PALM SPRINGS UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2008

PALM SPRINGS UNIFIED SCHOOL DISTRICT

OF RIVERSIDE COUNTY

PALM SPRINGS, CALIFORNIA

JUNE 30, 2008

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Shari Stewart	President	2008
Gary Jeandron	Clerk	2010
Donald T. Aikens	Member	2008
Justin Blake	Member	2010
Meredy Shoenberger	Member	2010

ADMINISTRATION

Lorri S. McCune, Ed.D.	Superintendent
James Novak	Assistant Superintendent, Business Services
Christine Anderson, Ed.D.	Assistant Superintendent, Educational Services
Mauricio Arellano	Assistant Superintendent, Human Resources
Lorraine Becker, Ed.D.	Assistant Superintendent, Innovation Resources and Educational Development
Craig Borba, Ed.D.	Assistant Superintendent, Pupil Personnel Services

PALM SPRINGS UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2008

PALM SPRINGS UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Palm Springs Unified School District
Palm Springs, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Palm Springs Unified School District (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 2007-08* issued by the California Education Audit Appeals Panel as regulations. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Palm Springs Unified School District, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 45 for the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2008, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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The required supplementary information, such as management's discussion and analysis on pages 4 through 13, the budgetary comparison information on page 51, and Other Post Employment Benefits Schedule of Funding Progress on page 52, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary 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 State, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The unaudited supplementary information listed in the table of contents, including the Combining Statements - Non-Major Governmental Funds is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 10, 2008

PALM SPRINGS UNIFIED SCHOOL DISTRICT

980 EAST TAHQUITZ CANYON WAY
PALM SPRINGS, CALIFORNIA 92262-0119
(760) 416-6000

LORRI S. McCUNE, Ed.D., Superintendent of Schools

This section of Palm Springs Unified School District's (the "District") (2007-08) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008, with comparative information from June 30, 2007. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Palm Springs Unified School District and its component units using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District, as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of two categories of activities: governmental and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are agency funds, which only report a balance sheet and do not have a measurement focus.

The Primary unit of the government is the Palm Springs Unified School District.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The District's financial status has remained positive.

- Overall revenues were $14.4 million more than expenses.
- Total net assets in governmental activities were recorded at $265,432,014.
- The General Fund reported a positive fund balance of $48,402,857.
- Implemented GASB Statement 45 (Note 10).
- Implemented 24/7 Laptop Program through purchase of 600 computers for students throughout the District.
- Passed a bond measure allowing for the issuance of $517 million in general obligation bonds.
- Sold $40 million in general obligation bonds for the purchase of property.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating.

The relationship between revenues and expenses are the District's *operating results*. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the *overall health* of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Assets* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in separate *Statement of Fiduciary Net Assets.* We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were $265.4 million for the fiscal year ended June 30, 2008, an increase of $14.4 million, or 5.7% over the prior year. Of this amount, $40.5 million was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

(Amounts in millions)	Governmental Activities	
	2008	2007
Assets		
Current and other assets	$ 242.9	$ 196.8
Capital assets	302.4	293.9
Total Assets	545.3	490.7
Liabilities		
Current liabilities	43.0	36.7
Long-term obligations	236.9	203.0
Total Liabilities	279.9	239.7
Net Assets		
Invested in capital assets, net of related debt	156.0	145.7
Restricted	68.9	67.9
Unrestricted	40.5	37.4
Total Net Assets	$ 265.4	$ 251.0

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

(Amounts in millions)	Governmental Activities	
	2008	2007
Revenues		
Program revenues:		
Charges for services	$ 2.2	$ 2.4
Operating grants and contributions	62.6	62.7
Capital grants and contributions	-	2.3
General revenues:		
Unrestricted	108.6	109.7
Property taxes	58.9	52.4
Other general revenues	17.1	36.3
Total Revenues	249.4	265.8
Expenses		
Instruction-related	164.1	152.3
Student support services	21.6	18.7
Administration	12.7	9.4
Maintenance and operations	23.4	23.2
Other	13.2	10.2
Total Expenses	235.0	213.8
Change in Net Assets	$ 14.4	$ 52.0

Governmental Activities

As reported in the *Statement of Activities* on page 15, the net cost of all of our governmental activities this year was $170.1 million, an increase of $23.8 million, or 16.3% from the prior year. The amount that our taxpayers ultimately financed for these activities through local taxes was $58.9 million because the cost was paid by those who benefited from the programs ($2.2 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($62.6 million). We paid for the remaining "public benefit" portion of our governmental activities with $125.7 million in State funds and other revenues, like interest, and general entitlements.

In Table 3, we have presented the net cost (total cost less revenues generated by the activities) of each of the District's five largest functions – instruction related, student support services, administration, maintenance and operations, and other activities. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Amounts in millions)	Total Net Cost of Services	
	2008	2007
Instruction-related	$ 118.1	$ 104.6
Student support services	6.3	5.2
Administration	11.2	7.5
Maintenance and operations	21.3	21.7
Other activities	13.2	7.3
Total	$ 170.1	$ 146.3

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $204.6 million, which is an increase of $45.2 million from last year.

Table 4

	Balances and Activity			
	July 1, 2007	Revenues	Expenditures	June 30, 2008
General Fund	$ 41,753,689	$ 209,359,584	$ 202,710,416	$ 48,402,857
Special Reserve Fund for Other Than Capital Projects	15,281,092	556,896	-	15,837,988
Building Fund	52,568,501	45,656,100	8,013,173	90,211,428
Capital Facilities Fund	26,023,072	3,648,234	9,152,516	20,518,790
Non-Major Governmental Funds	23,792,140	32,946,780	27,065,761	29,673,159
Total	$ 159,418,494	$ 292,167,594	$ 246,941,866	$ 204,644,222

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in August 12, 2008. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 51.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had $302.4 million in a broad range of capital assets, including land, construction in progress, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $8.5 million, or 2.9%, over last year. Depreciation expense of $7,499,750 million was allocated to governmental activities during 2008.

Table 5

(Amounts in millions)	Governmental Activities	
	2008	2007
Land	$ 62.8	$ 61.2
Construction in progress	24.0	19.6
Land improvements	1.3	0.7
Buildings and improvements	210.8	208.6
Furniture and equipment	3.5	3.8
Total	$ 302.4	$ 293.9

This year's additions of approximately $8.5 million consist of; land purchases, construction of new and modernization of existing school sites, and equipment required for the operation of schools and support services.

Long-Term Obligations

At the end of this year, the District had $237.7 million in general obligation bonds outstanding versus $201.0 million last year, an increase of 18.3%. Unpaid accumulated vacation of $0.8 million, capital leases of $0.3 million, claims liability of $2.6 million, arbitrage of $1.5 million, and $0.1 million of net OPEB obligation are also included:

Table 6

(Amounts in millions)	Governmental Activities	
	2008	2007
General obligation bonds	$ 237.7	$ 201.0
Compensated absences	0.8	0.7
Capital lease obligations	0.3	0.6
Supplemental early retirement program	-	0.7
Claims liability	2.6	-
Cumulative rebate liability	1.5	-
Net OPEB obligation	0.1	-
Total	$ 243.0	$ 203.0

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2007-08 ARE NOTED BELOW:

• Rio Vista Elementary School	New classrooms	$ 2,084,063.98
• Cabot Yerxa Elementary School	Land purchase	$ 1,597,436.01
• Desert Springs Middle School	Modernization project	$ 1,295,054.72
• Alternative Education	Modernization project	$ 1,209,127,43

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2008-09 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Cost of Living Adjustment (COLA) 5.66% and a deficit factor of 5.357, .5% increased student enrollment.
2. State categorical programs include COLA increases.
3. Redevelopment fee collections estimated at $7.9 million based on the latest information received from redevelopment agencies.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment*
Grade kindergarten	31:1	1,750
Grades one through three	20:1	5,617
Grades four and five	31:1	3,650
Grades six through twelve	29.5:1	12,511
Total		23,528

*Does not include Special Education of 734 and Independent Study of 263. Total enrollment was 24,525.

The major changes to expenditure items specifically addressed in the budget are:

1. Employee step and column increases.
2. Staffing allocation based on enrollment growth.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Evelyn Hernandez, Director of Fiscal Services, at Palm Springs Unified School District, 980 E. Tahquitz Canyon Way, Suite 204, Palm Springs, California 92262.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
ASSETS	
Deposits and investments	$ 200,552,639
Receivables	22,566,031
Prepaid expenditures	81,266
Stores inventories	389,846
Noncurrent portion of receivables	19,324,135
Capital Assets	
Land and construction in process	86,762,853
Other capital assets	313,453,395
Less: Accumulated depreciation	(97,800,526)
Total Capital Assets	302,415,722
Total Assets	545,329,639
LIABILITIES	
Accounts payable	11,380,296
Interest payable	4,776,332
Deferred revenue	1,383,406
Noncurrent portion of deferred revenue	19,324,135
Claims Liabilities	2,588,753
Current portion of long-term obligations	6,107,952
Noncurrent portion of long-term obligations	234,336,751
Total Liabilities	279,897,625
NET ASSETS	
Invested in capital assets, net of related debt	156,037,044
Restricted for:	
Debt service	10,732,587
Capital projects	19,156,494
Educational programs	9,083,905
Other activities	29,970,356
Unrestricted	40,451,628
Total Net Assets	$ 265,432,014

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

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities
Governmental Activities:				
Instruction	$139,613,375	$ 167,875	$ 37,593,805	$(101,851,695)
Instruction-related activities:				
Supervision of instruction	9,267,105	170,643	7,093,676	(2,002,786)
Instructional library, media, and technology	1,955,751	-	155,303	(1,800,448)
School site administration	13,244,230	16,516	771,625	(12,456,089)
Pupil services:				
Home-to-school transportation	4,116,569	-	2,850,185	(1,266,384)
Food services	8,202,279	1,755,356	6,886,812	439,889
All other pupil services	9,248,809	4,658	3,788,883	(5,455,268)
Administration:				
Data processing	2,596,047	-	-	(2,596,047)
All other administration	10,091,657	84,683	1,409,999	(8,596,975)
Plant services	23,374,220	4,994	2,052,217	(21,317,009)
Ancillary services	1,751,346	-	844	(1,750,502)
Interest on long-term obligations	11,475,904	-	-	(11,475,904)
Total Governmental Activities	$234,937,292	$ 2,204,725	$ 62,603,349	(170,129,218)
General revenues and subventions:				
Property taxes, levied for general purposes				35,221,678
Property taxes, levied for debt service				15,406,001
Taxes levied for other specific purposes				8,283,286
Federal and State aid not restricted to specific purposes				108,598,605
Interest and investment earnings				4,410,052
Transfers between agencies				347,953
Miscellaneous				12,309,238
Subtotal, General Revenues				184,576,813
Change in Net Assets				14,447,595
Net Assets - Beginning				250,984,419
Net Assets - Ending				$ 265,432,014

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund
ASSETS			
Deposits and investments	$ 40,019,828	$ 10,737,054	$ 91,605,596
Receivables	19,601,554	100,934	807,583
Due from other funds	3,787,230	5,000,000	-
Prepaid expenditures	81,266	-	-
Stores inventories	238,535	-	-
Total Assets	$ 63,728,413	$ 15,837,988	$ 92,413,179
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 8,366,867	$ -	$ 1,965,931
Due to other funds	5,581,807	-	235,820
Deferred revenue	1,376,882	-	-
Total Liabilities	15,325,556	-	2,201,751
FUND BALANCES			
Reserved for:			
Revolving cash	100,000	-	-
Stores inventories	238,535	-	-
Prepaid expenditures	81,266	-	-
Legally restricted balances	9,083,905	-	88,739,393
Unreserved:			
Designated	38,899,151	15,837,988	1,472,035
Undesignated, reported in:			
Debt service funds	-	-	-
Total Fund Balances	48,402,857	15,837,988	90,211,428
Total Liabilities and Fund Balances	$ 63,728,413	$ 15,837,988	$ 92,413,179

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

Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 20,934,117	$ 30,973,620	$ 194,270,215
211,801	1,799,395	22,521,267
103,782	471,861	9,362,873
-	-	81,266
-	151,311	389,846
$ 21,249,700	$ 33,396,187	$ 226,625,467
$ 655,271	$ 238,357	$ 11,226,426
75,639	3,478,147	9,371,413
-	6,524	1,383,406
730,910	3,723,028	21,981,245
-	-	100,000
-	151,311	389,846
-	-	81,266
-	250,969	98,074,267
20,518,790	13,761,960	90,489,924
-	15,508,919	15,508,919
20,518,790	29,673,159	204,644,222
$ 21,249,700	$ 33,396,187	$ 226,625,467

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total Fund Balance - Governmental Funds		$204,644,222
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$400,216,248	
Accumulated depreciation is	(97,800,526)	
Net Capital Assets		302,415,722
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(4,776,332)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		3,593,105
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds payable	237,685,000	
Compensated absences (vacations)	717,967	847,220
Capital leases payable	299,274	
Supplemental early retirement plan	129,253	
Cummulative rebate liability Bond Arbitrage	1,472,035	
Net OPEB obligation	141,174	
Total Long-Term Obligations		(240,444,703)
Total Net Assets - Governmental Activities		$265,432,014

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
REVENUES		
Revenue limit sources	$ 132,793,513	$ -
Federal sources	15,999,724	-
Other State sources	35,087,516	-
Other local sources	25,403,192	556,896
Total Revenues	209,283,945	556,896
EXPENDITURES		
Current		
Instruction	130,055,745	-
Instruction-related activities:		
Supervision of instruction	8,758,597	-
Instructional library, media, and technology	1,955,751	-
School site administration	12,862,656	-
Pupil services:		
Home-to-school transportation	4,116,569	-
Food services	170,335	-
All other pupil services	9,055,428	-
Administration:		
Data processing	2,596,047	-
All other administration	8,783,469	-
Plant services	20,956,022	-
Facility acquisition and construction	440,681	-
Ancillary services	1,751,346	-
Debt service		
Principal	256,806	-
Interest and other	16,107	-
Total Expenditures	201,775,559	-
Excess (Deficiency) of Revenues Over Expenditures	7,508,386	556,896
OTHER FINANCING SOURCES (USES)		
Transfers in	75,639	-
Other sources	-	-
Transfers out	(934,857)	-
Net Financing Sources (Uses)	(859,218)	-
NET CHANGE IN FUND BALANCES	6,649,168	556,896
Fund Balance - Beginning	41,753,689	15,281,092
Fund Balance - Ending	$ 48,402,857	$ 15,837,988

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

Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 132,793,513
-	-	6,786,500	22,786,224
-	-	5,140,352	40,227,868
3,656,100	3,648,234	18,393,308	51,657,730
3,656,100	3,648,234	30,320,160	247,465,335
-	-	2,493,093	132,548,838
-	-	508,508	9,267,105
-	-	-	1,955,751
-	-	381,574	13,244,230
-	-	-	4,116,569
-	-	8,031,944	8,202,279
-	-	193,381	9,248,809
-	-	-	2,596,047
-	251,830	390,555	9,425,854
-	1,074,864	776,812	22,807,698
8,013,173	7,750,183	-	16,204,037
-	-	-	1,751,346
-	-	5,330,000	5,586,806
-	-	8,959,894	8,976,001
8,013,173	9,076,877	27,065,761	245,931,370
(4,357,073)	(5,428,643)	3,254,399	1,533,965
-	-	934,857	1,010,496
42,000,000	-	1,691,763	43,691,763
-	(75,639)	-	(1,010,496)
42,000,000	(75,639)	2,626,620	43,691,763
37,642,927	(5,504,282)	5,881,019	45,225,728
52,568,501	26,023,072	23,792,140	159,418,494
$ 90,211,428	$ 20,518,790	$ 29,673,159	$ 204,644,222

PALM SPRINGS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Balances - Governmental Funds		$ 45,225,728
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$15,982,353	
Depreciation expense	(7,499,750)	
Net Expense Adjustment		8,482,603
In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Net vacation and special termination benefits used were greater than the amounts earned.		601,785
In the statement of activities Other Post Employment Benefit Obligations (OPEB) are measured by an actuarially determined Annual Required Contribution (ARC). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts contributed toward the OPEB obligation were less than the ARC.		(141,174)
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment relates to the increase in cumulative rebate liability.		(1,472,035)
Proceeds received from sale of bonds is a revenue in the governmental funds, but it increases long-term obligations in the statement of net assets and does not affect the statement of activities.		(42,000,000)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net assets and does not affect the statement of activities.		5,330,000
Repayment of capital lease principal is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net assets and does not affect the statement of activities.		256,806

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2008

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	$ (1,027,868)
An internal service fund is used by the District's management to charge the costs of the unemployment compensation insurance program to the individual funds. The net change in assets of the internal service fund is reported with governmental activities.	(808,250)
Change in Net Assets of Governmental Activities	$ 14,447,595

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 6,282,424
Receivables	44,764
Due from other funds	8,540
Total Current Assets	6,335,728
LIABILITIES	
Current Liabilities	
Accounts payable	153,870
Total Current Liabilities	153,870
Noncurrent Liabilities	
Claim liabilities	2,588,753
Total Liabilities	2,742,623
NET ASSETS	
Unrestricted	3,593,105
Total Net Assets	$ 3,593,105

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Internal Service Fund Self-Insurance
OPERATING REVENUES	
Charges to other funds	$ 1,721,536
OPERATING EXPENSES	
Professional and contract services	2,757,575
Operating Loss	(1,036,039)
NONOPERATING REVENUES	
Interest income	227,789
Total Nonoperating Revenues	227,789
Change in Net Assets	(808,250)
Total Net Assets - Beginning	4,401,355
Total Net Assets - Ending	$ 3,593,105

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	Internal Service Fund Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from interfund services provided	$ 1,721,536
Cash payments to other suppliers of goods or services	(368,278)
Net Cash Provided by Operating Activities	1,353,258
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	227,789
Net Cash Provided by Investing Activities	227,789
Net Increase in Cash and Cash Equivalents	1,581,047
Cash and Cash Equivalents - Beginning	4,701,377
Cash and Cash Equivalents - Ending	$ 6,282,424
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	$ (1,036,039)
Changes in assets and liabilities:	
Accounts receivable	14,041
Due from other funds	1,622,766
Accounts payable	53,998
Claims liability	698,492
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,353,258

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

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Agency Funds
ASSETS	
Deposits and investments	$ 801,387
LIABILITIES	
Due to student groups	$ 801,387

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Palm Springs Unified School District (the "District") was formed in 1948, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates fifteen elementary schools, four middle schools, three high schools, one continuation high school, an adult education program, and an alternative education program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

Other Related Entities

Joint Powers Authorities The District is associated with two joint powers authorities. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

- Riverside Schools' Insurance Authority (RSIA)
- Riverside Employer/Employees' Partnership (REEP)

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of a district. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

Special Reserve Fund for Other Than Capital Outlay Projects The Special Reserve Fund for Other Than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies for general operating purposes other than for capital outlay (*Education Code* Section 42840).

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities:

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Special Reserve Retiree Benefits Fund The Special Reserve Retiree Benefits Fund is used to account for resources committed to fund the future obligation of retiree health benefits.

Capital Projects Funds The Capital Projects funds are used to account for the acquisition and/or construction of all major governmental fixed assets. The District maintains the following capital projects funds:

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects is used to account for funds set aside for Board designated construction projects.

Debt Service Funds The Debt Service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund Internal Service Funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a self-insurance worker's compensation fund that is accounted for in an internal service fund.

Fiduciary Fund Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is comprised of agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Proprietary Funds Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements, because they do not represent resources of the District.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue Deferred revenue arises when 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.

Certain grants received that have not met eligibility requirements are recorded as deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statement of net assets. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental column of the statement of net assets.

Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net assets. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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 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 certain school employees who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Fund Balance Reserves and Designations

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for revolving cash accounts, stores inventories, and legally restricted grants and entitlements.

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses. Fund balance designations have been established for economic uncertainties, unrealized gains of investments and cash in county treasury, and other purposes.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The government-wide financial statements reports $68,943,342 of restricted net assets.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Riverside bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Changes in Accounting Principles

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement requires local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

This Statement provided for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provisions of this Statement for the fiscal year ended June 30, 2008. The District had an annual required contribution of $1,332,408 for the year ended June 30, 2008, and made a contribution of $1,191,234 resulting in an OPEB obligation of $141,174.

New Accounting Pronouncements

In May 2007, GASB issued Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Governmental activities	$200,552,639
Fiduciary funds	801,387
Total Deposits and Investments	$201,354,026

Deposits and investments as of June 30, 2008, consist of the following:

Cash on hand and in banks	$ 1,042,444
Cash in revolving	100,000
Investments	200,211,582
Total Deposits and Investments	$201,354,026

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Value	Weighted Average Maturity
County Pool	$200,251,624	445*

* Weighted average days to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Minimum Legal Rating	Rating as of June 30, 2008	Fair Value
County Pool	Not Required	Not Required	$200,251,624

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2008, the District maintained cash deposits in the amount of $1,360,055 with three financial institutions. Of the deposit balances, amounts on deposit up to $100,000 are covered by Federal Deposit Insurance Corporation (FDIC) insurance at each institution. The deposits in excess of $100,000 at anyone institution are collateralized with securities held by the pledging financial institutions' trust departments or agents, but not in the Districts name and are therefore considered collateralized risk deposits.

Uninisured and collateralized with securities held by the pleding financial institution's trust departments or agents, but not in the name of the District.	$ 1,148,272

NOTE 3 - RECEIVABLES

Receivables at June 30, 2008, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds
Federal Government					
Categorical aid	$ 2,768,983	$ -	$ -	$ -	$ 53,407
State Government					
Apportionment	7,754,030	-	-	-	-
Categorical aid	1,793,981	-	-	-	203,971
Lottery	1,493,289	-	-	-	-
Local Government					
Interest	468,445	100,934	807,583	179,438	103,323
Other Local Sources	5,322,826	-	-	32,363	1,438,694
Total	$ 19,601,554	$ 100,934	$ 807,583	$ 211,801	$ 1,799,395

	Internal Service Fund	Total Governmental Activities
Federal Government		
Categorical aid	$ -	$ 2,822,390
State Government		
Apportionment	-	7,754,030
Categorical aid	-	1,997,952
Lottery	-	1,493,289
Local Government		
Interest	44,764	1,704,487
Other Local Sources	-	6,793,883
Total	$ 44,764	$ 22,566,031

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 61,251,592	$ 1,526,347	$ -	$ 62,777,939
Construction in progress	19,560,975	13,033,879	8,609,940	23,984,914
Total Capital Assets Not Being Depreciated	80,812,567	14,560,226	8,609,940	86,762,853
Capital Assets Being Depreciated				
Land improvements	730,959	631,699	-	1,362,658
Buildings and improvements	292,477,596	8,609,940	-	301,087,536
Furniture and equipment	10,212,773	790,428	-	11,003,201
Total Capital Assets Being Depreciated	303,421,328	10,032,067	-	313,453,395
Less Accumulated Depreciation				
Land improvements	32,503	14,619	-	47,122
Buildings and improvements	83,816,874	6,446,463	-	90,263,337
Furniture and equipment	6,451,399	1,038,668	-	7,490,067
Total Accumulated Depreciation	90,300,776	7,499,750	-	97,800,526
Capital Assets, Net	$ 293,933,119	$ 17,092,543	$ 8,609,940	$ 302,415,722

Depreciation expense charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 6,923,363
All other general administration	231,549
Plant services	344,838
Total Depreciation Expenses	$ 7,499,750

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances consist of amounts allocated between funds for various purposes. Interfund receivable and payable balances at June 30, 2008, between major and non-major governmental funds, are as follows:

	Due From				
Due To	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 235,820	$ 75,639	$ 3,475,771	$ 3,787,230
Special Reserve Fund for Other Than Capital Outlay Projects	5,000,000	-	-	-	5,000,000
Capital Facilities Fund	103,782	-	-	-	103,782
Non-Major Governmental Funds	471,761	-	-	100	471,861
Internal Service Fund	6,264	-	-	2,276	8,540
Total	$ 5,581,807	$ 235,820	$ 75,639	$ 3,478,147	$ 9,371,413

The balance of $445,625 is due to the Deferred Maintenance (Non-Major) Fund from the General Fund for expenses transferred to emergency repair program.

The balance of $5,000,000 is due to the Special Reserve Fund for Other Than Capital Outlay Projects from the General Fund for mandated costs and temporary loan.

The balance of $500,000 is due to the General Fund from the Adult Education (Non-Major) Fund for temporary loan.

The balance of $1,500,000 is due to the General Fund from the Child Development (Non-Major) Fund for temporary loan .

The balance of $1,000,000 is due to the General Fund from the Cafeteria (Non-Major) Fund for temporary loan.

The balance of $296,927 is due to the General Fund from the Cafeteria (Non-Major) Fund for indirect costs.

The balance of $235,820 is due to the General Fund from the Building Fund for legal fees.

The balance of $75,639 is due to the General Fund from the Capital Facilities Fund for reimbursement of costs.

All remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2008, consisted of the following:

	Transfer From		
Transfer To	General Fund	Capital Facilities Fund	Total
General Fund	$ -	$ 75,639	$ 75,639
Non-Major Governmental Funds	934,857	-	934,857
Total	$ 934,857	$ 75,639	$ 1,010,496

The General Fund transferred to the Deferred Maintenance Fund for required match.	$ 928,671
The General Fund transferred to the Child Development Fund to cover costs.	6,186
The Capital Facilities Fund transferred to the General Fund for capital projects reimbursement.	75,639
Total	$ 1,010,496

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2008, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Vendor payables	$4,413,181	$ 270,336	$ 470,292	$ 188,705	$ 153,870	$ 5,496,384
State apportionment	3,440,200	-	-	-	-	3,440,200
Salaries and benefits	442,459	-	-	49,652	-	492,111
Construction	71,027	1,695,595	184,979	-	-	1,951,601
Total	$8,366,867	$1,965,931	$ 655,271	$ 238,357	$ 153,870	$ 11,380,296

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2008, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 972,641	$ 6,524	$ 979,165
State categorical aid	403,348	-	403,348
Other local	893	-	893
Total	$ 1,376,882	$ 6,524	$ 1,383,406

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008	Due in One Year
General obligation bonds	$201,015,000	$42,000,000	$ 5,330,000	$237,685,000	$5,845,000
Compensated absences	717,967	129,253	-	847,220	-
Capital lease obligations	556,080	-	256,806	299,274	262,952
Supplemental early retirement program	731,038	-	731,038	-	-
Claims liability	-	2,588,753	-	2,588,753	-
Cumulative rebate liability	-	1,472,035	-	1,472,035	-
Net OPEB obligation	-	141,174	-	141,174	-
	$203,020,085	$46,331,215	$ 6,317,844	$243,033,456	$6,107,952

Payments on general obligation bonds are made in the Bond Interest and Redemption Fund.

Payments for accumulated vacation are typically paid by the fund for which the employee worked.

Payments for capital leases and supplemental early retirement program are made in the General Fund.

Payments for the cumulative rebate liability are made from the Building Fund.

Payments for claims liability are made from the Self-Insurance Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2007	Issued	Redeemed	Bonds Outstanding June 30, 2008
02/01/01	02/01/30	3.00-4.95%	$ 10,000,000	$ 8,975,000	$ -	$ 200,000	$ 8,775,000
06/01/01	02/01/20	2.75-4.90%	19,510,000	14,795,000	-	850,000	13,945,000
11/01/01	08/01/31	2.05-4.70%	20,000,000	18,125,000	-	380,000	17,745,000
07/16/02	02/01/19	1.60-4.75%	9,265,000	6,900,000	-	470,000	6,430,000
10/02/02	02/01/21	1.08-4.40%	14,470,000	11,585,000	-	625,000	10,960,000
08/07/02	08/01/33	1.47-4.95%	10,000,000	9,355,000	-	185,000	9,170,000
04/09/03	08/01/33	1.05-4.00%	20,000,000	19,145,000	-	400,000	18,745,000
05/19/04	02/01/18	2.00-4.75%	4,615,000	4,030,000	-	220,000	3,810,000
10/29/04	08/01/33	1.80-4.65%	12,500,000	12,240,000	-	225,000	12,015,000
11/03/05	02/01/23	2.70-4.38%	17,300,000	15,865,000	-	740,000	15,125,000
06/14/06	02/01/36	3.63-4.67%	80,000,000	80,000,000	-	1,035,000	78,965,000
10/23/07	08/01/36	3.40-4.62%	42,000,000	-	42,000,000	-	42,000,000
				$ 201,015,000	$ 42,000,000	$ 5,330,000	$ 237,685,000

Debt Service Requirements to Maturity

The bonds mature through 2036 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2009	$ 5,845,000	$ 11,429,412	$ 17,274,412
2010	6,910,000	10,652,914	17,562,914
2011	7,265,000	10,347,013	17,612,013
2012	7,560,000	10,026,629	17,586,629
2013	7,945,000	9,691,008	17,636,008
2014-2018	45,995,000	42,707,744	88,702,744
2019-2023	43,805,000	31,877,985	75,682,985
2024-2028	40,015,000	22,139,131	62,154,131
2029-2033	47,355,000	11,397,006	58,752,006
2034-2036	24,990,000	1,956,391	26,946,391
Total	$ 237,685,000	$ 162,225,233	$ 399,910,233

Compensated Absences

The accumulated unpaid employee vacation for the District at June 30, 2008, amounted to $847,220.

Capital Leases

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

	Servers
Balance, July 1, 2007	$ 617,700
Additions	-
Payments	299,086
Balance, June 30, 2008	$ 318,614

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2009	$ 280,628
2010	37,986
Total	318,614
Less: Amount Representing Interest	19,340
Present Value of Minimum Lease Payments	$ 299,274

Supplemental Employee Retirement Plan (SERP)

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401 A of the Internal Revenue Code. Eligibility requirements are that the employees attain age 55 with at least ten years of service with the District. The retiree receives an annual benefit payment equal to five percent of their final annual salary schedule. This benefit is paid out annually to the retirees in equal installments.

Claims Liability

The District has an outstanding long-term liability for incurred but not reported claims for the District's workers' compensation insurance program in the amount of $2,588,753 at June 30, 2008.

Cumulative Rebate Liability

The District has an outstanding long-term liability for calculation of cumulative rebate liability in the amount of $1,472,035 at June 30, 2008.

Other Postemployment Benefit (OPEB) Obligation

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2008. The District's annual required contribution for the year ended June 30, 2008, was $1,332,408 and contributions made by the District during the year were $1,191,234, which resulted in a net OPEB obligation of $141,174. See Note 10 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

NOTE 9 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Reserved						
Revolving cash	$ 100,000	$ -	$ -	$ -	$ -	$ 100,000
Stores inventories	238,535	-	-	-	151,311	389,846
Prepaid expenditures	81,266	-	-	-	-	81,266
Restricted programs	9,083,905	-	88,739,393	-	250,969	98,074,267
Total Reserved	9,503,706	-	88,739,393	-	402,280	98,645,379
Unreserved						
Designated						
Economic uncertainties	12,675,596	10,000,036	-	-	2,570,242	25,245,874
Other designation	26,223,555	5,837,952	1,472,035	20,518,790	11,191,718	65,244,050
Total Designated	38,899,151	15,837,988	1,472,035	20,518,790	13,761,960	90,489,924
Undesignated	-	-	-	-	15,508,919	15,508,919
Total Unreserved	38,899,151	15,837,988	1,472,035	20,518,790	29,270,879	105,998,843
Total	$ 48,402,857	$ 15,837,988	$ 90,211,428	$ 20,518,790	$ 29,673,159	$ 204,644,222

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Palm Springs Unified School District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and dependents. Membership of the Plan consists of 153 retirees and beneficiaries currently receiving benefits, and 1,977 active plan members.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Palm Springs Teachers Association (PSTA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2007-08, the District contributed $1,191,234 to the plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 1,332,408
Contributions made	(1,191,234)
Increase in net OPEB obligation	141,174
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 141,174

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 was as follows:

Year Ended June 30, 2008	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2008	$ 1,332,408	89.40%	$ 141,174

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 1, 2008, actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 5 percent investment rate of return, based on assumed long-term return on plan assets or employer assets, as appropriate. Healthcare cost trend rates were assumed at an ultimate rate of 4 percent based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. The level percentage payroll method was used to allocate amortization cost by year.

NOTE 11 - RISK MANAGEMENT - CLAIMS

Description

Beginning July 1, 2003, the District's risk financing activities for Workers' Compensation are recorded in the Internal Service Fund. The purpose of the Internal Service Fund is to administer the District's self-insured portion of its workers' compensation insurance program.

The District participates in various Joint Powers Authorities (JPAs) for health coverage and property exposures (see Note 14).

Claims Liabilities

The District records an estimated liability for claims filed against it. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claim Liabilities

The Internal Service Fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities of the District form July 1, 2006 to June 30, 2008:

	Workers' Compensation
Liability Balance, July 1, 2006	$ 4,875,270
Claims and changes in estimates	(1,711,247)
Claims payments	(1,273,762)
Liability Balance, June 30, 2007	1,890,261
Claims and changes in estimates	3,022,797
Claims payments	(2,324,305)
Liability Balance, June 30, 2008	$ 2,588,753
Assets available to pay claims at June 30, 2008	$ 6,335,728

NOTE 12 - 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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2008, 2007, and 2006, were $7,761,238, $7,563,074, and $6,938,750, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

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 95811.

Funding Policy

Active plan members are required to contribute 7.0 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 the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-2008 was 9.306 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2008, 2007, and 2006, were $3,550,566, $3,165,073, and $2,944,554, respectively, and equal 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4,380,602 (4.517 percent of salaries subject to CalSTRS). No contributions were made to CalPERS for the year ended June 30, 2008. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2008.

Construction Commitments

CAPITAL PROJECTS	Remaining Construction Commitments	Expected Date of Completion
Various Sites - New Lunch Shelters	$ 2,010,607	Jun-10
District Office - Modernization	2,010,461	Jun-09
Agua Caliente Elementary - Modernization	500,000	Jun-12
Ed Wenzlaff Elementary - Modernization	33,317,147	Jun-12
Vista Del Monte Elementary Admin - Modernization	790,000	Jun-11
Julius Corsini Elementary - Modernization	300,000	Jun-09
Two Bunch Palms Elementary - Modernization	500,000	Jun-09
Nellie Coffman Middle School Admin - Modernization	790,000	Jun-11
Nellie Coffman Middle School - Modernization	3,450,000	Jun-10
Cathedral City High School Stadium - Expansion	1,900,000	Jun-09
Desert Hot Springs High School Stadium - Expansion	900,000	Jun-09
Elementary 16 --Cabot Yerxa - Construction	36,284,181	Jun-10
Elementary 17 -- Karen - Construction	39,879,222	Jun-12
Elementary 18 -- Jalisco - Construction	43,143,319	Jun-11
Elementary 19 -- DaVall - Construction	39,058,000	Jun-13
Middle 5 -- Sonora - Construction	62,641,009	Jun-11
High School 4 -- Rancho Mirage - Construction	205,950,834	Jun-12
	$ 473,424,780	

NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of the Riverside Schools' Insurance Authority (RSIA) and the Riverside Employer/Employees' Partnership for Benefits (REEP) joint powers authorities. The District pays an annual premium to each entity for its health and property liability coverage. The relationships between the District and the JPAs 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.

During the year ended June 30, 2008, the District made payments of $242,345 and $25,853,687, to RSIA and REEP, respectively, for health and property liability coverage.

NOTE 15 - LAND PURCHASE

During 2006-07, the District purchased a parcel of land from a developer in the amount of $38,750,000. The District paid for half of the purchase through current financial resources, and entered into an agreement, whereby the developer would be given a credit for any future developer fees owed to the District in future years. The total amounted to $19,324,135, as of June 30, 2008.

	Land Purchase
Long-Term Receivable/Deferred Developer Fee Revenue Balance, Beginning of Year	$ 19,375,000
Current Year Additions	-
Developer Fees Received Fiscal Year 2007-2008	(50,865)
Long-Term Receivable/Deferred Revenue, End of Year	$ 19,425,865

The related long-term deferred revenue and developer fee receivable have been recorded respectively as a liability and an asset in accordance with governmental accounting principles generally accepted in the United States of America.

Required Supplementary Information

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2008

	Budgeted Amounts (GAAP Basis)		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Revenue limit sources	$135,347,418	$132,839,796	$132,793,513	$ (46,283)
Federal sources	15,275,806	18,385,218	15,999,724	(2,385,494)
Other State sources	28,213,858	31,980,471	35,087,516	3,107,045
Other local sources	20,420,292	24,882,310	25,403,192	520,882
Total Revenues [1]	199,257,374	208,087,795	209,283,945	1,196,150
EXPENDITURES				
Current				
Instruction	121,979,349	138,663,730	130,055,745	8,607,985
Instruction-related activities:				
Supervision of instruction	8,900,101	9,312,436	8,758,597	553,839
Instructional library, media, and technology	1,987,348	2,079,421	1,955,751	123,670
School site administration	13,070,466	13,676,010	12,862,656	813,354
Pupil services:				
Home-to-school transportation	4,222,214	4,313,176	4,116,569	196,607
Food services	174,706	178,470	170,335	8,135
All other pupil services	9,287,821	9,487,915	9,055,428	432,487
General administration:				
Data processing	2,714,468	2,693,148	2,596,047	97,101
All other general administration	9,184,136	9,112,000	8,783,469	328,531
Plant services	21,213,931	21,341,183	20,956,022	385,161
Facility acquisition and construction	446,105	448,781	440,681	8,100
Ancillary services	1,493,180	1,746,779	1,751,346	(4,567)
Debt service				
Principal	-	-	256,806	(256,806)
Interest	-	-	16,107	(16,107)
Total Expenditures [1]	194,673,825	213,053,049	201,775,559	11,277,490
Excess (Deficiency) of Revenues Over Expenditures	4,583,549	(4,965,254)	7,508,386	12,473,640
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	66,000	75,639	9,639
Transfers out	(919,991)	(1,048,662)	(934,857)	113,805
Net Financing Sources (Uses)	(694,991)	(982,662)	(859,218)	123,444
NET CHANGE IN FUND BALANCES	3,888,558	(5,947,916)	6,649,168	12,597,084
Fund Balance - Beginning	41,753,689	41,753,689	41,753,689	-
Fund Balance - Ending	$ 45,642,247	$ 35,805,773	$ 48,402,857	$ 12,597,084

[1] On behalf payments of $4,380,602 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULES OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS AND EMPLOYER CONTRIBUTION FOR THE YEAR ENDED JUNE 30, 2008

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
April 1, 2008	$ -	$ 16,672,766	$ 16,672,766	0%	$ 125,930,126	13%

The District has placed $6,959,097 in the Special Reserve Retiree Benefits Fund as being expressly for the purpose of funding the future liability associated with the District's OPEB obligation. This designation is not allowed to be included in the actuarial value of assets noted above. If this amount would have been placed into an irrevocable trust in accordance with GASB 43 guidelines, as of year-end the calculation of the actuarial value of assets would have been $6,959,097. The unfunded AAL would have been $9,713,669. The funded ratio would have been 42 percent, and the UAAL as a percentage of covered payroll would have been eight percent, accordingly.

SUPPLEMENTARY INFORMATION

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Adult Basic Education & ESL	84.002A	14508	$ 81,488
Adult Education - Adult Secondary Education	84.002	13978	1,827
Adult Education - English Literacy & Civics Education	84.002A	14109	15,000
No Child Left Behind Act (2001):			
Title I, Part A - Basic Grants Low Income & Neglected	84.010	14329	5,476,788
Title I, Part B - Reading First Program	84.357	14328	781,122
Title I, Part B - Even Start Family Literacy	84.213	13001	166,998
Title I, Part A - School Improvement SAIT Corrective Action Plans	84.010A	14579	320,565
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	1,123,987
Title II, Part A - Principal Training	84.367	14344	18,955
Title II, Part B - CA Mathematics & Science Partnerships	84.366	14512	470,697
Title II, Part D - Enhancing Education Through Technology, Formula Grant	84.318	14334	55,350
Title II, Part D - Enhancing Education Through Competitive Grants	84.318	14368	276,578
Title III - Immigrant Education Program	84.365	14346	109,061
Title III - Limited English Proficiency (LEP)	84.365	10084	979,943
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.186	14347	103,907
Title V, Part A - Innovative Education Strategies	84.298A	14354	45,688
Advance Placement Fee Reimbursements Program	84.330	14303	17,476
Vocational and Applied Technology Education Act - Carl D. Perkins Title IIC - Secondary Education	84.048	13924	179,124
Subtotal			10,224,554
Passed through Riverside County Special Education Local Plan Area:			
Individuals with Disabilities Education Act (IDEA):			
Basic Local Assistance Entitlement, Part B	84.027	13379	2,998,025
Federal Preschool Grants, Part B	84.173	13430	76,880
Preschool Local Entitlement, Part B	84.027A	13682	148,900
Preschool Staff Development, Part B	84.173A	13431	624
Small Learning Communities	84.215L	10215	101,956
Subtotal			3,326,385

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13524	$ 4,974,871
Basic School Breakfast	10.553	13390	8,237
Especially Needy Breakfast	10.553	13526	820,404
Meal Supplement	10.553	13755	159,241
Food Distribution	10.550	13389	420,942
Forest Reserve	10.665	10044	1,964
Subtotal			6,385,659
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education (CDE):			
LEA Medi-Cal Billing Option	93.778	10013	184,845
Medical Administrative Activities Program	93.778	10013	594,713
Child Development - Federal Child Care	93.596	13609	301,673
Child Development - Quality Improvement Activities	93.575	13979	2,817
Passed through Riverside County Office of Education (RCOE)			
Head Start	93.600	10016	1,615,204
Subtotal			2,699,252
U.S. DEPARTMENT OF DEFENSE			
Junior Reserve Officer Training Program	12.000	[1]	150,374
Total Federal Programs			$ 22,786,224

[1] Direct Grant.

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2008

ORGANIZATION

The Palm Springs Unified School District was established in 1948, and consists of an area comprising approximately 498 square miles. The District operates fifteen elementary schools, four middle schools, three high schools, one continuation high school, an adult education program, and an alternative education program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Shari Stewart	President	2008
Gary Jeandron	Clerk	2010
Donald T. Aikens	Member	2008
Justin Blake	Member	2010
Meredy Shoenberger	Member	2010

ADMINISTRATION

Lorri S. McCune, Ed.D.	Superintendent
James Novak	Assistant Superintendent, Business Services
Christine Anderson, Ed.D.	Assistant Superintendent, Educational Services
Mauricio Arellano	Assistant Superintendent, Human Resources
Lorraine Becker, Ed.D.	Assistant Superintendent, Innovation Resources and Educational Development
Craig Borba, Ed.D.	Assistant Superintendent, Pupil Personnel Services

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2008

	Second Period Report (Revised)	Annual Report
ELEMENTARY		
Kindergarten	1,599	1,614
First through third	5,306	5,309
Fourth through sixth	5,185	5,176
Seventh and eighth	3,359	3,340
Home and hospital	7	8
Special education	428	438
Total Elementary	15,884	15,885
SECONDARY		
Regular classes	6,120	5,994
Continuation education	330	313
Opportunity schools	59	57
Home and hospital	8	9
Special education	266	261
Total Secondary	6,783	6,634
Total K-12	22,667	22,519
CLASSES FOR ADULTS		
Concurrently enrolled	4	5
Not concurrently enrolled	287	300
Total Classes for Adults	291	305
Grand Total	22,958	22,824

	Hours of Attendance
SUMMER SCHOOL	
Elementary	148,692
High school	99,748
Total Hours	248,440

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2008

Grade Level	1982-83 Actual Minutes	1986-87 Minutes Requirement	2007-08 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	31,680	36,000	36,000	180	175	Complied
Grades 1 - 3	49,280	50,400				
Grade 1			51,885	180	175	Complied
Grade 2			51,885	180	175	Complied
Grade 3			51,885	180	175	Complied
Grades 4 - 5	49,280	54,000				
Grade 4			54,000	180	175	Complied
Grade 5			54,000	180	175	Complied
Grades 6 - 8	49,280	54,000				
Grade 6			54,726	180	N/A	Complied
Grade 7			54,726	180	N/A	Complied
Grade 8			54,726	180	N/A	Complied
Grades 9 - 12	64,218	64,800				
Grade 9			64,850	180	N/A	Complied
Grade 10			64,850	180	N/A	Complied
Grade 11			64,850	180	N/A	Complied
Grade 12			64,850	180	N/A	Complied

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF REVENUES AND EXPENDITURES
PROPOSITION 10 GRANTS
FOR THE YEAR ENDED JUNE 30, 2008

	Agreement Number	
	7014 LS-07	07-SR-004
	July 1, 2007 - June 30, 2008	July 1, 2007 - June 30, 2008
REVENUES		
State categorical aid	$ 315,685	$ 375,118
Interest	153	351
	$ 315,838	$ 375,469
EXPENDITURES		
Personnel and benefits	$ 269,851	$ 325,817
Operating expenditures	45,987	49,652
	$ 315,838	$ 375,469

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, 2008

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	Building Fund
FUND BALANCE	
Balance, June 30, 2008, Unaudited Actuals	$ 88,739,393
Decrease in:	
Accounts payable	1,472,035
Total Fund Balance, June 30, 2008, Audited Financial Statement	$ 90,211,428

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

	(Budget) 2009 [1]	2008	2007	2006
GENERAL FUND				
Revenues	$197,602,827	$209,283,945	$205,016,112	$179,643,924
Other sources and transfers in	2,877,598	75,639	1,185,667	448,376
Total Revenues and Other Sources	200,480,425	209,359,584	206,201,779	180,092,300
Expenditures	198,240,677	201,775,559	188,157,779	171,917,898
Other uses and transfers out	92,082	934,857	6,162,873	6,692,826
Total Expenditures and Other Uses	198,332,759	202,710,416	194,320,652	178,610,724
INCREASE IN FUND BALANCE	$ 2,147,666	$ 6,649,168	$ 11,881,127	$ 1,481,576
ENDING FUND BALANCE	$ 50,550,523	$ 48,402,857	$ 41,753,689	$ 29,872,562
AVAILABLE RESERVES [2]	$ 19,190,460	$ 22,675,632	$ 17,682,382	$ 15,651,798
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	9.7%	11.4%	9.3%	9.0%
LONG-TERM OBLIGATIONS	N/A	$240,444,703	$203,020,085	$207,348,375
AVERAGE DAILY ATTENDANCE AT P-2 [4]	22,783	22,667	22,524	21,862

The General Fund balance has increased by $24,099,629 over the past two years. The fiscal year 2008-2009 budget projects a further increase of $2,147,666 (4.44 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2008-2009 fiscal year. Total long-term obligations have increased by $33,096,328 over the past two years.

Average daily attendance has increased by 805 over the past two years. Additional growth of 116 ADA is anticipated during fiscal year 2008-2009.

[1] Budget 2009 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 (other than capital outlay).

[3] On behalf payments of $4,380,602, $4,140,898, and $3,799,071 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2008, 2007, and 2006, respectively.

[4] Excludes adult education ADA.

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

EXCESS SICK LEAVE
JUNE 30, 2008

Section 19833.5 (a)(3) or (a)(3)(b) Disclosure

Palm Springs Unified School District does not provide more than 12 sick leave days in a school year to any CalSTRS member.

See accompanying note to supplementary information.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

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 accrual 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 financial statements.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

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 apportionments 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.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This 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 46200 through 46206.

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

Schedule of Revenues and Expenditures – Proposition 10 Grants

This schedule provides information to the Riverside County Children and Families Commission for each of the District's Proposition 10 Grants.

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 Unaudited Actual Financial Report to the audited financial statements.

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.

Excess Sick Leave

This schedule provides information required by the Audit Guide for California K-12 Local Educational Agencies for excess sick leave authorized or accrued for members of the California State Teachers' Retirement System (CalSTRS).

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SUPPLEMENTARY INFORMATION - UNAUDITED

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - UNAUDITED
JUNE 30, 2008

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS				
Deposits and investments	$ 1,140,117	$ 1,271,395	$ 2,367,648	$ 3,729,855
Receivables	105,704	398,503	1,227,233	32,672
Due from other funds	-	12,222	14,013	445,626
Stores inventories	-	-	151,311	-
Total Assets	$ 1,245,821	$ 1,682,120	$ 3,760,205	$ 4,208,153
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 22,720	$ 39,345	$ 147,314	$ 28,978
Due to other funds	535,298	1,636,251	1,306,598	-
Deferred revenue	-	6,524	-	-
Total Liabilities	558,018	1,682,120	1,453,912	28,978
FUND BALANCES				
Reserved for:				
Stores inventories	-	-	151,311	-
Legally restricted balances	250,969	-	-	-
Unreserved:				
Designated	436,834	-	2,154,982	4,179,175
Undesignated, reported in:				
Debt service funds	-	-	-	-
Total Fund Balances	687,803	-	2,306,293	4,179,175
Total Liabilities and Fund Balances	$ 1,245,821	$ 1,682,120	$ 3,760,205	$ 4,208,153

See accompanying note to supplementary information - unaudited.

Special Reserve Retiree Benefits Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
$ 6,924,084	$ 31,602	$ 15,508,919	$ 30,973,620
35,013	270	-	1,799,395
-	-	-	471,861
-	-	-	151,311
$ 6,959,097	$ 31,872	$ 15,508,919	$ 33,396,187
$ -	$ -	$ -	$ 238,357
-	-	-	3,478,147
-	-	-	6,524
-	-	-	3,723,028
-	-	-	151,311
-	-	-	250,969
6,959,097	31,872	-	13,761,960
-	-	15,508,919	15,508,919
6,959,097	31,872	15,508,919	29,673,159
$ 6,959,097	$ 31,872	$ 15,508,919	$ 33,396,187

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2008

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES				
Federal sources	$ 98,315	$ 304,490	$ 6,383,695	$ -
Other State sources	1,294,440	2,335,968	538,605	863,141
Other local sources	118,431	66,816	2,110,852	153,017
Total Revenues	1,511,186	2,707,274	9,033,152	1,016,158
EXPENDITURES				
Current				
Instruction	620,260	1,872,833	-	-
Instruction-related activities:				
Supervision of instruction	1,753	506,755	-	-
School site administration	381,574	-	-	-
Pupil services:				
Food services	-	29,644	8,002,300	-
All other pupil services	2,125	191,256	-	-
Administration:				
All other administration	32,532	61,096	296,927	-
Plant services	62,110	51,876	7,057	655,769
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	1,100,354	2,713,460	8,306,284	655,769
Excess (Deficiency) of Revenues Over Expenditures	410,832	(6,186)	726,868	360,389
OTHER FINANCING SOURCES				
Transfers in	-	6,186	-	928,671
Other sources	-	-	-	-
Net Financing Sources	-	6,186	-	928,671
NET CHANGE IN FUND BALANCES	410,832	-	726,868	1,289,060
Fund Balance - Beginning	276,971	-	1,579,425	2,890,115
Fund Balance - Ending	$ 687,803	$ -	$ 2,306,293	$ 4,179,175

See accompanying note to supplementary information - unaudited.

Special Reserve Retiree Benefits Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
$ -	$ -	$ -	$ 6,786,500
-	-	108,198	5,140,352
155,527	1,443	15,787,222	18,393,308
155,527	1,443	15,895,420	30,320,160
-	-	-	2,493,093
-	-	-	508,508
-	-	-	381,574
-	-	-	8,031,944
-	-	-	193,381
-	-	-	390,555
-	-	-	776,812
-	-	5,330,000	5,330,000
-	-	8,959,894	8,959,894
-	-	14,289,894	27,065,761
155,527	1,443	1,605,526	3,254,399
-	-	-	934,857
-	-	1,691,763	1,691,763
-	-	1,691,763	2,626,620
155,527	1,443	3,297,289	5,881,019
6,803,570	30,429	12,211,630	23,792,140
$ 6,959,097	$ 31,872	$ 15,508,919	$ 29,673,159

PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED
JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Unaudited

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

INDEPENDENT AUDITORS' REPORTS

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

VALUE THE DIFFERENCE

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

Governing Board
Palm Springs Unified School District
Palm Springs, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Palm Springs Unified School District as of and for the year ended June 30, 2008, which collectively comprise Palm Springs Unified School District's basic financial statements and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Palm Springs Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Palm Springs Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Palm Springs Unified School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Palm Springs Unified School District in a separate letter dated December 10, 2008.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 10, 2008

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

VALUE THE DIFFERENCE

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

Governing Board
Palm Springs Unified School District
Palm Springs, California

Compliance

We have audited the compliance of Palm Springs Unified School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. 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 auditing standards generally accepted in the United States of America; 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 of 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, 2008.

Internal Control Over Compliance

The management of Palm Springs Unified School District is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Palm Springs Unified School District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 10, 2008

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Palm Springs Unified School District
Palm Springs, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Palm Springs Unified School District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2007-08*, issued by the California Education Audit Appeals Panel as regulations. 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 opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Palm Springs Unified School District's management. 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 State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional occupational centers and programs	6	Not Applicable
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Community day schools	9	Not Applicable
Morgan-Hart Class Size Reduction	7	Not Applicable
Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Yes
9-12 only	1	Yes

	Procedures in Audit Guide	Procedures Performed
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes
School Construction Funds:		
School District bonds	3	Yes
State school facilities funds	1	Not Applicable
Excess sick leave	2	Yes
Notice of right to elect California State Teachers Retirement System (CalSTRS) membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Not Applicable
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	Not Applicable
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Yes
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program		
General requirements	4	Yes
After school	4	Yes
Before school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

Based on our audit, we found that for the items tested, the Palm Springs Unified School District complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Palm Springs Unified School District had not complied with the laws and regulations. Our audit does not provide a legal determination on Palm Springs Unified School District's compliance with the State laws and regulations referred to above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 10, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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PALM SPRINGS UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2008

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I, Part A - Basic Grants Low Income and Neglected
84.010A	Title I, Part A - School Improvement SAIT Corrective Action Plans

Dollar threshold used to distinguish between Type A and Type B programs:	$ 683,587
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for State programs:	Unqualified

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

None reported.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

None reported.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

None reported.

PALM SPRINGS UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

There were no audit findings reported in the prior year's schedule of financial statement findings.

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

VALUE THE DIFFERENCE

Governing Board
Palm Springs Unified School District
Palm Springs, California

In planning and performing our audit of the financial statements of Palm Springs Unified School District, for the year ended June 30, 2008, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the combined and combining financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 10, 2008 on the government-wide financial statements of Palm Springs Unified School District.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

ASSOCIATED STUDENT BODY ACCOUNTS

Cathedral City High School, Mt. San Jacinto Continuation

Finding

Revenue potential forms are not being used to document and control fund-raising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The revenue potential form used at the site should contain four major elements. These are:

1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.

2. Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.

3. Analysis-This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.

4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Cathedral City High School

Finding

During testing of disbursements it was noted that 7 of 27 disbursements tested did not have proper documentation of approvals. Without the control document of a purchase request form with the proper approvals club spending might deplete a group account causing deficit spending.

Recommendation

All disbursements should be accompanied by proper approvals to ensure that clubs are not overspending and the disbursements being made are adequately supported.

Mt. San Jacinto Continuation

Finding

The monthly bank statement tested was not reconciled; therefore, the site is not aware of their available cash balance or if the financial records of the clubs accurately reflect true financial information.

Recommendation

Monthly bank reconciliation's must be done in order to ensure that the cash balance reported on the books is accurate and that the financial institution has not made a mistake. Besides reconciling the cash accounts, the balances of the student body accounts should be totaled and compared to this reconciled cash amount to ensure that the two amounts are equal. Differences between these two amounts could be caused by mis-postings to the student body account.

Findings

The following issues were noted during the audit:

- Disbursements were lacking proper approvals.
- Prenumbered receipts not used.
- Inventory records for the student store are not kept.

Recommendation

The District should look into the situation at the site. Procedures should be outlined and explained to the site personnel. A periodic review should be made by the District of the sites progress towards the deficiencies mentioned above.

SITE CASH

Two Bunch Palms Elementary

Finding

- Prenumbered receipts are not being utilized.
- Monies are not deposited in a timely manner.
- Cash collections are used for purchases.
- Cash on hand does not reconcile to receipts written.

Recommendation

Sites should be instructed to issue prenumbered receipts for all cash collections and deposit all cash collections in a timely manner. District also should instruct the site that all receipts should be written in sequential order and all cash collections must be receipted.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

ASSOCIATED STUDENT BODY ACCOUNTS

Nellie Coffman Middle School

Finding

Revenue potential forms are not being used to document and control fund-raising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The revenue potential form used at the site should contain four major elements. These are:

1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.

2. Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.

3. Analysis-This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.

4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Current Status

Implemented.

SITE CASH

Palm Springs High School

Finding

- Monies on hand were not receipted.
- A cash transmittal is not prepared for the deposit sent to the District.
- Deposits are not timely.
- Receipts dates are not in sequence.

Recommendation

Sites should be instructed to issue receipts for all cash collections and deposit all cash collections in a timely manner. All receipts should be written in sequential order and all cash collections must be receipted.

Governing Board
Palm Springs Unified School District

Current Status

Implemented.

Della S. Lindley Elementary

Finding

Prenumbered receipts are not being written to record the receipt of cash collections for lost/damaged library books.

Recommendation

All sites to complete prenumbered receipts for all cash collections. This will strengthen the controls over cash collections and provide an audit trail for site cash collections.

Current Status

Implemented.

Finding

Deposits are not being made by the librarian to the District Office. Instead, cash collections from lost/damaged library books are deposited into the Parent Teacher Organization (PTG) bank account. Furthermore, library monies in the PTG account are being used to purchase new books.

Recommendation

Deposits should be made to the District Office in a timely manner. The District should establish guidelines for this procedure including the maximum cash on hand that should be maintained at the site. The ultimate responsibility, however, will reside with the site bookkeeper to make the deposits timely. Any disbursement of District funds should be authorized by the District.

Current Status

Implemented.

We will review the status of the current year comments during our next audit engagement.

Vavrek, Tai, Day & Co, LLP
Rancho Cucamonga, California
December 10, 2008