

PALM SPRINGS UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2000



PALM SPRINGS UNIFIED SCHOOL DISTRICT

OF RIVERSIDE COUNTY

PALM SPRINGS, CALIFORNIA

JUNE 30, 2000

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
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ADMINISTRATION

William E. Diedrich, Ph.D.	Superintendent
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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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INDEPENDENT AUDITORS' REPORT

Board of Education
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, 2000, 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, 2000, 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 November 7, 2000, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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. 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.

Vavaronek, Trine, Day : Co., LLP

Rancho Cucamonga, California
November 7, 2000

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

**ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 152,633	\$ 510,517		\$ 22,954
Investments	17,470,572	2,555,022	\$ 2,438,836	4,378,011
Accounts receivable	4,614,433	873,396		4,757,588
Due from other funds	4,695,015	2,563,296		22,815,758
Stores inventory	273,091	132,482		
Amount available for the retirement of general long-term debt				
Amount to be provided for the retirement of general long-term debt				
Total Assets	\$ 27,205,744	\$ 6,634,713	\$ 2,438,836	\$ 31,974,311
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	3,410,918	153,334		593,491
Due to other funds	14,035,245	1,386,754		14,652,070
Deferred revenue	3,430,121	353,410		
Due to student groups				
General long-term debt				
Total Liabilities	20,876,284	1,893,498		15,245,561
FUND EQUITY				
Fund balances				
Reserved	442,531	137,312		
Unreserved				
Designated	2,491,630			
Undesignated	3,395,299	4,603,903	2,438,836	16,728,750
Total Fund Equity	6,329,460	4,741,215	2,438,836	16,728,750
Total Liabilities and Fund Equity	\$ 27,205,744	\$ 6,634,713	\$ 2,438,836	\$ 31,974,311

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

<u>Fiduciary</u> <u>Fund Types</u> <u>Agency</u>	<u>Account</u> <u>Group</u> General Long-Term Debt	Total (Memorandum Only)
\$ 575,977		\$ 1,262,081
		26,842,441
5,170		10,250,587
		30,074,069
		405,573
	\$ 2,438,836	2,438,836
	<u>66,647,107</u>	<u>66,647,107</u>
<u>\$ 581,147</u>	<u>\$ 69,085,943</u>	<u>\$ 137,920,694</u>

55,761		4,213,504
		30,074,069
		3,783,531
525,386		525,386
	<u>69,085,943</u>	<u>69,085,943</u>
<u>581,147</u>	<u>69,085,943</u>	<u>107,682,433</u>

		579,843
		2,491,630
		<u>27,166,788</u>
		<u>30,238,261</u>
<u>\$ 581,147</u>	<u>\$ 69,085,943</u>	<u>\$ 137,920,694</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, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Revenue Limit Sources				
State apportionments	\$ 51,530,938	\$ 428,505		
Local sources	26,122,832			
Total Revenue Limit Sources	77,653,770	428,505		
Federal revenues	5,816,439	3,347,304		
Other state revenues	17,350,351	2,081,636	\$ 92,796	
Other local revenues	7,147,256	2,717,847	5,730,064	\$ 5,549,642
Tuition and transfers	4,658,369			
Total Revenues	112,626,185	8,575,292	5,822,860	5,549,642
EXPENDITURES				
Current Expenditures				
Certificated salaries	55,307,188	855,171		
Classified salaries	14,936,848	2,380,201		497,373
Employee benefits	16,204,686	860,548		104,225
Books and supplies	6,986,645	2,793,326		78,872
Services and operating expenditures	12,756,833	551,077		645,926
Other outgo	1,075,433	541,160		64,746
Capital outlay	5,293,898	996,540		15,791,767
Debt service - principal			1,515,000	
Debt service - interest and other			3,968,364	
Total Expenditures	112,561,531	8,978,023	5,483,364	17,182,909
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	64,654	(402,731)	339,496	(11,633,267)
OTHER FINANCING SOURCES/(USES)				
Operating transfers in		599,560		10,211,948
Operating transfers out	(5,665,546)			(5,145,962)
Other sources				3,984,145
Total Other Financing Sources/(Uses)	(5,665,546)	599,560		9,050,131
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(5,600,892)	196,829	339,496	(2,583,136)
FUND BALANCE, BEGINNING OF YEAR	11,930,352	4,544,386	2,099,340	19,311,886
FUND EQUITY TRANSFERS				
ADJUSTED BEGINNING FUND BALANCE				
FUND BALANCE, END OF YEAR	\$ 6,329,460	\$ 4,741,215	\$ 2,438,836	\$ 16,728,750

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

Fiduciary Fund Type	Total
Expendable Trust	(Memorandum Only)
	\$ 51,959,443
	26,122,832
	78,082,275
	9,163,743
	19,524,783
	21,144,809
	<u>4,658,369</u>
	<u>132,573,979</u>
	56,162,359
	17,814,422
	17,169,459
	9,858,843
	13,953,836
	1,681,339
	22,082,205
	1,515,000
	<u>3,968,364</u>
	<u>144,205,827</u>
	<u>(11,631,848)</u>
	10,811,508
	(10,811,508)
	<u>3,984,145</u>
	<u>3,984,145</u>
	(7,647,703)
\$ 265,256	38,151,220
<u>(265,256)</u>	<u>(265,256)</u>
	<u>\$ 30,238,261</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, 2000**

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 52,372,751	\$ 51,530,938	\$ (841,813)
Local sources	25,227,394	26,122,832	895,438
Total Revenue Limit Sources	77,600,145	77,653,770	53,625
Federal revenues	6,573,676	5,816,439	(757,237)
Other state revenues	19,924,961	17,350,351	(2,574,610)
Other local revenues	6,888,383	7,147,256	258,873
Tuition and transfers	4,565,629	4,658,369	92,740
Total Revenues	115,552,794	112,626,185	(2,926,609)
EXPENDITURES			
Current Expenditures			
Certificated salaries	56,378,874	55,307,188	1,071,686
Classified salaries	15,367,905	14,936,848	431,057
Employee benefits	16,453,746	16,204,686	249,060
Books and supplies	8,610,304	6,986,645	1,623,659
Services and operating expenditures	13,260,027	12,756,833	503,194
Other outgo	553,110	1,075,433	(522,323)
Capital outlay	6,317,933	5,293,898	1,024,035
Debt service - principal			
Debt service - interest and other			
Total Expenditures	116,941,899	112,561,531	4,380,368
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(1,389,105)</u>	<u>64,654</u>	<u>1,453,759</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Operating transfers out	(5,665,546)	(5,665,546)	
Other sources			
Total Other Financing Sources/(Uses)	<u>(5,665,546)</u>	<u>(5,665,546)</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(7,054,651)	(5,600,892)	1,453,759
FUND BALANCE, BEGINNING OF YEAR	<u>11,930,352</u>	<u>11,930,352</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,875,701</u>	<u>\$ 6,329,460</u>	<u>\$ 1,453,759</u>

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)
\$ 426,874	\$ 428,505	\$ 1,631			
426,874	428,505	1,631			
3,486,904	3,347,304	(139,600)			
1,613,193	2,081,636	468,443	\$ 92,796	\$ 92,796	
2,513,821	2,717,847	204,026	5,730,064	5,730,064	
8,040,792	8,575,292	534,500	5,822,860	5,822,860	
1,096,016	855,171	240,845			
2,359,133	2,380,201	(21,068)			
894,083	860,548	33,535			
2,444,374	2,793,326	(348,952)			
483,795	551,077	(67,282)			
773,711	541,160	232,551			
1,016,086	996,540	19,546			
			1,515,000	(1,515,000)	
			3,968,364	(3,968,364)	
9,067,198	8,978,023	89,175	5,483,364	(5,483,364)	
(1,026,406)	(402,731)	623,675	339,496	339,496	
599,559	599,560	1			
599,559	599,560	1			
(426,847)	196,829	623,676	339,496	339,496	
4,544,386	4,544,386		\$ 2,099,340	2,099,340	
\$ 4,117,539	\$ 4,741,215	\$ 623,676	\$ 2,099,340	\$ 2,438,836	\$ 339,496

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, 2000**

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Revenue Limit Sources			
State apportionments			
Local sources			
Total Revenue Limit Sources			
Federal revenues			
Other state revenues			
Other local revenues	\$ 4,764,479	\$ 5,549,642	\$ 785,163
Tuition and transfers			
Total Revenues	<u>4,764,479</u>	<u>5,549,642</u>	<u>785,163</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries	494,839	497,373	(2,534)
Employee benefits	103,423	104,225	(802)
Books and supplies	76,740	78,872	(2,132)
Services and operating expenditures	687,624	645,926	41,698
Other outgo	59,863	64,746	(4,883)
Capital outlay	16,605,872	15,791,767	814,105
Debt service - principal			
Debt service - interest and other			
Total Expenditures	<u>18,028,361</u>	<u>17,182,909</u>	<u>845,452</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(13,263,882)</u>	<u>(11,633,267)</u>	<u>1,630,615</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	5,154,049	10,211,948	5,057,899
Operating transfers out	(5,154,049)	(5,145,962)	8,087
Other sources	3,984,145	3,984,145	
Total Other Financing Sources/(Uses)	<u>3,984,145</u>	<u>9,050,131</u>	<u>5,065,986</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(9,279,737)	(2,583,136)	6,696,601
FUND BALANCE, BEGINNING OF YEAR	<u>19,311,886</u>	<u>19,311,886</u>	
FUND BALANCE, END OF YEAR	<u>\$ 10,032,149</u>	<u>\$ 16,728,750</u>	<u>\$ 6,696,601</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>
\$ 52,799,625	\$ 51,959,443	\$ (840,182)
25,227,394	26,122,832	895,438
78,027,019	78,082,275	55,256
10,060,580	9,163,743	(896,837)
21,538,154	19,524,783	(2,013,371)
14,166,683	21,144,809	6,978,126
4,565,629	4,658,369	92,740
<u>128,358,065</u>	<u>132,573,979</u>	<u>4,215,914</u>
57,474,890	56,162,359	1,312,531
18,221,877	17,814,422	407,455
17,451,252	17,169,459	281,793
11,131,418	9,858,843	1,272,575
14,431,446	13,953,836	477,610
1,386,684	1,681,339	(294,655)
23,939,891	22,082,205	1,857,686
	1,515,000	(1,515,000)
	3,968,364	(3,968,364)
<u>144,037,458</u>	<u>144,205,827</u>	<u>(168,369)</u>
<u>(15,679,393)</u>	<u>(11,631,848)</u>	<u>4,047,545</u>
5,753,608	10,811,508	5,057,900
(10,819,595)	(10,811,508)	8,087
3,984,145	3,984,145	
<u>(1,081,842)</u>	<u>3,984,145</u>	<u>5,065,987</u>
(16,761,235)	(7,647,703)	9,113,532
35,786,624	37,885,964	2,099,340
<u>\$ 19,025,389</u>	<u>\$ 30,238,261</u>	<u>\$ 11,212,872</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

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

- Agency Funds are used to account for assets of others for which the District acts as agent.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

Account Group

The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance is considered a measure of "available spendable resources." Thus, the long-term liabilities associated with governmental funds are accounted for in the account group of the District.

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

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), except for unmatured interest on general long-term debt, which is recognized when due.

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

D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with state law. The District's governing board satisfied these requirements. 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 major 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.

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 are liquidated at June 30 since they do not constitute expenditures or liabilities.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

F. Stores Inventory

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.

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.)

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, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

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 January 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.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000**

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.

L. Total (Memorandum Only) Columns on Combined Statements

The Combined Financial Statements include total columns captioned as "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE #2 - CASH

Cash at June 30, 2000, is presented below and categorized separately to give an indication of the level of risk assessment with each deposit:

	Bank Balance -			Total	Carrying Amount
	Category *				
	1	2	3		
Categorized Deposits					
Cash on hand and in banks	\$ 220,285		\$ 1,330,617	\$ 1,550,902	\$ 1,207,251
Cash in revolving fund	79,715			79,715	54,830
Total Deposits	<u>\$ 300,000</u>		<u>\$ 1,330,617</u>	<u>\$ 1,630,617</u>	<u>\$ 1,262,081</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

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, 2000, is shown below:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year
General obligation bonds	\$66,415,000		\$1,515,000	\$64,900,000
Accumulated vacation - net	445,655	\$ 55,119		500,774
Postemployment benefits	900,692	808,000	236,624	1,472,068
State school building match	432,099		432,099	
Capital leases	254,280	2,128,076	169,255	2,213,101
	<u>\$68,447,726</u>	<u>\$ 2,991,195</u>	<u>\$2,352,978</u>	<u>69,085,943</u>
Amount currently available and reserved for retirement of general long-term debt				
Bond interest and redemption				<u>2,438,836</u>
Amount to be provided for retirement of general long-term debt				<u>\$66,647,107</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	Redeemed	Bonds Outstanding End of Year
03/01/93	03/01/18	7.75	\$ 5,000,000	\$ 4,800,000	\$ 60,000	\$ 4,740,000
05/01/94	05/01/19	5.85-6.1	10,000,000	9,035,000	265,000	8,770,000
05/15/95	02/01/20	5.90-6.13	20,000,000	18,825,000	445,000	18,380,000
06/01/96	02/01/21	5.0-8.0	15,000,000	14,300,000	320,000	13,980,000
07/15/97	02/01/22	5.0	10,000,000	9,625,000	205,000	9,420,000
07/15/98	02/01/23	5.0	10,000,000	9,830,000	220,000	9,610,000
				<u>\$66,415,000</u>	<u>\$1,515,000</u>	<u>\$64,900,000</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000**

Debt Service Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
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	3,346,141	5,286,141
2005	2,080,000	3,228,956	5,308,956
Thereafter	55,725,000	29,894,917	85,619,917
Total	<u>\$64,900,000</u>	<u>\$47,171,846</u>	<u>\$112,071,846</u>

C. Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2000, amounted to \$500,774.

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, 48 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 \$236,624 were recognized for retirees' health care benefits.

The approximate accumulated future liability for the District at June 30, 2000, amounts to \$1,472,068. 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, 2000, 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	\$ 146,082	\$ 141,858	\$ 287,940
Additions	2,559,657		2,559,657
Payments	(36,871)	(136,285)	(173,156)
Balance, End of Year	<u>\$2,668,868</u>	<u>\$ 5,573</u>	<u>\$2,674,441</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000**

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2001	\$ 453,757
2002	448,184
2003	448,184
2004	448,184
2005	448,182
Thereafter	<u>427,950</u>
Total	2,674,441
Less: Amount Representing Interest	(461,340)
Present Value of Minimum Lease Payments	<u><u>\$2,213,101</u></u>

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, 2000

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary (7.0 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 1999-2000 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, 2000, 1999, and 1998 were \$0, \$0, and \$783,142, 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 1999-2000 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, 2000, 1999, and 1998 were \$4,184,902, \$3,783,855, and \$3,401,744, 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 \$2,850,802 (5.602 percent of salaries subject to STRS) and \$14,762 (.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, 2000

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 JPA's.

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. 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.

B. Construction Commitments

As of June 30, 2000, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Cathedral City Elementary School	\$ 3,679,422	10/01/00
Cahuilla Elementary Reconstruction	6,851,188	01/01/01
Raymond Cree Middle School	671,114	10/01/00
	<u>\$ 11,201,724</u>	

C. State School Building Projects

The District is currently involved in 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.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000**

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

The District is a member of the Desert Schools' Self-Insurance Program for Employees (DSSIPE), Riverside Schools' Insurance Authority (RSIA), and Riverside Employer/Employees' Partnership for Benefits (REEPB) 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.

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>	Desert Schools Self-Insurance Program for Employees (DSSIPE)	Riverside Schools Insurance Authority (RSIA)	Riverside Employer/Emplo yees' Partnership for Benefits (REEPB)
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, 2000**

E. Condensed Audited Financial Information Follows

	(DSSIPE)	(RSIA)	(REEPB)
	June 30, 2000	June 30, 1999*	June 30, 1999*
Assets	\$ 3,554,722	\$ 10,193,113	\$ 11,373,448
Liabilities	(238,453)	(3,595,206)	(4,617,817)
Fund Equity	\$ 3,316,269	\$ 6,597,907	\$ 6,755,631
Revenues	286,990	2,773,741	35,816,410
Expenses	(89,753)	(2,994,827)	(34,898,268)
Net Increase/(Decrease) in Fund Equity	\$ 197,237	\$ (221,086)	\$ 918,142

*Most recent information available.

NOTE #14 - TAX AND REVENUE ANTICIPATION NOTES

On July 2, 1999, the District issued \$5,600,000 Tax and Revenue Anticipation Notes bearing interest at 3.1 percent. Interest and principal were due and payable on July 3, 2000. By May 2000, 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 \$5,600,000 and related accrued interest and cash held in trust are not included in these financial statements.

NOTE #15 - SUBSEQUENT EVENTS

A. Tax and Revenue Anticipation Notes

The District issued \$7,500,000 of Tax and Revenue Anticipation Notes dated July 3, 2000. The notes mature on July 3, 2001, yield 4.27 percent. 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 February 2001, 50 percent by March 2001, 60 percent by April 2001, and 100 percent by May 2001.

B. General Obligation Bond

On November 7, 2000, the District's voters approved a \$72.5 million general obligation bond. The proceeds from the bond issue will be used in part to enable the District to be eligible for state matching funds through previous and future approvals of modernization and new construction projects applied for through the Office of Public School Construction.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE #16 - EQUITY FUND TRANSFER

The following residual equity fund transfer has been made to conform with the financial statement presentation guidelines, as reflected in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies* audit guide:

The Student Body Trust Fund transferred to the Student Body Agency Fund \$ 265,256

NOTE #17 - EXPENDITURES (BUDGET VERSUS ACTUAL)

The expenditures of the following District funds exceeded the budgeted amount in total as follows:

Funds	<u>Expenditures and Other Uses</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Cafeteria	<u>\$ 5,457,018</u>	<u>\$ 5,866,072</u>	<u>\$ (409,054)</u>
State School Building	<u>\$ 9,945,190</u>	<u>\$10,202,259</u>	<u>\$ (257,069)</u>

The District did not prepare a budget for the Debt Service Fund.

NOTE #18 - NEW ACCOUNTING PRONOUNCEMENTS

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement of Financial Accounting Standard No. 34 "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*" This Statement establishes financial reporting standards for state and local governments, including states, cities, towns, villages and special-purpose governments such as school districts and public utilities. Specifically the basic financial statements and required supplementary information (RSI) for general-purpose governments should consist of:

- A. Management's Discussion and Analysis (MD&A)
- B. Basic Financial Statements which include:
 - Government-wide financial statements prepared using the economic measurement focus and the accrual basis of accountings.
 - Fund financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting.
 - Required supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2000

C. The requirements of this statement are effective in three phases based on a government's total annual revenues for the year ended June 30, 1999, with earlier application encouraged. These phases are as follows:

Phase I: Districts with total revenue of \$100 million or more are required to implement for the year ending June 30, 2002.

Phase II: Districts with total revenue of at least \$10 million but less than \$100 million are required to implement for the year ending June 30, 2003.

Phase III: Districts with total revenue of less than \$10 million are required to implement for the year ending June 30, 2004.

Based on the above criteria, the District expects to adopt the provisions of this statement for the fiscal year ending June 30, 2002. While the District believes the adoption of this statement will have a significant impact on how the District's financial position and results of operations is presented in its annual financial statements, the District has not determined the full impact of the adoption.

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2000**

	Adult Education	Cafeteria	Child Development	Deferred Maintenance
ASSETS				
Cash	\$ 10,390	\$ 497,751	\$ 2,376	
Investments	407,249		156,767	\$ 590,610
Accounts receivable	164,407	616,452	58,775	12,244
Due from other funds		15,618	72,538	
Stores inventory		132,482		
Total Assets	<u>\$ 582,046</u>	<u>\$ 1,262,303</u>	<u>\$ 290,456</u>	<u>\$ 602,854</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	6,589	106,297	1,633	38,815
Due to other funds	114,293	983,638	288,823	
Deferred revenue	339,991	13,419		
Total Liabilities	<u>460,873</u>	<u>1,103,354</u>	<u>290,456</u>	<u>38,815</u>
FUND EQUITY				
Fund balances				
Reserved			2,000	
Unreserved		135,312		
Designated				
Undesignated	<u>121,173</u>	<u>23,637</u>	<u>(2,000)</u>	<u>564,039</u>
Total Fund Equity	<u>121,173</u>	<u>158,949</u>		<u>564,039</u>
Total Liabilities and Fund Equity	<u>\$ 582,046</u>	<u>\$ 1,262,303</u>	<u>\$ 290,456</u>	<u>\$ 602,854</u>

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

<u>Special Reserve</u>	<u>Total</u>
	\$ 510,517
\$ 1,400,396	2,555,022
21,518	873,396
2,475,140	2,563,296
	132,482
<u>\$ 3,897,054</u>	<u>\$ 6,634,713</u>

	153,334
	1,386,754
	353,410
	<u>1,893,498</u>

	137,312
<u>3,897,054</u>	<u>4,603,903</u>
<u>3,897,054</u>	<u>4,741,215</u>
<u>\$ 3,897,054</u>	<u>\$ 6,634,713</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, 2000**

	<u>Adult Education</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Revenue Limit Sources	\$ 426,874	\$ 428,505	\$ 1,631
Federal revenues	127,044	111,812	(15,232)
Other state revenues	553,402	227,488	(325,914)
Other local revenues	183,680	186,059	2,379
Total Revenues	<u>1,291,000</u>	<u>953,864</u>	<u>(337,136)</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	622,186	381,342	240,844
Classified salaries	145,538	105,191	40,347
Employee benefits	118,570	80,844	37,726
Books and supplies	132,193	81,079	51,114
Services and operating expenditures	153,548	114,660	38,888
Other outgo	73,457	49,817	23,640
Capital outlay	58,110	29,873	28,237
Total Expenditures	<u>1,303,602</u>	<u>842,806</u>	<u>460,796</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(12,602)</u>	<u>111,058</u>	<u>123,660</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>(12,602)</u>	<u>111,058</u>	<u>123,660</u>
FUND BALANCE, BEGINNING OF YEAR	<u>10,115</u>	<u>10,115</u>	
FUND BALANCE, END OF YEAR	<u>\$ (2,487)</u>	<u>\$ 121,173</u>	<u>\$ 123,660</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)
\$ 3,359,860	\$ 3,235,492	\$ (124,368)			
222,275	199,614	(22,661)	\$ 330,376	\$ 1,147,394	\$ 817,018
1,676,581	2,256,305	579,724	551,560	151,861	(399,699)
5,258,716	5,691,411	432,695	881,936	1,299,255	417,319
			473,830	473,829	1
1,693,869	1,752,713	(58,844)	519,726	522,297	(2,571)
558,258	565,198	(6,940)	217,255	214,506	2,749
2,243,616	2,651,995	(408,379)	65,065	45,257	19,808
125,000	275,063	(150,063)	10,197	8,327	1,870
626,275	402,651	223,624	73,979	88,692	(14,713)
210,000	218,452	(8,452)	16,597	20,699	(4,102)
5,457,018	5,866,072	(409,054)	1,376,649	1,373,607	3,042
(198,302)	(174,661)	23,641	(494,713)	(74,352)	420,361
			72,352	72,352	
			72,352	72,352	
(198,302)	(174,661)	23,641	(422,361)	(2,000)	420,361
333,610	333,610		2,000	2,000	
\$ 135,308	\$ 158,949	\$ 23,641	\$ (420,361)	\$	\$ 420,361

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, 2000**

	Deferred Maintenance		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
Federal revenues			
Other state revenues	\$ 507,140	\$ 507,140	
Other local revenues	40,000	44,684	\$ 4,684
Total Revenues	<u>547,140</u>	<u>551,824</u>	<u>4,684</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies	3,500	14,995	(11,495)
Services and operating expenditures	195,050	153,027	42,023
Other outgo			
Capital outlay	<u>731,379</u>	<u>727,516</u>	<u>3,863</u>
Total Expenditures	<u>929,929</u>	<u>895,538</u>	<u>34,391</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(382,789)</u>	<u>(343,714)</u>	<u>39,075</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	<u>527,207</u>	<u>527,207</u>	
Total Other Financing Sources/(Uses)	<u>527,207</u>	<u>527,207</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	144,418	183,493	39,075
FUND BALANCE, BEGINNING OF YEAR	<u>380,546</u>	<u>380,546</u>	
FUND BALANCE, END OF YEAR	<u>\$ 524,964</u>	<u>\$ 564,039</u>	<u>\$ 39,075</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)
			\$ 426,874	\$ 428,505	\$ 1,631
			3,486,904	3,347,304	(139,600)
			1,613,193	2,081,636	468,443
\$ 62,000	\$ 78,939	\$ 16,939	2,513,821	2,717,848	204,027
62,000	78,939	16,939	8,040,792	8,575,293	534,501
			1,096,016	855,171	240,845
			2,359,133	2,380,201	(21,068)
			894,083	860,548	33,535
			2,444,374	2,793,326	(348,952)
			483,795	551,077	(67,282)
			773,711	541,160	232,551
			1,016,086	996,540	19,546
			9,067,198	8,978,023	89,175
62,000	78,939	16,939	(1,026,406)	(402,730)	623,676
			599,559	599,559	
			599,559	599,559	
62,000	78,939	16,939	(426,847)	196,829	623,676
3,818,115	3,818,115		4,544,386	4,544,386	
\$ 3,880,115	\$ 3,897,054	\$ 16,939	\$ 4,117,539	\$ 4,741,215	\$ 623,676

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2000**

	Building	Capital Facilities	State School Building	Special Reserve
ASSETS				
Cash		\$ 22,954		
Investments	\$ 800,289	3,316,934	\$ 214,885	\$ 45,903
Accounts receivable	18,243	191,206	4,547,404	735
Due from other funds	6,481,689	1,711	4,888,717	11,443,641
Total Assets	<u>\$ 7,300,221</u>	<u>\$ 3,532,805</u>	<u>\$ 9,651,006</u>	<u>\$ 11,490,279</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	43,815	157,936	391,740	
Due to other funds	1,389,534	96,739	9,119,260	4,046,537
Total Liabilities	<u>1,433,349</u>	<u>254,675</u>	<u>9,511,000</u>	<u>4,046,537</u>
FUND EQUITY				
Fund balances				
Unreserved				
Designated				
Undesignated	5,866,872	3,278,130	140,006	7,443,742
Total Fund Equity	<u>5,866,872</u>	<u>3,278,130</u>	<u>140,006</u>	<u>7,443,742</u>
Total Liabilities and Fund Equity	<u>\$ 7,300,221</u>	<u>\$ 3,532,805</u>	<u>\$ 9,651,006</u>	<u>\$ 11,490,279</u>

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

Total

\$ 22,954
4,378,011
4,757,588
22,815.758
\$ 31,974.311

593,491
14,652.070
15,245,561

16,728.750
16,728.750

\$ 31,974.311

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, 2000**

	Building		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other local revenues	\$ 291,000	\$ 339,791	\$ 48,791
Total Revenues	<u>291,000</u>	<u>339,791</u>	<u>48,791</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies	277	277	
Services and operating expenditures	18,731	23,781	(5,050)
Other outgo			
Capital outlay	4,369,205	3,351,372	1,017,833
Total Expenditures	<u>4,388,213</u>	<u>3,375,430</u>	<u>1,012,783</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(4,097,213)</u>	<u>(3,035,639)</u>	<u>1,061,574</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Operating transfers out	(1,042,447)	(1,042,447)	
Other sources			
Total Other Financing Sources/(Uses)	<u>(1,042,447)</u>	<u>(1,042,447)</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(5,139,660)</u>	<u>(4,078,086)</u>	<u>1,061,574</u>
FUND BALANCE, BEGINNING OF YEAR	<u>9,944,958</u>	<u>9,944,958</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,805,298</u>	<u>\$ 5,866,872</u>	<u>\$ 1,061,574</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)
\$ 4,457,379	\$ 5,195,926	\$ 738,547	\$ 6,100	\$ 7,343	\$ 1,243
4,457,379	5,195,926	738,547	6,100	7,343	1,243
494,839	497,373	(2,534)			
103,423	104,225	(802)			
76,463	78,595	(2,132)			
668,893	622,145	46,748			
59,863	64,746	(4,883)			
2,291,477	2,238,136	53,341	9,945,190	10,202,259	(257,069)
3,694,958	3,605,220	89,738	9,945,190	10,202,259	(257,069)
762,421	1,590,706	828,285	(9,939,090)	(10,194,916)	(255,826)
			5,154,049	5,154,049	
(431,978)	(431,978)		(8,087)	(8,087)	
			3,984,145	3,984,145	
(431,978)	(431,978)		9,130,107	9,130,107	
330,443	1,158,728	828,285	(808,983)	(1,064,809)	(255,826)
2,119,402	2,119,402		1,204,815	1,204,815	
\$ 2,449,845	\$ 3,278,130	\$ 828,285	\$ 395,832	\$ 140,006	\$ (255,826)

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, 2000**

	Special Reserve		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other local revenues	\$ 10,000	\$ 6,582	\$ (3,418)
Total Revenues	<u>10,000</u>	<u>6,582</u>	<u>(3,418)</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies			
Services and operating expenditures			
Other outgo			
Capital outlay			
Total Expenditures			
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>10,000</u>	<u>6,582</u>	<u>(3,418)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in		5,065,986	5,065,986
Operating transfers out	(3,671,537)	(3,671,537)	
Other sources			
Total Other Financing Sources/(Uses)	<u>(3,671,537)</u>	<u>1,394,449</u>	<u>5,065,986</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(3,661,537)</u>	<u>1,401,031</u>	<u>5,062,568</u>
FUND BALANCE, BEGINNING OF YEAR	<u>6,042,711</u>	<u>6,042,711</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,381,174</u>	<u>\$ 7,443,742</u>	<u>\$ 5,062,568</u>

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

<u>Total</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 4,764,479	\$ 5,549,642	\$ 785,163
<u>4,764,479</u>	<u>5,549,642</u>	<u>785,163</u>
494,839	497,373	(2,534)
103,423	104,225	(802)
76,740	78,872	(2,132)
687,624	645,926	41,698
59,863	64,746	(4,883)
<u>16,605,872</u>	<u>15,791,767</u>	<u>814,105</u>
<u>18,028,361</u>	<u>17,182,909</u>	<u>845,452</u>
<u>(13,263,882)</u>	<u>(11,633,267)</u>	<u>1,630,615</u>
5,154,049	10,220,035	5,065,986
(5,154,049)	(5,154,049)	
<u>3,984,145</u>	<u>3,984,145</u>	
<u>3,984,145</u>	<u>9,050,131</u>	<u>5,065,986</u>
(9,279,737)	(2,583,136)	6,696,601
<u>19,311,886</u>	<u>19,311,886</u>	
<u>\$ 10,032,149</u>	<u>\$ 16,728,750</u>	<u>\$ 6,696,601</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUND TYPES
 AGENCY FUNDS
 STUDENT BODY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2000**

	<u>High Schools</u>	<u>Middle Schools</u>	<u>Total</u>
ASSETS			
CASH			
Cash on hand and in banks	\$ 483,262	\$ 92,715	\$ 575,977
OTHER ASSETS			
Accounts receivable	5,170		5,170
Total Assets	<u>\$ 488,432</u>	<u>\$ 92,715</u>	<u>\$ 581,147</u>
LIABILITIES			
Accounts payable	39,740	16,021	55,761
Due to student groups	448,692	76,694	525,386
Total Liabilities	<u>\$ 488,432</u>	<u>\$ 92,715</u>	<u>\$ 581,147</u>

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES

AGENCY FUNDS

STUDENT BODY FUNDS - HIGH SCHOOLS AND SCHOLARSHIPS

COMBINING BALANCE SHEET

JUNE 30, 2000

	<u>Cathedral City</u>	<u>Desert Hot Springs</u>	<u>Palm Springs</u>	<u>Palm Springs High School Scholarship</u>	<u>Mt. San Jacinto Continuation</u>	<u>Total</u>
ASSETS						
CASH						
Cash on hand and in banks	\$ 70,322	\$ 58,654	\$183,649	\$ 147,347	\$ 23,290	\$483,262
OTHER ASSETS						
Accounts receivable			5,170			5,170
Total Assets	<u>\$ 70,322</u>	<u>\$ 58,654</u>	<u>\$188,819</u>	<u>\$ 147,347</u>	<u>\$ 23,290</u>	<u>\$488,432</u>
LIABILITIES						
Accounts payable		14,970	24,770			39,740
Due to student groups	70,322	43,684	164,049	147,347	23,290	448,692
Total Liabilities	<u>\$ 70,322</u>	<u>\$ 58,654</u>	<u>\$188,819</u>	<u>\$ 147,347</u>	<u>\$ 23,290</u>	<u>\$488,432</u>

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES

AGENCY FUNDS

STUDENT BODY FUNDS - HIGH SCHOOLS AND SCHOLARSHIPS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2000

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
CATHEDRAL CITY				
ASSETS				
Cash on hand and in banks	\$ 94,351	\$ 464,198	\$ (488,227)	\$ 70,322
LIABILITIES				
Accounts payable	24,194		(24,194)	
Due to student groups	70,157	464,198	(464,033)	70,322
Total Liabilities	<u>\$ 94,351</u>	<u>\$ 464,198</u>	<u>\$ (488,227)</u>	<u>\$ 70,322</u>
DESERT HOT SPRINGS				
ASSETS				
Cash on hand and in banks		\$ 146,842	\$ (88,188)	\$ 58,654
LIABILITIES				
Accounts payable		14,970		14,970
Due to student groups		131,872	(88,188)	43,684
Total Liabilities		<u>\$ 146,842</u>	<u>\$ (88,188)</u>	<u>\$ 58,654</u>
PALM SPRINGS				
ASSETS				
Cash on hand and in banks	162,178	436,107	(414,636)	183,649
Accounts receivable		5,170		5,170
Total Assets	<u>\$ 162,178</u>	<u>\$ 441,277</u>	<u>\$ (414,636)</u>	<u>\$ 188,819</u>
LIABILITIES				
Accounts payable	15,769	9,001		24,770
Due to student groups	146,409	432,276	(414,636)	164,049
Total Liabilities	<u>\$ 162,178</u>	<u>\$ 441,277</u>	<u>\$ (414,636)</u>	<u>\$ 188,819</u>
PALM SPRINGS HIGH SCHOOL SCHOLARSHIP				
ASSETS				
Cash on hand and in banks	\$ 114,274	\$ 42,374	\$ (9,301)	\$ 147,347
LIABILITIES				
Due to student groups	<u>\$ 114,274</u>	<u>\$ 42,374</u>	<u>\$ (9,301)</u>	<u>\$ 147,347</u>

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES

AGENCY FUNDS

STUDENT BODY FUNDS - HIGH SCHOOLS AND SCHOLARSHIPS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2000

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
MT. SAN JACINTO CONTINUATION				
ASSETS				
Cash on hand and in banks	\$ 20,980	\$ 25,012	\$ (22,702)	\$ 23,290
LIABILITIES				
Due to student groups	\$ 20,980	\$ 25,012	\$ (22,702)	\$ 23,290
COMBINED TOTAL HIGH SCHOOLS AND SCHOLARSHIPS				
ASSETS				
Cash on hand and in banks	391,783	1,114,533	(1,023,054)	483,262
Accounts receivable		5,170		5,170
Total Assets	<u>\$ 391,783</u>	<u>\$ 1,119,703</u>	<u>\$ (1,023,054)</u>	<u>\$ 488,432</u>
LIABILITIES				
Accounts payable	39,963	23,971	(24,194)	39,740
Due to student groups	351,820	1,095,732	(998,860)	448,692
Total Liabilities	<u>\$ 391,783</u>	<u>\$ 1,119,703</u>	<u>\$ (1,023,054)</u>	<u>\$ 488,432</u>

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES

AGENCY FUNDS

STUDENT BODY FUNDS - MIDDLE SCHOOLS

COMBINING BALANCE SHEET

JUNE 30, 2000

	<u>James Workman</u>	<u>Nellie Coffman</u>	<u>Raymond Cree</u>	<u>Desert Springs</u>	<u>Total</u>
ASSETS					
CASH					
Cash in checking	\$ 38,568	\$ 3,780	\$ 38,375	\$ 11,992	\$ 92,715
LIABILITIES					
Accounts payable	9,316	3,010	3,695		16,021
Due to student groups	29,252	770	34,680	11,992	76,694
Total Liabilities	<u>\$ 38,568</u>	<u>\$ 3,780</u>	<u>\$ 38,375</u>	<u>\$ 11,992</u>	<u>\$ 92,715</u>

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES

AGENCY FUNDS

STUDENT BODY FUNDS - MIDDLE SCHOOLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2000

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
JAMES WORKMAN				
ASSETS				
Cash on hand and in banks	\$ 48,959	\$ 185,837	\$ (196,228)	\$ 38,568
LIABILITIES				
Accounts payable		9,316		9,316
Due to student groups	48,959	176,521	(196,228)	29,252
Total Liabilities	<u>\$ 48,959</u>	<u>\$ 185,837</u>	<u>\$ (196,228)</u>	<u>\$ 38,568</u>
NELLIE COFFMAN				
ASSETS				
Cash on hand and in banks	\$ 22,376	\$ 128,084	\$ (146,680)	\$ 3,780
LIABILITIES				
Accounts payable		3,010		3,010
Due to student groups	22,376	125,074	(146,680)	770
Total Liabilities	<u>\$ 22,376</u>	<u>\$ 128,084</u>	<u>\$ (146,680)</u>	<u>\$ 3,780</u>
RAYMOND CREE				
ASSETS				
Cash on hand and in banks	\$ 38,048	\$ 106,773	\$ (106,446)	\$ 38,375
LIABILITIES				
Accounts payable		3,695		3,695
Due to student groups	38,048	103,078	(106,446)	34,680
Total Liabilities	<u>\$ 38,048</u>	<u>\$ 106,773</u>	<u>\$ (106,446)</u>	<u>\$ 38,375</u>
DESERT SPRINGS				
ASSETS				
Cash on hand and in banks	\$ 19,874	\$ 81,253	\$ (89,135)	\$ 11,992
LIABILITIES				
Due to student groups	<u>\$ 19,874</u>	<u>\$ 81,253</u>	<u>\$ (89,135)</u>	<u>\$ 11,992</u>
COMBINED TOTAL MIDDLE SCHOOLS				
ASSETS				
Cash on hand and in banks	<u>\$ 129,257</u>	<u>\$ 501,947</u>	<u>\$ (538,489)</u>	<u>\$ 92,715</u>
LIABILITIES				
Accounts payable		16,021		16,021
Due to student groups	129,257	485,926	(538,489)	76,694
Total Liabilities	<u>\$ 129,257</u>	<u>\$ 501,947</u>	<u>\$ (538,489)</u>	<u>\$ 92,715</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, 2000**

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number
U.S. DEPARTMENT OF EDUCATION		
Passed through California Department of Education (CDE):		
Adult Education Act - PL 100-297	84.002	03499
Education Technology Literacy Grant	84.318	03285
Elementary and Secondary Education Act		
Title I Part A - Grants to Local Educational Agencies [2]	84.010	03797
Title II - Eisenhower Math and Science	84.281	03207
Title IV - Safe and Drug-Free Schools	84.184	10007
Title VI - Innovative Education Strategies	84.298	03340
Title VI - Federal Class Reduction	84.298	13073
Title VII - Bilingual Education Comprehensive School Grants	84.290	10008
Emergency Immigrant Education	84.162	03159
Goals 2000	84.276	03264
Individuals with Disabilities Education Act		
Federal Preschool	84.027	03430
Local Assistance	84.027	03379
Low Incidence	84.027	03459
Work Ability I	84.027	03011
Vocational and Applied Technology Education Act - Carl D. Perkins		
Title IIC - Adult Education	84.048	03578
Title IIC - Secondary Education	84.048	03577
Subtotal		
U.S. DEPARTMENT OF AGRICULTURE		
Passed through CDE:		
Child Nutrition Cluster:		
Basic Breakfast	10.553	03390
Especially Needy Breakfast	10.553	03390
National School Lunch Program [2]	10.555	03396
Meal Supplements	10.559	03158
Food Distribution	10.550	03534
Forest Reserve	10.665	10044
Subtotal		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through CDE:		
LEA Medi-Cal Billing Option	93.778	10013
U.S. DEPARTMENT OF DEFENSE		
Junior Reserve Officer Training Program	12.000	N/A
U.S. DEPARTMENT OF LABOR		
JTPA - School-to-Career	17.250	23422
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 Awards			Program Revenues				Program Expenditures
Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	
\$ 56,986	\$ 3,532	\$ 60,518	\$ 3,758	\$ 41,984		\$ 45,742	\$ 45,742
222,663	161,798	384,461	362,194	14,745		376,939	376,939
3,045,782	71,883	3,117,665	3,117,665		\$ 565,029	2,552,636	2,552,636
91,785	27,637	119,422	119,411		13,025	106,386	106,386
80,746	32,451	113,197	64,749	34,259		99,008	99,008
105,344		105,344	105,344		2,076	103,268	103,268
433,425		433,425	346,740	86,685		433,425	433,425
244,357		244,357		241,309		241,309	241,309
134,116	98,878	232,994	232,994		176,173	56,821	56,821
42,840		42,840	32,130	585		32,715	32,715
96,941		96,941	71,062	23,686	14,962	79,786	79,786
1,236,036		1,236,036	927,027	309,009		1,236,036	1,236,036
4,131		4,131		4,131		4,131	4,131
51,890	5,964	57,854	18,937	31,632		50,569	50,569
66,526		66,526	49,895	16,175		66,070	66,070
127,922	50,212	178,134	137,689	11,225		148,914	148,914
			<u>5,589,595</u>	<u>815,425</u>	<u>771,265</u>	<u>5,633,755</u>	<u>5,633,755</u>
		[1]	32,340	7,255		39,595	39,595
		[1]	392,038	85,675		477,713	477,713
		[1]	2,051,713	434,500		2,486,213	2,481,706
		[1]	17,766			17,766	17,766
		[1]	214,205			214,205	214,205
		[1]	1,442			1,442	1,442
			<u>2,709,504</u>	<u>527,430</u>		<u>3,236,934</u>	<u>3,232,427</u>
		[1]	89,202			89,202	89,202
		[1]	87,446			87,446	87,446
		[1]	111,196	5,210		116,406	116,406
			<u>\$ 8,586,943</u>	<u>\$ 1,348,065</u>	<u>\$ 771,265</u>	<u>\$ 9,163,743</u>	<u>\$ 9,159,236</u>

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2000**

	Annual Amended ADA	Second Period ADA		Increase/ (Decrease)
		1999-2000	Amended 1998-99	
ELEMENTARY				
Kindergarten	1,523	1,517	1,465	52
First through third	4,943	4,944	4,828	116
Fourth through eighth	7,048	7,068	6,609	459
Home or hospital	10	7	13	(6)
Opportunity schools	23	21	28	(7)
Special education	374	366	334	32
Special education - nonpublic	4	3	1	2
Total Elementary	<u>13,925</u>	<u>13,926</u>	<u>13,278</u>	<u>648</u>
SECONDARY				
Regular classes	4,346	4,413	4,160	253
Continuation education	248	260	275	(15)
Opportunity schools	28	24	23	1
Home and hospital	4	4	7	(3)
Special education	170	177	180	(3)
Special education - nonpublic	3	2	5	(3)
Total Secondary	<u>4,799</u>	<u>4,880</u>	<u>4,650</u>	<u>230</u>
Total K-12	<u>18,724</u>	<u>18,806</u>	<u>17,928</u>	<u>878</u>
CLASSES FOR ADULTS				
Concurrently enrolled	9	4	6	(2)
Not concurrently enrolled	263	177	188	(11)
Total Classes for Adults	<u>272</u>	<u>181</u>	<u>194</u>	<u>(13)</u>
Grand Total	<u>18,996</u>	<u>18,987</u>	<u>18,122</u>	<u>865</u>
SUMMER SCHOOL/INTERSESSION - ANNUAL PUPIL HOURS OF ATTENDANCE				
Core academic programs	118,054			
Students not meeting proficiency standards	<u>270,018</u>			
Total Hours	<u>388,072</u>			

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2000**

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>1999-2000 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	54,370	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, 2000**

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (J-200) and the audited financial statements.

	<u>General</u>
FUND BALANCE	
Balance, June 30, 2000 (J-200)	\$7,158,100
(Decrease) in accounts receivable	<u>(828,640)</u>
Balance, June 30, 2000 (J-200), Audited Financial Statement	<u>\$6,329,460</u>

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2000**

	(Budget) 2001 ¹	2000	1999	1998
GENERAL FUND				
Revenues	\$ 114,846,944	\$ 112,626,185	\$ 104,172,757	\$ 94,279,284
Other sources			1,043,890	600,001
Total Revenues and Other Sources	<u>114,846,944</u>	<u>112,626,185</u>	<u>105,216,647</u>	<u>94,879,285</u>
Expenditures	(110,786,625)	(112,561,531)	(100,143,703)	(90,389,769)
Other uses and transfers out	(84,750)	(5,665,546)	(4,296,895)	(2,947,394)
Total Expenditures and Other Uses	<u>(110,871,375)</u>	<u>(118,227,077)</u>	<u>(104,440,598)</u>	<u>(93,337,163)</u>
INCREASE/(DECREASE) IN FUND BALANCE	<u>\$ 3,975,569</u>	<u>\$ (5,600,892)</u>	<u>\$ 776,049</u>	<u>\$ 1,542,122</u>
ENDING FUND BALANCE	<u>\$ 10,305,029</u>	<u>\$ 6,329,460</u>	<u>\$ 11,930,352</u>	<u>\$ 11,154,303</u>
AVAILABLE RESERVES ²	<u>\$ 5,862,550</u>	<u>\$ 7,292,353</u>	<u>\$ 4,915,854</u>	<u>\$ 4,257,711</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	<u>5.3%</u>	<u>6.2%</u>	<u>4.7%</u>	<u>4.6%</u>
LONG-TERM DEBT	<u>N/A</u>	<u>\$ 69,085,943</u>	<u>\$ 68,447,726</u>	<u>\$ 58,758,488</u>
AVERAGE DAILY ATTENDANCE AT P-2 ³	<u>19,609</u>	<u>18,806</u>	<u>17,928</u>	<u>18,004</u>

The general fund balance has decreased by \$4,824,843 over the past two years. The fiscal year 2000-01 budget projects an increase of \$3,975,569 (63 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 deficits in one of the past three years, and anticipates incurring an operating surplus during the 2000-01 fiscal year. Total long-term debt has increased by \$10,327,455 over the past two years.

Average daily attendance has increased by 878 over the past two years. An additional increase of 803 ADA is anticipated during fiscal year 2000-01.

¹ Budget 2001 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 and special reserve 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, 2000**

(Amounts in thousands)

	Actual Results for the Years					
	1999-2000		1998-99		1997-98	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	\$ 5,816	5.16	\$ 4,873	4.64	\$ 5,179	5.47
State and local revenue included in revenue limit	77,654	68.95	71,442	68.05	67,103	71.30
Special education	4,652	4.13	4,480	4.27	4,487	4.74
Lottery revenue	2,401	2.13	2,232	2.13	1,985	2.09
Other state revenue	15,039	13.35	13,995	13.33	11,032	11.68
Interest revenue	1,529	1.36	1,337	1.27	1,315	1.37
Other local revenue and transfers	5,535	4.92	6,633	6.31	3,178	3.35
Total Revenues	<u>112,626</u>	<u>100.00</u>	<u>104,992</u>	<u>100.00</u>	<u>94,279</u>	<u>100.00</u>
EXPENDITURES						
Salaries and Benefits						
Teachers' salaries	46,211	41.03	40,934	38.99	36,980	39.22
Other certificated salaries	9,096	8.08	8,260	7.87	7,353	7.80
Classified salaries	14,937	13.26	13,195	12.57	11,807	12.52
Employee benefits	16,205	14.39	14,707	14.00	13,984	14.84
Total Salaries and Benefits	<u>86,449</u>	<u>76.76</u>	<u>77,096</u>	<u>73.43</u>	<u>70,124</u>	<u>74.38</u>
Books and supplies	6,987	6.20	5,385	5.13	5,385	5.72
Contracts and operating expenses	12,757	11.33	12,061	11.49	10,372	11.00
Capital outlay	5,294	4.70	4,752	4.53	4,259	4.50
Other transfers	1,074	0.95	850	0.81	250	0.27
Total Expenditures	<u>112,561</u>	<u>99.94</u>	<u>100,144</u>	<u>95.39</u>	<u>90,390</u>	<u>95.87</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>65</u>	<u>0.06</u>	<u>4,848</u>	<u>4.61</u>	<u>3,889</u>	<u>4.13</u>
OTHER FINANCING SOURCES/(USES)						
Operating transfers in			225	0.21	600	0.64
Operating transfers out	(5,666)	(5.03)	(4,297)	(4.09)	(2,947)	(3.13)
Total Other Financing Sources/(Uses)	<u>(5,666)</u>	<u>(5.03)</u>	<u>(4,072)</u>	<u>(3.88)</u>	<u>(2,347)</u>	<u>(2.49)</u>
INCREASE/(DECREASE) IN FUND BALANCE	<u>(5,601)</u>	<u>(4.97)</u>	<u>776</u>	<u>0.73</u>	<u>1,542</u>	<u>1.64</u>
FUND BALANCE, BEGINNING	<u>11,930</u>		<u>11,154</u>		<u>9,612</u>	
FUND BALANCE, ENDING	<u>\$ 6,329</u>		<u>\$ 11,930</u>		<u>\$ 11,154</u>	

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, 2000**

(Amounts in thousands)

	Actual Results for the Years					
	1999-2000		1998-99		1997-98	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal	\$ 3,235	56.84	\$ 3,103	59.52	\$ 3,010	62.14
State meal program	200	3.51	211	4.05	204	4.21
Food sales	2,238	39.33	1,864	35.76	1,626	33.57
Other	18	0.32	35	0.67	4	0.08
Total Revenues	<u>5,691</u>	<u>100.00</u>	<u>5,213</u>	<u>100.00</u>	<u>4,844</u>	<u>100.00</u>
EXPENDITURES						
Salaries and employee benefits	2,318	40.73	2,115	40.57	2,825	58.32
Food	2,620	46.04	2,223	42.64	1,976	40.79
Supplies	32	0.56			23	0.47
Other	896	15.75	814	15.62	17	0.34
Total Expenditures	<u>5,866</u>	<u>103.08</u>	<u>5,152</u>	<u>98.83</u>	<u>4,841</u>	<u>99.92</u>
INCREASE/(DECREASE) IN FUND BALANCE	(175)	<u>(3.08)</u>	61	<u>1.17</u>	3	<u>0.08</u>
FUND BALANCE, BEGINNING	334		273		270	
FUND BALANCE, ENDING	<u>\$ 159</u>		<u>\$ 334</u>		<u>\$ 273</u>	
ENDING FUND BALANCE TO TOTAL REVENUES		<u>2.79</u>		<u>6.41</u>		<u>5.64</u>

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2000

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

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.

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.

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.

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.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2000**

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.

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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*

Board of Education
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, 2000, and have issued our report thereon dated November 7, 2000. 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 2000-1 and 2000-2.

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 and use of the Board of Education, management, the California Department of Education, the State Controller's Office, 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
November 7, 2000



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

Board of Education
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, 2000. Palm Springs Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. 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, 2000.

IV.3

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

Vavonek, Trimi, Day; Co., LLP

Rancho Cucamonga, California
November 7, 2000



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
 Palm Springs Unified School District
 Palm Springs, California

We have audited the financial statements of the Palm Springs Unified School District as of and for the year ended June 30, 2000, and have issued our report thereon dated November 7, 2000. In our report, our opinion was qualified because the Palm Springs Unified School District did not maintain a general fixed asset group of accounts. 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 management of Palm Springs Unified School District is responsible for compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the Palm Springs Unified School District's compliance with the laws and regulations of the following items:

	Procedures in Controller's Audit Guide	Procedures Performed
Attendance accounting		
Attendance reporting	4	Yes
Staff development days	3	Yes
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

	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
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 classes	12	Not applicable
Option two classes	11	Yes
Both options one and two classes	17	Yes
Reduce class size in two courses in grade 9	8	Yes
State instructional materials fund (K-8)	8	Yes
Schiff-Bustamante standards-based instructional materials	4	Yes
Digital High School Education Technology Grant Program	5	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.

Vavunich, Trone, Day & Co., LLP

Rancho Cucamonga, California
November 7, 2000

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2000**

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)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I Part A</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </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, 2000

The following findings represent reportable conditions, material weaknesses, and instances of noncompliance 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

INTERFUND PAYABLES/RECEIVABLES

2000-1 Finding (30000)

The District uses the due to and due from accounts to track interfund borrowing during construction.

During the 1999-2000 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. Therefore, the District was unable to clear the due to and due from balances relating to three building projects.

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.

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 2000-2001 fiscal year.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2000**

ASSOCIATED STUDENT BODY (ASB) FUNDS

Separation of Duties

2000-2 Finding (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.

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 of 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 ASB 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, 2000**

There were no findings representing reportable conditions, material weaknesses, or 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, 2000**

There were no findings representing instances of noncompliance or 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, 2000**

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.

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.

Current Status

Implemented.

CAFETERIA ACCOUNT

1999-2 Finding (30000)

The year-end vendor accrual summary did not agree with the amount reported on the J-203. 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.

Current Status

Implemented.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2000**

INTERFUND PAYABLES/RECEIVABLES

1999-3 Finding (30000)

During the 1998-1999 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.

Current Status

Partially implemented.
See current year financial statement findings 2000-1.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2000

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.

Current Status

Implemented.

ASSOCIATED STUDENT BODY (ASB) FUNDS

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.

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.

Current Status

Not implemented.
See current year financial statement findings 2000-2.