



THE SCHOOL DISTRICT  
OF PALM BEACH COUNTY, FLORIDA



# Comprehensive Annual Financial Report

**For Fiscal Year Ended June 30, 2005**

3300 Forest Hill Boulevard  
West Palm Beach, Florida





# The School District of Palm Beach County



Debra Robinson, M.D.



Paulette Burdick



Mark Hansen



William G. Graham



Thomas E. Lynch



Monroe Benaim, M.D.



Sandra S. Richmond



Arthur C. Johnson, Ph.D.  
Superintendent



Fiscal Year 2005

## School Board Members

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**The School District of Palm Beach County, Florida**

**for the**

**Fiscal Year Ended June 30, 2005**



**Issued by:**

**Arthur C. Johnson, Ph.D., Superintendent of Schools  
Joseph M. Moore, Chief Operating Officer**

**Prepared by:**

**Division of Financial Management  
Martin V. Arroyo, Director of Accounting**

**The School District of Palm Beach County  
3340 Forest Hill Boulevard  
West Palm Beach, Florida 33406**



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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Introductory

Section







THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FLORIDA

ACCOUNTING SERVICES  
3366 Forest Hill Boulevard, A-323  
West Palm Beach, Florida 33406-5870

(561) 434-8096 FAX: (561) 434-8569

ARTHUR C. JOHNSON, Ph.D  
Superintendent

November 23, 2005

To the School Board Members and Residents of the  
School District of Palm Beach County:

We respectfully submit the Comprehensive Annual Financial Report (CAFR) of the School District of Palm Beach County, Florida (the "District") for the fiscal year ended June 30, 2005. These financial statements are presented to conform to accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units and are audited 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.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

KPMG LLP, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2005, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

District school officials are responsible for providing a full range of educational programs to students in the District, thus these programs and support activities meet the criteria for inclusion in the reporting entity.

The District and its governing board (the "Board") were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered and supervised by District school officials in accordance with Chapter 1001, Florida Statutes. The Board consists of seven (7) elected officials responsible for the adoption of policies, which govern the operation of the District's public schools. The Superintendent is responsible for the administration and management of the schools within the applicable parameters of state laws, State Board of Education Rules and school board policies. The Superintendent is also specifically delegated the responsibility of maintaining a uniform system of records and accounts for the District by Section 1010.01, Florida Statutes as prescribed by the State Board of Education.

The CAFR contains the audited financial statements for all operations over which the District is financially accountable. District management has determined that the Palm Beach School Board Leasing Corporation, (the "Corporation") represents a *blended* component unit of and is reported with the operations of the District in the accompanying financial statements. The Corporation's sole purpose is to provide for financing and construction of certain District school facilities under the District's Certificates of Participation (COPS) program. In addition, District management has determined that thirty-one of the thirty-five Charter Schools currently operating within the School District of Palm Beach County represent component units. These Charter Schools are *discretely presented* in the accompanying financial statements. Additional information on component units can be found in the notes to the financial statements.

The District is legally responsible for providing a full range of educational programs in Palm Beach County. These include Early Childhood, Kindergarten through 12th grade, Basic Regular and Enriched Programs, Exceptional Student Education, Vocational Education, Adult Education and specialized instruction, in areas such as English proficiency for speakers of other languages.

Palm Beach County is in the midst of rapid growth and change that has significant implications for public education. Covering 2,023 square miles (2,578 square miles including lakes), it is one of the largest counties east of the Mississippi River. To fully appreciate its size, consider that Palm Beach County is larger than both Rhode Island and Delaware. In the past decade, total population in the county has grown from 981,793 to 1.27 million. Not only is the community growing in size, but also it is vastly diverse in both geographical aspects as well as population. The eastern portion of the county is a rich thriving urban area, while the western portion is primarily agricultural.

Palm Beach County is the 4<sup>th</sup> largest school district in Florida and the 9<sup>th</sup> largest in the nation with over 174,000 K-12 students, according to Dunn & Bradstreet. Approximately 5,000 new students entered Palm Beach County Schools during the 2005 fiscal year.



The demographics of our school district reflect our rich cultural diversity. For example, our students speak 135 languages and dialects – English being the second language for more than 23,000. The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriations budget approved by the Board. Activities of the General Fund, Special Revenue Funds, Debt Service and Capital Projects Funds are included in the annual appropriations budget. Although project length financial plans are adopted for the capital projects funds, the funding for the projects is contingent upon the annual budget adoption. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function within each school center, department, or project. Budgetary control is maintained at the function level by the encumbrance of estimated purchase commitments prior to the release of purchase orders to vendors. When commitments exceed established function balances, purchase orders are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at the end of the fiscal year. Budgetary control over salary expenditures is achieved through the position authorization process and by the encumbrance of salaries for positions already filled.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

### **Local economy**

As the community grows and changes, efforts continue to build an economic base that is broad and diverse. This involves maintaining the existing economies built on agriculture, tourism and construction, but also to capitalize on new business opportunities in technology and the marine industry. Public-private partnerships, including the Business Development Board and the Workforce Development Board, are shaping strategies to attract and cultivate companies that will pay high wages for highly skilled jobs in targeted areas with growth potential, such as medical services and computer technology. The District has become an integral part of these efforts. Preparing students for productive employment is crucial to successful economic development. So is the ability to provide training on a continuous basis throughout a person's career in a dynamic economy.

### **Long-term financial planning**

There are 164 public schools in Palm Beach County including three new schools that opened in August 2005. In addition, seven existing schools have been modernized or replaced.

Providing adequate facilities to all students is fundamental to maintaining an effective education system. It speaks to a range of standards, including safety, class size and equity. When there is not enough room, such standards may be compromised. With that in mind, the Board has adopted an ambitious construction program that is financially sound. However, we still need longer-term revenue sources.

The District faces the challenges of growth, change and rising expectations in a highly charged political environment in which there is little consensus on fundamental policy questions concerning growth management and the funding of public services, including education.

School concurrency, which is the notion of ensuring adequate capacity to accommodate growth resulting from new residential development, has passed. The District is looking forward to working with the various communities as we grow together. There is no question that we need more space and improved student achievement.

#### **Cash management policies and practices**

Florida Statutes authorize the deposit of District school funds in demand or time deposits of financial institutions approved by the State Treasurer. All District public deposits are held in qualified public depositories. Also, the District receives interest on all collected balances in its demand accounts from the public depository acting as its banking agent. Cash management and investment activities are discussed in greater detail in the notes to the financial statements.

#### **Risk management**

The District is self-insured, within varying limits, for workers' compensation, general liability and automobile liability insurance programs. All premium revenue and claims expense are reported in the District's General Fund. The District participates in a fully insured health care program that has enabled the District to realize better premiums than the funding that would have been required had we been self-insured.

Risk control techniques have been established to reasonably assure that the District's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned or under the control of the District.

#### **Pension and other post-employment benefits**

The District participates in the Florida Retirement System, which is noncontributory by employees and is totally administered by the state. All employees hired after 1970 and those employed prior to 1970 that elected to be enrolled are covered by the system. For the fiscal year ended June 30, 2005, the District's contribution for employees was approximately \$61.4 million.

In addition to the retirement benefits described above, the District has authorized various early retirement incentives to provide financial assistance for the purchase of health and life insurance to our retirees. In all cases employees who retire from the District may purchase health and life insurance through the District. The notes to the financial statements describe the District's retirement program and post retirement benefits in greater detail.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District of Palm Beach County for its CAFR for the fiscal year ended June 30, 2004.

This was the fifteenth consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

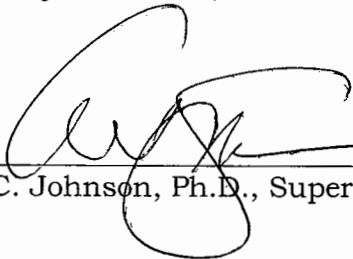
The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2004.

The Certificate of Excellence in Financial Reporting awarded by ASBO certifies that the CAFR substantially conforms to the accounting and reporting standards adopted by ASBO. The School District of Palm Beach County has received a Certificate of Excellence in Financial Reporting for the last eight consecutive years for which it was submitted.

The GFOA Certificate of Achievement and the ASBO Certificate of Excellence are valid for a period of one year only. We believe that our current CAFR continues to meet the requirements of the Certificate of Achievement Program as well as the Certificate of Excellence Program. Accordingly, we are submitting it to both the GFOA and ASBO for consideration for another award.

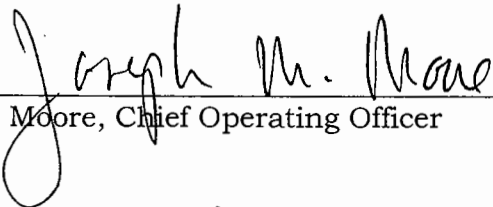
The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the entire staff of the Accounting Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

Respectfully submitted,



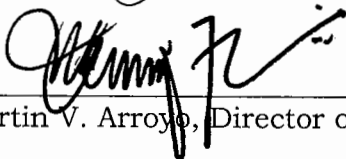
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Arthur C. Johnson, Ph.D., Superintendent of Schools



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Joseph M. Moore, Chief Operating Officer



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Martin V. Arroyo, Director of Accounting



THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

The School District of  
Palm Beach County, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





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

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

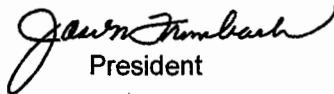


This Certificate of Excellence in Financial Reporting is presented to

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

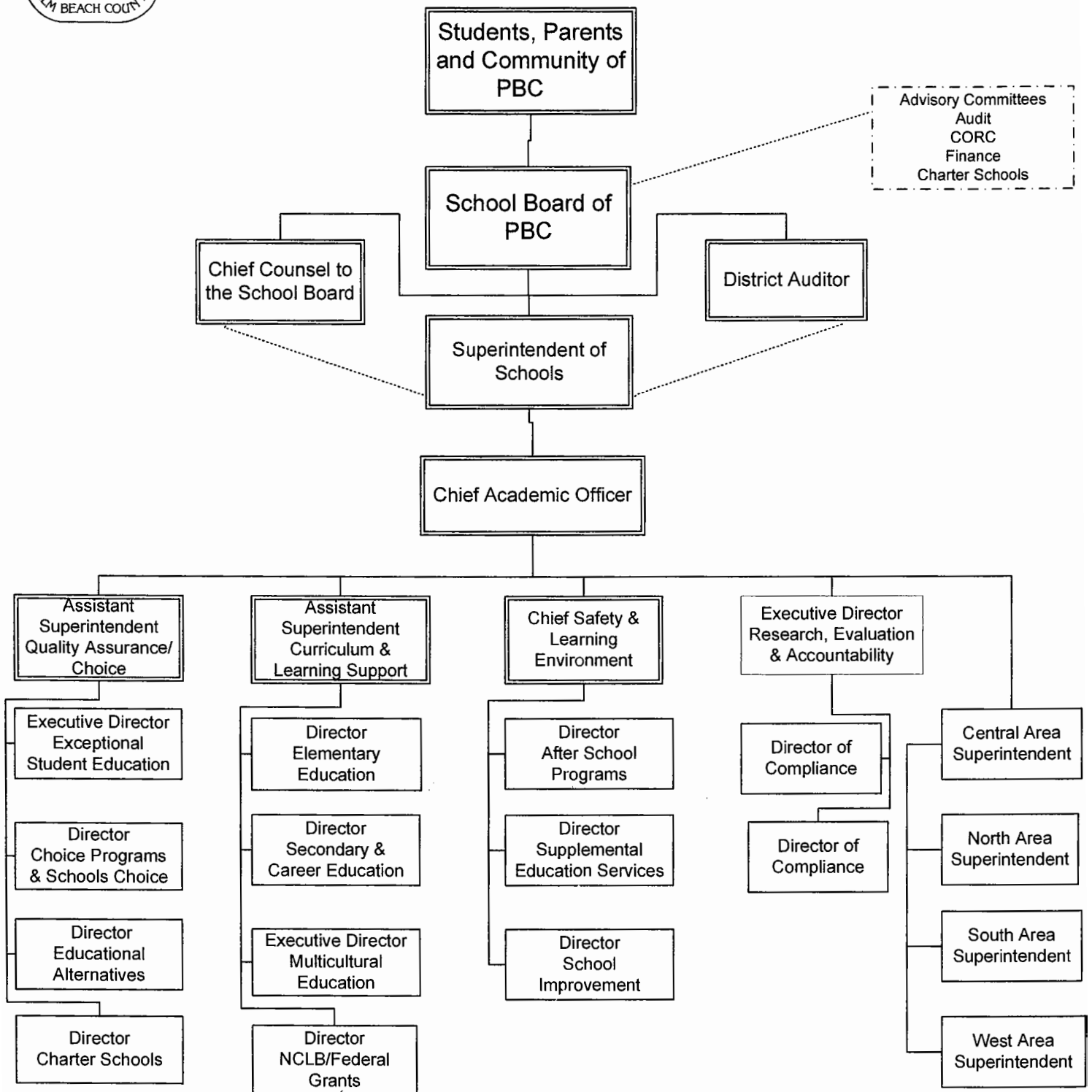
  
President

  
Executive Director



# The School District of Palm Beach County

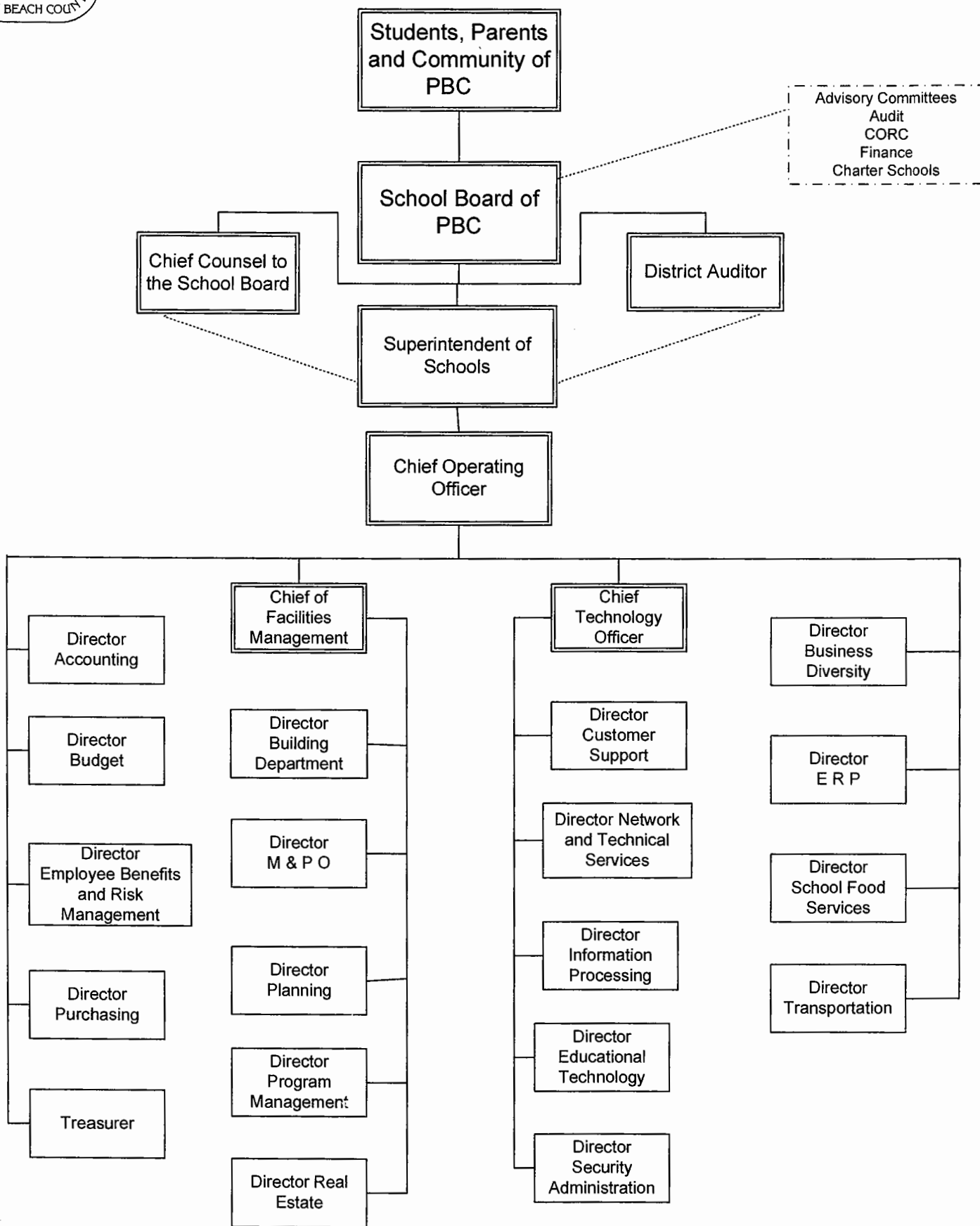
## Organizational Alignment for FY 2005





# The School District of Palm Beach County

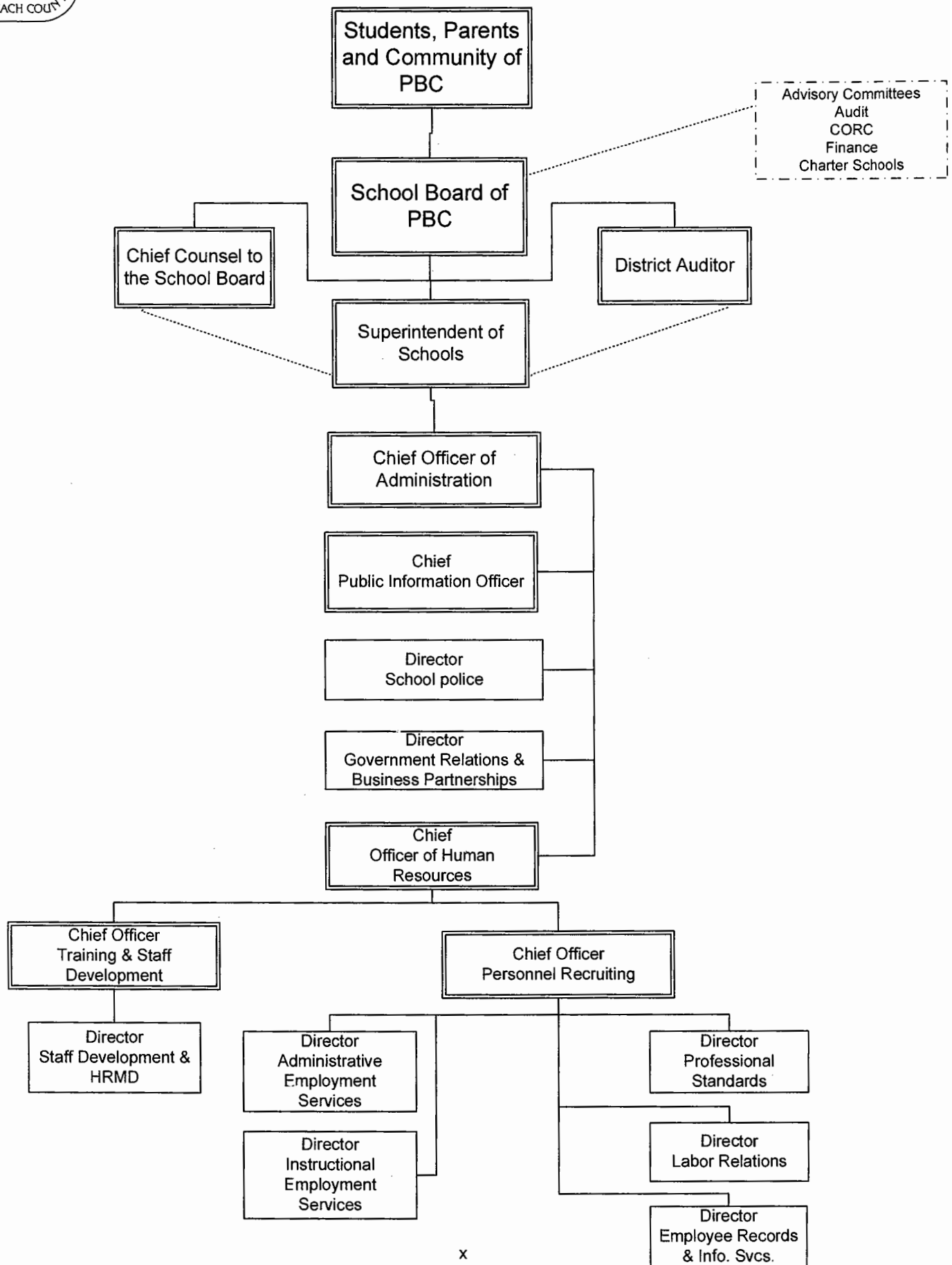
## Organizational Alignment for FY 2005





# The School District of Palm Beach County

## Organizational Alignment for FY 2005







## THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

### PRINCIPAL OFFICIALS - NON-PARTISAN ELECTED

#### BOARD MEMBERS - TERMS OF OFFICE

Dr. Monroe Benaim, M.D. Member from District 1 Present term expires	November 2008
Mrs. Paulette Burdick Member from District 2 Present term expires	November 2008
Mr. William Graham, Vice Chair Member from District 3 Present term expires	November 2006
Mr. Thomas E. Lynch, Chair Member from District 4 Present term expires	November 2006
Mr. Mark Hansen Member from District 5 Present term expires	November 2008
Dr. Sandra S. Richmond Member from District 6 Present term expires	November 2006
Dr. Debra L. Robinson, M.D. Member from District 7 Present term expires	November 2006



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

**PRINCIPAL OFFICIALS  
JUNE 30, 2005**

Arthur C. Johnson, Ph.D.	Superintendent
Joseph M. Moore	Chief Operating Officer
Ann E. Killets	Chief Academic Officer
Gerald A. Williams	Chief Officer of Administration
E. Wayne Gent	Assistant Superintendent Curriculum & Learning Support
JulieAnn Rico Allison	Chief Counsel
Carole Shetler	South Area Superintendent
Rodney Montgomery	Central Area Superintendent
Dr. Janis N. Andrews	West Area Superintendent
Marisol L. Ferrer	North Area Superintendent
Dr. Alison Adler	Chief Safety and Learning Environment
Dr. Janice Cover	Assistant Superintendent for Quality Assurance
Dr. Marc B. Baron	Executive Director Research, Evaluation & Accountability
James Hayes, Jr.	Chief Officer of Human Resources
Joseph M. Sanches	Chief of Facilities Management
Linda Mainord	Chief Technology Officer

Financial  
Section









KPMG LLP  
450 East Las Olas Boulevard  
Fort Lauderdale, FL 33301

## Independent Auditors' Report

The Honorable Chairperson and Members of  
The School Board of Palm Beach County, Florida:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Palm Beach County, Florida (the School District), as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District'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 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 discretely presented component units, is based solely on the reports of 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2005, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 1(L) to the basic financial statements, the District adopted the provisions of Government Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005 on our consideration of the School District's internal control over financial reporting and on our tests



of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (MD&A) on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

November 18, 2005

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The School District of Palm Beach County, Florida's (the "District") discussion and analysis is designed to provide an objective and easy to read analysis of the District's financial activities for the fiscal year ended June 30, 2005 based on currently known facts, decisions or conditions. It is intended to provide a broad overview using a short-term and long-term analysis of the District's activities based on information presented in the financial report and fiscal policies that have been adopted by the seven elected members of the school board (the "Board"). Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget) and identify individual fund issues or concerns.

The Management's Discussion and Analysis ("MD&A") is an element of the reporting model required by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (GASB 34).

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the notes that are provided in addition to this MD&A.

### **FINANCIAL HIGHLIGHTS**

- The District's financial status as reflected in total net assets improved substantially this year by \$139.9 million or 11.2%, from \$1.2 billion as of June 30, 2004, to \$1.4 billion as of June 30, 2005. The increase in total net assets reflects increases in capital assets of \$262.6 million, increases in current and other assets of \$129.5 million, offset by increases in current and other liabilities of \$255.8 million.
- General revenue accounted for \$1.4 billion, or 85.6% of all revenues, an increase of \$140.3 million or 10.9% when compared to the prior year. This increase is primarily attributable to an increase in property taxes and local sales tax revenue, a new source of revenue for the District. Program specific revenue in the form of charges for services, grants and contributions accounted for \$241.0 million, or 14.4% of revenue totaling \$1.7 billion.
- The District had \$1.5 billion in expenses related to programs, an increase of \$112.0 million or 7.9%, which was offset by \$241.0 million in program specific charges for services, grants and contributions. General revenues, primarily property taxes and Florida Education Finance Program (FEFP) revenues, were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$670.2 million. The General Fund (the primary operating fund), reflected on a current financial resources basis, ended the year with a fund balance of \$93.6 million. Of this amount, \$39.7 million is unreserved, undesignated fund balance that is available for spending at the District's discretion. During the current year, General Fund revenues (including other financing sources) exceeded expenditures by \$4.5 million.
- In governmental funds for the fiscal year ended June 30, 2005, revenues increased by \$159.5 million or 10.7%, to \$1.7 billion from \$1.5 billion, while current expenditures increased \$102.3 million or 8.4%, to \$1.3 billion from \$1.2 billion. The increase in revenue is primarily due to an increase in property tax revenue and local sales tax revenue, received for the first time this fiscal year. The largest dollar increase of \$61.9 million or 8.6% in expenditures is attributable to instruction, which reflects an increase in student growth. Instruction expenditures accounted for 59.0% of total expenditures.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts -- management’s discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations *in more detail* than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like instruction and instructional support services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*, such as maintenance services.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

Figure 1 Major Features of District-Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: maintenance services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenue, expenses, and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

Figure 1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**District-wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the District’s assets and liabilities. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, all the District's activities are reported as governmental activities.

- *Governmental activities* – All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of the activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, the District provides additional information with the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. There are two types of proprietary funds:
  - *Enterprise funds* account for goods and services provided to those outside the district, generally on a user-charge basis. Currently, the District has no enterprise funds.
  - *Internal service funds* report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund – the Maintenance Services fund.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's net assets were \$1.4 billion at June 30, 2005. The largest portion of the District's net assets, \$1.0 billion or 75.4% reflect its investment in capital assets (i.e. land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets (\$439.2 million) represents resources that are subject to external restrictions on how they may be used.

The unrestricted net assets of governmental activities represent the accumulated results of all past years' operations. The adoption of GASB 34 resulted in the District having to expense its long-term compensated absences. This resulted in the recording of \$146.8 million in obligations/liabilities against the Statement of Net Assets balance, which caused a shortfall of unrestricted net assets. The same situation holds true for the prior fiscal year.

Capital assets (net) increase of \$262.6 million or 11.7% over prior year, primarily reflects the completion of three (3) new schools and modernization/replacement of seven (7) existing schools. The increase in current and other liabilities of \$255.8 million is due principally to the issuance of \$250.0 million in commercial paper notes during fiscal year 2005. These notes are payable from, and secured by, a pledge of the proceeds received by the District from the levy and collection of one-half cent sales tax, to finance the construction and modernization/replacement of school facilities.

The analysis on pages 6 and 7 focuses on the Summary of Net Assets (Table 1) and Summary of Changes in Net Assets (Table 2) of the District's governmental activities.

**Table 1**  
Summary of Net Assets  
June 30, 2005 and 2004  
(in thousands)

	2005	2004	Increase (Decrease)	Percentage Change
Current and other assets	\$ 1,101,060	\$ 971,584	\$ 129,476	13.3%
Capital assets (net)	<u>2,510,281</u>	<u>2,247,634</u>	<u>262,647</u>	11.7%
Total assets	3,611,341	3,219,218	392,123	12.2%
Current and other liabilities	445,859	190,019	255,840	134.6%
Long-term liabilities	<u>1,778,263</u>	<u>1,781,876</u>	<u>(3,613)</u>	-0.2%
Total liabilities	2,224,122	1,971,895	252,227	12.8%
Net assets:				
Invested in capital assets, net of related debt	1,046,339	956,117	90,222	9.4%
Restricted	439,242	382,193	57,049	14.9%
Unrestricted	<u>(98,362)</u>	<u>(90,987)</u>	<u>(7,375)</u>	8.1%
Total net assets	<u>\$ 1,387,219</u>	<u>\$ 1,247,323</u>	<u>\$ 139,896</u>	11.2%



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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2, found below, takes the information from that statement and rearranges them slightly so the reader can see the total revenues for the year compared to fiscal year 2004.

As reported in the Statement of Activities, the cost of all governmental activities was \$1.5 billion. The amount that the taxpayers ultimately financed for these activities through District taxes was \$1.3 billion, due to some of the cost being paid by those who benefited from the programs (\$42.3 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$198.8 million).

The District paid for the remaining "public benefit" portion of the governmental activities with \$906.8 million in property taxes, \$54.0 million in local sales taxes, \$421.9 million in grants and contributions not restricted to specific programs and \$48.0 million with other general revenue.

**Table 2**  
Summary of Changes in Net Assets  
For the Fiscal Years Ended June 30, 2005 and 2004  
(in thousands)

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenue:</b>				
Program revenue:				
Charges for services	\$ 42,254	\$ 42,104	\$ 150	0.4%
Operating grants and contributions	137,305	101,590	35,715	35.2%
Capital grants and contributions	61,456	47,281	14,175	30.0%
General revenue:				
Property taxes	906,799	814,967	91,832	11.3%
Local sales taxes	54,000	-	54,000	-
Grants and contributions not restricted	421,907	439,979	(18,072)	-4.1%
Other general revenue	47,998	35,468	12,530	35.3%
Total revenue	<u>1,671,719</u>	<u>1,481,389</u>	<u>190,330</u>	12.8%
<b>Functions/Programs Expenses</b>				
Instruction	785,824	722,279	63,545	8.8%
Instructional support services	146,909	139,502	7,407	5.3%
Board	4,202	4,054	148	3.7%
General administration	8,777	8,946	(169)	-1.9%
School administration	87,776	81,102	6,674	8.2%
Facilities acquisition and construction	41,988	55,356	(13,368)	-24.1%
Fiscal services	4,479	4,573	(94)	-2.1%
Food services	55,939	53,253	2,686	5.0%
Central services	21,299	19,836	1,463	7.4%
Pupil transportation services	41,167	36,111	5,056	14.0%
Operation and maintenance of plant	155,159	134,161	20,998	15.7%
Community services	23,180	22,841	339	1.5%
Interest on long-term debt	76,796	69,690	7,106	10.2%
Depreciation/amortization expense	78,328	68,101	10,227	15.0%
Total expenses	<u>1,531,823</u>	<u>1,419,805</u>	<u>112,018</u>	7.9%
<b>Increase in net assets</b>	<u>\$ 139,896</u>	<u>\$ 61,584</u>	<u>\$ 78,312</u>	127.2%

# THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

The increase of 35.2 % in operating grants and contributions is primarily attributable to an increase in class size reduction revenue, while a 30.0% increase in capital grants and contributions reflects loss recoveries from the Federal Emergency Management Agency (FEMA) for hurricane-related expenditures. An increase in property tax revenue is due to an increase in property values. Local sales tax revenue, a new source of funding for the District began on January 1, 2005 and resulted in revenue totaling \$54.0 million. Other general revenue increased by 35.3%. This reflects an increase in investment earnings, fueled by an increase in interest rates coupled with an increase in the District's investment portfolio, due in part to the temporary investment of debt proceeds from commercial paper notes.

Increases in expenditures closely paralleled inflation and student growth. Facilities acquisition and construction decreased by \$13.4 million, or 24.1%. This reflects the completion of certain projects and the District's strategy to scale back on spending while the necessary financing was obtained for other scheduled capital projects. Rising fuel costs and additional repairs necessitated by Hurricanes Frances and Jeanne resulted in higher than normal expenditures for pupil transportation services, operation and maintenance of plant. The financing of new school facilities construction and modernization/replacement drove the increase in interest on long-term debt.

Table 3 presents the costs of three major District activities: instruction, instructional support services, and operation and maintenance of plant for fiscal years 2005 and 2004. The table also shows each activity's *net cost* (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**  
Selected Governmental Activities  
Year Ended June 30, 2005 and 2004  
(in thousands)

<b>Total Cost of Services</b>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Instruction	\$ 785,824	\$ 722,279	\$ 63,545	8.80%
Instructional support services	146,909	139,502	7,407	5.31%
Operation and maintenance of plant	155,159	134,161	20,998	15.65%
Total	<u>\$ 1,087,892</u>	<u>\$ 995,942</u>	<u>\$ 91,950</u>	
<b>Net Cost of Services</b>				
Instruction	\$ 716,479	\$ 688,515	\$ 27,964	4.06%
Instructional support services	146,909	139,502	7,407	5.31%
Operation and maintenance of plant	155,159	134,161	20,998	15.65%
Total	<u>\$ 1,018,547</u>	<u>\$ 962,178</u>	<u>\$ 56,369</u>	

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of June 30, 2005, the District's governmental funds reported a combined fund balance of \$670.2 million, which is a decrease of \$122.0 million or 15.4% from the prior year. The change largely reflects a decrease in other financing sources of \$64.8 million in the COPS Capital Projects Fund, one of the District's major funds, coupled with capital outlay expenditures of \$219.2 million pertaining to the construction of three (3) new schools, and modernization/replacement of seven (7) existing schools during fiscal year 2005.

The COPS Debt Service Fund, also a major fund, is used to account for the accumulation of resources for, and the payment of long-term debt principal and interest, ended the fiscal year with a fund balance of \$161.1 million. During the year, the District issued \$124.6 million of Certificates of Participation Series 2005A to advance refund

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

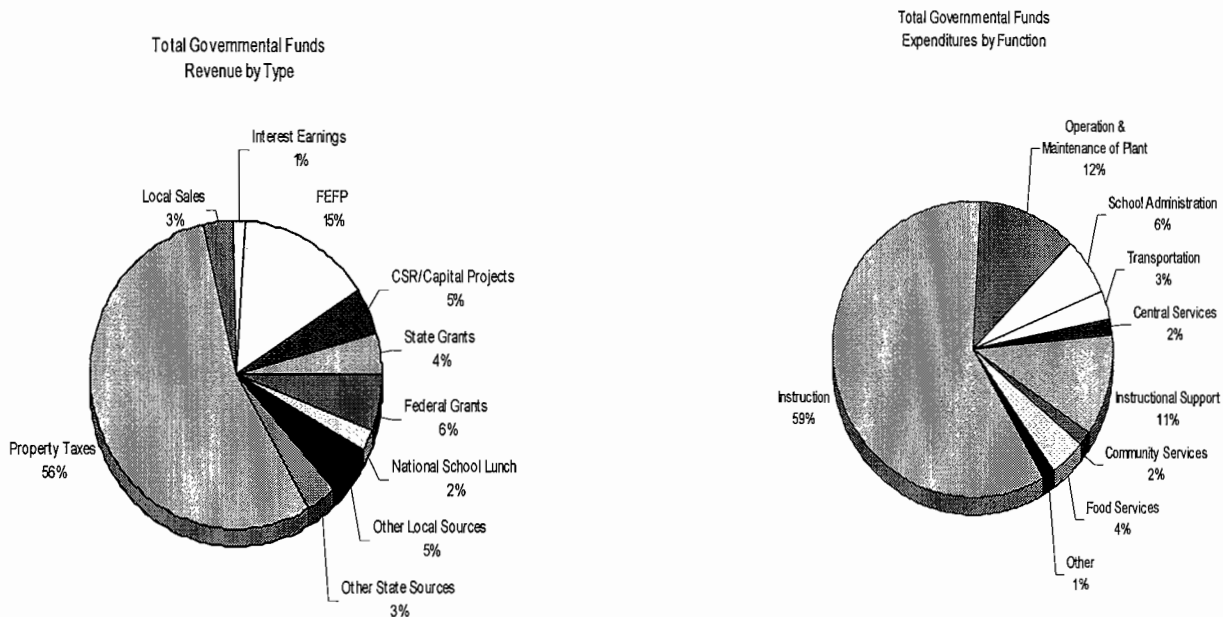
and defease a portion of Series 2001A, Series 2002A, Series 2002C and Series 2002D Certificates of Participation. These refunding issues were done in order to achieve debt service savings.

The General Fund, which is the chief operating fund of the District and is always considered a major fund, had an ending fund balance of \$93.6 million at June 30, 2005. The fund balance of the District's General Fund increased by \$4.5 million during the current fiscal year. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$39.7 million.

In the Capital Improvement Fund, another major fund, property tax revenue increased by \$24.9 million or 13.1%, from \$190.1 million in fiscal year 2004, to \$215.1 million in fiscal year 2005 due to higher property values. Other Capital Projects Fund and Other Non-Major Governmental Funds ended the fiscal year with fund balances of \$53.9 million and \$55.3 million respectively.

The Sales Tax Fund was newly established during fiscal year 2005. On November 2, 2004, the voters of Palm Beach County approved a levy of a half-cent sales tax for the construction and modernization/replacement of the District's public schools. Collection of the tax became effective on January 1, 2005 and will cease on December 31, 2010. Local sales tax revenue as of June 30, 2005, totaled \$54.0 million. Commercial paper notes of \$250.0 million were issued to finance the cost of acquisition, construction, and modernization/replacement of public school facilities. At the end of the year, fund balance in the Sales Tax Fund was \$26.5 million.

The pie charts below represent total governmental funds revenue by type and total expenditures by function.



### **General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget and brings amendments to the Board on a monthly basis. These amendments are needed to adjust to actual revenues received and direct resources where needed. The Board approves the final amendment to the budget after year-end. Schedules showing the District's original

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

budget and final amended budget, compared with actual amounts paid and received, are provided in the financial section.

There were revisions made to the 2004-2005 general fund original budget. FEFP revenue was decreased \$5.6 million, as a result of actual student enrollment less than projected by 1,283 students. Revenue from interest income exceeded the original budget by \$2.9 million due to rising interest rates. Local revenue from real estate taxes was \$10.0 million greater than original budget. Also, local revenue from the fee-based school-age childcare program was \$ 1 million higher than the original projection. Overall, budgeted revenue ended the year \$6.7 million higher than original budget.

Other financing sources increased \$16.4 million from original to final budget in 2004-05. This includes a \$4.1 million increase to the capital maintenance transfer and \$7.8 million in anticipated FEMA reimbursement. These two sources have been applied to hurricane expenditures related to recovery efforts from both Hurricane Frances and Hurricane Jeanne. Initially, these hurricane expenditures were funded through the Board Contingency Reserve. The remaining \$4.5 million in other financing sources reflects insurance loss recoveries from workers compensation claims.

Budgeted expenditures were increased \$25.1 million from the original budget to the final amended budget to account for hurricane related expenditures, increases in employee salaries and benefits, as well as pupil transportation and energy expenditures.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

As shown in Table 4, at June 30, 2005, the District had \$2.5 billion invested in a broad range of capital assets, including land, construction in progress, improvements other than buildings, buildings and improvements, furniture, fixtures and equipment, motor vehicles, audio/video materials and software. This amount represents a net increase (including additions, deletions and depreciation) of \$262.6 million from last year.

**Table 4**  
Capital Assets at Year-End  
(in thousands)

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Land	\$ 237,376	\$ 215,509	\$ 21,867
Construction in progress	376,846	482,195	(105,349)
Improvements other than buildings	8,724	6,375	2,349
Buildings and improvements	2,283,376	1,917,306	366,070
Furniture, fixtures and equipment	185,957	182,307	3,650
Motor vehicles	74,482	69,837	4,645
Property under capital leases	2,879	2,879	-
Audio/video materials/software	43,423	32,858	10,565
Less: accumulated depreciation	<u>(702,782)</u>	<u>(661,632)</u>	<u>(41,150)</u>
Total capital assets, net	<u>\$ 2,510,281</u>	<u>\$ 2,247,634</u>	<u>\$ 262,647</u>

This year's net increase of \$262.6 million includes the construction of three (3) new schools, which opened in fiscal year 2006 and several major modernization/replacement projects. The District anticipates capital additions will continue to increase due to the effort being made to reduce student overcrowding. See Note 6 of the Notes to the Financial Statements for more information on capital assets.

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

### **Long-Term Debt**

As shown in Table 5 below, at the end of this year the District had \$1.59 billion in debt outstanding compared to \$1.60 billion last year, a decrease of \$15.4 million or 1.0%. The key factor contributing to this decrease was that short-term financing provided by commercial paper notes met the District's capital needs, hence minimal new long-term debt was required. During the current fiscal year, the District issued \$124.6 million of Certificates of Participation to advance refund and defease a portion of existing long-term debt. These refunding issues were done in order to achieve debt service savings.

**Table 5**  
Long-term Debt Outstanding at Year-End  
(in thousands)

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Capital outlay bond issues	\$ 47,320	\$ 50,735	\$ (3,415)
General obligation debt	79,555	103,665	(24,110)
Capital lease	901	1,862	(961)
Certificates of participation	1,446,708	1,431,453	15,255
Plus: Issuance premiums	36,162	28,136	8,026
Less: Deferred amounts	<u>(23,094)</u>	<u>(12,877)</u>	<u>(10,217)</u>
Total	<u>\$ 1,587,552</u>	<u>\$ 1,602,974</u>	<u>\$ (15,422)</u>

The District's general obligation debt and certificates of participation are rated Aa3 and A1 by Moody's Investors Service, AA and AA- by Standard and Poor's Corporation, and AA- and A+ by Fitch Ratings Services.

The District is subject to state laws that limit the amount of debt outstanding to 10.0% of the non-exempt assessed valuation. At June 30, 2005, the statutory limit for the District was approximately \$11.1 billion, providing additional debt capacity of approximately \$11.0 billion.

Other long-term obligations include the liability for compensated absences and estimated claims liability. See Note 9 of the Notes to the Financial Statements for more information on long-term debt.

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The State of Florida, by constitution, does not have a state personal income tax and therefore the state operates primarily using sales, gasoline and corporate income taxes. State funds to school districts are provided primarily by legislative appropriations from the state's general revenue funds under the FEFP. The level of tourism in the state influences the amount collected. Changes in the anticipated amount of revenues collected by the state directly impact the revenue allocation to the District.

The focus of the State finance program bases financial support for education upon the individual student participating in a particular educational program rather than upon the number of teachers or classrooms. FEFP funds are primarily generated by multiplying the number of full-time equivalent students (FTEs) in each of the educational programs by cost factors to obtain weighted FTEs. Weighted FTEs are then multiplied by a base student allocation and by a district cost differential in the major calculation to determine the State and local FEFP funds. Program cost factors are determined by the Legislature and represent relative cost differences among the FEFP programs.

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

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

### **State Support**

Funds for state support to school districts are provided primarily by legislative appropriations. The major portion of state support is distributed under the provisions of the FEFP. State funds appropriated to finance the FEFP in 2005-2006 is \$6.7 billion for student enrollment associated with the 180 day regular school year and students in juvenile justice programs during the summer. A separate appropriation of \$393.7 million for Workforce Development was made to finance adult vocational and adult general education. While a number of tax sources are deposited in the State's General Revenue Fund, the predominant tax source is the sales tax.

In addition, funds are appropriated to meet other needs by means of categorical programs and special allocations. These include Class Size Reduction, \$1.5 billion, Instructional Materials Program, \$248.0 million, Student Transportation, \$451.4 million, Public School Technology, \$49.9 million, Teacher Lead Program, \$17.9 million, Teacher Training, \$18.0 million and Reading, \$89.0 million.

### **Local Support**

Local revenue for school support is derived almost entirely from property taxes. Each of the 67 school districts in the state is a countywide district. Each school board participating in the state allocation of funds for current operation of schools must levy the millage set for its required local effort taxes. The Legislature set the amount of \$6.3 billion as required local effort for 2005-2006. Each district's share of the state total of required local effort is determined by a statutory procedure that is initiated by certification of the property tax valuations of each district by the Department of Revenue.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Joseph Moore, Chief Operating Officer  
The School District of Palm Beach County, Florida  
3328 Forest Hill Boulevard, Suite C-316  
West Palm Beach, FL 33406.



# BASIC FINANCIAL STATEMENTS





**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**  
**(amounts expressed in thousands)**

	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 988,388	\$ 7,117
Taxes receivable	26,035	-
Accounts and interest receivable	10,263	895
Due from other agencies	41,006	181
Inventories	19,052	-
Restricted assets (cash with fiscal agent)	1,451	-
Other assets	14,865	499
Capital assets:		
Land	237,376	-
Construction in progress	376,846	122
Improvements other than buildings	8,724	175
Buildings and improvements	2,283,376	5,163
Furniture, fixtures and equipment	185,957	3,103
Motor vehicles	74,482	140
Property under capital leases	2,879	-
Audio/video materials and software	43,423	224
Less accumulated depreciation	(702,782)	(1,579)
Total capital assets, net of depreciation	2,510,281	7,348
<b>TOTAL ASSETS</b>	<b>3,611,341</b>	<b>16,040</b>
<b>LIABILITIES</b>		
Accounts and contracts payable	46,451	3,816
Accrued payroll and payroll deductions	21,401	329
Due to other agencies	980	-
Retainage payable on contracts	30,920	-
Tax anticipation notes payable	55,000	-
Commercial paper notes payable	250,000	-
Deposits payable	287	-
Interest payable	31,237	-
Unearned revenue	9,583	-
Noncurrent liabilities:		
Portion due or payable within one year:		
Notes payable	-	542
Bonds payable	28,885	-
Obligations under capital leases	901	24
Liability for compensated absences	10,612	137
Certificates of participation payable	29,060	-
Estimated claims and post retirement benefits	12,007	-
Portion due or payable after one year:		
Notes payable	-	2,302
Bonds payable	98,632	-
Liability for compensated absences	136,193	-
Certificates of participation payable	1,430,074	-
Estimated claims and post retirement benefits	31,899	-
<b>TOTAL LIABILITIES</b>	<b>2,224,122</b>	<b>7,150</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,046,339	5,641
Restricted for:		
Categorical carryover programs	33,334	-
Debt service	172,517	-
Capital projects	214,560	190
Other purposes	18,831	637
Unrestricted (deficit)	(98,362)	2,422
<b>TOTAL NET ASSETS</b>	<b>\$ 1,387,219</b>	<b>\$ 8,890</b>

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
(amounts expressed in thousands)

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
Instruction	\$ 785,824	\$ 1,383	\$ 67,962	\$ -
Instructional support services	146,909	-	-	-
Board	4,202	-	-	-
General administration	8,777	-	-	-
School administration	87,776	-	-	-
Facilities acquisition and construction	41,988	-	-	55,618
Fiscal services	4,479	-	-	-
Food services	55,939	22,174	33,720	-
Central services	21,299	-	-	-
Pupil transportation services	41,167	1,592	27,931	-
Operation of plant	110,007	-	-	-
Maintenance of plant	45,152	-	-	-
Community services	23,180	17,105	7,692	-
Interest on long-term debt	76,796	-	-	5,838
Depreciation expense	76,288	-	-	-
Amortization expense	2,040	-	-	-
<b>Total primary government governmental activities</b>	<u>1,531,823</u>	<u>42,254</u>	<u>137,305</u>	<u>61,456</u>
<b>Component Units:</b>				
Charter schools	<u>\$ 48,520</u>	<u>\$ 807</u>	<u>\$ 4,697</u>	<u>\$ 2,359</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for capital projects

Local sales taxes

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net Assets—beginning,

Net Assets—ending

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

**Net (Expense) Revenue  
and Changes in Net Assets**

<b>Primary</b>	
<b>Government</b>	
<b>Governmental</b>	<b>Component</b>
<b>Activities</b>	<b>Units</b>
\$ (716,479)	\$ -
(146,909)	-
(4,202)	-
(8,777)	-
(87,776)	-
13,630	-
(4,479)	-
(45)	-
(21,299)	-
(11,644)	-
(110,007)	-
(45,152)	-
1,617	-
(70,958)	-
(76,288)	-
(2,040)	-
<u>(1,290,808)</u>	<u>-</u>
<u>-</u>	<u>(40,657)</u>
662,248	-
29,478	-
215,073	-
54,000	-
421,907	40,317
22,117	857
25,881	2,706
<u>1,430,704</u>	<u>43,880</u>
139,896	3,223
1,247,323	5,667
<u>\$ 1,387,219</u>	<u>\$ 8,890</u>

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**  
(amounts expressed in thousands)

	<u>GENERAL FUND</u>	<u>COPS DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT</u>
<b>ASSETS</b>			
Cash, cash equivalents and investments	\$ 135,658	\$ 161,185	\$ 138,460
Taxes receivable	12,718	-	4,130
Accounts and interest receivable	1,476	-	-
Due from other agencies	7,859	-	-
Due from other funds	9,000	-	-
Other assets	424	-	-
Inventories	17,357	-	-
<b>TOTAL ASSETS</b>	<u>\$ 184,492</u>	<u>\$ 161,185</u>	<u>\$ 142,590</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts and contracts payable	\$ 11,327	\$ -	\$ 4,741
Accrued payroll and payroll deductions	21,401	-	-
Due to other funds	-	-	-
Due to other agencies	10	-	-
Due to fiscal agent	-	55	-
Retainage payable on contracts	-	-	1,709
Tax anticipation notes payable	55,000	-	-
Commercial paper payable	-	-	-
Deposits payable	160	-	-
Interest payable	1,141	-	-
Unearned revenue	1,818	-	-
<b>TOTAL LIABILITIES</b>	<u>90,857</u>	<u>55</u>	<u>6,450</u>
<b>FUND BALANCES</b>			
Fund balances reserved:			
Reserved for encumbrances	5,726	-	38,800
Reserved for inventory	17,357	-	-
Reserved for categorical carryover programs	1,241	-	-
Reserved for debt service	-	161,130	-
Fund balances (deficits) unreserved:			
General Fund - designated for board contingency	29,589	-	-
Capital Project Funds - designated for capital projects	-	-	97,340
Undesignated (deficits), reported in:			
General Fund	39,722	-	-
Capital Project Funds	-	-	-
Special Revenue Funds	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>93,635</u>	<u>161,130</u>	<u>136,140</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 184,492</u>	<u>\$ 161,185</u>	<u>\$ 142,590</u>

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



<u>COPS</u>	<u>SALES TAX</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>OTHER NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 183,836	\$ 269,266	\$ 52,664	\$ 48,733	\$ 989,802
-	8,621	-	566	26,035
-	7,937	-	850	10,263
-	-	9,382	23,765	41,006
-	-	-	-	9,000
-	-	-	-	424
-	-	-	1,695	19,052
<u>\$ 183,836</u>	<u>\$ 285,824</u>	<u>\$ 62,046</u>	<u>\$ 75,609</u>	<u>\$ 1,095,582</u>
\$ 14,056	\$ 7,352	\$ 6,156	\$ 2,807	\$ 46,439
-	-	-	-	21,401
-	-	-	9,000	9,000
704	-	-	211	925
-	-	-	-	55
25,555	1,326	1,953	377	30,920
-	-	-	-	55,000
-	250,000	-	-	250,000
-	-	-	127	287
-	664	-	-	1,805
-	-	-	7,765	9,583
<u>40,315</u>	<u>259,342</u>	<u>8,109</u>	<u>20,287</u>	<u>425,415</u>
73,937	90,776	40,039	6,799	256,077
-	-	-	1,695	19,052
-	-	-	-	1,241
-	-	-	34,700	195,830
-	-	-	-	29,589
69,584	-	13,898	411	181,233
-	-	-	-	39,722
-	(64,294)	-	(1,013)	(65,307)
-	-	-	12,730	12,730
<u>143,521</u>	<u>26,482</u>	<u>53,937</u>	<u>55,322</u>	<u>670,167</u>
<u>\$ 183,836</u>	<u>\$ 285,824</u>	<u>\$ 62,046</u>	<u>\$ 75,609</u>	<u>\$ 1,095,582</u>



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2005  
(amounts expressed in thousands)**

**Total Fund Balances - Governmental Funds** \$ 670,167

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

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

Cost of the assets	3,213,063	
Accumulated depreciation	<u>(702,782)</u>	2,510,281

Debt issuance charges are reported as expenditures in the governmental funds when first incurred, however, they are included as deferred charges in the governmental activities in the statement of net assets. 14,441

An internal service fund is used by management to charge the costs of maintenance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 25

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities (net of discounts/premiums and deferred amounts on refundings) at year-end consist of:

Bonds payable	127,517	
Compensated absences	146,805	
Certificates of Participation payable	1,459,134	
Obligations under capital lease	901	
Long-term claims payable	43,906	
Accrued interest on long-term debt	<u>29,432</u>	<u>(1,807,695)</u>

**Total Net Assets - Governmental Activities** \$ 1,387,219

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(amounts expressed in thousands)**

	<u>GENERAL FUND</u>	<u>COPS DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT</u>
<b>REVENUES:</b>			
Local sources:			
Ad valorem taxes	\$ 662,248	\$ -	\$ 215,073
Sales tax	-	-	-
Impact fees	-	-	-
Interest income and other	7,156	655	4,561
School age child care fees	17,105	-	-
Food service sales	-	-	-
Local grants and other	18,603	138	-
Total local sources	<u>705,112</u>	<u>793</u>	<u>219,634</u>
State sources:			
Florida education finance program	247,463	-	-
Capital outlay and debt service	104	-	-
Food service	-	-	-
Transportation	27,931	-	-
Public education capital outlay	-	-	-
Effort index	-	-	-
Classrooms first program	-	-	-
Class size reduction	67,962	-	-
State grants and entitlements	67,300	-	-
Total state sources	<u>410,760</u>	<u>-</u>	<u>-</u>
Federal sources:			
Federal grants and entitlements	3,997	-	-
National school lunch act	-	-	-
Total federal sources	<u>3,997</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>1,119,869</u>	<u>793</u>	<u>219,634</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
Instruction	738,092	-	-
Instructional support services	99,396	-	-
Board	4,190	-	-
General administration	6,855	-	-
School administration	82,067	-	-
Facilities acquisition and construction	480	-	-
Fiscal services	4,298	-	-
Food services	-	-	-
Central services	18,302	-	-
Pupil transportation services	39,748	-	-
Operation of plant	107,411	-	-
Maintenance of plant	44,884	-	-
Community services	19,725	-	-
<b>Total Current Expenditures</b>	<u>1,165,448</u>	<u>-</u>	<u>-</u>

<u>COPS</u>	<u>SALES TAX</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>OTHER NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ -	\$ -	\$ -	\$ 29,478	\$ 906,799
-	54,000	-	-	54,000
-	-	22,800	-	22,800
6,420	1,205	1,009	1,067	22,073
-	-	-	-	17,105
-	-	-	21,773	21,773
-	-	3,045	6,679	28,465
<u>6,420</u>	<u>55,205</u>	<u>26,854</u>	<u>58,997</u>	<u>1,073,015</u>
-	-	-	-	247,463
-	-	-	6,937	7,041
-	-	-	887	887
-	-	-	-	27,931
-	-	-	17,666	17,666
-	-	783	-	783
-	-	25	-	25
-	-	10,581	-	78,543
-	-	-	5,031	72,331
<u>-</u>	<u>-</u>	<u>11,389</u>	<u>30,521</u>	<u>452,670</u>
-	-	-	94,484	98,481
<u>-</u>	<u>-</u>	<u>-</u>	<u>32,833</u>	<u>32,833</u>
-	-	-	127,317	131,314
<u>6,420</u>	<u>55,205</u>	<u>38,243</u>	<u>216,835</u>	<u>1,656,999</u>
-	-	-	43,824	781,916
-	-	-	46,941	146,337
-	-	-	-	4,190
-	-	-	2,364	9,219
-	-	-	735	82,802
-	-	-	321	801
-	-	-	148	4,446
-	-	-	55,708	55,708
-	-	-	2,722	21,024
-	-	-	1,214	40,962
-	-	-	1,798	109,209
-	-	-	14	44,898
-	-	-	3,269	22,994
<u>-</u>	<u>-</u>	<u>-</u>	<u>159,058</u>	<u>1,324,506</u>

(Continued)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	<u>GENERAL FUND</u>	<u>COPS DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT</u>
<b>Capital outlay</b>	1,556	-	76,070
<b>Debt service:</b>			
Retirement of principal	-	24,855	-
Interest	772	64,356	-
Fiscal charges	-	2,196	-
<b>TOTAL EXPENDITURES</b>	<u>1,167,776</u>	<u>91,407</u>	<u>76,070</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(47,907)</u>	<u>(90,614)</u>	<u>143,564</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	40,156	87,726	-
Transfers out	-	-	(122,554)
Proceeds of long-term and refunded debt	-	124,630	-
Net premium (discount) from issuance of long-term and refunded debt	-	10,395	-
Payments to refunded debt escrow agent	-	(134,647)	-
Proceeds of loss recoveries	12,262	-	-
Sale of capital assets and other	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>52,418</u>	<u>88,104</u>	<u>(122,554)</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,511	(2,510)	21,010
<b>FUND BALANCES, JULY 1, 2004</b>	<u>89,124</u>	<u>163,640</u>	<u>115,130</u>
<b>FUND BALANCES, JUNE 30, 2005</b>	<u>\$ 93,635</u>	<u>\$ 161,130</u>	<u>\$ 136,140</u>

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



<u>COPS</u>	<u>SALES TAX</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>OTHER NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
219,229	27,597	29,938	26,036	380,426
-	-	961	27,525	53,341
-	945	34	6,861	72,968
419	181	-	584	3,380
<u>219,648</u>	<u>28,723</u>	<u>30,933</u>	<u>220,064</u>	<u>1,834,621</u>
<u>(213,228)</u>	<u>26,482</u>	<u>7,310</u>	<u>(3,229)</u>	<u>(177,622)</u>
-	-	-	-	127,882
(4,328)	-	-	(1,000)	(127,882)
38,505	-	-	-	163,135
959	-	-	-	11,354
-	-	-	-	(134,647)
-	-	3,553	-	15,815
-	-	-	-	-
<u>35,136</u>	<u>-</u>	<u>3,553</u>	<u>(1,000)</u>	<u>55,657</u>
(178,092)	26,482	10,863	(4,229)	(121,965)
321,613	-	43,074	59,551	792,132
<u>\$ 143,521</u>	<u>\$ 26,482</u>	<u>\$ 53,937</u>	<u>\$ 55,322</u>	<u>\$ 670,167</u>

(Concluded)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

**Total net change in fund balances - governmental funds** \$ (121,965)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlays (\$340,064) exceed depreciation expense (\$76,288) in the period.	263,776
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(38,505)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(9,693)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	53,341
Bond refunding proceeds provide current financial resources to governmental funds. Bond refunding payments are expenditures in the governmental funds. This is the amount by which refunding payments (\$134,647) exceed refunding proceeds (\$124,630) in the current period.	10,017
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(1,129)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds.	(15,955)
An internal service fund is used by management to charge the costs of maintenance activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.	9

**Change in net assets of governmental activities** \$ 139,896

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local sources	\$ 694,495	\$ 705,112	\$ 705,112	\$ 10,617	\$ -
State sources	414,721	410,751	410,760	(3,970)	9
Federal sources	3,946	3,997	3,997	51	-
<b>TOTAL REVENUES</b>	<u>1,113,162</u>	<u>1,119,860</u>	<u>1,119,869</u>	<u>6,698</u>	<u>9</u>
<b>EXPENDITURES:</b>					
Instruction	783,796	780,146	740,611	3,650	39,535
Instructional support services	99,817	103,330	99,834	(3,513)	3,496
Board	5,247	4,879	4,245	368	634
General administration	6,939	7,465	6,909	(526)	556
School administration	83,784	84,163	82,186	(379)	1,977
Facilities acquisition and construction	450	591	561	(141)	30
Fiscal services	4,275	4,455	4,341	(180)	114
Central services	20,762	20,322	18,832	440	1,490
Pupil transportation services	37,790	40,390	39,939	(2,600)	451
Operation of plant	104,438	110,559	108,030	(6,121)	2,529
Maintenance of plant	37,023	49,806	47,382	(12,783)	2,424
Community services	21,821	24,935	19,860	(3,114)	5,075
Debt service	545	772	772	(227)	-
<b>TOTAL EXPENDITURES</b>	<u>1,206,687</u>	<u>1,231,813</u>	<u>1,173,502</u>	<u>(25,126)</u>	<u>58,311</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(93,525)</u>	<u>(111,953)</u>	<u>(53,633)</u>	<u>(18,428)</u>	<u>58,320</u>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	36,000	40,156	40,156	4,156	-
Proceeds from loss recoveries	-	12,262	12,262	12,262	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>36,000</u>	<u>52,418</u>	<u>52,418</u>	<u>16,418</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (57,525)</u>	<u>\$ (59,535)</u>	<u>(1,215)</u>	<u>\$ (2,010)</u>	<u>\$ 58,320</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>89,124</u>		
<b>FUND BALANCE , JUNE 30, 2005 (BUDGETARY BASIS)</b>			87,909		
<b>Adjustment To Conform With GAAP:</b>					
Elimination of encumbrances			<u>5,726</u>		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 93,635</u>		

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**JUNE 30, 2005**  
**(amounts expressed in thousands)**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
	<hr/>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 37
Total assets	<hr/> <u>\$ 37</u> <hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 12
<b>NET ASSETS</b>	
Unrestricted	25
Total liabilities and net assets	<hr/> <u>\$ 37</u> <hr/>

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUES:</b>	
Service revenue	\$ 25,926
<b>TOTAL OPERATING REVENUES</b>	<u>25,926</u>
<b>OPERATING EXPENSES:</b>	
Salaries	19,586
Benefits	6,245
Purchased services	130
<b>TOTAL OPERATING EXPENSES</b>	<u>25,961</u>
<b>OPERATING LOSS</b>	(35)
<b>NONOPERATING REVENUES:</b>	
Interest and other income	44
<b>TOTAL NONOPERATING REVENUES</b>	<u>44</u>
<b>CHANGE IN NET ASSETS</b>	9
<b>NET ASSETS - Beginning of year</b>	<u>16</u>
<b>NET ASSETS - End of year</b>	<u>\$ 25</u>

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**(amounts expressed in thousands)**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash receipts from services provided to other funds	\$ 25,926
Cash payments to suppliers for goods and services	(130)
Cash payments for salaries, benefits, and other expenses	(25,831)
Net cash used in operating activities	<hr/> <hr/> (35)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest earnings on investments	44
Net cash provided by investing activities	<hr/> 44
 Net increase in cash and cash equivalents	9
Cash and cash equivalents, beginning of year	<hr/> 28
 Cash and cash equivalents, end of year	<hr/> <hr/> \$ 37
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating loss	\$ (35)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	-
Total adjustments	<hr/> -
 Net cash used in operating activities	<hr/> <hr/> \$ (35)

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005  
(amounts expressed in thousands)**

	<u>PRIVATE- PURPOSE TRUST FUND FLORIDA FUTURE EDUCATORS OF AMERICA</u>	<u>AGENCY FUND  SCHOOL INTERNAL FUNDS</u>
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 501	\$ 12,142
Accounts receivable	-	778
<b>TOTAL ASSETS</b>	<u>501</u>	<u>\$ 12,920</u>
<b>LIABILITIES</b>		
Accounts payable	-	\$ 26
Other liabilities	-	399
Due to student organizations	-	12,495
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>\$ 12,920</u>
<b>NET ASSETS</b>		
Held in trust for scholarships	<u>501</u>	
<b>TOTAL NET ASSETS</b>	<u>\$ 501</u>	

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	<u>PRIVATE- PURPOSE TRUST FUND FLORIDA FUTURE EDUCATORS OF AMERICA</u>
<b>ADDITIONS</b>	
Donations	\$ 103
<b>TOTAL ADDITIONS</b>	<u>103</u>
<b>DEDUCTIONS</b>	
Scholarship disbursements	<u>76</u>
<b>TOTAL DEDUCTIONS</b>	<u>76</u>
<b>CHANGE IN NET ASSETS</b>	27
<b>NET ASSETS - Beginning of year</b>	<u>474</u>
<b>NET ASSETS - End of year</b>	<u><u>\$ 501</u></u>

**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 YEAR ENDED JUNE 30, 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the School District of Palm Beach County, Florida (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United State of America ("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. Pursuant to Florida Statutes, Section 1010.01, the Superintendent of Schools is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education. The following is a summary of the more significant of these policies:

**A. Reporting Entity**

The District and its governing board are organized and operated under Section 4, Article IX, of the Constitution of Florida and Chapter 1001 of Florida Statutes. The District's boundaries are coterminous with those of Palm Beach County. Management of the School District is independent of county and city governments. The membership of the governing board of the District (the "Board") consists of seven members elected by countywide vote for overlapping four-year terms. The Superintendent is appointed by the Board to act as executive officer of the District.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component units and/or joint ventures reportable within the accompanying financial statements are the Palm Beach School Board Leasing Corporation, (the "Corporation") and thirty-one of the thirty-five Charter Schools operating within the District. The thirty-one Charter Schools are included due to the fact that the exclusion of them would cause the District's financial statements to be incomplete. The other four District Charter Schools are component units of other entities.

*Blended Component Unit* - The Corporation's sole purpose is to provide for financing and construction of certain District school facilities. Additionally, the Corporation is legally separate from the District and the Board of the Corporation consists of the seven Board members of the District. Therefore, the financial activities of the Corporation have been blended (reported as of if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

*Discretely Presented Component Units* - Florida State Statute 1002.33 authorized the establishment of Charter Schools as part of the State's education program. All Charter Schools are fully recognized as public schools. As such, Charter Schools are funded on the same basis and are subject to the same financial reporting requirements as the District. Additionally, all students enrolled in Charter Schools are included in the District's total enrollment. Currently, there are thirty-one Charter Schools operating within the School District of Palm Beach County meeting the criteria for presentation as a discretely presented component unit.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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The thirty-one individual Charter Schools are listed below. Further, complete financial statements of the individual component units can be obtained from their administrative offices. These schools include:

Academy for International Studies  
757 Lighthouse Drive  
North Palm Beach, Florida 33408

Bright Futures International  
757 Lighthouse Drive  
North Palm Beach, Florida 33408

Charter School of Boynton Beach  
801 North Congress Ave., Suite 529  
Boynton Beach, Florida 33426

DayStar Academy of Excellence  
970 North Seacrest Blvd.  
Boynton Beach, Florida 33435

Delray Youth Vocational Charter School  
2401 North Federal Highway  
Delray Beach, Florida 33483

Everglades Preparatory Academy  
183 South Lake Avenue  
Pahokee, Florida 33476

Glades Academy  
1200 East Main Street  
Pahokee, Florida 33476

Guided Path Academy  
1199 West Lantana Road, Building 3  
Lantana, Florida 33462

Hope Learning Community of Riviera Beach  
21 West 22<sup>nd</sup> Street  
Riviera Beach, Florida 33404

Inlet Grove Community High School, Inc.  
7071 Garden Road  
Riviera Beach, Florida 33404

Joseph Littles-Nguzo Saba Charter School  
5829 Corporate Way, 2<sup>nd</sup> Floor  
West Palm Beach, Florida 33407

Palm Beach School for Autism, Inc.  
1199 West Lantana Road, Cottage #16  
Lantana, Florida 33462

Academy for Positive Learning  
128 North C Street  
Lake Worth, Florida 33460

Chancellor Charter School at Lantana  
600 South East Coast Avenue  
Lantana, Florida 33462

Corebridge Educational Academy  
7887 North Federal Highway  
Boca Raton, Florida 33487

Delray Boynton Academy  
425 NE 10<sup>th</sup> Avenue  
Boynton Beach, Florida 33435

Ed Venture Charter School  
117 East Coast Avenue  
Hypoluxo, Florida 33462

G-STAR School of the Arts  
2030 South Congress Ave., Bldg J  
West Palm Beach, Florida 33406

Good Schools for All Leadership  
40 NW 4<sup>th</sup> Avenue  
Delray Beach, Florida 33444

Gulfstream Goodwill Career Academy  
269 NE 14<sup>th</sup> Street  
Boca Raton, Florida 33432

The IMAGINE School  
2580 Metrocentre Blvd.  
West Palm Beach, Florida 33407

JFK Medical Center Charter School  
4696 Davis Road  
Lake Worth, Florida 33461

Lakeside Academy Charter School  
710 South Main Street  
Belle Glade, Florida 33430

Renaissance Learning Center  
5800 Corporate Way  
West Palm Beach, Florida 33407

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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Riviera Beach Academy  
80 30<sup>th</sup> Street  
Riviera Beach, Florida 33404

Spanish Academy Charter School  
447 NW Spanish River Blvd.  
Boca Raton, Florida 33431

Survivors Charter School of Boynton Beach  
1325 Gateway Blvd.  
Boynton Beach, Florida 33426

Western Academy Charter School  
500 F-K Royal Plaza Road  
Royal Palm Beach, Florida 33411

South Tech Charter School  
1300 S.W. 30<sup>th</sup> Avenue  
Riviera Beach, Florida 33404

Survivors Charter School  
1310 North Congress Avenue  
West Palm Beach, Florida 33409

Toussaint L' Overture  
95 N.E. 1<sup>st</sup> Avenue  
Delray Beach, Florida 33444

Since the District is independent of and is not financially accountable for other governmental units or civic entities, these financial statements represent the operations of the District, the Corporation, as well as all of the funds of the District as a governmental unit.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

***Government-wide Financial Statements***

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

***Fund Financial Statements***

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column. All of the component units are nonmajor and are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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The Governmental Funds are accounted for on the “flow of current financial resources” measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity – whether current year revenues were sufficient to pay for current year services. The Proprietary Fund is accounted for on an “economic resources” measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Assets for the Proprietary Fund reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

**GOVERNMENTAL FUNDS**

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District’s expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the District’s major governmental funds:

***General Fund***

The General Fund is the primary operating fund of the District. Ad valorem tax revenues, revenues from the Florida Education Finance Program (“FEFP”) and other receipts not allocated by law or contractual agreement to other funds are accounted for in this fund. Similarly, general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from this fund.

***Certificates of Participation (“COPS”) Debt Service Fund***

The COPS debt service fund accounts for the repayment of the certificates of participation.

***Capital Improvement Capital Projects Fund***

The capital improvement capital projects fund accounts for locally received funds, primarily ad valorem tax revenue, for the acquisition, construction or renovation of capital facilities, including land and equipment.

***Certificates of Participation (“COPS”) Capital Projects Fund***

The COPS capital projects fund accounts for construction projects and equipment purchases financed by the sale of certificates of participation.

***Sales Tax Capital Projects Fund***

The sales tax capital projects fund accounts for locally received funds, primarily sales tax revenue, for the acquisition, construction or renovation of capital facilities, including land and equipment.

***Other Capital Projects Fund***

The other capital projects fund account for impact fees and miscellaneous state revenues received for the acquisition, construction and renovation of capital facilities.

***Other Governmental Funds***

The other governmental funds are a summarization of all the non-major governmental funds.

**PROPRIETARY FUNDS**

Proprietary funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. The only proprietary fund that the District has is an internal service fund.

***Internal Service Fund***

Internal service funds are used to account for the financing of goods and services provided by one department

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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to another on a cost reimbursement basis. The District's only internal service fund accounts for the District's maintenance services.

**FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

***Agency Funds***

Agency Funds consist of activity funds, which are established at each school to account for the receipts and disbursements of various school activities administered for the general welfare of the students and completion of certain planned objectives and special programs of school groups. The District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Private Purpose Trust Fund***

A trust fund was established in January 1993 and is used to account for a District supported Florida Future Educators of America. Revenues consist of employee donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

**BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

***Modified Accrual***

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within 60 days subsequent to fiscal year-end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt and compensated absences which are recognized when due.

In applying the susceptible to accrual concept to revenues from federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as deferred revenue.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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**Accrual**

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

**Revenue Recognition**

**State Revenue Sources** – Revenues from State sources for current operations are primarily from the Florida Education Finance Program (“FEFP”), administered by the Florida Department of Education (“FDOE”), under the provisions of Chapter 1011, Florida Statutes. The District files reports on full time equivalent (“FTE”) student membership with the FDOE. The FDOE accumulates information from these reports and calculates the allocation of FEFP funds to the District. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made.

The District receives revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. Any unused money is returned to the FDOE and so recorded in the year returned.

The District, at various times, receives authorization for the expenditure of funds for Public Education Capital Outlay (“PECO”), Classrooms First, Effort index grant and Class size reduction projects from the State of Florida. For State reporting purposes, PECO, Classrooms First, Effort index grant and Class size reduction revenue is recognized at the time authorization is approved by the State. For financial reporting purposes however, as there is no assurance that all funds made available will be spent and since authorizations are made available for several years, revenue is not recognized until the expenditure is incurred in both the government-wide financial statements and the fund financial statements.

**Property Taxes** – On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service fund are charges for maintenance services. Operating expenses include the cost of the services along with payroll and related expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**C. Budgetary Policies**

Revenues and expenditures are controlled by budgetary systems in accordance with various legal and administrative requirements that govern the District's operations. The budget represents a process through which policy decisions are made, implemented and controlled. The budget is adopted on a basis consistent with GAAP, except for encumbrances, and the PECO, Classrooms First, Effort index grant and Class size reduction revenues. The budgetary process includes encumbrances and the aforementioned revenues in the current year budget. The encumbrances and revenues are reported as expenditures or revenues respectively, on the budgetary basis of accounting.



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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Annual budgets are legally adopted for all funds except the fiduciary funds. The budget amounts for revenues and expenditures reflect all amendments to the original budget through September 7, 2005, the date of the final amendment approved by the Board. Significant dates in the budgeting timetable follow:

1. The Palm Beach County Property Appraiser certifies to the District the taxable value of all nonexempt District property by July 1 of each year, or the Clerk of the Circuit Court is required to certify an interim tax roll.
2. Within 24 days of tax roll certification, the Board considers and approves for advertising a tentative budget.
3. Within 29 days after tax roll certification, the District advertises the tentative budget and the millage rates therein.
4. A public hearing to adopt the tentative budget and proposed millage rate is held not less than two nor more than five days after the budget is advertised.
5. Within 35 days of tax roll certification, the District notifies the Palm Beach County Property Appraiser of proposed millage rates.
6. A final public hearing within 80 days, but not less than 65 days, after tax roll certification, the Board adopts the District budget.

The major functional level is the legal level of budgetary control. Per Board policy, management is authorized to make budget amendments at function level with Board approval. All interim budget amendments between major functional areas within each fund are submitted to the Board for approval. All budget amendments that are categorized as federal or State grants must have State approval as well as Board approval. The Board is not legally authorized to approve expenditures that exceed appropriations; therefore, during fiscal year 2005, budget amendments were approved as necessary to comply with legal requirements.

Unreserved appropriations are canceled at the end of the fiscal year. However, encumbered appropriations for funds do not lapse at the end of the fiscal year. Undesignated fund balances at June 30, 2005 for funds under budgetary control have been reappropriated for the fiscal year 2006 operating budget within the appropriate fund. Programs reserved for carryover include all State categorical grants required to be expended on specific programs and District approved carryover programs.

**D. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts reserved for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

**E. Cash, Cash Equivalents and Investments**

The District maintains a Treasurer's pool for the District's cash and investments. Each fund's portion of the pool is presented on the financial statements. Investments are stated at fair value except for amounts invested in the State of Florida State Board of Administration ("SBA") Local Government Surplus Trust Fund which are reported at amortized cost. Investments consist of direct obligations of the United States Treasury, U.S. Government Agency Securities, and money market funds investing in U.S. Treasury Securities. For

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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purposes of the statement of cash flows, cash equivalents are considered to be the money market funds and all highly liquid investments with a maturity of three months or less when purchased.

**F. Inventories**

Inventories are valued at cost, which approximates market, using the average cost method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the federal government are recorded at the value established by the federal government using the average cost method. Inventoriable items are recorded as expenditures when shipped to schools and department offices (the consumption method). The reserve for inventories at the governmental fund level is equal to the amount of inventories at year-end to indicate the portion of the governmental fund balances that are not available for appropriation and expenditure.

**G. Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the District. Purchased assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the government-wide statement of net assets. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

The District's capitalization levels are \$1,000 on tangible personal property, \$100,000 on building improvements and \$50,000 on improvements other than buildings. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3 - 15 years
Motor Vehicles	5 - 10 years
Audio/Video Materials & Software	3 - 5 years
Buildings and Improvements	15 - 50 years
Improvements Other Than Buildings	15 years

**H. Long-term Debt**

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net assets. Debt premiums, discounts, issuance costs, as well as deferred amounts on refundings, are deferred and amortized over the life of the debt.

**I. Self Insurance**

The District is self-insured for portions of its general and automobile liability insurance and workers' compensation. The estimated liability for self-insured risks represents an estimate of the amount to be paid on insurance claims reported and on insurance claims incurred but not reported (See Note 7). Consistent with GAAP guidelines, for the governmental funds, in the fund financial statements, the liability for self-insured risks is considered long-term and therefore, is not a fund liability and represents a reconciling item

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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between the fund level and government-wide presentations. An expenditure is recognized in the governmental fund as payments come due each period.

**J. Compensated Absences**

Compensated absences are payments to employees for accumulated vacation and sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused vacation and sick leave up to a specified amount depending on their date of hire. Vacation and sick leave is payable to employees upon termination or retirement at the current rate of pay on the date of termination or retirement. The costs of vacation and sick leave benefits are budgeted and expended in the respective operating funds when payments are made to employees.

The District uses the vesting method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. Consistent with GAAP guidelines, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements.

**K. Reserves of Fund Equity**

Portions of Fund Equity that have been reserved indicate the amount of fund balance that cannot be appropriated for expenditures since it is legally segregated for a specific future use. In addition, the District established a reservation of Fund Equity for Board Contingency that will ultimately accumulate to 3% of the total annual General Fund appropriations and transfers.

**L. Implementation of New Accounting Principle**

The District adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement modifies, establishes and rescinds certain aspects of the cash and investment financial statement disclosure requirements. Specifically, this statement addresses common deposit and investment risks related to credit risk, interest rate risk, and foreign currency risk. Accordingly, the "Cash, Cash Equivalents and Investment" note disclosure has been revised to conform to the provisions of GASB Statement No. 40.

**M. Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**2. AD VALOREM TAXES**

The Board is authorized by Florida Statutes to levy property taxes for District operations, capital improvements and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. The Palm Beach County Property Appraiser assesses property values and the Palm Beach County Tax Collector collects the property taxes.

Property values are assessed as of January 1 each year. The Board levies the property tax at the final budget hearing each year based on the assessed valuation of all non-exempt property. This levy finances the

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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expenditures of the current fiscal year. Tax bills are mailed by the Palm Beach County Tax Collector on November 1 and are due no later than April 1. After this date, taxes become an enforceable lien on property. Discounts of up to four percent are available for early payment. The majority of ad valorem taxes are collected in November and December and remitted to the School Board. Section 197.383, Florida Statutes, requires the Palm Beach County Tax Collector to distribute the taxes collected to each taxing authority at least four times during the first two months after the tax roll comes into the Tax Collector's possession, and at least once per month thereafter. Taxes are considered delinquent if not paid prior to April 1. State law provides for enforcement of collection of taxes by the sale of tax certificates on real property and for levy upon, seizure and sale of personal property after the Palm Beach County Tax Collector initiates a sequence of required procedures resulting in a court order to carry out the action.

The State Legislature prescribes the maximum non-voted millage that may be levied by the Board for each fiscal year. The total millage rate levy was 8.432 mills and the total assessed value on which the 2004-05 levy was based was \$111,489,842,579. Gross taxes levied were \$940,082,354. Total revenue, net of discounts, was \$906,798,466. A portion of the taxes levied for the Local Capital Improvement Capital Project Fund, designated for repairs and maintenance programs, are transferred to the General Fund as provided by Chapter 1013, Florida Statutes. For fiscal year 2005, the maintenance transfer amounted to \$40,155,460.

### **3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

#### **Cash and Cash Equivalents**

Florida Statutes authorize the deposit of District funds in demand deposits or time deposits of financial institutions approved by the State Treasurer and are defined as public deposits. All District public deposits are held in qualified public depositories pursuant to chapter 280, Florida Statutes, the "Florida Security for Public Deposits Act." Under the act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 50 percent to 125 percent depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with the State Treasurer. Any losses to public depositories resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories of the same type as the depository in default. All bank balances of the District are fully insured or collateralized. At June 30, 2005, the carrying amount of the District's cash deposits was \$29,004,302 and the bank balance was \$60,357,959. The carrying amount of the School Internal Funds cash deposits was \$12,141,493.

The District receives interest on all collected balances in its cash accounts from the qualified public depository acting as its banking agent. Interest earnings are allocated to all funds based on the average daily balance of each fund's equity in the Treasurer's Pool.

Cash Equivalents consist of amounts invested in the SBA Local Government Surplus Funds Trust Fund. This investment pool operates as a Securities and Exchange Commission Rule 2a7-like external investment pool under investment guidelines established by Section 215.47, Florida Statutes. The District's direct investment in the pool of \$672,810,761 is reported at amortized cost. As of June 30, 2005, the Local Government Investment Pool was not rated by a nationally recognized statistical rating agency.

#### **Investments**

The District's investment policy permits investments in the SBA Local Government Surplus Funds Trust Fund, securities of the United States Government, U.S. Government Agencies, federal instrumentalities, interest bearing time deposit or savings accounts, repurchase agreements, commercial paper, corporate

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

notes, bankers' acceptances, state and/or local government debt, and money market mutual funds. The District's investment advisor used the effective duration method to calculate effective duration measures for the securities held by the District. Besides measuring the sensitivity of the securities market value to changes in interest rates, the effective duration method accounts for any call (early redemption) features which a security may have.

As of June 30, 2005, the District had the following unrestricted cash and investments and maturities:

<b>PORTFOLIO / INVESTMENTS</b>	<b>CARRYING VALUE</b>	<b>EFFECTIVE DURATION</b>
<b>Cash Deposits</b>	\$29,004,302	N/A
<b>Money Market Funds</b>	23,693,358	N/A
<b>Florida State Board of Administration</b>	672,810,761	N/A
<b>Tax Anticipation Note Sinking Fund</b>		
Federal Agency Bond/Notes	55,826,042	0.167
<b>Core Fund Investments</b>		
US Treasury - Notes	28,842,123	1.483
Federal Agency - Bond/Notes	44,672,333	1.446
Federal Agency - Mortgage Pass-Throughs	10,568,198	1.516
Corporate Notes	3,984,588	2.440
<b>Debt Service - Escrow</b>		
<b>Certificates of Participation 2002E</b>		
State and Local Government Series (SLGS) securities	98,706,803	N/A
<b>Debt Proceeds - Invested in Securities</b>		
<b>Certificates of Participation 2004A</b>		
Federal Agency - Bond/Notes	7,271,784	0.494
<b>Certificates of Participation 2003B</b>		
Federal Agency - Bond/Notes	8,508,500	0.255
<b>Certificates of Participation 2003A</b>		
Federal Agency - Bond/Notes	4,499,375	0.248
<b>TOTAL</b>	<b>\$988,388,167</b>	

**Interest Rate Risk**

To limit exposure to fair value losses resulting from increases in interest rates, the District's Investment Policy limits operating funds to maturities of two years or less. Investments of reserves, project funds, debt proceeds and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years. The District's investments in the Federal Home Loan Bank mature between August 2005 and June 2008. The District's investments in the Federal National Mortgage Association mature between October 2005 and June 2007. As of June 30, 2005, the District held approximately \$11 million in market value of callable securities issued by Federal Instrumentalities which permit the issuer to redeem the securities prior to their original maturity date. A decrease in interest rate levels could trigger calls on these securities, forcing the District to reinvest the proceeds in lower-yielding securities.

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**Credit Risk**

The District's Investment Policy lists the authorized investment types as well as the minimum allowable credit rating for each investment type. Corporate notes purchased for investment must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum "Aa" by Moody's and a minimum long term debt rating of "AA" by Standard & Poor's ("S&P"). The maximum length to maturity for corporate notes shall be three (3) years from the date of purchase. As of June 30, 2005, the District held a \$4 million corporate note position with a rating of AA-. All investments in the Federal Home Loan Bank and the Federal National Mortgage Association were rated AAA by S&P. All other rated investments were rated AAA by S&P. As of June 30, 2005, the SBA Local Government Investment Pool was not rated by a nationally recognized statistical rating agency.

**Concentration of Credit Risk**

The District's Investment Policy specifies the maximum percentage allocation to any single investment type as well as the maximum percentage holding per issuer. Up to 100% of the portfolio may be invested in the SBA Local Government Surplus Funds Trust Fund or securities of the United States Government. Investments in Federal Instrumentalities may be no greater than 80% of the portfolio with a maximum of 50% invested with any single issuer. Corporate notes are limited to 15% of the portfolio and no greater than 5% may be in a single issuer.

<b>PORTFOLIO / INVESTMENTS</b>	<b>CARRYING VALUE</b>	<b>%</b>
<b>Cash Deposits</b>	\$29,004,302	2.93%
<b>Money Market Funds</b>		
Bank of New York Treasury Fund	19,625,093	1.99%
Fidelity Money Market Fund	4,068,265	0.41%
<b>Florida State Board of Administration</b>	672,810,761	68.07%
<b>Investments in Securities</b>		
US Treasury - Notes	28,842,123	2.92%
Wells Fargo Bank	3,984,588	0.40%
Federal Home Loan Bank	19,490,502	1.97%
Federal Home Loan Mortgage Corp	64,927,727	6.57%
Federal National Mortgage Association	46,928,003	4.75%
<b>Debt Service - Escrow</b>		
<b>Certificates of Participation 2002E</b>		
State and Local Government Series Securities	98,706,803	9.99%
<b>TOTAL</b>	\$988,388,167	100.00%

Investments in the Federal Home Loan Bank total less than 5% of the total portfolio on June 30, 2005. Investments in the Federal National Mortgage Association total less than 5% of the total portfolio on June 30, 2005. As of June 30, 2005, all District investments were in compliance with the District's Investment Policy and did not exceed portfolio allocation or issuer maximums.

**Custodial Risk**

The District's investment policy requires that all securities, with the exception of certificates of deposit, be held with a third party custodian; and all securities purchased by, and all collateral obtained by the District should be properly designated as an asset of the District. The securities must be held in an account separate

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and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the federal government, the state of Florida, or any other state or territory of the United States which has a branch or principal place of business in the state of Florida as defined in § 658.12, F.S., or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the state of Florida. Certificates of deposit will be placed in the provider's safekeeping department for the term of the deposit.

Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities are made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of June 30, 2005, the District's investment portfolio was held with a third-party custodian. The District's investments in the Federal Home Loan Bank and the Federal National Mortgage Association are also held with the third-party custodian.

**4. DUE FROM OTHER AGENCIES**

At June 30, 2005, the District had a total of \$41,006,000 in "Due from other agencies". Approximately \$18 million is due from federal, State and local governments for various grant programs. Approximately \$6 million and \$1 million is due from the State for the Class Size Reduction Program and Public Education Capital Outlay, respectively. Approximately \$11 million is due from the Federal Emergency Management Agency for damages sustained by recent hurricanes. Another \$3 million is due from the federal government for school lunch and breakfast reimbursements. Another \$2 million is due from other state and local agencies for miscellaneous items.

**5. INTERFUND ACTIVITIES**

Due to/from other funds consisted of the following balances at June 30, 2005:

	Interfund Receivables	Interfund Payables
General Fund	\$ 9,000,000	\$ -
Other Governmental Funds	-	9,000,000
Total Interfund	\$ 9,000,000	\$ 9,000,000

The amount payable by the other governmental funds to the general fund is to cover temporary cash shortages. A summary of interfund transfers as of June 30, 2005 is as follows:

	Transfers to:		
	General Fund	COPS Debt Service Fund	Total
Transfers from:			
Capital Improvement Fund	\$ 40,155,460	\$ 82,398,576	\$ 122,554,036
PECO Fund	-	1,000,000	1,000,000
COPS Fund	-	4,327,877	4,327,877
Total	\$ 40,155,460	\$ 87,726,453	\$ 127,881,913

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The majority of interfund transfers were for recurring annual operating and debt service expenditures.

**6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2005 is as follows (in thousands):

**Primary Government**

	Balance July 1, 2004	Additions **	Retirements and Transfers	Balance June 30, 2005
<b><u>Non-Depreciable Assets:</u></b>				
Land	\$ 215,509	\$ 22,264	\$ (397)	\$ 237,376
Construction in Progress	482,195	272,835	(378,184)	376,846
<b>Total Non-Depreciable Assets</b>	<b>697,704</b>	<b>295,099</b>	<b>(378,581)</b>	<b>614,222</b>
<b><u>Depreciable Assets:</u></b>				
Improvements Other Than Buildings	6,375	2,349	-	8,724
Buildings and Improvements	1,917,306	385,689	(19,619)	2,283,376
Furniture, Fixtures & Equipment	182,307	17,981	(14,331)	185,957
Motor Vehicles	69,837	8,638	(3,993)	74,482
Furniture, Fixtures & Equipment Under Capital Leases	2,879	-	-	2,879
Audio/Video Materials & Software	32,858	11,101	(536)	43,423
<b>Total Depreciable Assets</b>	<b>2,211,562</b>	<b>425,758</b>	<b>(38,479)</b>	<b>2,598,841</b>
<b><u>Less Depreciation For:</u></b>				
Improvements Other Than Buildings	(792)	(581)	-	(1,373)
Buildings and Improvements	(475,160)	(47,710)	17,900	(504,970)
Furniture, Fixtures & Equipment	(122,169)	(18,713)	13,282	(127,600)
Motor Vehicles	(37,827)	(5,912)	3,501	(40,238)
Furniture, Fixtures & Equipment Under Capital Leases	(445)	(412)	-	(857)
Audio/Video Materials & Software	(25,239)	(2,960)	455	(27,744)
<b>Total Accumulated Depreciation</b>	<b>(661,632)</b>	<b>(76,288)</b>	<b>35,138</b>	<b>(702,782)</b>
<b>Capital Assets, Net</b>	<b>\$ 2,247,634</b>	<b>\$ 644,569</b>	<b>\$ (381,922)</b>	<b>\$ 2,510,281</b>

\*\* Capital asset additions include donations of \$39 (in thousands).



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Depreciation expense for the year ended June 30, 2005 of approximately \$76,288,000 was not allocated to specific functions. The District's capital assets essentially serve all functions and as such the depreciation expense is included as a separate line item in the statement of activities.

**Discretely presented component units**

	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005
<b><u>Non-Depreciable Assets:</u></b>				
Construction in Progress	\$ -	\$ 122	\$ -	\$ 122
Total Non-Depreciable Assets	-	122	-	122
<b><u>Depreciable Assets:</u></b>				
Improvements Other Than Buildings	103	72	-	175
Buildings and Improvements	3,293	1,870	-	5,163
Furniture, Fixtures & Equipment	2,004	1,115	(16)	3,103
Motor Vehicles	171	(31)	-	140
Property under Capital Leases	-	-	-	-
Audio/Video Materials & Software	291	(54)	(13)	224
Total Depreciable Assets	5,862	2,972	(29)	8,805
<b>Less: Accumulated Depreciation</b>	(901)	(691)	13	(1,579)
<b>Capital Assets, Net</b>	<b>\$ 4,961</b>	<b>\$ 2,403</b>	<b>\$ (16)</b>	<b>\$ 7,348</b>

**7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; natural disasters. The District is completely self-insured for errors and omissions. The District is self-insured for automobile and general liability claims for the first \$100,000 per person, \$200,000 per accident. The workers' compensation program is self-insured up to \$500,000 per injury to satisfy indemnity and medical costs. These self-insured funds are administered by a third party. The District purchases commercial insurance for certain risks in excess of coverage and certain other risks of loss.

The claims liability is based on an actuarial evaluation performed by an independent actuary as of June 30, 2005 using a discounted rate factor of 5.0%. The liability consists of claims reported and payable, as well as an estimate for claims incurred but not reported. At June 30, 2005, the liability for insurance claims consisted of \$7,413,000 for auto and general liability and \$32,990,000 for workers' compensation.

A summary of changes in the estimated liability for self-insured risks is as follows:

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	Fiscal Year Ended June 30, 2005	Fiscal Year Ended June 30, 2004
Beginning Balance	\$ 37,296,000	\$ 36,639,000
Additions:		
Current year claims and changes in estimates	21,486,289	19,931,520
Reductions:		
Claim payments	(18,379,289)	(19,274,520)
Ending Balance	<u>\$ 40,403,000</u>	<u>\$ 37,296,000</u>

The District maintains insurance coverage for other areas of risk. There have been no other significant reductions in insurance coverage. There have been no settlements that exceeded the District's coverage for fiscal years ended June 30, 2003, 2004 and 2005.

**8. TAX ANTICIPATION NOTES PAYABLE**

**Tax Anticipation Notes**

On October 21, 2004, the District issued Tax Anticipation Notes ("TANS"), Series 2004. This \$55,000,000 issue was sold at a coupon interest rate of 3.00 percent with an effective yield of 1.701 percent. Interest costs incurred on this issue for the year ended June 30, 2005, were \$656,032 net of a premium of \$485,218. Note proceeds were used to pay fiscal year 2005 District operating expenditures prior to the receipt of ad valorem taxes. TANS are subject to arbitrage rebate. There was no arbitrage rebate due on the TANS, Series 2004. The notes are due September 28, 2005. (See Note 13).

Short-term debt activity for the year ended June 30, 2005 was as follows:

	Beginning Balance <u>June 30, 2004</u>	<u>Issued</u>	<u>Redeemed</u>	Ending Balance <u>June 30, 2005</u>
Tax anticipation notes	<u>\$45,000,000</u>	<u>\$55,000,000</u>	<u>\$(45,000,000)</u>	<u>\$55,000,000</u>

**Sales Tax Revenue Commercial Paper Notes**

The District has established a commercial paper debt program whereby Sales Tax Revenue Commercial Paper Notes issued are payable from and secured by a pledge of the proceeds received by the District from the levy and collection of a one-half cent discretionary sales surtax pursuant to Section 212.055(6), Florida Statutes. On November 2, 2004, the voters of Palm Beach County approved the levy of a one-half cent sales surtax for the construction and modernization of public schools. Collection of the tax began on January 1, 2005 and the collection of the tax will cease on December 31, 2010.

The School Board has authorized the issuance of commercial paper notes in an aggregate amount not to exceed \$300,000,000. As of June 30, 2005, a total of \$250,000,000 had been issued.

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January 12, 2005	School Board Authorized	\$300,000,000
January 21, 2005	Offering Statement	\$275,540,000
June 30, 2005	Outstanding Notes	\$250,000,000

The purpose of the notes is to finance, together with other available funds of the District, the cost of acquisition, construction and installation of, and renovation to, certain capital improvements and educational facilities within the District and to pay costs associated with the issuance of the notes.

The District's commercial paper debt program is administered as follows: The notes mature within 270 days of issuance, with interest payable at maturity based on market rates not to exceed 12%. The notes are not subject to redemption prior to maturity. As each group of notes comes due, new notes are issued to refinance the principal amount, and current revenues of the District are used to pay the interest amount due. In addition, through January 31, 2008, the District will maintain an irrevocable, direct-pay letter of credit with a bank to facilitate the refinance of outstanding notes. The District's intent is to continue to refinance maturing notes until such time as the notes are retired through the use of future years' revenues or through issuance of long-term debt. Outstanding obligations under this program are reported as short-term liabilities in the government-wide statement of net assets.

**9. LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2005, is as follows (in thousands):

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	Beginning Balance 6/30/04	Additions	Reductions	Ending Balance 6/30/05	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Leases Payable:					
Capital Outlay Bond Issue	\$ 50,735	\$ -	\$ (3,415)	\$ 47,320	\$ 3,605
General Obligation Bonds	103,665	-	(24,110)	79,555	25,280
Capital Lease	1,862	-	(961)	901	901
Certificates of Participation	1,431,453	163,135	(147,880)	1,446,708	29,060
	<u>1,587,715</u>	<u>163,135</u>	<u>(176,366)</u>	<u>1,574,484</u>	<u>58,846</u>
Plus (Less) Issuance Premium (Discount)	28,136	11,354	(3,328)	36,162	-
Less Deferred Amount on Refundings	(12,877)	(11,622)	1,405	(23,094)	-
<b>Total Bonds and Leases Payable</b>	<u>1,602,974</u>	<u>162,867</u>	<u>(178,289)</u>	<u>1,587,552</u>	<u>58,846</u>
Other Liabilities:					
Compensated Absences	135,523	23,675	(12,393)	146,805	10,612
Claims and Judgments	37,296	21,486	(18,379)	40,403	9,810
Post Retirement Benefits	6,083	-	(2,580)	3,503	2,197
<b>Total Other Liabilities</b>	<u>178,902</u>	<u>45,161</u>	<u>(33,352)</u>	<u>190,711</u>	<u>22,619</u>
<b>Total Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<u>\$ 1,781,876</u>	<u>\$ 208,028</u>	<u>\$ (211,641)</u>	<u>\$ 1,778,263</u>	<u>\$ 81,465</u>

The compensated absences, claims and judgments and postretirement benefits are generally liquidated by the general fund.

**State Board of Education Capital Outlay Bond Issues**

State Board of Education Capital Outlay Bond Issues ("COBI") are serviced entirely by the State using a portion of the District's share of revenue derived from motor vehicle license taxes pursuant to Chapter 320, Florida Statutes, and Article XII, Section 9(d), of the Florida Constitution. The State Board of Administration determines the annual sinking fund requirements. The amounts necessary to retire bonds and interest payable are withheld from the entitlement to the District. Interest rates on the COBI bonds range from 3.00 percent to 6.00 percent. Interest is payable semiannually on January 1 and July 1. The bonds are redeemable at par.

**General Obligation Bond Issues**

General Obligation Bonds constitute general obligations of the District and are payable from ad valorem taxes levied on all taxable property within the District without limitation as to rate or amount. These bonds carry

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interest rates ranging from 3.5% - 5.0%. Interest is payable semiannually on February 1 and August 1. All bonds issued are subject to arbitrage rebate, however, at June 30, 2005, the arbitrage was zero.

**Defeased Debt**

On March 22, 2005, the District issued certificates of participation (Series 2005A) of \$124,630,000 (par value) with interest rates ranging from 3.00% - 5.00% to advance refund certificate payments with interest rates ranging from 5.25% - 5.50% and a total par value of \$123,025,000. The Series 2005A certificates final maturity is August 1, 2022. The certificates were issued at a premium of \$10,394,473 and, after paying issuance costs of \$1,375,339, the net proceeds were \$133,649,134. The net proceeds plus an additional \$1,113,293 of the Series 2001A sinking fund monies were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the certificates are called. The advance refunding meets the requirements of an in-substance defeasance and the liability for the refunded certificates was removed from the District's financial statements in fiscal year 2005. As a result of this advance refunding, the District reduced its total debt service requirements by \$6,323,335, which resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$3,804,355.

In prior years, the District defeased certain certificates of participation by creating separate irrevocable trust funds. New debt has been issued and the proceeds used to purchase U.S. Government Securities that were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments. These investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the financial statements. As of June 30, 2005, the total amount of defeased debt outstanding but removed from the District's financial statements amounted to \$320,575,000.

In a prior year, the District advance refunded certain certificates of participation which will meet the requirements of an in-substance debt defeasance on August 1, 2005 and August 1, 2006. At that time, the liability for the refunded certificates will be removed from the District's financial statements. At June 30, 2005 the amount of refunded debt to be defeased but still remaining on the District's financial statements amounts to \$96,555,000. (See Note 13)

**Annual Debt Service Requirements**

Annual requirements to amortize all bond issues outstanding as of June 30, 2005 are as follows (in thousands):

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Year Ended June 30	Principal Capital Outlay Bonds	Principal General Obligation Bonds	Total Interest	Total Principal and Interest
2006	\$ 3,605	\$ 25,280	\$ 5,501	\$ 34,386
2007	3,800	26,510	4,084	34,394
2008	2,885	27,765	2,575	33,225
2009	3,080	-	1,756	4,836
2010	3,290	-	1,622	4,912
2011-2015	19,770	-	5,494	25,264
2016-2020	8,670	-	1,372	10,042
2021-2024	2,220	-	187	2,407
Total	\$ 47,320	\$ 79,555	\$ 22,591	\$ 149,466

The District is subject to State laws that limit the amount of debt outstanding to 10% of the non-exempt assessed valuation. At June 30, 2005, the statutory limit for the District was approximately \$11.1 billion, providing additional debt capacity of approximately \$11.0 billion.

**Capital Lease**

The District entered into a lease agreement on May 12, 2003 that qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception date of the lease. (See Note 6.)

The following is a schedule of the District's future minimum lease payments under the capital lease, and the present value of the net minimum lease payments as of June 30, 2005:

<u>Fiscal Year Ending June 30</u>	<u>Minimum Lease Payments</u>
2006	<u>911,777</u>
Total minimum lease payments	911,777
Less: Amount representing interest	<u>(10,623)</u>
Present value of future minimum lease payments	<u>\$901,154</u>

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**Certificates of Participation**

On November 16, 1994, the District entered into a Master Lease Purchase Agreement (the "Master Lease") dated November 1, 1994, with the Palm Beach School Board Leasing Corporation, a Florida not-for-profit corporation, to finance the acquisition and construction of certain facilities, and equipment for District operations. The Corporation was formed by the Board solely for the purpose of acting as the lessor for Certificates of Participation financed facilities, with the District as lessee. On November 1, 1994, June 1, 1995, May 1, 1996, February 1, 2000, April 1, 2001, February 1, 2002, March 21, 2002, May 15, 2002, December 10, 2002, June 10, 2003, June 24, 2003, April 8, 2004 and May 26, 2005 the Corporation issued Certificates of Participation ("Certificates") Series 1994A, Series 1995A, Series 1996A, Series 2000A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005A and Series 2005B in the amounts of \$62,095,000, \$133,600,000, \$32,155,000, \$155,000,000, \$135,500,000, \$115,250,000, \$115,350,000, \$161,090,000, \$191,215,000, \$60,865,000, \$124,295,000, \$103,575,000 and \$38,505,000 respectively, to third parties, evidencing undivided proportionate interest in basic lease payments to be made by the District, as lessee, pursuant to the Master Lease. Simultaneously therewith, the Board as lessor entered into Ground Leases with the Corporation for the Series 1994A, Series 1995A, Series 1996A, Series 2000A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A and Series 2005B Facilities sites. On September 1, 1997 the District issued \$47,145,000 of Certificates of Participation Series 1997A to advance refund and defease a portion of the Series 1994A Certificates of Participation which mature on or after August 1, 2005. On July 24, 2001 the District issued \$169,445,000 of Certificates of Participation Series 2001B to advance refund and defease the Series 2000A Certificates of Participation. In addition, on September 5, 2002 the District issued \$93,350,000 of Certificates of Participation Series 2002E to advance refund and defease a portion of the Series 1995A and Series 1996A Certificates of Participation which mature on or after August 1, 2007. On February 25, 2005 the District issued \$124,630,000 of Certificates of Participation Series 2005A to advance refund and defease a portion of the Series 2001A, Series 2002A, Series 2002C and Series 2002D Certificates of Participation. These refunding issues were done in order to achieve debt service savings. (See Defeased Debt.)

On June 11, 2002 and April 30, 2004 the District sold Certificates of Participation, Series 2002 and Series 2004 Qualified Zone Academy Bonds ("QZAB") in an aggregate principal amount of \$950,000 and \$2,923,326 respectively. The QZAB program is a new financial instrument that provides a different form of subsidy from traditional tax-exempt bonds. Interest on QZAB's is paid by the federal government in the form of an annual tax credit to an eligible financial institution that holds the QZAB. The QZAB issuer is responsible for repayment upon maturity. The tax credits and bonding authority are made available by the federal government to support innovative school partnerships; enhance reform initiatives, including augmenting Federal education programs, technology and vocational equipment; and development of curriculum or better teacher training to promote market driven technology. To be eligible, a school must:

1. Be located in an Empowerment Zone or an Enterprise Community or have 35 percent or more of its students eligible for free or reduced lunch under the National School Lunch Act.
2. Obtain cash and/or in-kind contribution agreements from partnerships equal to at least 10 percent of the gross proceeds of the QZAB.

The principal of the Series 2002 and Series 2004 QZAB certificates are payable on July 16, 2016 and April 30, 2020 respectively. The District deposits funds annually in an escrow, which when coupled with interest earnings will be sufficient to pay off the principal at maturity.

The Corporation leases facilities and equipment to the District under the Master Lease. The Master Lease is automatically renewable annually unless terminated, in accordance with the provisions of the Master Lease, as a result of default or the failure of the Board to appropriate funds to make lease payments in its final official budget. Failure to appropriate funds to pay lease payments under any lease will, and an event of

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
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default under any lease may, result in the termination of all leases. The remedies on default or upon an event of non-appropriation include the surrender of the Series 1994A, Series 1995A, Series 1996A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B and Series 2004A Facilities by the District and the Trustee's re-letting for the remaining Ground Lease term, or the voluntary sale of the Series 1994A, Series 1995A, Series 1996A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A and Series 2005B Facilities by the School Board. In either case, the proceeds will be applied against the School Board's obligations under the Master Lease. A summary of lease terms are presented as follows:

<u>Certificates</u>	<u>Ground Lease Term</u>
Series 1994A	June 30, 2020
Series 1995A	June 30, 2020
Series 1996A	August 1, 2021
Series 2001A	August 1, 2031
Series 2002A	August 1, 2023
Series 2002B	August 1, 2032
Series 2002C	August 1, 2032
Series 2002D	August 1, 2033
Series 2003A	August 1, 2026
Series 2003B	August 1, 2034
Series 2004A	August 1, 2034
Series 2005B	August 1, 2015

The Certificates are not separate legal obligations of the Board but represent undivided proportionate interests in lease payments to be made from appropriated funds budgeted annually by the School Board for such purpose from current or other funds authorized by law and regulations of the Department of Education, including the local optional millage levy. However, neither the Board, the District, the State of Florida, nor any political subdivision thereof are obligated to pay, except from Board appropriated funds, any sums due under the Master Lease from any source of taxation. The full faith and credit of the Board and the District are not pledged for payment of such sums due under the Master Lease, and such sums do not constitute an indebtedness of the Board or the District within the meaning of any constitutional or statutory provision or limitation. A trust fund was established with a Trustee to facilitate payments in accordance with the Master Lease and the Trust Agreement. Various accounts are maintained by the Trustee in accordance with the trust indenture. Interest earned on invested funds is applied toward the basic lease payments. Basic lease payments are deposited with the Trustee semi-annually on June 30 and December 30, and are payable to Certificate holders on August 1 and February 1.

Due to the economic substance of the issuances of Certificates of Participation as a financing arrangement on behalf of the Board, the financial activities of the Corporation have been blended in with the financial statements of the District. For accounting purposes, due to the blending of the Corporation within the District's financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders. Payment of the outstanding Certificates of Participation is insured through AMBAC



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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Indemnity Corporation. During the year ended June 30, 2005, \$219,229,370 was expended for capital outlay in the Certificates of Participation Capital Projects Funds.

**Floating-to-Fixed Cancelable Interest Rate Swap:** In connection with the issuance on March 21, 2002 of the \$115,350,000 variable-rate Certificates of Participation Series 2002B, the District entered into a floating-to-fixed cancelable interest rate swap, effective through August 1, 2027, to hedge against future increases in interest rates. The swap will effectively convert the Certificates into 25 year synthetic fixed rate debt obligations with a coupon of 4.22%. In exchange for an upfront premium payment of \$6,142,000 received by the District, the swap counterparty has the right to cancel the swap on any date on or after February 1, 2007. In the event the swap is terminated, the District will be exposed to potentially higher interest rate payments on the Certificates. In exchange for an additional reduction in the fixed rate paid by the District on the swap, the counterparty has the right to pay a lower Alternate Floating Rate equal to 67% of 1 month London Interbank Offering Rate ("LIBOR"). The counterparty can pay this lower Alternate Rate if the 180-day average of the Bond Market Association ("BMA")/LIBOR ratio exceeds 67%. The most likely cause of an increase in the tax-exempt/taxable yield relationship would be legislation reducing the tax advantage of municipal debt, i.e. a tax cut. The Certificates and swap together create low cost, long-term synthetic fixed-rate debt for the District. At June 30, 2005, the swap had a negative fair value of \$20,493,675 based on mid-market values as of the close of business.

**\$100 Million Fixed Margin Basis:** On June 10, 2003, the District entered into a 25.5 year floating-to-floating interest rate swap in connection with the issuance of \$191.215 million of fixed-rate Certificates of Participation, Series 2002D. The swap notional principal amortizes to match the final \$100 million of maturing principal of the underlying Certificates. The swap creates economics similar to a 67% of LIBOR synthetic fixed-rate financing, i.e. variable-rate bonds plus floating-to-fixed rate swap, without the District having to actually issue the underlying variable-rate bonds. Under the basis swap, in exchange for receiving a below-market percentage of LIBOR, the District pays a variable rate equal to the BMA index less a fixed margin of 66.5 basis points. The swap produces expected present value ("PV") savings of \$10.68 million based on an assumed future average ratio of BMA to 1-month LIBOR of 67%. Since the District both receives and pays a variable rate under the basis swap, the transaction is interest rate neutral, all else equal. However, the District does bear risk of a future reduction or elimination in the benefit of the tax exemption for municipal debt. For example, a tax cut would likely increase the variable rate paid by the District under the swap and reduce or eliminate (in a worst case scenario) the swap's expected positive cashflow and PV savings. However, the risk of radical tax reform that would severely reduce or eliminate the swap's savings is deemed to be relatively low. At June 30, 2005, the swap had a negative fair value of \$599,142 based on mid-market values as of the close of business.

**Floating-to-Fixed Knockout Interest Rate Swap:** In connection with the issuance on June 24, 2003 of \$124,295,000 of variable rate Certificates of Participation Series 2003B, the District entered into a floating-to-fixed knockout interest rate swap, effective through August 1, 2029, to hedge against future increases in interest rates. The swap will effectively convert the Certificates into a synthetic fixed rate debt obligation with a coupon of 3.91%. In exchange for an upfront premium payment of \$3,010,000 received by the District, the swap counterparty has the right to terminate "knockout" the swap if the 180 day average of the BMA index exceeds 7.0% in the future. In the event the swap is terminated, the District will be exposed to higher interest rate payments on the Certificates. The knockout feature is exercisable anytime until August 1, 2018. Once the knockout option expires the District will be left with a fixed-payer swap that matures on August 1, 2029. The Certificates and knockout swap together create low cost, long-term synthetic fixed-rate debt for the District. At June 30, 2005, the swap had a negative fair value of \$10,462,993 based on mid-market values as of the close of business.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
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**FOR THE YEAR ENDED JUNE 30, 2005**

The debt service requirements through maturity to the holders of the Certificates of Participation, which will be serviced by the annual lease payments, is as follows (in thousands):

Year ended June 30	Series 1995-A	Series 1996-A	Series 1997-A	Series 2001-A	Series 2001-B	Series 2002-A	Series 2002-B	Series 2002-C	Series 2002-D	Series 2002-E
2006	\$ 6,115	\$ 1,430	\$ 3,185	\$ 1,995	\$ 565	\$ 5,840	\$ -	\$ 1,495	\$ 2,975	\$ -
2007	6,480	1,500	3,320	1,400	580	6,015	-	2,220	3,235	-
2008	6,870	1,575	3,475	710	605	6,200	-	3,015	3,645	8,200
2009	7,215	1,655	3,635	1,070	625	6,320	-	2,870	3,660	8,610
2010	7,585	1,740	3,805	450	650	6,620	-	3,555	3,850	9,045
2011-2015	44,405	10,225	22,030	2,825	3,685	37,160	-	19,890	21,575	52,735
2016-2020	10,365	4,920	5,105	2,810	54,070	6,755	13,465	820	10,335	14,760
2021-2025	-	-	-	31,305	87,115	-	59,435	34,415	25,690	-
2026-2030	-	-	-	40,175	20,120	-	42,450	66,650	92,230	-
Total	<u>\$ 89,035</u>	<u>\$ 23,045</u>	<u>\$ 44,555</u>	<u>\$ 82,740</u>	<u>\$ 168,015</u>	<u>\$ 74,910</u>	<u>\$ 115,350</u>	<u>\$ 134,930</u>	<u>\$ 167,195</u>	<u>\$ 93,350</u>

Year ended June 30	Series 2003-A	Series 2003-B	Series 2004-A	Series 2005-A	Series 2005-B	Series 2002-QZAB	Series 2004-QZAB	Total Lease Payment	Total Interest	Total Lease Payment & Interest
2006	\$ 2,885	\$ -	\$ 2,575	\$ -	\$ -	\$ -	\$ -	\$ 29,060	\$ 65,526	\$ 94,586
2007	2,945	-	2,625	175	7,110	-	-	37,605	65,702	103,307
2008	3,005	-	2,680	180	7,395	-	-	47,555	64,082	111,637
2009	3,065	-	2,730	185	7,660	-	-	49,300	62,139	111,439
2010	3,130	-	2,795	190	8,020	-	-	51,435	60,048	111,483
2011-2015	16,875	-	15,395	1,040	8,320	-	-	256,160	265,872	522,032
2016-2020	20,325	-	19,205	97,840	-	950	-	261,725	200,787	462,512
2021-2025	6,475	19,150	24,425	25,020	-	-	2,923	315,953	131,969	447,922
2026-2030	-	105,145	31,145	-	-	-	-	397,915	46,710	444,625
Total	<u>\$ 58,705</u>	<u>\$124,295</u>	<u>\$103,575</u>	<u>\$ 124,630</u>	<u>\$ 38,505</u>	<u>\$ 950</u>	<u>\$ 2,923</u>	<u>\$1,446,708</u>	<u>\$ 962,835</u>	<u>\$ 2,409,543</u>

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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**10. RETIREMENT PLANS**

Plan Description: The District contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement. The System was created in 1970 by consolidating several employee retirement systems, including the Teachers Retirement System. All eligible employees, as defined by the State, who were hired after 1970 and those employed prior to 1970 who elect to be enrolled, are covered by the System. Employees hired prior to 1970 and not electing to enroll in the Florida Retirement System may be covered by various contributory plans, principally the Teacher's Retirement System Plan E. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established the System under Chapter 121, Florida Statutes, and has sole authority to amend benefit provisions. Each year the System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Funding Policy: The System is non-contributory for employees and the District is required to contribute an actuarially determined rate. During the fiscal year the rates ranged from 7.39% to 18.53% of annual covered payroll. The Teachers Retirement System is contributory and the rates for those employees still participating in this program is 11.35% and 6.25% for the employer and the employee, respectively. The contributions of the District are established and may be amended by the State Legislature. The District's contributions for both plans to the System are equal to the required contributions for each year as follows:

	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>
Florida Retirement System	\$ 43,442,049	\$ 57,415,837	\$ 61,354,189
Teachers' Retirement System Plan E: Employer	144,275	101,044	85,762

**11. POST RETIREMENT BENEFITS**

In addition to the retirement benefits described in Note 10, the District has authorized various early retirement incentives to provide financial assistance for the purchase of health and life insurance to our retirees. In all cases, employees who retire from the District may purchase health and life insurance through the District. The newly retired employee must send a payment each month to cover the cost of the insurance premiums.

For those eligible employees who qualify for one of the Retirement Incentive Programs ("RIP"), listed below are brief descriptions and eligibility criteria of the various Plans:

*RIP 1996* – Eligibility criteria included being an administrator of any age with at least 25 years of service with the District. The District pays an annual insurance subsidy for up to ten years. The subsidy amount depends on the age of the retiree. For instance, the retiree receives an annual amount of \$2,300 until the fiscal year following the retiree's 65<sup>th</sup> birthday, wherein the annual amount changes to \$1,500. The retiree may purchase insurance through the District or another vendor if they choose. In addition, the eligible retiree receives a life insurance benefit of \$50,000 for up to ten years or the age of 70, which ever comes first.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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RIP 1999 – Eligibility criteria include the following:

- 30 years of service with the Palm Beach County School District or
- Age 62 or higher (60 or higher if in the Teachers Retirement System) with at least 10 years of service with the Palm Beach County School District or
- Employees whose age plus years of service equal or exceed 80 and
- Employees must retire between April 21, 1999 and June 30, 2000.

The District pays an annual insurance subsidy for up to ten years beginning at \$2,400 and increasing 3% each year thereafter. Payments for this subsidy began August 1999 and are paid each August thereafter.

The government-wide financial statements recognize a liability for these post-retirement benefits. Consistent with GAAP guidelines, in the Governmental Funds statements no expenditure or liability is recognized until the benefits are due. A summary of the total expenditures for the fiscal year ended June 30, 2005 is as follows:

	Number of Participants	Insurance Subsidy	Incentive	Total Paid FY 2005
RIP 96	27	\$ 52,100	\$ -	\$ 52,100
RIP 99	112	303,914	2,224,386	2,528,300
Total	139	\$ 356,014	\$ 2,224,386	\$ 2,580,400

\* Net of Florida Retirement System subsidy if applicable

**12. COMMITMENTS AND CONTINGENCIES**

The District receives funding from the State that is based, in part, on a computation of the number of full time equivalent ("FTE") students enrolled in different types of instructional programs. The accuracy of data compiled by individual schools supporting the FTE count is subject to State audit and, if found to be in error, could result in refunds or in decreases in future funding allocations. It is the opinion of management that the amount of revenue which may be remitted back to the State due to errors in the FTE count or the amount of grant expenditures which may be disallowed by granting agencies, if any, will not be material to the financial position of the District.

The District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District.

The District is involved in various lawsuits arising in the ordinary course of operations. In the opinion of management, the District's estimated aggregate liability with respect to probable losses has been provided for in the estimated liability for insurance risks and pending claims in the accompanying financial statements, after giving consideration to the District's related insurance coverage, as well as the Florida statutory

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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limitations of governmental liability on uninsured risks. It is the opinion of management in consultation with legal counsel, the final settlements of these matters will not result in a material adverse effect on the financial position of the District.

As part of its capital outlay program, the District has entered into various construction contracts. At June 30, 2005, the District had construction commitments of approximately \$221 million.

**13. SUBSEQUENT EVENTS**

On August 1, 2005, certain certificates of participation met the requirements of an in-substance debt defeasance. The liability for the refunded certificates in the amount of \$76,440,000 has been removed from the District's financial statements. (See Note 9)

On September 28, 2005, \$55,000,000 of Tax Anticipation Notes Series 2004 were paid. (See Note 8).

On October 20, 2005, the District issued Tax Anticipation Notes ("TANS") Series 2005. This \$55,000,000 issue was sold at a coupon rate of 4.00% with an effective yield of 2.902%. The notes are dated October 20, 2005, and are due September 28, 2006.

On October 24, 2005 the Palm Beach County area was hit by a category 3 hurricane, Hurricane Wilma. The damages from the storm are estimated at \$39 million. The School Board has authorized the disbursement of up to \$15 million of the \$29.6 million General Fund contingency reserve to fund the recovery from Hurricane Wilma. The Capital Projects budget includes reserves that may be utilized as the District recovers from the storm. It is the opinion of management that the majority of these expenditures will be reimbursed by the Federal Emergency Management Agency ("FEMA"). Reimbursements received from FEMA will be returned to the contingency reserves.



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

#### **Food Services Fund**

To account for all School District cafeteria and food service programs.

#### **Other Special Revenue Fund**

To account for federal, state and local grant revenue sources which are legally restricted.

### **Debt Service Funds**

Debt Service Funds are maintained to account for the payment of interest and principal requirements on long-term debt.

#### **State Board of Education/Capital Outlay Bond Indebtedness (SBE/COBI) Fund**

To account for the repayment of the State Board of Education Capital Outlay Bonds.

#### **District Bond Fund**

To account for the repayment of general obligation debt.





## **Nonmajor Governmental Funds**

### **Capital Projects Funds**

#### **Capital Outlay Bond Issue (COBI) Fund**

To account for capital projects from proceeds received from the State Board of Education and issued at the request of the District.

#### **Public Education Capital Outlay (PECO) Fund**

To account for capital projects from proceeds received from the State of Florida for approved projects.

#### **Capital Outlay and Debt Service (CO & DS) Fund**

To account for capital projects financed through the District's allocation of the state Capital Outlay and Debt Service program.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2005  
 (amounts expressed in thousands)**

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	
	<u>FOOD SERVICES</u>	<u>OTHER SPECIAL REVENUE</u>	<u>SBE/COBI BONDS</u>	<u>DISTRICT BONDS</u>
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 12,161	\$ 873	\$ 1,141	\$ 32,993
Taxes receivable	-	-	-	566
Accounts and interest receivable	35	815	-	-
Due from other agencies	3,436	18,083	-	-
Inventories	1,695	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 17,327</u>	<u>\$ 19,771</u>	<u>\$ 1,141</u>	<u>\$ 33,559</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 664	\$ 1,500	\$ -	\$ -
Due to other funds	-	8,000	-	-
Due to other agencies	-	211	-	-
Retainage payable on contracts	-	-	-	-
Deposits payable	127	-	-	-
Unearned revenue	-	7,765	-	-
<b>TOTAL LIABILITIES</b>	<u>791</u>	<u>17,476</u>	<u>-</u>	<u>-</u>
 <b>FUND BALANCES</b>				
Fund balances reserved:				
Reserved for encumbrances	857	3,549	-	-
Reserved for inventory	1,695	-	-	-
Reserved for debt service	-	-	1,141	33,559
Fund balances unreserved:				
Designated for capital projects	-	-	-	-
Undesignated (deficit) capital projects	-	-	-	-
Undesignated (deficit)	13,984	(1,254)	-	-
<b>TOTAL FUND BALANCES</b>	<u>16,536</u>	<u>2,295</u>	<u>1,141</u>	<u>33,559</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <u>\$ 17,327</u>	 <u>\$ 19,771</u>	 <u>\$ 1,141</u>	 <u>\$ 33,559</u>

**See accompanying independent auditors' report.**

**CAPITAL PROJECTS FUNDS**

<b>CAPITAL PROJECTS FUNDS</b>			<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
<b>COBI BONDS</b>	<b>PECO</b>	<b>CO &amp; DS</b>	
\$ 423	\$ 354	\$ 788	\$ 48,733
-	-	-	566
-	-	-	850
-	1,146	1,100	23,765
-	-	-	1,695
<u>\$ 423</u>	<u>\$ 1,500</u>	<u>\$ 1,888</u>	<u>\$ 75,609</u>
\$ 37	\$ 500	\$ 106	\$ 2,807
-	1,000	-	9,000
-	-	-	211
377	-	-	377
-	-	-	127
-	-	-	7,765
<u>414</u>	<u>1,500</u>	<u>106</u>	<u>20,287</u>
9	1,013	1,371	6,799
-	-	-	1,695
-	-	-	34,700
-	-	411	411
-	(1,013)	-	(1,013)
-	-	-	12,730
<u>9</u>	<u>-</u>	<u>1,782</u>	<u>55,322</u>
<u>\$ 423</u>	<u>\$ 1,500</u>	<u>\$ 1,888</u>	<u>\$ 75,609</u>

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005  
 (amounts expressed in thousands)**

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	
	<u>FOOD SERVICES</u>	<u>OTHER SPECIAL REVENUE</u>	<u>SBE/COBI BONDS</u>	<u>DISTRICT BONDS</u>
<b>REVENUES</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 29,478
Impact fees	-	-	-	-
Interest income and other	369	-	-	660
Food service sales	21,773	-	-	-
Local grants and other	641	5,998	-	40
Total local sources	<u>22,783</u>	<u>5,998</u>	<u>-</u>	<u>30,178</u>
State sources:				
Capital outlay and debt service	-	-	5,752	-
Food service	887	-	-	-
Public education capital outlay	-	-	-	-
Effort index	-	-	-	-
Classrooms first program	-	-	-	-
Class size reduction	-	-	-	-
State grants and entitlements	-	5,031	-	-
Total state sources	<u>887</u>	<u>5,031</u>	<u>5,752</u>	<u>-</u>
Federal sources:				
Federal grants and entitlements	-	94,484	-	-
National school lunch act	32,833	-	-	-
Total federal sources	<u>32,833</u>	<u>94,484</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>56,503</u>	<u>105,513</u>	<u>5,752</u>	<u>30,178</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Instruction	-	43,824	-	-
Instructional support services	-	46,941	-	-
General administration	-	2,364	-	-
School administration	-	735	-	-
Facilities acquisition and construction	-	321	-	-
Fiscal services	-	148	-	-
Food services	55,705	3	-	-
Central services	-	2,722	-	-
Pupil transportation services	-	1,214	-	-
Operation of plant	-	1,798	-	-
Maintenance of plant	-	14	-	-
Community services	-	3,269	-	-
<b>Total Current Expenditures</b>	<u>55,705</u>	<u>103,353</u>	<u>-</u>	<u>-</u>

<b>CAPITAL PROJECTS FUNDS</b>			<b>TOTAL</b>
<b>COBI</b>			<b>NON-MAJOR</b>
<b>BONDS</b>	<b>PECO</b>	<b>CO &amp; DS</b>	<b>GOVERNMENTAL</b>
			<b>FUNDS</b>
\$ -	\$ -	\$ -	\$ 29,478
-	-	38	-
-	-	-	1,067
-	-	-	21,773
-	-	-	6,679
-	-	38	58,997
-	-	1,185	6,937
-	-	-	887
-	17,666	-	17,666
-	-	-	-
-	-	-	-
-	-	-	5,031
-	17,666	1,185	30,521
-	-	-	94,484
-	-	-	32,833
-	-	-	127,317
-	17,666	1,223	216,835
-	-	-	43,824
-	-	-	46,941
-	-	-	2,364
-	-	-	735
-	-	-	321
-	-	-	148
-	-	-	55,708
-	-	-	2,722
-	-	-	1,214
-	-	-	1,798
-	-	-	14
-	-	-	3,269
-	-	-	159,058

(Continued)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005  
 (amounts expressed in thousands)**

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	
	<u>FOOD SERVICES</u>	<u>OTHER SPECIAL REVENUE</u>	<u>SBE/COBI BONDS</u>	<u>DISTRICT BONDS</u>
<b>Capital outlay</b>	238	2,183	-	-
<b>Debt service:</b>				
Retirement of principal	-	-	3,415	24,110
Interest	-	-	2,452	4,409
Fiscal charges	-	-	5	579
<b>TOTAL EXPENDITURES</b>	<u>55,943</u>	<u>105,536</u>	<u>5,872</u>	<u>29,098</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>560</u>	<u>(23)</u>	<u>(120)</u>	<u>1,080</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	560	(23)	(120)	1,080
<b>FUND BALANCES, JULY 1, 2004</b>	<u>15,976</u>	<u>2,318</u>	<u>1,261</u>	<u>32,479</u>
<b>FUND BALANCES, JUNE 30, 2005</b>	<u>\$ 16,536</u>	<u>\$ 2,295</u>	<u>\$ 1,141</u>	<u>\$ 33,559</u>

See accompanying independent auditors' report.

<b>CAPITAL PROJECTS FUNDS</b>			<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
<b>COBI BONDS</b>	<b>PECO</b>	<b>CO &amp; DS</b>	
5,967	16,778	870	26,036
-	-	-	27,525
-	-	-	6,861
-	-	-	584
<u>5,967</u>	<u>16,778</u>	<u>870</u>	<u>220,064</u>
<u>(5,967)</u>	<u>888</u>	<u>353</u>	<u>(3,229)</u>
<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
(5,967)	(112)	353	(4,229)
<u>5,976</u>	<u>112</u>	<u>1,429</u>	<u>59,551</u>
<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 1,782</u>	<u>\$ 55,322</u>

**(Concluded)**

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
DEBT SERVICE FUNDS - COPS DEBT SERVICE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>		<b>Original to Final</b>	<b>Final to Actual</b>
<b>REVENUES</b>					
Local sources:					
Interest income, local grants and other	\$ 2,792	\$ 793	\$ 793	\$ (1,999)	\$ -
<b>TOTAL REVENUES</b>	<u>2,792</u>	<u>793</u>	<u>793</u>	<u>(1,999)</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Debt service:					
Retirement of principal	29,275	24,855	24,855	4,420	-
Interest	66,424	64,356	64,356	2,068	-
Fiscal charges	93	2,201	2,196	(2,108)	5
<b>TOTAL EXPENDITURES</b>	<u>95,792</u>	<u>91,412</u>	<u>91,407</u>	<u>4,380</u>	<u>5</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(93,000)</u>	<u>(90,619)</u>	<u>(90,614)</u>	<u>2,381</u>	<u>5</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of refunding debt	-	124,630	124,630	124,630	-
Payments to refunded debt escrow agent	-	(134,647)	(134,647)	(134,647)	-
Premium on refunding debt	-	10,395	10,395	10,395	-
Transfers from capital projects funds	93,000	87,726	87,726	(5,274)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>93,000</u>	<u>88,104</u>	<u>88,104</u>	<u>(4,896)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (2,515)</u>	<u>(2,510)</u>	<u>\$ (2,515)</u>	<u>\$ 5</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>163,640</u>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			161,130		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			-		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 161,130</u>		

See accompanying independent auditors' report.



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
CAPITAL PROJECTS FUNDS - CAPITAL IMPROVEMENT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local sources:					
District local capital improvement tax	\$ 211,831	\$ 215,073	\$ 215,073	\$ 3,242	\$ -
Interest income, local grants and other	4,500	4,561	4,561	61	-
<b>TOTAL REVENUES</b>	<u>216,331</u>	<u>219,634</u>	<u>219,634</u>	<u>3,303</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Facilities acquisitions and construction:					
Library books	460	526	494	(66)	32
Audio-visual materials	18	30	26	(12)	4
Buildings and fixed equipment	55,251	84,447	31,085	(29,196)	53,362
Furniture, fixtures and equipment	40,207	28,893	10,948	11,314	17,945
Motor vehicles	9,586	8,170	8,140	1,416	30
Land	671	438	288	233	150
Improvements other than buildings	6,817	10,524	5,833	(3,707)	4,691
Remodeling and renovations	88,612	71,477	51,556	17,135	19,921
Computer software	839	7,705	6,500	(6,866)	1,205
<b>TOTAL EXPENDITURES</b>	<u>202,461</u>	<u>212,210</u>	<u>114,870</u>	<u>(9,749)</u>	<u>97,340</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,870</u>	<u>7,424</u>	<u>104,764</u>	<u>(6,446)</u>	<u>97,340</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers to the general fund	(36,000)	(39,155)	(39,155)	3,155	-
Transfers to debt service funds	(93,000)	(83,399)	(83,399)	9,601	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(129,000)</u>	<u>(122,554)</u>	<u>(122,554)</u>	<u>12,756</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (115,130)</u>	<u>\$ (115,130)</u>	<u>(17,790)</u>	<u>\$ 6,310</u>	<u>\$ 97,340</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>115,130</u>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			97,340		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			<u>38,800</u>		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 136,140</u>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
CAPITAL PROJECTS FUNDS - COPS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>		<b>Original to Final</b>	<b>Final to Actual</b>
<b>REVENUES:</b>					
Local sources:					
Interest income, local grants and other	\$ -	\$ 6,420	\$ 6,420	\$ 6,420	\$ -
<b>TOTAL REVENUES</b>	<u>-</u>	<u>6,420</u>	<u>6,420</u>	<u>6,420</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Facilities acquisitions and construction:					
Library books	690	750	709	(60)	41
Audio visual materials	143	172	101	(29)	71
Buildings and fixed equipment	277,830	300,586	248,876	(22,756)	51,710
Furniture, fixtures and equipment	23,254	25,232	19,572	(1,978)	5,660
Land	17,796	17,648	5,742	148	11,906
Improvements other than buildings	94	-	-	94	-
Remodeling and renovations	68	30	18	38	12
Computer software	111	18,332	18,148	(18,221)	184
Debt service:					
Fiscal charges	1,627	419	419	1,208	-
<b>TOTAL EXPENDITURES</b>	<u>321,613</u>	<u>363,169</u>	<u>293,585</u>	<u>(41,556)</u>	<u>69,584</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(321,613)</u>	<u>(356,749)</u>	<u>(287,165)</u>	<u>(35,136)</u>	<u>69,584</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of long-term debt		38,505	38,505	38,505	-
Premium on issuance of long-term debt	-	959	959	959	-
Transfers out		(4,328)	(4,328)	(4,328)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>35,136</u>	<u>35,136</u>	<u>35,136</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (321,613)</u>	<u>\$ (321,613)</u>	<u>(252,029)</u>	<u>\$ -</u>	<u>\$ 69,584</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>321,613</u>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			69,584		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			<u>73,937</u>		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 143,521</u>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
CAPITAL PROJECTS FUNDS - SALES TAX  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local sources:					
Sales tax	\$ -	\$ 54,000	\$ 54,000	\$ 54,000	\$ -
Interest income, local grants and other	-	1,205	1,205	1,205	-
<b>TOTAL REVENUES</b>	-	55,205	55,205	55,205	-
<b>EXPENDITURES:</b>					
Facilities acquisitions and construction:					
Library books	-	13	-	(13)	13
Buildings and fixed equipment	-	265,222	117,817	(265,222)	147,405
Furniture, fixtures and equipment	-	18,606	141	(18,606)	18,465
Land	-	12,000	-	(12,000)	12,000
Improvements other than buildings	-	1,692	94	(1,692)	1,598
Remodeling and renovations	-	6,500	318	(6,500)	6,182
Computer software	-	41	3	(41)	38
Debt service:					
Interest	-	945	945	(945)	-
Fiscal charges	-	186	181	(186)	5
<b>TOTAL EXPENDITURES</b>	-	305,205	119,499	(305,205)	185,706
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(250,000)	(64,294)	(250,000)	185,706
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of loans	-	250,000	-	250,000	(250,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	250,000	-	250,000	(250,000)
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	(64,294)	\$ -	\$ (64,294)
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			-		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			(64,294)		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			90,776		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			\$ 26,482		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
CAPITAL PROJECTS FUNDS - OTHER CAPITAL PROJECTS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES</b>					
Local sources:					
Interest income and other		\$ 1,009	\$ 1,009	\$ 1,009	\$ -
Impact fees	16,000	22,800	22,800	6,800	-
Miscellaneous local sources	-	3,045	3,045	3,045	-
Total local sources	16,000	26,854	26,854	10,854	-
State sources:					
Class size reduction	9,183	8,743	8,743	(440)	-
Total state sources	9,183	8,743	8,743	(440)	-
<b>TOTAL REVENUES</b>	<b>25,183</b>	<b>35,597</b>	<b>35,597</b>	<b>10,414</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Facilities acquisitions and construction:					
Library books	-	205	154	(205)	51
Audio-visual materials	-	84	28	(84)	56
Buildings and fixed equipment	95,021	88,951	52,012	6,070	36,939
Furniture, fixtures and equipment	10,346	14,872	6,060	(4,526)	8,812
Motor vehicles	277	1,395	1,101	(1,118)	294
Land	1,689	1,685	1,359	4	326
Improvements other than buildings	1,759	2,743	2,000	(984)	743
Remodeling and renovations	2,268	15,333	7,189	(13,065)	8,144
Computer software	26	85	73	(59)	12
Debt service:					
Retirement of principal	939	961	961	(22)	-
Interest	56	34	34	22	-
<b>TOTAL EXPENDITURES</b>	<b>112,381</b>	<b>126,348</b>	<b>70,971</b>	<b>(13,967)</b>	<b>55,377</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(87,198)</b>	<b>(90,751)</b>	<b>(35,374)</b>	<b>(3,553)</b>	<b>55,377</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from insurance loss recoveries	-	3,553	3,553	3,553	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>3,553</b>	<b>3,553</b>	<b>3,553</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (87,198)</b>	<b>\$ (87,198)</b>	<b>(31,821)</b>	<b>\$ -</b>	<b>\$ 55,377</b>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<b>43,074</b>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			<b>11,253</b>		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			40,039		
Classrooms first revenue recognition adjustment			25		
Effort index revenue recognition adjustment			783		
Class size reduction revenue recognition adjustment			1,837		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<b>\$ 53,937</b>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
SPECIAL REVENUE FUND - FOOD SERVICE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>		<b>Original to Final</b>	<b>Final to Actual</b>
<b>REVENUES:</b>					
Local sources:					
Food service sales	\$ 21,944	\$ 21,773	\$ 21,773	\$ (171)	\$ -
Interest income and other	542	369	369	(173)	-
Miscellaneous local sources	278	641	641	363	-
Total local sources	<u>22,764</u>	<u>22,783</u>	<u>22,783</u>	<u>19</u>	<u>-</u>
State sources:					
School breakfast/lunch supplement	963	887	887	(76)	-
Miscellaneous state revenue	21	-	-	(21)	-
Total state sources	<u>984</u>	<u>887</u>	<u>887</u>	<u>(97)</u>	<u>-</u>
Federal sources:					
National school lunch act	35,256	32,833	32,833	(2,423)	-
Total federal sources	<u>35,256</u>	<u>32,833</u>	<u>32,833</u>	<u>(2,423)</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>59,004</u>	<u>56,503</u>	<u>56,503</u>	<u>(2,501)</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Food service:					
Salaries	19,729	17,094	17,094	2,635	-
Employee benefits	10,746	9,375	9,375	1,371	-
Purchased services	4,587	5,304	5,304	(717)	-
Energy services	1,432	641	641	791	-
Materials and supplies	22,640	22,105	22,102	535	3
Capital outlay	1,174	727	727	447	-
Other expenses	2,193	1,558	1,557	635	1
<b>TOTAL EXPENDITURES</b>	<u>62,501</u>	<u>56,804</u>	<u>56,800</u>	<u>5,697</u>	<u>4</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (3,497)</u>	<u>\$ (301)</u>	(297)	<u>\$ 3,196</u>	<u>\$ 4</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			15,976		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			15,679		
<b>Adjustment To Conform With GAAP:</b>					
Elimination of encumbrances			857		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 16,536</u>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
SPECIAL REVENUE FUNDS - OTHER SPECIAL REVENUE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Federal sources	\$ 131,778	\$ 133,071	\$ 94,484	\$ 1,293	\$ (38,587)
State sources	6,219	6,342	5,031	123	(1,311)
Local sources	5,571	9,671	5,998	4,100	(3,673)
<b>TOTAL REVENUES</b>	<u>143,568</u>	<u>149,084</u>	<u>105,513</u>	<u>5,516</u>	<u>(43,571)</u>
<b>EXPENDITURES:</b>					
Instruction	64,804	66,473	47,093	(1,669)	19,380
Instructional support services	60,802	59,785	48,714	1,017	11,071
General administration	4,177	3,426	2,364	751	1,062
School administration	969	1,298	735	(329)	563
Facilities acquisition and construction	295	450	321	(155)	129
Fiscal services	168	240	148	(72)	92
Food services	-	3	3	(3)	-
Central services	3,008	3,230	2,803	(222)	427
Pupil transportation services	2,641	3,345	1,216	(704)	2,129
Operation of plant	4,491	5,339	1,812	(848)	3,527
Maintenance of plant	8	82	34	(74)	48
Community services	4,523	7,731	3,842	(3,208)	3,889
<b>TOTAL EXPENDITURES</b>	<u>145,886</u>	<u>151,402</u>	<u>109,085</u>	<u>(5,516)</u>	<u>42,317</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,318)</u>	<u>\$ (2,318)</u>	(3,572)	<u>\$ -</u>	<u>\$ (1,254)</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>2,318</u>		
<b>FUND BALANCE , JUNE 30, 2005 (BUDGETARY BASIS)</b>			(1,254)		
<b>Adjustment To Conform With GAAP:</b>					
Elimination of encumbrances			<u>3,549</u>		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 2,295</u>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
DEBT SERVICE FUNDS - SBE/COBI BONDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
State sources:					
CO & DS withheld for SBE/COBI bonds	\$ 5,515	\$ 5,741	\$ 5,741	\$ 226	\$ -
SBE/COBI Bond Interest	-	11	11	11	-
<b>TOTAL REVENUES</b>	<u>5,515</u>	<u>5,752</u>	<u>5,752</u>	<u>237</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Debt service:					
Retirement of principal	3,290	3,415	3,415	(125)	-
Interest	2,225	2,452	2,452	(227)	-
Fiscal charges	-	5	5	(5)	-
<b>TOTAL EXPENDITURES</b>	<u>5,515</u>	<u>5,872</u>	<u>5,872</u>	<u>(357)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (120)</u>	<u>\$ (120)</u>	<u>\$ (120)</u>	<u>\$ -</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>1,261</u>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			1,141		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			<u>-</u>		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 1,141</u>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
DEBT SERVICE FUNDS - DISTRICT BONDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
	<b>REVENUES</b>				
Local sources:					
District interest and sinking taxes	\$ 29,021	\$ 29,478	\$ 29,478	\$ 457	\$ -
Interest income and other	-	700	700	700	-
<b>TOTAL REVENUES</b>	<u>29,021</u>	<u>30,178</u>	<u>30,178</u>	<u>1,157</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Debt service:					
Retirement of principal	25,280	24,110	24,110	1,170	-
Interest	3,833	4,409	4,409	(576)	-
Fiscal charges	2	579	579	(577)	-
<b>TOTAL EXPENDITURES</b>	<u>29,115</u>	<u>29,098</u>	<u>29,098</u>	<u>17</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (94)</u>	<u>\$ 1,080</u>	<u>\$ 1,080</u>	<u>\$ 1,174</u>	<u>\$ -</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>32,479</u>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			33,559		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			<u>-</u>		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 33,559</u>		

See accompanying independent auditors' report.



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
CAPITAL PROJECTS FUNDS - COBI BONDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2005  
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>					
Facilities acquisitions and construction:					
Buildings and fixed equipment	5,976	5,976	5,976	-	-
Remodeling and renovations	-	-	-	-	-
Debt service:					
Fiscal charges	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,976</u>	<u>5,976</u>	<u>5,976</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,976)</u>	<u>(5,976)</u>	<u>(5,976)</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of long-term debt	-	-	-	-	-
Discount on issuance of long-term debt	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (5,976)</u>	<u>\$ (5,976)</u>	<u>(5,976)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>5,976</u>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			-		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			<u>9</u>		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 9</u>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
 CAPITAL PROJECTS FUNDS - PECO  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2005  
 (amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES:</b>					
State sources:					
Public education capital outlay (PECO)	\$ 9,471	\$ 9,471	\$ 9,471	\$ -	\$ -
<b>TOTAL REVENUES</b>	<u>9,471</u>	<u>9,471</u>	<u>9,471</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Facilities acquisition and construction:					
Library books	118	115	115	3	-
Audio visual materials	79	45	45	34	-
Buildings and fixed equipment	7,230	8,153	8,153	(923)	-
Furniture, fixtures and equipment	2,378	1,543	1,543	835	-
Improvements other than buildings	214	884	626	(670)	258
Remodeling and renovations	14,993	13,369	7,294	1,624	6,075
Computer software	112	15	15	97	-
<b>TOTAL EXPENDITURES</b>	<u>25,124</u>	<u>24,124</u>	<u>17,791</u>	<u>1,000</u>	<u>6,333</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>(15,653)</u>	<u>(14,653)</u>	<u>(8,320)</u>	<u>1,000</u>	<u>6,333</u>
<b>OTHER FINANCING USES:</b>					
Transfers to General fund	-	(1,000)	(1,000)	(1,000)	-
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (15,653)</u>	<u>\$ (15,653)</u>	<u>(9,320)</u>	<u>\$ -</u>	<u>\$ 6,333</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>112</u>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			<u>(9,208)</u>		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			1,013		
PECO revenue recognition adjustment			8,195		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ -</u>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
 CAPITAL PROJECTS FUNDS - CO & DS  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2005  
 (amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
State sources:					
Capital outlay and debt service	\$ 700	\$ 1,185	\$ 1,185	\$ 485	\$ -
Local sources:					
Interest income and other	-	38	38	38	-
<b>TOTAL REVENUES</b>	<u>700</u>	<u>1,223</u>	<u>1,223</u>	<u>523</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Facilities acquisitions and construction:					
Buildings and fixed equipment	2,129	2,652	2,241	(523)	411
Furniture, fixtures and equipment	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Remodeling and renovations	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,129</u>	<u>2,652</u>	<u>2,241</u>	<u>(523)</u>	<u>411</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,429)</u>	<u>\$ (1,429)</u>	(1,018)	<u>\$ -</u>	<u>\$ 411</u>
<b>FUND BALANCE, JULY 1, 2004 (GAAP BASIS)</b>			<u>1,429</u>		
<b>FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)</b>			411		
<b>Adjustments To Conform With GAAP:</b>					
Elimination of encumbrances			<u>1,371</u>		
<b>FUND BALANCE, JUNE 30, 2005 (GAAP BASIS)</b>			<u>\$ 1,782</u>		

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
(amounts expressed in thousands)

<u>SCHOOL INTERNAL FUNDS</u>	<u>JUNE 30, 2004</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>JUNE 30, 2005</u>
<b><u>ASSETS</u></b>				
Cash, cash equivalents and investments	\$ 12,258	\$ 60,749	\$ 60,865	\$ 12,142
Accounts receivable	482	778	482	778
<b>TOTAL ASSETS</b>	<b>\$ 12,740</b>	<b>\$ 61,527</b>	<b>\$ 61,347</b>	<b>\$ 12,920</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 117	\$ 26	\$ 117	\$ 26
Due to other funds	310	399	310	399
Due to student organizations	12,313	61,102	60,920	12,495
<b>TOTAL LIABILITIES</b>	<b>\$ 12,740</b>	<b>\$ 61,527</b>	<b>\$ 61,347</b>	<b>\$ 12,920</b>

**See accompanying independent auditors' report.**



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**COMBINING SCHEDULE OF NET ASSETS**  
**COMPONENT UNITS**  
**JUNE 30, 2005**

(amounts expressed in thousands)

	<b>ACADEMY FOR INT'L STUDIES</b>	<b>ACADEMY FOR POSITIVE LEARNING</b>	<b>BRIGHT FUTURES INTERNATIONAL</b>	<b>CHANCELLOR CHARTER SCHOOL OF LANTANA</b>
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 62	\$ 57	\$ 693	\$ -
Accounts receivable	-	-	19	21
Due from other agencies	-	-	-	32
Other assets	-	18	-	26
Capital assets:				
Construction in progress	-	-	-	-
Improvements other than buildings	-	-	-	3
Buildings and improvements	-	-	153	77
Furniture, fixtures and equipment	6	13	27	24
Motor vehicles	-	-	6	-
Audio/video materials and software	-	-	-	14
Less: accumulated depreciation	-	(1)	(18)	(26)
Total capital assets, net of depreciation	<u>6</u>	<u>12</u>	<u>168</u>	<u>92</u>
<b>TOTAL ASSETS</b>	<u>68</u>	<u>87</u>	<u>880</u>	<u>171</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	24	10	64	1,445
Accrued payroll and payroll deductions	-	-	-	103
Noncurrent liabilities:				
Portion due or payable within one year:				
Notes payable	-	-	-	-
Obligations under capital leases	-	-	-	-
Liability for compensated absences	-	-	-	-
Portion due or payable after one year:				
Notes payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>24</u>	<u>10</u>	<u>64</u>	<u>1,548</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	6	12	168	92
Restricted for:				
Capital projects	31	-	-	-
Other purposes	-	61	-	-
Unrestricted (deficit)	<u>7</u>	<u>4</u>	<u>648</u>	<u>(1,469)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 44</u>	<u>\$ 77</u>	<u>\$ 816</u>	<u>\$ (1,377)</u>

<b>CHARTER SCHOOL OF BOYNTON BEACH</b>	<b>COREBRIDGE EDUCATIONAL ACADEMY</b>	<b>DAYSTAR ACADEMY OF EXCELLENCE</b>	<b>DELRAY BOYNTON ACADEMY</b>	<b>DELRAY YOUTH VOCATIONAL CHARTER SCHOOL</b>	<b>ED VENTURE CHARTER SCHOOL</b>
\$ -	\$ 1	\$ 29	\$ 11	\$ 145	\$ 909
-	19	79	-	14	3
9	-	-	-	-	-
-	-	-	1	1	7
-	-	-	-	-	-
-	-	-	-	-	153
90	664	-	954	1,212	-
76	78	168	71	59	156
-	-	-	34	-	28
-	-	-	-	36	4
(41)	(180)	(16)	(46)	(19)	(159)
<u>125</u>	<u>562</u>	<u>152</u>	<u>1,013</u>	<u>1,288</u>	<u>182</u>
<u>134</u>	<u>582</u>	<u>260</u>	<u>1,025</u>	<u>1,448</u>	<u>1,101</u>
19	63	22	8	89	42
-	77	84	-	-	9
17	199	-	-	31	-
-	-	24	-	-	-
-	-	-	-	-	-
-	<u>317</u>	<u>100</u>	<u>500</u>	<u>1,174</u>	<u>-</u>
<u>36</u>	<u>656</u>	<u>230</u>	<u>508</u>	<u>1,294</u>	<u>51</u>
125	562	152	512	83	182
-	-	-	-	-	-
-	-	-	4	-	-
(27)	(636)	(122)	1	71	868
<u>\$ 98</u>	<u>\$ (74)</u>	<u>\$ 30</u>	<u>\$ 517</u>	<u>\$ 154</u>	<u>\$ 1,050</u>

(continued)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**COMBINING SCHEDULE OF NET ASSETS**  
**COMPONENT UNITS**  
**JUNE 30, 2005**

(amounts expressed in thousands)

	<b>EVERGLADES PREPARATORY ACADEMY</b>	<b>G-STAR SCHOOL OF THE ARTS</b>	<b>GLADES ACADEMY</b>	<b>GOOD SCHOOLS FOR ALL LEADERSHIP</b>
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 290	\$ 179	\$ 100	\$ 12
Accounts receivable	4	21	-	11
Due from other agencies	-	-	-	-
Other assets	7	70	-	-
Capital assets:				
Construction in progress	-	122	-	-
Improvements other than buildings	-	-	-	-
Buildings and improvements	41	145	7	-
Furniture, fixtures and equipment	111	257	39	9
Motor vehicles	-	21	-	-
Audio/video materials and software	-	-	-	-
Less: accumulated depreciation	(36)	(65)	(11)	(1)
Total capital assets, net of depreciation	<u>116</u>	<u>480</u>	<u>35</u>	<u>8</u>
<b>TOTAL ASSETS</b>	<u>417</u>	<u>750</u>	<u>135</u>	<u>31</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	10	110	16	9
Accrued payroll and payroll deductions	-	-	35	20
Noncurrent liabilities:				
Portion due or payable within one year:				
Notes payable	-	-	-	-
Obligations under capital leases	-	-	-	-
Liability for compensated absences	-	-	-	-
Portion due or payable after one year:				
Notes payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>10</u>	<u>110</u>	<u>51</u>	<u>29</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	116	480	35	8
Restricted for:				
Capital projects	-	26	-	-
Other purposes	-	-	-	-
Unrestricted	291	134	49	(6)
<b>TOTAL NET ASSETS</b>	<u>\$ 407</u>	<u>\$ 640</u>	<u>\$ 84</u>	<u>\$ 2</u>



<b>GUIDED PATH ACADEMY</b>	<b>GULFSTREAM GOODWILL CAREER ACADEMY</b>	<b>HOPE LEARNING COMMUNITY OF RIVIERA BEACH</b>	<b>THE IMAGINE SCHOOL</b>	<b>INLET GROVE</b>	<b>JFK MEDICAL CENTER CHARTER SCHOOL</b>	<b>JOSEPH LITTLES-NGUZO SABA CHARTER SCHOOL</b>
\$ 11	\$ 181	\$ 9	\$ (21)	\$ 854	\$ 393	\$ 10
-	32	-	12	51	245	24
-	-	-	-	-	-	-
-	-	3	10	-	-	28
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	105	-	-	61
13	11	50	76	16	589	268
-	-	-	-	-	-	17
-	-	-	-	21	-	36
-	(1)	(17)	(28)	(1)	(290)	(122)
<u>13</u>	<u>10</u>	<u>33</u>	<u>153</u>	<u>36</u>	<u>299</u>	<u>260</u>
<u>24</u>	<u>223</u>	<u>45</u>	<u>154</u>	<u>941</u>	<u>937</u>	<u>322</u>
-	37	10	19	9	638	96
-	-	-	-	-	-	-
-	214	42	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	59	-	7
-	-	-	-	-	-	188
<u>-</u>	<u>251</u>	<u>52</u>	<u>19</u>	<u>68</u>	<u>638</u>	<u>291</u>
13	10	33	153	36	299	260
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11</u>	<u>(38)</u>	<u>(40)</u>	<u>(18)</u>	<u>837</u>	<u>-</u>	<u>(229)</u>
<u>\$ 24</u>	<u>\$ (28)</u>	<u>\$ (7)</u>	<u>\$ 135</u>	<u>\$ 873</u>	<u>\$ 299</u>	<u>\$ 31</u>

(continued)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**COMBINING SCHEDULE OF NET ASSETS**  
**COMPONENT UNITS**  
**JUNE 30, 2005**

(amounts expressed in thousands)

	<b>LAKESIDE ACADEMY CHARTER SCHOOL</b>	<b>PALM BEACH SCHOOL FOR AUTISM, INC.</b>	<b>RENAISSANCE LEARNING CENTER</b>	<b>RIVIERA BEACH ACADEMY</b>
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 457	\$ 199	\$ 55	\$ (1)
Accounts receivable	-	-	1	49
Due from other agencies	140	-	-	-
Other assets	-	-	3	-
Capital assets:				
Construction in progress	-	-	-	-
Improvements other than buildings	-	-	13	-
Buildings and improvements	-	-	7	45
Furniture, fixtures and equipment	99	111	39	28
Motor vehicles	-	-	30	-
Audio/video materials and software	-	-	15	-
Less: accumulated depreciation	(72)	(21)	(32)	(20)
Total capital assets, net of depreciation	<u>27</u>	<u>90</u>	<u>72</u>	<u>53</u>
<b>TOTAL ASSETS</b>	<u>624</u>	<u>289</u>	<u>131</u>	<u>101</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	149	8	28	66
Accrued payroll and payroll deductions	-	-	-	-
Noncurrent liabilities:				
Portion due or payable within one year:				
Notes payable	-	-	-	7
Obligations under capital leases	-	-	-	-
Liability for compensated absences	-	-	-	-
Portion due or payable after one year:				
Notes payable	-	-	-	23
<b>TOTAL LIABILITIES</b>	<u>149</u>	<u>8</u>	<u>28</u>	<u>96</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	27	90	72	53
Restricted for:				
Capital projects	133	-	-	-
Other purposes	309	-	-	-
Unrestricted (deficit)	<u>6</u>	<u>191</u>	<u>31</u>	<u>(48)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 475</u>	<u>\$ 281</u>	<u>\$ 103</u>	<u>\$ 5</u>

See accompanying independent auditors' report.

<b>SOUTH TECH CHARTER ACADEMY</b>	<b>SPANISH ACADEMY CHARTER SCHOOL</b>	<b>SURVIVORS CHARTER SCHOOL</b>	<b>SURVIVORS CHARTER SCHOOL OF BOYNTON BEACH</b>	<b>TOUSSAINT L'OUVERTURE CHARTER SCHOOL</b>	<b>WESTERN ACADEMY CHARTER SCHOOL</b>	<b>TOTAL</b>
\$ 2,096	\$ 41	\$ 29	\$ 137	\$ 3	\$ 176	\$ 7,117
14	-	111	108	5	52	895
-	-	-	-	-	-	181
71	1	82	133	5	33	499
-	-	-	-	-	-	122
6	-	-	-	-	-	175
-	6	575	629	282	110	5,163
23	18	154	412	43	59	3,103
-	-	-	-	4	-	140
7	-	24	67	-	-	224
(3)	(7)	(138)	(128)	(53)	(27)	(1,579)
<u>33</u>	<u>17</u>	<u>615</u>	<u>980</u>	<u>276</u>	<u>142</u>	<u>7,348</u>
<u>2,214</u>	<u>59</u>	<u>837</u>	<u>1,358</u>	<u>289</u>	<u>403</u>	<u>16,040</u>
458	195	22	86	41	23	3,816
-	-	1	-	-	-	329
-	16	-	-	16	-	542
-	-	-	-	-	-	24
71	-	-	-	-	-	137
-	-	-	-	-	-	2,302
<u>529</u>	<u>211</u>	<u>23</u>	<u>86</u>	<u>57</u>	<u>23</u>	<u>7,150</u>
33	17	614	980	276	142	5,641
-	-	-	-	-	-	190
263	-	-	-	-	-	637
<u>1,389</u>	<u>(169)</u>	<u>200</u>	<u>292</u>	<u>(44)</u>	<u>238</u>	<u>2,422</u>
<u>\$ 1,685</u>	<u>\$ (152)</u>	<u>\$ 814</u>	<u>\$ 1,272</u>	<u>\$ 232</u>	<u>\$ 380</u>	<u>\$ 8,890</u>

(concluded)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**COMBINING SCHEDULE OF ACTIVITIES**  
**COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
(amounts expressed in thousands)

	<b>ACADEMY FOR INT'L STUDIES</b>	<b>ACADEMY FOR POSITIVE LEARNING</b>	<b>BRIGHT FUTURES INTERNATIONAL</b>	<b>CHANCELLOR CHARTER SCHOOL OF LANTANA</b>
<b>EXPENSES:</b>				
Instruction	\$ 57	\$ 441	\$ 892	\$ 1,314
Instructional Support Services	2	11	7	113
Board	6	-	18	18
General Administration	-	-	-	-
School Administration	15	158	178	1,035
Facilities Acquisition and Construction	-	-	-	-
Fiscal Services	5	17	11	-
Food Services	-	1	-	2
Central Services	-	-	-	12
Pupil Transportation Services	-	19	9	3
Operation of Plant	21	108	168	774
Maintenance of Plant	-	-	-	69
Community Services	-	-	31	55
Interest on Long-Term Debt	-	-	-	-
Unallocated Depreciation Expense	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>106</u>	<u>755</u>	<u>1,314</u>	<u>3,395</u>
<b>PROGRAM REVENUES:</b>				
Charges for services	-	-	70	199
Operating grants and contributions	63	204	27	78
Capital grants and contributions	-	-	90	194
<b>TOTAL PROGRAM REVENUES</b>	<u>63</u>	<u>204</u>	<u>187</u>	<u>471</u>
<b>NET PROGRAM EXPENSE</b>	<u>(43)</u>	<u>(551)</u>	<u>(1,127)</u>	<u>(2,924)</u>
<b>GENERAL REVENUES:</b>				
Grants and entitlements not restricted to specific programs	87	618	1,272	2,528
Investment earnings	-	-	-	186
Miscellaneous	-	33	10	-
<b>TOTAL GENERAL REVENUES</b>	<u>87</u>	<u>651</u>	<u>1,282</u>	<u>2,714</u>
<b>CHANGE IN NET ASSETS</b>	44	100	155	(210)
<b>NET ASSETS (Deficit) - Beginning of year</b>	<u>-</u>	<u>(23)</u>	<u>661</u>	<u>(1,167)</u>
<b>NET ASSETS (Deficit) - End of year</b>	<u>\$ 44</u>	<u>\$ 77</u>	<u>\$ 816</u>	<u>\$ (1,377)</u>

<b>CHARTER SCHOOL OF BOYNTON BEACH</b>	<b>COREBRIDGE EDUCATIONAL ACADEMY</b>	<b>DAYSTAR ACADEMY OF EXCELLENCE</b>	<b>DELRAY BOYNTON ACADEMY</b>	<b>DELRAY YOUTH VOCATIONAL CHARTER SCHOOL</b>	<b>ED VENTURE CHARTER SCHOOL</b>
\$ 620	\$ 452	\$ 1,039	\$ 225	\$ 130	\$ 700
5	2	27	76	-	20
6	-	-	-	7	1
-	-	-	-	-	-
229	166	266	188	119	72
73	167	-	13	-	-
8	11	-	10	13	91
-	-	-	-	3	32
-	-	-	-	-	-
32	-	72	17	-	2
218	13	252	25	37	62
16	24	-	-	6	48
5	32	-	10	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,212</u>	<u>867</u>	<u>1,656</u>	<u>564</u>	<u>315</u>	<u>1,028</u>
9	43	-	1	-	7
32	33	116	-	19	-
63	56	-	28	158	36
<u>104</u>	<u>132</u>	<u>116</u>	<u>29</u>	<u>177</u>	<u>43</u>
<u>(1,108)</u>	<u>(735)</u>	<u>(1,540)</u>	<u>(535)</u>	<u>(138)</u>	<u>(985)</u>
1,066	641	1,544	455	152	927
-	-	-	-	-	16
1	-	-	1	-	-
<u>1,067</u>	<u>641</u>	<u>1,544</u>	<u>456</u>	<u>152</u>	<u>943</u>
(41)	(94)	4	(79)	14	(42)
139	20	26	596	140	1,092
<u>\$ 98</u>	<u>\$ (74)</u>	<u>\$ 30</u>	<u>\$ 517</u>	<u>\$ 154</u>	<u>\$ 1,050</u>

(continued)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**COMBINING SCHEDULE OF ACTIVITIES**  
**COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
(amounts expressed in thousands)

	<b>EVERGLADES PREPARATORY ACADEMY</b>	<b>G-STAR SCHOOL OF THE ARTS</b>	<b>GLADES ACADEMY</b>	<b>GOOD SCHOOLS FOR ALL LEADERSHIP</b>
<b>EXPENSES:</b>				
Instruction	\$ 527	\$ 829	\$ 442	\$ 207
Instructional Support Services	27	114	9	7
Board	-	2	-	-
General Administration	-	-	88	-
School Administration	218	384	200	164
Facilities Acquisition and Construction	49	371	31	14
Fiscal Services	29	39	30	17
Food Services	4	-	4	-
Central Services	-	-	-	-
Pupil Transportation Services	6	88	-	-
Operation of Plant	35	186	-	6
Maintenance of Plant	19	-	15	-
Community Services	-	-	10	-
Interest on Long-Term Debt	-	-	-	-
Unallocated Depreciation Expense	17	-	4	-
<b>TOTAL EXPENSES</b>	<u>931</u>	<u>2013</u>	<u>833</u>	<u>415</u>
<b>PROGRAM REVENUES:</b>				
Charges for services	-	25	-	-
Operating grants and contributions	205	-	81	86
Capital grants and contributions	42	214	27	-
<b>TOTAL PROGRAM REVENUES</b>	<u>247</u>	<u>239</u>	<u>108</u>	<u>86</u>
<b>NET PROGRAM EXPENSE</b>	<u>(684)</u>	<u>(1,774)</u>	<u>(725)</u>	<u>(329)</u>
<b>GENERAL REVENUES:</b>				
Grants and entitlements not restricted to specific programs	881	2070	654	284
Investment earnings	60	3	-	-
Miscellaneous	-	31	-	-
<b>TOTAL GENERAL REVENUES</b>	<u>941</u>	<u>2,104</u>	<u>654</u>	<u>284</u>
<b>CHANGE IN NET ASSETS</b>	257	330	(71)	(45)
<b>NET ASSETS (Deficit) - Beginning of year</b>	<u>150</u>	<u>310</u>	<u>155</u>	<u>47</u>
<b>NET ASSETS (Deficit) - End of year</b>	<u>\$ 407</u>	<u>\$ 640</u>	<u>\$ 84</u>	<u>\$ 2</u>

<b>GUIDED PATH ACADEMY</b>	<b>GULFSTREAM GOODWILL CAREER ACADEMY</b>	<b>HOPE LEARNING COMMUNITY OF RIVIERA BEACH</b>	<b>THE IMAGINE SCHOOL</b>	<b>INLET GROVE</b>	<b>JFK MEDICAL CENTER CHARTER SCHOOL</b>	<b>JOSEPH LITTLES-NGUZO SABA CHARTER SCHOOL</b>
\$ 148	\$ 179	\$ 320	\$ 588	\$ 1,869	\$ 1,470	\$ 524
-	2	1	22	178	-	49
-	160	6	1	-	-	-
15	-	-	-	531	-	-
142	80	114	206	618	401	315
-	51	-	249	-	-	183
14	7	6	23	-	642	13
-	-	-	1	-	163	-
-	-	-	-	-	322	13
13	-	2	3	12	34	13
32	27	-	62	341	593	90
-	-	51	18	3	-	34
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	34
<u>364</u>	<u>506</u>	<u>500</u>	<u>1,173</u>	<u>3,552</u>	<u>3,625</u>	<u>1,268</u>
-	-	-	-	371	-	5
196	41	32	111	281	96	389
-	-	32	78	12	179	51
<u>196</u>	<u>41</u>	<u>64</u>	<u>189</u>	<u>664</u>	<u>275</u>	<u>445</u>
<u>(168)</u>	<u>(465)</u>	<u>(436)</u>	<u>(984)</u>	<u>(2,888)</u>	<u>(3,350)</u>	<u>(823)</u>
192	371	424	985	3,459	2,393	595
-	-	-	32	302	-	-
-	32	-	-	-	858	-
<u>192</u>	<u>403</u>	<u>424</u>	<u>1,017</u>	<u>3,761</u>	<u>3,251</u>	<u>595</u>
24	(62)	(12)	33	873	(99)	(228)
-	34	5	102	-	398	259
<u>\$ 24</u>	<u>\$ (28)</u>	<u>\$ (7)</u>	<u>\$ 135</u>	<u>\$ 873</u>	<u>\$ 299</u>	<u>\$ 31</u>

(continued)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
 COMBINING SCHEDULE OF ACTIVITIES  
 COMPONENT UNITS  
 FOR THE YEAR ENDED JUNE 30, 2005  
 (amounts expressed in thousands)**

	<b>LAKESIDE ACADEMY CHARTER SCHOOL</b>	<b>PALM BEACH SCHOOL FOR AUTISM, INC.</b>	<b>RENAISSANCE LEARNING CENTER</b>	<b>RIVIERA BEACH ACADEMY</b>
<b>EXPENSES:</b>				
Instruction	\$ 228	\$ 475	\$ 611	\$ 321
Instructional Support Services	99	9	142	9
Board	-	8	5	-
General Administration	-	-	-	-
School Administration	202	189	209	385
Facilities Acquisition and Construction	89	-	77	18
Fiscal Services	8	16	19	1
Food Services	-	-	-	2
Central Services	-	-	-	-
Pupil Transportation Services	-	-	23	-
Operation of Plant	27	25	-	176
Maintenance of Plant	-	1	-	21
Community Services	-	-	84	-
Interest on Long-Term Debt	-	-	-	1
Unallocated Depreciation Expense	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>653</u>	<u>723</u>	<u>1,170</u>	<u>934</u>
<b>PROGRAM REVENUES:</b>				
Charges for services	4	13	-	-
Operating grants and contributions	104	149	105	206
Capital grants and contributions	24	-	14	56
<b>TOTAL PROGRAM REVENUES</b>	<u>132</u>	<u>162</u>	<u>119</u>	<u>262</u>
<b>NET PROGRAM EXPENSE</b>	<u>(521)</u>	<u>(561)</u>	<u>(1,051)</u>	<u>(672)</u>
<b>GENERAL REVENUES:</b>				
Grants and entitlements not restricted to specific programs	344	658	1,006	638
Investment earnings	6	2	-	-
Miscellaneous	-	16	-	-
<b>TOTAL GENERAL REVENUES</b>	<u>350</u>	<u>676</u>	<u>1,006</u>	<u>638</u>
<b>CHANGE IN NET ASSETS</b>	(171)	115	(45)	(34)
<b>NET ASSETS (Deficit) - Beginning of year</b>	<u>646</u>	<u>166</u>	<u>148</u>	<u>39</u>
<b>NET ASSETS (Deficit) - End of year</b>	<u>\$ 475</u>	<u>\$ 281</u>	<u>\$ 103</u>	<u>\$ 5</u>

See accompanying independent auditors' report.



<b>SOUTH TECH CHARTER ACADEMY</b>	<b>SPANISH ACADEMY CHARTER SCHOOL</b>	<b>SURVIVORS CHARTER SCHOOL</b>	<b>SURVIVORS CHARTER SCHOOL OF BOYNTON BEACH</b>	<b>TOUSSAINT L'OUVERTURE CHARTER SCHOOL</b>	<b>WESTERN ACADEMY CHARTER SCHOOL</b>	<b>TOTAL</b>
\$ 6,063	\$ 388	\$ 914	\$ 1,691	\$ 700	\$ 649	\$ 25,013
932	96	232	411	1	154	2,757
44	17	1	36	1	8	345
160	-	-	-	-	-	794
605	223	515	722	238	161	8,717
-	217	299	541	-	110	2,552
279	22	44	75	11	5	1,466
-	-	-	-	3	-	215
241	-	-	-	-	-	588
359	-	-	-	24	-	731
598	67	119	408	125	55	4,650
10	-	4	11	9	36	395
-	-	-	-	-	14	241
-	-	-	-	-	-	1
-	-	-	-	-	-	55
<u>9,291</u>	<u>1,030</u>	<u>2,128</u>	<u>3,895</u>	<u>1,112</u>	<u>1,192</u>	<u>48,520</u>
-	60	-	-	-	-	807
1,778	-	38	96	28	103	4,697
250	-	214	433	8	100	2,359
<u>2,028</u>	<u>60</u>	<u>252</u>	<u>529</u>	<u>36</u>	<u>203</u>	<u>7,863</u>
<u>(7,263)</u>	<u>(970)</u>	<u>(1,876)</u>	<u>(3,366)</u>	<u>(1,076)</u>	<u>(989)</u>	<u>(40,657)</u>
7,720	972	1,740	3,547	1,016	1,078	40,317
-	-	-	-	124	126	857
1,228	38	146	0	312	0	2,706
<u>8,948</u>	<u>1,010</u>	<u>1,886</u>	<u>3,547</u>	<u>1,452</u>	<u>1,204</u>	<u>43,880</u>
1,685	40	10	181	376	215	3,223
-	(192)	804	1,091	(144)	165	5,667
<u>\$ 1,685</u>	<u>\$ (152)</u>	<u>\$ 814</u>	<u>\$ 1,272</u>	<u>\$ 232</u>	<u>\$ 380</u>	<u>\$ 8,890</u>

(concluded)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA  
LONG-TERM LIABILITIES  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY -  
BONDS AND LEASE PAYABLE AND  
OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
JUNE 30, 2005  
(amounts expressed in thousands)**

YEAR ENDED JUNE 30	STATE BOARD OF EDUCATION CAPITAL OUTLAY BOND ISSUES		GENERAL OBLIGATION BONDS		CAPITAL LEASE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2006	\$ 3,605	\$ 2,271	\$ 25,280	\$ 3,230	\$ 901	\$ 11
2007	3,800	2,077	26,510	2,007	-	-
2008	2,885	1,881	27,765	694	-	-
2009	3,080	1,756	-	-	-	-
2010	3,290	1,622	-	-	-	-
2011-2015	19,770	5,494	-	-	-	-
2016-2020	8,670	1,372	-	-	-	-
2021-2025	2,220	187	-	-	-	-
2026-2030	-	-	-	-	-	-
<b>Total</b>	<b>\$ 47,320</b>	<b>\$ 16,660</b>	<b>\$ 79,555</b>	<b>\$ 5,931</b>	<b>\$ 901</b>	<b>\$ 11</b>

See accompanying independent auditors' report.

<b>OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS CERTIFICATES OF PARTICIPATION</b>		<b>TOTAL</b>		<b>TOTAL PRINCIPAL AND INTEREST</b>
<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	
\$ 29,060	\$ 65,526	\$ 58,846	\$ 71,038	\$ 129,884
37,605	65,702	67,915	69,786	137,701
47,555	64,082	78,205	66,657	144,862
49,300	62,139	52,380	63,895	116,275
51,435	60,048	54,725	61,670	116,395
256,160	265,872	275,930	271,366	547,296
261,725	200,787	270,395	202,159	472,554
315,953	131,969	318,173	132,156	450,329
397,915	46,710	397,915	46,710	444,625
<u>\$ 1,446,708</u>	<u>\$ 962,835</u>	<u>\$ 1,574,484</u>	<u>\$ 985,437</u>	<u>\$ 2,559,921</u>

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA**  
**LONG-TERM LIABILITIES**  
**SCHEDULE OF BONDS AND LEASE PAYABLE AND**  
**OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS**  
**JUNE 30, 2005**  
**(amounts expressed in thousands)**

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT ISSUED</u>	<u>INTEREST RATES FOR DEBT OUTSTANDING</u>	<u>FINAL MATURITY DATE</u>
<b>STATE BOARD OF EDUCATION</b>				
<b>CAPITAL OUTLAY BOND ISSUES (COBI):</b>				
COBI 1994-A	1-1-1994	\$ 5,950	4.00% to 5.750%	1-1-2014
COBI 1995-A	1-1-1995	4,160	5.00% to 5.900%	1-1-2015
COBI 1996-A	2-1-1996	25,000	4.75% to 6.000%	1-1-2016
COBI 1997-A	2-1-1997	6,800	4.10% to 5.000%	1-1-2017
COBI 1998-A	2-1-1998	2,600	4.00% to 5.500%	1-1-2018
COBI 1999-A	3-1-1999	2,650	4.00% to 4.750%	1-1-2019
COBI 2000-A	2-1-2000	1,650	4.625% to 6.00%	1-1-2020
COBI 2001-B	7-1-2001	7,950	3.50% to 5.00%	1-1-2007
COBI 2002-A	4-15-2002	2,845	3.00% to 5.00%	1-1-2022
COBI 2002-B	7-15-2002	6,815	3.75% to 5.375%	1-1-2015
COBI 2003-A	7-15-2003	6,050	3.00% to 5.00%	1-1-2023
<b>TOTAL COBI</b>		<u>72,470</u>		
<b>GENERAL OBLIGATION BONDS:</b>				
Serial Bonds - Series 2002	5-7-2002	98,490	5.00%	8-1-2007
Serial Bonds - Series 2002A	5-16-2002	28,200	3.50% to 5.00%	8-1-2007
<b>TOTAL GENERAL OBLIGATION BONDS</b>		<u>126,690</u>		
<b>TOTAL BONDS PAYABLE</b>		<u>\$ 199,160</u>		
<b>LEASE PAYABLE</b>	5-12-2003	<u>\$ 2,878</u>	2.35%	5-12-2006
<b>OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS:</b>				
Certificates of participation Series 1994A	11-1-1994	\$ 62,095	4.50% to 6.375%	8-1-2015
Certificates of participation Series 1995A	6-1-1995	133,600	3.75% to 6.000%	8-1-2015
Certificates of participation Series 1996A	5-1-1996	32,155	3.75% to 5.500%	8-1-2016
Certificates of participation Series 1997A	9-1-1997	47,145	3.75% to 5.250%	8-1-2015
Certificates of participation Series 2001A	4-1-2001	135,500	3.00% to 5.500%	8-1-2026
Certificates of participation Series 2001B	7-24-2001	169,445	2.70% to 5.375%	8-1-2025
Certificates of participation Series 2002A	2-1-2002	115,250	2.50% to 5.375%	8-1-2018
Certificates of participation Series 2002B	3-21-2002	115,350	Variable. Est. 4.53%	8-1-2027
Certificates of participation Series 2002C	5-15-2002	161,090	2.40% to 5.50%	8-1-2027
Certificates of participation Series 2002 qualified zone academy bonds	6-11-2002	950	-	7-11-2016
Certificates of participation Series 2002D	12-1-2002	191,215	2.00% to 5.25%	8-1-2028
Certificates of participation Series 2002E	9-1-2002	93,350	4.00% to 5.375%	8-1-2016
Certificates of participation Series 2003A	6-26-2003	60,865	2.00% to 5.00%	8-2-2021
Certificates of participation Series 2003B	6-26-2003	124,295	Variable. Est. 3.91%	8-1-2029
Certificates of participation Series 2004A	4-8-2004	103,575	2.00% to 5.00%	8-1-2029
Certificates of participation Series 2004 qualified zone academy bonds	4-30-2004	2,923	-	5-4-2020
Certificates of participation Series 2005A	3-22-2005	124,630	3.00% to 5.00%	8-1-2022
Certificates of participation Series 2005B	6-7-2005	38,505	3.00% to 5.00%	8-1-2010
<b>TOTAL OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS</b>		<u>\$ 1,711,938</u>		

See accompanying independent auditors' report.

<b>DEBT OUTSTANDING JUNE 30, 2004</b>	<b>DEBT ISSUED FY 04-05</b>	<b>DEBT MATURED FY 04-05</b>	<b>DEBT REFUNDED FY 04-05</b>	<b>DEBT OUTSTANDING JUNE 30, 2005</b>
\$ -	\$ -	\$ -	\$ -	\$ -
190	-	190	-	-
19,580	-	880	-	18,700
5,315	-	210	-	5,105
2,065	-	95	-	1,970
2,265	-	85	-	2,180
1,460	-	50	-	1,410
4,525	-	1,400	-	3,125
2,665	-	85	-	2,580
6,730	-	295	-	6,435
5,940	-	125	-	5,815
<u>50,735</u>	<u>-</u>	<u>3,415</u>	<u>-</u>	<u>47,320</u>
80,665	-	5,395	-	75,270
23,000	-	18,715	-	4,285
<u>103,665</u>	<u>-</u>	<u>24,110</u>	<u>-</u>	<u>79,555</u>
<u>\$ 154,400</u>	<u>\$ -</u>	<u>\$ 27,525</u>	<u>\$ -</u>	<u>\$ 126,875</u>
<u>\$ 1,862</u>	<u>\$ -</u>	<u>\$ 961</u>	<u>\$ -</u>	<u>\$ 901</u>
\$ 2,660	\$ -	\$ 2,660	\$ -	\$ -
94,875	-	5,840	-	89,035
24,405	-	1,360	-	23,045
44,910	-	355	-	44,555
134,785	-	2,100	49,945	82,740
168,560	-	545	-	168,015
107,645	-	5,630	27,105	74,910
115,350	-	-	-	115,350
161,090	-	1,280	24,880	134,930
950	-	-	-	950
191,215	-	2,925	21,095	167,195
93,350	-	-	-	93,350
60,865	-	2,160	-	58,705
124,295	-	-	-	124,295
103,575	-	-	-	103,575
2,923	-	-	-	2,923
-	124,630	-	-	124,630
-	38,505	-	-	38,505
<u>\$ 1,431,453</u>	<u>\$ 163,135</u>	<u>\$ 24,855</u>	<u>\$ 123,025</u>	<u>\$ 1,446,708</u>



Statistical

Section







# STATISTICAL SECTION



THE INFORMATION CONTAINED IN THIS STATISTICAL SECTION HAS BEEN OBTAINED FROM PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES CONSIDERED TO BE RELIABLE AND, WHILE NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY, MANAGEMENT BELIEVES IT TO BE CORRECT.



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

**SUMMARY OF REVENUES AND EXPENDITURES (IN THOUSANDS)  
FOR THE GENERAL FUND - (GAAP BASIS)  
LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ 387,376	\$ 399,857	\$ 410,062	\$ 437,759
Other	25,881	26,429	30,760	40,187
Total	<u>413,257</u>	<u>426,286</u>	<u>440,822</u>	<u>477,946</u>
State sources:				
Florida Education Finance Program	181,164	193,425	195,124	217,427
Other	72,460	83,011	116,550	102,883
Total	<u>253,624</u>	<u>276,436</u>	<u>311,674</u>	<u>320,310</u>
Federal sources	<u>433</u>	<u>449</u>	<u>480</u>	<u>2,393</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>667,314</u></b>	<b>\$ <u>703,171</u></b>	<b>\$ <u>752,976</u></b>	<b>\$ <u>800,649</u></b>
<b>EXPENDITURES:</b>				
Instructional services	\$ 457,349	\$ 472,605	\$ 509,821	\$ 547,191
Instructional support services:				
Pupil personnel services	19,662	19,691	21,734	23,543
Instructional media services	9,940	10,029	10,967	13,201
Instruction and curriculum development services	13,576	14,042	14,796	15,903
Instructional staff training	4,130	3,351	4,363	6,275
Board of Education	2,479	1,711	2,797	2,587
General administration	4,231	3,610	4,318	4,870
School administration	46,355	46,605	50,640	53,085
Facility acquisition and construction	1,420	1,459	1,395	591
Fiscal services	2,981	3,097	4,379	3,630
Central services	11,658	12,948	15,934	18,277
Pupil transportation services	20,286	20,775	22,762	25,106
Operation of plant	49,886	52,212	55,749	60,286
Maintenance of plant	38,573	38,927	37,215	39,556
Other	<u>26,532</u>	<u>21,936</u>	<u>22,312</u>	<u>21,840</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>709,058</u></b>	<b>\$ <u>722,998</u></b>	<b>\$ <u>779,182</u></b>	<b>\$ <u>835,941</u></b>

Source: The School District of Palm Beach County - Accounting Services

Note: Other includes community services, capital outlay and debt services.

**TABLE 1**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$	431,424	\$ 452,145	\$ 503,198	\$ 546,624	\$ 594,380	\$ 662,248
	44,824	37,393	35,834	34,334	38,483	42,864
	<u>476,248</u>	<u>489,538</u>	<u>539,032</u>	<u>580,958</u>	<u>632,863</u>	<u>705,112</u>
	218,489	273,902	242,133	280,825	286,645	247,463
	105,913	90,185	108,760	93,423	123,738	163,297
	<u>324,402</u>	<u>364,087</u>	<u>350,893</u>	<u>374,248</u>	<u>410,383</u>	<u>410,760</u>
	2,989	3,413	4,906	4,836	4,025	3,997
\$	<u>803,639</u>	<u>857,038</u>	<u>894,831</u>	<u>960,042</u>	<u>1,047,271</u>	<u>1,119,869</u>
\$	540,023	\$ 562,889	\$ 594,708	\$ 622,285	\$ 676,416	\$ 738,092
	24,185	28,652	31,849	34,642	35,253	36,394
	13,228	14,347	14,792	15,492	16,663	16,614
	19,143	24,067	38,913	42,471	39,358	32,192
	6,873	5,824	5,558	5,642	8,684	14,196
	3,795	3,514	3,339	4,683	3,988	4,190
	4,789	6,586	6,571	6,779	6,945	6,855
	57,897	62,751	66,685	71,901	78,378	82,067
	556	582	724	852	480	480
	3,708	4,301	4,116	4,420	4,467	4,298
	18,636	22,871	17,354	17,429	17,941	18,302
	26,811	29,308	30,432	32,129	35,224	39,748
	62,949	75,235	89,556	93,019	100,174	107,411
	38,769	33,637	18,432	29,866	32,083	44,884
	<u>22,132</u>	<u>22,058</u>	<u>21,047</u>	<u>21,597</u>	<u>21,227</u>	<u>22,053</u>
\$	<u>843,494</u>	<u>896,622</u>	<u>944,076</u>	<u>1,003,207</u>	<u>1,077,281</u>	<u>1,167,776</u>



## THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

### PROPERTY TAX LEVIES AND COLLECTIONS (IN THOUSANDS) - FOR THE GENERAL FUND LAST TEN FISCAL YEARS (UNAUDITED)

<u>FISCAL YEAR</u>		<u>NET TAXABLE ASSESSED VALUATION</u>	<u>BASE MILLAGE</u>		<u>PROPERTY TAXES LEVIED</u>		<u>DISCOUNTS FOR EARLY PAYMENT</u>		<u>CURRENT TAX COLLECTIONS</u>
95-96	\$	54,927,121	7.2770	\$	399,705	\$	13,703	\$	373,062
96-97		57,273,730	7.2520		415,349		14,297		377,188
97-98		60,169,431	7.0600		424,796		14,720		397,313
98-99		63,246,633	7.1790		454,048		15,789		436,742
99-00		67,531,963	6.5870		444,833		15,544		418,800
00-01		72,128,814	6.4870		467,900		16,164		425,422
01-02		79,634,180	6.5470		521,365		18,058		489,176
02-03		88,507,776	6.4270		568,839		19,742		532,720
03-04		98,725,684	6.2510		617,134		19,668		580,619
04-05		111,489,843	6.1580		686,554		19,695		648,455

Source: Palm Beach County Tax Collector's Office.

	<u>TOTAL TAX COLLECTIONS</u>	<u>% OF CURRENT TAX COLLECTED TO PROPERTY TAXES LEVIED</u>	<u>% OF CURRENT TAX COLLECTED PLUS DISCOUNT TO PROPERTY TAXES LEVIED</u>	<u>% OF TOTAL TAX COLLECTED TO PROPERTY TAXES LEVIED</u>	<u>% OF TOTAL TAX COLLECTED PLUS DISCOUNTS TO PROPERTY TAXES LEVIED</u>
\$	388,189	93.33	96.76	97.12	100.55
	399,906	90.81	94.25	96.28	99.72
	411,660	93.53	97.00	96.91	100.37
	449,491	96.19	99.67	99.00	102.47
	421,179	94.15	97.64	94.68	98.18
	439,243	90.92	94.38	93.88	97.33
	490,811	93.83	97.29	94.14	97.60
	533,822	93.65	97.12	93.84	97.31
	581,884	94.08	97.27	94.29	97.48
	649,530	94.45	97.32	94.61	97.48



## THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

### PROPERTY TAX RATES PER THOUSAND OF ASSESSED VALUATION ALL COUNTYWIDE DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN TAX YEARS (UNAUDITED)

<u>DIRECT</u>				
<u>TAX YEAR</u>	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
1996	7.2520	2.0000	0.5360	9.7880
1997	7.0600	2.0000	0.4970	9.5570
1998	7.1790	2.0000	0.5030	9.6820
1999	6.5870	2.0000	0.4560	9.0430
2000	6.4870	2.0000	0.4310	8.9180
2001	6.5470	2.0000	0.4010	8.9480
2002	6.4270	2.0000	0.3520	8.7790
2003	6.2510	2.0000	0.3200	8.5710
2004	6.1580	2.0000	0.2740	8.4320
2005	5.8840	2.0000	0.2220	8.1060

(1) Source: Palm Beach County Tax Collector's Office.

(2) Florida Inland Navigation District ("F.I.N.D.").

**TABLE 3**

<b>OVERLAPPING</b>							<b>SOUTH FLORIDA</b>	<b>TOTAL</b>
<b>PALM BEACH COUNTY</b>			<b>HEALTH CARE</b>	<b>EVER-</b>	<b>GLADES</b>	<b>TOTAL</b>	<b>WATER MGT. DISTRICT</b>	<b>COUNTYWISE</b>
<b>GENERAL FUND</b>	<b>DEBT SERVICE</b>	<b>F.I.N.D. (2)</b>	<b>CHILD SERVICES</b>	<b>DISTRICT</b>	<b>CONST.</b>			
4.2358	0.2833	0.0380	0.3756	1.2000	0.1000	6.2327	0.5720	16.5927
4.5191	0.2833	0.0380	0.3756	1.2000	0.1000	6.5160	0.5720	16.6450
4.6000	0.2666	0.0500	0.4530	1.1600	0.1000	6.6296	0.5970	16.9086
4.6000	0.2582	0.0470	0.4403	1.0500	0.1000	6.4955	0.5970	16.1355
4.6000	0.3456	0.0440	0.4696	0.9750	0.1000	6.5342	0.5970	16.0492
4.6000	0.3362	0.0410	0.5000	1.0250	0.1000	6.6022	0.5970	16.1472
4.5500	0.3851	0.0385	0.5703	1.1500	0.1000	6.7939	0.5970	16.1699
4.5000	0.3084	0.0385	0.6228	1.1300	0.1000	6.6997	0.5970	15.8677
4.5000	0.2910	0.0385	0.6902	1.1300	0.1000	6.7497	0.5970	15.7787
4.5000	0.2677	0.0385	0.6902	1.1000	0.1000	6.6964	0.5970	15.3994







**ASSESSED VALUE OF TAXABLE PROPERTY (IN THOUSANDS) -  
LAST TEN CALENDAR YEARS (UNAUDITED)**

<b><u>CALENDAR YEAR ENDED DECEMBER 31</u></b>	<b><u>GROSS ASSESSED VALUE (1)</u></b>	<b><u>TOTAL TAXABLE VALUE FOR OPERATING MILLAGES</u></b>	<b><u>PERCENT TAXABLE TO TOTAL ASSESSED VALUE</u></b>
1996	\$72,518,146	\$57,273,730	78.98
1997	75,907,680	60,169,431	79.27
1998	79,872,734	63,246,633	79.18
1999	85,425,333	67,531,963	79.05
2000	93,138,129	72,128,814	77.44
2001	101,011,370	79,634,180	78.84
2002	113,847,039	88,507,776	77.74
2003	129,331,728	98,725,684	76.34
2004	149,439,019	111,489,843	74.61
2005 (2)	180,740,112	130,262,743	72.07

(1) Assessed value equals 100% of estimated value.

(2) Prior to adjustments on appeals from taxpayers.

Source: Palm Beach County Property Appraiser's Office.



## THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

### PROPERTY TAX LEVIES (IN THOUSANDS) ALL COUNTYWIDE DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS (UNAUDITED)

#### PALM BEACH COUNTY SCHOOL DISTRICT

<u>FISCAL YEAR</u>	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
1996	\$399,705	\$105,267	\$32,580	\$537,552
1997	415,349	114,547	30,699	560,595
1998	424,796	120,339	29,904	575,039
1999	454,048	126,493	31,813	612,354
2000	444,833	135,064	30,795	610,692
2001	467,900	144,258	31,088	643,246
2002	521,365	159,268	31,933	712,566
2003	568,839	177,016	31,155	777,010
2004	617,134	197,451	31,593	846,178
2005	686,554	222,980	30,548	940,082

(1) Source: Palm Beach County Tax Collector's Office.

(2) Florida Inland Navigation District ("F.I.N.D.").

**TABLE 5**

<b>PALM BEACH COUNTY (1)</b>							
<b>GENERAL FUND</b>	<b>DEBT SERVICE</b>	<b>F.I.N.D. (2)</b>	<b>CHILD SERVICES</b>	<b>HEALTH CARE DISTRICT</b>	<b>TOTAL</b>	<b>SOUTH FLORIDA WATER MGT. DISTRICT</b>	<b>TOTAL COUNTYWIDE</b>
\$231,666	\$16,555	\$7,690	\$20,488	\$78,271	\$354,670	\$30,045	\$922,267
243,797	16,306	2,187	21,618	69,067	352,975	38,678	952,248
277,966	16,110	3,021	27,374	70,096	394,567	42,118	1,011,724
292,716	16,430	2,992	28,030	66,845	407,013	44,372	1,063,739
312,047	23,444	2,986	31,867	66,163	436,507	47,298	1,094,497
333,043	24,341	2,970	36,215	74,240	470,809	50,483	1,164,538
364,365	30,839	3,091	45,684	92,122	536,101	55,834	1,304,501
398,503	27,311	3,422	55,234	100,216	584,686	61,815	1,423,511
445,047	28,780	3,821	68,358	111,917	657,923	69,032	1,573,133
501,868	29,889	4,308	77,226	123,079	736,370	77,987	1,754,439



**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND  
NET BONDED DEBT PER CAPITA ( IN THOUSANDS)  
LAST TEN FISCAL YEARS (UNAUDITED)**

<b>FISCAL YEAR</b>	<b>POPULATION(1)</b>	<b>NET ASSESSED VALUE (2)</b>	<b>GROSS BONDED DEBT</b>	<b>LESS DEBT SERVICE FUNDS</b>	<b>NET BONDED DEBT</b>	<b>RATIO OF NET BONDED DEBT TO NET ASSESSED VALUE</b>	<b>NET BONDED DEBT PER CAPITA IN DOLLARS</b>
1996	981,793	\$54,927,121	\$301,850	\$31,380	\$270,470	0.49%	275
1997	1,003,684	57,273,730	290,530	41,863	248,667	0.43%	248
1998	1,020,521	60,169,431	279,605	40,637	238,968	0.40%	234
1999	1,039,814	63,246,633	262,395	41,856	220,539	0.35%	212
2000	1,131,184 (3)	67,531,963	243,125	46,415	196,710	0.29%	174
2001	1,153,440	72,128,814	221,080	50,619	170,461	0.24%	148
2002	1,181,947	79,634,180	194,475	55,211	139,264	0.17%	118
2003	1,211,301	88,507,776	174,635	75,405	99,230	0.11%	82
2004	1,242,426	98,725,684	154,400	33,740	120,660	0.12%	97
2005	1,265,734	111,489,843	126,875	34,700	92,175	0.08%	73

- (1) Source: University of Florida, Bureau of Business and Economic Research (preliminary).
- (2) Source: Palm Beach County Property Appraiser's Office.
- (3) Source: 2002 Census Internet [www.census.gov](http://www.census.gov)



**PRINCIPAL TAXPAYERS (IN THOUSANDS) AND  
TEN LARGEST PRIVATE EMPLOYERS  
PALM BEACH COUNTY  
JUNE 30, 2005 (UNEDITED)**

<u>TAXPAYER (1)</u>	<u>TYPE OF BUSINESS</u>	<u>2004 TAXES</u>	<u>PERCENT OF TOTAL AGGREGATE TAX LEVY</u>
Florida Power & Light Company	Utility	\$ 21,946	0.88%
Bell South	Telecommunications	11,584	0.46%
U.S. Sugar Corporation	Agriculture	5,695	0.23%
Town Center	Retail Mall	4,299	0.17%
Panthers BRHC Ltd.	Resort Hotel	4,174	0.17%
Breakers Hotel - Palm Beach	Resort Hotel	4,043	0.16%
West Palm Beach CRA Lessor	Office Building	3,852	0.15%
Okeelanta Corporation	Agriculture	3,361	0.13%
Lawrence L. Landry	Charitable Foundation	3,324	0.13%
TJ Palm Beach Assoc. Ltd. Ptnrs.	Retail Mall	2,946	0.12%
	<b>Total principal taxpayers</b>	<u>65,224</u>	<u>2.60%</u>
	<b>All other taxpayers</b>	<u>2,440,281</u>	<u>97.40%</u>
	<b>Total aggregate tax levy</b>	<u>\$ 2,505,505</u>	<u>100.00%</u>

**Ten Largest Private Employers (Excludes Agricultural) (2)**

**Number of Employees**

Columbia Palm Beach Health Care System	4,000
Tenet Healthcare Corp	3,040
Florida Power & Light Company	2,800
Boca Raton Resort & Club	2,380
Bethesda Memorial Hospital	1,800
Breakers Hotel - Palm Beach	1,800
Boca Raton Community Hospital	1,700
Applied Card Systems	1,600
Delray Community Hospital	1,550
Office Depot	1,550

(1) Source: Palm Beach County Tax Collector's Office.

(2) Source: Palm Beach County Development Board.



**CURRENT DEBT RATIOS AND BONDED DEBT PER CAPITA OF PALM BEACH COUNTY -  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (UNAUDITED)**

**FACTORS:**

**Direct Debt:**

School District of Palm Beach County debt:

General Obligation \$79,555,000

**Special Obligation (1)** 47,320,000

**TOTAL DIRECT DEBT** \$126,875,000

**Overlapping Debt: (2)**

Palm Beach County Debt \$275,905,000

**TOTAL DIRECT AND OVERLAPPING DEBT** \$402,780,000

Population of Palm Beach County 1,265,734

Assessed property valuation \$149,398,783,000

Assessed taxable property valuation \$111,489,843,000

**DEBT RATIOS:**

	<u>PERCENT OF ASSESSED PROPERTY VALUATION</u>	<u>PERCENT OF ASSESSED TAXABLE PROPERTY VALUATION</u>	<u>PER CAPITA (3)</u>
Direct debt	0.08%	0.11%	\$ 100
Overlapping debt	0.18%	0.25%	\$ 218
Direct and overlapping debt	0.27%	0.36%	\$ 318

(1) Special obligation debt is payable from motor vehicle license taxes.

(2) Overlapping debt includes only general obligation debt secured by ad valorem taxes as of September 30, 2004.  
Source: Palm Beach County Department of Finance

(3) Represents *gross* debt per capita. Net bonded debt per capita is reported in Table 6.



**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES (IN THOUSANDS) FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES - LAST TEN FISCAL YEARS (UNAUDITED)**

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL FUND EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES</u>
1996	\$18,640	\$24,826	\$43,466	\$709,058	6.13%
1997	24,085	27,352	51,437	722,998	7.11%
1998	20,480	32,528	53,008	779,182	6.80%
1999	28,030	25,990	54,020	835,941	6.46%
2000	29,045	24,849	53,894	843,494	6.39%
2001	30,525	32,037	62,562	896,622	6.98%
2002	32,105	38,631	70,736	944,076	7.49%
2003	32,080	46,519	78,599	1,003,207	7.83%
2004	42,280	69,409	111,689	1,077,281	10.37%
2005	52,380	71,217	123,597	1,167,776	10.58%

Note: Debt amounts reported include Certificates of Participation.

Source: The School District of Palm Beach County - Accounting Services







**COMPUTATION OF LEGAL DEBT MARGIN, JUNE 30, 2005  
(IN THOUSANDS) - (UNAUDITED)**

The Florida State Board of Education Administrative Rule 6A-1.37(2) establishes a parameter on bonded indebtedness for school districts. Limits are computed as a stated percentage of the nonexempt assessed value of taxable property as of the most current year.

Limit of bonded indebtedness, 10% of net assessed value of taxable property in 2004-2005, \$111,489,843		\$11,148,984
Total bonded debt	\$126,875	
Less amount available in Debt Service Funds	<u>34,700</u>	
Total amount applicable to debt limit		<u>92,175</u>
Legal debt margin on bonded debt		<u><u>\$11,056,809</u></u>

Source: The School District of Palm Beach County - Accounting Services



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

**PROPERTY VALUE OF BUILDING PERMITS ISSUED, CONSTRUCTION  
AND BANK DEPOSITS (\$ IN THOUSANDS)  
LAST TEN FISCAL YEARS (UNAUDITED)**

<b>FISCAL YEAR</b>	<b>COMMERCIAL CONSTRUCTION (1)</b>		<b>RESIDENTIAL CONSTRUCTION (1)</b>	
	<b>COMMERCIAL AND PUBLIC BUILDING VALUATION</b>	<b>OTHER (4) VALUATION</b>	<b>SINGLE &amp; MULTI-FAMILY UNITS</b>	<b>VALUATION</b>
1996	\$67,489	\$156,325	6,073	\$578,320
1997	83,384	259,143	6,385	621,075
1998	60,914	383,713	5,320	494,608
1999	90,609	371,549	5,805	534,129
2000	91,687	450,401	4,961	519,707
2001	89,788	425,657	3,960	445,232
2002	126,786	440,104	3,899	475,374
2003	85,738	351,562	3,483	465,791
2004	139,777	272,255	5,184	1,011,437
2005	91,537	471,841	4,414	1,191,043

- (1) Source: Palm Beach County Planning, Zoning & Building  
Data represents the unincorporated area of Palm Beach County
- (2) Source: Internet address [www2.fdic.gov/sod](http://www2.fdic.gov/sod)  
as of June 30, 2004
- (3) Source: Palm Beach County Property Appraiser's Office.
- (4) Includes hotels, motels, cabins, mobile home parks, and non-residential alterations  
and additions.

**TABLE 11**

<b>BANK DEPOSITS (2)</b>		<b>PROPERTY VALUES (3)</b>			<b>TOTAL VALUE</b>
<b>COMMERCIAL</b>	<b>SAVINGS AND LOAN</b>	<b>COMMERCIAL</b>	<b>RESIDENTIAL</b>	<b>GOVERNMENT</b>	
\$9,867,213	\$6,580,346	\$13,854,997	\$49,622,016	\$3,571,895	\$67,048,908
10,006,335	6,446,027	14,015,029	51,688,571	3,655,253	69,358,853
10,715,610	7,317,552	14,770,005	55,527,941	3,864,012	74,161,958
10,523,123	8,609,515	15,566,248	59,609,225	3,988,436	79,163,909
13,283,898	7,243,923	18,982,172	63,880,688	3,949,052	86,811,912
13,183,000	8,185,000	17,017,799	72,656,923	4,420,150	94,094,872
13,656,000	8,707,000	18,100,581	84,268,815	4,600,300	106,969,696
14,093,000	10,229,000	19,533,667	97,806,780	4,996,862	122,337,309
15,856,000	11,543,000	21,415,633	115,518,819	5,369,972	142,304,424
18,173,000	12,815,000	24,661,710	141,606,809	6,329,122	172,597,641



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

**SCHOOL FOOD SERVICE OPERATING DATA  
LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>1995/96</u>	<u>1996/97</u>
<b>Days meals served:</b>		
Regular school program	180	180
<b>Number of pupil lunches served (regular):</b>		
Paid lunches	3,808,225	3,588,843
Reduced lunches	670,099	765,567
Free lunches	7,382,595	7,462,244
<b>Total pupil lunches served</b>	<u>11,860,919</u>	<u>11,816,654</u>
<b>Average number of pupil lunches served daily (regular):</b>		
Paid lunches	21,157	19,938
Reduced lunches	3,723	4,253
Free lunches	41,014	41,457
<b>Total average pupil lunches served daily</b>	<u>65,894</u>	<u>65,648</u>
<b>Number of pupil breakfasts served (regular):</b>		
Paid breakfasts	129,100	143,844
Reduced breakfasts	69,864	86,213
Free breakfasts	2,844,589	2,823,240
<b>Total pupil breakfasts served</b>	<u>3,043,553</u>	<u>3,053,297</u>
<b>Average number of pupil breakfasts served daily (regular):</b>		
Paid breakfasts	717	799
Reduced breakfasts	388	479
Free breakfasts	15,803	15,685
<b>Total average pupil breakfasts served daily</b>	<u>16,908</u>	<u>16,963</u>
<b>Number of adult lunches served (regular)</b>	<u>564,341</u>	<u>547,943</u>
<b>Average number of adult lunches served daily (regular)</b>	<u>3,135</u>	<u>3,044</u>
<b>REVENUES (IN THOUSANDS):</b>		
Federal sources:		
Federal assistance	\$ \$ 18,807	\$ 19,156
USDA donated food	1,959	1,759
State sources - State supplement	963	884
Local sources:		
Local food service sales:		
Students	10,369	11,182
Adults	1,115	1,076
Other	288	338
Interest on investments	195	117
<b>TOTAL REVENUES</b>	<u>\$ \$ 33,696</u>	<u>\$ 34,512</u>
<b>TOTAL COST AND OTHER FINANCING USES - Net</b>	<u>\$ \$ 36,330</u>	<u>\$ 33,136</u>

Source: The School District of Palm Beach County - Food Service Accounting.

TABLE 12

1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
180	180	180	180	180	180	180	180
3,567,973	3,737,293	3,666,209	3,674,772	3,615,693	3,462,912	3,659,382	3,812,475
835,940	900,400	935,152	1,057,293	1,012,004	1,083,535	1,180,645	1,014,636
7,613,966	7,669,050	7,499,982	7,355,516	7,768,241	8,050,469	8,457,598	8,790,464
12,017,879	12,306,743	12,101,343	12,087,581	12,395,938	12,596,916	13,297,625	13,617,575
19,822	20,763	20,368	20,415	20,087	19,238	20,330	21,180
4,644	5,002	5,195	5,874	5,622	6,020	6,559	5,637
42,300	42,606	41,667	40,864	43,157	44,725	46,987	48,836
66,766	68,371	67,230	67,153	68,866	69,983	73,876	75,653
158,615	183,699	212,764	255,139	305,531	310,557	361,375	455,469
93,673	112,689	136,639	159,431	183,058	197,380	223,016	217,226
2,903,035	3,025,855	3,030,305	3,047,090	3,266,123	3,295,904	3,554,864	3,473,675
3,155,323	3,322,243	3,379,708	3,461,660	3,754,712	3,803,841	4,139,255	4,146,370
881	1,021	1,182	1,417	1,697	1,725	2,008	2,530
520	626	759	886	1,017	1,097	1,239	1,207
16,128	16,810	16,835	16,928	18,145	18,311	19,749	19,298
17,529	18,457	18,776	19,231	20,859	21,133	22,996	23,035
580,542	618,165	638,104	609,289	630,246	682,375	726,197	592,845
3,225	3,434	3,545	3,385	3,501	3,791	4,034	3,294
\$ 20,492	\$ 21,699	\$ 22,133	\$ 22,618	\$ 24,717	\$ 25,989	\$ 28,091	\$ 29,167
1,139	2,240	2,354	2,827	2,515	4,312	3,397	3,666
944	887	902	885	906	896	884	887
12,088	13,052	13,872	15,614	17,238	18,403	19,915	19,505
1,146	1,226	1,281	1,200	1,266	1,381	1,442	1,212
289	363	324	640	410	510	508	1,698
217	304	527	633	334	251	145	369
\$ 36,315	\$ 39,771	\$ 41,393	\$ 44,417	\$ 47,386	\$ 51,742	\$ 54,382	\$ 56,503
\$ 34,968	\$ 35,836	\$ 39,603	\$ 43,685	\$ 46,498	\$ 49,456	\$ 53,545	\$ 55,943



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

**SCHEDULE OF INSURANCE IN FORCE  
AS OF JUNE 30, 2005 (UNAUDITED)**

<u>POLICY/NUMBER</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Petroleum Contamination Liability FPL 1953656#2	Commerce and Industry Insurance Company	Leakage of underground motor vehicle petroleum storage tanks
All Risk Property	Multiple Companies	School Board buildings including personal property & extra expense
	Multiple Policies	\$2.634 billion of property values
National Flood Ins. Program 212 individual policies	Travelers Insurance Company	Flood protection for 212 buildings in flood zones A & V
Boiler & Machinery FBP 9450705	Hartford Steam Boiler	Accidental breakdown of boilers, pressure vessels and steam generators
Crime 21BPECZ0333	Hartford Insurance	1) Loss to the District due to the dishonesty of any School Board employee  2) Destruction, disappearance or theft of District money or securities while in a District building, in a banking institution, or while being transported by an authorized employee or armored vehicle company  3) Forgery losses on checking and savings accounts
Superintendent & School Members' Public Official Bonds Multiple policies	The Hartford Insurance Group The Ohio Calsualty Insurance Co.	State required Public Officials' bonds
Master Builders Risk 751726	Lexington Insurance Co.	New schools under construction

Source: The School District of Palm Beach County - Department of Risk Management.

**TABLE 13 (Continued)**

<b>POLICY PERIOD</b>	<b>DEDUCTIBLE OR SELF-INSURED RETENTION</b>	<b>POLICY LIMITS</b>	<b>ESTIMATED ANNUAL PREMIUM</b>
7/13/04 - 7/13/05	\$10,000	\$1 million per incident, \$2 million annual aggregate	\$ 2,929
12/31/04 - 12/31/05	\$10 million plus 4% (min. \$1 million) for named hurricane	\$200 million catastrophic limits \$25 million flood \$1 million extra expense	\$ 6,275,000
12/31/04 - 12/31/05	\$50,000 per building \$50,000 for contents	\$76.4 million	\$ 208,951
12/31/04 - 12/31/05	\$10,000	\$50 million per accident	\$ 51,983
08/07/04 - 08/07/05	1) \$100,000 per loss	1) \$5 million per loss	\$ 35,384
	2) \$1,000	2) \$100,000 per loss	
	3) \$10,000	3) \$10,000	
11/19/04 - 11/19/06 or through 11/19/08 depending on term	None	\$2,000 to \$14,000	\$ 800
04/01/05 - 04/01/08	\$25,000 all perils 5% wind	\$50 Million	\$ 866,000

**(Continued)**



## THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

### SCHEDULE OF INSURANCE IN FORCE AS OF JUNE 30, 2005 (UNAUDITED)

<u>POLICY/NUMBER</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Excess Workers' Compensation and Employers' Liability MDB0219201	State Nat'l Ins. Company	Limits self-insured liabilities under the Florida Workers' Compensation Act and State Statute 768.28 for General Liability
Employee Health 704471	United Health Care	Employee medical EPO Choice HMO Choice 39 POS PPO
Employee Dental CP1729  CD1730  CD1729	CompBenefits	Employee dental
Employee Vision VC 19	Eye Med	Employee vision
Employee Assistance Plan	Corporate Care Works, Inc.	Unlimited treatments
Term Life Insurance 106456-G	Met Life	Employee death benefits

Source: The School District of Palm Beach County - Department of Risk Management.



**TABLE 13 (Continued)**

<b>POLICY PERIOD</b>	<b>DEDUCTIBLE OR SELF-INSURED RETENTION</b>	<b>POLICY LIMITS</b>	<b>ESTIMATED ANNUAL PREMIUM</b>
7/1/04 - 7/1/05	\$500,000 per accident	\$1 million per occurrence \$10 million aggregate	\$ 310,000
1/1/04 - 12/31/05	Individual monthly premiums range from \$282 to \$1,805. The Board contributes \$282 to \$367 per mo. towards single coverage and between \$665 to \$743 per mo. towards family coverage.	No lifetime maximum on HMOs  \$2 million lifetime per person on POS	\$ 117,000,000 for all employee health benefits
1/1/03 - 12/31/05	Individual monthly premiums: Managed: \$11.68 single \$39.50 family PPO low option: \$23.56 single \$87.20 family PPO high option: \$31.42 single \$116.26 family	No annual limits  \$1,000 limit per year  \$1,000 limit per year	Paid by employee
1/1/03 - 12/31/05	Individual premiums \$5.62 single \$15.90 family	Limited schedule of benefits	Paid by employee
1/1/04 - 12/31/06	Board paid \$1.30 per employee per month	Financial and legal services excluded	\$ 309,683 (Actual amount)
1/1/03 - 1/1/04	\$2.15 individual monthly premium for part-time employees Board paid \$4.30 individual monthly premium for full-time employees Board paid	\$10,000 part-time employee  \$20,000 full-time employee	\$ 996,263 (Actual amount)

**(Continued)**



## THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

### SCHEDULE OF INSURANCE IN FORCE AS OF JUNE 30, 2005 (UNAUDITED)

<u>POLICY/NUMBER</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
High School Interscholastic Athletic FL 05	Monumental Life Ins. Co.	Medical expenses for students injured while participating in high school interscholastic athletics
Student Catastrophe FL 04	Monumental Life Ins. Co.	1) Medical benefits for up to 5 years for students injured while participating in school supervised activities 2) Disability benefits for up to 10 years for interscholastic athletic injuries
Student Malpractice 127268148	CNA Financial Corp.	Professional liabilities for health occupation students
Housemovers Bond 104124915	Travelers Insurance Company	Moving portable classrooms
Vendors Liability CLS 1028278	Scottsdale Insurance Company	General liability for permittees and licensees of the District
Summer Camp Liability CLS 1141426	Scottsdale Insurance Company	General liability claims arising out of summer camp activities
Owners Protective Professional Indemnity EOC 9276749 01	Steadfast Insurance Company	Architectural professional liability on new construction

Source: The School District of Palm Beach County - Department of Risk Management.

**TABLE 13 (Concluded)**

<b>POLICY PERIOD</b>	<b>DEDUCTIBLE OR SELF-INSURED RETENTION</b>	<b>POLICY LIMITS</b>	<b>ESTIMATED ANNUAL PREMIUM</b>
8/1/04 - 8/1/05	None	\$25,000 per person	\$ 733,750
8/1/04 - 8/01/05	1) \$25,000 per student, per accident  2) None	1) \$5 million  2) \$600,000 per student	\$ 146,750
12/31/04 - 12/31/05	None	\$1 million per claim (\$3 million annual aggregate)	\$ 6,681
6/1/05 - 6/1/06	None	\$10,000	\$ 100
7/1/04 - 7/1/05	\$500 per claimant	\$1 million each occurrence; \$2 million aggregate	\$ 15,000 minimum & deposit
6/2/05 - 8/8/05	None	\$1 million per claim \$2 million aggregate	\$ 47,595
6/1/04 - 6/1/07	\$100,000	\$10 million	\$ 646,800

**(Concluded)**





**TEACHERS' SALARIES -  
LAST TEN FISCAL YEARS (UNAUDITED)**

<u>FISCAL YEAR</u>		<u>MINIMUM SALARY</u>		<u>MAXIMUM SALARY</u>		<u>MEAN SALARY</u>
1996	\$	28,080	\$	51,863	\$	39,972
1997		28,080		51,863		39,972
1998		28,922		53,418		41,170
1999		29,500		56,008		42,754
2000		29,500		59,500		44,500
2001		30,951		60,975		45,963
2002		31,725		62,378		47,052
2003		32,518		64,840		48,679
2004		33,494		64,840		49,167
2005		33,494		64,840		49,167

Source: The School District of Palm Beach County - Division of Personnel Relations.



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

**NUMBER OF PERSONNEL  
LAST TEN FISCAL YEARS (UNAUDITED)**

<b>FISCAL YEAR</b>	<b>INSTRUCTIONAL (1)</b>	<b>ADMINISTRATIVE SCHOOL DISTRICT (2)</b>	<b>NON-INSTRUCTIONAL (3)</b>
1996	8,389	594	3,937
1997	8,924	418	4,590
1998	8,608	662	4,887
1999	9,478	475	4,338
2000	9,657	518	4,132
2001	9,706	563	4,203
2002	10,155	586	4,206
2003	10,424	629	4,362
2004	10,918	643	4,073
2005	11,654	662	4,127

- (1) Assistant principals, elementary and secondary teachers, exceptional child teachers, school psychologists, librarians, other professional instructional staff, occupation/placement specialists, managers (instructional) and curriculum coordinators.
- (2) Officials, administrators, Board members, managers (noninstructional), consultants, supervisors of instruction, principals, community school coordinators, and noninstructional curriculum coordinators.
- (3) Professional staff (non-instructional), police, secretarial and clerical staff.
- (4) Includes maintenance, custodians, groundskeepers, bus aides, transportation and food service employees.

Source: The School District of Palm Beach County, Division of Personnel Relations  
except FTE Column, supplied by Florida Department of Education.

\*\* Decrease is due to the fact that the majority of the adult education programs were transferred to the community colleges in fiscal year 2001.

TABLE 15

<u>SERVICE (4)</u>	<u>PART-TIME HOURLY</u>	<u>TOTAL</u>	<u>TOTAL UNWEIGHTED FULL TIME ENROLLMENT (FTE)</u>	<u>RATIO OF INSTRUCTIONAL AND ADMINISTRATIVE SCHOOL DISTRICT PERSONNEL TO FTE</u>
2,075	857	15,852	141,629	0.06
1,887	849	16,668	146,106	0.06
2,309	821	17,287	150,719	0.06
3,164	617	18,072	156,087	0.06
2,723	917	17,947	161,670	0.06
2,802	949	18,223	157,075	0.07
2,871	1,174	18,992	157,499	0.07
2,882	1,228	19,525	162,591	0.07
2,990	1,153	19,777	168,011	0.07
3,037	1,273	20,753	172,237	0.07

\*\*



COMPARATIVE ENROLLMENT TRENDS
FIFTEEN LARGEST SCHOOL DISTRICTS
FOR THE PRIOR THREE FISCAL YEARS (UNAUDITED)

Table with 6 columns: RANK, SCHOOL DISTRICT, 2001, 2002, 2003, 2004. Lists enrollment data for 15 school districts from 2001 to 2004, with Palm Beach County, FL highlighted in bold for 2002, 2003, and 2004.

Based on students enrolled in grades kindergarten through twelve during the fall.
Rank is based on most current fiscal year enrollment.
Fiscal year 2005 information will not be available until next fiscal year.
Source: National Center for Education Statistics Internet: http://nces.ed.gov/ccd





**DEMOGRAPHIC STATISTICS -  
LAST TEN FISCAL YEARS (UNAUDITED)**

<u>YEAR</u>	<u>POPULATION (1)</u>	<u>PER CAPITA INCOME (2)</u>	<u>TOTAL AVERAGE NUMBER OF ENROLLED STUDENTS(3)</u>	<u>PALM BEACH COUNTY UNEMPLOYMENT PERCENTAGE (4)</u>
1996	981,793	\$ 36,130	129,265	6.6
1997	1,003,684	36,943	134,075	6.3
1998	1,020,521	39,045	138,730	5.6
1999	1,039,814	40,121	142,734	5.0
2000	1,131,184 (5)	43,107	145,955	4.4
2001	1,153,440	43,966	150,363	5.5
2002	1,181,947	44,120	159,941	5.9
2003	1,211,301	44,050	164,922	5.6
2004	1,242,426	N/A	170,504	5.2
2005	1,265,734	N/A	174,468	4.5 (6)

(1) Source: University of Florida, Bureau of Business and Economic Research (preliminary).

(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per capita personl income for Palm Beach County, FL

(3) Source: The School District of Palm Beach County - Data Management Systems Student Information File.

(4) Source: Agency for Workforce Innovation Florida Research & Economic Database

(5) Source: 2002 Census Internet [www.census.gov](http://www.census.gov)

(6) Preliminary average through August 2005 (not seasonally adjusted)

N/A=Not available.





**LABOR FORCE ESTIMATES  
LAST TEN YEARS (UNAUDITED)**

**LABOR FORCE ESTIMATES  
Palm Beach County, Florida, and The United States**

**Annual Average Labor Force and Unemployment Estimates**

<b>YEAR</b>	<b>PALM BEACH COUNTY CIVILIAN LABOR FORCE</b>	<b>UNEMPLOYMENT RATES (%)</b>		
		<b>PALM BEACH COUNTY</b>	<b>FLORIDA</b>	<b>UNITED STATES</b>
1996	466,565	6.6	5.1	5.4
1997	482,486	6.3	4.8	4.9
1998	496,795	5.6	4.3	4.5
1999	531,437	5.0	3.9	4.2
2000	519,457	4.4	3.6	4.0
2001	540,276	5.5	4.8	4.8
2002	579,667	5.9	5.5	5.8
2003	584,597	5.6	5.1	6.0
2004	596,059	5.2	4.7	5.7
2005 (1)	610,463	4.4	4.1	5.3

(1) Preliminary. Average through July 2005 (not seasonally adjusted)

Source: Agency for Workforce Innovation  
Florida Research & Economic Database



## THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

### EMPLOYMENT DISTRIBUTION BY MAJOR INDUSTRY LAST TEN YEARS (UNAUDITED)

#### PALM BEACH COUNTY EMPLOYMENT DISTRIBUTION BY MAJOR INDUSTRY

<u>Year</u>	<u>Manufacturing</u>	<u>Contract Construction</u>	<u>Transportation</u>	<u>Trade</u>
1995	29,800	23,600	14,800	105,400
1996	29,300	24,500	15,400	108,600
1997	30,600	25,100	16,200	112,600
1998	31,700	26,800	16,200	119,400
1999	33,000	27,200	16,100	118,500
2000	30,200	31,400	17,200	122,900
2001	27,600	32,900	18,600	128,900
2002	23,800	35,700	11,400	91,300
2003	21,200	35,700	10,500	90,100
2004	19,300	38,800	9,400	92,700

Source: Florida Department of Labor and Employment Security, Division of  
Employment Security.

<b><u>Finance</u></b>	<b><u>Services</u></b>	<b><u>Government</u></b>	<b><u>Total</u></b>
27,100	147,200	51,200	399,100
28,800	157,300	52,500	416,400
30,300	168,700	53,700	437,200
34,000	189,900	54,300	472,300
33,800	188,300	55,400	472,300
35,200	209,600	58,000	504,500
37,500	209,700	58,300	513,500
39,300	270,400	60,600	532,500
39,800	272,600	63,700	533,600
39,600	293,300	64,200	557,300



MISCELLANEOUS STATISTICAL DATA (UNAUDITED)

PALM BEACH COUNTY (INCORPORATED - 1909)

County Seat West Palm Beach
Geographic area 2,023 square miles

Climate

Average temperature 75.3 degrees F
Average maximum 83.8 degrees F
Average minimum 67.3 degrees F
Average rainfall 61.4 inches

Number of Public Schools

Table with 2 columns: School Type and Number. Rows include Elementary (102), Junior High and Middle Schools (31), High Schools (22), Special Schools (6), and Total (161).

Communications

Major newspapers: Palm Beach Post, Sun Sentinel
Major television stations: WPTV - 5 (NBC), WSVN - 29 (FOX), WPEC - 12 (CBS), WPBF - 25 (ABC)
Telephone service: Bell South

Colleges/Universities

Colleges: Palm Beach Community College, Palm Beach Atlantic College, South College
Universities: Florida Atlantic University, Northwood University

Transportation

Airports: Palm Beach International Airport, Lantana Airport, North County Airport, Glades Airport
Seaport: Port of Palm Beach
Railroad - Passenger: Amtrak, Tri-Rail
Railroad - Freight: Florida East Coast, Seaboard Coast Line
Bus - Interstate/Intrastate: Greyhound Bus Lines
Bus - Local: Palm Beach County Transit Authority

Source: Palm Beach County Yellow Pages
Internet: www.weather.com



The School Board of Palm Beach County is committed to excellence in education and preparation of all our students with the knowledge, skills and ethics for responsible citizenship and productive employment.

