

PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

17. CONTINGENCIES

Litigation

The County is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of management of the County based upon consultation with legal counsel, that the outcome of these matters will not materially affect the financial position of the County.

State and Federal Grants

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

Interlocal Agreement

On September 22, 1992 the Board of County Commissioners approved an interlocal agreement between the County and the Westgate/Belvedere Homes Community Redevelopment Agency (Agency), whereby the County has agreed to fund any deficiency in the reserve fund of the Agency's Redevelopment Revenue Bonds. The Agency is required to notify the County on or before May 2nd of each year of the deficiency amount, if any, that the Agency expects to exist on the next succeeding November 1st. At present, the County has not been made aware of any deficiency amount.

Bond Guaranty

On October 17, 2000 the Board of County Commissioners approved a trust agreement between the County and Suntrust Bank, (the Trustee), whereby the County has agreed to fund any deficiency in the reserve fund of the Palm Beach County, Florida, Industrial Development Revenue Bonds (South Florida Fair project), Series 2000. The Trustee is required to notify the County after June 1st and on or before June 5th of each year of the deficiency amount, if any, as of such date. At present, the County has not been made aware of any deficiency amount.

Road Bond

Bonds secured by the full faith and credit of the State of Florida have been issued to finance transportation (road) projects in Palm Beach County. Debt service is paid from Palm Beach County's 80% portion of the 5th and 6th cent gasoline tax; gasoline tax funds not required for debt service are made available to Palm Beach County for certain transportation related expenditures as specified by Florida Statutes.

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Information concerning the State of Florida road bonds is summarized as follows:

Amount of Issue:	\$ 7,000,000	\$ 31,000,000
Bonds Dated:	January 1, 1977	July 1, 1977
Interest Rate:	5.5%	5.1%

Remaining Original Maturities:

2006	<u>\$ 480,000</u>	<u>\$ 2,020,000</u>
	<u>\$ 480,000</u>	<u>\$ 2,020,000</u>

The State of Florida maintains debt service funds and accounts on these bond issues. At September 30, 2005, cash and short-term investments for both issues totaled \$2,631,166.

Solid Waste Authority (SWA)

Environmental Contamination: SWA, in cooperation with other state and local regulatory agencies, maintains an extensive monitoring program for potential environmental contamination at each of its sites and facilities. These monitoring programs have identified possible groundwater contamination caused by landfill leachate from the solid waste system of SWA. SWA and other regulatory agencies are continuing to monitor the sites and no environmental cleanup actions have been imposed on SWA. In the event that such actions are ordered, SWA may be financially responsible for the assessment and cleanup costs of any contamination as well as potential fines imposed by regulatory agencies.

Interlocal Agreement: The SWA entered into an Interlocal agreement to provide funding to Palm Beach County for a hazardous materials response team through September 30, 2007. After the initial term, the agreement automatically renews for an additional five years unless canceled in writing by either party. The future annual payments due under this agreement at September 30, 2005 are:

Year Ending September 30	Amount
2005	\$ 1,485,260
2006	1,529,818
2007	<u>1,575,712</u>
	<u>\$ 4,590,790</u>