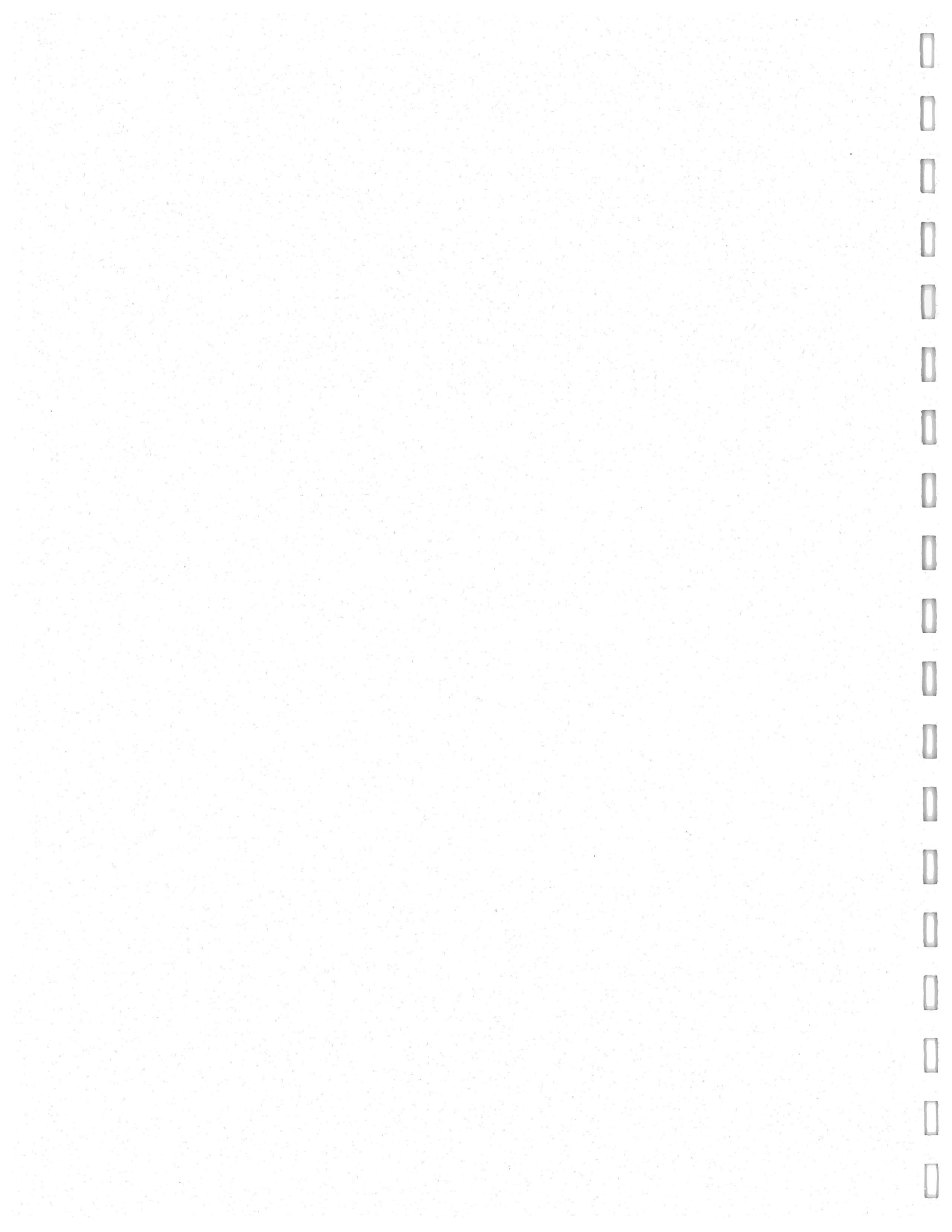


**PALM SPRINGS UNIFIED
SCHOOL DISTRICT**



**ANNUAL FINANCIAL REPORT
JUNE 30, 1999**

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants



PALM SPRINGS UNIFIED SCHOOL DISTRICT

OF RIVERSIDE COUNTY

PALM SPRINGS, CALIFORNIA

JUNE 30, 1999

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Meredy Shoenberger	President	2001
Andrew Green	Clerk	2001
Donald T. Aikens	Member	1999
Leslie DeMersseman	Member	1999
Michael McCabe	Member	2001

ADMINISTRATION

William E. Diedrich, Ph.D.	Superintendent
David L. Costner	Assistant Superintendent, Business Services
Lorraine Becker, Ed.D.	Assistant Superintendent, Educational Services
Michael Sellwood, Ed.D.	Deputy Superintendent, Personnel Services
Craig Borba, Ed.D.	Director of Pupil Personnel Services

ORGANIZATION

The Palm Springs Unified School District is comprised of an area located in Riverside County. It encompasses the incorporated cities of Palm Springs, Desert Hot Springs, Rancho Mirage, Cathedral City and the unincorporated communities of Thousand Palms and North Palm Springs. The Palm Springs Unified School District was formed in 1948, combining the Palm Springs High School District and the Desert School District. The District is currently operating fourteen elementary schools, four middle schools, three high schools, two continuation high schools, and an adult education program.



PALM SPRINGS UNIFIED SCHOOL DISTRICT

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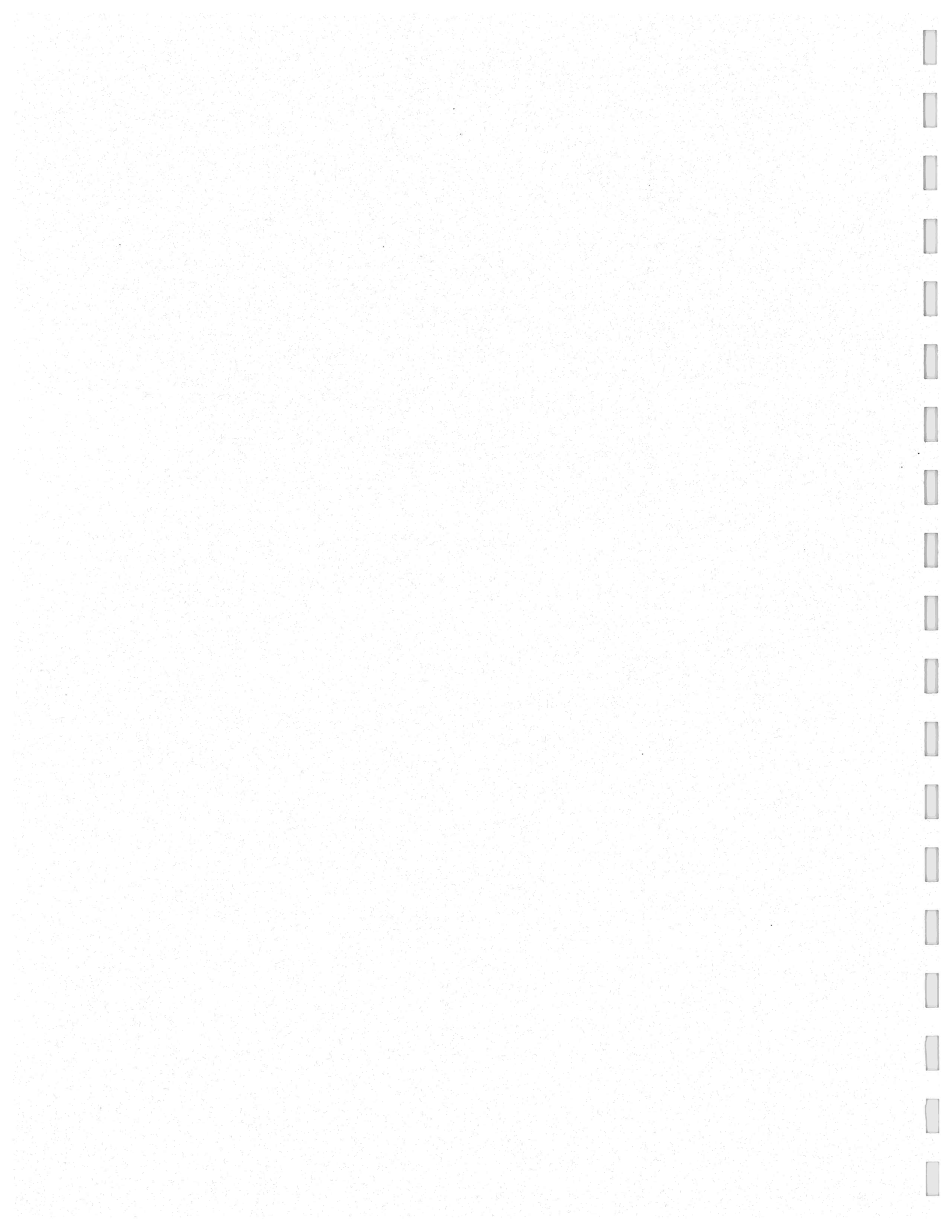
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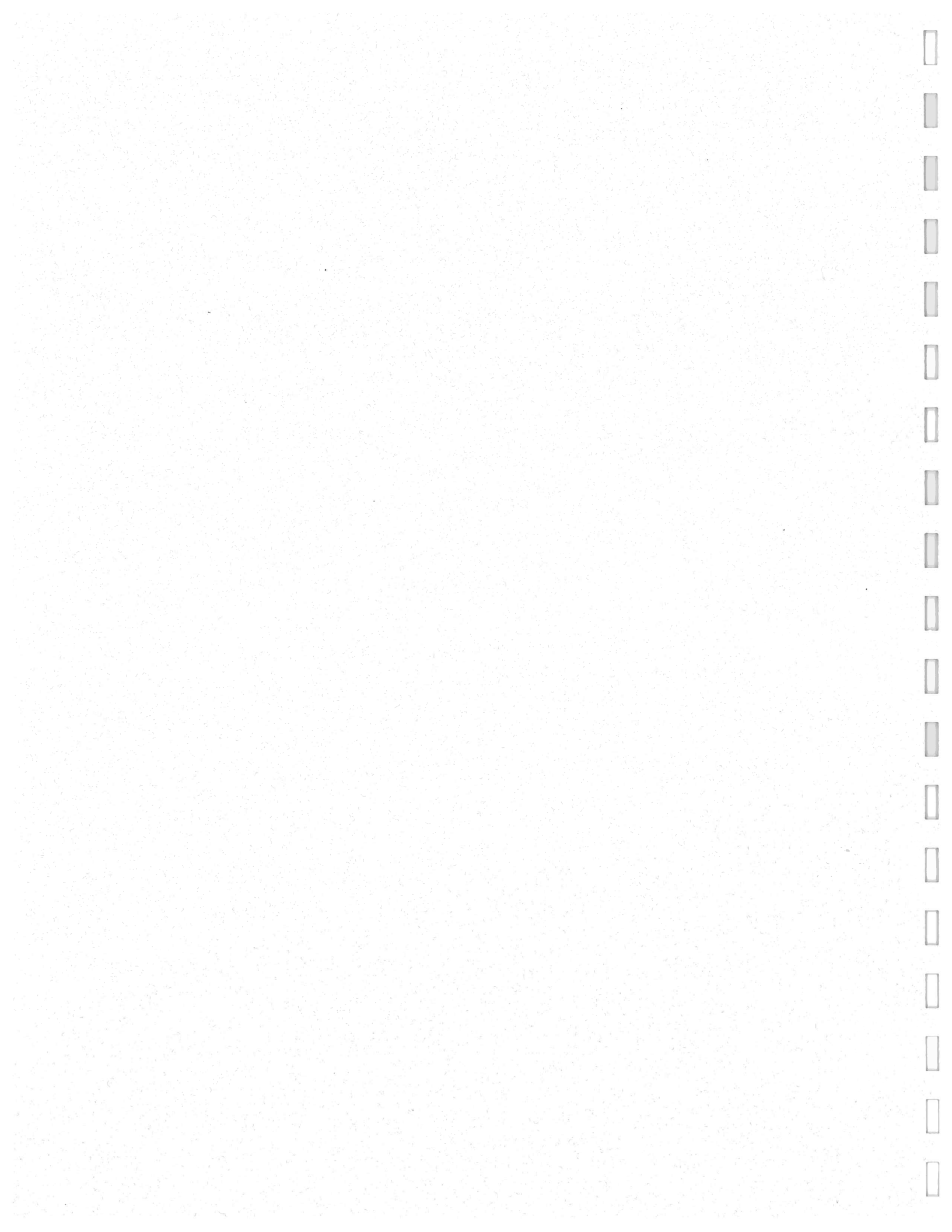
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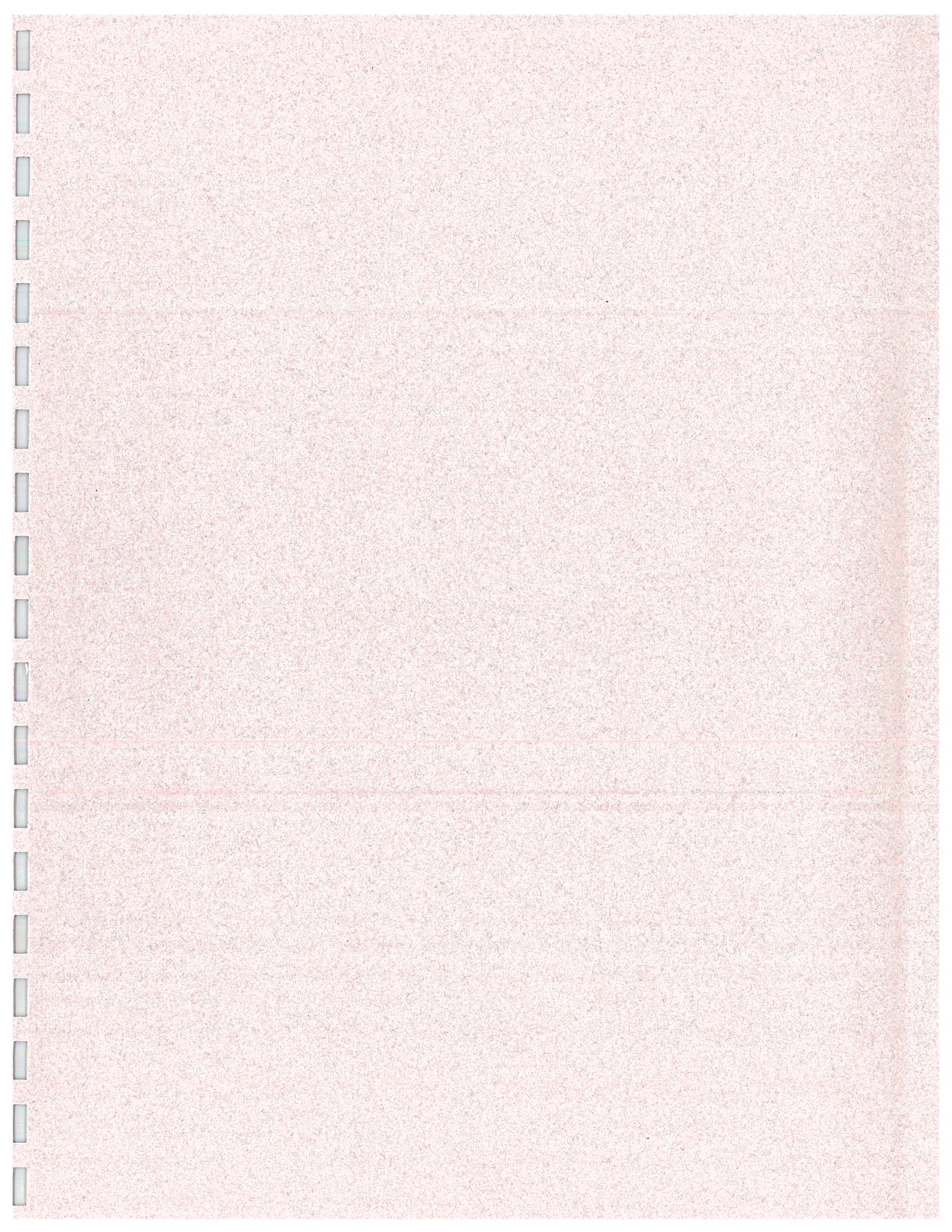
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Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

Members:

- American Institute of Certified Public Accountants
 - SEC Practice Section
- California Society of Certified Public Accountants
 - Western Association of Accounting Firms

INDEPENDENT AUDITORS' REPORT

Governing Board
Palm Springs Unified School District
Palm Springs, California

We have audited the accompanying general-purpose and combining financial statements of the Palm Springs Unified School District, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Standards and Procedures for Audits of California K-12 Local Educational Agencies*, prescribed by the State Controller. 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 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 provides a reasonable basis for our opinion.

In common with other school districts, the District has not maintained a complete historical cost record of its general fixed assets and, accordingly, the financial statements do not include the general fixed assets group of accounts required by generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group relates to historical data that is not currently available.

In our opinion, except for the effect on the financial statements of the omission of the general fixed asset group of accounts, the general-purpose and combining financial statements referred to above present fairly, in all material respects, the financial position of the Palm Springs Unified School District at June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 1999, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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With Offices Located: Fresno
Pleasanton
Laguna Hills
San Jose
Carmichael

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the combining financial statements of Palm Springs Unified School District. The accompanying financial and statistical information listed in the table of contents, including the Schedule of Expenditures of Federal Awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements of Palm Springs Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose and combining financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose and combining financial statements taken as a whole.

The year 2000 supplementary information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

Vavunick, Trine, Day: Co, LLP

Rancho Cucamonga, California
October 8, 1999

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

ALL FUND TYPES AND ACCOUNT GROUPS COMBINED BALANCE SHEET JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 209,790	\$ 520,781		\$ 226,217
Investments	20,954,695	2,014,217	2,099,340	14,198,921
Accounts receivable	4,614,357	967,355		620,023
Due from other funds	4,358,893	2,581,840		84,244,661
Stores inventory	231,934	116,111		
Amount available for the retirement of general long-term debt				
Amount to be provided for the retirement of general long-term debt				
Total Assets	<u>\$ 30,369,669</u>	<u>\$ 6,200,304</u>	<u>\$ 2,099,340</u>	<u>\$ 99,289,822</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	3,844,118	113,118		2,295,464
Due to other funds	12,125,888	1,377,034		77,682,472
Deferred revenue	2,469,311	165,766		
Due to student groups				
General long-term debt				
Total Liabilities	<u>18,439,317</u>	<u>1,655,918</u>		<u>79,977,936</u>
FUND EQUITY				
Fund balances				
Reserved	1,607,350	118,811		
Unreserved				
Designated	10,323,002	4,425,575		19,311,886
Undesignated			2,099,340	
Total Fund Equity	<u>11,930,352</u>	<u>4,544,386</u>	<u>2,099,340</u>	<u>19,311,886</u>
Total Liabilities and Fund Equity	<u>\$ 30,369,669</u>	<u>\$ 6,200,304</u>	<u>\$ 2,099,340</u>	<u>\$ 99,289,822</u>

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Types	Account Group	Total
Expendable Trust	General Long-Term Debt	(Memorandum Only)
\$ 521,040		\$ 1,477,828
		39,267,173
		6,201,735
		91,185,394
		348,045
	\$ 2,531,439	2,531,439
	65,916,287	65,916,287
<u>\$ 521,040</u>	<u>\$ 68,447,726</u>	<u>\$ 206,927,901</u>
		6,292,663
39,963		91,185,394
		2,635,077
215,821		215,821
	68,447,726	68,447,726
<u>255,784</u>	<u>68,447,726</u>	<u>168,776,681</u>
		1,726,161
		34,325,719
<u>265,256</u>		<u>2,099,340</u>
<u>265,256</u>		<u>38,151,220</u>
<u>\$ 521,040</u>	<u>\$ 68,447,726</u>	<u>\$ 206,927,901</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Revenue Limit Sources				
State apportionments	\$ 46,768,465	\$ 415,772		
Local sources	<u>24,673,572</u>			
Total Revenue Limit Sources	71,442,037	415,772		
Federal revenues	5,054,253	3,190,589		
Other state revenues	20,525,273	998,110	\$ 87,915	
Other local revenues	7,016,187	3,039,721	4,973,023	\$ 4,540,146
Tuition and transfers	135,007			
Total Revenues	<u>104,172,757</u>	<u>7,644,192</u>	<u>5,060,938</u>	<u>4,540,146</u>
EXPENDITURES				
Current Expenditures				
Certificated salaries	49,193,665	848,453		
Classified salaries	13,195,638	2,172,743		458,837
Employee benefits	14,707,229	815,147		96,386
Books and supplies	5,384,831	2,339,721		58,261
Services and other operating expenditures	12,060,507	427,262		951,096
Other outgo	849,763	611,625		59,101
Capital outlay	4,752,070	386,279		25,012,067
Debt service - principal			1,390,000	
Debt service - interest and other			3,639,101	
Total Expenditures	<u>100,143,703</u>	<u>7,601,230</u>	<u>5,029,101</u>	<u>26,635,748</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>4,029,054</u>	<u>42,962</u>	<u>31,837</u>	<u>(22,095,602)</u>
OTHER FINANCING SOURCES/(USES)				
Operating transfers in	225,000	362,504		9,819,515
Operating transfers out	(4,296,895)			(6,110,124)
Other sources	818,890			21,591,541
Total Other Financing Sources/(Uses)	<u>(3,253,005)</u>	<u>362,504</u>		<u>25,300,932</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	776,049	405,466	31,837	3,205,330
FUND BALANCE, BEGINNING OF YEAR	11,154,303	4,138,920	2,067,503	16,106,556
FUND BALANCE, END OF YEAR	<u>\$ 11,930,352</u>	<u>\$ 4,544,386</u>	<u>\$ 2,099,340</u>	<u>\$ 19,311,886</u>

The accompanying notes are an integral part of these financial statements.

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Total (Memorandum Only)</u>
	\$ 47,184,237
	<u>24,673,572</u>
	71,857,809
	8,244,842
	21,611,298
\$ 963,658	20,532,735
	135,007
<u>963,658</u>	<u>122,381,691</u>
	50,042,118
	15,827,218
	15,618,762
	7,782,813
946,916	14,385,781
	1,520,489
	30,150,416
	1,390,000
	<u>3,639,101</u>
<u>946,916</u>	<u>140,356,698</u>
<u>16,742</u>	<u>(17,975,007)</u>
	10,407,019
	(10,407,019)
	<u>22,410,431</u>
	<u>22,410,431</u>
16,742	4,435,424
248,514	33,715,796
<u>\$ 265,256</u>	<u>\$ 38,151,220</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1999**

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 48,126,552	\$ 46,768,465	\$ (1,358,087)
Local sources	23,639,454	24,673,572	1,034,118
Total Revenue Limit Sources	71,766,006	71,442,037	(323,969)
Federal revenues	4,337,681	5,054,253	716,572
Other state revenues	22,414,963	20,525,273	(1,889,690)
Other local revenues	6,696,556	7,016,187	319,631
Tuition and transfers	157,022	135,007	(22,015)
Total Revenues	105,372,228	104,172,757	(1,199,471)
EXPENDITURES			
Current Expenditures			
Certificated salaries	49,704,791	49,193,665	511,126
Classified salaries	13,412,260	13,195,638	216,622
Employee benefits	14,598,746	14,707,229	(108,483)
Books and supplies	7,449,783	5,384,831	2,064,952
Services and operating expenditures	12,636,135	12,060,507	575,628
Other outgo	602,362	849,763	(247,401)
Capital outlay	7,192,350	4,752,070	2,440,280
Debt service - principal			
Debt service - interest and other			
Total Expenditures	105,596,427	100,143,703	5,452,724
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(224,199)	4,029,054	4,253,253
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	225,000	225,000	
Operating transfers out	(4,323,306)	(4,296,895)	26,411
Other sources	818,890	818,890	
Total Other Financing Sources/(Uses)	(3,279,416)	(3,253,005)	26,411
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(3,503,615)	776,049	4,279,664
FUND BALANCE, BEGINNING OF YEAR	11,154,303	11,154,303	
FUND BALANCE, END OF YEAR	\$ 7,650,688	\$ 11,930,352	\$ 4,279,664

The accompanying notes are an integral part of these financial statements.

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 422,178	\$ 415,772	\$ (6,406)			
422,178	415,772	(6,406)			
3,289,618	3,190,589	(99,029)			
1,135,306	998,110	(137,196)		\$ 87,915	\$ 87,915
2,766,238	3,039,721	273,483		4,973,023	4,973,023
7,613,340	7,644,192	30,852		5,060,938	5,060,938
865,072	848,453	16,619			
2,184,407	2,172,743	11,664			
856,669	815,147	41,522			
2,397,128	2,339,721	57,407			
369,417	427,262	(57,845)			
735,631	611,625	124,006			
271,618	386,279	(114,661)			
				1,390,000	(1,390,000)
				3,639,101	(3,639,101)
7,679,942	7,601,230	78,712		5,029,101	(5,029,101)
(66,602)	42,962	109,564		31,837	31,837
384,750	362,504	(22,246)			
384,750	362,504	(22,246)			
318,148	405,466	87,318		31,837	31,837
4,102,164	4,138,920	36,756	\$ 2,067,503	2,067,503	
\$ 4,420,312	\$ 4,544,386	\$ 124,074	\$ 2,067,503	\$ 2,099,340	\$ 31,837

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1999**

	Capital Projects		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
State apportionments			
Local sources			
Total Revenue Limit Sources			
Federal revenues			
Other state revenues			
Other local revenues	\$ 3,557,100	\$ 4,540,146	\$ 983,046
Tuition and transfers			
Total Revenues	<u>3,557,100</u>	<u>4,540,146</u>	<u>983,046</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries	463,723	458,837	4,886
Employee benefits	100,397	96,386	4,011
Books and supplies	67,584	58,261	9,323
Services and operating expenditures	1,049,563	951,096	98,467
Other outgo	59,863	59,101	762
Capital outlay	26,380,956	25,012,067	1,368,889
Debt service - principal			
Debt service - interest and other			
Total Expenditures	<u>28,122,086</u>	<u>26,635,748</u>	<u>1,486,338</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(24,564,986)</u>	<u>(22,095,602)</u>	<u>2,469,384</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	9,151,394	9,819,515	668,121
Operating transfers out	(5,437,838)	(6,110,124)	(672,286)
Other sources	21,892,794	21,591,541	(301,253)
Total Other Financing Sources/(Uses)	<u>25,606,350</u>	<u>25,300,932</u>	<u>(305,418)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	1,041,364	3,205,330	2,163,966
FUND BALANCE, BEGINNING OF YEAR	16,107,556	16,106,556	(1,000)
FUND BALANCE, END OF YEAR	<u>\$ 17,148,920</u>	<u>\$ 19,311,886</u>	<u>\$ 2,162,966</u>

The accompanying notes are an integral part of these financial statements.

Total (Memorandum Only)

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 48,548,730	\$ 47,184,237	\$ (1,364,493)
23,639,454	24,673,572	1,034,118
72,188,184	71,857,809	(330,375)
7,627,299	8,244,842	617,543
23,550,269	21,611,298	(1,938,971)
13,019,894	19,569,077	6,549,183
157,022	135,007	(22,015)
<u>116,542,668</u>	<u>121,418,033</u>	<u>4,875,365</u>
50,569,863	50,042,118	527,745
16,060,390	15,827,218	233,172
15,555,812	15,618,762	(62,950)
9,914,495	7,782,813	2,131,682
14,055,115	13,438,865	616,250
1,397,856	1,520,489	(122,633)
33,844,924	30,150,416	3,694,508
	1,390,000	(1,390,000)
	3,639,101	(3,639,101)
<u>141,398,455</u>	<u>139,409,782</u>	<u>1,988,673</u>
<u>(24,855,787)</u>	<u>(17,991,749)</u>	<u>6,864,038</u>
9,761,144	10,407,019	645,875
(9,761,144)	(10,407,019)	(645,875)
22,711,684	22,410,431	(301,253)
<u>22,711,684</u>	<u>22,410,431</u>	<u>(301,253)</u>
(2,144,103)	4,418,682	6,562,785
31,364,023	33,467,282	2,103,259
<u>\$ 29,219,920</u>	<u>\$ 37,885,964</u>	<u>\$ 8,666,044</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Palm Springs Unified School District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants, (except that a complete historical cost record of fixed assets has not been maintained). The Palm Springs Unified School District accounts for its financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

A. Financial Reporting Entity

The District includes all funds and account groups that are controlled by or dependent on the District's governing board for financial reporting purposes. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in generally accepted accounting principles. The District determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

B. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures (or expenses), as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into fund types and account groups as follows:

Governmental Funds

- General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for specific purposes.
- Debt Service Funds are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.
- Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets.

Fiduciary Funds

- Expendable Trust Funds are used to account for assets held by the District as trustee.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1999

Account Group

- General Long-Term Debt Account Group is used to account for long-term liabilities expected to be financed from governmental fund types.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Fiduciary fund assets and liabilities are also accounted for on the modified accrual basis.

D. Budgets and Budgetary Accounting

The District's governing board adopts an operating budget no later than July 1 in accordance with state law. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is this final revised budget that is presented in these financial statements. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Education satisfied these requirements.

E. Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances were liquidated at June 30 since they do not constitute expenditures or liabilities.

F. Inventory of Supplies

Inventory is valued at cost utilizing the first in - first out (FIFO) method. Inventory in the applicable Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are withdrawn from the stores inventory for consumption. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

G Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount of the liability expected to be paid from current resources is recognized at year end in the governmental fund that will pay the benefit. (The noncurrent portion of the liability is recognized in the general long-term debt account group.)

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires if the employee was hired prior to July 1, 1980.

H Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation or amounts legally segregated for a specific future use.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Riverside bills and collects the taxes for the District. The District recognizes tax revenues when received.

J. Deferred Revenue

Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1999

L. Total (Memorandum Only) Columns on Combined Statements

The District has presented these column totals only to satisfy various reporting requirements. This information shall take into consideration that it does not represent consolidated financial information.

NOTE #2 - CASH

Cash at June 30, 1999, is presented below and categorized separately to give an indication of the level of risk assessment with each deposit:

	Bank Balance - Category *			Total	Carrying Amount
	1	2	3		
Categorized Deposits					
Cash on hand and in banks	\$ 239,702		\$ 454,765	\$ 694,467	\$ 1,425,128
Cash in revolving fund	60,298			60,298	52,700
Total Deposits	<u>\$ 300,000</u>		<u>\$ 454,765</u>	<u>\$ 754,765</u>	<u>\$ 1,477,828</u>

*These categories are as follows:

Category 1: Insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3: Uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE #3 - INVESTMENTS

Investments at June 30, 1999, held on behalf of the Palm Springs Unified School District are presented below, categorized separately to give an indication of the level of risk associated with each investment:

	<u>Reported Amount</u>	<u>Fair Value</u>
Uncategorized:		
Deposits with County Treasurer	<u>\$ 39,267,173</u>	<u>\$ 39,090,476</u>

A. Authorized Investments

The District is authorized to make direct investments in local agency bonds, notes or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies/certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

B. Deposits with County Treasurer

Deposits with County Treasurer is an external investment pool sponsored by the County of Riverside School districts are required to deposit all receipts and collections of moneys with their county treasurer (Education Code Section 41001). Therefore, the District is considered to be an involuntary participant in an external investments pool. County deposits are not required to be categorized. The pool sponsor provided the fair value for these deposits.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1999

NOTE #4 - ACCOUNTS RECEIVABLE

Receivables at June 30, 1999, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Federal Government				
Categorical aid	\$ 992,374	\$ 750,747		\$ 1,743,121
State Government				
Apportionment				
Categorical aid	533,308	78,942		612,250
Other state	912,062			912,062
Local Government				
Interest	605,188	24,916	\$ 112,615	742,719
Other Local Sources	1,571,425	112,750	507,408	2,191,583
Total	<u>\$ 4,614,357</u>	<u>\$ 967,355</u>	<u>\$ 620,023</u>	<u>\$ 6,201,735</u>

NOTE #5 - INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 1999 are as follows:

Funds	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 4,358,893	\$ 12,125,888
Adult Education	1,781	79,916
Cafeteria	8,940	1,072,582
Child Development	95,979	224,536
Special Reserve (Non-Capital)	2,475,140	
Building	36,739,093	37,721,163
Capital Facilities	8,101	295,619
State School Building	40,719,812	38,840,690
Special Reserve (Capital Projects)	6,777,655	825,000
Total	<u>\$ 91,185,394</u>	<u>\$ 91,185,394</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

B. Operating Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 1999, are as follows:

The general fund transferred to the child development fund	\$ 79,811
The general fund transferred to the deferred maintenance fund	282,692
The general fund transferred to the special reserve capital projects fund	3,101,625
The general fund transferred to the state school building fund	832,767
The building fund transferred to the state school building fund	5,342,756
The capital facilities fund transferred to the state school building fund	542,368
The special reserve capital projects fund transferred to the general fund	225,000
Total	<u><u>\$ 10,407,019</u></u>

NOTE #6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 1999, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Total</u>
Accrued salary and benefits	\$ 896,076	\$ 43,381	\$ 18,740		\$ 958,197
Other	2,948,042	69,737	2,276,724	\$ 39,963	5,334,466
Total	<u><u>\$ 3,844,118</u></u>	<u><u>\$ 113,118</u></u>	<u><u>\$ 2,295,464</u></u>	<u><u>\$ 39,963</u></u>	<u><u>\$ 6,292,663</u></u>

NOTE #7 - DEFERRED REVENUE

Deferred revenue at June 30, 1999, consists of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Federal financial assistance	\$ 282,410	\$ 3,532	\$ 285,942
State categorical aid	2,119,635	151,140	2,270,775
Other local	67,266	11,094	78,360
Total	<u><u>\$ 2,469,311</u></u>	<u><u>\$ 165,766</u></u>	<u><u>\$ 2,635,077</u></u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999**

NOTE #8 - FUND BALANCES

Fund balances are composed of the following elements:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Reserved				
Revolving cash	\$ 50,000	\$ 2,700		
Stores inventory	231,934	116,111		
Restricted programs	1,325,416			
Total Reserved	<u>1,607,350</u>	<u>118,811</u>		
Unreserved				
Designated				
Economic uncertainties	4,915,854	226,915		
Other designations	5,407,148	4,198,660		\$ 19,311,886
Undesignated			\$ 2,099,340	
Total Unreserved	<u>10,323,002</u>	<u>4,425,575</u>	<u>2,099,340</u>	<u>19,311,886</u>
Total	<u>\$ 11,930,352</u>	<u>\$ 4,544,386</u>	<u>\$ 2,099,340</u>	<u>\$ 19,311,886</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE #9 - GENERAL LONG-TERM DEBT

A. Long-Term Debt Summary

A schedule of changes in long-term debt for the year ended June 30, 1999, is shown below:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year
General obligation bonds	\$ 57,805,000	\$ 10,000,000	\$ 1,390,000	\$ 66,415,000
Accumulated vacation - net	412,711	32,944		445,655
Postemployment benefits	302,875	731,954	134,137	900,692
State school building match	725,535		293,436	432,099
Capital leases	237,902	146,052	129,674	254,280
	<u>\$ 59,484,023</u>	<u>\$ 10,910,950</u>	<u>\$ 1,947,247</u>	<u>68,447,726</u>
Amount currently available and reserved for retirement of general long-term debt				
Bond interest and redemption				2,099,340
Designated balance in capital facilities fund				432,099
Amount to be provided for retirement of general long-term debt				<u>\$ 65,916,287</u>

B. Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued/ (Redeemed)	Bonds Outstanding End of Year
3-1-93	3-1-18	7.75	\$ 5,000,000	\$ 4,850,000	\$ (50,000)	\$ 4,800,000
5-1-94	5-1-19	5.85-6.1	10,000,000	9,290,000	(255,000)	9,035,000
5-15-95	2-1-20	5.90-6.13	20,000,000	19,240,000	(415,000)	18,825,000
6-1-96	2-1-21	5.0-8.0	15,000,000	14,605,000	(305,000)	14,300,000
7-15-97	2-1-22	5.0	10,000,000	9,820,000	(195,000)	9,625,000
7-15-98	2-1-23	5.0	10,000,000		9,830,000	9,830,000
				<u>\$ 57,805,000</u>	<u>\$ 8,610,000</u>	<u>\$ 66,415,000</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999**

Debt Service Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2000	\$ 1,515,000	\$ 3,779,414	\$ 5,294,414
2001	1,610,000	3,675,949	5,285,949
2002	1,720,000	3,566,319	5,286,319
2003	1,825,000	3,459,564	5,284,564
2004	1,940,000	3,356,141	5,296,141
Thereafter	57,805,000	33,123,873	90,928,873
	<u>\$ 66,415,000</u>	<u>\$ 50,961,260</u>	<u>\$ 117,376,260</u>

C. Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 1999, amounted to \$445,655.

D. Postemployment Benefits

The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. Currently, 43 employees meet those eligibility requirements. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis, as retirees' premiums are paid. During the year, expenditures of \$134,137 were recognized for retirees' health care benefits.

The approximate accumulated future liability for the District at June 30, 1999, amounts to \$900,692. This amount was calculated based upon the number of retirees receiving benefits multiplied by the yearly district payment per employee in affect at June 30, 1999, multiplied by the number of years of payments remaining.

E. Capital Leases

The District's liability on lease agreements with options to purchase are summarized below:

	<u>Portables</u>	<u>Equipment</u>	<u>Total</u>
Balance, Beginning of Year		\$ 278,143	\$ 278,143
Additions	\$ 170,431		170,431
Payments	(24,349)	(136,285)	(160,634)
Balance, End of Year	<u>\$ 146,082</u>	<u>\$ 141,858</u>	<u>\$ 287,940</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2000	\$ 160,632
2001	29,920
2002	24,347
2003	24,347
2004	24,347
Thereafter	24,347
Total	<u>287,940</u>
Less: Amount Representing Interest	(33,660)
Present Value of Minimum Lease Payments	<u><u>\$ 254,280</u></u>

F. State School Building Match

The District has agreed with the Office of Public School Construction (OPSC) that the District's state school building funds owe an additional \$432,099 to the State for match requirements. The District has reached an agreement with the State that these funds will be withheld from funding for future state school building projects.

NOTE #10 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS).

A. PERS

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1999

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary (7 percent of monthly salary over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 1998-99 was zero. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal year ending June 30, 1999, 1998, and 1997 were \$0, \$783,142, and \$887,720, respectively, and equal 100 percent of the required contributions for each year.

B. STRS

Plan Description

The District contributes to the California State Teachers' Retirement System (STRS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal 1998-99 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal year ending June 30, 1999, 1998, and 1997 were \$3,783,855, \$3,401,744, and \$2,992,920, respectively, and equal 100 percent of the required contributions for each year.

C. On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$2,809,685 (6.126 percent of salaries subject to STRS) and \$190,339 (0.415 percent of salaries subject to STRS) and \$13,151 (.093 percent of salaries subject to PERS). Under generally accepted accounting principles, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report (J-200). These amounts also have not been recorded in these financial statements.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE #11 - RISK MANAGEMENT

The District's risk management activities are recorded in the General fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. Refer to Note #13 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE #12 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is involved in various litigation. In the opinion of management (and legal counsel), the disposition of all litigation pending will not have a material effect on the District's financial statements.

B. Sick Leave

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees, therefore, are never paid for any sick leave balance at termination of employment or any other time. Therefore, not appropriate to accrue the value of accumulated sick leave is not recognized in the District's financial statements.

C. State and Federal Allowances, Awards and Grants

The District has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, in the opinion of management any required reimbursements will not be material.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

D. Construction Commitments

As of June 30, 1999, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Cathedral City Elementary Relocation	395,500	10/01/99
Desert Hot Springs High School	155,930	07/01/99
Palm Springs High School Reconstruction	75,689	11/01/99
Cahuilla Elementary Reconstruction	5,789,230	02/01/00
Service Center	119,154	09/01/99
	<u>\$ 6,535,503</u>	

E. State School Building Projects

In addition the Office of Public School Construction (OPSC) has provided the District with Exhibit A's for several of the completed state school building projects. (This is the form prepared by OPSC to summarize the financial status of each project.) As of June 30, 1999 the District was in the process of submitting additional documentation for approximately \$200,000 of costs questioned by OPSC. The ultimate outcome of the eligibility for these costs is unknown as of the audit date. As of the audit date there are also certain projects for which the Exhibit A has not been received.

As discussed above, the District is currently involved various construction and modernization projects funded through the State School Building program. All projects, both ongoing and completed projects, are subject to future audit by the State. These audits may result in adjustments to the State School Building Funds that cannot be determined at this time.

NOTE #13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Desert School's Self-Insurance Program for Employees (DSSIPE), Riverside School's Insurance Authority (RSIA), and Riverside Employer/Employee's Partnership for Benefits (REEP) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools and the JPA's are such that they are not component units of the District for financial reporting purposes.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements.

A. <u>Entity</u>	DSSIPE	RSIA	REEP
B. <u>Purpose</u>	Operating and maintaining a fully insured program for, but not limited to, worker's compensation.	Property and liability coverage.	Health, life, and vision insurance coverage.
C. <u>Participants</u>	School districts within the Coachella Valley Desert area.	School districts participating within the desert area.	Certain Riverside County school districts.
D. <u>Governing Board</u>	Elected board by the participating district's governing boards.	Representative from each member district.	Representative from each member district.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999**

E. Condensed Audited Financial Information Follows

	<u>June 30, 1998*</u>	<u>June 30, 1999</u>	<u>June 30, 1998*</u>
Assets	\$ 5,137,617	\$ 10,193,113	\$ 14,086,196
Liabilities	(1,761,053)	(3,595,206)	(3,940,439)
Fund Equity	<u>\$ 3,376,564</u>	<u>\$ 6,597,907</u>	<u>\$ 10,145,757</u>
Revenues	1,130,353	2,773,741	29,879,523
Expenses	(216,350)	(2,994,827)	(29,483,950)
Loss on investment	(22,046)		
Net Increase/(Decrease) in Fund Equity	<u>\$ 891,957</u>	<u>\$ (221,086)</u>	<u>\$ 395,573</u>

* Most recent information available.

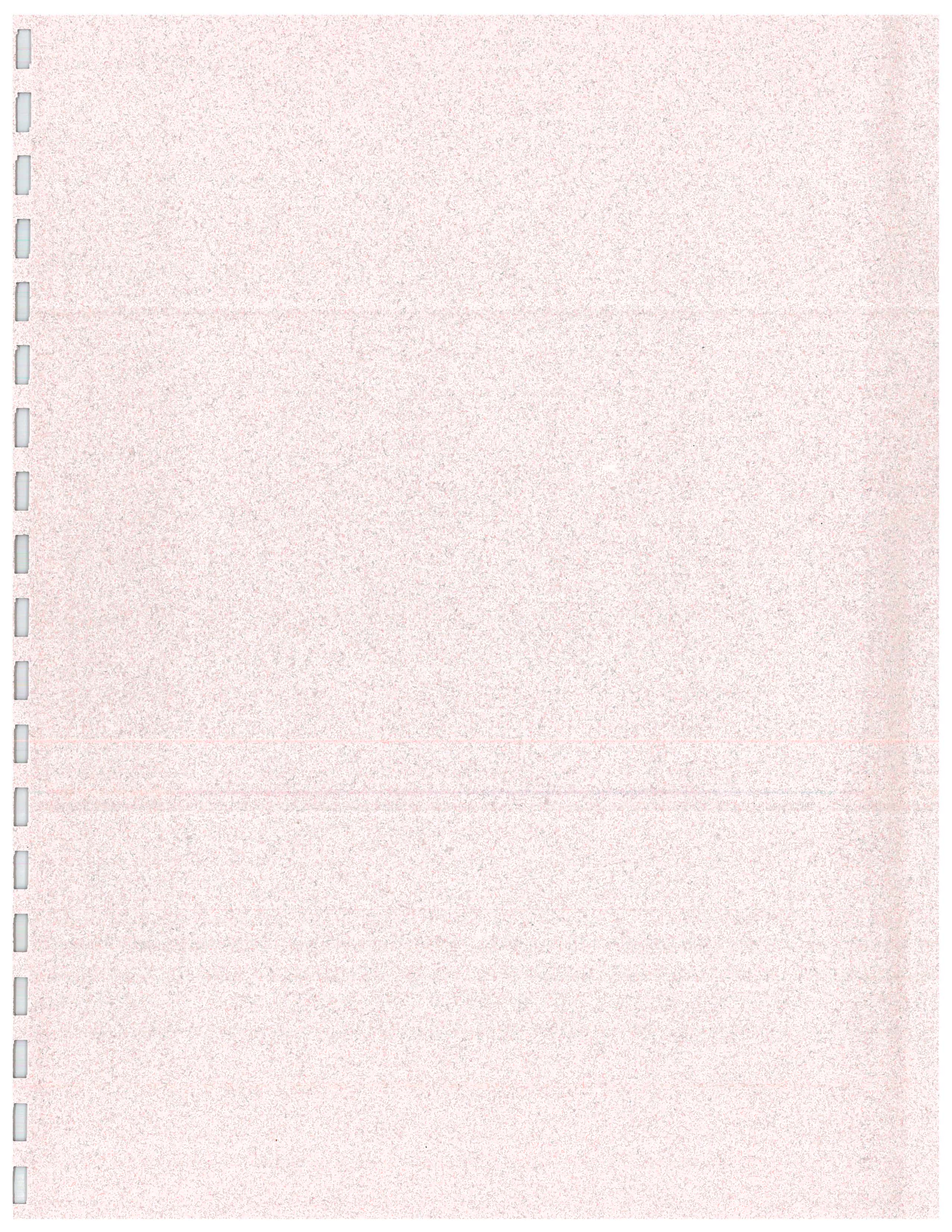
NOTE #14 - TAX AND REVENUE ANTICIPATION NOTES

On July 2, 1998, the District issued \$5,000,000 Tax and Revenue Anticipation Notes bearing interest at 3.74 percent. Interest and principal were due and payable on July 2, 1999. By May 1999, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of \$5,000,000 and related accrued interest and cash held in trust are not included in these financial statements.

NOTE #15 - SUBSEQUENT EVENTS

The District issued \$5,600,000 of Tax and Revenue Anticipation Notes dated July 2, 1999. The notes mature on July 3, 2000 yield 3.1 percent, and were sold at a premium of \$43,400. The District is required to deposit with the District payment account an amount equal to 35 percent of the total of principal and interest due by January 2000, 45 percent by February 2000, 55 percent by March 2000, 65 percent by April 2000, and 100 percent by May 2000.

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1999**

	Adult Education	Cafeteria	Child Development	Deferred Maintenance
ASSETS				
Cash	\$ 931	\$ 516,539	\$ 3,311	
Investments	196,182		108,373	\$ 383,132
Accounts receivable	62,436	809,749	73,705	5,020
Due from other funds	1,781	8,940	95,979	
Stores inventory		116,111		
Total Assets	<u>\$ 261,330</u>	<u>\$ 1,451,339</u>	<u>\$ 281,368</u>	<u>\$ 388,152</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	32,785	38,085	34,642	7,606
Due to other funds	79,916	1,072,582	224,536	
Deferred revenue	138,514	7,062	20,190	
Total Liabilities	<u>251,215</u>	<u>1,117,729</u>	<u>279,368</u>	<u>7,606</u>
FUND EQUITY				
Fund balances				
Reserved			2,000	
Unreserved		116,811		
Designated	10,115	216,799		380,546
Total Fund Equity	<u>10,115</u>	<u>333,610</u>	<u>2,000</u>	<u>380,546</u>
Total Liabilities and Fund Equity	<u>\$ 261,330</u>	<u>\$ 1,451,339</u>	<u>\$ 281,368</u>	<u>\$ 388,152</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Reserve</u>	<u>Total</u>
	\$ 520,781
\$ 1,326,530	2,014,217
16,445	967,355
2,475,140	2,581,840
	116,111
<u>\$ 3,818,115</u>	<u>\$ 6,200,304</u>

	113,118
	1,377,034
	165,766
	<u>1,655,918</u>

	118,811
<u>3,818,115</u>	<u>4,425,575</u>
<u>3,818,115</u>	<u>4,544,386</u>
<u>\$ 3,818,115</u>	<u>\$ 6,200,304</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1999**

	Adult Education		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources	\$ 422,178	\$ 415,772	\$ (6,406)
Federal revenues	87,120	87,728	608
Other state revenues	228,660	89,842	(138,818)
Other local revenues	154,000	115,899	(38,101)
Total Revenues	<u>891,958</u>	<u>709,241</u>	<u>(182,717)</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	406,399	381,945	24,454
Classified salaries	114,011	97,032	16,979
Employee benefits	90,282	75,231	15,051
Books and supplies	104,611	61,034	43,577
Services and operating expenditures	143,597	103,123	40,474
Other outgo	53,399	21,672	31,727
Capital outlay	39,872	21,376	18,496
Total Expenditures	<u>952,171</u>	<u>761,413</u>	<u>190,758</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(60,213)</u>	<u>(52,172)</u>	<u>8,041</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Total Other Financing Sources/(Uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(60,213)</u>	<u>(52,172)</u>	<u>8,041</u>
FUND BALANCE, BEGINNING OF YEAR	62,287	62,287	
FUND BALANCE, END OF YEAR	<u>\$ 2,074</u>	<u>\$ 10,115</u>	<u>\$ 8,041</u>

The accompanying notes are an integral part of these financial statements.

Cafeteria			Child Development		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 3,202,498	\$ 3,102,861	\$ (99,637)			
212,703	211,441	(1,262)	\$ 312,226	\$ 315,110	\$ 2,884
1,604,384	1,898,244	293,860	928,570	931,973	3,403
5,019,585	5,212,546	192,961	1,240,796	1,247,083	6,287
			458,673	466,508	(7,835)
1,628,327	1,586,759	41,568	442,069	488,952	(46,883)
567,136	528,345	38,791	199,251	211,571	(12,320)
2,157,779	2,223,079	(65,300)	133,563	54,450	79,113
70,415	168,424	(98,009)	16,627	19,270	(2,643)
608,253	506,832	101,421	73,979	83,121	(9,142)
	138,749	(138,749)		6,213	(6,213)
5,031,910	5,152,188	(120,278)	1,324,162	1,330,085	(5,923)
(12,325)	60,358	72,683	(83,366)	(83,002)	364
			84,750	79,811	(4,939)
			84,750	79,811	(4,939)
(12,325)	60,358	72,683	1,384	(3,191)	(4,575)
236,496	273,252	36,756	5,191	5,191	
\$ 224,171	\$ 333,610	\$ 109,439	\$ 6,575	\$ 2,000	\$ (4,575)

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1999**

	Deferred Maintenance		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
Federal revenues			
Other state revenues	\$ 381,717	\$ 381,717	
Other local revenues	17,284	27,215	\$ 9,931
Total Revenues	<u>399,001</u>	<u>408,932</u>	<u>9,931</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies	1,175	1,158	17
Services and operating expenditures	138,778	136,445	2,333
Other outgo			
Capital outlay	231,746	219,941	11,805
Total Expenditures	<u>371,699</u>	<u>357,544</u>	<u>14,155</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>27,302</u>	<u>51,388</u>	<u>24,086</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	300,000	282,693	(17,307)
Total Other Financing Sources/(Uses)	<u>300,000</u>	<u>282,693</u>	<u>(17,307)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	327,302	334,081	6,779
FUND BALANCE, BEGINNING OF YEAR	46,465	46,465	
FUND BALANCE, END OF YEAR	<u>\$ 373,767</u>	<u>\$ 380,546</u>	<u>\$ 6,779</u>

The accompanying notes are an integral part of these financial statements.

Special Reserve			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$ 422,178	\$ 415,772	\$ (6,406)
			3,289,618	3,190,589	(99,029)
			1,135,306	998,110	(137,196)
\$ 62,000	\$ 66,390	\$ 4,390	2,766,238	3,039,721	273,483
62,000	66,390	4,390	7,613,340	7,644,192	30,852
			865,072	848,453	16,619
			2,184,407	2,172,743	11,664
			856,669	815,147	41,522
			2,397,128	2,339,721	57,407
			369,417	427,262	(57,845)
			735,631	611,625	124,006
			271,618	386,279	(114,661)
			7,679,942	7,601,230	78,712
62,000	66,390	4,390	(66,602)	42,962	109,564
			384,750	362,504	(22,246)
			384,750	362,504	(22,246)
62,000	66,390	4,390	318,148	405,466	87,318
3,751,725	3,751,725		4,102,164	4,138,920	36,756
\$ 3,813,725	\$ 3,818,115	\$ 4,390	\$ 4,420,312	\$ 4,544,386	\$ 124,074

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1999**

	Building	Capital Facilities	State School Building	Special Reserve
ASSETS				
Cash		\$ 226,217		
Investments	\$ 11,395,574	2,432,098	\$ 141,306	\$ 229,943
Accounts receivable	75,945	95,502	444,100	4,476
Due from other funds	36,739,093	8,101	40,719,812	6,777,655
Total Assets	<u>\$ 48,210,612</u>	<u>\$ 2,761,918</u>	<u>\$ 41,305,218</u>	<u>\$ 7,012,074</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	544,491	346,897	1,259,713	144,363
Due to other funds	37,721,163	295,619	38,840,690	825,000
Total Liabilities	<u>38,265,654</u>	<u>642,516</u>	<u>40,100,403</u>	<u>969,363</u>
FUND EQUITY				
Fund balances				
Unreserved				
Designated	9,944,958	2,119,402	1,204,815	6,042,711
Total Fund Equity	<u>9,944,958</u>	<u>2,119,402</u>	<u>1,204,815</u>	<u>6,042,711</u>
Total Liabilities and Fund Equity	<u>\$ 48,210,612</u>	<u>\$ 2,761,918</u>	<u>\$ 41,305,218</u>	<u>\$ 7,012,074</u>

The accompanying notes are an integral part of these financial statements.

Total
\$ 226,217
14,198,921
620,023
84,244,661
\$ 99,289,822

2,295,464
77,682,472
79,977,936

19,311,886
19,311,886
\$ 99,289,822

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1999**

	Building		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Other local revenues	\$ 396,500	\$ 448,361	\$ 51,861
Total Revenues	<u>396,500</u>	<u>448,361</u>	<u>51,861</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies			
Services and operating expenditures	157,792	153,381	4,411
Other outgo			
Capital outlay	<u>5,223,218</u>	<u>3,828,698</u>	<u>1,394,520</u>
Total Expenditures	<u>5,381,010</u>	<u>3,982,079</u>	<u>1,398,931</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(4,984,510)</u>	<u>(3,533,718)</u>	<u>1,450,792</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Operating transfers out	(4,451,053)	(5,342,756)	(891,703)
Other sources	<u>10,000,000</u>	<u>10,000,000</u>	
Total Other Financing Sources/(Uses)	<u>5,548,947</u>	<u>4,657,244</u>	<u>(891,703)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	564,437	1,123,526	559,089
FUND BALANCE, BEGINNING OF YEAR	<u>8,822,432</u>	<u>8,821,432</u>	<u>(1,000)</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,386,869</u>	<u>\$ 9,944,958</u>	<u>\$ 558,089</u>

The accompanying notes are an integral part of these financial statements.

Capital Facilities			State School Building		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 3,117,600	\$ 4,052,321	\$ 934,721	\$ 33,000	\$ 28,330	\$ (4,670)
3,117,600	4,052,321	934,721	33,000	28,330	(4,670)
463,723	458,837	4,886			
100,397	96,386	4,011			
67,129	57,806	9,323			
843,613	749,557	94,056			
59,863	59,101	762			
1,302,832	1,150,916	151,916	18,803,519	18,747,371	56,148
2,837,557	2,572,603	264,954	18,803,519	18,747,371	56,148
280,043	1,479,718	1,199,675	(18,770,519)	(18,719,041)	51,478
			6,049,769	6,717,890	668,121
(514,621)	(542,368)	(27,747)	(247,164)		247,164
			11,892,794	11,591,541	(301,253)
(514,621)	(542,368)	(27,747)	17,695,399	18,309,431	614,032
(234,578)	937,350	1,171,928	(1,075,120)	(409,610)	665,510
1,182,052	1,182,052		1,614,425	1,614,425	
\$ 947,474	\$ 2,119,402	\$ 1,171,928	\$ 539,305	\$ 1,204,815	\$ 665,510

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**CAPITAL PROJECTS FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1999**

	Special Reserve		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other local revenues	\$ 10,000	\$ 11,134	\$ 1,134
Total Revenues	<u>10,000</u>	<u>11,134</u>	<u>1,134</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies	455	455	
Services and operating expenditures	48,158	48,158	
Other outgo			
Capital outlay	1,051,387	1,285,082	(233,695)
Total Expenditures	<u>1,100,000</u>	<u>1,333,695</u>	<u>(233,695)</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(1,090,000)</u>	<u>(1,322,561)</u>	<u>(232,561)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	3,101,625	3,101,625	
Operating transfers out	(225,000)	(225,000)	
Other sources			
Total Other Financing Sources/(Uses)	<u>2,876,625</u>	<u>2,876,625</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	1,786,625	1,554,064	(232,561)
FUND BALANCE, BEGINNING OF YEAR	4,488,647	4,488,647	
FUND BALANCE, END OF YEAR	<u>\$ 6,275,272</u>	<u>\$ 6,042,711</u>	<u>\$ (232,561)</u>

The accompanying notes are an integral part of these financial statements.

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 3,557,100	\$ 4,540,146	\$ 983,046
<u>3,557,100</u>	<u>4,540,146</u>	<u>983,046</u>
463,723	458,837	4,886
100,397	96,386	4,011
67,584	58,261	9,323
1,049,563	951,096	98,467
59,863	59,101	762
<u>26,380,956</u>	<u>25,012,067</u>	<u>1,368,889</u>
<u>28,122,086</u>	<u>26,635,748</u>	<u>1,486,338</u>
<u>(24,564,986)</u>	<u>(22,095,602)</u>	<u>2,469,384</u>
9,151,394	9,819,515	668,121
(5,437,838)	(6,110,124)	(672,286)
<u>21,892,794</u>	<u>21,591,541</u>	<u>(301,253)</u>
<u>25,606,350</u>	<u>25,300,932</u>	<u>(305,418)</u>
1,041,364	3,205,330	2,163,966
<u>16,107,556</u>	<u>16,106,556</u>	<u>(1,000)</u>
<u>\$ 17,148,920</u>	<u>\$ 19,311,886</u>	<u>\$ 2,162,966</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUND TYPES - EXPENDABLE TRUST FUNDS
STUDENT BODY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1999**

	<u>Alvah F.Hicks Award Funds</u>	<u>High Schools</u>	<u>Middle Schools</u>	<u>Total</u>
ASSETS				
CASH				
Cash in checking		\$ 164,708	\$ 129,257	\$ 293,965
Cash in savings		25,851		25,851
Certificates of deposit		201,224		201,224
Total Assets		<u>\$ 391,783</u>	<u>\$ 129,257</u>	<u>\$ 521,040</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable		<u>39,963</u>		<u>39,963</u>
 TRUST FUNDS				
Balance, Beginning of Year	\$ 2,052	147,900	27,475	177,427
Receipts	32	628,719	214,310	843,061
Disbursements	<u>(2,084)</u>	<u>(616,034)</u>	<u>(186,549)</u>	<u>(804,667)</u>
Balance, End of Year		<u>160,585</u>	<u>55,236</u>	<u>215,821</u>
 FUND BALANCE		 <u>191,235</u>	 <u>74,021</u>	 <u>265,256</u>
Total Liabilities and Fund Balance		<u>\$ 391,783</u>	<u>\$ 129,257</u>	<u>\$ 521,040</u>

The accompanying notes are an integral part of these financial statements.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES - EXPENDABLE TRUST FUNDS

STUDENT BODY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 1999

	High Schools	Middle Schools	Total
REVENUES			
Yearbooks	\$ 86,556	\$ 42,005	\$ 128,561
Athletics	115,361		115,361
General student body	254,446	372,939	627,385
Interest	5,827		5,827
Testing	26,034		26,034
Student store	56,278	4,212	60,490
Total Revenues	<u>544,502</u>	<u>419,156</u>	<u>963,658</u>
EXPENDITURES			
Yearbooks	68,895	39,255	108,150
Athletics	120,536		120,536
General student body	283,665	349,644	633,309
Testing	19,665		19,665
Student store	58,202	3,351	61,553
Net decrease	3,703		3,703
Total Expenditures	<u>554,666</u>	<u>392,250</u>	<u>946,916</u>
INCREASE (DECREASE) IN FUND BALANCE	(10,164)	26,906	16,742
FUND BALANCE, Beginning of Year	201,399	47,115	248,514
FUND BALANCE, End of Year	<u>\$ 191,235</u>	<u>\$ 74,021</u>	<u>\$ 265,256</u>

The accompanying notes are an integral part of these financial statements.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUND TYPES - EXPENDABLE TRUST FUNDS
STUDENT BODY FUNDS - HIGH SCHOOLS
COMBINING BALANCE SHEET
JUNE 30, 1999**

	Cathedral City	Palm Springs	Palm Springs HS Scholarships	Mt. San Jacinto Continuation	Total
ASSETS					
Cash in checking	\$ 94,351	\$ 49,377		\$ 20,980	\$ 164,708
Cash in savings		25,851			25,851
Certificates of Deposit		86,950	\$ 114,274		201,224
Total Assets	<u>\$ 94,351</u>	<u>\$ 162,178</u>	<u>\$ 114,274</u>	<u>\$ 20,980</u>	<u>\$ 391,783</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	24,194	15,769			39,963
TRUST FUNDS					
Balance, Beginning of Year	45,814	96,417		5,669	147,900
Receipts	353,382	261,153		14,184	628,719
Disbursements	(327,522)	(277,806)		(10,706)	(616,034)
Balance, End of Year	71,674	79,764		9,147	160,585
FUND BALANCE	(1,517)	66,645	114,274	11,833	191,235
Total Liabilities and Fund Balance	<u>\$ 94,351</u>	<u>\$ 162,178</u>	<u>\$ 114,274</u>	<u>\$ 20,980</u>	<u>\$ 391,783</u>

The accompanying notes are an integral part of these financial statements.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES - EXPENDABLE TRUST FUNDS

STUDENT BODY FUNDS – HIGH SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 1999

	Cathedral City	Palm Springs	Palm Springs HS Scholarships	Mt. San Jacinto Continuation	Total
REVENUES					
Yearbooks	\$ 63,664	\$22,892			\$ 86,556
Athletics	51,066	64,295			115,361
General student body	182,308	53,237		\$ 18,901	254,446
Interest		5,827			5,827
Testing		26,034			26,034
Student store		56,278			56,278
Total Revenues	297,038	228,563		18,901	544,502
EXPENDITURES					
Yearbooks	52,352	16,543			68,895
Athletics	54,597	65,939			120,536
General student body	220,167	46,375		17,123	283,665
Testing		19,665			19,665
Student store		58,202			58,202
Net decrease			\$ 3,703		3,703
Total Expenditures	327,116	206,724	3,703	17,123	554,666
INCREASE (DECREASE) IN FUND BALANCE	(30,078)	21,839	(3,703)	1,778	(10,164)
FUND BALANCE, Beginning of Year	28,561	44,806	117,977	10,055	201,399
FUND BALANCE, End of Year	\$ (1,517)	\$66,645	\$ 114,274	\$ 11,833	\$191,235

The accompanying notes are an integral part of these financial statements.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUND TYPES - EXPENDABLE TRUST FUNDS
MIDDLE SCHOOLS
COMBINING BALANCE SHEET
JUNE 30, 1999**

	James Workman	Nellie Coffman	Raymond Cree	Desert Springs	Total
ASSETS					
Cash in checking	\$ 48,959	\$ 22,376	\$ 38,048	\$ 19,874	\$ 129,257
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable					
TRUST FUNDS					
Balance, Beginning of Year	4,881	11,787	3,730	7,077	27,475
Receipts	52,237	99,835	41,243	20,995	214,310
Disbursements	(37,280)	(89,743)	(35,531)	(23,995)	(186,549)
Balance, End of Year	19,838	21,879	9,442	4,077	55,236
FUND BALANCE					
Total Liabilities and Fund Balance	\$ 48,959	\$ 22,376	\$ 38,048	\$ 19,874	\$ 129,257

The accompanying notes are an integral part of these financial statements.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES - EXPENDABLE TRUST FUNDS

MIDDLE SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

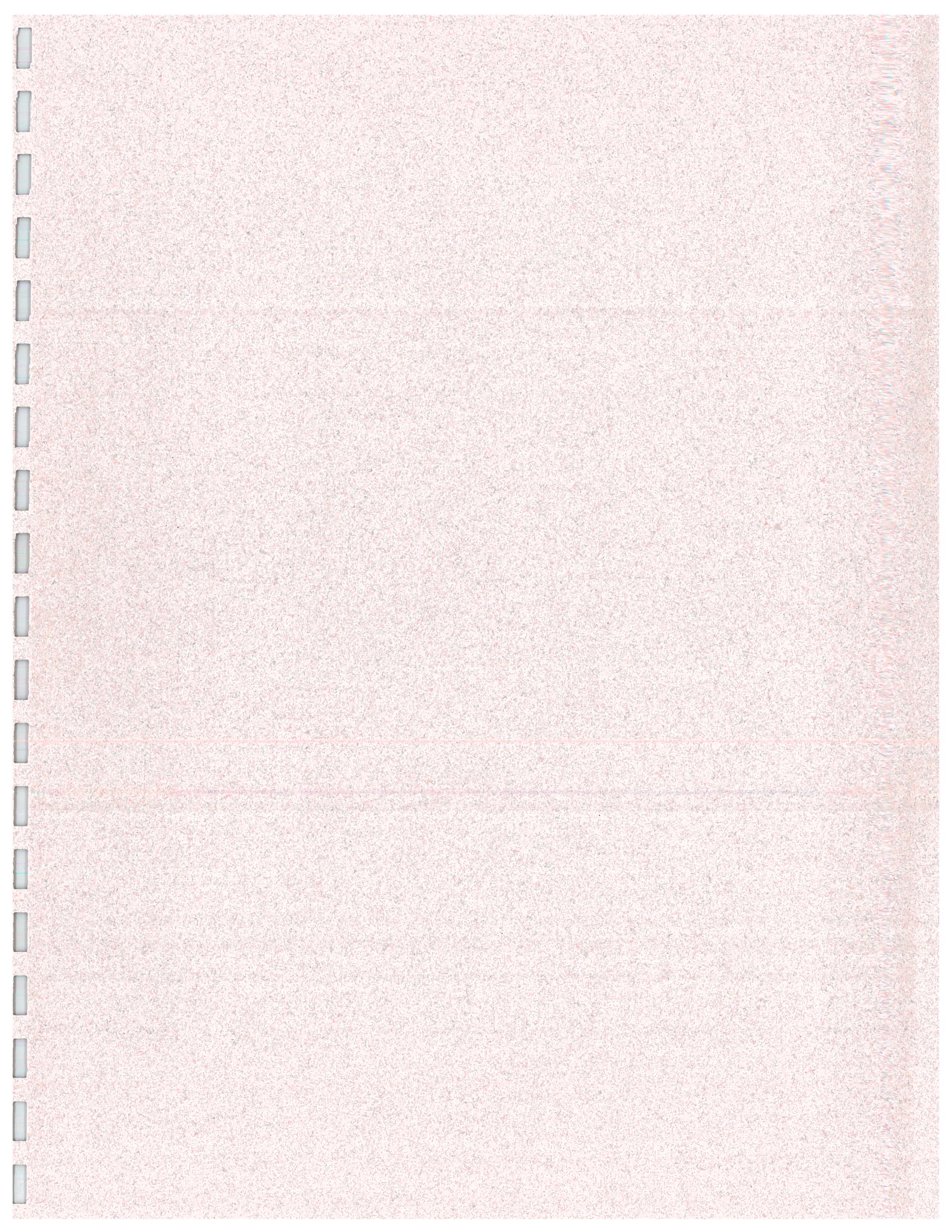
IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 1999

	James Workman	Nellie Coffman	Raymond Cree	Desert Springs	Total
REVENUES					
Yearbooks	\$ 15,842	\$ 4,738	\$ 14,164	\$ 7,261	\$ 42,005
General ASB	149,020	33,268	98,441	92,210	372,939
Student store		4,212			4,212
Total Revenues	<u>164,862</u>	<u>42,218</u>	<u>112,605</u>	<u>99,471</u>	<u>419,156</u>
EXPENDITURES					
Yearbook	6,102	12,899	9,379	10,875	39,255
General ASB	162,516	32,137	78,951	76,040	349,644
Student store		3,351			3,351
Total Expenditures	<u>168,618</u>	<u>48,387</u>	<u>88,330</u>	<u>86,915</u>	<u>392,250</u>
INCREASE/(DECREASE) IN FUND BALANCE	(3,756)	(6,169)	24,275	12,556	26,906
FUND BALANCE, Beginning of Year	32,877	6,666	4,331	3,241	47,115
FUND BALANCE, End of Year	<u>\$ 29,121</u>	<u>\$ 497</u>	<u>\$ 28,606</u>	<u>\$ 15,797</u>	<u>\$ 74,021</u>

The accompanying notes are an integral part of these financial statements.

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SUPPLEMENTARY INFORMATION

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 1999

PROGRAM	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Awards		
			Current Year	Prior Year	Total Entitlement
FEDERAL					
U.S. DEPARTMENT OF EDUCATION					
Impact Aid	84.041	N/A	\$ 28,178		\$ 28,178
Passed through California Department of Education (CDE):					
Adult Education Act - PL 100-297	84.002	03499	19,026		19,026
Education Technology Literacy Grant	84.318	03285	222,664		222,664
Elementary and Secondary Education Act					
Title I Part A - Grants to Local Educational Agencies	84.010	03797	2,572,101	\$ 110,510	2,682,611
Title II - Eisenhower Math and Science	84.281	03207	90,243	42,494	132,737
Title IV - Safe and Drug Free Schools	84.184	10007	95,749	17,261	113,010
Title VI - Innovative Education Strategies	84.298	03340	95,540	3,070	98,610
Title VII - Bilingual Education Comprehensive School Grants	84.290	10008	251,557	29,359	280,916
Emergency Immigrant Education	84.162	03159	134,062	73,716	207,778
Goals 2000	84.276	03264		172,382	172,382
Indian Education	84.060	10011	13,140		13,140
Individuals with Disabilities Education Act					
Federal Preschool	84.027	03430	97,947		97,947
Local Assistance	[2] 84.027	03379	1,051,876		1,051,876
Low Incidence	84.027	03459	5,556		5,556
Work Ability I	84.027	03011	51,890	1,438	53,328
Vocational and Applied Technology Education Act					
- Carl D. Perkins					
Title IIC - Adult Education	84.048	03578	72,460		72,460
Title IIC - Secondary Education	84.048	03577	108,787	5,630	114,417
Subtotal					
U.S. DEPARTMENT OF AGRICULTURE					
Passed through CDE:					
Child Nutrition Cluster:					
Basic Breakfast	10.553	03390			[1]
Especially Needy Breakfast	[2] 10.553	03390			[1]
National School Lunch Program	[2] 10.555	03396			[1]
Summer Food Service Program for Children	10.559	03158			[1]
Forest Reserve	10.665	10044			[1]
Subtotal					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through CDE:					
LEA Medi-Cal Billing Option	93.778	10013			[1]
Subtotal					
U.S. DEPARTMENT OF DEFENSE					
Junior Reserve Officer Training Program	12.000	N/A			[1]
Junior Reserve Officer Training Program - Supplies	12.000	N/A			[1]
Subtotal					
Total					

[1] Entitlement column not applicable. Maximum revenues based on level of service, ADA, or other criteria.

[2] Major program.

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable/ (Payable)	Deferred Revenue	Total Revenue	Program Expenditures
\$ 28,178			\$ 28,178	\$ 28,178
20,815	\$ (2,015)	\$ 3,532	15,268	15,268
150,298		89,432	60,866	60,866
2,682,611		71,883	2,610,728	2,610,728
132,737		27,637	105,100	105,100
55,561	24,998		80,559	80,559
98,610			98,610	98,610
226,016	54,900		280,916	280,916
174,262		65,363	108,899	108,899
137,905	(3,071)		134,834	134,834
8,403	4,737		13,140	13,140
25,072	72,875		97,947	97,947
262,969	788,907		1,051,876	1,051,876
	5,556		5,556	5,556
14,411	32,953		47,363	47,363
54,345	18,115		72,460	72,460
87,220		23,015	64,205	64,205
<u>4,159,413</u>	<u>997,955</u>	<u>280,862</u>	<u>4,876,505</u>	<u>4,876,505</u>
19,369	5,599		24,968	24,968
434,008	130,006		564,014	564,014
1,900,101	597,027		2,497,128	2,497,128
16,751			16,751	16,751
1,935			1,935	1,935
<u>2,372,164</u>	<u>732,632</u>		<u>3,104,796</u>	<u>3,104,796</u>
180,721	949		181,670	181,670
<u>180,721</u>	<u>949</u>		<u>181,670</u>	<u>181,670</u>
71,115	6,499		77,614	77,614
9,337		5,080	4,257	4,257
<u>80,452</u>	<u>6,499</u>	<u>5,080</u>	<u>81,871</u>	<u>81,871</u>
<u>\$ 6,792,750</u>	<u>\$ 1,738,035</u>	<u>\$ 285,942</u>	<u>\$ 8,244,842</u>	<u>\$ 8,244,842</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 1999

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionment's of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

	Annual	Second Period ADA		Increase/ (Decrease)
	Amended ADA	Amended 1998-99	Amended 1997-98	
ELEMENTARY				
Kindergarten	1,478	1,465	1,576	(111)
First through third	4,854	4,828	4,774	54
Fourth through eighth	6,605	6,609	6,736	(127)
Home or hospital	16	13	12	1
Opportunity schools	30	28	34	(6)
Special Education	342	334	338	(4)
Special Education - Nonpublic	1	1		1
Total Elementary	<u>13,326</u>	<u>13,278</u>	<u>13,470</u>	<u>(192)</u>
SECONDARY				
Regular classes	4,102	4,160	4,058	102
Continuation education	267	275	282	(7)
Opportunity schools	22	23	26	(3)
Home and hospital	8	7	7	
Special Education	177	180	160	20
Special Education - Nonpublic	5	5	1	4
Total Secondary	<u>4,581</u>	<u>4,650</u>	<u>4,534</u>	<u>116</u>
Total K-12	<u>17,907</u>	<u>17,928</u>	<u>18,004</u>	<u>(76)</u>
CLASSES FOR ADULTS				
Concurrently enrolled	9	6	6	
Not concurrently enrolled	205	188	194	(6)
Grand Total	<u>18,121</u>	<u>18,122</u>	<u>18,204</u>	<u>(82)</u>
SUMMER SCHOOL/INTERSESSION - ANNUAL PUPIL HOURS OF ATTENDANCE				
Core academic programs	204,601			
Students not meeting proficiency standards	72,933			
Total Hours	<u>277,534</u>			

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 1999

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>1998-99 Actual Minutes</u>	<u>Status</u>
Kindergarten	36,000	31,680	36,200	Complied
Grades 1 - 3	50,400	49,280	52,570	Complied
Grades 4 - 6	54,000	49,280	54,395	Complied
Grades 7 - 8	54,000	49,280	57,898	Complied
Grades 9 - 12	64,800	64,218	65,206	Complied

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

There were no adjustments to the Annual Financial and Budget Report (J-200) which required reconciliation to the audited financial statements at June 30, 1999.

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 1999

	(Budget) 2000 ¹	1999	1998	1997
GENERAL FUND				
Revenues	\$ 103,544,798	\$ 104,172,757	\$ 94,279,284	\$ 84,618,840
Other sources	1,000,000	1,043,890	600,001	245
Total Revenues and Other Sources	<u>104,544,798</u>	<u>105,216,647</u>	<u>94,879,285</u>	<u>84,619,085</u>
Expenditures	(101,807,001)	(100,143,703)	(90,389,769)	(79,491,103)
Other uses and transfers out	(84,750)	(4,296,895)	(2,947,394)	(3,907,940)
Total Expenditures and Other Uses	<u>(101,891,751)</u>	<u>(104,440,598)</u>	<u>(93,337,163)</u>	<u>(83,399,043)</u>
INCREASE/(DECREASE) IN FUND BALANCE	<u>\$ 2,653,047</u>	<u>\$ 776,049</u>	<u>\$ 1,542,122</u>	<u>\$ 1,220,042</u>
ENDING FUND BALANCE	<u>\$ 14,583,399</u>	<u>\$ 11,930,352</u>	<u>\$ 11,154,303</u>	<u>\$ 9,612,181</u>
AVAILABLE RESERVES ²	<u>\$ 3,773,005</u>	<u>\$ 4,915,854</u>	<u>\$ 4,257,711</u>	<u>\$ 6,163,185</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	<u>3.7%</u>	<u>4.7%</u>	<u>4.6%</u>	<u>7.4%</u>
LONG-TERM DEBT		<u>\$ 68,447,726</u>	<u>\$ 58,758,488</u>	<u>\$ 50,002,421</u>
AVERAGE DAILY ATTENDANCE AT P-2 ³	<u>18,236</u>	<u>17,928</u>	<u>18,004</u>	<u>17,515</u>

The general fund balance has increased by \$2,318,171 over the past two years. The fiscal year 1999-2000 budget projects an increase of \$2,653,047 (22 percent). For a district this size, the State recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in three of the past three years, and anticipates incurring an operating surplus during the 1999-2000 fiscal year. Total long-term debt has increased by \$18,445,305 over the past two years.

Average daily attendance has increased by 413 over the past two years. ADA is anticipated to increase by 308 during fiscal year 1999-2000.

¹ Budget 2000 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the general fund.

³ Excludes Adult Education ADA.

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

GENERAL FUND SELECTED FINANCIAL INFORMATION THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 1999

(Amounts in thousands)

	Actual Results for the Years					
	1998-99		1997-98		1996-97	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	\$ 4,873	4.64	\$ 5,179	5.47	\$ 3,262	3.85
State and local revenue included in revenue limit	71,442	68.05	67,103	71.30	60,386	71.37
Special Education	4,480	4.27	4,487	4.74	3,830	4.53
Lottery revenue	2,232	2.13	1,985	2.09	1,912	2.26
Other State revenue	13,995	13.33	11,032	11.68	8,429	9.96
Interest revenue	1,337	1.27	1,315	1.37	1,213	1.43
Other local revenue and transfers	6,633	6.32	3,178	3.35	5,587	6.60
Total Revenues	104,992	100.00	94,279	100.00	84,619	100.00
EXPENDITURES						
Salaries and Benefits						
Teachers' salaries	40,934	38.99	36,980	39.22	31,945	37.75
Other certificated salaries	8,260	7.87	7,353	7.80	6,739	7.96
Classified salaries	13,195	12.57	11,807	12.52	10,742	12.69
Employee benefits	14,707	14.01	13,984	14.84	13,227	15.63
Total Salaries and Benefits	77,096	73.43	70,124	74.38	62,653	74.03
Books and supplies	5,385	5.13	5,385	5.72	4,458	5.27
Contracts and operating expenses	12,061	11.49	10,372	11.00	10,344	12.22
Capital outlay	4,752	4.53	4,259	4.50	2,168	2.56
Other transfers	850	0.81	250	0.27	(132)	(0.16)
Total Expenditures	100,144	95.38	90,390	95.87	79,491	94
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	4,848	4.62	3,889	4.13	5,128	6.08
OTHER FINANCING SOURCES/(USES)						
Operating transfers in	225	0.21	600	0.64		
Operating transfers out	(4,297)	(4.09)	(2,947)	(3.13)	(3,908)	(4.62)
INCREASE IN FUND BALANCE	776	0.74	1,542	1.64	1,220	1.44
FUND BALANCE, BEGINNING	11,154		9,612		8,392	
FUND BALANCE, ENDING	\$ 11,930		\$ 11,154		\$ 9,612	

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**CAFETERIA ACCOUNT SELECTED FINANCIAL INFORMATION
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1999**

(Amounts in thousands)

	Actual Results for the Years					
	1998-99		1997-98		1996-97	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal	\$ 3,103	59.52	\$ 3,010	62.14	\$ 2,884	62.87
State meal program	211	4.05	204	4.21	191	4.17
Food sales	1,864	35.76	1,626	33.57	1,510	32.94
Other	35	0.67	4	0.08	1	0.02
Total Revenues	<u>5,213</u>	<u>100.00</u>	<u>4,844</u>	<u>100.00</u>	<u>4,586</u>	<u>100.00</u>
EXPENDITURES						
Salaries and employee benefits	2,115	40.57	2,825	58.31	1,997	42.63
Food	2,223	42.64	1,976	40.79	1,954	42.72
Supplies			23	0.47	75	2.20
Other	814	15.61	17	0.33	704	15.13
Total Expenditures	<u>5,152</u>	<u>98.83</u>	<u>4,841</u>	<u>99.92</u>	<u>4,730</u>	<u>102.68</u>
INCREASE/(DECREASE) IN FUND BALANCE	61	<u>1.17</u>	3	<u>0.09</u>	(144)	<u>(2.68)</u>
FUND BALANCE, BEGINNING	<u>273</u>		<u>270</u>		<u>414</u>	
FUND BALANCE, ENDING	<u>\$ 334</u>		<u>\$ 273</u>		<u>\$ 270</u>	
ENDING FUND BALANCE TO TOTAL REVENUES		<u>6.40</u>		<u>5.66</u>		<u>6.26</u>

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SUMMARY OF YEAR 2000 DISCLOSURES FOR THE YEAR ENDED JUNE 30, 1999

The Year 2000 (Y2K) issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District has identified computer systems that are necessary to conducting district operations and other electronic equipment that may be affected by the Y2K issue. Many programs, if not corrected, will not be able to distinguish between the years 2000 and 1900. This may cause the programs to process data inaccurately or stop processing data altogether.

The following discloses the District's progress in the four stages necessary to implement a Y2K-compliant system:

Awareness Stage:

As of July 1998, the District formed a Y2K committee to determine which systems may be affected by Y2K issues. In addition, this committee was formed to identify critical and noncritical systems, formulate an action plan, and prepare and monitor ongoing resources. The committee meets weekly to discuss ongoing progress of the Y2K project. The District expects this committee to continue meeting until the Y2K issues have been resolved.

Assessment Stage:

During the period from July 1998 through September 1999, the District inventoried all of its computer systems (hardware/software) and other electronic equipment that may be affected by Y2K problems. The critical systems that may be affected are the District's financial and attendance accounting and reporting systems, payroll and human resources systems, security systems, telecommunications, HVAC systems, food service and student computer systems. The District also began contacting vendors for Y2K compliance certification. The District will continue to assess all computer/software issues raised on an ongoing basis. In addition, the District is actively identifying and determining the potential of Y2K problems in noncritical systems.

Remediation Stage:

Remediation has been an on-going process, especially during the 1999 calendar year. The primary software for financial services provided by RCOE (Riverside County of Education) which include financial, payroll, and human resources system, were upgraded for Y2K by December 1998 (hardware, OS, RDBS, NCS). Local systems such as site security, telecommunications, and HVAC were either identified as a non-issue or were upgraded throughout the year by various vendors/departments. Food Services applications were upgraded for Y2K in October 1999. Libraries upgrades are about 65% complete; the remainder are currently under remediation as of October 1999. Data communications hardware/software was complete by June 1999. The SIS (Student Information System) upgrade was complete by September 1, 1999. Two areas currently under remediation include several classroom labs and a few laptop remote control systems for facility services (HVAC control, etc.) The District is continuing communication efforts with outside vendors to determine what impact the vendors' Y2K issues may have on the District.

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SUMMARY OF YEAR 2000 DISCLOSURES FOR THE YEAR ENDED JUNE 30, 1999

Validation/Testing Stage:

Currently, the District is in the process of testing applications and systems and anticipates concluding this stage by December 1999. Additional monitoring, remediation, and systems testing (including of PC systems) is scheduled through June 2000. Testing for payroll is being conducted October/November 1999, and is handled by our service provider, RCOE.

As of June 30, 1999, the District has incurred \$199,347 for the development of Y2K plans, assessing Y2K compliance, identifying remediation efforts, and conducting remediation and testing. Management estimates that an additional \$20,000 will be required over the subsequent year to complete testing.

While the District is confident that its computing systems will be fully Y2K-compliant there can be no assurance that the District will be immune to problems associated with Y2K compliance. Because of the unprecedented nature of the Y2K issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Y2K-compliant, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Y2K-compliant.

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 1999

NOTE #1 - PURPOSE OF SCHEDULES

A. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

B. Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionment's of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

C. Schedule of Instructional Time

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by Education Code Section 46201.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form J-200 to the audited financial statements.

E. Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 1999**

F. General Fund Selected Financial Information

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the general fund for the past three years.

G. Cafeteria Account Selected Financial Information

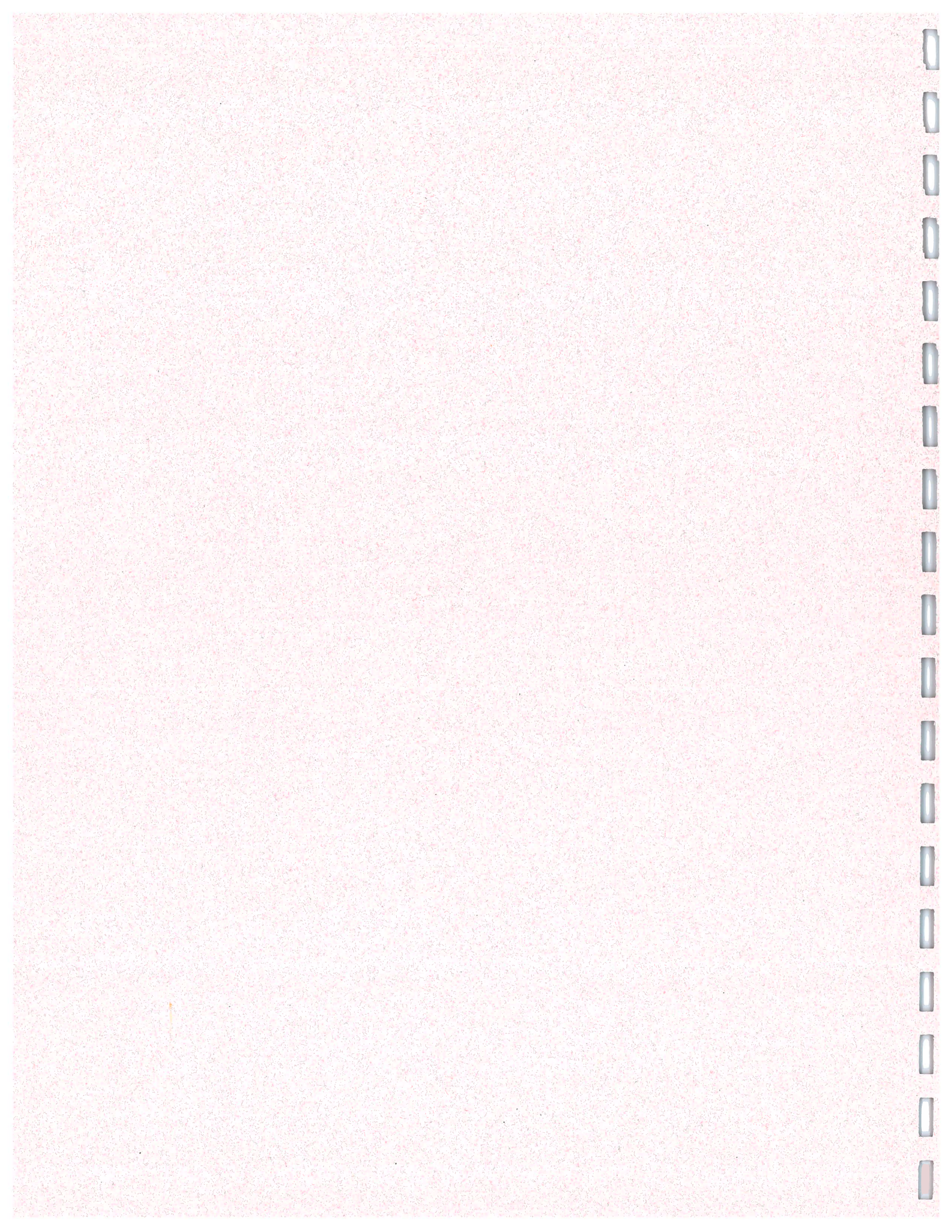
This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the cafeteria account for the past three years.

H. Summary of Year 2000 Disclosures

This schedule discusses disclosures about year 2000 issues and certain matters regarding the Year 2000 issue as required by Governmental Accounting Standards Board Technical Bulletin 98-1 as amended by Technical Bulletin 99-1.

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Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

Members:

- American Institute of Certified Public Accountants
 - SEC Practice Section
- California Society of Certified Public Accountants
 - Western Association of Accounting Firms

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board
Palm Springs Unified School District
Palm Springs, California

We have audited the financial statements of Palm Springs Unified School District as of and for the year ended June 30, 1999, and have issued our report thereon dated October 8, 1999. In our report, our opinion was qualified because the District did not maintain a general fixed asset group of accounts. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Palm Springs Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Palm Springs Unified School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Palm Springs Unified School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of financial statement findings as items 1999-1 through 1999-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Governing Board, Management, the California Department of Education, the State Controller's Office, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Vavunet, Trini Day, Co., LLP

Rancho Cucamonga, California
October 8, 1999

Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

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 - SEC Practice Section
- California Society of Certified Public Accountants
 - Western Association of Accounting Firms

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Governing Board
Palm Springs Unified School District
Palm Springs, California

Compliance

We have audited the compliance of Palm Springs Unified School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. Palm Springs Unified School District's major federal programs are identified in the Schedule of Expenditures of Federal and State Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Palm Springs Unified School District's management. Our responsibility is to express an opinion on Palm Springs Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Palm Springs Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Palm Springs Unified School District's compliance with those requirements.

In our opinion, Palm Springs Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Palm Springs Unified School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Palm Springs Unified School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Governing Board, Management, the California Department of Education, the State Controller's Office, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Vavrinek, Trine Day & Co., LLP

Rancho Cucamonga, California
October 8, 1999

Vavrinek, Trine, Day & Co., LLP

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Palm Springs Unified School District
Palm Springs, California

We have audited the financial statements of the Palm Springs Unified School District (the "District") as of and for the year ended June 30, 1999, and have issued our report thereon dated October 8, 1999. In our report, our opinion was qualified because the District did not maintain a general fixed asset group of accounts. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. 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 provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations of the following items:

	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting		
Attendance reporting	4	Yes
Staff development days:		
With waiver	3	Yes
Combination with waiver	3	Yes
Without waiver	3	Not Applicable
Kindergarten enrollment	4	Yes
Independent study	13	Yes
Continuation education	13	Yes
Adult education	8	Yes
Regional occupational centers/programs	5	Not Applicable
County Office of Education programs	9	Not Applicable

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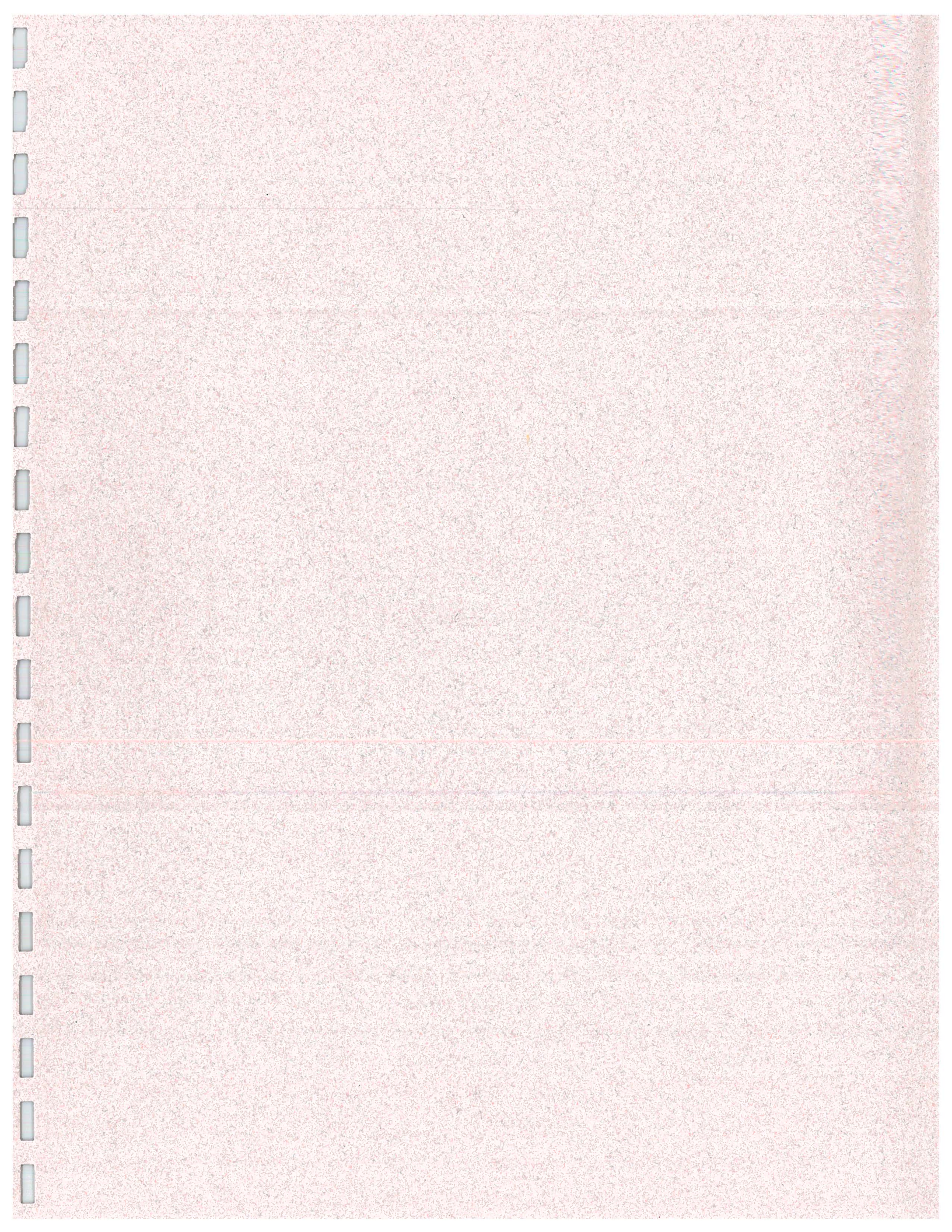
With Offices Located: Fresno
Pleasanton
Laguna Hills
San Jose
Carmichael

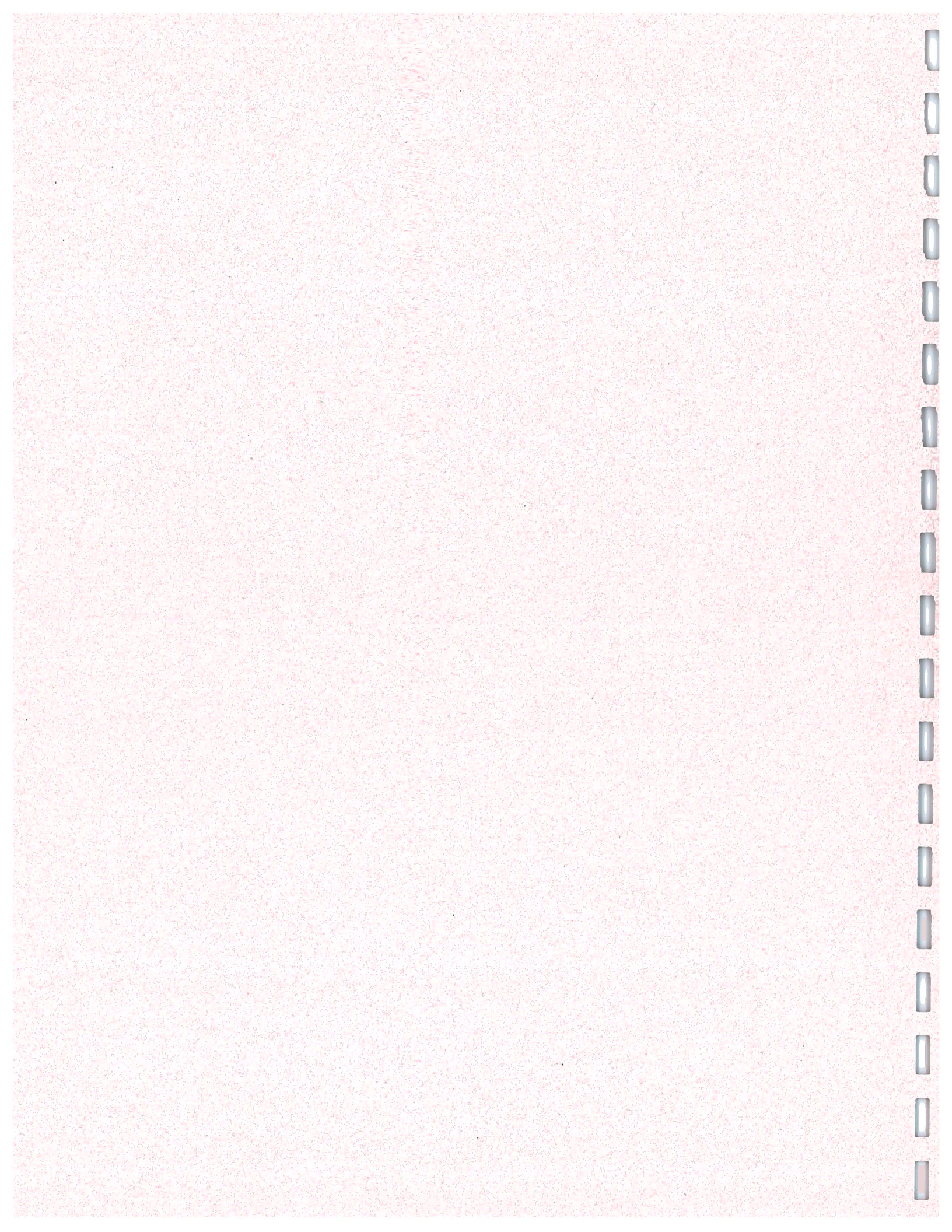
	Procedures in Controller's Audit Guide	Procedures Performed
Incentives for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not Applicable
GANN limit calculation	2	Yes
Early retirement incentive program	5	Not Applicable
Community day schools	8	Not Applicable
Class size reduction program:		
Option one	12	Yes
Option two	11	Not Applicable
Both options one and two	17	Not Applicable
Reduce class size in two courses in grade 9	8	Not Applicable
State instructional materials fund	8	Yes
Office of Criminal Justice Planning	-	Not Applicable

Based on our audit, we found that, for the items tested, the Palm Springs Unified School District complied with the state laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Palm Springs Unified School District had not complied with the laws and regulations.

Vavuneh, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 8, 1999





PALM SPRINGS UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 1999

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Qualified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weakness identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>Individuals with Disabilities Act - Local Assistance</u>
<u>10.553</u>	<u>Child Nutrition - Especially Needy Breakfast</u>
<u>10.555</u>	<u>Child Nutrition - National School Lunch Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weakness identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unqualified</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 1999

The following findings represent reportable conditions related to the financial statements that are required to be reported in accordance with generally accepted government audit standards. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

CASH COLLECTIONS

James Workman Middle School

1999-1 Finding (30000)

Cash collections appear to be made daily and placed into the vault without being counted or receipted until the end of the week. Inventory counts are not being made at the student store.

Recommendation

Receipts should be written and issued to depositor at the time that cash is collected. The current procedure of holding cash in the vault and receipting at one time period makes it impossible to determine the timeliness of cash deposit to the bank and increases the possibility that receipts are not being issued to the depositor. Inventory should be taken at the student store at least once a month to determine the quantity of goods on hand at the end of each accounting period. The inventory will enable the bookkeeper to perform a monthly sales analysis to determine the amount of stock required in the store and to establish a record of items to determine the amount of loss due to theft.

District Response

The District Office will work with staff to ensure that proper cash procedures are developed and implemented. The District will have the auditors visit the site once the procedures have been implemented to ensure that the controls are working properly.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 1999

CAFETERIA ACCOUNT

1999-2 Finding (30000)

The year-end vendor accrual summary did not agree with the amount reported on the J203. Through a review of unpaid invoices as of June 30, 1999 we found additional accruals of approximately \$25,000.

Recommendation

During the monthly close out of the cafeteria financial statements, the bookkeeper should reconcile unpaid invoices with the general ledger vendor payable account. Any discrepancies should be posted to the system accordingly.

District Response

A year-end closing checklist will be developed that will include the above noted area. This will ensure that all year-end closing procedures will be reviewed and that all amounts will be compared to the final District financial statements.

INTERFUND PAYABLES/RECEIVABLES

1999-3 Finding (30000)

During the 1998-99 fiscal year, the District closed several state school building projects. This is a time intensive process that involves working with the State to provide additional information to formally close each project. Due to this and because of year-end closing deadlines, the District was unable to clear the due to and due from balances relating to three building projects.

The District uses the due to and due from accounts to track interfund borrowing during construction. Three of the projects did not go through the normal closing process for the reasons defined above, therefore, excessive due to and due from balances existed at June 30, 1999. Had the normal closing process occurred, these balances would have been significantly less.

Recommendation

The District should continue to process closing entries for interfund activity upon completion of the related project. This will decrease the high due to and due from balances that are recorded on the District's ledgers.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 1999

District Response

Several of the building projects have been reconciled and the corresponding due to and from balances have been cleared. The remaining projects that have created these large balances are scheduled to be closed during the 1999-2000 fiscal year.

Palm Springs High School - Scholarship

1999-4 Finding (30000)

During our testing of cash in the scholarship fund, bank statements were not available to substantiate the amount of cash on hand.

Recommendation

Bank statements should be maintained to document activity in the scholarship accounts. Interest on account and any disbursements made on the account should be posted at least quarterly to reflect the proper balance in the scholarship accounts. This will accurately reflect cash on the financial statements and allow tracing of monies in and out of the scholarship account.

District Response

The bank has been contacted to provide the statements that were not available at the time of audit. Once the statements have been obtained and reconciled, a copy will be provided to the auditors.

ASSOCIATED STUDENT BODY FUNDS (ASB's)

Separation of Duties

1999-5 Findings (30000)

There appears to be a lack of separation of duties at several of the ASB's. the lack of separation of duties includes the following:

- Bookkeepers have complete control of all cash collections, issue receipts for cash collection, reconcile the bank accounts, and post transactions to the general ledger.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 1999

Recommendation

To provide for an adequate separation of duties, the same person should not have custody of assets, have responsibility for recording transactions, and have reconciliation responsibilities. Although it is difficult to have a separation of duties at the ASB's, we suggest that the District make attempts to ensure that the separation of duties is maintained at the best possible level.

District Response

This is common for most Associated Student Body Funds. The District has provided training, accounting manuals, and assistance to ensure that the internal controls are properly maintained.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999**

There were no findings representing reportable conditions and instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999**

There were no findings representing reportable conditions and instances of noncompliance including questioned costs relating to state program laws and regulations.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 1999

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

DISTRICT OFFICE

General Obligation Bonds – Arbitrage Calculation

1998-1 Finding (30000)

During the time between the sale of general obligation bonds to the public and the expenditure of the funds on capital projects, the bond proceeds earn interest. Arbitrage exists when the proceeds' interest earnings exceed the interest expense associated with the bonds outstanding. Government entities are limited by Federal law as to the excess interest they may collect in this manner. The District is required to obtain calculations for each bond issue to ensure that arbitrage does not exist.

Recommendation

Any amounts due to the Federal government as a result of arbitrage are required to be paid by the fifth anniversary of the bonds' issue date. The District should arrange for the required calculations to be performed.

Current Status

Implemented.

Desert Springs, Nellie Coffman and James Workman Middle Schools, Palm Springs and Cathedral City High Schools

1998-2 Finding (30000)

Revenue potential forms allow sponsors of fundraisers to ensure that all receipts and items sold have been properly accounted for. During the audit of the middle school student body funds, it was noted that revenue potential forms were not properly completed.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999**

Recommendation

Current Status

Revenue potential forms should note the total number of items received for sale, the number sold, the number given away, and the number remaining at the conclusion of the sale. The number sold should be multiplied by the selling price to determine the amount that should have been collected. Dates and amounts of deposits are recorded in order to ensure that all sale proceeds have been received and properly deposited.

Implemented.

Palm Springs High School – Scholarship

1998-3 Finding (30000)

During our testing of cash in the scholarship fund, bank statements were not available to substantiate the amount of cash on hand.

Recommendation

Current Status

Bank statements should be maintained to document activity in the scholarship accounts. Interest on account and any disbursements made on the account should be posted at least quarterly to reflect the proper balance in the scholarship accounts. This will accurately reflect cash on the financial statements and allow tracing of monies in and out of the scholarship account.

Not Implemented.
(See Financial Statement Findings 1999-4.)

