

**SALIDA UNION ELEMENTARY  
SCHOOL DISTRICT**

---

**ANNUAL FINANCIAL REPORT**

---

**JUNE 30, 2002**

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

OF STANISLAUS COUNTY

SALIDA, CALIFORNIA

JUNE 30, 2002

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mark Hughes	President	2003
Ivan Wyeth	Clerk	2005
Dennis Thompson	Trustee	2003
Steve Ernst	Trustee	2005
Gary Dew	Trustee	2005

ADMINISTRATION

Antonio Borba

Superintendent

ORGANIZATION

The Salida Union School District was established in 1949 and is comprised of an area of approximately 31 square miles located in Stanislaus County. There were no changes in the boundaries of the District during the current year. The District is currently operating four elementary schools and one middle school providing instruction for kindergarten through eighth grade.

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

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**JUNE 30, 2002**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Salida Union Elementary School District  
Salida, California

We have audited the accompanying general-purpose financial statements of the Salida Union Elementary School District, as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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*, prescribed by the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Salida Union Elementary School District at June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2002, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Uaurinek, Irine, Day & Co., LLP*

Fresno, California  
October 9, 2002

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**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET  
JUNE 30,2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS</b>				
Cash	\$ 10,000	\$ 500		\$ 6,179
Investments	4,899,823	596,219	1,390,600	5,307,379
Accounts receivable	1,505,313	266,911		3,937
Due from other funds	954,779	110,000		
Stores inventory		31,424		
Fixed assets				
Amount available for the retirement of general long-term debt				
Amount to be provided for the retirement of general long-term debt				
<b>Total Assets</b>	<b>\$ 7,369,915</b>	<b>\$ 1,005,054</b>	<b>\$ 1,390,600</b>	<b>\$ 5,317,495</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Deficit cash		56,965		
Accounts payable	3,206,831	50,202		476,410
Due to other funds	177,741	8,237		878,801
Deferred revenue	414,963	79,663		
Due to student groups				
General long-term debt				
<b>Total Liabilities</b>	<b>3,799,535</b>	<b>195,067</b>		<b>1,355,211</b>
<b>FUND EQUITY</b>				
Investment in fixed assets				
Fund balances				
Reserved	868,935	31,424		
Unreserved				
Designated	2,701,445			
Undesignated		778,563	1,390,600	3,962,284
<b>Total Fund Equity</b>	<b>3,570,380</b>	<b>809,987</b>	<b>1,390,600</b>	<b>3,962,284</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 7,369,915</b>	<b>\$ 1,005,054</b>	<b>\$ 1,390,600</b>	<b>\$ 5,317,495</b>

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

Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Agency			
\$ 110,447			\$ 127,126
			12,194,021
			1,776,161
			1,064,779
			31,424
	\$ 40,561,487		40,561,487
		\$ 1,506,844	1,506,844
		5,733,291	5,733,291
<u>\$ 110,447</u>	<u>\$ 40,561,487</u>	<u>\$ 7,240,135</u>	<u>\$ 62,995,133</u>
			56,965
			3,733,443
			1,064,779
			494,626
110,447			110,447
		7,240,135	7,240,135
110,447		7,240,135	12,700,395
	40,561,487		40,561,487
			900,359
			2,701,445
			6,131,447
	40,561,487		50,294,738
<u>\$ 110,447</u>	<u>\$ 40,561,487</u>	<u>\$ 7,240,135</u>	<u>\$ 62,995,133</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**ALL GOVERNMENTAL FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>REVENUES</b>				
Revenue Limit Sources				
State apportionments	\$ 9,957,854			
Local sources	4,446,001			
Total Revenue Limit Sources	14,403,855			
Federal revenues	2,230,896	\$ 563,249		
Other state revenues	3,174,656	342,403	\$ 2,417	
Other local revenues	367,461	561,567	202,595	\$ 589,740
Tuition and transfers	1,480,180			
Total Revenues	21,657,048	1,467,219	205,012	589,740
<b>EXPENDITURES</b>				
Current Expenditures				
Certificated salaries	10,525,004	108,855		
Classified salaries	3,353,356	532,030		
Employee benefits	2,576,608	116,011		
Books and supplies	1,146,602	547,778		
Services and operating expenditures	2,783,338	43,442	7,870	25,327
Other outgo	554,412	8,237		
Capital outlay	1,159,665	83,738		6,925,189
Debt service - principal			195,000	
Debt service - interest and other		8,877	195,066	211,952
Total Expenditures	22,098,985	1,448,968	397,936	7,162,468
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(441,937)	18,251	(192,924)	(6,572,728)
<b>OTHER FINANCING SOURCES/(USES)</b>				
Operating transfers in	878,801	112,220	138,681	361,439
Operating transfers out	(606,870)		(5,470)	(878,801)
Other uses		(9,448)		
Total Other Financing Sources/(Uses)	271,931	102,772	133,211	(517,362)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(170,006)	121,023	(59,713)	(7,090,090)
FUND BALANCE, BEGINNING OF YEAR	3,740,386	688,964	1,450,313	11,052,374
FUND BALANCE, END OF YEAR	\$ 3,570,380	\$ 809,987	\$ 1,390,600	\$ 3,962,284

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

Total  
(Memorandum  
Only)

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\$ 9,957,854  
4,446,001  
14,403,855  
2,794,145  
3,519,476  
1,721,363  
1,480,180  
23,919,019

10,633,859  
3,885,386  
2,692,619  
1,694,380  
2,859,977  
562,649  
8,168,592  
195,000  
415,895  
31,108,357

(7,189,338)

1,491,141  
(1,491,141)  
(9,448)  
(9,448)

(7,198,786)  
16,932,037  
\$ 9,733,251

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**ALL GOVERNMENTAL FUND TYPES  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2002**

	General		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Revenue Limit Sources			
State apportionments	\$ 10,241,766	\$ 9,957,854	\$ (283,912)
Local sources	4,446,001	4,446,001	
Total Revenue Limit Sources	14,687,767	14,403,855	(283,912)
Federal revenues	2,814,866	2,230,896	(583,970)
Other state revenues	3,430,191	3,174,656	(255,535)
Other local revenues	375,221	367,461	(7,760)
Tuition and transfers	1,480,180	1,480,180	
Total Revenues	<u>22,788,225</u>	<u>21,657,048</u>	<u>(1,131,177)</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	10,770,286	10,525,004	245,282
Classified salaries	3,523,508	3,353,356	170,152
Employee benefits	2,939,774	2,576,608	363,166
Books and supplies	1,444,806	1,146,602	298,204
Services and operating expenditures	3,581,295	2,783,338	797,957
Other outgo	416,188	554,412	(138,224)
Capital outlay	1,249,507	1,159,665	89,842
Debt service - principal			
Debt service - interest and other			
Total Expenditures	<u>23,925,364</u>	<u>22,098,985</u>	<u>1,826,379</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(1,137,139)</u>	<u>(441,937)</u>	<u>695,202</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating transfers in	878,851	878,801	(50)
Operating transfers out	(606,870)	(606,870)	
Other uses			
Total Other Financing Sources/(Uses)	<u>271,981</u>	<u>271,931</u>	<u>(50)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(865,158)</u>	<u>(170,006)</u>	<u>695,152</u>
FUND BALANCE, BEGINNING OF YEAR	<u>3,740,386</u>	<u>3,740,386</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,875,228</u>	<u>\$ 3,570,380</u>	<u>\$ 695,152</u>

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



Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 635,477	\$ 563,249	\$ (72,228)			
365,287	342,403	(22,884)		\$ 2,417	\$ 2,417
617,441	561,567	(55,874)		202,595	202,595
<u>1,618,205</u>	<u>1,467,219</u>	<u>(150,986)</u>		<u>205,012</u>	<u>205,012</u>
137,118	108,855	28,263			
594,265	532,030	62,235			
143,438	116,011	27,427			
555,224	547,778	7,446			
207,925	43,442	164,483		7,870	(7,870)
8,237	8,237				
399,961	83,738	316,223			
				195,000	(195,000)
8,877	8,877			195,066	(195,066)
<u>2,055,045</u>	<u>1,448,968</u>	<u>606,077</u>		<u>397,936</u>	<u>(397,936)</u>
<u>(436,840)</u>	<u>18,251</u>	<u>455,091</u>		<u>(192,924)</u>	<u>(192,924)</u>
112,220	112,220			138,681	138,681
				(5,470)	(5,470)
<u>(9,448)</u>	<u>(9,448)</u>				
<u>102,772</u>	<u>102,772</u>			<u>133,211</u>	<u>133,211</u>
(334,068)	121,023	455,091		(59,713)	(59,713)
688,964	688,964		\$ 1,450,313	1,450,313	
<u>\$ 354,896</u>	<u>\$ 809,987</u>	<u>\$ 455,091</u>	<u>\$ 1,450,313</u>	<u>\$ 1,390,600</u>	<u>\$ (59,713)</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**ALL GOVERNMENTAL FUND TYPES  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2002**

	Capital Projects		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Revenue Limit Sources			
State apportionments			
Local sources			
Total Revenue Limit			
Federal revenues			
Other state revenues			
Other local revenues	\$ 365,423	\$ 589,740	\$ 224,317
Tuition and transfers			
Total Revenues	365,423	589,740	224,317
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies			
Services and operating expenditures	46,444	25,327	21,117
Other outgo			
Capital outlay	4,433,763	6,925,189	(2,491,426)
Debt service - principal			
Debt service - interest and other	211,952	211,952	
Total Expenditures	4,692,159	7,162,468	(2,470,309)
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<b>(4,326,736)</b>	<b>(6,572,728)</b>	<b>(2,245,992)</b>
<b>OTHER FINANCING SOURCES(USES)</b>			
Operating transfers in	355,969	361,439	5,470
Operating transfers out		(878,801)	(878,801)
Other uses			
Total Other Financing Sources/(Uses)	355,969	(517,362)	(873,331)
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	<b>(3,970,767)</b>	<b>(7,090,090)</b>	<b>(3,119,323)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>11,052,374</b>	<b>11,052,374</b>	
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 7,081,607</b>	<b>\$ 3,962,284</b>	<b>\$ (3,119,323)</b>

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

<u>Total (Memorandum Only)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 10,241,766	\$ 9,957,854	\$ (283,912)
4,446,001	4,446,001	
14,687,767	14,403,855	(283,912)
3,450,343	2,794,145	(656,198)
3,795,478	3,519,476	(276,002)
1,358,085	1,721,363	363,278
1,480,180	1,480,180	
24,771,853	23,919,019	(852,834)
10,907,404	10,633,859	273,545
4,117,773	3,885,386	232,387
3,083,212	2,692,619	390,593
2,000,030	1,694,380	305,650
3,835,664	2,859,977	975,687
424,425	562,649	(138,224)
6,083,231	8,168,592	(2,085,361)
	195,000	(195,000)
220,829	415,895	(195,066)
30,672,568	31,108,357	(435,789)
(5,900,715)	(7,189,338)	(1,288,623)
1,347,040	1,491,141	144,101
(606,870)	(1,491,141)	(884,271)
(9,448)	(9,448)	
730,722	(9,448)	(740,170)
(5,169,993)	(7,198,786)	(2,028,793)
16,932,037	16,932,037	
\$ 11,762,044	\$ 9,733,251	\$ (2,028,793)

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

### *NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accounting policies of the Salida Union Elementary School District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Salida Union Elementary School District accounts for its financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

#### A. Financial Reporting Entity

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

#### B. Fund Accounting

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

##### Governmental Funds

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

##### Fiduciary Funds

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

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

### Account Groups

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

- General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of the donation. No depreciation is recorded on general fixed assets.
- The General Long-term Debt Account Group is used to account for long-term liabilities expected to be financed from governmental funds.

### C. Basis of Accounting

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

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on general long-term debt, which is recognized when due.

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

### D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Bond Interest and Redemption Fund. The District's governing board must adopt an operating budget no later than July 1 in accordance with state law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is this final revised budget that is presented in these financial statements. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

### E. Encumbrances

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

### F. Stores Inventory

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

### G. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount of the liability expected to be paid from current resources is not significant. The noncurrent portion of the liability is recognized in the general long-term debt account group.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees, therefore, are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

### H. Fund Balance Reserves and Designations

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

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

### I. Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Fixed assets acquired or constructed for general governmental operations is recorded as an expenditure in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group.

# **SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002**

### **J. 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. Unsecured property taxes are payable in one installment on or before August 31. The County of Stanislaus bills and collects the taxes for the District. The District recognizes tax revenues when received.

### **K. 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.

### **L. Use of Estimates**

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **M. Total (Memorandum Only) Columns on Combined Statements**

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

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2002**

*NOTE #2 – CASH*

Cash at June 30, 2002, is presented below and categorized separately to give an indication of the level of risk assessment with each deposit:

	Bank Balance - Category *			Total	Carrying Amount
	1	2	3		
Cash on hand and in banks	\$ 88,955		\$ 68,675	\$ 157,630	\$ 110,947
Cash in revolving fund	12,492			12,492	10,000
Cash with fiscal agent			6,179	6,179	6,179
Total	<u>\$ 101,447</u>		<u>\$ 74,854</u>	<u>\$ 176,301</u>	<u>\$ 127,126</u>

\*These categories are as follows:

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

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

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

*NOTE #3 – INVESTMENTS*

Investments at June 30, 2002, held on behalf of the Salida Union Elementary School District are presented below, categorized separately to give an indication of the level of risk associated with each investment:

	Category *			Fair Value	Carrying Amount
	1	2	3		
Categorized:					
First American Treasury			\$ 6,882	\$ 6,882	\$ 6,882
LAIF			2,347,168	2,347,168	2,347,168
Guaranteed Investment Contract			3,003,884	3,003,884	3,003,884
Total Categorized			<u>\$ 5,357,934</u>	<u>5,357,934</u>	<u>5,357,934</u>
Uncategorized:					
Deposits with county treasurer				6,826,462	6,836,087
Total Investments				<u>\$ 12,184,396</u>	<u>\$ 12,194,021</u>



# **SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002**

\*These categories are as follows:

- Category 1: Insured or registered, or securities held by the District or its agent in the District's name.
- Category 2: Uninsured and unregistered, with securities held by the counter party's trust department or agent in the District's name.
- Category 3: Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the District's name.

### **A. Authorized Investments**

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

### **B. Deposits with County Treasurer**

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

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002**

*NOTE #4 – ACCOUNTS RECEIVABLE*

Receivables at June 30, 2002, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Federal Government				
Categorical aid	\$ 435,827	\$ 148,312		\$ 584,139
State Government				
Categorical aid	304,210	5,024		309,234
Other state	264,993	105,058		370,051
Local Government				
Interest			\$ 944	944
Other Local Sources	500,283	8,517	2,993	511,793
Total	<u>\$ 1,505,313</u>	<u>\$ 266,911</u>	<u>\$ 3,937</u>	<u>\$ 1,776,161</u>

*NOTE #5 – INTERFUND TRANSACTIONS*

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

Individual fund interfund receivable and payable balances at June 30, 2002, are as follows:

Funds	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 954,779	\$ 177,741
Child Development		8,237
Deferred Maintenance	110,000	
Qualified Zone Academy Bond - Capital Projects		878,801
Total	<u>\$ 1,064,779</u>	<u>\$ 1,064,779</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002**

**B. Operating Transfers**

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2002, are as follows:

The General Fund transferred to the Deferred Maintenance Fund for the required State match.	\$ 112,220
The Qualified Zone Academy Bonds - Capital Projects Fund transferred to the General Fund for reimbursement of construction costs.	878,801
The Qualified Zone Academy Bonds - Debt Service Fund transferred to the Qualified Zone Academy Bonds - Capital Projects Fund excess debt service funds.	5,470
The General Fund transferred to the Financing Corporation - Debt Service Fund for the required debt service payment on the Certificates of Participation.	138,681
The General Fund transferred to Special Reserve - Capital Outlay Fund for future capital projects.	<u>355,969</u>
Total	<u><u>\$ 1,491,141</u></u>

**NOTE #6 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2002, consists of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Vendor invoices	\$ 451,426	\$ 22,884	\$ 476,410	\$ 950,720
Accrued payroll	391,493	27,318		418,811
State Apportionment	283,912			283,912
TRANS	<u>2,080,000</u>			<u>2,080,000</u>
Total	<u><u>\$ 3,206,831</u></u>	<u><u>\$ 50,202</u></u>	<u><u>\$ 476,410</u></u>	<u><u>\$ 3,733,443</u></u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002**

*NOTE #7 – DEFERRED REVENUE*

Deferred revenue at June 30, 2002, consists of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Federal financial assistance	\$ 164,727	\$ 76,479	\$ 241,206
State categorical aid	250,236	3,184	253,420
Total	<u>\$ 414,963</u>	<u>\$ 79,663</u>	<u>\$ 494,626</u>

*NOTE #8 – FUND BALANCES*

Fund balances are composed of the following elements:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Reserved</b>				
Revolving cash	\$ 10,000			
Stores inventory		\$ 31,424		
Restricted programs	858,935			
Total Reserved	<u>868,935</u>	<u>31,424</u>		
<b>Unreserved</b>				
<b>Designated</b>				
Economic uncertainties	1,309,157			
Other designations	1,392,288			
Total Designated	<u>2,701,445</u>			
<b>Undesignated</b>		<u>778,563</u>	<u>\$ 1,390,600</u>	<u>\$ 3,962,284</u>
Total Unreserved	<u>2,701,445</u>	<u>778,563</u>	<u>1,390,600</u>	<u>3,962,284</u>
Total	<u>\$ 3,570,380</u>	<u>\$ 809,987</u>	<u>\$ 1,390,600</u>	<u>\$ 3,962,284</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002**

*NOTE #9 – GENERAL LONG-TERM DEBT*

**A. Long-Term Debt Summary**

A schedule of changes in long-term debt for the year ended June 30, 2002, is shown below:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year
General obligation bonds	\$ 2,360,000		\$ (130,000)	\$ 2,230,000
Certificates of Participation-2001	3,000,000		(65,000)	2,935,000
Qualified Zone Academy Bond Program	2,000,000			2,000,000
Accumulated vacation - net	15,538	\$ 5,701		21,239
Postemployment benefits	210,406		(156,510)	53,896
	<u>\$ 7,585,944</u>	<u>\$ 5,701</u>	<u>\$ (351,510)</u>	<u>7,240,135</u>
Amount currently available and reserved for retirement of general long-term debt:				
Bond Interest and Redemption Fund			348,044	
Financing Corporation-Debt Service Fund			234,916	
Qualified Zone Academy Program Fund			923,884	1,506,844
Amount to be provided for retirement of general long-term debt				<u>\$ 5,733,291</u>

**B. Bonded Debt**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
1988	2020	5.00-5.50%	\$ 1,500,000	\$ 1,390,000		\$ 40,000	\$ 1,350,000
1996	2009	5.00-5.25%	1,315,000	970,000		90,000	880,000
				<u>\$ 2,360,000</u>		<u>\$ 130,000</u>	<u>\$ 2,230,000</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2002**

Debt Service Requirements to Maturity

General Obligation 1988 Series B Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2003	\$ 45,000	\$ 71,285	\$ 116,285
2004	45,000	69,035	114,035
2005	45,000	66,785	111,785
2006	50,000	64,410	114,410
2007	50,000	61,910	111,910
Thereafter	1,115,000	482,136	1,597,136
Total	<u>\$ 1,350,000</u>	<u>\$ 815,561</u>	<u>\$ 2,165,561</u>

General Obligation 1996 Refunding Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2003	\$ 95,000	\$ 43,350	\$ 138,350
2004	95,000	38,600	133,600
2005	100,000	33,725	133,725
2006	105,000	28,600	133,600
2007	110,000	22,950	132,950
Thereafter	375,000	30,113	405,113
Total	<u>\$ 880,000</u>	<u>\$ 197,338</u>	<u>\$ 1,077,338</u>

Total District General Obligation Bonds Outstanding:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2003	\$ 140,000	\$ 114,635	\$ 254,635
2004	140,000	107,635	247,635
2005	145,000	100,510	245,510
2006	155,000	93,010	248,010
2007	160,000	84,860	244,860
Thereafter	1,490,000	512,249	2,002,249
Total	<u>\$ 2,230,000</u>	<u>\$ 1,012,899</u>	<u>\$ 3,242,899</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002**

**C. Certificates of Participation – California School Board Association Financing Corporation**

On May 2, 2001 the District issued \$3,000,000 in Certificates of Participation under the California School Board Association Financing Corporation. The Certificates were issued to finance the acquisition of three new school sites. Interest is payable on the Certificates on each May 1 and November 1, commencing November 1, 2001. Principal payments on the Certificates will be due and payable each May 1, commencing on May 1, 2002. The debt payments related to this issuance are as follows:

**Certificates of Participation - 2001 Issue**

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 65,000	\$ 145,216	\$ 210,216
2004	65,000	143,006	208,006
2005	75,000	140,666	215,666
2006	80,000	137,816	217,816
2007	80,000	134,656	214,656
Thereafter	<u>2,570,000</u>	<u>1,551,579</u>	<u>4,121,579</u>
Total	<u>\$ 2,935,000</u>	<u>\$ 2,252,939</u>	<u>\$ 5,187,939</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2002**

**D. Qualified Zone Academy Bond Program**

On May 9, 2001, the District issued \$2,000,000 in Qualified Zone Academy Bonds. The Bonds were issued to finance the installation of technology infrastructure and related service upgrades and to facilitate the modernization and equipping of the K-8 Magnet School Academy located at Salida Elementary School. Interest is not payable with the bonds. In lieu of receiving periodic interest payments, eligible holders of the Bonds are allowed an annual federal income tax credit equal to the credit rate times the face amount of the Bond. The tax credit rate for the Bonds is 7.08 percent. The District has deposited \$870,596 in a trustee account that has been invested in an AIG Guaranteed Investment Contract paying 6.1209 percent. The interest earnings on the deposit have been projected to be sufficient to cover the entire maturing principal balance at May 23, 2015. Should the District determine at any time that the full principal amount would not be covered, the District will be liable to make payments to cover the deficiency. The published projected account balance by fiscal year held for the principal payment on May 23, 2015, is as follows:

Year Ending June 30,	Interest Earnings	Projected Account Balance
2003	\$ 56,550	\$ 980,434
2004	60,011	1,040,445
2005	63,685	1,104,130
2006	67,583	1,171,713
2007	71,719	1,243,432
2008	76,109	1,319,541
2009	80,767	1,400,308
2010	85,712	1,486,020
2011	90,958	1,576,978
2012	96,525	1,673,503
2013	102,434	1,775,937
2014	108,704	1,884,641
2015 <sup>1</sup>	115,359	\$ 2,000,000
	<u>\$ 1,076,116</u>	

<sup>1</sup> The debt payment is due on May 23, 2015 by which time the account balance is projected to be \$2,000,000.

**E. Accumulated Unpaid Employee Vacation**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2002, amounted to \$21,239.



**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002**

**F. Postemployment Benefits**

The District provides postemployment health care benefits as an early retirement incentive program, in accordance with District employment contracts, to all employees who retire from the District with at least 30 years of service as established by PERS or STRS. Currently, five employees meet those eligibility requirements. The District contributes a percent of the amount of premiums incurred by retirees depending on the employee's age at retirement. The percentage of benefits cost paid by the District in relation to the employee's age at retirement is as follows: 56/100 percent, 57/75 percent, 58/50 percent, 59/25 percent. Expenditures for postemployment benefits are recognized as premiums are paid. During the year, expenditures of \$16,085 were recognized for retirees' health care benefits.

The approximate accumulated future liability for the District at June 30, 2002, amounts to \$53,896. This amount was calculated based upon the number of retirees receiving benefits multiplied by the yearly district payment per employee in effect at June 30, 2002, multiplied by the number of years of payments remaining until the respective retirees reach age 65.

*NOTE #10 – GENERAL FIXED ASSETS*

A summary of general fixed assets for the year ended June 30, 2002, follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Sites and improvements	\$ 2,085,645	\$ 3,060,794		\$ 5,146,439
Building and improvements	26,874,127	3,536,014		30,410,141
Equipment	4,837,174	274,044	\$ 106,311	5,004,907
Total	<u>\$ 33,796,946</u>	<u>\$ 6,870,852</u>	<u>\$ 106,311</u>	<u>\$ 40,561,487</u>

*NOTE #11 – EMPLOYEE RETIREMENT SYSTEMS*

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

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

### A. PERS

#### Plan Description

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

#### 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 2001-2002 was zero percent of annual payroll. The contribution requirements of the plan members are established by State statute. There were no District contributions required nor paid to CalPERS for the fiscal years ending June 30, 2002, 2001, and 2000.

### B. STRS

#### Plan Description

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

#### Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal 2001-2002 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal years ending June 30, 2002, 2001, and 2000, were \$813,449, \$722,515, and \$616,080, respectively, and equal 100 percent of the required contributions for each year.

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

### C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

### D. On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$194,735 (1.975 percent of salaries subject to STRS). No contribution was made by the State on behalf of PERS covered employees. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts also have not been recorded in these financial statements.

## *NOTE #12 – RISK MANAGEMENT*

### Description

The District's risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. The District participates in the Central Region Schools' Insurance Group (CRSIG) public entity risk pools (JPAs) for the workers' compensation, health, and property and liability programs, and purchases excess liability coverage through the Schools Excess Liability Fund (SELF) JPA. Refer to Note #14 for additional information regarding the JPAs.

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

## *NOTE #13 – COMMITMENTS AND CONTINGENCIES*

### A. State and Federal Allowances, Awards and Grants

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

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2002**

**B. Construction Commitments**

As of June 30, 2002, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Salida Middle School	2,061,835	12/01/02
Salida Elementary School	749,092	12/01/02
	<u>\$ 2,810,927</u>	

*NOTE #14 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES*

Joint Powers Agencies

The District is a member of the Central Region Schools' Insurance Group (CRSIG), and the Schools Excess Liability Fund (SELF) joint powers authorities JPA's. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

A. <u>Entity</u>	Central Region Schools' Insurance Group (CRSIG)	Schools Excess Liability Fund (SELF)
B. <u>Purpose</u>	Arranges for and provides workers' compensation, health, and property and liability insurance for its members.	Arranges for excess liability insurance.
C. <u>Participants</u>	Other school districts.	Other school districts.
D. <u>Governing Board</u>	One representative from each member district.	One representative from each member district.

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002**

**E. Condensed Audited Financial Information Follows**

	(CRSIG) June 30, 2001*	(SELF) June 30, 2001*
Assets	\$ 14,250,753	\$ 113,781,050
Liabilities	2,616,762	80,946,594
Fund Equity	<u>\$ 11,633,991</u>	<u>\$ 32,834,456</u>
Revenues	11,694,482	17,248,961
Expenses	10,503,640	43,936,893
Net Increase/(Decrease) in Fund Equity	<u>\$ 1,190,842</u>	<u>\$ (26,687,932)</u>

\*Most recent audited financial statements available.

None of the JPA's had long-term debts outstanding at June 30, 2001. The District's share of year-end assets, liabilities or fund equity has not been calculated.

Mello Roos District

The District is a member of a Mello Roos District named the Salida Area Public Facilities Financing Agency. Other public agencies in the Mello Roos District include: Salida Elementary Schools, Modesto City Schools, Salida Sanitary District, Stanislaus County and the Salida Fire Protection District. Detail audited financial statements are not available at June 30, 2002.

*NOTE #15 – EXPENDITURES (BUDGET VERSUS ACTUAL)*

There were no budgets prepared for the District's debt service funds or the Qualified Zone Academy and Financing Corporation capital project fund types. At June 30, 2002, the following District funds exceeded the budgeted amounts as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
General			
Other outgo	<u>\$ 416,188</u>	<u>\$ 554,412</u>	<u>\$ 138,224</u>

*NOTE #16 – SUBSEQUENT EVENTS*

The District issued \$1,840,000 of Tax And Revenue Anticipation Notes dated July 3, 2002. The notes mature on July 3, 2003, and yield 3.0 percent interest. The notes were sold to supplement cash flow.

Repayment requirements are that the principal and interest due be deposited with the trustee by July 3, 2003.

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

### NOTE #17 – NEW ACCOUNTING PRONOUNCEMENT

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement of Financial Accounting Standard No. 34 "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*" as amended by GASB Statements No. 37 and No. 38. This Statement establishes financial reporting standards for state and local governments, including states, cities, towns, villages and special-purpose governments such as school districts and public utilities. Specifically the basic financial statements and required supplementary information (RSI) for general-purpose governments should consist of:

A. Management's Discussion and Analysis (MD&A)

B. Basic Financial Statements which include:

- Government-wide financial statements prepared using the economic measurement focus and the accrual basis of accountings.
- Fund financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting.
- Required supplementary information.

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

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

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

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

Based on the above criteria, the District expects to adopt the provisions of this statement for the fiscal year ending June 30, 2003. While the District believes the adoption of this statement will have a significant impact on how the District's financial position and results of operations is presented in its annual financial statements, the District has not determined the full impact of the adoption.

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2002**

	Cafeteria	Child Development	Deferred Maintenance	Total
<b>ASSETS</b>				
Cash	\$ 500			\$ 500
Investments		\$ 197,808	\$ 398,411	596,219
Accounts receivable	167,157	5,024	94,730	266,911
Due from other funds			110,000	110,000
Stores inventory	31,424			31,424
Total Assets	<u>\$ 199,081</u>	<u>\$ 202,832</u>	<u>\$ 603,141</u>	<u>\$ 1,005,054</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Deficit cash balances	56,965			56,965
Accounts payable	23,883	13,247	13,072	50,202
Due to other funds		8,237		8,237
Deferred Revenue		79,663		79,663
Total Liabilities	<u>80,848</u>	<u>101,147</u>	<u>13,072</u>	<u>195,067</u>
<b>FUND EQUITY</b>				
Fund balances				
Reserved	31,424			31,424
Unreserved				
Undesignated	86,809	101,685	590,069	778,563
Total Fund Equity	<u>118,233</u>	<u>101,685</u>	<u>590,069</u>	<u>809,987</u>
Total Liabilities and Fund Equity	<u>\$ 199,081</u>	<u>\$ 202,832</u>	<u>\$ 603,141</u>	<u>\$ 1,005,054</u>

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

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2002**

	Cafeteria		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Federal revenues	\$ 527,185	\$ 527,185	
Other state revenues	50,023	50,023	
Other local revenues	452,856	449,542	\$ (3,314)
Total Revenues	<u>1,030,064</u>	<u>1,026,750</u>	<u>(3,314)</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries			
Classified salaries	420,317	388,595	31,722
Employee benefits	67,802	66,613	1,189
Books and supplies	529,933	525,059	4,874
Services and operating expenditures	25,565	25,229	336
Other outgo			
Capital outlay	11,476	11,476	
Debt service - principal			
Total Expenditures	<u>1,055,093</u>	<u>1,016,972</u>	<u>38,121</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>(25,029)</u>	<u>9,778</u>	<u>34,807</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating transfers in			
Operating transfers out			
Other uses	(9,448)	(9,448)	
Total Other Financing Sources/(Uses)	<u>(9,448)</u>	<u>(9,448)</u>	
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	(34,477)	330	34,807
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>117,903</u>	<u>117,903</u>	
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 83,426</u>	<u>\$ 118,233</u>	<u>\$ 34,807</u>

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



Child Development			Deferred Maintenance		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 108,292	\$ 36,064	\$ (72,228)			
276,914	254,030	(22,884)	\$ 38,350	\$ 38,350	
150,231	99,658	(50,573)	14,354	12,367	\$ (1,987)
535,437	389,752	(145,685)	52,704	50,717	(1,987)
137,118	108,855	28,263			
173,948	143,435	30,513			
75,636	49,398	26,238			
25,291	22,719	2,572			
182,360	18,213	164,147			
8,237	8,237				
7,985	3,920	4,065	380,500	68,342	312,158
8,877	8,877				
619,452	363,654	255,798	380,500	68,342	312,158
(84,015)	26,098	110,113	(327,796)	(17,625)	310,171
			112,220	112,220	
			112,220	112,220	
(84,015)	26,098	110,113	(215,576)	94,595	310,171
75,587	75,587		495,474	495,474	
\$ (8,428)	\$ 101,685	\$ 110,113	\$ 279,898	\$ 590,069	\$ 310,171

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2002**

	Total		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Federal revenues	\$ 635,477	\$ 563,249	\$ (72,228)
Other state revenues	365,287	342,403	(22,884)
Other local revenues	617,441	561,567	(55,874)
Total Revenues	<u>1,618,205</u>	<u>1,467,219</u>	<u>(150,986)</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	137,118	108,855	28,263
Classified salaries	594,265	532,030	62,235
Employee benefits	143,438	116,011	27,427
Books and supplies	555,224	547,778	7,446
Services and operating expenditures	207,925	43,442	164,483
Other outgo	8,237	8,237	
Capital outlay	399,961	83,738	316,223
Debt service - principal	8,877	8,877	
Total Expenditures	<u>2,055,045</u>	<u>1,448,968</u>	<u>606,077</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>(436,840)</u>	<u>18,251</u>	<u>455,091</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Operating transfers in	112,220	112,220	
Operating transfers out			
Other uses	(9,448)	(9,448)	
Total Other Financing Sources/(Uses)	<u>102,772</u>	<u>102,772</u>	
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	(334,068)	121,023	455,091
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>688,964</u>	<u>688,964</u>	
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 354,896</u>	<u>\$ 809,987</u>	<u>\$ 455,091</u>

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

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2002**

	<u>Bond Interest and Redemption</u>	<u>Financing Corporation</u>	<u>Qualified Zone Academy Bonds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash				
Investments	\$ 231,800	\$ 234,916	\$ 923,884	\$ 1,390,600
Total Assets	<u>\$ 231,800</u>	<u>\$ 234,916</u>	<u>\$ 923,884</u>	<u>\$ 1,390,600</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Total Liabilities				
<b>FUND EQUITY</b>				
Fund balances				
Unreserved				
Undesignated	231,800	234,916	923,884	1,390,600
Total Fund Equity	<u>231,800</u>	<u>234,916</u>	<u>923,884</u>	<u>1,390,600</u>
Total Liabilities and Fund Equity	<u>\$ 231,800</u>	<u>\$ 234,916</u>	<u>\$ 923,884</u>	<u>\$ 1,390,600</u>

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

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Bond Interest and Redemption</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Other state revenues		\$ 2,417	\$ 2,417
Other local revenues		132,724	132,724
Total Revenues		<u>135,141</u>	<u>135,141</u>
EXPENDITURES			
Current Expenditures			
Services and operating expenditures			
Debt service - principal		130,000	(130,000)
Debt service- interest and other		121,385	(121,385)
Total Expenditures		<u>251,385</u>	<u>(251,385)</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES		<u>(116,244)</u>	<u>(116,244)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Operating transfers out			
Total Other Financing Sources/(Uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES		(116,244)	(116,244)
FUND BALANCE, BEGINNING OF YEAR	\$ 348,044	348,044	
FUND BALANCE, END OF YEAR	<u>\$ 348,044</u>	<u>\$ 231,800</u>	<u>\$ (116,244)</u>

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

Financing Corporation			Qualified Zone Academy Bonds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
	\$ 11,022	\$ 11,022		\$ 58,849	\$ 58,849
	11,022	11,022		58,849	58,849
				7,870	(7,870)
	65,000	(65,000)			
	73,681	(73,681)			
	138,681	(138,681)		7,870	(7,870)
	(127,659)	(127,659)		50,979	50,979
	138,681	138,681		(5,470)	(5,470)
	138,681	138,681		(5,470)	(5,470)
	11,022	11,022		45,509	45,509
\$ 223,894	223,894		\$ 878,375	878,375	
\$ 223,894	\$ 234,916	\$ 11,022	\$ 878,375	\$ 923,884	\$ 45,509

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2002**

	Total (Memorandum Only)		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Other state revenues		\$ 2,417	\$ 2,417
Other local revenues		202,595	202,595
Total Revenues		<u>205,012</u>	<u>205,012</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Services and operating expenditures		7,870	(7,870)
Debt service - principal		195,000	(195,000)
Debt service- interest and other		195,066	(195,066)
Total Expenditures		<u>397,936</u>	<u>(397,936)</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>		<u>(192,924)</u>	<u>(192,924)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating transfers in		138,681	138,681
Operating transfers out		(5,470)	(5,470)
Total Other Financing Sources/(Uses)		<u>133,211</u>	<u>133,211</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>		(59,713)	(59,713)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	\$ 1,450,313	1,450,313	
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,450,313</u>	<u>\$ 1,390,600</u>	<u>\$ (59,713)</u>

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

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**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2002**

	1988 Bond Fund	Capital Facilities	County School Facilities	Mello- Roos
<b>ASSETS</b>				
Cash				
Investments	\$ 385,339	\$ 107,921	\$ 85,068	\$ 161,864
Accounts receivable	500	2,993	444	
Total Assets	<u>\$ 385,839</u>	<u>\$ 110,914</u>	<u>\$ 85,512</u>	<u>\$ 161,864</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	16,753		5,658	
Due to other funds				
Total Liabilities	<u>16,753</u>		<u>5,658</u>	
<b>FUND EQUITY</b>				
Fund balances				
Unreserved				
Undesignated	<u>369,086</u>	<u>110,914</u>	<u>79,854</u>	<u>161,864</u>
Total Fund Equity	<u>369,086</u>	<u>110,914</u>	<u>79,854</u>	<u>161,864</u>
Total Liabilities and Fund Equity	<u>\$ 385,839</u>	<u>\$ 110,914</u>	<u>\$ 85,512</u>	<u>\$ 161,864</u>

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



Special Reserve	Financing Corporation	Qualified Zone Academy Bonds	Total
		\$ 6,179	\$ 6,179
\$ 2,448,053	\$ 256,157	1,862,977	5,307,379
			3,937
<u>\$ 2,448,053</u>	<u>\$ 256,157</u>	<u>\$ 1,869,156</u>	<u>\$ 5,317,495</u>
11,955		442,044	476,410
		<u>878,801</u>	<u>878,801</u>
<u>11,955</u>		<u>1,320,845</u>	<u>1,355,211</u>
<u>2,436,098</u>	<u>256,157</u>	<u>548,311</u>	<u>3,962,284</u>
<u>2,436,098</u>	<u>256,157</u>	<u>548,311</u>	<u>3,962,284</u>
<u>\$ 2,448,053</u>	<u>\$ 256,157</u>	<u>\$ 1,869,156</u>	<u>\$ 5,317,495</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2002**

	1988 Bond Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other local revenues	\$ 10,341	\$ 129,372	\$ 119,031
Total Revenues	10,341	129,372	119,031
EXPENDITURES			
Current Expenditures			
Books and supplies			
Services and operating expenditures	1,329		1,329
Capital outlay	205,174	139,231	65,943
Debt service - interest and other			
Total Expenditures	206,503	139,231	67,272
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(196,162)	(9,859)	186,303
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Operating transfers out			
Total Other Financing Sources/(Uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(196,162)	(9,859)	186,303
FUND BALANCE, BEGINNING OF YEAR	378,945	378,945	
FUND BALANCE, END OF YEAR	\$ 182,783	\$ 369,086	\$ 186,303

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

Capital Facilities			County School Facilities		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 103,124	\$ 101,879	\$ (1,245)	\$ 75,000	\$ 37,941	\$ (37,059)
103,124	101,879	(1,245)	75,000	37,941	(37,059)
14,560	2	14,558	23,025	23,025	
7,722	7,722		2,609,718	2,530,687	79,031
211,952	211,952				
234,234	219,676	14,558	2,632,743	2,553,712	79,031
(131,110)	(117,797)	13,313	(2,557,743)	(2,515,771)	41,972
(131,110)	(117,797)	13,313	(2,557,743)	(2,515,771)	41,972
228,711	228,711		2,595,625	2,595,625	
\$ 97,601	\$ 110,914	\$ 13,313	\$ 37,882	\$ 79,854	\$ 41,972

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2002**

	Mello-Roos		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other local revenues		\$ 19,531	\$ 19,531
Total Revenues		19,531	19,531
EXPENDITURES			
Current Expenditures			
Books and supplies			
Services and operating expenditures			
Capital outlay			
Debt service - interest and other			
Total Expenditures			
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES		19,531	19,531
OTHER FINANCING SOURCES(USES)			
Operating transfers in			
Operating transfers out			
Total Other Financing Sources/(Uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES		19,531	19,531
FUND BALANCE, BEGINNING OF YEAR	\$ 142,333	142,333	
FUND BALANCE, END OF YEAR	\$ 142,333	\$ 161,864	\$ 19,531

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

Special Reserve			Financing Corporation		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 176,958	\$ 159,850	\$ (17,108)	\$ 83,470	\$ 83,470	
176,958	159,850	(17,108)	83,470	83,470	
7,530	2,300	5,230			
1,611,149	1,348,910	262,239	2,455,845	(2,455,845)	
1,618,679	1,351,210	267,469	2,455,845	(2,455,845)	
(1,441,721)	(1,191,360)	250,361	(2,372,375)	(2,372,375)	
355,969	355,969				
355,969	355,969				
(1,085,752)	(835,391)	250,361	(2,372,375)	(2,372,375)	
3,271,489	3,271,489		\$ 2,628,532	2,628,532	
\$ 2,185,737	\$ 2,436,098	\$ 250,361	\$ 2,628,532	\$ 256,157	\$ (2,372,375)

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Qualified Zone Academy Bonds</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Other local revenues		\$ 57,697	\$ 57,697
Total Revenues		<u>57,697</u>	<u>57,697</u>
EXPENDITURES			
Current Expenditures			
Books and supplies			
Services and operating expenditures			
Capital outlay		442,794	(442,794)
Debt service - interest and other			
Total Expenditures		<u>442,794</u>	<u>(442,794)</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES		<u>(385,097)</u>	<u>(385,097)</u>
OTHER FINANCING SOURCES(USES)			
Operating transfers in		5,470	5,470
Operating transfers out		(878,801)	(878,801)
Total Other Financing Sources/(Uses)		<u>(873,331)</u>	<u>(873,331)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES		(1,258,428)	(1,258,428)
FUND BALANCE, BEGINNING OF YEAR	\$ 1,806,739	1,806,739	
FUND BALANCE, END OF YEAR	<u>\$ 1,806,739</u>	<u>\$ 548,311</u>	<u>\$ (1,258,428)</u>

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

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 365,423	\$ 589,740	\$ 224,317
<u>365,423</u>	<u>589,740</u>	<u>224,317</u>
46,444	25,327	21,117
4,433,763	6,925,189	(2,491,426)
211,952	211,952	
<u>4,692,159</u>	<u>7,162,468</u>	<u>(2,470,309)</u>
<u>(4,326,736)</u>	<u>(6,572,728)</u>	<u>(2,245,992)</u>
355,969	361,439	5,470
	<u>(878,801)</u>	<u>(878,801)</u>
<u>355,969</u>	<u>(517,362)</u>	<u>(873,331)</u>
(3,970,767)	(7,090,090)	(3,119,323)
11,052,374	11,052,374	
<u>\$ 7,081,607</u>	<u>\$ 3,962,284</u>	<u>\$ (3,119,323)</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**FIDUCIARY FUND TYPES  
STUDENT BODY FUNDS  
COMBINING BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Boer</u>	<u>Perkins</u>	<u>Sisk</u>	<u>Salida Middle</u>	<u>Total</u>
<b>ASSETS</b>					
<b>CASH ON HAND AND IN BANKS</b>					
Cash	\$ 3,710	\$ 6,917	\$ 20,592	\$ 79,228	\$ 110,447
Total Assets	<u>\$ 3,710</u>	<u>\$ 6,917</u>	<u>\$ 20,592</u>	<u>\$ 79,228</u>	<u>\$ 110,447</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Due to student groups	<u>3,710</u>	<u>6,917</u>	<u>20,592</u>	<u>79,228</u>	<u>110,447</u>
Total Liabilities and Fund Balance	<u>\$ 3,710</u>	<u>\$ 6,917</u>	<u>\$ 20,592</u>	<u>\$ 79,228</u>	<u>\$ 110,447</u>

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



**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**FIDUCIARY FUND TYPES**

**AGENCY FUNDS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>BOER ELEMENTARY SCHOOL</b>				
<b>ASSETS</b>				
Cash	<u>\$ 4,181</u>	<u>\$ 20,607</u>	<u>\$ (21,078)</u>	<u>\$ 3,710</u>
<b>LIABILITIES</b>				
Due to student groups	<u>\$ 4,181</u>	<u>\$ 20,607</u>	<u>\$ (21,078)</u>	<u>\$ 3,710</u>
<b>PERKINS</b>				
<b>ASSETS</b>				
Cash	<u>\$ 19,986</u>	<u>\$ 28,338</u>	<u>\$ (41,407)</u>	<u>\$ 6,917</u>
<b>LIABILITIES</b>				
Due to student groups	<u>\$ 19,986</u>	<u>\$ 28,338</u>	<u>\$ (41,407)</u>	<u>\$ 6,917</u>
<b>SISK</b>				
<b>ASSETS</b>				
Cash	<u>\$ 9,959</u>	<u>\$ 85,592</u>	<u>\$ (74,959)</u>	<u>\$ 20,592</u>
<b>LIABILITIES</b>				
Due to student groups	<u>\$ 9,959</u>	<u>\$ 85,592</u>	<u>\$ (74,959)</u>	<u>\$ 20,592</u>
<b>SALIDA MIDDLE SCHOOL</b>				
<b>ASSETS</b>				
Cash	<u>\$ 70,389</u>	<u>\$ 163,938</u>	<u>\$ (155,099)</u>	<u>\$ 79,228</u>
<b>LIABILITIES</b>				
Due to student groups	<u>\$ 70,389</u>	<u>\$ 163,938</u>	<u>\$ (155,099)</u>	<u>\$ 79,228</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	<u>\$ 104,515</u>	<u>\$ 298,475</u>	<u>\$ (292,543)</u>	<u>\$ 110,447</u>
<b>LIABILITIES</b>				
Due to student groups	<u>\$ 104,515</u>	<u>\$ 298,475</u>	<u>\$ (292,543)</u>	<u>\$ 110,447</u>

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

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*SUPPLEMENTARY INFORMATION*

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

PROGRAM	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Entitlements		
			Current Year	Prior Year	Total Entitlement
<b>FEDERAL</b>					
<b>U.S. DEPARTMENT OF EDUCATION</b>					
Passed through the California					
Department of Education:					
21st Century After School Learning Center	84.287	10042	\$ 144,037	\$ 35,514	\$ 179,551
Drug-Free Schools	84.184	03453	49,274	18,843	68,117
Eisenhower Math and Science	84.164	03094	12,810		12,810
Elementary and Secondary Education Act					
Title I - Basic School Support	84.010A	13064	255,603	12,296	267,899
Title I - Even Start	84.213	03001	258,700		258,700
Title VI - Federal Class Size Reduction	84.340	03073	48,470	5,725	54,195
Title VI - Innovative Ed Strategy	84.298	13340	13,959	2,164	16,123
Subtotal					
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Passed through the California					
Department of Education:					
Child Nutrition Professional Development	10.555	13391	19,120		19,120
National School Lunch Program [2]	10.555	13391			[1]
Subtotal					
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed through the California					
Department of Education:					
After School Dependent Care	93.575	03868	112,543		112,543
Medical Billing	93.778				[1]
Head Start - Basic [2]	93.600	10016	1,287,175	258,594	1,545,769
Subtotal					
Total					

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

[2] Major program

See accompanying note to supplementary information.

<u>Program Revenues</u>				
<u>Cash</u> <u>Received</u>	<u>Accounts</u> <u>Receivable</u>	<u>Deferred</u> <u>Revenue</u>	<u>Total</u> <u>Revenue</u>	<u>Program</u> <u>Expenditures</u>
\$ 135,514	\$ 14,817		\$ 150,331	\$ 150,331
68,117		\$ 43,109	25,008	25,008
12,810		10,240	2,570	2,570
267,899		25,410	242,489	242,489
258,700		71,344	187,356	187,356
29,960	2,090		32,050	32,050
16,123		3,309	12,814	12,814
<u>789,123</u>	<u>16,907</u>	<u>153,412</u>	<u>652,618</u>	<u>652,618</u>
11,472		11,315	157	157
378,873	148,312		527,185	527,185
<u>390,345</u>	<u>148,312</u>	<u>11,315</u>	<u>527,342</u>	<u>527,342</u>
112,542		76,479	36,063	36,063
32,353			32,353	32,353
<u>1,126,849</u>	<u>418,920</u>		<u>1,545,769</u>	<u>1,545,769</u>
<u>1,271,744</u>	<u>418,920</u>	<u>76,479</u>	<u>1,614,185</u>	<u>1,614,185</u>
<u>\$ 2,451,212</u>	<u>\$ 584,139</u>	<u>\$ 241,206</u>	<u>\$ 2,794,145</u>	<u>\$ 2,794,145</u>

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Second Period Report</u>	<u>Annual Report</u>
<b>ELEMENTARY</b>		
Kindergarten	365	368
First through third	1,068	1,075
Fourth through sixth	1,046	1,048
Seventh and eighth	557	555
Opportunity schools	10	10
Home and Hospital		1
Special education	85	85
Total Elementary	<u>3,131</u>	<u>3,142</u>
		<u>Hours of Attendance</u>
<b>SUMMER SCHOOL</b>		
Core Instruction		25,554
Remedial Instruction		1,368
Pupils Retained/Recommended for Retention		7,110
Pupils at Risk of Retention		12,881
Low STAR Score		9,830
Intensive Reading Program		20,282
Intensive Algebra Instruction		98
Total Hours		<u>77,123</u>

See accompanying note to supplementary information.

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2002

Grade Level	1982-1983	1986-1987	2001-2002	Number of Days		Status
	Actual Minutes	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	33,325	36,000	36,750	180	175	Complied
Grades 1 - 3	50,580	50,400	51,845	180	175	Complied
Grades 4 - 8	56,790	54,000	58,335	180	175	Complied

See accompanying note to supplementary information.

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

Summarized below is the fund balance reconciliation between the Unaudited Actuals and the audited financial statements.

	<u>General Long- Term Debt Account Group</u>
<b>GENERAL LONG-TERM LIABILITIES</b>	
Total Liabilities, June 30, 2002,	\$ 7,585,944
Adjustments	
Increase in:	
Post employment benefits	156,510
Compensated Absences	5,701
Decrease in:	
General Obligation Bonds	(130,000)
Certificates of Participation	(65,000)
Total Liabilities, June 30, 2002,	
Audited Financial Statement	<u>\$ 7,396,645</u>

See accompanying note to supplementary information.



# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2002

	(Budget) 2003 <sup>1</sup>	2002	2001	2000
GENERAL FUND				
Revenues	\$ 22,282,601	\$ 21,657,048	\$ 18,932,341	\$ 16,003,428
Other sources and transfers in		878,801	161,943	
Total Revenues and Other Sources	22,282,601	22,535,849	19,094,284	16,003,428
Expenditures	22,780,793	22,098,985	18,056,311	15,074,933
Other uses and transfers out	110,012	606,870	190,150	1,309,954
Total Expenditures and Other Uses	22,890,805	22,705,855	18,246,461	16,384,887
INCREASE/(DECREASE) IN FUND BALANCE	\$ (608,204)	\$ (170,006)	\$ 847,823	\$ (381,459)
ENDING FUND BALANCE	\$ 2,962,176	\$ 3,570,380	\$ 3,740,386	\$ 2,892,563
AVAILABLE RESERVES <sup>2</sup>	\$ 826,165	\$ 1,309,157	\$ 1,667,618	\$ 913,796
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	3.6%	5.8%	9.1%	5.6%
LONG-TERM DEBT	N/A	\$ 7,240,135	\$ 7,585,944	\$ 2,683,344
AVERAGE DAILY ATTENDANCE AT P-2	3,151	3,131	2,889	2,731

The General Fund balance has increased by \$677,817 over the past two years. The fiscal year 2002-03 budget projects a decrease of \$608,204 (17.0 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in one of the past three years, and anticipates incurring an operating deficit during the 2002-03 fiscal year. Total long-term debt has increased by \$4,556,791 over the past two years.

Average daily attendance has increased by 242 over the past year. Additional growth of 20 ADA is anticipated during the 2002-03 fiscal year.

<sup>1</sup> Budget 2003 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

See accompanying note to supplementary information.

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**GENERAL FUND SELECTED FINANCIAL INFORMATION  
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2002**

(Amounts in thousands)

	Actual Results for the Years					
	2001-2002		2000-2001		1999-2000	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES</b>						
Federal revenue	\$ 2,231	10.3	\$ 1,634	8.6	\$ 1,633	8.6
State and local revenue included in revenue limit	14,404	66.5	12,587	66.5	10,539	55.7
Other state revenue	3,175	14.7	3,675	19.4	2,785	14.7
Other local revenue	367	1.7	481	2.5	1,046	5.5
Tuition and transfers	1,480	6.8	555	2.9		
<b>Total Revenues</b>	<b>21,657</b>	<b>93.2</b>	<b>18,932</b>	<b>97.1</b>	<b>16,003</b>	<b>84.5</b>
<b>EXPENDITURES</b>						
Salaries and Benefits						
Certificated salaries	10,525	48.6	9,304	49.1	7,804	41.2
Classified salaries	3,353	15.5	2,838	15.0	2,360	12.5
Employee benefits	2,577	11.9	2,455	13.0	1,858	9.8
<b>Total Salaries and Benefits</b>	<b>16,455</b>	<b>76.0</b>	<b>14,597</b>	<b>77.1</b>	<b>12,022</b>	<b>63.5</b>
Books and supplies	1,147	5.3	980	5.2	866	4.6
Contracts and operating expenses	2,783	12.9	1,419	7.5	1,117	5.9
Capital outlay	1,160	5.4	542	2.9	439	2.3
Other outgoing	554	2.6	518	2.7	630	3.3
<b>Total Expenditures</b>	<b>22,099</b>	<b>102.0</b>	<b>18,056</b>	<b>95.4</b>	<b>15,074</b>	<b>79.6</b>
<b>EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>(442)</b>	<b>-8.9</b>	<b>876</b>	<b>1.7</b>	<b>929</b>	<b>4.9</b>
<b>OTHER FINANCING SOURCES/(USES)</b>						
Transfers in	879	4.1	162	0.9		
Transfers out	(607)	(2.8)	(102)	(0.5)	(1,310)	(6.9)
Other uses			(88)	(0.5)		
<b>Total Other Financing Sources (Uses)</b>	<b>272</b>	<b>1.3</b>	<b>(28)</b>	<b>0.3</b>	<b>(1,310)</b>	<b>(6.9)</b>
<b>INCREASE/(DECREASE) IN FUND BALANCE</b>	<b>(170)</b>	<b>(8)</b>	<b>848</b>	<b>2</b>	<b>(381)</b>	<b>(2)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>3,740</b>	<b>0.2</b>	<b>2,892</b>	<b>0.2</b>	<b>3,273</b>	<b>0.2</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 3,570</b>		<b>\$ 3,740</b>		<b>\$ 2,892</b>	
<b>ENDING FUND BALANCE TO TOTAL REVENUES</b>		<b>0.2</b>		<b>0.2</b>		<b>0.2</b>
<b>BASE REVENUE LIMIT PER ADA</b>						
Regular K-12	<b>\$ 4,401</b>		<b>\$ 4,234</b>		<b>\$ 4,102</b>	

See accompanying note to supplementary information.

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**CAFETERIA ACCOUNT SELECTED FINANCIAL INFORMATION  
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2002**

(Amounts in thousands)

	Actual Results for the Years					
	2001-2002		2000-2001		1999-2000	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES</b>						
Federal - NSLP	\$ 527	51.4	\$ 477	52.5	\$ 432	47.5
State meal program	50	4.9	45	5.0	41	4.5
Food sales	449	43.8	387	42.6	289	31.8
Other and transfers in					104	11.4
Total Revenues	<u>1,026</u>	<u>100.0</u>	<u>909</u>	<u>100.0</u>	<u>866</u>	<u>95.3</u>
<b>EXPENDITURES</b>						
Salaries and employee benefits	455	44.3	416	45.8	321	35.3
Food	475	46.3	393	43.2	15	1.7
Supplies	50	4.9	44	4.8	371	40.8
Capital outlay	11	1.1				
Other and transfers out	35	3.4	61	6.7	210	23.1
Total Expenditures	<u>1,026</u>	<u>100.0</u>	<u>914</u>	<u>100.6</u>	<u>917</u>	<u>100.9</u>
<b>INCREASE/(DECREASE) IN FUND BALANCE</b>	-		(5)	(0.6)	(51)	(5.6)
FUND BALANCE, BEGINNING	<u>118</u>		<u>123</u>		<u>174</u>	
FUND BALANCE, ENDING	<u>\$ 118</u>		<u>\$ 118</u>		<u>\$ 123</u>	
<b>ENDING FUND BALANCE TO TOTAL REVENUES</b>		<u>0.1</u>		<u>0.1</u>		<u>0.1</u>

\* \* \* \* \*

**TYPE 'A' LUNCH/BREAKFAST PARTICIPATION**

	2001-2002		2000-2001	
	Amount	Percent	Amount	Percent
<b>TYPE 'A' LUNCHES</b>				
Paid	128,729	38	116,119	37.4
Reduced price	49,295	15	38,117	12.3
Free	158,492	47	155,956	50.3
Total Lunches	<u>336,516</u>	<u>100</u>	<u>310,192</u>	<u>100.0</u>
<b>BREAKFAST</b>				
Paid	12,657	15	12,356	16.1
Reduced price	11,151	13	8,696	11.4
Free	59,144	71	55,456	72.5
Total Breakfast	<u>82,952</u>	<u>100</u>	<u>76,508</u>	<u>100.0</u>

See accompanying note to supplementary information.

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2002

### *NOTE #1 - PURPOSE OF SCHEDULES*

#### A. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified 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*.

#### B. Schedule of Average Daily Attendance (ADA)

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

#### C. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

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

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actuals to the audited financial statements.

#### E. Schedule of Financial Trends and Analysis

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

#### F. General Fund Selected Financial Information

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

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2002**

G. Cafeteria Account Selected Financial Information

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

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

Board of Trustees  
Salida Union Elementary School District  
Salida, California

We have audited the general-purpose financial statements of Salida Union Elementary School District as of and for the year ended June 30, 2002, and have issued our report thereon dated October 9, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether Salida Union Elementary School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as item 2002-3 and the Schedule of State Award Findings and Questioned Costs as item 2002-5.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Salida Union Elementary School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Salida Union Elementary School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Financial Statement Findings as items 2002-1 and 2002-2.

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

This report is intended solely for the information and use of the Governing Board, audit committee, management, the California Department of Education, the State Controller's Office, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Jaurinek, Urine, Day & Co., LLP*

Fresno, California  
October 9, 2002





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

Board of Trustees  
Salida Union Elementary School District  
Salida, California

Compliance

We have audited the compliance of Salida Union Elementary 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, 2002. Salida Union Elementary 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 Salida Union Elementary School District's management. Our responsibility is to express an opinion on Salida Union Elementary 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 Salida Union Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Salida Union Elementary School District's compliance with those requirements.

In our opinion, Salida Union Elementary 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, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as item 2002-3.

### Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the Governing Board, audit committee, management, the California Department of Education, the State Controller's Office, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Jaurinek, Irine, Day & Co., LLP*

Fresno, California  
October 9, 2002



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
 Salida Union Elementary School District  
 Salida, California

We have audited the general-purpose financial statements of the Salida Union Elementary School District as of and for the year ended June 30, 2002, and have issued our report thereon dated October 9, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

	Procedures in Controller's Audit Guide	Procedures Performed
Attendance accounting		
Attendance reporting	4	Yes
Kindergarten continuation	3	Yes
Independent study	13	No (see below)
Continuation education	11	Not Applicable
Adult education	8	Not Applicable
Regional occupational centers/programs	4	Not Applicable
Staff development days	3	Yes
Incentives for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not Applicable
GANN limit calculation	2	Yes
Early retirement incentive program	5	Not Applicable

IV.5

	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Community day schools	8	Not Applicable
Class size reduction program:		
Option one classes	11	Not Applicable
Option two classes	10	Not Applicable
Option one and two classes	16	Yes
Program to reduce class size in two courses in grade 9	8	Not Applicable
State Instructional Materials		
K-8	10	Yes
9-12	7	Not Applicable
Schiff-Bustamante Standards-Based Instructional Materials	9	No (see below)
Digital High School Education Technology Grant Program	5	Not Applicable
California Public School Library Act of 1998	4	Yes
Office of Criminal Justice Planning	-	Not Applicable

We did not perform testing for Independent Study because the attendance was below the State testing level. Additionally, we did not perform step nine for Schiff-Bustamante Standards-Based Instructional Materials because the District does not have a 9-12 grade span.

Based on our audit, we found that, for the items tested, the Salida Union Elementary School District complied with the state laws and regulations referred to above, except as described in the Schedule of State Award Findings and Questioned Costs included in this report. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Salida Union Elementary School District had not complied with the laws and regulations.

This report is intended solely for the information and use of the Governing Board, audit committee, management, State Controller's Office, Department of Finance, and Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Jaurinek, Irine, Day & Co., LLP*

Fresno, California  
October 9, 2002

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2002**

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness identified?	<u>No</u>
Reporting condition identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Qualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>93.600</u>	<u>Head Start</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

**STATE AWARDS**

Internal control over state programs:	
Material weakness identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Qualified</u>

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2002

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
30000	Internal Control

### *INTERNAL ACCOUNTING CONTROLS*

#### *Cash Disbursements*

2002-1 Finding (30000)

We noted the following as they relate to purchasing:

1. The employee that places an order also codes the order and processes the payment for the order.
2. Purchase orders are frequently dated subsequently to the date of purchases. We noted several online orders for Office Depot, which were placed prior to the Purchase Order date.
3. The signatures on the purchase order requests were not dated therefore not allowing for a review of all approval dates compared to ordering or invoice dates.
4. Numerous individual orders are processed for minimal amounts including District employee purchases that must also be tracked for repayment from the employee by the Business Office. We noted individual orders of pencils for as little as \$2.69.

The issues noted above could result in purchases that were not approved as one person can place an order (including on-line/internet ordering), code and process payment without any other staff involved in the process.

The District estimated staff time at 15 to 20 minutes per order, in the case noted above, making the cost of staff processing the purchase higher than the cost of the items purchased not including the additional time required when employees wish to purchase goods through the District's procedures. We noted that the reason many orders are so small is that teachers are given a budget amount for classroom supplies. When a teacher wishes to use some of their funds the order is placed, regardless of how small, rather than accumulating orders to take advantage of bulk rates for merchandise and shipping.

#### Recommendation

The District should revise and document their procedures that would include separating the functions of purchasing and payments. The District should strictly enforce their policies that purchase orders are to be completed before items are ordered. Additionally, no orders should be placed related to purchase requests until all approvals are obtained including that of the District's Accounting Technician II, whose responsibility is to ensure the proper account codes are charged and those related budgets have sufficient funds to incur the expense.

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2002

Due to the District's increasing size, it may be a good time in the near future to have an organizational study performed by an outside consultant, such as FCMAT or School Services. We believe the District is need of a purchasing department that would be required to place orders, create an approved vendor list based on bulk price quotes, and manage the receipt of the orders to the sites since a central warehouse is not utilized. This individual could also be responsible for the tracking and recording of equipment inventory as this will take on a greater degree of responsibility for school districts implementing GASB 34. The organizational change would allow for bulk purchases that could reduce the cost of purchases, freight, as well as save the District funds on staff time for making purchases of small orders.

The District should also consider modifying the current system to require that minimum orders to be made by teachers and employees to eliminate the miniscule orders that take up too much staff time. Written procedures should be developed for routine orders. These procedures could require quarterly ordering for teachers, which would significantly ease the burden on the purchasing department.

Individual purchase requests could be bulked into one large order therefore decreasing the paper work and tracking involved.

### District Response

The District agrees with the recommendation and has hired a Purchasing Technician; has segregated accounts payable and purchasing duties; is obtaining an organizational study; and will implement all other suggestions.

### *Cash Clearing Account*

#### 2002-2 Finding (30000)

We noted that deposits are normally made once a month to the cash clearing account usually just before the clearing check is issued to deposit the funds into the County Treasury. A clearing account should be utilized to deposit funds weekly and then clear them out once a month, if not more frequently, to the County.

### Recommendation

Funds collected/received in the District office should be deposited at least weekly to the clearing account. The clearing account should be cleared via a check payable to the County Treasurer at least monthly in order to properly account for the revenues in the general ledger system and to maximize the interest earnings to the District.

### District Response

The District agrees and will implement.

# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2002

The following finding represents a reportable condition and instance of noncompliance including questioned costs that is required to be reported by OMB Circular A-133.

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
50000	Federal Compliance

*Head Start CFDA# 93.600*

*Time Accounting for Federal Programs*

2002-3 Finding (50000)

In our audit of the District's Head Start program, we found that the time documentation compliance requirements of the Office of Management and Budget's (OMB) Circular A-87, as revised in February of 1996, are not being followed by the District. The requirement is that employees whose salary is charged to more than one source (with at least one source being a Federal program) must maintain personnel activity reports (PARs) to support the percents charged to each source. These reports are to be compared quarterly to the actual percentage charged to the sources and if the variance is more than ten percent, the charges must be adjusted. PARs may be as detailed as a time sheet that identifies the employee's activity on a daily basis by hours, or it may be as simple as a report of the total hours or percentage of hours spent in each categorical program for the month.

Alternatively, LEAs in California have been given the option of using a substitute system to the one described above. The substitute system allows the use of personnel activity reports or equivalent documentation to be completed every fourth month. The PARs, completed every fourth month, are used to reconcile the timekeeping estimates of the previous three months. After the first full year on the system, LEAs may shift from collecting PARs three times per year to two times per year.

Employees who are charged fully to one Federal program are to certify semi-annually that they have worked solely in the program to which their salary was charged.

Recommendation

The District should implement the procedures outlined above from either the Circular A-87 or the substitute system, including semi-annual certifications for employees fully funded from one Federal program.

District Response

The District agrees and will implement.



# SALIDA UNION ELEMENTARY SCHOOL DISTRICT

## STATE AWARD FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2002

The following findings represent instances of noncompliance and questioned costs relating to state program laws and regulations.

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
40000	State Compliance

### *K-3 Class Size Reduction*

#### 2002-4 Finding (40000)

During our audit of the District's participation in the K-3 Class Size Reduction program, we found that the District underreported the enrollment for students that participated in the program during the year. The program provides incentive funding for Districts that reduce the average enrollment of students to below 20 in kindergarten through third grade classes. The District has one 2/3 combination class and was under the assumption that as the other 3<sup>rd</sup> grade classes in the District had only implemented Class Size Reduction for 50 percent of the day (an Option 2 program), the 3<sup>rd</sup> graders in the 2/3 combination class could not be claimed for Option 1-full funding.

After contacting the California Department of Education, they found that the District can claim the 3<sup>rd</sup> graders as Option 1 as the combination class meets the full-day class size reduction criteria.

The District must amend the Option 1 form by claiming a 17 student class with all 17 students eligible for funding (even the 11 3<sup>rd</sup> graders) and removing the 17 student class from the Option 2 claim form.

The net increase in funding will be \$4,884 from \$1,178,820 to \$1,183,704.

#### Recommendation

The District should revise the J-7 CSR Reports to correctly reflect the 2/3 combination class and all students within that class as eligible for Option 1 funding.

#### District Response

The District is undertaking the correction and will submit revised J-7.

### *School Site Plans*

#### 2002-5 Finding (40000)

The District's site plans do not include an actual comprehensive budget schedule for the current year. The expenditures related to categorical funds included in the School Plan must be included in the text of the plan however, to ensure allowability of the expenditures related to the categorical programs, a specific program budget should be adopted each year as part of the approved plan.

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002**

Recommendation

The site councils should request a general ledger budget report for each categorical program included in the site plan and adopt these reports as addendums to the site plan each year and upon material revision to the budget.

District Response

The District agrees and will instruct site councils to adopt budgets and monitor reports during each plan year.

**SALIDA UNION ELEMENTARY SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2002**

There were no findings noted in the prior year that represented reportable conditions, material weaknesses, nor instances of noncompliance related to the financial statements that were required to be reported in accordance with generally accepted government audit standards.

