

Annual Debt Report

for the year ended June 30, 2009



Executive Summary

In April of 2004, the School Board adopted a Debt Management policy. The purpose of the policy is to establish guidelines for the implementation and management of debt. Additionally, the School Board established the Finance Committee in 2001. The Committee, which is comprised of volunteers with significant experience in financial services, reviews and provides input on all financing transactions. In accordance with the policy, this report has been prepared to summarize the outstanding debt and hedges of the School District.

The School District actively manages debt with the goal of obtaining capital at a low cost while managing the exposure to risk. Towards that end, the District purchased a termination option on a swap to eliminate risk and also changed a remarketing agent on a variable rate COP issue. The turmoil in the credit markets experienced during FY 2008 continued during FY 2009 and will continue to provide challenges and opportunities during FY 2010 and possibly longer.

The School District's debt can be categorized as long-term and short-term. The District uses long-term debt, such as General Obligation Bonds and Certificates of Participation, to finance the purchase or construction of assets. Short-term debt, including Tax Anticipation Notes, Revenue Anticipation Notes and Commercial Paper, are used to manage cash flows for operating and capital purposes. The District has also used hedges, or swaps, to reduce the borrowing costs associated with long-term debt.

A summary of all debt and hedges can be found on pages 14 – 16 of this report. The following pages provide a summary of each type of debt as well as the activity for the fiscal year ended June 30, 2009.

Long Term Debt

Capital Outlay Bond Issues

General Information: Known as COBI, these bonds are issued by the State of Florida on behalf of the School District. The State collects funds from vehicle licenses and forwards a portion to School Districts as revenue known as CO&DS (Capital Outlay and Debt Service). School Districts may choose to allow the State to bond their portion of the revenue via the COBI program. DOE required districts to participate in order to receive the Classrooms First monies from 1999 to 2003. Beginning in 2004, that was no longer required. Palm Beach Schools has not participated in the program since 2003. It is expected that the District will participate in a COBI sale during FY2010.

FY 2009 Summary: During FY2009, \$3.0M of principal payments were made on the outstanding COBIs. As of June 30, 2009, there was \$32.8M outstanding for Palm Beach Schools. The District's next principal payment of \$3.18M will occur on January 1, 2010.

Long Term Debt

Certificates of Participation

General Information: COPS were first issued by the District in 1994. This has been the District's primary method of financing school construction. As of June 30, 2009, there was \$1.94 billion outstanding. A listing of all COP issues, which details the projects financed, can be found on pages 18 – 25 of this report. The majority of the COP issues were issued as fixed rate debt. Three issues were originally issued in a variable rate mode. Series 2002B is a VRDO or variable rate demand bond obligation. The rates on these certificates are reset weekly, but have been fixed using interest rate swaps. Series 2003B are variable with the rate reset weekly based on an index. This transaction has also been fixed using an interest rate swap. Series 2007B is fixed in a put bond structure until August 1, 2011 at which time another interest rate mode will need to be implemented. As of June 30, 2009 12.7% of the COPs outstanding are in a variable rate mode.

During FY 2008, the District's debt policy indicated that the lease payments associated with COPs should not exceed 50% of the authorized capital outlay millage. During the 2008 legislative session, the statute allowing school districts to levy up to 2 mils for capital outlay was changed to reduce the maximum to 1.75 mils. Based on that change, the School Board revised the debt policy so that up to 1 mil of the capital millage levy could be used for COP lease payments. The policy also indicated that the ratio should be reduced to the 50% level within five years. During the 2009 legislative session, the capital millage levy was further reduced to 1.50 mils but granted the School District to ability to levy up to an additional .5 mils. The actual capital levy for FY 2009 was 1.848 mils. Although no new COPS were issued or are planned to be issued during the next five years, the reduction of property values in the County reduced the value of the capital millage. Based on the projected property values, the lease payments for FY10 will equate to 1.07 mils or 57% and FY11 will equate to 1.104 mils or 60%. All figures are based on a growth rate for taxable property values of declining 7.4% between FY 10 and FY11. Based on the FY09 projections, COPs debt service will exceed 1 mil though FY13 and 50% through FY22. A graphical representation of this information can be found on 26.

FY 2009 Summary: There were no new or refunding COP issues during FY 2009. The District elected to change the remarketing agent for the 2002B COP issue. After monitoring the performance of many firms, it was determined that JP Morgan was best able to market the transaction.

Long Term Debt

Certificates of Participation (continued)

The District paid \$55.7M of outstanding principal in FY2009. As of June 30, the remaining principal was \$1.94 billion. The FY 2009 principal payment of \$57.9 million was recorded in August 2009. The current outstanding principal balance for COPs is \$1.89 billion.

Qualified Zone Academy Bonds

General Information: For the School District, a QZAB is essentially an interest-free loan. A bank will purchase the bonds; and the Federal Government pays the interest in the form of a tax credit to the bank. The documentation is similar to a COP issue and does require a supplement to our Master Lease. The transaction is also included in the calculation of our COP capacity. The bonds are generally structured with annual payments over a twelve to sixteen-year period. The bonds are paid in full at maturity, but the District is required to transfer a principal payment to an escrow account annually. The District has issued three QZABs to date totaling \$4.9 million.

FY 2009 Summary: During FY 2009, \$322,604.02 was transferred to the escrow accounts. Principal due to be transferred to the escrow accounts over the remaining life of the transactions is \$ 3.4 million.

Short Term Debt

Revenue Anticipation Notes

General Information: Issued to finance the construction of two schools in anticipation of another capital revenue source, preferably a COP issue or sales tax revenues.

FY2009 Activity: \$72.2 million was issued in March 2009 and was outstanding as of June 30, 2009. The coupon rate of the note was 0.85% with a net interest cost of 0.76%. The issue will mature in March 2010.

Tax Anticipation Notes

General Information: Issued annually to finance operations prior to the receipt of ad valorem taxes.

FY2009 Activity: \$85 million was issued in October 2008 and was outstanding as of June 30, 2009. The coupon rate of the note was 3.75% with a net interest cost of 2.13%. The issue was paid in full on September 23, 2009.

A new TAN issue for \$85 million was sold in October 2009 with a coupon rate of 0.75% and a net interest cost of 0.31%.

Commercial Paper

General Information: In November 2004, the voters of Palm Beach County approved a half cent sales surtax to provide \$560 million for school construction projects. The tax was collected beginning in January 2005 and will continue for no more than six (6) years. While the revenues are generated over a six year period, construction costs are concentrated in the first three (3) years. A Commercial Paper (CP) program was established in February 2005 with an underlying 3-year letter of credit. The Letter of Credit was subsequently extended through the end of the program. Proceeds from the CP with the Sales Tax revenues will be used to complete the \$560 million of projects. The sales tax revenues received after year three will be used to complete projects and pay off the outstanding CP. CP is sold for periods up to 270 days. Securities are paid in full upon maturity via a letter of credit and then re-issued for a similar term.

Short Term Debt

Commercial Paper (continued)

FY2009 Activity: \$250M of CP was issued in 2005. As required by the associated letter of credit, \$100M of principal was retired during FY2009 and \$150M is still outstanding as of June 30, 2009. Total interest earnings for this program to date are \$30,249,150 and the interest cost is \$29,198,846. A summary of the outstanding Commercial Paper is on 27.

\$150 million of principal was subsequently retired and as of December 18, 2010 no Commercial Paper is outstanding.

Hedges

General Information:

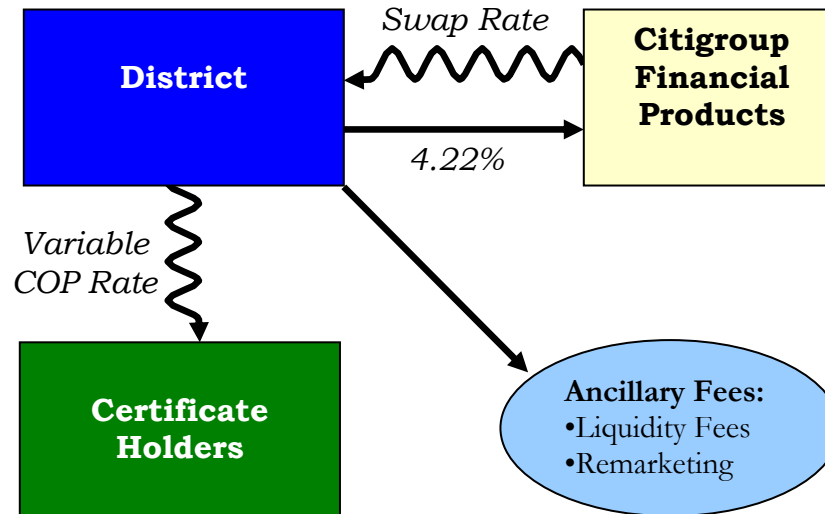
The School District uses various types of hedges, or swaps, to reduce the borrowing costs associated with long-term debt. Simply stated, a swap is a financial contract between two parties, or “counterparties”. Swaps are a type of derivative, i.e. its price is *derived from* the price of an underlying index, bond rate, etc. For example, the District has used interest rate swaps to convert variable rate debt to a “synthetic” fixed rate, thus reducing the overall borrowing cost. A summary and graphical representation of each transaction can be found on pages 8 – 12.

FY2009 Summary: On April 8, 2009, the School District purchased the outstanding option associated with the interest rate swap on the 2002B Interest Rate Swap. The option was originally valued at \$6.1 million. Due to the low interest rates experienced during the year, the value of the option was only \$2.7 million. Additionally, the elimination of the termination option will facilitate restructuring/terminating the swap at a later date.

Hedges

Floating-to-Fixed Cancelable Interest Rate Swap

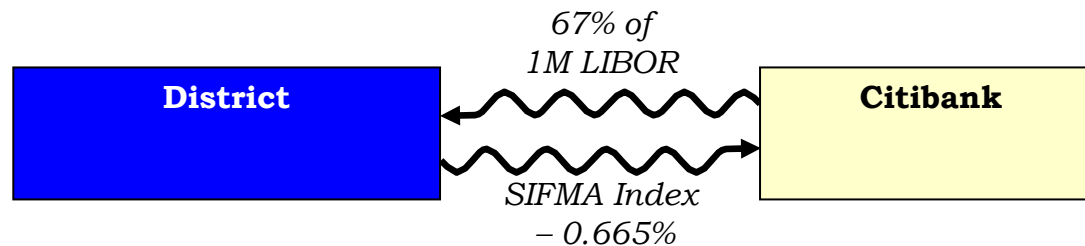
In March 2002, the District issued variable rate COPs, Series 2002B, with a par amount of \$115.3 million. The District chose to enter into a floating-to-fixed cancelable interest rate swap, effective through August 1, 2027, to hedge against future increases in interest rates. The swap effectively converted the 2002B certificates into 25 year synthetic fixed rate debt obligations with a coupon of 4.22%. In exchange for an upfront premium payment of \$6.1 million received by the District, the swap counterparty has the right to cancel the swap on any date on or after February 1, 2007. This option was purchased by the School District on April 8, 2009. 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 Securities Industry and Financial Markets Association ("SIFMA")/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 Alternate Floating Rate was triggered in September 2002. The Certificates and swap together create low cost, long-term synthetic fixed-rate debt for the District. At June 30, 2009, the swap had a negative fair value of \$21,185,697 based on mid-market values as of the close of business. *As of June 30, 2009, the District has saved a total of \$9.2 million as a result of this transaction.* This savings is calculated by comparing the net payments to date to the payments that would have been made had the District issued traditional fixed rate debt.



Hedges

\$100 Million Fixed Margin Basis Swap

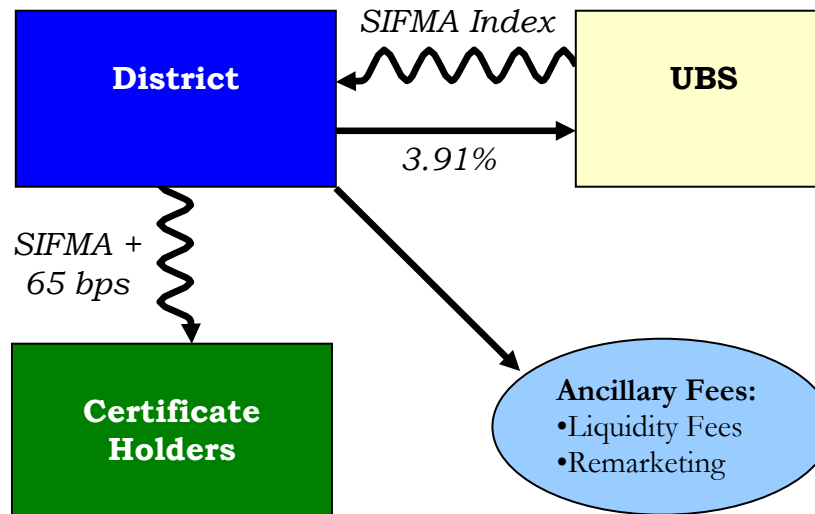
In June 2003, the District entered into a 25.5 year floating-to-floating interest rate swap in connection with the issuance of \$191.215 million of fixed-rate Certificates of Participation, Series 2002D. The swap notional principal amortizes to match the final \$100 million of maturing principal of the 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 SIFMA 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 SIFMA Index 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 cash flow 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, 2009, the swap had a negative fair value of \$2,290,965 based on mid-market values as of the close of business. *As of June 30, 2009, the District has saved a total of \$2.8 million as a result of this transaction.*



Hedges

Floating-to-Fixed Knockout Interest Rate Swap

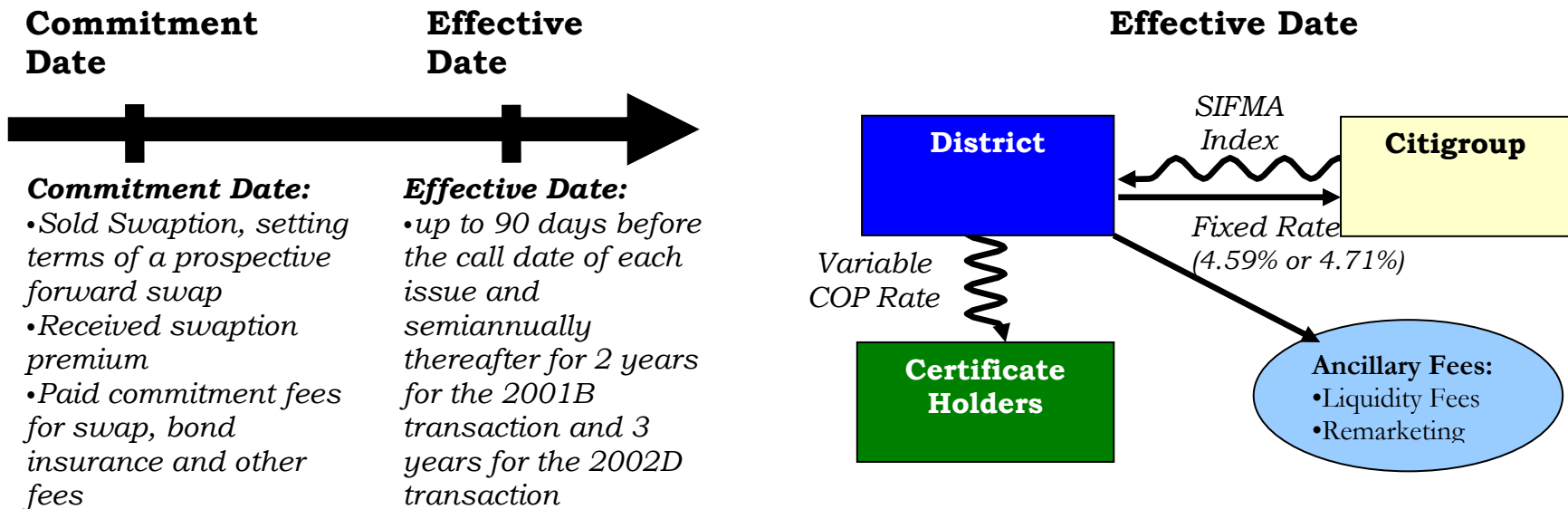
In June 2003 the District issued variable rate COPs, Series 2003B, with a par value of \$124.3 million. The District entered into a floating-to-fixed knockout interest rate swap, effective through August 1, 2029, to hedge against future increases in interest rates. The swap will effectively convert the 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 SIFMA 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, 2009, the swap had a negative fair value of \$12,808,351 based on mid-market values as of the close of business. *As of June 30, 2009, the District has saved a total of \$5.3 million as a result of this transaction.* This savings is calculated by comparing the net payments to date to the payments that would have been made had the District issued traditional fixed rate debt.



Hedges

Swaptions

In connection with the anticipated future issuance of \$116,550,000 of variable-rate bonds to refund outstanding Certificates of Participation, Series 2002D and \$162,980,000 of variable-rate bonds to refund outstanding Certificates of Participation, Series 2001B, on August 10 and August 16, 2005 respectively, the District sold two options (“Swaptions”) on floating-to-fixed SIFMA interest rate swaps to Citibank, NA. The upfront gross premium amounts for the sale of the 2002D and 2001B swaptions were \$4,240,000 and \$6,250,000 respectively. Net of transaction costs and anticipated future costs of issuance, the estimates savings are \$3,426,073 and \$5,215,049, respectively, exceeding its targeted premium levels. The Swaption sales allowed the District to achieve a synthetic forward refunding of the Bonds to lock in savings based on current market conditions. Under U.S. tax law, the 2002D and 2001B Bonds were not eligible for a traditional current refunding until May 1, 2012 and May 1, 2011, respectively. The terms of the Swaptions were structured to mirror the terms on the optional redemption features on the 2002D and 2001B COPs. At June 30, 2009, the swaps had a negative fair value of \$25,951,679 based on mid-market values as of the close of business. *As of June 30, 2008, the District has saved a total of \$10.4 million as a result of this transaction.*



Hedges

Constant Maturity Swap

In connection with its outstanding Certificates of Participation Series 2002D, the District executed a forward-starting floating-to-floating or basis swap with UBS on September 13, 2006. The transaction consisted of a \$100 million constant maturity swap effective June 30, 2007 whereby the District pays UBS 67% of 1-month LIBOR in exchange for receiving 59.93% of the 10-year Constant Maturity Swap (“CMS”) rate. The maturity date is June 30, 2028. The “flat” shape of the yield curve provided an opportunity to swap the 1-month rate to a 10-year rate. *Assuming the yield curve reverts to its normal positive slope, the District should earn a higher benefit as compared to the short-term swap index. If the yield curve remains flat or inverts (short-term rates exceed long-term rates), the District could incur negative cash flow on the Basis Swap. At June 30, 2009, the swap had a positive fair value of \$3,256,724 based on mid-market values as of the close of business. As of June 30, 2009, the District has saved a total of \$528 thousand as a result of this transaction.*



Debt Ratings

The School District works with the three national rating agencies to provide an accurate credit rating. This is important as it impacts the interest costs associated with long term borrowing. While a change in ratings may not have a direct impact on the cost of existing fixed rate debt, it would immediately impact the cost of variable rate debt and all future debt issuances. The District's current ratings are shown below and are among the highest for School Districts in the state of Florida. An explanation of the rating definitions can be found on pages 28-29.

Rating Agency	Short Term Notes	Long Term - General Obligation Bonds	Long Term - Certificates of Participation
Moody's	MIG 1	Aa3, Stable Outlook	A1, Stable Outlook
Standard and Poor's	SP-1+	AA, Stable Outlook	AA-, Stable Outlook
Fitch	not rated	AA-, Stable Outlook	A+, Stable Outlook

**SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
SUMMARY OF OUTSTANDING OBLIGATIONS
AS OF 06/30/09**

Series	Issue Date	Sr. Manager or Provider	Original Principal Amount	Principal Outstanding as of 06/30/09	Principal Outstanding as of 12/31/09	Final Maturity	Fixed or Variable	Interest Rates	Insurer / Credit Enhancement	Call Provisions	Purpose/ Comments	Hedged?	Variable Rate Obligation Only			Arbitrage due	Current Estimate		
													Liquidity Provider	Liquidity	Mode				
CERTIFICATES OF PARTICIPATION																			
2001A	04/01/01	Solomon Smith Barney	135,500,000	1,670,000	1,220,000	08/01/11	F	4.10% - 4.25%	Ambac	8/1/11 @ 101 8/1/12 @ 100	Partially refunded by 05A, 07C								
2001B	06/01/01	Solomon Smith Barney	169,445,000	165,640,000	164,990,000	08/01/25	F	4.00% - 5.375%	Ambac	8/1/11 @ 101 8/1/12 @ 100	Refunded 00A, Funds in Escrow, Maturities 8/16-8/25 have Swaption	Pending Swaption							
2002A	02/01/02	Solomon Smith Barney	115,250,000	50,535,000	43,915,000	08/01/18	F	3.75% - 5.375%	FSA	8/1/12 @ 100 (maturing on or after 8/1/14)	Partially refunded by 05A								
2002B	03/20/02	Solomon Smith Barney	115,350,000	115,350,000	115,350,000	08/01/27	V	4.22% (swap rate)	FSA	Any time		yes	Dexia	.12% of Bond Value expires 3/20/2012	Weekly	JP Morgan .08% of Bond Value	Y	03/20/12	\$ 40,989.42
2002C	05/15/02	UBS Paine Webber	161,090,000	14,825,000	11,270,000	08/01/12	F	3.875-4.25%	FSA	8/1/12 @ 100	Partially refunded by 05A, 07C								
2002D	12/01/02	Solomon Smith Barney	191,215,000	153,680,000	149,830,000	08/01/28	F	3.30% - 5.25% (net of swap payments)	FSA	8/1/12 @ 100	Partially refunded by 05A, Maturities 13-14, 17-18, 21-22 (5.25% coupon) and 23-28 have Swaption	Basis swap, CMS, Pending Swaption							
2002E	09/01/02	Solomon Smith Barney	93,350,000	76,540,000	67,495,000	08/01/16	F	4.0% - 5.375%	Ambac	Non Callable	Refunded 95A & 96A, 95A refunded 08/05, 96A refunded 08/06								
2002Q	06/11/02	Wachovia	950,000	475,000	475,000	06/11/16	F	0.00%	None	Non Callable									
2003A	06/26/03	UBS Paine Webber	60,865,000	46,805,000	43,675,000	08/01/21	F	2.25% - 5.0%	Ambac	8/1/13 @ 100							08/25/08	\$ 208,223.76	
2003B	06/26/03	UBS Paine Webber	124,295,000	124,295,000	124,295,000	08/01/29	V	3.91% (swap rate) plus 65 bps	Ambac	Any time	Private Placement as Floating Rate Note with Dexia - SIFMA plus 65 bps	yes			private placement	Y	included with 2003A	no positive arbitrage	
2004A	05/04/04	Citigroup	103,575,000	92,965,000	90,170,000	08/01/29	F	2.625% - 5.0%	FGIC	8/1/14 @ 100							05/03/09		
2004Q	04/30/04	Bank of America	2,923,326	1,618,304	1,618,304	04/30/20	F	0.00%	None	Non Callable								04/29/09	
2005A	03/22/05	Bear Stearns	124,630,000	124,090,000	123,900,000	08/01/22	F	3.00% - 5.00%	FSA	8/1/15 @ 100	Refunded select 01A, 02A, 02C & 02D, Funds in Escrow							03/21/10	
2005B	06/07/05	UBS	38,505,000	16,340,000	8,320,000	08/01/10	F	3.00% - 5.00%	FSA	Non Callable								06/06/10	
2005Q	12/15/05	Wachovia	2,150,308	1,291,540	1,291,540	12/15/20	F	0.00%	None	Non Callable								12/14/10	
2006A	05/25/06	Citigroup	222,015,000	211,335,000	205,570,000	08/01/31	F	3.625% - 5.00%	FSA	8/1/16 @ 100								05/25/11	\$ 2,176,927.08
2007A	02/28/07	UBS	268,545,000	259,010,000	249,125,000	08/01/31	F	3.70% - 5.50%	FGIC	8/1/17 @ 100								02/27/12	
2007B	03/22/07	Bear Stearns	119,400,000	116,225,000	116,225,000	08/01/25	F	4.429%	FGIC	Put Bond matures 8/1/2011	Mode and rate TBD upon retirement of the Put Bond on 8/1/2011						N	03/20/12	
2007C	03/22/07	Merrill Lynch	192,310,000	191,085,000	190,850,000	08/01/27	F	4.0% - 5.0%	Ambac	8/1/17 @ 100	Refunded select 01A and 02C							03/20/12	
2007D	05/03/07	Bear Stearns	30,485,000	30,485,000	26,680,000	08/01/15	F	4.0% - 5.0%	MBIA	Non Callable	Refunded 97A							05/01/12	
2007E	10/31/07	Citigroup	147,390,000	147,390,000	147,390,000	08/01/32	F	3.625% - 5.00%	MBIA	8/1/17 @ 100								10/29/12	
Total COPS			2,466,383,634	1,941,649,844	1,883,654,844														
OTHER OBLIGATIONS																			
RANS	03/11/09	JP Morgan	72,135,000	72,135,000	72,135,000	03/10/10	F	0.85%	None	None									
TANS	10/30/08	JP Morgan	85,000,000	85,000,000	85,000,000	09/23/09	F	3.75%	None	None									

SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
SUMMARY OF OUTSTANDING OBLIGATIONS
AS OF 06/30/09

Series	Issue Date	Sr. Manager or Provider	Original Principal Amount	Principal Outstanding as of 06/30/09	Principal Outstanding as of 12/31/09	Final Maturity	Fixed or Variable	Interest Rates	Insurer / Credit Enhancement	Call Provisions	Purpose/ Comments	Hedged?	Variable Rate Obligation Only				Arbitrage due	Current Estimate	
													Liquidity Provider	Liquidity	Mode	Remarketing or Broker Dealer Fee			
Commercial Paper	various	Citigroup	250,000,000	150,000,000	0	12/31/10	V	0.38%-0.55%		Any time	Sales Tax Program		LOC Bank of America and Wachovia	0.1675%	varies	0.05%	N		
Total Other Items			407,135,000	307,135,000	157,135,000														
CAPITAL OUTLAY BOND ISSUES (ISSUE BY STATE OF FLORIDA)																			
1999A	03/01/99		2,650,000	1,870,000	1,870,000	01/01/19	F	4.00% - 4.75%											
2000A	03/16/00		1,650,000	155,000	155,000	01/01/20	F	4.65% - 6.00%											
2002A	04/15/02		2,845,000	2,365,000	2,365,000	01/01/22	F	3.00% - 5.00%											
2002B	07/15/02		6,815,000	4,760,000	4,760,000	01/01/15	F	3.375% - 5.375%											
2003A	07/15/03		6,050,000	5,395,000	5,395,000	01/01/23	F	3.00% - 5.00%											
2005A	05/01/05		21,200,000	18,600,000	18,600,000	01/01/17	F	3.00% - 5.00%											
2005B	07/01/05		2,675,000	2,660,000	2,660,000	01/01/20	F	3.50% - 5.00%											
Total COBIs			43,885,000	35,805,000	35,805,000														
Grand Total			2,917,403,634	2,284,589,844	2,076,594,844														

SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
SUMMARY OF HEDGES
AS OF 06/30/09

Issue/Series	Counterparty	Notional Amount	Structure (fixed to variable, variable to fixed, basis, etc.)	Execution Date	Start Date	End Date	Credit Enhancement / Collateral Requirements (Policy #)	Options / Unique Features	Mark to Market 6/30/09	Upfront Payment	Subsequent Payments	Total Savings as of 6/30/09	Moody's Collateral Requirement	S&P Collateral Requirement	Threshold	Termination Events	Default Events
2001B	Citibank, N.A.	162,980,000	Swaption - Variable to Fixed	8/16/2005	TBD	8/1/2025	Insured/Ambac	If exercised, District would pay 4.59% and receive the SIFMA swap index rate. Exercise dates are semi-annual from 08/01/11 through 02/01/14 with 120 days required notice.	(14,563,179)	6,250,000		6,250,000	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND Insurer is below A3/A- (M/SP)	Bankruptcy, Merger without Assumption or either party
2002B	Citigroup Financial Products Inc	115,350,000	Variable to Fixed	3/20/2003	3/20/2003	8/1/2027	Insured/FSA	District pays fixed rate of 4.22% and receives the SIFMA Swap Index Rate or an Alternate Rate. If the 180 average of the SIFMA/1-mo Libor ratio exceeds 67%, then the District receives the alternate rate of 67% of 1-mo Libor. Cancellation option was purchased on 4/8/09	(21,185,697)	6,142,000	(2,714,000)	5,842,428	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	District is below Baa2/BBB (M/SP) AND Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND Insurer is below A3/A- (M/SP)	Bankruptcy, Merger without Assumption or either party
2002D	Citibank, N.A.	100,000,000	Basis	1/14/2003	1/14/2003	6/30/2028	Insured/FSA	District pays SIFMA swap index less 66.5 bps and receives 67% of 1-mo Libor	(2,290,965)	-		3,154,023	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	District is below Baa2/BBB (M/SP) AND Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND Insurer is below A3/A- (M/SP)	Bankruptcy, Merger without Assumption or either party
2002D	Citibank, N.A.	116,555,000	Swaption - Variable to Fixed	8/10/2005	TBD	8/1/2028	Insured/FSA	If exercised, the District would pay a fixed rate of 4.71% and receive the SIFMA swap index rate. Exercise dates are semi-annual from 08/01/12 through 02/01/14 with 120 days required notice.	(11,378,500)	4,240,000		4,240,000	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	District is below Baa2/BBB (M/SP) AND Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND Insurer is below A3/A- (M/SP)	Bankruptcy, Merger without Assumption or either party
2002D	UBS AG, Stamford Branch a2/AA-AA-	100,000,000	CMS - Basis	9/13/2006	6/30/2007	6/30/2028	Insured/FSA (27121-NS)	District pays 67% of 1-mo Libor and receives 59.93% of 10-yr Libor. Amortization matches underlying COP issue.	3,256,724	-		1,309,849	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND Insurer is below A3/A- (M/SP)	Bankruptcy, Merger without Assumption or either party
2003B	UBS AG, Stamford Branch	124,295,000	Variable to Fixed	6/26/2003	6/26/2003	8/1/2029	Insured/Ambac	District pays 3.91% and receives SIFMA swap index rate. Cancelable if the Average Rate (BMA) exceeds seven percent for six months. Option expires 08/01/18.	(12,808,351)	3,010,000		4,951,662	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND Insurer is below A3/A- (M/SP)	Bankruptcy, Merger without Assumption or either party
Total		719,180,000							(58,969,968)	19,642,000	(2,714,000)	25,747,962					



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 1994A	3951/2900/8002	AMBAC	Outstanding Debt COPS 1994A			-
COPS 1994A	3951/2900/8097	MBIA	Outstanding Debt COPS 1997A			
COPS 1994A	3951/2920/8045	MBIA	Outstanding Debt COPS 2007D			30,485,000
COPS 1994A			Indian Ridge Learning Center***	2411-7418	3,485,548	
COPS 1994A			Orchard View Elem (91-I)	2351-8893	10,995,480	
COPS 1994A			Pioneer Park Elem (91-D)	2371-8877	11,321,380	
COPS 1994A			Roosevelt Middle (91-KK)	0311-8838	17,624,681	
COPS 1994A			Woodlands Middle (91-LL)	1921-8902	17,935,163	
COPS 1994A Total					61,362,253	30,485,000
COPS 1995A	3952/2901/8008	AMBAC	Outstanding Debt COPS 1995A			-
COPS 1995A	3952/2901/8022	AMBAC	Outstanding Debt COPS 2002E			59,980,000
COPS 1995A			Belle Glade Elem (91-T)	2401-8892	11,193,520	
COPS 1995A			Dreyfoos Sch. of the Arts, old Bldg #6 (new Bldg#4)	0393-8243	3,045,157	
COPS 1995A			Dreyfoos Sch. of the Arts, old Bldg #8 (new Bldg #7)	0393-8243	8,837,351	
COPS 1995A			Golden Grove Elem (91-O)	2421-8888	11,330,499	
COPS 1995A			Lake Worth High, New Classroom Bldg #28	0691-8931	6,625,000	
COPS 1995A			Morikami Elem (91-S)	1951-7401	11,709,039	
COPS 1995A			Okeeheelee Middle (91-EE)	2151-8229	16,156,726	
COPS 1995A			Poinciana Elem Replacement	0791-8788	9,781,388	
COPS 1995A			Royal Palm High (91-HHH)	2331-8904	41,160,764	
COPS 1995A			Starlight Cove Elem (91-C)	0771-8876	9,062,327	
COPS 1995A			Water's Edge Elem (91-V)	0031-7435	9,145,947	
COPS 1995A Total					138,047,717	59,980,000



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 1996A	3953/2902/8010	AMBAC	Outstanding Debt COPS 1996A			
COPS 1996A	3953/2901/8022	AMBAC	Outstanding Debt COPS 2002E			16,560,000
COPS 1996A			Eagles Landing Middle (91-MM)	2461-8903	17,644,855	
COPS 1996A			Western Pines Middle (91-JJ)	2451-8900	15,613,207	
COPS 1996A Total					33,258,062	16,560,000
COPS 2000A	3954/2904/8014	FGIC	Outstanding Debt COPS 2000A			-
COPS 2000A	3954/2904/8015	AMBAC	Outstanding Debt COPS 2001B			165,640,000
COPS 2000A			Beacon Cove Elem (96-A)	2541-8166	10,716,391	
COPS 2000A			Independence Middle (98-FF)	2621-8174	18,928,821	
COPS 2000A			Jupiter High Modernization	0081-8220	50,044,875	
COPS 2000A			Lake Park Elem Modernization	0141-8163	8,574,167	
COPS 2000A			Pahokee Elem, Classroom Bldg	1101-8187	6,221,500	
COPS 2000A			Palmetto Elem Modernization	0561-8139	11,301,424	
COPS 2000A			Village Academy (98-P)	2811-8237	6,920,300	
COPS 2000A			Palm Beach Central High (96-JJJ)	2631-8175	41,435,322	
COPS 2000A Total					154,142,800	165,640,000



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 2001A	3955/2905/8016	AMBAC	Outstanding Debt COPS 2001A			1,670,000
COPS 2001A	3955/2905/8043	FSA	Outstanding Debt COPS 2005A			50,080,000
COPS 2001A	3955/2919/8044	AMBAC	Outstanding Debt COPS 2007C			78,060,000
COPS 2001A			Boca Raton Elem Modernization	0951-8207	9,579,409	
COPS 2001A			Freedom Shores Elem (97-M)	2671-8194	11,804,410	
COPS 2001A			Crosspointe Elem (98-I)	2731-8195	15,403,960	
COPS 2001A			Discovery Key Elem (96-L)	2721-8201	11,885,410	
COPS 2001A			Forest Hill Elem Modernization	0621-8164	12,093,960	
COPS 2001A			Frontier Elem (96-B)	2551-8167	12,296,160	
COPS 2001A			Lake Worth High, Classroom Addition	0691-8269	4,524,000	
COPS 2001A			Benoist Farms Elem (96-D)	2751-8198	14,760,540	
COPS 2001A			Pleasant City Area Elem (98-N)	2591-8171	11,246,911	
COPS 2001A			Portable Replacement	9102-8254	7,000,000	
COPS 2001A			Sunrise Park Elem (96-H)	2691-8202	11,406,160	
COPS 2001A			Royal Palm Beach Elem (96-J)	2741-8203	12,142,460	
COPS 2001A Total					134,143,380	129,810,000
COPS 2002A	3956/2906/8017	FSA	Outstanding Debt COPS 2002A			50,535,000
COPS 2002A	3956/2906/8043	FSA	Outstanding Debt COPS 2005A			27,555,000
COPS 2002A			Central Bus Compound	2251-8268	8,014,788	
COPS 2002A			Dreyfoos Of Arts, New Cafeteria and Gymnasium Remodel	0395-8267	5,889,374	
COPS 2002A			Furnishings	various	6,300,000	
COPS 2002A			Relocatable Classrooms	9102-8254	7,000,000	
COPS 2002A			Site Acquisition	9102-7492	22,829,991	
COPS 2002A			Park Vista Community High (91-EEE)	2001-8230	66,596,572	
COPS 2002A Total					116,630,725	78,090,000



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 2002B	3957/2907/8018	FSA	Outstanding Debt COPS 2002B			115,350,000
COPS 2002B			Belvedere Elem Modernization	0531-8258	12,628,251	
COPS 2002B			Greenacres Elem Modernization	0631-8259	12,158,098	
COPS 2002B			Jupiter Elem Modernization	0071-8219	12,919,394	
COPS 2002B			Lantana Middle Modernization	2681-8196	21,353,292	
COPS 2002B			Site Acquisition	9102-7492	19,500,000	
COPS 2002B			South Olive Elem Modernization	0572-8232	14,153,421	
COPS 2002B			Jaega Middle (98-EE)	2701-8200	21,341,198	
COPS 2002B Total					114,053,654	115,350,000
COPS 2002C	3958/2908/8019	FSA	Outstanding Debt COPS 2002C			14,825,000
COPS 2002C	3958/2908/8043	FSA	Outstanding Debt COPS 2005A			25,235,000
COPS 2002C	3958/2919/8044	AMBAC	Outstanding Debt COPS 2007C			113,025,000
COPS 2002C			Equestrian Trails Elementary (02-S)	3341-8287	13,706,487	
COPS 2002C			Diamond View Elementary (01-R)	3261-8277	13,706,101	
COPS 2002C			Panther Run Addition and HVAC Replacement	2161-8378	10,555,484	
COPS 2002C			West Boca Raton Community High (01-LLL)	3251-8276	52,114,137	
COPS 2002C			Forest Hill High Modernization	0581-8215	50,676,112	
COPS 2002C			U.B. Kinsey/Palmview Elem Modernization	0361-8265	13,102,337	
COPS 2002C			Village Academy Addition	2811-8271	4,434,591	
COPS 2002C Total					158,295,249	153,085,000



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 2002D	3960/2903/8021	FSA	Outstanding Debt COPS 2002D			153,680,000
COPS 2002D	3960/2903/8043	FSA	Outstanding Debt COPS 2005A			21,220,000
COPS 2002D			Osceola Creek Middle (99-HH)	2821-8192	24,582,077	
COPS 2002D			Don Estridge High Tech Middle Middle (98-GG)	2711-8193	25,147,683	
COPS 2002D			H. L. Watkins Middle Modernization	0121-8263	22,492,448	
COPS 2002D			Lantana Elementary Modernization	0751-8296	13,042,053	
COPS 2002D			Palm Beach Public Elementary Modernization	0421-8221	13,367,632	
COPS 2002D			Palm Springs Elementary Modernization	0651-8262	17,595,377	
COPS 2002D			Roosevelt Elementary Modernization	0341-8260	17,483,238	
COPS 2002D			Tradewinds Middle (98-II)	2781-8197	34,947,826	
COPS 2002D			Portable/Modular Replacement	9102-8254	7,000,000	
COPS 2002D			Site Acquisition	9102-7492	17,500,000	
COPS 2002D Total					193,158,334	174,900,000
COPS 2002Q	3959/2909/8026		Outstanding Debt COPS 2002 QZAB			475,000
COPS 2002Q			Furniture and Equipment for Palmetto Elem	2821-8192	950,000	
COPS 2002Q Total					950,000	475,000
COPS 2003A	3961/2910/8032	AMBAC	Outstanding Debt COPS 2003A			46,805,000
COPS 2003A			William T. Dwyer Addition	2201-8278	5,500,000	
COPS 2003A			Seminole Ridge High (02-NNN)	3861-8292	54,254,517	
COPS 2003A Total					59,754,517	46,805,000



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 2003B	3962/2911/8033	AMBAC	Outstanding Debt COPS 2003B			124,295,000
COPS 2003B			Atlantic High Replacement	0862-8206	67,231,936	
COPS 2003B			Bak Middle of the Arts Modernization	2511-8286	30,131,289	
COPS 2003B			LC Swain Middle (03-KK)	0021-8335	29,679,027	
COPS 2003B			Portable/Modular Replacement	0021-8335	6,006,615	
COPS 2003B Total					133,048,867	124,295,000
COPS 2004A	3963/2912/8034	FGIC	Outstanding Debt COPS 2004A			92,965,000
COPS 2004A			Coral Sunset Elem Addition and HVAC Replacement	1811-8273	9,941,076	
COPS 2004A			Hammock Pointe Elem Addition and HVAC Replacement	2081-8274	13,134,972	
COPS 2004A			JC Mitchell Elem Modernization	0931-8336	20,993,903	
COPS 2004A			Meadow Park Elem Modernization	0591-8297	16,743,972	
COPS 2004A			Relocatable Classrooms	9102-8254	11,000,000	
COPS 2004A			SD Spady Elem Modernization	0881-8282	14,604,685	
COPS 2004A			Site Acquisition	9102-7492	17,248,000	
COPS 2004A Total					103,666,608	92,965,000
COPS 2004Q	3964/2913/8035		Outstanding Debt COPS 2004 QZAB			1,618,304
COPS 2004Q			Equipment for Palm Beach Public Elem	2821-8192	172,600	
COPS 2004Q			Equipment for Forest Hill High	2821-8192	1,980,726	
COPS 2004Q			Equipment for Palm Springs Middle	2821-8192	770,000	
COPS 2004Q Total					2,923,326	1,618,304



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 2005B	3965/2914/8039	FSA	Outstanding Debt COPS 2005B			16,340,000
COPS 2005B			ERP System	9102-8369	19,062,031	
COPS 2005B			Turning Points Academy (formerly CEP)	0842-7516	11,882,420	
COPS 2005B			Indian Ridge Modernization	0339-8307	8,117,580	
COPS 2005B Total					39,062,031	16,340,000
COPS 2005Q	3966/2915/8038		Outstanding Debt COPS 2005 QZAB			1,291,540
COPS 2005Q			Audio Enhancement Equipment for 27 schools	2821-8192	2,150,308	
COPS 2005Q Total					2,150,308	1,291,540
COPS 2006A	3967/2916/8040	FSA	Outstanding Debt COPS 2006A			211,335,000
COPS 2006A			Barton Elem Modernization	0741-7501	23,408,266	
COPS 2006A			D. D. Eisenhower Elem Modernization	1541-8352	27,593,001	
COPS 2006A			Marsh Pointe Elem (03-X)	0661-8337	23,419,951	
COPS 2006A			Palm Beach Gardens High Modernization *	1371-7506	97,109,098	
COPS 2006A			Rolling Green Elem Modernization	0781-7508	25,712,891	
COPS 2006A			Modular Classrooms	9102-8254	25,000,000	
COPS 2006A			Voice/Data Equipment	9102-8347	3,430,100	
COPS 2006A Total					225,673,307	211,335,000



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 2007A	3969/2918/8042	FGIC	Outstanding Debt COPS 2007A			259,010,000
COPS 2007A			CO Taylor Elem Modernization*	1531-8350	43,486,782	
COPS 2007A			Roosevelt Mid Classroom Addition *	400000003	8,649,176	
COPS 2007A			Royal Palm School Modernization*	1801-8357	44,433,306	
COPS 2007A			Site Acquisition	various	58,563,546	
COPS 2007A			Suncoast High School Modernization*	0151-7511	88,442,712	
COPS 2007A			Furnishings for 2007B Projects	various	3,402,602	
COPS 2007A			Westward Elem Modernization	0351-7509	32,084,676	
COPS 2007A Total					279,062,800	259,010,000
COPS 2007B	3968/2917/8041	FGIC	Outstanding Debt 2007B			116,225,000
COPS 2007B			Carver Middle Addition	2041-8307	8,214,251	
COPS 2007B			Hagen Road Elem Modernization	1421-8359	28,378,526	
COPS 2007B			Lake Worth Middle Addition	2131-8307	8,836,069	
COPS 2007B			Palm Beach Gardens Elem Modernization	0111-7505	29,777,367	
COPS 2007B			Wellington High Auditorium*	2191-8272	12,871,672	
COPS 2007B			Sunset Palm Elem (03-Z)	0281-8843	30,341,550	
COPS 2007B Total					118,419,435	116,225,000



School District of Palm Beach County

Summary of COPS Funded Projects

as of 06/30/09

Debt Issue	Cap/Debt/Prog	Insurer	Facility	Project #	Total Project Costs	Outstanding COPS as of 06/30/09
COPS 2007E	3970/2920/8046	MBIA	Outstanding Debt COPS 2007E			147,390,000
COPS 2007E			Allamanda Elem Modernization	0101-7500	28,991,404	
COPS 2007E			Banyan Creek Elem Addition	1891-8307	13,775,998	
COPS 2007E			Benoist Farms Elem Pre-K	2751-8384	3,191,011	
COPS 2007E			Pahokee Stadium*	1771-8275	13,568,593	
COPS 2007E			Modular Classrooms	various	11,200,000	
COPS 2007E			Site Acquisition - New Facilities	various	19,087,462	
COPS 2007E			Wellington Elem Addition*	400000005	21,553,813	
COPS 2007E			West Palm Beach Area Elem (06-D)*	400000006	34,495,903	
COPS 2007E			Whispering Pines Elem Addition*	1781-8307	4,354,948	
COPS 2007E Total					150,219,131	147,390,000
Grand Total					2,218,022,504	1,941,649,844

* Projects have not been completed. Square Footage data for these projects are estimated.

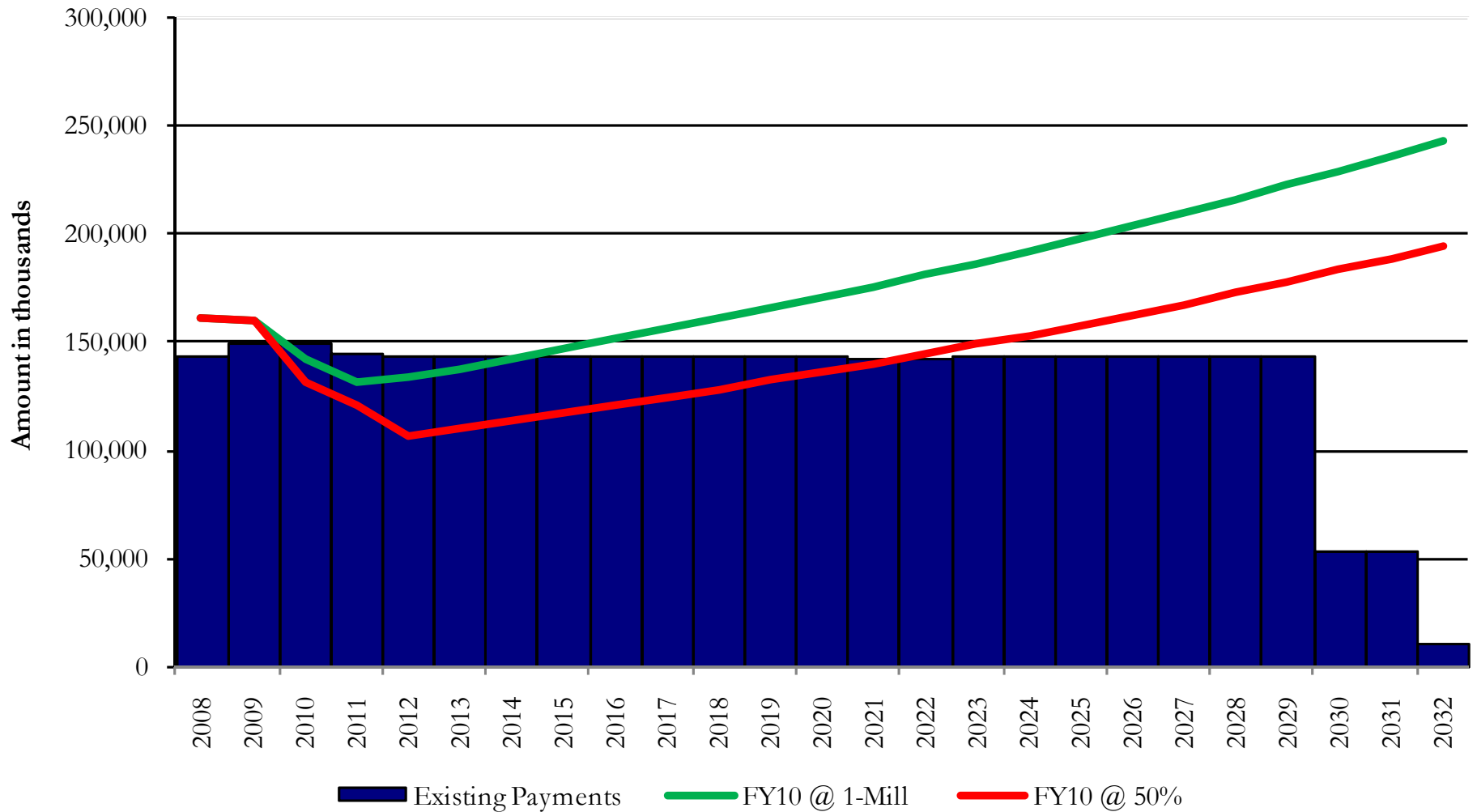
** Includes concrete modular classrooms

*** Project removed from the lease with consent of insurer. Replacement facility under construction and included in 2005B.



Revenues - COPs

Existing and Proposed COPS Payments





**Sales Tax Fund
Fund 3926 - Sales Tax Fund
Debt by Fund
June 30, 2009**

Palm Beach County School Distr
3300 Forest Hill Blvd
Ste A-334
West Palm Beach, FL
(561)434-8142

CUSIP	Position #	Issue	Issue Date	Book Value	Par Value	Market Value	Current Rate	CTM 360	CTM 365	Maturity Date	Days To Maturity
Commercial Paper - Interest Bearing											
69655PNM5	10819	Sales Tax	05/06/2009	1,500,000.00	1,500,000.00	1,500,000.00	0.550	0.542	0.550	09/10/2009	71
69655PNQ6	10822	Sales Tax	05/07/2009	12,000,000.00	12,000,000.00	12,000,000.00	0.540	0.532	0.540	08/05/2009	35
69655PNS2	10824	Sales Tax	05/14/2009	6,500,000.00	6,500,000.00	6,500,000.00	0.530	0.522	0.530	08/05/2009	35
69655PNT0	10825	Sales Tax	06/04/2009	35,200,000.00	35,200,000.00	35,200,000.00	0.400	0.394	0.400	09/10/2009	71
69655PNU7	10826	Sales Tax	06/09/2009	48,300,000.00	48,300,000.00	48,300,000.00	0.380	0.374	0.380	08/05/2009	35
69655PNW3	10828	Sales Tax	06/10/2009	46,500,000.00	46,500,000.00	46,500,000.00	0.450	0.443	0.450	09/09/2009	70
Subtotal and Average				150,000,000.00	150,000,000.00	150,000,000.00		0.422	0.427		54
Total Debt and Average				150,000,000.00	150,000,000.00	150,000,000.00		0.422	0.427		54

Portfolio OWE2

NL! AC

FI (PRF_FI) SymRept 6.41.202a
Report Ver. 5.00

DISTRICT BOND & NOTE RATINGS

Rating Agency	Short Term Notes	Long Term - General Obligation Bonds	Long Term - Certificates of Participation
Moody's	MIG 1	Aa3, Stable Outlook	A1, Stable Outlook
Standard and Poor's	SP-1+	AA, Stable Outlook	AA-, Stable Outlook
Fitch	not rated	AA-, Stable Outlook	A+, Stable Outlook

Moody's Investor Service: Ratings for Long-Term Municipal Debt

Aaa	Best quality; carry the smallest degree of investment risk.
Aa	High quality; margins of protection not quite as large as the Aaa bonds.
A	Upper medium grade; security adequate but could be susceptible to impairment.
Baa	Medium grade; neither highly protected nor poorly secured - lack outstanding investment characteristics and sensitive to changes in economic circumstances.

Ratings further classified by 1, 2, or 3 modifier with 1 being high and 3 being low.

Moody's Investor Service: Ratings for Short-Term Municipal Debt

MIG 1	This designation denotes best quality. There is present strong protection by established cash flows, superior liquidity support or demonstrated broad-based access to the market for refinancing.
MIG 2	This designation denotes high quality. Margins of protection are ample although not so large as in the preceding group.

Standard & Poor's: Ratings for Long-Term Municipal Debt

AAA	Highest rating; extremely strong security.
AA	Very strong security; differs from AAA in only a small degree.
A	Strong capacity but more susceptible to adverse economic effects than two above categories.
BBB	Adequate capacity but adverse economic conditions more likely to weaken capacity.

Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

Standard & Poor's: Ratings for Municipal Notes

- SP-1 Very strong or strong capacity to pay principle and interest,. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.
- SP-2 Satisfactory capacity to pay principal and interest
- SP-3 Speculative capacity to pay principal and interest.

Fitch Ratings: Ratings for Long-Term Municipal Debt

- AAA Highest rating; extremely strong security.
- AA Very strong security; differs from AAA in only a small degree.
- A Strong capacity but more susceptible to adverse economic effects than two above categories.
- BBB Adequate capacity but adverse economic conditions more likely to weaken capacity.

“+” or “-“ are used with a rating symbol to indicate the relative position of a credit within the rating category.