospectively. Three year comparative data is as follows:

Year Ended September 30,	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
2011	\$ 80,000	\$ 99,470	124.3%	\$ 327,559
2010	186,000	59,971	32.2%	347,029
2009	186,000	21,709	11.7%	221,000

Funded Status and Funding Progress: The Plan is financed on a pay-as-you-go basis. The latest actuarial valuation was done as of October 1, 2010 and the SWA intends to obtain such valuations every other year in the future. The following schedule of funding progress is presented based upon available information:

Date of Actuarial Valuation October 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	\$ 0	\$ 724,000	\$ 724,000	0.0%	\$22,391,000	3.2%
2008	0	1,440,000	1,440,000	0.0%	21,254,000	6.7%
2007	0	1,115,000	1,115,000	0.0%	21,614,000	5.2%

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

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Both plans use the projected unit credit actuarial cost method. The actuarial assumptions include a 6.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates include a 3.5% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level percentage of projected payroll on an open basis. The remaining amortization period is 30 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage and changes in marital status, could result in actual costs being greater or less than estimated.

Changes in Actuarial Assumptions: Several actuarial assumptions were changed in the October 1, 2010 valuation resulting in a decrease in the AAL of approximately \$700,000. These changes include the following: (1) claim costs did not increase at the rates assumed in the prior valuation, (2) there are fewer lives in total, fewer retirees and fewer spouses covered now than there were previously, (3) the trend assumption applicable to assumed administrative expenses was changed, and (4) the assumed participation rates for retirees was reduced based on the census.

10. LEASES

Leases Receivable: Enterprise Funds

The Department of Airports leases a major portion of its property to airlines, rental car companies and concessionaires. Certain concessionaire leases provide for minimum rentals plus a contingency portion specified as a percentage of the tenants' gross revenues. Contingent rental income under such arrangements amounted to \$1,913,636 for the year ended September 30, 2011. All Department of Airports' leases are operating leases. A significant portion of the airlines and rental car companies operating leases usually run for between two to five years and are scheduled to expire after fiscal year 2012 resulting in a decline in minimum future receipts.

Minimum future receipts, exclusive of contingent rentals under such leases, are approximately:

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Year Ended September 30	Department of Airports
2012	\$ 37,966,926
2013	20,557,353
2014	19,665,252
2015	19,197,416
2016	19,171,596
Thereafter	66,885,957
Total	\$ 183,444,500

A schedule of the carrying value of property held for lease, by major classification, as of September 30, 2011 is as follows:

	September 30, 2011
Buildings	\$ 232,825,848
Less: accumulated depreciation	(134,539,869)
Net Buildings	98,285,979
Land	7,223,972
Total property held for lease	\$ 105,509,951

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, 2011 amounted to approximately \$5,557,663 comprised of \$5,408,723 for Governmental funds, \$134,346 for Enterprise Funds, and \$14,594 for Internal Service Funds.

Operating Leases

Future minimum rental payments under non-cancellable operating leases as of September 30, 2011 are as follows:

Fiscal Year	Governmental Funds	Enterprise Funds	Internal Service Funds
2012	\$ 3,415,199	\$ 106,521	\$ 10,405
2013	2,441,090	70,074	4,180
2014	1,744,279	10,764	-
2015	634,693	-	-
2016	145,855	-	-
Thereafter	550,616	-	-
Total	\$ 8,931,732	\$ 187,359	\$ 14,585

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Capital Leases

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

11. REFUNDING OF DEBT

Advance Refundings:

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

On October 6, 2010, Palm Beach County issued \$28,700,000 General Obligation Refunding Bonds (Recreational and Cultural Facilities), Series 2010 with an effective interest rate of 2.659% to advance refund \$14,730,000 of outstanding General Obligation Bonds (Recreational and Cultural Facilities), Series 2003 and \$15,080,000 of outstanding General Obligation Bonds (Recreational and Cultural Facilities), Series 2005. The net proceeds of \$34,236,814 (after allowing for \$5,783,466 in bond premium and \$246,652 in issuance costs) were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

The reacquisition price exceeded the carrying amount, resulting in an accounting loss of \$3,349,077. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The County decreased its aggregate debt service payments by approximately \$1,434,588 over a period of fifteen years and incurred an economic gain of approximately \$1,169,745 (difference between the present value of the old and new debt service payments). The purpose of the refunding was to take advantage of the unusually low interest rates that were available at this time.

On August 31, 2011, Palm Beach County issued \$62,775,000 Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2011 with an effective interest rate of 3.653% to advance refund \$64,005,000 of outstanding Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004. The net proceeds of \$71,320,799 (after allowing for \$8,980,137 in bond premium and \$434,338 in issuance costs) were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

The reacquisition price exceeded the carrying amount, resulting in an accounting loss of \$2,088,052. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The County decreased its aggregate debt service payments by approximately \$33,765,831 over a period of nineteen years and incurred an economic gain of approximately \$26,780,622 (difference between

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the present value of the old and new debt service payments). The purpose of the refunding was to take advantage of the unusually low interest rates that were available at this time.

The amount of in-substance defeased bonds outstanding, as of September 30, 2011, consists of the following:

<u>Bond Issues</u>	<u>Amount</u>
Governmental Funds:	
Public Improvement Revenue Bonds (Convention Center Project), 2001	\$ 66,495,000
General Obligation Bonds (Library District Improvement Project), 2003	18,025,000
General Obligation Bonds (Recreational and Cultural Facilities), 2003	14,730,000
General Obligation Bonds (Recreational and Cultural Facilities), 2005	15,080,000
Public Imprvmnt Revenue Refunding Bonds (Convention Cntr Proj), 2004	64,005,000
	<u>178,335,000</u>
Proprietary Funds:	
Water & Sewer Refunding Revenue Bonds, 1986	5,495,000
Airport Refunding Revenue Bonds, 2002	14,740,000
	<u>20,235,000</u>
Total Defeased Bonds Outstanding	<u><u>\$ 198,570,000</u></u>

Current Refundings:

There were no current refundings during the current fiscal year.

COMPONENT UNIT – Solid Waste Authority (SWA)

In 2011, the SWA defeased \$20,209,629 Refunding Revenue Bonds, Series 1998A, by placing available cash in an irrevocable trust to provide for all future debt service payments on these bonds. In addition, in 2011 the SWA issued \$750,000,000 Improvement Revenue Bonds, Series 2010, and immediately placed the proceeds of these bonds in an irrevocable trust to provide for all future debt service payments on these bonds. The trust account assets and the liability for these defeased bonds are not included in the SWA’s financial statements, but are outstanding and considered defeased at September 30, 2011.

12. RESTATEMENTS AND RECLASSIFICATIONS

Restatement for Adoption of New Accounting Standard

The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in Fiscal Year 2011. As a result, the County had to eliminate certain special revenue funds that no longer qualified to comply with the new standard, which affected beginning fund balances in several funds and opinion units as reported below.

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Reclassifications

In addition, in the current year the Community & Social Development Special Revenue fund and General Government Capital Projects fund became major funds. Also, a subfund of the Other Special Revenue funds was reclassified into the General fund for financial reporting and a subfund of the Parks and Recreation Capital Projects nonmajor fund was reclassified to the General Government Capital Projects fund which affected the beginning fund balance of multiple funds as follows:

	Major Funds				
	General Fund	Sheriff Special Revenue Fund	Community & Social Development Special Revenue Fund	General Government Capital Projects Fund	Other Governmental Funds
Fund balance, as originally reported, October 1, 2010	\$169,115,997	\$6,902,384	N/A	N/A	\$602,728,315
<i>Restatements for adoption of new accounting standard:</i>					
Elimination of Clerk & Comptroller Special Revenue Fund	12,473,770	-	-	-	(12,473,770)
Elimination of Sheriff Special Revenue Fund	6,902,384	(6,902,384)	-	-	-
<i>Reclassifications:</i>					
General Government Capital Projects fund	-	-	-	164,241,780	(164,241,780)
Community & Social Development Special Revenue fund	-	-	3,387,194	-	(3,387,194)
Sales Tax Fund reported in Other Special Revenue Nonmajor fund	4,968,532	-	-	-	(4,968,532)
Capital projects subfunds reported in Parks & Recreation Capital Projects Nonmajor fund	-	-	-	37,374	(37,374)
Fund balance, as restated, October 1, 2010	<u>\$193,460,683</u>	<u>\$0</u>	<u>\$3,387,194</u>	<u>\$164,279,154</u>	<u>\$417,619,665</u>

N/A- Fund not reported as major in prior year

13. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund balances at September 30, 2011 are expected to be repaid within one year. Interfund receivable and payable balances at September 30, 2011 were as follows:

Interfund Receivable Fund	Interfund Payable Fund	Amount
Governmental Funds:		
Major Governmental Funds		
General Fund	Community & Social Development Special Revenue Fund	\$ 15,740,737
	Palm Tran Special Revenue Fund	8,021,641
	Law Enforcement Grant Special Revenue Fund	5,475,514
	County Transportation Trust Special Revenue Fund	895,850
	Other Special Revenue Funds	468,816
	Airports	124,885
	Clerk & Comptroller Insurance Fund	88,685
	Water Utilities	8,073
	Library Taxing District Special Revenue Fund	3,396
	Road Program Capital Projects	219
		<u>30,827,816</u>
Fire Rescue Special Revenue Fund	General Fund	<u>2,523,521</u>

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Interfund Receivable Fund	Interfund Payable Fund	Amount
Community & Social Development Special Revenue Fund	General Fund	7,033,528
	Affordable Housing Trust Fund (SHIP) Special Revenue Fund	112,214
		<u>7,145,742</u>
Road Program Capital Project	County Transportation Trust Special Revenue Fund	1,365,592
	Palm Tran	21,091
		<u>1,386,683</u>
General Government Capital Projects	Community & Social Development Special Revenue Fund	207,434
	General Fund	84,893
		<u>292,327</u>
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds		
Tourist Development Special Revenue Fund	Environmental Lands Capital Projects	\$ 395,590
Law Enforcement Grants Special Revenue Fund	General Fund	9,900,460
	Other Special Revenue Funds	5,199
		<u>9,905,659</u>
County Transportation Trust Special Revenue Fund	Road Program Capital Projects	1,385,214
Library Taxing District Special Revenue Fund	General Fund	519,483
Affordable Housing Trust Fund (SHIP) Special Revenue Fund	General Fund	141,550
	Community & Social Development Special Revenue Fund	16,848
		<u>158,398</u>
Palm Tran Special Revenue Fund	General Fund	45,271
	Community & Social Development Special Revenue Fund	30,904
		<u>76,175</u>
Other Special Revenue Funds	General Fund	111,860
	Law Enforcement Grants Special Revenue Fund	183,719
		<u>295,579</u>
Street & Drainage Capital Projects	General Fund	3,719
Total Nonmajor Governmental Funds		<u>\$ 12,739,817</u>
Proprietary Funds:		
Enterprise Funds		
Airports	Other Special Revenue Funds	\$ 3,266
Water Utilities	General Fund	14,185
	Community & Social Development Special Revenue Fund	58
	General Government Capital Projects	23,896
		<u>38,139</u>
Total Enterprise Funds		<u>\$ 41,405</u>
Internal Service Funds		
Fleet Management	General Fund	\$ 1,344,615
	Palm Tran Special Revenue Fund	44,558
	County Transportation Trust Special Revenue Fund	672,582
	Affordable Housing Trust Fund (SHIP) Special Revenue Fund	1,466
	Municipal Service Taxing District Special Revenue Fund	36,081

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Interfund Receivable Fund	Interfund Payable Fund	Amount
	Library Taxing District Special Revenue Fund	13,761
	Community & Social Development Special Revenue Fund	59,088
	Fire Rescue Special Revenue Fund	143,180
	Other Special Revenue Funds	33,466
	Road Program Capital Projects	18,502
	Airports	57,999
	Water Utilities	354,555
	Combined Insurance Fund	368
		<u>2,780,221</u>
Combined Insurance Fund	General Fund	404,484
	Palm Tran Special Revenue Fund	90,782
	Tourist Development Special Revenue Fund	865
	Affordable Housing Trust Fund (SHIP) Special Revenue Fund	1,170
	Law Enforcement Grants Special Revenue Fund	331
	County Transportation Trust Special Revenue Fund	63,975
	Municipal Service Taxing District Special Revenue Fund	21,173
	Library Taxing District Special Revenue Fund	69,718
	Community & Social Development Special Revenue Fund	75,878
	Fire Rescue Special Revenue Fund	11,320
	Other Special Revenue Funds	11,559
	Road Program Capital Projects Fund	9,878
	Airports	29,476
	Water Utilities	111,959
	Fleet Management	13,136
		<u>915,704</u>
Clerk & Comptroller Insurance Fund	General Fund	<u>164,813</u>
Total Internal Service Funds		<u>\$ 3,860,738</u>
Total Interfund Receivables and Payables Primary Government		<u>\$ 58,818,049</u>

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.

Receivables and Payables Between Primary Government and Component Units:

Receivable Primary Government Fund	Payable Component Unit Fund	Amount
Parks & Recreation Capital Projects Fund	Metropolitan Planning Organization	\$ 69,133
Combined Insurance Fund	Metropolitan Planning Organization	1,768
General Fund	Solid Waste Authority	27,647
Fleet Management	Solid Waste Authority	1,579
General Fund	Housing Finance Authority	17,976
		<u>118,103</u>

Receivable Component Unit Fund	Payable Primary Government Fund	Amount
Westgate/Belvedere Homes CRA	Community & Social Development Special Revenue Fund	100,188
Housing Finance Authority	General Fund	6,244,432
Metropolitan Planning Organization	General Fund	153,824
Solid Waste Authority	County Transportation Trust Special Revenue Fund	4,264
	General Fund	2,127,204
		<u>8,629,912</u>

Total Receivables and Payables Between Primary Government and Component Units \$ 8,748,015

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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14. 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, 2011 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	\$ 250,470,000	\$ 28,700,000	\$ 52,625,000	\$ 226,545,000	\$ 19,205,000
Non-ad valorem revenue bonds	877,633,232	93,466,407	123,013,367	848,086,272	62,394,445
Face amount of bonds payable	1,128,103,232	122,166,407	175,638,367	1,074,631,272	81,599,445
Unamortized bond premiums	29,955,848	14,763,603	9,205,110	35,514,341	-
Unamortized loss on bond refinancing	(12,114,241)	(5,437,129)	(7,938,539)	(9,612,831)	-
Net bonds payable	1,145,944,839	131,492,881	176,904,938	1,100,532,782	81,599,445
Notes and loans payable	30,316,668	6,668,000	855,783	36,128,885	17,114,544
Arbitrage liability	13,405,781	92,604	4,841,843	8,656,542	245,443
Compensated absences	128,230,609	41,164,899	44,944,563	124,450,945	5,457,532
OPEB	50,967,256	19,358,291	5,838	70,319,709	-
Net pension obligation	2,753,378	10,026,804	4,724,808	8,055,374	-
Termination benefits	1,861,372	1,773,564	694,467	2,940,469	1,553,768
Estimated Self-Insurance Obligation	97,740,066	88,552,257	99,002,373	87,289,950	14,259,876
Governmental activity long-term liabilities	<u>\$ 1,471,219,969</u>	<u>\$ 299,129,300</u>	<u>\$ 331,974,613</u>	<u>\$ 1,438,374,656</u>	<u>\$ 120,230,608</u>

Long-term liabilities other than debt (bonds and loans) 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 \$55,099,637 of internal service funds long-term liabilities are included in the above amounts.

Business-type activities:	* Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Revenue bonds	\$ 354,178,000	\$ -	\$ 26,240,000	\$ 327,938,000	\$ 18,313,000
Unamortized bond premiums	7,436,367	-	951,976	6,484,391	-
Unamortized loss on bond refinancing	(1,376,466)	-	(826,601)	(549,865)	-
Net bonds payable	360,237,901	-	26,365,375	333,872,526	18,313,000
Arbitrage liability	644,798	-	361,280	283,518	-
Joint venture liability	1,686,883	-	281,667	1,405,216	283,730
Compensated absences	4,238,100	146,606	224,531	4,160,175	280,595
OPEB	200,613	-	49,222	151,391	-
Termination benefits	311,910	190,602	45,198	457,314	237,153
Business-type activities long-term liabilities	<u>\$ 367,320,205</u>	<u>\$ 337,208</u>	<u>\$ 27,327,273</u>	<u>\$ 340,330,140</u>	<u>\$ 19,114,478</u>

* Beginning in FY11, the Solid Waste Authority is considered a Discrete Component Unit rather than a Blended Component Unit. As a result, last year's ending balance of \$1,031,491,392 has been reduced by \$664,171,187.

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Governmental Activities General Long-Term Debt

General long-term debt, including current maturities, at September 30, 2011 consisted of the following:

General Obligation Bonds

\$45,625,000 General Obligation Refunding Bonds, Series 1998 were issued to pay the cost of refunding a portion of the County's General Obligation Bonds, Series 1994 and Series 1991. The annual installments range from \$3,440,000 to \$4,030,000 through December 1, 2014; with an interest rate of 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. \$ 14,920,000

\$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 \$1,310,000 to \$1,350,000 through July 1, 2013; with interest rates from 3.000% to 3.125% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. The County advance refunded \$18,025,000 of this issue on September 7, 2010. \$ 2,660,000

\$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 \$1,125,000 to \$1,165,000 through July 1, 2013; with interest rates from 3.250% to 3.375% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. The County advance refunded \$14,730,000 of this issue on October 6, 2010. \$ 2,290,000

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\$16,025,000 General Obligation Refunding Bonds (Recreational and Cultural Facilities Program), Series 2005A were issued for paying and defeasing the County's outstanding General Obligation Bonds (Recreational and Cultural Facilities Program), Series 1999A maturing on and after August 1, 2010. The annual installments range from \$1,395,000 to \$1,920,000 through August 1, 2019; with interest rates from 3.500% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 13,210,000

\$25,000,000 General Obligation Bonds (Recreational and Cultural Facilities), Series 2005 were issued for financing certain recreational and cultural facilities within the County. The annual installments range from \$1,045,000 to \$1,155,000 through July 1, 2015; with interest rates from 3.250% to 4.000% 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. The County advance refunded \$15,080,000 of this issue on October 6, 2010. \$ 4,395,000

\$22,335,000 General Obligation Bonds (Library District Improvements), Series 2006 were issued for financing additional library facilities and renovation of existing facilities within the County. The annual installments range from \$965,000 to \$1,665,000 through August 1, 2025; with interest rates from 3.500% to 5.000% payable semi-annually on February 1 and August 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 17,960,000

\$50,000,000 General Obligation Bonds (Waterfront Access Projects), Series 2006 were issued for financing the purchase of waterfront access within the County. The annual installments range from \$2,045,000 to \$3,570,000 through August 1, 2026; with interest rates from 3.600% 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. \$ 40,745,000

\$115,825,000 Taxable General Obligation Refunding Bonds, Series 2006 were issued for paying and defeasing the County's outstanding General Obligation Bonds (Land Acquisition Program), Series 1999B and paying and defeasing the County's outstanding General Obligation Bonds (Land Acquisition Program), Series 2001A. The annual installments range from \$7,630,000 to \$11,355,000 through June 1, 2020; with interest rates from 5.735% 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. \$ 82,710,000

**PALM BEACH COUNTY, FLORIDA
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\$19,530,000 General Obligation Refunding Bonds (Library District Improvement Project), Series 2010 were issued for paying and defeasing the County's outstanding General Obligation Bonds (Library District Improvement Project), Series 2003 maturing on and after July 1, 2014. The annual installments range from \$240,000 to \$2,090,000 through July 1, 2023; with interest rates from 2.000% to 3.000% payable semi-annually on January 1 and July 1 of each year. The bonds are general obligations of the County and are payable from ad valorem revenues. \$ 19,200,000

\$28,700,000 General Obligation Refunding Bonds (Recreational and Cultural Facilities), Series 2010 were issued for paying and defeasing a portion of the County's outstanding General Obligation Bonds (Recreational and Cultural Facilities), Series 2003 maturing on and after July 1, 2014 and a portion of its General Obligation Bonds (Recreational and Cultural Facilities), Series 2005 maturing on and after July 1, 2016. The annual installments range from \$0 to \$3,335,000 through July 1, 2025; with interest rates from 4.000% 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. \$ 28,455,000

Total General Obligation Bonds \$ 226,545,000

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 \$0 to \$19,615,000 through June 1, 2015; with an interest rate of 7.200% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. The County advance refunded \$120,770,000 of this issue on June 29, 1993 and \$33,550,000 on August 21, 1997. \$ 37,915,000

\$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 through June 1, 2013; with an interest rate of 5.750% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 32,655,000

PALM BEACH COUNTY, FLORIDA
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\$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 \$1,745,000 to \$2,015,000 through June 1, 2015; with an interest rate of 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 7,510,000

\$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 \$640,000 to \$685,000 through July 1, 2014; with interest rates from 3.375% to 4.000% payable semi-annually on January 1 and July 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 1,985,000

\$94,300,000 Public Improvement Revenue and Refunding Bonds, Series 2004 were issued to pay the cost of refunding the County's Revenue Refunding Bond Anticipation Note (Light Industrial Complex Project), Series 2002, refunding the County's Airport Centre Revenue Bonds, Series 1992 and paying the costs of acquiring, constructing, and renovating certain capital facilities. The annual installments range from \$4,350,000 to \$6,690,000 through August 1, 2023; with interest rates from 3.000% 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. \$ 64,250,000

\$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 \$2,140,000 to \$2,850,000 through November 1, 2014; 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. The County advance refunded \$64,005,000 of this issue on August 31, 2011. \$ 10,405,000

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\$38,895,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004A were issued to pay the outstanding principal and interest on the County's Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2004B. The annual installments range from \$1,670,000 to \$2,715,000 through November 1, 2024; with interest rates from 3.100% 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. \$ 29,725,000

\$24,427,515 Taxable Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2004B were issued to pay the outstanding principal and interest on the County's Taxable Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2004C. The annual installments are \$2,442,751 through November 1, 2014; with a variable rate of interest in effect of 0.338% 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. \$ 9,771,004

\$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 \$1,640,000 to \$2,000,000 through November 1, 2016; with interest rates from 3.500% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 10,855,000

\$13,485,000 Revenue Refunding Bonds (North County Courthouse and Sheriff's Motor Pool Facility Projects), Series 2005 were issued to pay the cost of defeasing a portion of the County's outstanding Revenue Improvement Bonds, Series 1997 (North County Courthouse and Sheriff's Motor Pool Facilities Projects). The annual installments range from \$1,240,000 to \$1,605,000 through December 1, 2017; with interest rates from 3.300% 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. \$ 9,885,000

PALM BEACH COUNTY, FLORIDA
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\$9,520,000 Public Improvement Revenue Refunding Bonds, Judicial Center Parking Facilities, Series 2005 were issued to pay the cost of refunding the County's Public Improvement Revenue Bonds, Judicial Parking Facilities, Series 1995 maturing on and after November 1, 2006. The annual installments range from \$955,000 to \$1,120,000 through November 1, 2015; with interest rates from 3.625% 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. \$ 5,165,000

\$133,935,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2005A were issued to pay the cost of funding a grant to The Scripps Research Institute to enable Scripps to pay a portion of the cost of acquiring, constructing, improving and equipping the "Permanent Facilities" and paying the outstanding principal and interest due on the County's \$20,000,000 Public Improvement Revenue Bond Anticipation Notes, Series 2004. The annual installments range from \$5,405,000 to \$10,190,000 through June 1, 2025; with an interest rate of 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 105,920,000

\$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 \$1,690,000 to \$2,090,000 through December 1, 2016; with interest rates of 3.250% to 5.000% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 11,280,000

\$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 \$1,517,825 to \$1,641,680 through January 1, 2014; with a variable rate of interest in effect of 0.541% 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. \$ 4,738,043

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\$14,685,000 Public Improvement Revenue Bonds (Parking Facilities Expansion Project), Series 2006 were issued to pay the costs of construction related to the expansion of the Judicial Center Parking Garage. The annual installments range from \$565,000 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. \$ 12,645,000

\$2,582,648 Public Improvement Revenue Refunding Bond (Biomedical Research Park Project), Series 2007A was issued to pay the County's outstanding Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006A and Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006B. The annual installments range from \$97,350 to \$182,616 through November 1, 2027; with an interest rate of 4.010% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 2,308,947

\$5,180,949 Taxable Public Improvement Revenue Refunding Bond (Biomedical Research Park Project), Series 2007B was issued to pay the County's outstanding Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006A and Taxable Public Improvement Revenue Note (Biomedical Research Park Infrastructure Project), Series 2006B. The annual installments range from \$173,329 to \$411,965 through November 1, 2027; with an interest rate of 5.560% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 4,703,987

\$98,080,000 Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2007C were issued to redeem the County's Public Improvement Revenue Bond Anticipation Notes (Biomedical Research Park Project), Series 2006, to fund a grant to the Scripps Research Institute to enable Scripps to pay a portion of the cost of their permanent facilities, and to pay for the preparation of the Briger Site for development. The annual installments range from \$3,460,000 to \$7,490,000 through November 1, 2027; with interest rates from 4.250% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 88,505,000

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\$35,075,000 Public Improvement Revenue Bonds (Law Enforcement Information Technology Project), Series 2008 were issued to pay the cost of law enforcement technology equipment and software. The annual installments range from \$5,927,334 to \$6,298,675 through February 1, 2014; with an interest rate of 3.038% payable semi-annually on February 1 and August 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 18,336,192

\$29,476,000 Public Improvement Revenue Refunding Bonds, Series 2008A were issued to refund three variable rate loans with the Sunshine State Governmental Financing Commission. The annual installments range from \$1,093,000 to \$2,491,000 through December 1, 2020; with an interest rate of 3.497% payable semi-annually on June 1 and December 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 18,970,000

\$176,585,000 Public Improvement Revenue Bonds, Series 2008 were issued to pay for additional criminal justice (law enforcement) facilities. The annual installments range from \$3,375,000 to \$10,730,000 through May 1, 2038; with interest rates from 4.000% to 5.000% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 168,165,000

\$94,235,000 Public Improvement Revenue Bonds, Series 2008-2 were issued to fund a grant to Max Planck Florida Corporation to establish a biomedical research facility in the County and also to refinance the County's five Series J variable rate loans with the Sunshine State Governmental Financing Commission. The annual installments range from \$3,160,000 to \$7,295,000 through November 1, 2028; with interest rates from 4.000% to 5.500% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 88,130,000

\$11,598,107 Taxable Public Improvement Revenue Bonds (Convention Center Hotel Project), Series 2010 were issued to pay the principal on the County's Taxable Public Improvement Revenue Bond Anticipation Notes (Convention Center Hotel Project), Series 2007. The annual installments range from \$532,646 to \$1,066,262 through November 1, 2024; with an interest rate of 5.484% payable semi-annually on May 1 and November 1 of each year. The bonds are not general obligations of the County and are payable from non-ad valorem revenues. \$ 10,796,692

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\$30,691,407 Revenue Improvement Bond (Ocean Avenue Lantana Bridge and Max Planck Florida Corporation Projects), Series 2011 was issued to finance the costs of demolition and reconstruction of the Ocean Avenue Lantana Bridge and to fund a \$15,615,000 Grant to the Max Planck Florida Corporation. The annual installments range from \$1,112,210 to \$2,032,212 through August 1, 2031; with an interest rate of 3.172% 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. \$ 30,691,407

\$62,775,000 Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2011 were issued to defease and pay at redemption that portion of the County's outstanding \$81,340,000 original aggregate principal amount of Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004 maturing on November 1, 2030. The annual installments range from \$0 to \$5,560,000 through November 1, 2030; with an interest rate of 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. \$ 62,775,000

Total Non-Ad Valorem Revenue Bonds \$ 848,086,272

Face Amount of Bonds Payable	\$1,074,631,272
Unamortized bond premiums	35,514,341
Unamortized loss on bond refinancing	<u>(9,612,831)</u>
Net General Obligation and Non-Ad Valorem Revenue Bonds	<u>\$1,100,532,782</u>

Notes and Loans Payable

\$1,660,000 - HUD Section 108 Loan #1, 2004, payable to the Secretary of Housing and Urban Development due in annual installments ranging from \$87,000 to \$94,000 through August 1, 2023; with interest rates of 4.960% to 5.970% payable semi-annually on February 1 and August 1 of each year. The loan is a general obligation of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrower. In the event the cash flows from the sub-recipient are not sufficient to service the HUD loan, the County is obligated to use other resources. \$ 1,051,000

**PALM BEACH COUNTY, FLORIDA
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\$11,697,676 Public Improvement Revenue Note (Environmentally Sensitive Land Acquisition Project) Series 2008 was issued to pay the cost of the acquisition of environmentally sensitive land in Palm Beach County. The annual installments are \$584,884 through August 1, 2028; with a variable rate of interest in effect of 1.068% payable semiannually on February 1 and August 1 of each year. The note is not a general obligation of the County and is payable from non-ad valorem revenues. \$ 9,943,025

\$16,140,760 Capital Improvement Bond Anticipation Note, Series 2009 was issued to finance the cost of renovation, construction and equipping of public improvement facilities. Interest is payable semiannually on June 1 and December 1 with the entire principal due on June 1, 2012; at a variable rate of interest in effect of 1.092% which is calculated on a daily basis. The note is not a general obligation of the County and is payable from non-ad valorem revenues. \$ 16,140,760

\$2,600,000 - HUD Section 108 Loan Commitment was obtained to provide funding for County loans to various borrowers for the Belle Glade Avenue "A" Revitalization Project. The annual installments range from \$45,000 to \$69,900 through August 1, 2030; with a variable rate of interest in effect of 0.526% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipients are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2011 the outstanding individual loans are as follows:

\$199,000 – Glades Gas & Electric, 2009	\$ 169,000
\$ 89,000 – Glades Home Health Care Medical Center, 2010	\$ 80,100
\$878,000 – Muslet Brothers, 2010	\$ 855,000

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\$13,340,000 - HUD Section 108 Loan Commitment was obtained to provide funding for County loans to various borrowers for the Community Development Business Loan Program Project. The annual installments range from \$228,000 to \$508,000 through August 1, 2030; with a variable rate of interest in effect of 0.526% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipients are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2011 the outstanding individual loans are as follows:

\$1,000,000 – The Baron Group, 2009	\$ 800,000
\$ 57,000 – Kiddie Haven Pre-School, 2010	\$ 51,000
\$ 250,000 – Concrete Services LLC, 2010	\$ 229,000
\$5,948,000 – Oxygen Development LLC, 2011	\$ 5,948,000
\$ 265,000 – Donia Adams Roberts PA, 2011	\$ 262,000
\$ 198,000 – Ameliascapes, 2011	\$ 198,000
\$ 257,000 – F&T of Belle Glade, 2011	\$ 253,000

\$2,824,000 - HUD Section 108 Loan Commitment was obtained to provide funding for County loans to various borrowers for the Pahokee Downtown Revitalization Project. The annual installments range from \$5,000 to \$8,000 through August 1, 2030; with a variable rate of interest in effect of 0.526% payable quarterly on February 1, May 1, August 1 and November 1 of each year. The loans are general obligations of the County. The debt service will be paid using the cash flows received by the County from the sub-recipient borrowers. In the event the cash flows from the sub-recipient are not sufficient to service the HUD loans, the County is obligated to use other resources. As of September 30, 2011 the outstanding individual loans are as follows:

\$152,000 – Circle S Pharmacy, 2010	\$ 149,000
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Total Notes and Other Loans Payable	\$ 36,128,885
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PALM BEACH COUNTY, FLORIDA
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SEPTEMBER 30, 2011

Lines of Credit

On May 21, 2009, the County entered into a line of credit agreement with a financial institution to support the issuance of letters of credit to satisfy the debt service reserve funding requirements for several of the County's outstanding bond issues. Principal borrowed on the line of credit is due at maturity on May 20, 2012. Interest on the principal balance accrues at a rate equivalent to the one-month LIBOR rate plus 1.500% and is paid quarterly. The County does not anticipate that any draws on the letters of credit will occur. The County will use non-ad valorem revenues to fund the letter of credit fees. As of September 30, 2011, this \$33,709,176 line of credit, covering six of the County's outstanding bond issues, had no outstanding balance on the loan payable.

On June 4, 2009, the County entered into a line of credit agreement with a financial institution to support the issuance of standby letters of credit to satisfy the debt service reserve funding requirements for several of the County's outstanding bond issues. Principal borrowed on the line of credit is due at maturity on June 3, 2012. Interest on the principal balance accrues at a rate per year equal to the sum of (i) the Prime Rate plus (ii) for the first 30 days such amount is outstanding, 0%; for the 31st through 60th day such amount is outstanding, 0.5%; for the 61st through 90th day such amount is outstanding, 1.0%; and after the 90th day, 2.0%. The County does not anticipate that any draws on the letters of credit will occur. The County will use non-ad valorem revenues to fund the letter of credit fees. As of September 30, 2011, this \$22,568,948 line of credit, covering four of the County's outstanding bond issues, had no outstanding balance on the loan payable.

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.

\$ 8,656,542

**PALM BEACH COUNTY, FLORIDA
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Compensated absences

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

County Funds:

General Fund	\$ 15,634,350
Special Revenue Funds	23,573,150
Capital Projects Fund	662,868
Internal Service Funds	750,938

Constitutional Officers:

Sheriff	80,274,838
Tax Collector	1,031,467
Property Appraiser	2,312,380
Supervisor of Elections	210,954

	\$ 124,450,945
OPEB (See note on OPEB)	70,319,709
Net pension obligation (See note on Retirement Plans)	8,055,374
Termination benefits (See note on Commitments)	2,940,469
Estimated Self-Insurance Obligation (See note on Risk Management)	87,289,950
Total Governmental Activities General Long-Term Debt including current portion	\$1,438,374,656

Business-type Activities Long-Term Debt

Business-type long-term debt, including current portion, at September 30, 2011 consisted of the following:

Revenue Bonds

\$30,000,000 Water and Wastewater Revenue Bonds, Series 1998 were issued to pay a portion of the costs of constructing certain additions and improvements to the County's water and wastewater facilities. The remaining annual installment is \$1,715,000 due October 1, 2011; with an interest rate of 4.500% payable on October 1. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Wastewater System and a first lien on and pledge of the connection charges of the system.

\$ 1,715,000

PALM BEACH COUNTY, FLORIDA
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\$26,785,000 Water and Sewer Revenue Refunding Bonds, Series 2003 were issued to pay for refunding all of the County's outstanding Water and Sewer Revenue Bonds, Series 1993A and Water and Sewer Revenue Refunding Bonds, Series 1993B maturing on and after October 1, 2003. The annual installments range from \$950,000 to \$1,120,000 through October 1, 2013; with interest rates from 2.750% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system. \$ 3,150,000

\$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 \$2,335,000 to \$7,760,000 through October 1, 2036; with interest rates from 4.000% 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 Wastewater System and a first lien on and pledge of the connection charges of the system. \$ 117,265,000

\$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 \$50,000 to \$2,245,000 through October 1, 2017; with interest rates from 4.000% to 4.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system. \$ 12,275,000

\$6,473,000 Water and Sewer Revenue Refunding Bonds, Series 2008 were issued to pay for refunding all of the County's outstanding Water and Sewer Revenue Bonds, Series 1985. The remaining annual installment is \$1,928,000 due October 1, 2011; with an interest rate of 3.250% payable on October 1. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer system and a first lien on and pledge of the connection charges of the system. \$ 1,928,000

PALM BEACH COUNTY, FLORIDA
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\$68,115,000 Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) were issued to finance the acquisition and construction of additions to the County's Water and Sewer System and to reimburse Florida Power and Light for costs advanced by them. The annual installments range from \$0 to \$4,225,000 through October 1, 2040; with interest rates from 4.000% to 5.250% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are secured by a first lien on and pledge of the net revenues of the County's Water and Sewer System and a first lien on and pledge of the connection fees. \$ 60,260,000

\$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 through October 1, 2014; with an interest rate of 5.750% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 45,410,000

\$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 \$0 to \$6,055,000 through October 1, 2036; with interest rates from 4.700% to 5.000% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 69,080,000

\$16,855,000 Airport System Revenue Refunding Bonds, Series 2006B were issued to advance refund a portion of the Airport System Revenue Bonds, Series 2001 and a portion of the Airport System Revenue Bonds, Series 2002. The annual installments range from \$0 to \$3,225,000 through October 1, 2020; with an interest rate of 5.905% payable semi-annually on April 1 and October 1 of each year. The bonds are not general obligations of the County and are payable solely from and secured from the net revenues available for Debt Service and the funds and accounts pledged under the bond resolution. \$ 16,855,000

Total face value of revenue bonds payable	\$ 327,938,000
Unamortized bond premiums	6,484,391
Unamortized loss on bond refinancing	(549,865)
Net Revenue Bonds, Business-Type Activities	\$ 333,872,526

Arbitrage liability (See explanation in Governmental Activities section) \$ 283,518

**PALM BEACH COUNTY, FLORIDA
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Joint Venture Liability

In April 1993, the Water Utilities Department entered into a “Participatory Agreement” with four municipalities for certain improvements to East Central Regional Wastewater Facilities (ECR). The improvements totaling \$38,755,000, with \$5,832,000 being the Department’s share, were completed in fiscal year 1998. Partial funding was provided by State of Florida, Department of Environmental Protection Revolving Loan Funds approved in March and September 1994. Actual amounts borrowed were \$21,319,410 and \$648,738, respectively. The loans are payable over twenty-year periods and carry effective interest rates ranging from 2.300% to 3.170%. The Department’s portion of the annual debt service for the loans is \$319,200. \$ 1,405,216

Compensated absences

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

Business-Type Fund

Water Utilities Department	\$	3,048,340	
Department of Airports		1,111,835	
			\$ 4,160,175
OPEB (See note on OPEB)			151,391
Termination benefits (See note on Retirement Plans)			457,314
Total Business-Type Activities Long-Term Debt, including current portion			\$ 340,330,140

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		Notes and Loans Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 19,205,000	\$ 10,858,067	\$ 62,394,445	\$ 38,595,775	\$ 17,114,543	\$ 388,097	\$ 148,555,927
2013	20,130,000	9,933,855	65,459,861	36,996,583	1,245,784	199,771	133,965,854
2014	21,010,000	8,950,837	68,036,285	34,157,921	1,256,784	186,086	133,597,913
2015	22,025,000	7,920,310	62,334,306	31,006,341	1,256,784	172,248	124,714,989
2016	18,845,000	6,938,952	39,602,682	27,753,587	1,257,784	158,262	94,556,267
2017-2021	88,525,000	19,786,830	191,110,432	112,067,903	6,025,019	578,798	418,093,982
2022-2026	36,805,000	4,216,203	186,762,731	65,427,103	5,165,419	248,092	298,624,548
2027-2031	-	-	107,200,530	28,251,335	2,806,768	40,206	138,298,839
2032-2036	-	-	44,235,000	12,088,500	-	-	56,323,500
2037-2041	-	-	20,950,000	1,584,000	-	-	22,534,000
Total	\$ 226,545,000	\$ 68,605,054	\$ 848,086,272	\$ 387,929,048	\$ 36,128,885	\$ 1,971,560	\$ 1,569,265,819

PALM BEACH COUNTY, FLORIDA
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SEPTEMBER 30, 2011

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		
	Principal	Interest	Total
2012	\$ 18,313,000	\$ 16,144,698	\$ 34,457,698
2013	17,460,000	15,234,499	32,694,499
2014	18,385,000	14,277,824	32,662,824
2015	18,385,000	13,300,980	31,685,980
2016	8,550,000	12,601,895	21,151,895
2017-2021	42,275,000	56,451,555	98,726,555
2022-2026	45,945,000	45,574,112	91,519,112
2027-2031	58,565,000	32,623,869	91,188,869
2032-2036	74,895,000	15,884,446	90,779,446
2037-2041	25,165,000	1,647,543	26,812,543
Total	\$ 327,938,000	\$ 223,741,421	\$ 551,679,421

COMPONENT UNIT – Solid Waste Authority (SWA)

NOTE PAYABLE

On January 9, 2008, the SWA entered into an \$80 million Subordinated Improvement Revenue Note, Series 2008 (the “Series 2008 Note”) with CitiCapital Municipal Finance to finance costs incurred in connection with the relocation of facilities and improvements to the solid waste system. Interest on the outstanding principal balance of the Series 2008 Note accrues at a rate equivalent to 65% of the one month LIBOR rate plus 82 basis points (approximately 0.96% at September 30, 2011) and is due semi-annually in arrears on April 1st and October 1st. The outstanding principal balance on the Series 2008 Note was \$68 million at September 30, 2011 and is payable in annual installments of \$4 million on October 1st through maturity on October 1, 2027. Borrowings on the Series 2008 Note are payable from and secured by a pledge of the net revenues of the solid waste system and all moneys and amounts held under the SWA’s trust indenture, subordinate to the lien and pledge of net revenues and trust amounts for repayment of the SWA’s bonds. The Series 2008 Note may be prepaid by the SWA on any principal or interest payment date.

REVENUE BONDS PAYABLE

Revenue bonds payable by the SWA at September 30, 2011 are summarized as follows:

Series 2009	\$ 261,545,000
Series 2008 B	131,565,000
Series 2004	33,935,000
Series 2002 B	38,734,386
Series 1998 A	14,030,803
Unamortized premium/(discount), net	4,271,698
Net revenue bonds payable	484,081,887
Less current maturities	(38,985,830)
Revenue bonds payable, long-term portion	\$ 445,096,057

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Series 2010: \$750,000,000 Solid Waste Authority of Palm Beach County Improvement Revenue Bonds, Series 2010 dated December 28, 2010. The Series 2010 Bonds were issued for the purpose of providing funds, together with other legally available moneys, to fund the costs associated with the construction of a new 3,000 tons per day renewable energy facility. Initially, the proceeds of the sale of the Series 2010 Bonds, together with funds contributed by the SWA, after payment of costs of issuance, were deposited into the Series 2010 Special Fund, an irrevocable trust with an independent trustee created under the Indenture. During the period from the date of issuance of these bonds until maturity on January 12, 2012, the trustee of the Special Fund will invest the amounts on deposit in U.S. Treasury Securities – State and Local Government Series to provide for all future debt service payments due at maturity. As a result, the Series 2010 Bonds are considered to be “defeased” and do not constitute a debt or indebtedness of the SWA, nor is the Authority obligated for repayment of these bonds. The SWA incurred a loss of approximately \$2,436,000 on the defeasance of the Series 2010 Bonds. The Series 2010 Special Fund secures the Series 2010 Bonds until the bonds are paid at maturity or are remarketed in January 2012. If the bonds are remarketed, then at that time the moneys in the Series 2010 Special Fund will be made available to the SWA to fund construction costs.

Subsequent Event: Due to favorable interest rates, on October 6, 2011, the Authority issued \$599,800,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 2011, for the purpose of providing funds, together with other legally available monies of the SWA to refund and retire the SWA’s Improvement Revenue Bonds, Series 2010, when remarketed in January 2012 and to pay the costs of issuance of the Series 2011 bonds. The proceeds from the sale of the Series 2011 Bonds, after payment of costs of issuance, were deposited into an irrevocable trust with an independent trustee to currently refund \$600 million of the Series 2010 Bonds when remarketed in January 2012. On January 12, 2012, the trustee acquired and paid \$600 million of the Series 2010 Bonds and moneys were released from the Series 2010 Special Fund to be used as follows: (1) \$600,000,000 to fund the Construction Fund for the 2010 Project; (2) approximately \$39.3 million to fund a debt service reserve fund; and (3) the remainder to pay the Series 2010 Bonds that were not remarketed.

The SWA funded the project in this manner to avoid uncertainty in the bond market and best ensure that sufficient funds would be available for the project once all permits and approvals were in hand and a contract had been executed to construct the facility. The contract was signed on April 13, 2011 and the project is underway.

The SWA, in anticipation of issuing the 2011 Series Bonds, received bond rating upgrades from Moody’s Investors Service and Standard and Poors from Aa3 to Aa2 and AA to AA+, respectively.

Series 2009: \$261,545,000 Solid Waste Authority of Palm Beach County Improvement Revenue Bonds, Series 2009 dated April 23, 2009. The Series 2009 Bonds were issued for the purpose of funding various solid waste system projects, funding a deposit to the Debt Service Reserve Account, purchasing a bond insurance policy on the Series 2009 Bonds, and paying the costs of issuance for the Series 2009 Bonds.

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Interest on the Series 2009 Bonds is payable semi-annually on April 1st and October 1st and principal payments are due on October 1st, beginning October 1, 2011 with the final payment due on October 1, 2028. The debt service requirements and interest rates of the Series 2009 Bonds are as follows:

<u>Year Ending September 30</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.00%	\$ 2,500,000	\$ 13,136,880	\$ 15,636,880
2013	3.00	2,500,000	13,061,880	15,561,880
2014	3.00	2,695,000	12,983,955	15,678,955
2015	3.00	2,895,000	12,900,105	15,795,105
2016	3.10	3,095,000	12,808,708	15,903,708
2017	3.40	3,650,000	12,698,685	16,348,685
2018	3.40	22,485,000	12,096,635	34,581,635
2019	3.40	23,690,000	10,955,991	34,645,991
2020	3.40	25,025,000	9,732,879	34,757,879
2021	3.40	26,400,000	8,406,410	34,806,410
2022	3.40	27,935,000	6,973,166	34,908,166
2023	3.40	29,525,000	5,437,318	34,962,318
2024	3.40	31,270,000	3,775,306	35,045,306
2025	5.00	22,410,000	2,359,650	24,769,650
2026	5.00	7,920,000	1,601,400	9,521,400
2027	5.00	8,335,000	1,195,025	9,530,025
2028	5.00	8,855,000	765,275	9,620,275
2029	5.25	10,360,000	271,950	10,631,950
		<u>\$ 261,545,000</u>	<u>\$ 141,161,218</u>	<u>\$ 402,706,218</u>

Series 2008B: \$131,565,000 Solid Waste Authority of Palm Beach County Improvement Revenue Bonds, Series 2008B dated November 25, 2008. The Series 2008B Bonds were issued for the purpose of funding various solid waste system projects, funding a deposit to the Debt Service Reserve Account, and paying the costs of issuance for the Series 2008B Bonds.

Interest on the Series 2008B Bonds is payable semi-annually on April 1st and October 1st and principal payments are due on October 1st, beginning October 1, 2024 with the final payment due on October 1, 2028. The debt service requirements and interest rates of the Series 2008B bonds are as follows:

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<u>Year Ending September 30</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	5.50%	\$ -	\$ 7,241,394	\$ 7,241,394
2013	5.50	-	7,241,394	7,241,394
2014	5.50	-	7,241,394	7,241,394
2015	5.50	-	7,241,394	7,241,394
2016	5.50	-	7,241,394	7,241,394
2017	5.50	-	7,241,394	7,241,394
2018	5.50	-	7,241,394	7,241,394
2019	5.50	-	7,241,394	7,241,394
2020	5.50	-	7,241,394	7,241,394
2021	5.50	-	7,241,394	7,241,394
2022	5.50	-	7,241,394	7,241,394
2023	5.50	-	7,241,394	7,241,394
2024	5.50	-	7,241,394	7,241,394
2025	5.50	10,700,000	6,944,484	17,644,484
2026	5.50	27,035,000	5,904,113	32,939,113
2027	5.50	28,630,000	4,373,325	33,003,325
2028	5.50	30,235,000	2,754,538	32,989,538
2029	5.50	34,965,000	961,534	35,926,534
		<u>\$ 131,565,000</u>	<u>\$ 115,076,116</u>	<u>\$ 246,641,116</u>

Series 2004: \$34,385,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 2004 dated March 2, 2004. The Series 2004 Bonds were issued for the purpose of advance refunding the outstanding Series 1997B Bonds and paying the costs of issuance for the Series 2004 Bonds.

Net proceeds of approximately \$37.7 million from the Series 2004 Bonds plus approximately \$760,000 of sinking fund monies were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide sufficient funds to retire the outstanding \$33,885,000 Series 1997B Bonds.

The advance refunding of the Series 1997B Bonds by the SWA reduced its aggregate debt service payments by approximately \$1,873,000 over the life of the bonds and produced an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$1,644,000. Interest on the Series 2004 Bonds is payable semi-annually on April 1st and October 1st and principal payments are due October 1st.

The debt service requirements and interest rates of the Series 2004 Bonds are as follows:

<u>Year Ending September 30</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	2.50%	<u>\$ 33,935,000</u>	<u>\$ 752,775</u>	<u>\$ 34,687,775</u>

Series 2002: \$30,560,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 2002A and \$39,869,386 Revenue Bonds, Series 2002B, both dated November 7, 2002. The Series 2002B Bonds include term bonds of \$1,135,000 and capital appreciation bonds

PALM BEACH COUNTY, FLORIDA
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of \$38,734,386. The Series 2002 Bonds were issued for the purpose of currently refunding the Series 1992 bonds due on December 1, 2003 and thereafter, providing \$39 million for capital improvements to the solid waste system, and paying the costs of issuance for the Series 2002 Bonds.

Net proceeds of approximately \$31.3 million from the Series 2002A Bonds plus approximately \$740,000 of sinking fund monies were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide sufficient funds to call and retire the remaining \$30,530,000 Series 1992 Bonds on December 12, 2002.

The advance refunding of the Series 1992 Bonds by the SWA reduced its aggregate debt service payments by approximately \$1,984,000 over the life of the bonds and produced an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$1,162,000. Interest on the Series 2002 Bonds, except for the \$38,734,386 Series 2002B capital appreciation bonds, is payable semi-annually on April 1st and October 1st and principal payments are due October 1st.

The debt service requirements and interest rates of the remaining Series 2002B Bonds are as follows:

<u>Year Ending September 30</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	4.850%	\$ 13,769,586	\$ 10,585,414	\$ 24,355,000
2016	4.950	12,961,000	11,394,000	24,355,000
2017	5.050	<u>12,003,800</u>	<u>12,006,200</u>	<u>24,010,000</u>
		<u>\$ 38,734,386</u>	<u>\$ 33,985,614</u>	<u>\$ 72,720,000</u>

Series 1998: \$36,405,432 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 1998A and \$19,170,000 Refunding Revenue Bonds, Taxable Series 1998B, both dated August 1, 1998, except for \$34,240,432 Capital Appreciation Series 1998A Bonds dated September 2, 1998, the date of issuance. The Series 1998 Bonds were issued for the purpose of providing a portion of the funds required to advance refund \$24,485,000 Refunding Revenue Bonds, Series 1989; \$18,285,000 Refunding and Improvement Revenue Bonds, Series 1992; and \$20,735,000 Refunding Revenue Bonds, Series 1997 and paying the costs of issuance of the Series 1998 Bonds.

Net proceeds of approximately \$54.4 million from the Series 1998 Bonds plus approximately \$11.9 million of sinking fund monies and other available SWA funds were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded \$24,485,000 Series 1989 Bonds; \$18,285,000 Series 1992 Bonds; and, \$20,735,000 Series 1997 Bonds. As a result, these bonds are considered to be defeased and the liability removed from the statements of net assets.

The advance refunding of the Series 1989, 1992 and 1997 Bonds by the SWA increased its aggregate debt service payments by approximately \$4.4 million over the life of the bonds and

PALM BEACH COUNTY, FLORIDA
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produced an economic loss (the difference between the present values of the old and new debt service payments) of approximately \$855,000. The purpose of the advance refunding was to level the annual debt service payments of the SWA over the term of all outstanding revenue bonds and extend repayment dates by approximately two years. Interest on the Series 1998 Bonds, except for the capital appreciation bonds, is payable semi-annually on April 1st and October 1st and principal payments are due October 1st.

On September 1, 2011, the SWA deposited approximately \$40.5 million into an escrow account to defease \$20,209,629 of 1998A Capital Appreciation Bonds that have a scheduled maturity date of October 1, 2012. This transaction resulted in a loss on extinguishment of the debt in the amount of approximately \$2,122,000.

The debt service requirements and interest rates of the remaining Series 1998A Bonds are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	4.90%	\$ 2,550,830	\$ 2,254,170	\$ 4,805,000
2014	5.05	<u>11,479,973</u>	<u>12,875,027</u>	<u>24,355,000</u>
		<u>\$ 14,030,803</u>	<u>\$ 15,129,197</u>	<u>\$ 29,160,000</u>

Series 1997: \$266,590,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 1997A and \$33,885,000 Improvement Revenue Bonds, Series 1997B, both dated April 1, 1997. The Series 1997A Bonds were issued for the purpose of providing a portion of the funds required to advance refund the SWA's outstanding Adjustable Fixed Rate Revenue Bonds, Series 1984, dated December 1, 1984. The Series 1997B Bonds were issued for the purpose of funding \$30,250,000 of improvements to the solid waste system and paying certain costs of issuance with respect to the Series 1997 Bonds and certain costs with respect to the refunding. The remaining principal outstanding plus all accrued interest was paid in full during the year ended September 30, 2010.

Net proceeds of approximately \$276.2 million from the Series 1997A and 1997B Bonds plus approximately \$9.7 million of sinking fund and debt service reserve monies from the Series 1984 Bonds and \$6.8 million of the proceeds from the Solid Waste Authority of Palm Beach County Subordinated Revenue Note Payable, Series 1997C were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide sufficient funds to call and retire the \$276,200,000 Series 1984 Bonds on July 1, 1997. The advance refunding of the Series 1984 Bonds reduced the SWA's aggregate debt service payments by approximately \$27 million over the life of the bonds and produced an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$18 million.

Annual Maturities: The aggregate maturities for the outstanding bonds of the SWA, including total interest of \$306,104,920 are as follows:

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

<u>Year Ending September 30</u>	<u>Revenue Bonds</u>
2012	\$ 62,371,049
2013	22,803,274
2014	47,275,349
2015	47,391,499
2016	47,500,101
2017-2021	215,357,569
2022-2026	211,514,618
2027-2029	<u>131,701,650</u>
	<u>\$ 785,915,109</u>

Interest Expense: Total interest costs incurred on all SWA debt for the year ended September 30, 2011 were \$28,360,727. For the year ended September 30, 2011, interest costs of \$17,123,683 were capitalized on construction in progress and \$11,237,044 was expensed.

CHANGES IN NONCURRENT LIABILITIES

Changes in long-term debt for the year ended September 30, 2011 are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ 5,084,728	\$ 2,454,693	\$2,510,674	\$5,028,747	\$ 372,878
OPEB	347,029	-	19,470	327,559	-
Landfill closure and postclosure care costs	36,563,206	1,971,468	-	38,534,674	322,759
Note Payable, Series 2008	72,000,000	-	4,000,000	68,000,000	4,000,000
Accrued interest payable on capital appreciation bonds	46,252,966	5,855,425	18,193,378	33,915,013	2,254,170
Revenue Bonds					
Series 2010	-	750,000,000	750,000,000	-	-
Series 2009	261,545,000	-	-	261,545,000	2,500,000
Series 2008B	131,565,000	-	-	131,565,000	-
Series 2004	33,980,000	-	45,000	33,935,000	33,935,000
Series 2002B	38,734,386	-	-	38,734,386	-
Series 1998A	<u>34,240,432</u>	<u>-</u>	<u>20,209,629</u>	<u>14,030,803</u>	<u>2,550,830</u>
Totals	<u>\$660,312,747</u>	<u>\$760,281,586</u>	<u>\$794,978,151</u>	625,616,182	<u>\$45,935,637</u>
Unamortized premium and discount, net				4,271,698	
Current maturities				<u>(45,935,637)</u>	
Net long-term debt				<u>\$ 583,952,243</u>	

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

CONDUIT DEBT

The County issues Industrial Development Bonds to provide financial assistance to not-for-profit and private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. During the current reporting period, three series of Industrial Development Bonds were issued with an aggregate par value of \$30 million. As of September 30, 2011, there were thirty-nine series of Industrial Development Bonds outstanding, with an estimated aggregate principal amount payable of \$607 million.

15. CONTINGENCIES

Litigation

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

State and Federal Grants

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

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

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Revenue Bonds (South Florida Fair project), Series 2000. The Trustee is required to notify the County after June 1st and on or before June 5th of each year of the deficiency amount, if any, as of such date. At present, the County has not been made aware of any deficiency amount.

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

COMPONENT UNIT - 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.

16. PLEDGED REVENUES

The County has pledged a portion of future non-ad valorem revenues to repay \$874 million in revenue bonds, notes and loans issued between July 1, 1990 and August 31, 2011. A ten year history of the pledged revenues are reported in statistical table X. Proceeds from the debt provided financing for capital additions, improvements, and expansion of County facilities, equipment and infrastructure. The bonds are payable solely from available non-ad valorem revenues and are payable through May 1, 2038. Total principal and interest remaining to be paid on the bonds is \$1.3 billion with annual requirements ranging from \$11 million in fiscal year 2034 to \$118 million in fiscal year 2012. The pledged non-ad valorem revenues, from which the appropriations will be made, have averaged \$340 million per year over the last 10 years. Principal and interest paid for the current year and total pledged non-ad valorem revenues were \$101 million and \$368 million, respectively.

The County has pledged future airport revenues net of specified operating expenses, to repay \$131 million in airport revenue bonds issued between July 3, 2001 and May 17, 2006. Proceeds from the bonds provided financing for the addition, improvements and expansion of the airport facilities, equipment and infrastructure. The bonds are payable solely from the airport net revenues and are payable through October 1, 2036. Total principal and interest remaining to be paid on the bonds is \$209 million with annual requirements ranging from \$6 million in fiscal year 2037 to \$17 million in fiscal year 2015. Annual principal and interest payments on the bonds are expected to require less than 33% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$15 million and \$25 million, respectively.

The County has pledged future water utility revenues net of specified operating expenses, to repay \$197 million in water & sewer revenue bonds issued between June 24, 1998 and July 22,

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

2009. Proceeds from the bonds provided financing for the addition, improvements and expansion of the water and sewer facilities, equipment and infrastructure. The bonds are payable solely from the water utility net revenues and are payable through October 1, 2040. Total principal and interest remaining to be paid on the bonds is \$343 million with annual requirements ranging from \$211 thousand in fiscal years 2039 and 2040 to \$17 million in fiscal year 2012. Annual principal and interest payments on the bonds are expected to require less than 28% of projected future net revenues. Principal and interest paid for the current year and net operating income before interest expense were \$20 million and \$64 million, respectively.

17. ACCOUNTING CHANGES

Effective October 1, 2010, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Changes to the government fund type fund balance reporting are reflected in the financial statements and schedules and related disclosures are included in Note 1 under Section S., "Fund Balance". Refer to Note 12 for further information on restatements made to the financial statements as a result of implementing GASB Statement No. 54.

Effective October 1, 2010, the County implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amends accounting and financial reporting standards for including, presenting, and disclosing information about governmental component units, including equity interests. This statement amends GASB Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, related to the blending of component units by requiring that at least one of two additional criteria be met: (1) the primary government and the component unit are financially interdependent (i.e. there is a relationship of potential financial benefit or burden between them), or (2) Management responsible for the day-to-day operations of the primary government also manages the component unit’s day-to-day activities in much the same way.

As a result of the implementation of GASB Statement No. 61, the Solid Waste Authority (SWA) no longer meets the new criteria of a blended component unit and is now reported as a discretely reported component unit in the County’s financial statements based on the following; (1) The SWA and Palm Beach County are completely independent of each other in that the County is not responsible for any repayment of debt or to fund any operating losses of the SWA, plus the SWA has its own source of revenue for operations. Further, budgets are not required to be approved by Palm Beach County. SWA has the ability to issue debt independent of the County, while the Board members are the same as the Board of County Commissioners, there is no approval action needed by them serving as the BOCC for issuance of debt or any other actions and no approval is needed from County Management. (2) The SWA and Palm Beach County government have completely separate managers, directors, and executive levels within each organization and neither organization has any direct oversight responsibilities over each other.

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, 2011
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	\$ 666,003,606	\$ 666,003,606	\$ 641,205,184	\$ (24,798,422)
Licenses and permits	36,535,500	36,535,500	34,873,049	(1,662,451)
Intergovernmental	85,187,240	87,968,787	94,460,671	6,491,884
Charges for services	102,571,991	102,571,991	102,019,026	(552,965)
Fines and forfeitures	1,262,000	1,262,000	1,411,942	149,942
Investment income	14,533,150	14,533,150	8,065,453	(6,467,697)
Miscellaneous	6,945,877	6,945,877	7,935,903	990,026
Less 5% anticipated revenues	(44,734,046)	(44,734,046)	-	44,734,046
Total revenues	868,305,318	871,086,865	889,971,228	18,884,363
Expenditures:				
Current:				
General government	218,636,095	249,314,700	126,449,499	122,865,201
Public safety	29,128,639	30,276,414	27,324,873	2,951,541
Physical environment	12,590,455	12,590,455	11,920,410	670,045
Transportation	4,235,000	4,639,421	4,639,421	-
Economic environment	23,821,244	23,821,244	23,546,214	275,030
Human services	49,148,416	49,908,410	48,513,051	1,395,359
Culture and recreation	55,433,248	55,352,018	52,820,218	2,531,800
Capital outlay	246,353	629,807	468,468	161,339
Debt service	-	-	-	-
Total expenditures	393,239,450	426,532,469	295,682,154	130,850,315
Excess of revenues over expenditures	475,065,868	444,554,396	594,289,074	149,734,678
Other financing sources (uses):				
Transfers in	8,421,355	10,282,989	33,726,065	23,443,076
Transfers out	(624,901,229)	(626,846,694)	(621,325,832)	5,520,862
Total other financing sources (uses)	(616,479,874)	(616,563,705)	(587,599,767)	28,963,938
Net change in fund balances	(141,414,006)	(172,009,309)	6,689,307	178,698,616
Fund balances, October 1, 2010 (Restated)	141,414,006	172,009,309	174,084,529	2,075,220
Increase (decrease) in nonspendable fund balance	-	-	824,031	824,031
Fund balances, September 30, 2011 (budget basis)	\$ -	\$ -	181,597,867	\$ 181,597,867
Perspective difference between budget basis and GAAP			19,182,301	
Fund balances, September 30, 2011 (GAAP)			\$ 200,780,168	

Reconciliation of Budget to GAAP

	Revenue	Expenditures	Transfers in	Transfers out	Net change in fund balance
Board of County Commissioners	889,971,228	(295,682,154)	33,726,065	(621,325,832)	6,689,307
Sheriff	2,513,528	(464,022,317)	479,491,890	(17,917,389)	65,712
Clerk & Comptroller	44,947,298	(56,696,562)	12,651,630	(1,161,931)	(259,565)
Tax Collector	22,695,649	(22,695,649)	-	-	-
Property Appraiser	20,681,341	(20,681,341)	-	-	-
Supervisor of Elections	1,251,182	(6,790,343)	10,664,400	(5,125,239)	-
Eliminate	-	-	(516,684,966)	516,684,966	-
Total	982,060,226	(866,568,366)	19,849,019	(128,845,425)	6,495,454

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 and only include the operations of the Board of County Commissioners since that is what was legally adopted. In accordance with GASB 54, the individual County Constitutional Officers no longer met the definition to be reported as separate special revenue funds of the County and as a result their activities have been combined into the County general fund for GAAP reporting purposes. The above

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, 2011
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes (net of discount)	\$ 195,230,351	\$ 195,230,351	\$ 187,980,583	\$ (7,249,768)
Special assessments	285,864	285,864	275,244	(10,620)
Licenses and permits	3,190	3,190	6,500	3,310
Intergovernmental	283,960	683,960	653,249	(30,711)
Charges for services	29,040,748	29,040,748	32,465,802	3,425,054
Investment income	4,980,306	4,980,306	5,368,578	388,272
Miscellaneous	91,500	91,500	326,941	235,441
Less 5% anticipated revenues	(11,175,484)	(11,175,484)	-	11,175,484
Total revenues	218,740,435	219,140,435	227,076,897	7,936,462
Expenditures:				
Current:				
Public safety	331,620,666	344,883,021	237,621,779	107,261,242
Economic environment	579,348	579,348	566,465	12,883
Capital outlay	7,085,072	7,085,072	1,727,260	5,357,812
Total expenditures	339,285,086	352,547,441	239,915,504	112,631,937
Excess of revenues over (under) expenditures	(120,544,651)	(133,407,006)	(12,838,607)	120,568,399
Other financing sources (uses):				
Transfers in	9,900,411	9,900,411	6,958,553	(2,941,858)
Transfers out	(295,988)	(295,988)	(245,247)	50,741
Total other financing sources (uses)	9,604,423	9,604,423	6,713,306	(2,891,117)
Net change in fund balances	(110,940,228)	(123,802,583)	(6,125,301)	117,677,282
Fund balances, October 1, 2010	110,940,228	123,802,583	126,171,365	2,368,782
Increase (decrease) in nonspendable fund balance	-	-	150,785	150,785
Fund balances, September 30, 2011	\$ -	\$ -	\$ 120,196,849	\$ 120,196,849

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
Community & Social Development Special Revenue Fund
For the fiscal year ended September 30, 2011
(Required Supplementary Information)

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 173,481,221	\$ 196,729,563	\$ 69,456,378	\$(127,273,185)
Charges for services	1,131,606	652,260	689,638	37,378
Investment income	268,408	268,408	633,029	364,621
Miscellaneous	569,311	569,311	1,249,007	679,696
Less 5% anticipated revenues	(2,500)	(2,500)	-	2,500
Total revenues	175,448,046	198,217,042	72,028,052	(126,188,990)
Expenditures:				
Current:				
Public safety	1,820,737	4,571,681	1,349,545	3,222,136
Transportation	196,440	198,914	130,823	68,091
Economic environment	145,397,824	156,052,339	36,501,063	119,551,276
Human services	55,200,673	65,186,602	52,791,855	12,394,747
Capital outlay	193,880	503,320	148,689	354,631
Debt service	407,955	432,558	369,203	63,355
Total expenditures	203,217,509	226,945,414	91,291,178	135,654,236
Excess of revenues over (under) expenditures	(27,769,463)	(28,728,372)	(19,263,126)	9,465,246
Other financing sources (uses):				
Transfers in	14,307,680	14,509,347	13,372,109	(1,137,238)
Transfers out	(7,714,492)	(7,720,776)	(6,597,265)	1,123,511
Issuance of long-term debt	17,565,000	16,139,000	6,668,000	(9,471,000)
Total other financing sources (uses)	24,158,188	22,927,571	13,442,844	(9,484,727)
Net change in fund balances	(3,611,275)	(5,800,801)	(5,820,282)	(19,481)
Fund balances, October 1, 2010	3,611,275	5,800,801	3,387,194	(2,413,607)
Fund balances, September 30, 2011	\$ -	\$ -	\$ (2,433,088)	\$ (2,433,088)

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

REQUIRED SUPPLEMENTARY INFORMATION

Palm Tran Pension Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1/1/09	\$44,799,056	\$68,301,400	\$23,502,344	65.6%	\$24,611,065	95.5%
1/1/10	51,323,623	76,463,660	25,140,037	67.1%	25,386,904	99.0%
1/1/11	54,522,208	83,602,521	29,080,313	65.2%	25,497,963	114.0%

Lantana Firefighter's Pension Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
9/30/08	\$14,943,792	\$20,323,618	\$ 5,379,826	73.5%	\$ 2,625,962	204.9%
9/30/09	17,132,902	21,670,754	4,537,852	79.1%	2,384,322	190.3%
9/30/10	19,301,948	24,669,989	5,368,041	78.2%	2,155,087	249.1%

REQUIRED SUPPLEMENTARY INFORMATION

Palm Beach County Primary Government Healthcare Plans
Schedule of Funding Progress

County	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
County	10/1/2007	\$ -	\$ 14,638,000	\$ 14,638,000	0.0%	\$ 294,272,546	5.0%
	10/1/2009	-	14,760,000	14,760,000	0.0%	253,793,723	5.8%
Tax Collector	10/1/2007	-	1,533,513	1,533,513	0.0%	9,879,680	15.5%
	10/1/2009	-	1,208,095	1,208,095	0.0%	10,945,091	11.0%
Property Appraiser	10/1/2007	-	312,788	312,788	0.0%	14,237,382	2.2%
	10/1/2009	-	348,156	348,156	0.0%	14,286,192	2.4%
Clerk & Comptroller	10/1/2007	-	5,445,000	5,445,000	0.0%	35,775,864	15.2%
	10/1/2009	-	5,202,000	5,202,000	0.0%	27,581,451	18.9%
Sheriff	1/1/2008	-	169,700,000	169,700,000	0.0%	222,956,243	76.1%
	1/1/2010	-	190,600,000	190,600,000	0.0%	269,750,942	70.7%
Fire Rescue Union	10/1/2008	14,544,477	153,500,000	138,955,523	9.5%	108,788,372	127.7%
	10/1/2009	18,136,850	163,661,000	145,524,150	11.1%	119,353,006	121.9%
	10/1/2010	23,359,477	129,760,000	106,400,523	18.0%	132,643,996	80.2%

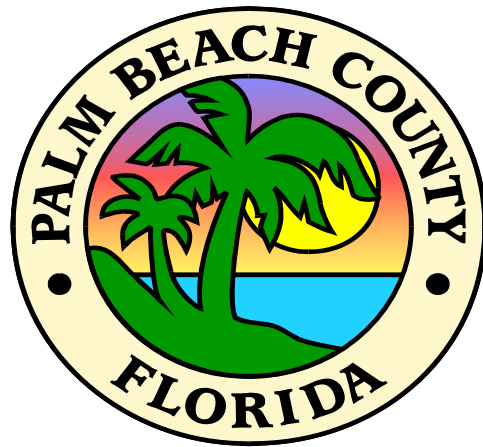
Palm Beach County Fire Rescue Taxing District Long Term Disability Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
10/1/2008	\$ -	\$ 7,634,577	\$ 7,634,577	0.0%	\$ 119,792,017	6.4%
10/1/2009	-	10,053,003	10,053,003	0.0%	133,283,977	7.5%
10/1/2010	-	11,172,901	11,172,901	0.0%	132,643,996	8.4%

Component Units

Solid Waste Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
10/1/2007	\$ -	\$ 1,115,000	\$ 1,115,000	0.0%	\$ 21,614,000	5.2%
10/1/2008	-	1,440,000	1,440,000	0.0%	21,254,000	6.8%
10/1/2010	-	724,000	724,000	0.0%	22,391,000	3.2%



Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2011

Federal / State Agency Pass Through Entity Federal Program / State Project	CFDA CSFA	Contract/Grant #	ARRA	Expenditures	Pass through to subrecipients
FEDERAL AWARDS					
US Dept. of Agriculture					
Direct Programs:					
Wetlands Reserve Program Lox Slough/Sandhill Rest.	10.072	66420977707-	NO	\$ 56,751	\$ -
Passed Through: FL Dept. of Elder Affairs					
09-10 Adult Care Food Program	10.558	Y0119	NO	(7)	-
10-11 Adult Care Food Program	10.558	Y1119	NO	30,836	-
Passed Through: FL Dept. of Health					
Child Care Food Program	10.558	S-735(45)	NO	868,146	-
Passed Through: FL Dept. of Education					
Summer Food Service Program for Children - GY10	10.559	04-0781 (GY10)	NO	131,575	-
Summer Food Service Program for Children - GY11	10.559	04-0781 (GY11)	NO	522,201	-
Direct Programs:					
Wildlife Habitat Incentive Program - Yamato	10.914	724209070L3	NO	6,470	-
Wildlife Habitat Incentive Program - Seacrest	10.914	724209070L4	NO	1,665	-
Wildlife Habitat Incentive Program - High Ridge	10.914	724209070ZM	NO	1,478	-
Wildlife Habitat Incentive Program - Hypoluxo	10.914	724209070ZO	NO	1,905	-
Wildlife Habitat Incentive Program - Juno	10.914	724209070ZP	NO	6,559	-
Total US Dept. of Agriculture				1,627,579	-
US Dept. of Commerce					
Direct Programs:					
Economic Works Program / Regional Wastewater Improvements	11.307	04-79-06327	NO	283,023	-
Passed Through: FL Dept. of Environmental Protection					
NOAA-FDEP Dubois Park Upland Imp	11.419	CM016	NO	26,062	-
Total US Dept. of Commerce				309,085	-
US Dept. of Housing & Urban Dev					
CDBG - Entitlement Grants Cluster					
Direct Programs:					
Community Development Block Grant	14.218	B-01-UC-12-0004	NO	234	234
Community Development Block Grant	14.218	B-02-UC-12-0004	NO	2,256	2,256
Community Development Block Grant	14.218	B-03-UC-12-0004	NO	200,265	200,265
Community Development Block Grant	14.218	B-04-UC-12-0004	NO	(374,776)	-
Community Development Block Grant	14.218	B-05-UC-12-0004	NO	49,259	49,259
Community Development Block Grant	14.218	B-06-UC-12-0004	NO	378,086	378,086
Community Development Block Grant	14.218	B-07-UC-12-0004	NO	169,989	169,989
Community Development Block Grant	14.218	B-08-UC-12-0004	NO	582,293	582,293
Neighborhood Stabilization Program	14.218	B-08-UN-12-0013	NO	8,522,577	7,347,899
Community Development Block Grant	14.218	B-09-UC-12-0004	NO	785,672	785,672
Community Development Block Grant	14.218	B-10-UC-12-0004	NO	3,806,381	2,071,098
Neighborhood Stabilization Program - 3	14.218	B-11-UN-12-0013	NO	28,860	-
CDBG - Recovery	14.253	B-09-UY-12-0004	YES	1,581,091	1,563,707
Total CDBG - Entitlement Grants Cluster				15,732,187	13,150,758
CDBG - State-Administered CDBG Cluster					
Passed Through: FL Dept. of Community Affairs					
CDBG Disaster Recovery Initiative	14.228	07DB3V106001Z07	NO	1,716,671	1,706,799
CDBG Disaster Recovery Initiative	14.228	08DBD3106001A07	NO	3,300,226	3,144,581
CDBG Disaster Recovery Initiative	14.228	10DBK4106001K29	NO	27,249	10,455
Total CDBG - State-Administered CDBG Cluster				5,044,146	4,861,835

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Direct Programs:					
Emergency Shelter Grant Program	14.231	S-09-UC-12-0016	NO	2,138	-
Emergency Shelter Grant Program	14.231	S-10-UC-12-0016	NO	298,212	284,157
Supportive Housing Program GY10	14.235	FL0292B4D050801	NO	165,679	-
Supportive Housing Program GY11	14.235	FL0292B4D050802	NO	328,474	-
Shelter Plus Care Project Northside GY09	14.238	FL0277C4D050800	NO	82,826	-
Shelter Plus Care Flagler Project GY10	14.238	FL0281C4D050802	NO	108,712	-
Shelter Plus Care Flagler Project GY11	14.238	FL0281C4D051003	NO	104,195	-
Shelter Plus Care Project Home GY10	14.238	FL0320C45050901	NO	129,626	-
Home Program	14.239	M-04-UC-12-0215	NO	1,163	-
Home Program	14.239	M-07-UC-12-0215	NO	100,526	-
Home Program	14.239	M-08-UC-12-0215	NO	2,524	-
Home Program	14.239	M-09-UC-12-0215	NO	1,267,004	-
Home Program	14.239	M-10-UC-12-0215	NO	2,222,132	-
BEDI09 Avenue A Project	14.246	B07BD120012	NO	61,113	61,113
Brownfield Economic Development Initiative	14.246	B09BD128009	NO	53,837	53,837
HUD 108 Loan Avenue A	14.248	B07UC120004 (SEC108)	NO	122,226	122,226
HUD, Section 108 Loan	14.248	B08UC120004 (SEC108)	NO	6,668,000	6,361,689
CDBG-Section 108 Loan Program - Pahokee	14.248	B09UC120004 (SEC108)	NO	107,785	107,785
Neighborhood Stabilization Program - 2	14.256	B09LNFL0021	YES	3,907,874	3,284,546
Homeless Prevention and Rapid Housing Recovery	14.257	S-09-UY-12-0016	YES	660,687	658,586
Passed Through: FL Dept. of Children and Families					
Homeless Prevention and Rapid Rehousing	14.257	IFZ14	YES	484,916	-
Direct Programs:					
Fair Housing Assistance Program - State & Local	14.401	FF204K114023	NO	219,670	-
Fair Housing Assistance Program - State & Local	14.401	FF204K124023	NO	48,000	-
Total US Dept. of Housing & Urban Dev				37,923,652	28,946,532
US Dept. of the Interior					
Direct Programs:					
Jupiter Inlet Lighthouse Shoreline Stabilization	15.231	L10AC20019	YES	139,692	-
Passed Through: FL Fish and Wildlife Conservation Commission					
Boynton Inlet Artificial Reef	15.605	FWC10164	NO	51,750	-
Direct Programs:					
West Loxahatchee Slough Restoration project	15.623	FLN161C	NO	75,000	-
PBC Pondhawk Wetlands Restoration	15.630	40181AJ215	NO	25,000	-
Digital Ortho Mapping	15.817	G10AC00135	YES	249,865	-
Passed Through: FL Dept. of Environmental Protection					
LWCF John Prince Campground Phase 2	15.916	LW5711200571	NO	200,000	-
Direct Programs:					
National Park Service American Battlefield Protection Prog	15.926	GA225509021	NO	18,238	-
Total US Dept. of the Interior				759,545	-
US Dept. of Justice					
JAG Program Cluster					
Direct Programs:					
BJA FY09 Edward Byrne Memorial JAG Prg Local Solicitation	16.738	2009DJBX0879	NO	255,248	-
BJA FY09 Edward Byrne Memorial JAG Program Local Solicitatio	16.738	2010DJBX0168	NO	76,090	-
Passed Through: FL Dept. of Law Enforcement					
JAG Pahokee Fresh Start	16.738	2010JAGCPALM14X050	NO	127,856	-
JAG Program Monitoring & Evaluation	16.738	2010JAGCPALM24X233	NO	105,763	-
Riviera Beach Weed & Seed Community Resource Officer	16.738	2010JAGCPALM34X075	NO	29,902	-
Law Enforcement Exchange	16.738	2010JAGCPALM44X240	NO	80,000	-
JAG Narcotics Overdose Prev & Education	16.738	2010JAGCPALM54X083	NO	39,998	-
JAG Criminal Justice Academy Firing Range	16.738	2010JAGCPALM64X022	NO	5,424	-
JAG Belle Glade Weed & Seed GGI	16.738	2010JAGCPALM74X242	NO	55,363	-

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JAG YWCA Y-Girls Project	16.738	2010JAGCPALM84X051	NO	20,000	-
JAG Paralegal Project (PD Re-entry)	16.738	2010JAGCPALM94X234	NO	40,000	-
JAG Juvenile Assessment Center Security	16.738	2011JAGCPALM1B2234	NO	132,052	-
JAG Pre-Trial Services PBC Public Safety	16.738	2011JAGCPALM2B2242	NO	31,563	-
JAG Program Monitoring & Evaluation 2011	16.738	2011JAGCPALM3B2259	NO	7,970	-
JAG Palm Beach County Weed & Seed 2011	16.738	2011JAGCPALM4B2263	NO	81,695	-
Gulfstream Goodwill Industries Youth Alt Care Pgm	16.738	2011JAGCPALM5B2262	NO	30,682	-
Passed Through: FL Dept. of Law Enforcement					
BJA FY09 Recovery Act Edward Byrne Mem JAG Prg St CJSC	16.803	2010ARRCPALM1W7303	YES	226,696	-
Palm Beach County Weed & Seed Program	16.803	2010ARRCPALM2W7350	YES	150,282	-
Palm Beach County Youth Violence Project	16.803	2010ARRCPALM3W7348	YES	1,511,571	-
BJA FY09 Recovery Act Edward Byrne Mem JAG Prg St Combat	16.803	2010ARRCPALM4W7305	YES	180,000	-
Region 7 Drug Enforcement Strike Force	16.803	2011ARRCPALM1W7351	YES	4,166	-
Direct Programs:					
BJA FY09 Recovery Act Edward Byrne Memorial JAG Prg Local So	16.804	2009SBB93136	YES	249,073	-
Total JAG Program Cluster				3,441,394	-
Direct Programs:					
FY10 Comprehensive Approaches to Sex Offender Management	16.203	2010WPBX0006	NO	37,553	-
Passed Through: OTHER - Area Agency on Aging of Palm Beach/Treasure Coast					
Enhanced Training and Service Elderly Abuse Training Project	16.528	OV007003	NO	2,759	-
Enhanced Train and Srvc to End Violence & Abuse of Women	16.528	OV008003	NO	6,957	-
Direct Programs:					
PBC Gang Prevention Coord Assistance Program	16.544	2008JVFX0104	NO	101,771	-
FY10 Youth Gang Prevention and Intervention Program	16.544	2010JVFX0030	NO	53,309	-
FY10 Solving Cold Cases with DNA Program	16.560	2010DNBXX009	NO	40,449	-
FY10 DNA Missing Person Assistance Program	16.560	2010DNBXX143	NO	22,052	-
Passed Through: FL Dept. of Legal Affairs and Attorney General					
FY 10/11 Victims of Crime Act	16.575	V10021	NO	53,223	-
FY11 Victims of Crime Act	16.575	V10149	NO	140,019	-
Direct Programs:					
OJP- Drug Court Grant	16.585	2009DCBX0016	NO	74,864	-
OJP Family Drug Court	16.585	2009DCBX0115	NO	122,887	-
Passed Through: OTHER - City of West Palm Beach					
FY11 Gramercy Village Weed & Seed MALEU	16.595	1009776001	NO	17,694	-
Gramercy Weed and Seed Project FY10	16.595	2009WSQX180	NO	3,182	-
Direct Programs:					
State Criminal Alien Assistance Program FY2007	16.606	2008APBX0693	NO	320,681	-
State Criminal Alien Assistance Program FY2008	16.606	2008APBX1611	NO	294,840	-
FY10 State Criminal Alien Assistance	16.606	2010APBX0766	NO	498,984	-
FY10 Bulletproof Vest Program	16.607	JUSTICE1602194	NO	46,022	-
Child Sexual Predator Program	16.710	2010CSWX0016	NO	161,722	-
COPS Hiring Program	16.710	2010ULWX0011	NO	538,861	-
FY09 Forensic DNA Backlog Reduction Program	16.741	2009DNBXX052	NO	132,311	-
FY09 Forensic DNA Unit Efficiency Improvement	16.741	2009DNBXX261	NO	40,306	-
FY10 Forensic DNA Backlog Reduction Program	16.741	2010DNBXX078	NO	281,789	-
Passed Through: FL Dept. of Law Enforcement					
2009 Paul Coverdell Forensic Science Improvement	16.742	2009CDBX0041 (SO)	NO	42,050	-
FY10 Paul Coverdell Forensic Sciences Improvement	16.742	2010CDBX0006 (SO)	NO	85,653	-
2010 Paul Coverdell Forensic Sciences Improvement Grant	16.742	2010CDBX006 (ME)	NO	5,000	-
Direct Programs:					
Criminal Justice Mental Health & Substance Abuse Local Match	16.745	2009MOBX0035	NO	84,196	-
Data Driven Problem-Oriented Policing Strategy	16.751	2009DGBX0121	NO	225,376	-
FY10 Second Chance Act Prisoner Reentry Initiative	16.812	2010CZBX0016	NO	138,492	-
Equitable Sharing - Justice Dept. FY10	16.XXX	FLOR050000	NO	655,394	-
Equitable Sharing - Justice Dept. FY11	16.XXX	FLOR050000	NO	887,734	-
Total US Dept. of Justice				8,557,524	-

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US Dept. of Labor					
Passed Through: FL Dept. of Education					
10-11 Farmworker Jobs and Education Program	17.264	7604051A1CFJ1	NO	187,665	-
11-12 Farmworker Jobs and Education Program	17.264	7604052A2CFJ1	NO	52,131	-
Total US Dept. of Labor				239,796	-
US Dept. of Transportation					
Highway Planning and Construction Cluster					
Direct Programs:					
Hwy. Planning & Constr. - CMAQ Tri Rail Feeder Buses	20.205	FL90X640	NO	21,757	-
Passed Through: FL Dept. of Transportation					
Hwy. Planning & Constr. - Computerized Traffic Signals	20.205	229253-1-54-03/AI599	NO	282,490	-
Hwy. Planning & Constr. -FHWA Surface Transportation Program	20.205	229253-3-54-01	NO	591,247	-
Const. Okee Blvd & Tamarind Ave	20.205	22975515802 APY93	NO	1,328,902	-
Congress/Lantana - Melaleuca	20.205	229892-2-58-01	NO	2,534,448	-
Improvements at South Bay RV Park	20.205	41613915801APZ12	NO	195,485	-
SR708/Blue Heron Blvd at Congress Ave.	20.205	417062-2-58-01	NO	6,741	-
Congress Ave at Intermodal Center/South County Complex	20.205	420356-1-58-01	NO	135,758	-
Federal Safe Routes to School - Overhead Flashers	20.205	423189-1-38/58-01	NO	3,058	-
Federal Safe Routes to School - Melody	20.205	423194-1-58-01	NO	266,529	-
Federal Safe Routes to School - Rosemount	20.205	423195-1-58-01	NO	107,792	-
Fl. Dept. of Transportation - Bluegill Trail	20.205	42380915801-	YES	374,571	-
Fl. Dept. of Transportation - Jup/Indiantown Trail	20.205	42525915801-	YES	437,363	-
Military Trail Resurfacing	20.205	426377-1-58-01	YES	6,343,361	-
Hwy. Plan. & Const. - Sec. 112	20.205	PL009748A5359	NO	996,949	-
Passed Through: FL Dept. of Environmental Protection					
FDEP Recreational Trails Program Riverbend Park	20.219	T29028	NO	50,450	-
Total Highway Planning and Construction Cluster				13,676,901	-
Federal Transit Cluster					
Direct Programs:					
Fed. Transit Capital Investment - FY05 Section 5309	20.500	FL030327	NO	242,500	-
Fed. Transit Capital Investment - FY06 Section 5309	20.500	FL040030	NO	247,500	-
Fed. Transit Capital Investment - FY08 Section 5309	20.500	FL040060	NO	192,965	-
Fed. Transit Capital Investment - FY09 Section 5309	20.500	FL040094	NO	135,800	-
Fed. Transit Formula Grant - FY04 Section 5307	20.507	FL90X520	NO	12,790	-
Fed. Transit Formula Grant - FY05 Section 5307	20.507	FL90X551	NO	56,782	-
Fed. Transit Formula Grants - FY06 Section 5307	20.507	FL90X571	NO	749,091	-
Fed. Transit Formula Grants - FY07 Section 5307	20.507	FL90X625	NO	652,815	-
Fed. Transit Capital Investment - Intermodal Site	20.507	FL90X627	NO	807,155	-
Fed. Transit Formula Grants - FY08 Section 5307	20.507	FL90X673	NO	1,107,130	-
Fed. Transit Formula Grants - FY09 Section 5307	20.507	FL90X705	NO	1,945,632	-
Fed. Transit Formula Grants - FY10 Section 5307	20.507	FL90X735	NO	4,425,664	-
ARRA Stimulus	20.507	FL96X026	YES	14,862,560	-
Total Federal Transit Cluster				25,438,384	-
Direct Programs:					
AIP - Pahokee Taxi Rehab and Apron Imp	20.106	31200600022008-	NO	6,632	-
AIP - Conduct Env. Impact Statement (EIS)	20.106	31200850462006-	NO	1,381,384	-
AIP - Part 2 Conduct Env. Impact Statement (EIS)	20.106	31200850472007-	NO	54,762	-
AIP - PBIA Airfield Signage Improve	20.106	31200850482008-	NO	14,826	-
AIP - Apron A, Taxi D & C4, Lights, Mark, S Taxi (5 parts)	20.106	31200850512009-	NO	111,579	-
AIP - Conduct Wildlife Hazard Assessment	20.106	31200850522010-	NO	53,074	-
AIP - Arrestor, Lighting, Flooring (3 parts)	20.106	31200850532009-	NO	3,078,399	-
AIP - Phase 3 Conduct Env. Impact Statement (EIS)	20.106	31200850542011-	NO	57,021	-
AIP - PBIA Terminal Roof Improvements	20.106	31200850552011-	NO	16,863	-
AIP - Stormwater Master Plan	20.106	31200860102010-	NO	109,492	-
AIP - North County Replace AWOS	20.106	31201130142010-	NO	170,134	-

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Passed Through: FL Dept. of Transportation					
Fed Transit Metro Plan Grants - Fed Transit Authority 5303	20.505	AQ288	NO	309,839	-
Regional Interactive TIP	20.505	AQA39	NO	38,400	-
Formula Grant Rural Section 5311	20.509	APS67	NO	245,424	-
Passed Through: South FL Regional Transit Authority					
Route 94 Operations	20.516	FL37X05200	NO	94,705	-
Direct Programs:					
Federal ARRA Stimulus TIGGER	20.523	FL770002	YES	196,923	-
Passed Through: FL Dept. of Transportation					
PBC Water Taxi Facilities	20.801	ANO90	NO	256,036	-
Total US Dept. of Transportation				45,310,778	-
US Dept. of the Treasury					
Direct Programs:					
Equitable Sharing - Treasury Dept. FY10	21.XXX	N/A	NO	88,873	-
Equitable Sharing - Treasury Dept. FY11	21.XXX	N/A	NO	41,868	-
Total US Dept. of the Treasury				130,741	-
US Environmental Protection Agency					
Passed Through: OTHER - South FL Water Management District					
Statewide Surface Water Res. & Wastewater Project LRWTP	66.202	XP-95454410-0	NO	768,300	-
Passed Through: OTHER - Glades Utility Authority/FL Environmental Protection					
South Bay water system improvements	66.458	WW501000	YES	46,262	-
Pahokee water system improvements	66.458	WW501100	YES	1,437,743	-
Total US Environmental Protection Agency				2,252,305	-
US Dept. of Energy					
Direct Programs:					
Energy Efficiency and Conserv Grant	81.128	DEEE0000793	YES	2,241,337	2,241,337
Total US Dept. of Energy				2,241,337	2,241,337
US Election Assistance Commission					
Passed Through: FL Dept. of State and Secretary of State					
Federal Elections Activities-11	90.401	EAC FECFY11	NO	147,840	-
Total US Election Assistance Commission				147,840	-
US Dept. of Health & Human Svcs					
Aging Cluster					
Passed Through: FL Dept. of Elder Affairs					
Older Americans Act Title III-B	93.044	VA0119635	NO	289,848	289,848
Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast					
2010 OAA Title III B Support Services	93.044	IA0109500 (3B)	NO	16,180	-
2011 OAA Title III B Support Services	93.044	IA1119500 (3B)	NO	557,464	-
2010 OAA Title III C1 Congregate Meals	93.045	IA0109500 (3C1)	NO	125,896	-
2010 OAA Title III C2 Home Delivered Meals	93.045	IA0109500 (3C2)	NO	100,626	-
2011 OAA Title III C1 Congregate Meals	93.045	IA1119500 (3C1)	NO	365,675	-
2011 OAA Title III C2 Home Delivered Meals	93.045	IA1119500 (3C2)	NO	462,431	-
Nutrition Services Incentive Program 10-11	93.053	IU0119500	NO	251,673	-
Total Aging Cluster				2,169,793	289,848
Head Start Cluster					
Direct Programs:					
10-11 Head Start CH Grant	93.600	04CH3046/45	NO	15,014,504	2,614,187
HS & EHS ARRA Quality Improvement	93.708	04SE3046/01	YES	158,813	-
10-11 Head Start ARRA Expansion	93.708	04SH304602	YES	948,570	-
10-11 Early Head Start Arra Expansion	93.709	04SA3046/02	YES	898,185	-
Total Head Start Cluster				17,020,072	2,614,187

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Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast					
2010 OAA Title III E Services	93.052	IA0109500 (3E)	NO	27,522	-
2011 OAA Title III E Services	93.052	IA1119500 (3E)	NO	149,724	-
Direct Programs:					
10-11 Brief Intervention and Treatment for Elders	93.243	LD919	NO	62,500	-
Passed Through: FL Dept. of Children and Families					
FY11 Brief Intervention and Treatment for Elders	93.243	LD959	NO	68,333	-
Passed Through: FL Dept. of Revenue					
Child Support Enforcement	93.563	CD350	NO	1,012,508	-
Passed Through: FL Dept. of Community Affairs					
10-11 Low Incom Home Energy Assistance Program	93.568	10EA8F106001023	NO	3,841,475	-
11-12Low Incom Home Energy Assistance Program	93.568	11EA8U106001023	NO	2,879,071	-
Passed Through: FL Dept. of Elder Affairs					
10-11 Emergency Home Energy Assistance for the Elderly Progr	93.568	IP0109500	NO	22,934	-
Passed Through: FL Dept. of Community Affairs					
2010 Community Services Block Grant	93.569	11SB8G106001021	NO.	741,903	-
Passed Through: Child and Family Connections					
Access & Visitation Prg-Children & Family Connections	93.597	SAPCC011	NO	25,988	-
Access & Visitation Prg-Children & Family Connections	93.597	SAPCC012	NO	5,775	-
Direct Programs:					
10-11 HIV Em Relief Grant Formula/Supplemental/MAI	93.914	H89HA0003417	NO	4,800,933	3,965,447
11-12 HIV Em Relief Grant Formula/Supplemental/MAI	93.914	H89HA0003418	NO	4,568,421	4,128,183
Passed Through: FL Dept. of Health					
COH5X-Victim Services Therapy Grant	93.991	COH5X	NO	17,490	-
Total US Dept. of Health & Human Svcs				37,414,442	10,997,665
Executive Office Of The President					
Direct Programs:					
PBC High Intensity Drug Trafficking Areas	95.001	G09MI0011A	NO	119,561	-
Multi Agency High Intensity Drug Trafficking Areas	95.001	G10MI0011A	NO	59,387	-
OGT Initiative	95.001	OGT INITIATIVE	NO	4,911	-
OMR Initiative	95.001	OMR INITIATIVE	NO	1,159	-
Total Executive Office Of The President				185,018	-
US Dept. of Homeland Security					
Homeland Security Cluster					
Passed Through: FL Dept. of Emergency Management					
Homeland Security Grant Prgm-Citizen Corp	97.067	10CC43106001378	NO	5,520	-
Homeland Security Grant-CERT	97.067	10CI43106001369	NO	3,959	-
SHSGP 09-10 Grant	97.067	10DS39106001319	NO	65,880	-
State Homeland Security Grant	97.067	10DS39106023337	NO	174,580	-
Passed Through: FL Dept. of Law Enforcement					
Homeland Security Grt EOD Regional Team Enhanced Capability	97.067	2009SHSPPALM3V3007	NO	119,149	-
Passed Through: City of Miami					
Miami Urban Area Security Initiative Regional Virtual Fusion	97.067	10DS48112302195	NO	130,403	-
Passed Through: City of Miramar					
Homeland Security Grant Prgm-UASI 2006-2007	97.067	07DS5N111602259	NO	38,555	-
Homeland Security Grant Prgm-UASI 2007-2008	97.067	08DS62111602296 (PS)	NO	281,128	97,053
FY2007 Urban Area Security Initiative	97.067	08DS62111602296 (SO)	NO	327,907	-
Homeland Security Grant Prgm-UASI 2008-2009 Jurisdictional	97.067	09DS48111602	NO	155,446	-
FY2008 Urban Area Security Initiative	97.067	09DS48111602448	NO	27,083	-
Urban Area Security Initiative Regional Fusion Center	97.067	09DS48111602448SUP	NO	97,947	-
FY09 UASI	97.067	11DS32111602017	NO	6,080	-
Urban Area Security Initiative Grant 2009	97.067	UASI 2009	NO	2,000	-
Urban Area Security Initiative Grant 2009 WEBEOC	97.067	UASI 2009 WEBEOC	NO	108,141	-
Homeland Security Grant Prgm-UASI 2008-2009 CIT CORPS	97.067	UASI CITCORP 2008	NO	63,616	-
Homeland Security Grant Prgm-UASI 2008-2009 WEBEOC	97.067	UASI WEBEOC 2008	NO	25,200	-
Total Homeland Security Cluster				1,632,594	97,053

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For the year ended September 30, 2011

Federal / State Agency Pass Through Entity Federal Program / State Project	CFDA CSFA	Contract/Grant #	ARRA	Expenditures	Pass through to subrecipients
Emergency Food and Shelter Program Cluster Passed Through: United Way of Palm Beach County Emergency Food & Shelter National Board Program	97.024	28-1686-00-019	NO	45,339	-
Emergency Food & Shelter National Board Program	97.024	29-1686-00-019	NO	219,219	-
Total Emergency Food and Shelter Program Cluster				264,558	-
Passed Through: FL Dept. of Community Affairs Public Assistance Grants - Fay	97.036	08-PA-B9-10-60-13-63	NO	989,604	-
Passed Through: FL Div. of Emergency Management PBCDowntown Govt Complex Wind Retrofit	97.039	08HM6G106001020	NO	1,322,570	-
Hazard Mitigation Grant - Westgate/Belv CRA Lakeside	97.039	08HM-3G-10-60-01-027	NO	110,250	-
Hazard Mitigation Grant - Westgate Belv Comm N Drain Study	97.039	11HM-2Y-10-60-01-001	NO	205,680	205,680
Hazard Mitigation Grant-Grove Street Drainage	97.039	11HM-2Y-10-60-01-009	NO	361,617	-
Emergency Mgmt Preparedness Grant	97.042	11FG7W106001069	NO	229,352	-
FY12 Emergency Mgmt Preparedness Grant	97.042	12FGR3106001117	NO	5,596	-
Direct Programs: 09 Assistance to Firefighters Grant Program Award	97.044	EMW2009FO09306	NO	319,335	-
Passed Through: Port of Palm Beach District Port of Palm Beach Prevention/Detection Project	97.056	2008GBT80032	NO	121,155	-
Port of Palm Beach District's Vessel Prevention	97.056	2009PUT90077	NO	127,900	-
Direct Programs: Homeland Security Enforcement PBIA	97.072	HSTS0211HCAN637	NO	250,500	-
Total US Dept. of Homeland Security				5,940,711	302,733
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 143,040,353	\$ 42,488,267
STATE GRANTS					
FL Dept. of Environmental Protection Direct Programs: Beach Erosion Control Program - Singer Island	37.003	06PB2	NO	\$ 102,994	\$ -
Beach Erosion Control - Jupiter Carlin Nourishment	37.003	07PB4	NO	3,896	-
Beach Erosion Control Program - Ocean Ridge	37.003	08PB3	NO	12,796	-
Beach Erosion Control Program - Juno Beach	37.003	08PB4	NO	1,177,170	-
Jupiter Carlin Shore Protection Project	37.003	09PB1	NO	4,035	-
South Lake Worth Inlet Mgmt Plan	37.003	11PB1	NO	9,837	-
Beach Erosion Control Prgm - S. LW Inlet Mgmt	37.003	99PB1	NO	14,270	-
Petroleum Storage Tank Cleanup	37.024	S0485	NO	527,740	-
Statewide Surf Wtr Rest & Wstwtr - Lake Worth Lagoon	37.039	LP6046	NO	711,913	145,606
Statewide Surf Wtr Rest & Wstwtr - Chain of Lakes	37.039	LP6077	NO	489,227	-
Passed Through: South FL Water Management District Statewide Surf Wtr Rest & Wstwtr - Limestone Creek Ph III	37.039	4600001245-	NO	104,229	-
Cypress Ck Phase III Restoration	37.039	4600001905-	NO	240,318	-
Total FL Dept. of Environmental Protection				3,398,425	145,606
FL Dept. of Legal Affairs and Attorney General Passed Through: FL Council Against Sexual Violence Rape Crisis Center	41.010	100AG26	NO	2,582	-
Rape Crisis Center	41.010	110AG26	NO	10,482	-
Total FL Dept. of Legal Affairs and Attorney General				13,064	-
FL Dept. of Agriculture & Consumer Services Direct Programs: FY11 Mosquito Control	42.003	16068-	NO	39,000	-
Total FL Dept. of Agriculture & Consumer Services				39,000	-

(Continued)

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2011

Federal / State Agency Pass Through Entity Federal Program / State Project	CFDA CSFA	Contract/Grant #	ARRA	Expenditures	Pass through to subrecipients
FL Dept. of State and Secretary of State					
Direct Programs:					
FY10-11 State Aid to Libraries	45.030	11ST55	NO	860,305	-
Total FL Dept. of State and Secretary of State				860,305	-
FL Florida Housing Finance Corporation					
Direct Programs:					
State Housing Initiatives Partnership Prgm - CAH	52.901	HFC0108	NO	1,222,635	1,222,635
State Housing Initiatives Partnership Prgm - CAH	52.901	HFC0109	NO	82,648	-
State Housing Initiatives Partnership Prgm 11/12- CAH	52.901	HFC0111	NO	72,775	-
Total FL Florida Housing Finance Corporation				1,378,058	1,222,635
FL Dept. of Community Affairs					
Direct Programs:					
FY11 Emergency Mangement Program	52.008	11BG05106001169	NO	77,043	-
FY12 Emergency Mangement Program	52.008	12BG05106001050	NO	14,391	-
FY11 Hazardous Materials Contingency Plan	52.023	11CP03106001202	NO	23,676	-
Total FL Dept. of Community Affairs				115,110	-
FL Dept. of Transportation					
Direct Programs:					
Commission for the Transportation Disadvantaged	55.001	APZ88	NO	1,955,423	1,955,423
GY12 Commission for the Transportation Disadvantaged	55.001	AQB33	NO	535,292	535,292
Transportation Disadvantaged	55.002	AQ047	NO	43,336	-
Aviation Dev Grant - Const Taxiway Exits RW 9L/27R	55.004	41271619401AOJ39	NO	3,474	-
Aviation Dev Grant - PBIA Airfield Taxiway Rehab	55.004	41456419401AOY69	NO	708,818	-
Aviation Dev Grant - Lantana Construct Hangars	55.004	41456519401AOY68	NO	59,286	-
Aviation Dev Grant - North County Const Aprons Taxi Hangars	55.004	41629419401APA54	NO	214,474	-
Aviation Dev Grant - Acquire Land for Runway 9L-27R	55.004	41629519401APC36	NO	27,582	-
Aviation Dev Grant - Security Impv (formerly Relocate VOR)	55.004	41629619401APA55	NO	45,913	-
Aviation Dev Grant - Expand Apron A PBIA	55.004	41630419401AOI91	NO	19,287	-
Aviation Dev Grant - EIS Design Runway Extension PBIA	55.004	42034019401AOY72	NO	29,434	-
Aviation Dev Grant - Extend Taxiway F at PBIA	55.004	42034719401AOY71	NO	772,523	-
Aviation Dev Grant - Construct Taxiway L at PBIA	55.004	42037319401AOY73	NO	1,249,621	-
Aviation Dev Grant - Runway 14/32 Safety Areas	55.004	42444919401AP532	NO	452,042	-
Aviation Dev Grant - Rehab RW 15_33 Taxi C Apron	55.004	42712119401APQ03	NO	60,093	-
Aviation Dev Grant - Wetland Wildlife Hazard Mitigation	55.004	42713319401APQ19	NO	43,894	-
Aviation Dev Grant - Connect to Water & Wastewater NC	55.004	42713419401APQ20	NO	457,848	-
Aviation Dev Grant - PBIA Security Enhancements	55.004	42791119401APZ40	NO	159,692	-
Aviation Dev Grant - PBIA Parking Garage Rehab	55.004	42791319401APZ41	NO	400,293	-
Aviation Dev Grant - Concourse C Security Improvements	55.004	42934819401AQ797	NO	135,546	-
HOV/Intermodal/Park & Ride	55.005	AP159	NO	187,672	-
CIGP Grnt-Okeechobee/SR 7 to Turnpike	55.008	409701-1-54(58)-01	NO	1,156,327	-
CIGP-Lyons Rd/N of Atlantic to S of Boynton Bch Blvd	55.008	421786-1-58-01	NO	589,330	-
Hypoluxo Rd/Jog Rd to Military	55.008	423983-1-58-01	NO	47,195	-
Public Transit Block Grant - Operating	55.010	APU03	NO	4,398,315	-
Okee Blvd & Tamarind Ave	55.023	229755-1-38-01	NO	20,949	-
FDOT Small Projects	55.023	229765-2-54-01	NO	564,491	-
Snook Island Seagrass/Mangrove - Flagler	55.023	4124892C201	NO	117,328	-
Blue Heron & Congress Intersect - FDOT	55.023	417062-1-58-01	NO	144,306	-
Blue Heron & Congress Intersection Improvements	55.023	417062-2-A8-01	NO	(105,129)	-
SR811/Donald Ross to Center	55.023	AP-439	NO	852,943	-
West Atlantic/Lyons to Turnpike Construction	55.026	229658-3-58-01	NO	780,232	-
TRIP Grnt-Okeechobee/SR 7 to Turnpike	55.026	409701-1-58-01	NO	3,110,564	-
SR7 and SR80 Southern Blvd Intersection Improvements	55.026	422768-1-58-01	NO	615	-
Jog Rd & 45th Street Intersection Improvements	55.026	422769-2-58-01	NO	1,876,000	-
Total FL Dept. of Transportation				21,115,009	2,490,715

(Continued)

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2011

Federal / State Agency Pass Through Entity Federal Program / State Project	CFDA CSFA	Contract/Grant #	ARRA	Expenditures	Pass through to subrecipients
FL Dept. of Children and Families					
Direct Programs:					
GY10 Homeless Challenge Grant	60.014	IFZ15	NO	63,397	-
Total FL Dept. of Children and Families				63,397	-
FL Dept. of Health					
Direct Programs:					
EMERGENCY MEDICAL SERVICES	64.005	C0050	NO	229,806	209,796
Rape Crisis Center	64.061	10RCP26	NO	59,580	-
Total FL Dept. of Health				289,386	209,796
FL Dept. of Elder Affairs					
Passed Through: Area Agency on Aging of Palm Beach/Treasure Coast					
10-11 Home Care for the Elderly	65.001	IH0109500	NO	13,254	-
11-12 Home Care for the Elderly	65.001	IH0119500	NO	7,900	-
10-11 Alzheimer's Disease Initiative	65.004	IZ0109500	NO	150,327	-
11-12 Alzheimer's Disease Initiative	65.004	IZ0119500	NO	29,728	-
10-11 Respite for Elders Living in Everyday Families	65.006	IR0109500	NO	71,744	-
11-12 Respite for Elders Living in Everyday Families	65.006	IR0119500	NO	27,021	-
10-11 Community Care for the Elderly	65.010	IC0109500	NO	944,503	-
11-12 Community Care for the Elderly	65.010	IC0119500	NO	232,180	-
Total FL Dept. of Elder Affairs				1,476,657	-
FL Dept. of Law Enforcement					
Direct Programs:					
Statewide Criminal Analysis Lab System GY10-11	71.002	1602601 (GY10-11)	NO	343,580	-
Total FL Dept. of Law Enforcement				343,580	-
FL Dept. of Management Services					
Direct Programs:					
E-911 CPE Replacement	72.002	S080421	NO	505,884	-
E-911 NG Network	72.002	S080422	NO	353,418	-
E-911 Hosted PSAP	72.002	S080423	NO	1,942,888	-
Total FL Dept. of Management Services				2,802,190	-
FL Agency for Workforce Innovation					
Direct Programs:					
Voluntary Pre-Kindergarten	75.007	R2010-1236.1 SV391	NO	812,764	-
Total FL Agency for Workforce Innovation				812,764	-
FL Dept. of Highway Safety & Motor Vehicles					
Passed Through: Sea Turtle Conservancy					
Sea Turtle population Assessment LWL Phase 3	76.070	11013R	NO	4,730	-
Sea Turtle Education & Dark Sky Phase 3	76.070	11014E	NO	4,280	-
Total FL Dept. of Highway Safety & Motor Vehicles				9,010	-
FL Fish and Wildlife Conservation Commission					
Direct Programs:					
FBIP-FFWCC Dubois	77.006	08083	NO	170,358	-
FBIP-FFWCC Waterway	77.006	09030	NO	96,155	-
Artificial Reef Grants Program - Reef Monitoring	77.007	8265-	NO	19,808	-
Total FL Fish and Wildlife Conservation Commission				286,321	-

(Continued)

Palm Beach County
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended September 30, 2011

Federal / State Agency Pass Through Entity Federal Program / State Project	CFDA CSFA	Contract/Grant #	ARRA	Expenditures	Pass through to subrecipients
FL Dept. of Juvenile Justice Passed Through: Goodwill Industries Gulfstream Goodwill Industries Youth Alt Care Pgm	80.XXX	X1684	NO	66,795	-
Total FL Dept. of Juvenile Justice				<u>66,795</u>	<u>-</u>
TOTAL STATE GRANTS				<u>33,069,071</u>	<u>4,068,752</u>
TOTAL FEDERAL AND STATE GRANTS				<u>\$ 176,109,424</u>	<u>\$ 46,557,019</u>

Palm Beach County, Florida

**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2011**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the grant activity of certain federal award programs and state financial assistance projects of Palm Beach County, Florida (the County) for the year ended September 30, 2011. The federal awards and state financial assistance received by the Solid Waste Authority, a major discretely presented component unit, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, are not included in the Schedule. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General of the State of Florida*. Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

2. Summary of Significant Accounting Policies

The Schedule is presented using the modified accrual basis of accounting for expenditures accounted for in governmental type funds and on the accrual basis of accounting for expenses of the proprietary fund types. Such expenditures/expenses are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures/expenses are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.



**Independent Auditor's Report
on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards**

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

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida (the "County") as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 28, 2012. Our report includes a reference to other auditors and emphasis paragraph for new GASB adoptions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Solid Waste Authority, a major discretely presented component unit, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that might be 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 28, 2012.

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 LLP

West Palm Beach, Florida
March 28, 2012



**Independent Auditor's Report
on Compliance With Requirements That Could Have a Direct
and Material Effect on Each Major Federal Program and State
Project and on Internal Control Over Compliance in Accordance With OMB
Circular A-133 and Chapter 10.550, *Rules of the Auditor General, State of Florida***

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

Honorable Ric L. Bradshaw
Sheriff

Honorable Sharon R. Bock
Clerk and Comptroller

Honorable Susan Bucher
Supervisor of Elections

Honorable Gary R. Nikolits
Property Appraiser

Honorable Anne Gannon
Tax Collector

Compliance

We have audited the compliance of Palm Beach County, Florida (the "County") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Solid Waste Authority, a major discretely presented component unit, the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, and the Housing Finance Authority, a discretely presented component unit, which received federal awards and state projects which are not included in the schedule during the year ended September 30, 2011. Our audit, described below, did not include the operations of the Solid Waste Authority, the Westgate Belvedere Homes Community Redevelopment Agency, and the Housing Finance Authority because other auditors were engaged to perform an audit in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General of the State of Florida*.

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 of the State of Florida*. Those standards, OMB Circular A-133 and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

McGladrey LLP

West Palm Beach, Florida
June 8, 2012

Palm Beach County, Florida

Schedule of Findings and Questioned Costs
Year Ended September 30, 2011

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	_____	X	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
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The program tested as major included the following:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218/14.253	CDBG - Entitlement Grants cluster
14.228	Community Development Block Grants
14.239	Home Investment Partnerships Program
14.248	Community Development Block Grants_Section 108 Loan Guarantees
14.256	Neighborhood Stabilization Program - 2
14.257	Homeless Prevention and Rapid Housing Recovery
16.738/16.803/16.804	JAG Program Cluster
20.205/20.219	Highway Planning and Construction Cluster
20.500/20.507	Federal Transit Cluster
66.458	Construction Grants for Wastewater Treatment Works
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)
93.914	HIV Emergency Relief Project Grants

(Continued)

Palm Beach County, Florida

Schedule of Findings and Questioned Costs (Continued)
 Year Ended September 30, 2011

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

 X Yes No

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)?

 Yes X None Reported

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

Unqualified

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

 Yes X No

The project tested as major included the following:

<u>CSFA Number(s)</u>	<u>Name of State Financial Assistance Project</u>
55.004	Aviation Development Grant
55.008	County Incentive Grant Program
55.023	State Highway Project Reimbursement
55.026	Transportation Regional Incentive Program (Trip)
65.010	Community Care for the Elderly (CCE)
72.002	E911 State Grant Program

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

\$ 992,072

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2011

II – Financial Statement Findings

None reported

III – Federal Award and State Financial Assistance Findings and Questioned Costs

2011 - 1

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

Title
Home Investment Partnerships Program

CFDA #
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: The Department of Economic Sustainability ("DES") did not perform the on-site inspections as required by the previously discussed criteria.

Context: The DES files on multifamily rental properties in which HOME Investment Partnerships Program funds were invested had insufficient documentation or no documentation to indicate that the DES conducted the necessary home quality standards reviews in accordance with HUD's regulations.

Questioned costs: Not applicable

Effect: The lack of internal control over this compliance requirement does not allow for the DES to conduct the program in compliance with the program's requirements. This failure to comply with the housing quality standards may cause the granting agency to request the DES to return funds used to support these Multi-family rental units.

Cause: The lack of management oversight has caused the DES to fail to comply with the monitoring responsibility imposed by the HOME Investment Partnership Program.

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 requirements of this program.

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2011

Views of responsible officials and planned corrective actions: Management concurs with the findings that no on-site inspections were done on projects within the scope of the audit; however, on-site inspections of other multifamily projects were conducted and appropriately documented in the files. Management has taken corrective actions with regard to personnel and non-adherence to established guidelines and/or policies. In addition, DES staff will conduct on-site inspections of all projects beginning July 1, 2012 with an anticipated completion date of June 30, 2013.

DES staff continues to make improvements to the monitoring and oversight requirements as outlined in 24 CFR sections 92.251, 252 & 504(b). DES staff is in the process of converting all hard files to an electronic mortgage loan data base. Calyx Point ("Point") is a loan original software and data storage program that allows DES staff to manage its existing loan portfolio. The Point system has electronic alerts, auto-populate custom forms, and various reporting features. These features will provide greater control measures and allow the ongoing monitoring and tracking of our vast loan portfolio (multi-family, single family and business).

Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2011

**2010-1 Schedule of Expenditures of Federal
Awards and State Financial Assistance**

Finding: We observed the County kept revising the amounts presented on the Schedule.

Corrective Action Taken: Corrective action taken.

**2010-2 U.S. Department of Health and Human Services
CFDA 93.914**

Finding: We noted several of the checklists tested were not completed and/or signed by the Community Service Department's ("CSD") staff performing the subrecipient monitoring. We also noted the checklists did not go through another review by the staff supervisor.

Corrective Action Taken: Corrective action taken.

**2010-3 U.S. Department of Health and Human Services
CFDA 93.914**

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

Corrective Action Taken: Corrective action taken.

**2010-4 Florida Department of Transportation
CSFA 55.008**

Finding: We noted Public Works requested reimbursement for 100% of five invoices, which were rejected by the State. Public Works then re-requested for reimbursements for 50% of four invoices, and 100% of one invoice in error.

Corrective Action Taken: Corrective action taken.