



***SCHOOL DISTRICT OF PALM BEACH COUNTY  
BOARD AGENDA ITEM SUMMARY***

**Consider Interim Financial Statements for the  
Four Month Period Ended October 31, 2004**

**I recommend that the School Board receive and accept the format for the Interim Financial Statements for the four month period ended October 31, 2004.**

- Florida State Board of Education Administrative Rule, Chapter 6A-1.008, states that monthly financial statements shall be submitted for the use and consideration of the district school board.

**BOARD GOAL: # 6**

**KEY RESULTS: # 10**

**LEGAL SIGN OFF: YES  N/A**

**CONTACT: Joseph Moore (moorej@palmbeach.k12.fl.us)/Martin Arroyo**

**FINANCIAL IMPACT**

There is no financial impact to the school district.

**CONSENT AGENDA ITEM**

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**

**Interim Financial Statements**

**For The Four Months Ended October 31, 2004**

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***SCHOOL DISTRICT OF PALM BEACH COUNTY***

***INTERIM FINANCIAL STATEMENTS  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2004***

**Prepared By:**

**Financial Reporting  
Accounting Department  
Division of Financial Management**

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**COMBINED BALANCE SHEET - (BUDGETARY BASIS)**  
**ALL FUND TYPES**  
**OCTOBER 31, 2004**  
(With comparative totals for October 31, 2003)

	<b>GOVERNMENTAL FUND TYPES</b>				
	<b>ASSETS</b>	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>
<b>ASSETS:</b>					
Cash and investments	\$	71,363,499.41	\$ 10,865,668.30	\$ 114,718,464.35	\$ 421,278,484.56
Taxes receivable (net of uncollectible taxes)		651,728,371.56	-	28,992,413.72	211,675,856.95
Accounts and interest receivable		91,285.02	1,172,035.74	721,142.53	-
Due from other governments or agencies		203,950,012.47	112,293,335.38	-	54,395,316.29
Due from other funds		265,265.70	-	-	-
Inventories		5,016,516.29	2,282,309.74	-	-
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>932,414,950.45</b>	<b>\$ 126,613,349.16</b>	<b>\$ 144,432,020.60</b>	<b>\$ 687,349,657.80</b>
 <b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts and contracts payable and accrued items	\$	278,256.96	\$ 396,036.31	\$ -	\$ 5,302.00
Accrued payroll taxes and deductions		9,421,867.45	-	-	-
Fringe benefits payable		10,444,730.17	-	-	-
Due to other governments or agencies		8,439.64	-	1,162,442.95	2,414,723.56
Retainage payable on contracts		-	-	-	26,212,026.53
Tax anticipation notes payable		55,000,000.00	-	-	-
Encumbered salaries and fringe benefits payable		661,743,701.57	64,577,144.25	-	-
Outstanding encumbrances payable		28,302,717.92	9,978,645.44	-	218,588,530.25
Deposits payable		-	405,659.64	-	-
Deferred revenue		739,722.21	25,522,101.75	-	-
<b>TOTAL LIABILITIES</b>		<b>765,939,435.92</b>	<b>100,879,587.39</b>	<b>1,162,442.95</b>	<b>247,220,582.34</b>
<b>FUND EQUITY:</b>					
Contributed capital		-	-	-	-
Retained earnings (deficit) - unreserved		-	-	-	-
Fund balances reserved:					
Reserved for inventory		5,019,813.02	2,282,309.74	-	-
Reserved for board contingency		31,600,000.00	-	-	-
Reserved for debt service		-	-	143,269,577.65	-
Reserved for scholarships		-	-	-	-
Fund balances unreserved:					
Designated for construction projects		-	-	-	440,129,075.46
Designated for appropriations		850,159,198.27	23,451,452.03	-	-
Undesignated		(720,303,496.76)	-	-	-
<b>TOTAL FUND EQUITY</b>		<b>166,475,514.53</b>	<b>25,733,761.77</b>	<b>143,269,577.65</b>	<b>440,129,075.46</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$</b>	<b>932,414,950.45</b>	<b>\$ 126,613,349.16</b>	<b>\$ 144,432,020.60</b>	<b>\$ 687,349,657.80</b>

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

PROPRIETARY FUND TYPE	PRIVATE PURPOSE TRUST FLORIDA FUTURE EDUCATORS	TOTALS (MEMORANDUM ONLY)	
		OCT 2004	OCT 2003
\$ 623,770.40	\$ 512,651.58	\$ 619,362,538.60	\$ 815,825,524.83
-	-	892,396,642.23	803,027,256.58
-	-	1,984,463.29	696,857.57
-	-	370,638,664.14	418,174,681.42
-	-	265,265.70	330,347.66
-	-	7,298,826.03	6,368,514.38
<u>\$ 623,770.40</u>	<u>\$ 512,651.58</u>	<u>\$ 1,891,946,399.99</u>	<u>\$ 2,044,423,182.44</u>
\$ -	\$ -	\$ 679,595.27	\$ 795,551.10
-	-	9,421,867.45	10,589,523.98
-	-	10,444,730.17	7,292,751.87
-	-	3,585,606.15	3,990,204.40
-	-	26,212,026.53	20,614,441.66
-	-	55,000,000.00	45,000,000.00
-	-	726,320,845.82	673,988,651.21
-	-	256,869,893.61	409,198,055.42
-	-	405,659.64	331,304.01
-	-	26,261,823.96	22,571,237.46
-	-	<u>1,115,202,048.60</u>	<u>1,194,371,721.11</u>
623,770.40	-	623,770.40	1,751,091.14
-	-	7,302,122.76	4,286,088.97
-	-	31,600,000.00	31,600,000.00
-	-	143,269,577.65	140,988,951.30
-	512,651.58	512,651.58	429,918.99
-	-	440,129,075.46	460,415,967.38
-	-	873,610,650.30	896,593,275.95
-	-	(720,303,496.76)	(686,013,832.40)
<u>623,770.40</u>	<u>512,651.58</u>	<u>776,744,351.39</u>	<u>850,051,461.33</u>
<u>\$ 623,770.40</u>	<u>\$ 512,651.58</u>	<u>\$ 1,891,946,399.99</u>	<u>\$ 2,044,423,182.44</u>

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - (BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES AND PRIVATE PURPOSE TRUST FUND**  
**FOR THE FOUR MONTHS ENDED OCTOBER 31, 2004**  
**(With comparative totals for October 31, 2003)**

	<b>GOVERNMENTAL FUND TYPES</b>			
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ 652,226,729.00	\$ -	\$ 29,020,806.00	\$ 211,830,701.00
Food service sales	-	5,157,934.87	-	-
Interest income and other	9,056,369.84	2,204,998.05	1,012,285.11	4,650,496.31
Total local sources	<u>661,283,098.84</u>	<u>7,362,932.92</u>	<u>30,033,091.11</u>	<u>216,481,197.31</u>
State sources:				
Florida education finance program	252,413,347.00	-	-	-
Public education capital outlay	-	-	-	-
Classrooms first	-	-	-	-
Food service	-	110,903.00	-	-
Other	155,590,618.23	988,897.93	-	-
Total state sources	<u>408,003,965.23</u>	<u>1,099,800.93</u>	<u>-</u>	<u>-</u>
Federal sources:				
Food service	-	35,255,763.84	-	-
Other	1,204,601.41	76,159,923.46	-	-
Total Federal sources	<u>1,204,601.41</u>	<u>111,415,687.30</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>1,070,491,665.48</u>	<u>119,878,421.15</u>	<u>30,033,091.11</u>	<u>216,481,197.31</u>
<b>EXPENDITURES:</b>				
Current:				
Instructional services	665,592,976.80	32,797,334.79	-	-
Instructional support services	93,162,601.52	39,448,741.19	-	-
Pupil transportation services	30,758,830.00	27,383.58	-	-
Operation and maintenance services	84,145,947.75	2,332,235.48	-	-
School administration	96,592,962.72	911,423.06	-	-
General administration	13,724,102.98	562,776.32	-	-
Food service	-	33,369,665.74	-	-
School activities	-	-	-	-
Community services and other	9,548,504.76	2,840,709.74	-	-
Capital outlay:				
Facilities acquisition and construction	262,524.43	148,352.20	-	259,246,470.72
Other capital outlay	-	-	-	64,106,284.74
Debt service:				
Retirement of principal	-	-	48,965,000.00	-
Payment of interest	116,461.02	-	34,928,829.88	-
Dues, fees and other	-	-	250,324.10	-
<b>TOTAL EXPENDITURES</b>	<u>993,904,911.98</u>	<u>112,438,622.10</u>	<u>84,144,153.98</u>	<u>323,352,755.46</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>76,586,753.50</u>	<u>7,439,799.05</u>	<u>(54,111,062.87)</u>	<u>(106,871,558.15)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from issuance of refunded debt	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-
Premium (discount) from issuance of long-term & refunded debt	-	-	-	-
Payment of refunded bonds	-	-	-	-
Proceeds from loss recoveries	764,298.76	-	-	-
Proceeds from sale of fixed assets and other	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>764,298.76</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>77,351,052.26</u>	<u>7,439,799.05</u>	<u>(54,111,062.87)</u>	<u>(106,871,558.15)</u>
<b>BEGINNING FUND BALANCES</b>	<u>89,124,462.27</u>	<u>18,293,962.72</u>	<u>197,380,640.52</u>	<u>547,000,633.61</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 166,475,514.53</u>	<u>\$ 25,733,761.77</u>	<u>\$ 143,269,577.65</u>	<u>\$ 440,129,075.46</u>

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

PRIVATE PURPOSE TRUST FLORIDA FUTURE EDUCATORS	TOTALS (MEMORANDUM ONLY)	
	OCT 2004	OCT 2003
\$ -	\$ 893,078,236.00	\$ 803,868,946.00
-	5,157,934.87	6,693,268.16
48,454.67	16,972,603.98	26,930,123.01
<u>48,454.67</u>	<u>915,208,774.85</u>	<u>837,492,337.17</u>
-	252,413,347.00	284,076,722.00
-	-	-
-	-	-
-	110,903.00	98,197.77
-	156,579,516.16	118,990,661.24
-	<u>409,103,766.16</u>	<u>403,165,581.01</u>
-	35,255,763.84	115,966,778.09
-	77,364,524.87	70,411,462.29
-	112,620,288.71	186,378,240.38
<u>48,454.67</u>	<u>1,436,932,829.72</u>	<u>1,427,036,158.56</u>
-	698,390,311.59	661,067,871.97
-	132,611,342.71	125,144,822.84
-	30,786,213.58	28,579,210.96
-	86,478,183.23	77,117,412.20
-	97,504,385.78	91,478,667.00
-	14,286,879.30	14,914,583.91
-	33,369,665.74	34,110,159.89
-	-	-
9,771.00	12,398,985.50	11,562,311.14
-	259,657,347.35	419,439,097.66
-	64,106,284.74	65,410,102.94
-	48,965,000.00	39,020,000.00
-	35,045,290.90	30,939,373.52
-	250,324.10	268,458.43
<u>9,771.00</u>	<u>1,513,850,214.52</u>	<u>1,599,052,072.46</u>
<u>38,683.67</u>	<u>(76,917,384.80)</u>	<u>(172,015,913.90)</u>
-	-	-
-	-	-
-	-	6,050,000.00
-	-	(60,372.10)
-	-	-
-	764,298.76	469,663.22
-	-	34,000.00
-	<u>764,298.76</u>	<u>6,493,291.12</u>
38,683.67	(76,153,086.04)	(165,522,622.78)
<u>473,967.91</u>	<u>852,273,667.03</u>	<u>1,013,822,992.97</u>
\$ <u>512,651.58</u>	\$ <u>776,120,580.99</u>	\$ <u>848,300,370.19</u>

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS)**  
**FOR THE FOUR MONTHS ENDED OCTOBER 31, 2004**

	<u>BUDGET</u>	<u>OCT 2004 ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>% OF BUDGET</u>	<u>OCT 2003 ACTUAL</u>
<b>REVENUES:</b>					
<b>Local sources:</b>					
Ad valorem taxes	\$ 652,226,729.00	\$ 652,226,729.00	\$ -	100.00%	\$ 586,277,538.00
Child care fees	16,000,000.00	3,396,336.66	(12,603,663.34)	21.23%	3,711,847.00
Course fees	-	93.00	93.00	-	124,365.14
Receipt of federal indirect cost rate	4,000,000.00	754,270.00	(3,245,730.00)	18.86%	885,017.83
Interest income	6,145,496.00	1,552,834.09	(4,592,661.91)	25.27%	619,491.86
Miscellaneous	16,531,019.00	3,352,836.09	(13,178,182.91)	20.28%	2,342,258.01
<b>Total local sources</b>	<u>694,903,244.00</u>	<u>661,283,098.84</u>	<u>(33,620,145.16)</u>	<u>95.16%</u>	<u>593,960,517.84</u>
<b>State sources:</b>					
Florida education finance program	252,413,347.00	252,413,347.00	-	100.00%	284,076,722.00
Workforce development performance	15,055,957.00	15,055,957.00	-	100.00%	14,576,961.00
Transportation	30,017,823.00	30,017,823.00	-	100.00%	29,216,593.00
Instructional materials	15,854,075.00	15,854,075.00	-	100.00%	15,433,784.00
Discretionary lottery	7,234,265.00	7,234,265.00	-	100.00%	7,677,009.00
Class size reduction	68,339,231.00	68,339,231.00	-	100.00%	32,747,059.00
School recognition	11,230,618.00	11,230,618.00	-	100.00%	9,687,604.00
Public school technology	3,312,703.00	3,312,703.00	-	100.00%	3,288,561.00
Teacher training allocation	2,388,692.00	2,388,692.00	-	100.00%	2,371,216.00
Teacher lead program	1,094,004.00	1,094,004.00	-	100.00%	1,061,174.00
Miscellaneous	8,108,454.00	1,063,250.23	(7,045,203.77)	13.11%	1,263,208.76
<b>Total state sources</b>	<u>415,049,169.00</u>	<u>408,003,965.23</u>	<u>(7,045,203.77)</u>	<u>98.30%</u>	<u>401,399,891.76</u>
<b>Federal sources:</b>					
Federal impact	16,000.00	-	(16,000.00)	0.00%	-
ROTC	530,000.00	154,629.22	(375,370.78)	29.18%	81,169.47
Medicaid reimbursement	3,400,000.00	1,049,972.19	(2,350,027.81)	30.88%	71,687.56
Miscellaneous	-	-	-	-	-
<b>Total federal sources</b>	<u>3,946,000.00</u>	<u>1,204,601.41</u>	<u>(2,741,398.59)</u>	<u>30.53%</u>	<u>152,857.03</u>
<b>TOTAL REVENUES</b>	<u>1,113,898,413.00</u>	<u>1,070,491,665.48</u>	<u>(43,406,747.52)</u>	<u>96.10%</u>	<u>995,513,266.63</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Instructional services	781,744,859.00	665,592,976.80	116,151,882.20	85.14%	624,990,866.47
Pupil personnel services	36,979,001.00	34,281,292.46	2,697,708.54	92.70%	33,073,834.32
Instructional media services	17,229,790.00	15,306,916.04	1,922,873.96	88.84%	15,665,687.78
Instructional and curriculum development services	32,773,200.00	31,745,236.22	1,027,963.78	96.86%	38,868,454.74
Instructional staff training	14,824,139.00	11,829,156.80	2,994,982.20	79.80%	5,760,140.38
<b>Total instructional support services</b>	<u>101,806,130.00</u>	<u>93,162,601.52</u>	<u>8,643,528.48</u>	<u>91.51%</u>	<u>93,368,117.22</u>
Pupil transportation services	37,792,717.00	30,758,830.00	7,033,887.00	81.39%	28,505,813.85
Operation of plant	104,814,860.00	61,388,899.25	43,425,960.75	58.57%	58,303,349.38
Maintenance of plant	45,048,172.00	22,757,048.50	22,291,123.50	50.52%	17,014,138.49
<b>Total operation and maintenance of plant</b>	<u>149,863,032.00</u>	<u>84,145,947.75</u>	<u>65,717,084.25</u>	<u>56.15%</u>	<u>75,317,487.87</u>
School administration	84,327,338.00	78,692,270.41	5,635,067.59	93.32%	74,180,215.48
Central services	19,932,604.00	17,900,692.31	2,031,911.69	89.81%	16,289,625.71
<b>Total school administration</b>	<u>104,259,942.00</u>	<u>96,592,962.72</u>	<u>7,666,979.28</u>	<u>92.65%</u>	<u>90,469,841.19</u>
General administration	7,068,220.00	6,274,487.41	793,732.59	88.77%	6,420,514.86
Fiscal services	4,272,505.00	3,841,490.85	431,014.15	89.91%	4,079,168.11
Board of education	5,005,916.00	3,608,124.72	1,397,791.28	72.08%	3,733,649.76
<b>Total general administration</b>	<u>16,346,641.00</u>	<u>13,724,102.98</u>	<u>2,622,538.02</u>	<u>83.96%</u>	<u>14,233,332.73</u>
Community services and other	22,948,622.00	9,548,504.76	13,400,117.24	41.61%	9,046,268.74
Facilities acquisition and construction	465,438.00	262,524.43	202,913.57	56.40%	292,221.93
<b>Debt Service:</b>					
Payment of interest	545,496.00	116,461.02	429,034.98	21.35%	167,151.03
<b>TOTAL EXPENDITURES</b>	<u>1,215,772,877.00</u>	<u>993,904,911.98</u>	<u>221,867,965.02</u>	<u>81.75%</u>	<u>936,391,101.03</u>

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



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS)**  
**FOR THE FOUR MONTHS ENDED OCTOBER 31, 2004**

	<b>BUDGET</b>	<b>OCT 2004 ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>	<b>% OF BUDGET</b>	<b>OCT 2003 ACTUAL</b>
<b>TOTAL EXPENDITURES</b>	1,215,772,877.00	993,904,911.98	221,867,965.02	81.75%	936,391,101.03
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(101,874,464.00)	76,586,753.50	178,461,217.50		59,122,165.60
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	36,000,000.00	-	(36,000,000.00)	-	-
Operating transfers out	-	-	-	-	-
Proceeds from loss recoveries	-	764,298.76	764,298.76	-	469,663.22
Proceeds from sale of fixed assets and other	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	36,000,000.00	764,298.76	(35,235,701.24)	-	469,663.22
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	\$ (65,874,464.00)	77,351,052.26	\$ 143,225,516.26		59,591,828.82
<b>BEGINNING FUND BALANCES</b>		89,124,462.27			82,232,521.32
<b>ENDING FUND BALANCES</b>		\$ 166,475,514.53			\$ 141,824,350.14

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY  
INTERNAL SERVICE FUND - MAINTENANCE  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2004**

	<b>OCT 2004</b>
<b>OPERATING REVENUES:</b>	
Service revenue	\$ 9,359,196.28
Other income	-
<b>TOTAL OPERATING REVENUES</b>	<b>9,359,196.28</b>
<b>OPERATING EXPENSES:</b>	
Salaries	6,642,220.43
Benefits	2,078,865.84
Purchased services	34,954.52
Energy services	-
Materials and supplies	-
Other	-
<b>TOTAL OPERATING EXPENSES</b>	<b>8,756,040.79</b>
<b>OPERATING INCOME (LOSS)</b>	<b>603,155.49</b>
<b>NONOPERATING REVENUES:</b>	
Interest and other income	4,717.03
<b>TOTAL NONOPERATING REVENUES</b>	<b>4,717.03</b>
<b>NET INCOME (LOSS)</b>	<b>607,872.52</b>
<b>BEGINNING RETAINED EARNINGS (DEFICIT)- UNRESERVED</b>	<b>15,897.88</b>
<b>ENDING RETAINED EARNINGS (DEFICIT)- UNRESERVED</b>	<b>623,770.40</b>
<b>CONTRIBUTED CAPITAL</b>	<b>-</b>
<b>TOTAL FUND EQUITY</b>	<b>\$ 623,770.40</b>

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
INTERNAL SERVICE FUND - MAINTENANCE  
STATEMENT OF CASH FLOWS  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2004**

	<b>OCT 2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash receipts from services provided other funds	\$ 9,359,196.28
Cash receipts from other income	-
Cash payments to suppliers for goods and services	(34,954.52)
Cash payments for salaries, benefits, and other expenses	(8,721,086.27)
Net cash provided by (used in) operating activities	603,155.49
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Payments for purchase of equipment	-
Net cash used in capital and related financing activities	-
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest earnings on investments	4,717.03
Net cash provided by investing activities	4,717.03
Net increase (decrease) in cash and cash equivalents	607,872.52
Beginning cash and cash equivalents	15,897.88
Ending cash and cash equivalents	\$ 623,770.40
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 603,155.49
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	-
Increase in due from other funds	-
Increase in inventory	-
Increase (decrease) in due to other funds	-
Decrease in accounts payable	-
Total adjustments	-
Net cash provided by (used in) operating activities	\$ 603,155.49

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FOUR MONTHS ENDED OCTOBER 31, 2004**

- (1) Basis of Accounting.** The modified accrual basis of accounting is utilized by all funds except for the proprietary fund. Under the modified accrual basis, revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when the interest is due.
- (2) Revenue Recognition.** The School District budgets 95% of the property taxes levied, as allowed by state statute, as revenue in all applicable funds. Therefore, 95% of the taxes levied is accrued as revenue in the interim financial statements. Other significant accruals included in the interim financial statements are the Florida Education Finance Program revenues, certain state categorical program revenues and the Food Service National School breakfast/lunch revenues. These revenues are considered "available" because they will be received by the District before the end of the fiscal year.
- (3) Budgetary Accounting.** The interim financial statements are presented utilizing the budgetary basis of accounting for all of the Governmental funds. Therefore, expenditures include materials, supplies and services from vendors which have been encumbered and encumbered salaries and benefits. If encumbrances were not included in expenditures, then the excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses would be as follows:

Excess (deficiency) of revenues and other financing sources  
 over (under) expenditures and other financing uses    \$ (131,157,315.27)    \*\*

PLUS:	<u>ENCUMBRANCES</u>	
General Fund	\$ 690,046,419.49	
Special Revenue Funds	74,555,789.69	
Debt Service Funds	0.00	
Capital Projects Funds	<u>218,588,530.25</u>	<u>983,190,739.43</u>

Adjusted excess of revenues and other financing  
 sources over expenditures and other financing uses    \$ 852,033,424.16

\*\* This amount is comprised of the four governmental funds less \$54,965,545.56 of Federal Grant revenue accrued to match outstanding Federal Grant encumbrances.

- (4)** Ending fund balance has not been adjusted to reflect future expenditures for substitutes and hourly personnel whose salaries are not encumbered, utilities, and other expenditures not made through the purchase order and requisition system.
- (5)** The private purpose trust fund included on the combined balance sheet is the Florida Future Educators Private Purpose Trust Fund.

- (6)** Not included in these statements are the School Internal Accounts. With the exclusion of this fund from these statements due from and due to other funds will not be equal.
  - (7)** The Budget amounts presented in these financial statements reflect the original General Fund Budget approved by the Board on September 13, 2004 as well as all amendments presented to the Board during the year. Budget amendments reflecting adjustments for the month of October 2004 presented to the Board on December 8, 2004 and are also included herein.
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