



THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

**INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006**

Prepared by:

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

**Interim Financial Statements
For the Three Months Ended September 30, 2006**

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THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
COMBINED BALANCE SHEET
ALL FUND TYPES
SEPTEMBER 30, 2006
(With prior year comparative totals)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	PRIVATE PURPOSE TRUST	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	INTERNAL SERVICE	FLORIDA FUTURE EDUCATORS	SEPTEMBER 2006	SEPTEMBER 2005 (RESTATED)
ASSETS:								
Cash and investments	\$ 36,199,628.91	\$ 4,002,112.73	\$ 13,504,695.88	\$ 604,063,608.78	\$ 1,415,602.87	\$ 527,757.24	\$ 659,713,406.41	\$ 687,498,871.48
Taxes receivable (net of uncollectible taxes)	-	-	-	-	-	-	-	-
Accounts and interest receivable	7,748.14	882,966.73	-	-	-	-	890,714.87	1,051,679.06
Due from other governments or agencies	3,623,938.92	6,470,926.14	-	49,570,380.41	-	-	59,665,245.47	66,125,867.93
Due from other funds	-	-	-	-	-	-	-	453,061.67
Inventories and prepaid expenses	4,543,874.74	1,782,893.68	-	-	-	-	6,326,768.42	7,863,801.56
TOTAL ASSETS	\$ 44,375,190.71	\$ 13,138,899.28	\$ 13,504,695.88	\$ 653,633,989.19	\$ 1,415,602.87	\$ 527,757.24	\$ 726,596,135.17	\$ 762,993,281.70
LIABILITIES AND FUND EQUITY								
LIABILITIES:								
Accounts and contracts payable and accrued items	1,736,357.54	2,248,189.05	-	7,202,368.82	-	-	11,186,915.41	658,043.06
Accrued payroll taxes and deductions	14,251,226.19	1,193,802.02	-	372,084.15	283,274.06	-	16,100,386.42	9,468,849.00
Fringe benefits payable	347,741.42	2,354,750.84	-	414,831.02	703,298.13	-	3,820,621.41	15,040,689.48
Due to other governments or agencies	15,531.71	8,986.90	172,679.36	-	-	-	197,197.97	1,607,887.12
Retainage payable on contracts	-	-	-	22,086,547.47	-	-	22,086,547.47	32,689,671.47
Tax anticipation notes payable	850,000.00	-	-	-	-	-	850,000.00	-
Commercial paper payable	-	-	-	250,000,000.00	-	-	250,000,000.00	250,000,000.00
Deposits payable	-	-	-	-	-	-	-	475,378.45
Deferred revenue	476,667.20	4,796,924.16	-	3,289,200.56	-	-	8,562,791.92	25,781,844.17
TOTAL LIABILITIES	17,677,524.06	10,602,652.97	172,679.36	283,365,032.02	986,572.19	-	312,804,460.60	335,722,362.75
FUND EQUITY:								
Contributed capital	-	-	-	-	-	-	-	-
Retained earnings (deficit) - unreserved	-	-	-	-	429,030.68	-	429,030.68	862,782.80
Fund balances reserved:								
Reserved for inventory	4,499,765.29	1,782,893.68	-	-	-	-	6,282,658.97	7,863,524.56
Reserved for board contingency	39,400,000.00	-	-	-	-	-	39,400,000.00	29,588,516.00
Reserved for debt service	-	-	13,332,016.52	-	-	-	13,332,016.52	33,178,873.52
Reserved for scholarships	-	-	-	-	-	-	-	532,702.53
Fund balances unreserved:						527,757.24	527,757.24	-
Designated for construction projects	-	-	-	370,268,957.17	-	-	370,268,957.17	340,933,883.96
Designated for appropriations	(17,202,098.64)	753,352.63	-	-	-	-	(16,448,746.01)	14,310,635.58
Undesignated	-	-	-	-	-	-	-	-
TOTAL FUND EQUITY	26,697,666.65	2,536,246.31	13,332,016.52	370,268,957.17	429,030.68	527,757.24	413,791,674.57	427,270,918.95
TOTAL LIABILITIES AND FUND EQUITY	\$ 44,375,190.71	\$ 13,138,899.28	\$ 13,504,695.88	\$ 653,633,989.19	\$ 1,415,602.87	\$ 527,757.24	\$ 726,596,135.17	\$ 762,993,281.70

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND PRIVATE PURPOSE TRUST FUND
FOR THE PERIOD ENDED SEPTEMBER 30, 2006
(With prior year comparative totals)

	GOVERNMENTAL FUND TYPES					PRIVATE PURPOSE TRUST	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FLORIDA FUTURE EDUCATORS		SEPTEMBER 2006	SEPTEMBER 2005 (RESTATED)
REVENUES:								
Local sources:								
Ad valorem taxes	\$ 591,623.96	\$ -	\$ 24,184.78	\$ 178,530.22	\$ -		\$ 794,338.96	\$ 628,904.66
Sales tax	-	-	-	9,368,382.49	-		9,368,382.49	12,241,795.31
Food service sales	91,567.49	4,526,946.80	-	-	-		4,618,514.29	5,115,946.35
Interest income and other	6,294,396.05	862,296.45	765,826.59	9,869,439.82	11,053.28		17,803,012.19	17,497,651.27
Total local sources	<u>6,977,587.50</u>	<u>5,389,243.25</u>	<u>790,011.37</u>	<u>19,416,352.53</u>	<u>11,053.28</u>		<u>32,584,247.93</u>	<u>35,484,297.59</u>
State sources:								
Florida education finance program	130,023,195.00	-	-	-	-		130,023,195.00	132,779,455.00
Other	71,207,989.95	259,611.98	-	-	-		71,467,601.93	67,752,860.15
Total state sources	<u>201,231,184.95</u>	<u>259,611.98</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>201,490,796.93</u>	<u>200,532,315.15</u>
Federal sources:								
Food service sales	-	5,288,064.43	-	-	-		5,288,064.43	7,059,649.12
Other	404,259.70	91,617.40	-	-	-		495,877.10	374,050.08
Total federal sources	<u>404,259.70</u>	<u>5,379,681.83</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>5,783,941.53</u>	<u>7,433,699.20</u>
TOTAL REVENUES	<u>208,613,032.15</u>	<u>11,028,537.06</u>	<u>790,011.37</u>	<u>19,416,352.53</u>	<u>11,053.28</u>		<u>239,858,986.39</u>	<u>243,450,311.94</u>
EXPENDITURES:								
Current:								
Instructional services	172,586,370.94	9,210,842.24	-	-	-		181,797,213.18	161,542,049.08
Instructional support services	21,915,489.86	9,269,087.78	-	-	-		31,184,577.64	29,120,685.45
Instructional related technology	1,010,345.19	63,500.72	-	-	-		1,073,845.91	954,261.14
Pupil transportation services	9,829,749.34	9,960.41	-	-	-		9,839,709.75	7,519,541.90
Operation and maintenance services	37,757,432.14	646,879.39	-	-	-		38,404,311.53	35,584,947.10
School administration	28,259,750.44	74,444.04	-	-	-		28,334,194.48	30,570,395.72
General administration	5,334,681.77	12,387.97	-	-	-		5,347,069.74	5,834,799.65
Food service	-	8,670,122.02	-	-	-		8,670,122.02	9,945,489.00
Community services and other	4,444,964.88	529,657.19	-	-	7,694.49		4,982,316.56	4,790,791.18
Capital outlay:								
Facilities acquisition and construction	82,979.40	25,434.60	-	55,405,560.89	-		55,513,974.89	62,668,140.33
Other capital outlay	-	-	-	30,029,830.76	-		30,029,830.76	24,784,201.17
Debt service:								
Retirement of principal	-	-	64,115,000.00	-	-		64,115,000.00	54,340,000.00
Payment of interest	397,194.88	-	31,830,195.79	1,018,156.00	-		33,245,546.67	33,309,070.57
Dues, fees and other	-	-	156,006.08	252,645.83	-		408,651.91	1,474,675.08
TOTAL EXPENDITURES	<u>281,618,958.84</u>	<u>28,512,316.36</u>	<u>96,101,201.87</u>	<u>86,706,193.48</u>	<u>7,694.49</u>		<u>492,946,365.04</u>	<u>462,439,047.37</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(73,005,926.69)</u>	<u>(17,483,779.30)</u>	<u>(95,311,190.50)</u>	<u>(67,289,840.95)</u>	<u>3,358.79</u>		<u>(253,087,378.65)</u>	<u>(218,988,735.43)</u>
OTHER FINANCING SOURCES (USES):								
Operating transfers in	-	-	-	-	-		-	-
Operating transfers out	-	-	-	-	-		-	-
Proceeds from issuance of refunded debt	-	-	-	-	-		-	-
Proceeds from issuance of long-term debt	-	-	-	-	-		-	-
Premium (discount) from issuance of long-term and refunded debt	-	-	-	-	-		-	10,490,070.00
Payment of refunded bonds	-	-	(20,563,500.00)	-	-		(20,563,500.00)	(76,440,000.00)
Proceeds from loss recoveries	517,744.09	-	-	1,638,071.80	-		2,155,815.89	594,916.55
Proceeds from sale of fixed assets and other	-	-	-	-	-		-	2,907.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>517,744.09</u>	<u>-</u>	<u>(20,563,500.00)</u>	<u>1,638,071.80</u>	<u>-</u>		<u>(18,407,684.11)</u>	<u>(65,352,106.45)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(72,488,182.60)</u>	<u>(17,483,779.30)</u>	<u>(115,874,690.50)</u>	<u>(65,651,769.15)</u>	<u>3,358.79</u>		<u>(271,495,062.76)</u>	<u>(284,340,841.88)</u>
BEGINNING FUND BALANCES	<u>99,185,849.25</u>	<u>20,020,025.61</u>	<u>129,206,707.02</u>	<u>435,920,726.32</u>	<u>524,398.45</u>		<u>684,857,706.65</u>	<u>710,748,978.03</u>
ENDING FUND BALANCES	<u>\$ 26,697,666.65</u>	<u>\$ 2,536,246.31</u>	<u>\$ 13,332,016.52</u>	<u>\$ 370,268,957.17</u>	<u>\$ 527,757.24</u>		<u>\$ 413,362,643.89</u>	<u>\$ 426,408,136.15</u>

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - (BUDGETARY BASIS)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006

REVENUES	BUDGET	SEPTEMBER 2006	VARIANCE FAVORABLE (UNFAVORABLE)	% OF BUDGET	SEPTEMBER 2005 (RESTATED)
Local sources:					
Ad valorem taxes	\$ 875,018,903.00	\$ 591,623.96	\$ (874,427,279.04)	0%	459,572.64
Child care fees	17,000,000.00	1,658,346.71	(15,341,653.29)	10%	2,174,497.67
Course fees	1,400,000.00	71,669.57	(1,328,330.43)	5%	101,411.81
Receipt of federal indirect cost rate	3,400,000.00	146,350.49	(3,253,649.51)	4%	620,206.67
Interest income	13,676,612.00	2,692,984.83	(10,983,627.17)	20%	1,550,006.65
Miscellaneous	17,039,189.00	1,816,611.94	(15,222,577.06)	11%	2,928,996.80
Total local sources	927,534,704.00	6,977,587.50	(920,557,116.50)	1%	7,834,692.24
State sources:					
Florida education finance program	136,816,411.00	130,023,195.00	(6,793,216.00)	95%	132,779,455.00
Workforce development performance	16,110,197.00	4,138,545.00	(11,971,652.00)	26%	3,928,335.00
Transportation	28,044,916.00	7,010,928.00	(21,033,988.00)	25%	7,185,561.00
Instructional materials	16,472,576.00	8,236,287.00	(8,236,289.00)	50%	8,516,623.00
Discretionary lottery	8,446,922.00	-	(8,446,922.00)	0%	-
Class size reduction	144,211,434.00	34,783,887.00	(109,427,547.00)	24%	25,345,839.00
School recognition	10,735,191.00	10,742,052.00	6,861.00	100%	10,495,215.00
Public school technology	-	-	-	-	833,604.00
Teacher training allocation	-	-	-	-	300,549.00
Teacher lead program	2,909,316.00	2,909,316.00	-	100%	1,195,664.00
Miscellaneous	9,724,174.87	3,386,974.95	(6,337,199.92)	35%	721,823.73
Total state sources	373,471,137.87	201,231,184.95	(172,239,952.92)	54%	191,302,668.73
Federal sources:					
Federal impact	17,000.00	-	(17,000.00)	0%	-
ROTC	650,000.00	53,731.85	(596,268.15)	8%	80,219.17
Medicaid reimbursement	2,400,000.00	212,502.91	(2,187,497.09)	9%	61,987.46
Miscellaneous	-	138,024.94	138,024.94	-	-
Total federal sources	3,067,000.00	404,259.70	(2,662,740.30)	13%	142,206.63
TOTAL REVENUES	1,304,072,841.87	208,613,032.15	(1,095,459,809.72)	16%	199,279,567.60
EXPENDITURES:					
Current:					
Instructional services	910,102,789.86	172,586,370.94	737,516,418.92	19%	153,064,608.26
Pupil personnel services	43,545,326.43	9,373,553.33	34,171,773.10	22%	6,860,389.73
Instructional media services	18,671,219.41	3,398,883.84	15,272,335.57	18%	3,044,603.34
Instructional and curriculum development services	31,747,091.52	6,939,723.45	24,807,368.07	22%	6,377,426.03
Instructional staff training	15,216,655.67	2,203,329.24	13,013,326.43	14%	2,688,388.37
Instruction related technology	5,296,242.50	1,010,345.19	4,285,897.31	19%	915,544.74
Total instructional support services	114,476,535.53	22,925,835.05	91,550,700.48	20%	19,886,352.21
Pupil transportation services	44,166,576.80	9,829,749.34	34,336,827.46	22%	7,504,023.17
Operation of plant	133,576,736.46	26,086,008.93	107,490,727.53	20%	24,655,693.90
Maintenance of plant	43,844,463.13	11,671,423.21	32,173,039.92	27%	10,346,007.50
Total operation and maintenance of plant	177,421,199.59	37,757,432.14	139,663,767.45	21%	35,001,701.40
School administration	97,207,365.85	21,916,626.23	75,290,739.62	23%	27,677,958.14
Central services	14,166,529.46	6,343,124.21	7,823,405.25	45%	2,471,583.79
Total school administration	111,373,895.31	28,259,750.44	83,114,144.87	25%	30,149,541.93
General administration	7,348,443.83	1,757,319.15	5,591,124.68	24%	1,869,164.96
Fiscal services	4,766,539.74	1,129,094.54	3,637,445.20	24%	1,037,559.12
Board of education	5,474,308.89	1,165,308.49	4,309,000.40	21%	1,064,108.24
Administrative technology services	5,755,116.78	1,282,959.59	4,472,157.19	22%	1,357,382.63
Total general administration	23,344,409.24	5,334,681.77	18,009,727.47	23%	5,328,214.95
Community services and other	23,065,501.68	4,444,964.88	18,620,536.80	19%	3,707,641.92
Facilities acquisition and construction	545,495.00	82,979.40	462,515.60	15%	129,075.79
Debt Service:					
Payment of interest	1,662,287.00	397,194.88	1,265,092.12	24%	231,850.85
TOTAL EXPENDITURES	1,406,158,690.01	281,618,958.84	1,124,539,731.17	20%	255,003,010.48
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(102,085,848.14)	(73,005,926.69)	(29,079,921.45)	72%	(55,723,442.88)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	42,300,000.00	-	42,300,000.00	0%	-
Operation transfers out	-	-	-	-	-
Premium from issuance of long-term debt	-	-	-	-	9,811,484.55
Proceeds from loss recoveries	-	517,744.09	517,744.09	-	594,916.55
Proceeds from sale of fixed assets and other	-	-	-	-	2,907.00
TOTAL OTHER FINANCING SOURCES (USES)	42,300,000.00	517,744.09	41,782,255.91	1%	10,409,308.10
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES					
	(59,785,848.14)	(72,488,182.60)	12,702,334.46	121%	(45,314,134.78)
BEGINNING FUND BALANCES					
		99,185,849.25			93,635,190.43
ENDING FUND BALANCES					
		\$ 26,697,666.65			\$ 48,321,055.65

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 EQUITY
INTERNAL SERVICE FUND - MAINTENANCE
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	SEPTEMBER 2006
OPERATING REVENUES:	
Service revenue	\$ 7,293,002.97
Other income	-
TOTAL OPERATING REVENUES	7,293,002.97
OPERATING EXPENSES:	
Salaries	5,283,457.55
Benefits	1,605,835.46
Purchased services	11,065.25
TOTAL OPERATING EXPENSES	6,900,358.26
OPERATING INCOME (LOSS)	392,644.71
NONOPERATING REVENUES:	
Interest and other income	11,393.21
TOTAL NONOPERATING REVENUES	11,393.21
NET INCOME (LOSS)	404,037.92
BEGINNING RETAINED EARNINGS (DEFICIT) - UNRESERVED	24,992.76
ENDING RETAINED EARNINGS (DEFICIT) - UNRESERVED	429,030.68
CONTRIBUTED CAPITAL	-
TOTAL FUND EQUITY	\$ 429,030.68

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
INTERNAL SERVICE FUND - MAINTENANCE
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	SEPTEMBER 2006
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from services provided to other funds	\$ 7,293,002.97
Cash receipts from other income	-
Cash payments to suppliers for goods and services	(11,065.25)
Cash payments for salaries, benefits and other expenses	(5,913,772.11)
Net cash provided by (used in) operating activities	1,368,165.61
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earnings on investments	11,393.21
Net cash provided by investing activities	11,393.21
Net increase (decrease) in cash and cash equivalents	1,379,558.82
Beginning cash and cash equivalents	36,044.05
Ending cash and cash equivalents	\$ 1,415,602.87
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss)	\$ 392,644.71
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in accounts payable	975,520.90
Total adjustments	975,520.90
Net cash provided by (used in) operating activities	\$ 1,368,165.61

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 PERIOD ENDED SEPTEMBER 30, 2006**

- (1) The School District budgets 95% of the property taxes levied, as allowed by state statute, as revenue in all applicable funds. The District has not accrued 95% of the taxes levied, the Florida Education Finance Program revenues or other state categorical program revenues in the interim financial statements, as in the past.
- (2) The modified accrual basis of accounting is utilized by all funds except for the proprietary funds and the interim financial statements are presented utilizing this basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period and available to liquidate current liabilities. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when the interest is due.
- (3) The interim financial statements are presented utilizing the modified accrual basis of accounting. This is a change from prior year reporting since in prior years the interim financial statements were presented utilizing the budgetary basis of accounting. In order to provide comparative information, the data presented in prior periods has been restated to conform with the modified accrual basis of accounting.
- (4) Not included in these statements is the School Internal Accounts. With the exclusion of this Fund from these statements, as well as other various adjustments, due from and due to other funds will not be equal.