

**SALIDA UNION
ELEMENTARY SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2001

SALIDA UNION ELEMENTARY SCHOOL DISTRICT
OF STANISLAUS COUNTY
SALIDA, CALIFORNIA
JUNE 30, 2001

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Gary Dew	President	2003
Mark Hughes	Clerk	2002
Dennis Thompson	Trustee	2003
Jose Banda	Trustee	2002
Ivan Wyeth	Trustee	2002

ADMINISTRATION

Antonio Borba	Superintendent
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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 providing instruction for kindergarten through eighth grade.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

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SALIDA UNION ELEMENTARY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Salida Union Elementary School District
Salida, California

We have audited the accompanying general-purpose and combining financial statements of the Salida Union Elementary School District, as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose and combining financial statements referred to above present fairly, in all material respects, the financial position of the Salida Union Elementary School District at June 30, 2001, 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 November 8, 2001, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Uaurinek, Irime, Day & Co., LLP

Fresno, California
November 8, 2001

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SALIDA UNION ELEMENTARY SCHOOL DISTRICT

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

JUNE 30,2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 2,740,000	\$ 500	\$ 231,673	\$ 1,806,740
Investments	3,210,573	581,890	1,216,050	9,246,859
Accounts receivable	1,285,869	315,126	2,590	1,485
Due from other funds	187,743			
Stores inventory		33,400		
Fixed assets				
Amount available for the retirement of general long-term debt				
Amount to be provided for the retirement of general long-term debt				
Total Assets	<u>\$ 7,424,185</u>	<u>\$ 930,916</u>	<u>\$ 1,450,313</u>	<u>\$ 11,055,084</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Deficit cash		13,160		
Accounts payable	3,475,364	31,567		2,710
Due to other funds		187,743		
Deferred revenue	208,435	9,482		
Due to student groups				
General long-term debt				
Total Liabilities	<u>3,683,799</u>	<u>241,952</u>		<u>2,710</u>
FUND EQUITY				
Investment in fixed assets				
Fund balances				
Reserved	1,130,615	33,400		
Unreserved				
Designated	2,037,163			
Undesignated	572,608	655,564	1,450,313	11,052,374
Total Fund Equity	<u>3,740,386</u>	<u>688,964</u>	<u>1,450,313</u>	<u>11,052,374</u>
Total Liabilities and Fund Equity	<u>\$ 7,424,185</u>	<u>\$ 930,916</u>	<u>\$ 1,450,313</u>	<u>\$ 11,055,084</u>

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			
\$ 104,515			\$ 4,883,428
			14,255,372
			1,605,070
			187,743
			33,400
	\$ 33,796,946		33,796,946
		\$ 1,450,313	1,450,313
		6,135,631	6,135,631
<u>\$ 104,515</u>	<u>\$ 33,796,946</u>	<u>\$ 7,585,944</u>	<u>\$ 62,347,903</u>
			13,160
			3,509,641
			187,743
			217,917
104,515			104,515
		7,585,944	7,585,944
<u>104,515</u>		<u>7,585,944</u>	<u>11,618,920</u>
	33,796,946		33,796,946
			1,164,015
			2,037,163
			13,730,859
	<u>33,796,946</u>		<u>50,728,983</u>
<u>\$ 104,515</u>	<u>\$ 33,796,946</u>	<u>\$ 7,585,944</u>	<u>\$ 62,347,903</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, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Revenue Limit Sources				
State apportionments	\$ 8,704,001			
Local sources	3,883,397			
Total Revenue Limit Sources	12,587,398			
Federal revenues	1,634,430	\$ 476,883		
Other state revenues	3,674,731	622,841	\$ 2,729	\$ 2,548,413
Other local revenues	480,788	577,806	169,760	1,133,066
Tuition and transfers	554,994			
Total Revenues	18,932,341	1,677,530	172,489	3,681,479
EXPENDITURES				
Current Expenditures				
Certificated salaries	9,303,511	129,146		
Classified salaries	2,838,098	490,097		
Employee benefits	2,455,208	116,492		
Books and supplies	979,679	462,889		1,403
Services and operating expenditures	1,419,201	39,056	99,729	68,600
Other outgo	518,535	29,511		
Capital outlay	542,079	117,508		6,987,982
Debt service - principal			125,000	
Debt service - interest and other			127,760	
Total Expenditures	18,056,311	1,384,699	352,489	7,057,985
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	876,030	292,831	(180,000)	(3,376,506)
OTHER FINANCING SOURCES/(USES)				
Operating transfers in	161,943	102,059	883,096	
Operating transfers out	(102,059)	(161,943)		(883,096)
Other sources			318,894	4,491,106
Other uses	(88,091)	(20,844)		(2,548,413)
Total Other Financing Sources/(Uses)	(28,207)	(80,728)	1,201,990	1,059,597
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	847,823	212,103	1,021,990	(2,316,909)
FUND BALANCE, BEGINNING OF YEAR	2,892,563	476,861	428,323	13,369,283
FUND BALANCE, END OF YEAR	\$ 3,740,386	\$ 688,964	\$ 1,450,313	\$ 11,052,374

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

Total
(Memorandum
Only)

\$ 8,704,001

3,883,397
12,587,398
2,111,313
6,848,714
2,361,420

554,994

24,463,839

9,432,657
3,328,195
2,571,700
1,443,971
1,626,586
548,046
7,647,569
125,000

127,760

26,851,484

(2,387,645)

1,147,098
(1,147,098)
4,810,000

(2,657,348)

2,152,652

(234,993)

17,167,030

\$ 16,932,037

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, 2001**

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 8,777,153	\$ 8,704,001	\$ (73,152)
Local sources	3,721,080	3,883,397	162,317
Total Revenue Limit Sources	12,498,233	12,587,398	89,165
Federal revenues	2,306,902	1,634,430	(672,472)
Other state revenues	3,911,944	3,674,731	(237,213)
Other local revenues	322,335	480,788	158,453
Tuition and transfers	594,520	554,994	(39,526)
Total Revenues	19,633,934	18,932,341	(701,593)
EXPENDITURES			
Current Expenditures			
Certificated salaries	9,477,142	9,303,511	173,631
Classified salaries	2,981,559	2,838,098	143,461
Employee benefits	2,520,844	2,455,208	65,636
Books and supplies	1,413,639	979,679	433,960
Services and operating expenditures	2,244,346	1,419,201	825,145
Other outgo	631,830	518,535	113,295
Capital outlay	744,697	542,079	202,618
Debt service - principal			
Debt service - interest and other			
Total Expenditures	20,014,057	18,056,311	1,957,746
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(380,123)	876,030	1,256,153
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	161,943	161,943	
Operating transfers out	(102,059)	(102,059)	
Other sources			
Other uses	(88,209)	(88,091)	118
Total Other Financing Sources/(Uses)	(28,325)	(28,207)	118
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(408,448)	847,823	1,256,271
FUND BALANCE, BEGINNING OF YEAR	2,892,563	2,892,563	
FUND BALANCE, END OF YEAR	\$ 2,484,115	\$ 3,740,386	\$ 1,256,271

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)
\$ 716,296	\$ 476,883	\$ (239,413)			
401,329	622,841	221,512		\$ 2,729	\$ 2,729
571,158	577,806	6,648		169,760	169,760
<u>1,688,783</u>	<u>1,677,530</u>	<u>(11,253)</u>		<u>172,489</u>	<u>172,489</u>
135,587	129,146	6,441			
508,129	490,097	18,032			
136,714	116,492	20,222			
487,558	462,889	24,669			
51,447	39,056	12,391		99,729	(99,729)
29,511	29,511				
200,604	117,508	83,096			
				125,000	(125,000)
			\$ 127,760	127,760	
<u>1,549,550</u>	<u>1,384,699</u>	<u>164,851</u>	<u>127,760</u>	<u>352,489</u>	<u>(224,729)</u>
<u>139,233</u>	<u>292,831</u>	<u>153,598</u>	<u>(127,760)</u>	<u>(180,000)</u>	<u>(52,240)</u>
102,059	102,059			883,096	883,096
(161,943)	(161,943)				
				318,894	318,894
(20,844)	(20,844)				
<u>(80,728)</u>	<u>(80,728)</u>			<u>1,201,990</u>	<u>1,201,990</u>
58,505	212,103	153,598	(127,760)	1,021,990	1,149,750
476,861	476,861		428,323	428,323	
<u>\$ 535,366</u>	<u>\$ 688,964</u>	<u>\$ 153,598</u>	<u>\$ 300,563</u>	<u>\$ 1,450,313</u>	<u>\$ 1,149,750</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, 2001

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments			
Local sources			
Total Revenue Limit			
Federal revenues			
Other state revenues		\$ 2,548,413	\$ 2,548,413
Other local revenues	\$ 1,068,374	1,133,066	64,692
Tuition and transfers			
Total Revenues	<u>1,068,374</u>	<u>3,681,479</u>	<u>2,613,105</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies	1,450	1,403	47
Services and operating expenditures	19,004	68,600	(49,596)
Other outgo			
Capital outlay	7,153,877	6,987,982	165,895
Debt service - principal			
Debt service - interest and other			
Total Expenditures	<u>7,174,331</u>	<u>7,057,985</u>	<u>116,346</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(6,105,957)</u>	<u>(3,376,506)</u>	<u>2,729,451</u>
OTHER FINANCING SOURCES(USES)			
Operating transfers in			
Operating transfers out	(883,096)	(883,096)	
Other sources		4,491,106	4,491,106
Other uses	(2,548,413)	(2,548,413)	
Total Other Financing Sources/(Uses)	<u>(3,431,509)</u>	<u>1,059,597</u>	<u>4,491,106</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(9,537,466)</u>	<u>(2,316,909)</u>	<u>7,220,557</u>
FUND BALANCE, BEGINNING OF YEAR	<u>13,369,283</u>	<u>13,369,283</u>	
FUND BALANCE, END OF YEAR	<u>\$ 3,831,817</u>	<u>\$ 11,052,374</u>	<u>\$ 7,220,557</u>

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

Total (Memorandum Only)

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 8,777,153	\$ 8,704,001	\$ (73,152)
3,721,080	3,883,397	162,317
12,498,233	12,587,398	89,165
3,023,198	2,111,313	(911,885)
4,313,273	6,848,714	2,535,441
1,961,867	2,361,420	399,553
594,520	554,994	(39,526)
<u>22,391,091</u>	<u>24,463,839</u>	<u>2,072,748</u>
9,612,729	9,432,657	180,072
3,489,688	3,328,195	161,493
2,657,558	2,571,700	85,858
1,902,647	1,443,971	458,676
2,314,797	1,626,586	688,211
661,341	548,046	113,295
8,099,178	7,647,569	451,609
	125,000	(125,000)
127,760	127,760	
<u>28,865,698</u>	<u>26,851,484</u>	<u>2,014,214</u>
<u>(6,474,607)</u>	<u>(2,387,645)</u>	<u>4,086,962</u>
264,002	1,147,098	883,096
(1,147,098)	(1,147,098)	
	4,810,000	4,810,000
<u>(2,657,466)</u>	<u>(2,657,348)</u>	<u>118</u>
<u>(3,540,562)</u>	<u>2,152,652</u>	<u>5,693,214</u>
(10,015,169)	(234,993)	9,780,176
17,167,030	17,167,030	
<u>\$ 7,151,861</u>	<u>\$ 16,932,037</u>	<u>\$ 9,780,176</u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

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, 2001

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, 2001

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. Property, Plant and Equipment

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Property, plant and equipment 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, 2001

J. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on January 1 and March 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, 2001

NOTE #2 – CASH

Cash at June 30, 2001, 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	\$ 304,705		\$ 1,969,878	\$ 2,274,583	\$ 2,143,428
Cash in revolving fund	3,813			3,813	5,000
Cash with fiscal agent			2,735,000	2,735,000	2,735,000
Total	<u>\$ 308,518</u>		<u>\$ 4,704,878</u>	<u>\$ 5,013,396</u>	<u>\$ 4,883,428</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, 2001, 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 *			Carrying Amount	Fair Value
	1	2	3		
Categorized:					
First American Treasury			\$ 2,624,106	\$ 2,624,106	\$ 2,624,106
Berkshire Hathaway			4,425	4,425	4,425
Guaranteed Investment Contract			870,596	870,596	870,596
Total Categorized			<u>\$ 3,499,127</u>	<u>\$ 3,499,127</u>	<u>3,499,127</u>
Uncategorized:					
Deposits with county treasurer					<u>10,756,245</u>
Total Investments					<u>\$ 14,255,372</u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

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

B. Deposits with County Treasurer

Deposits with county treasurer is an external investment pool sponsored by the County of 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, 2001**

NOTE #4 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2001, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Federal Government					
Categorical aid	\$ 35,546	\$ 128,996			\$ 164,542
State Government					
Apportionment	84,325				84,325
Categorical aid	137,205	46,320			183,525
Other state	205,748	68,906			274,654
Local Government					
Interest				\$ 1,485	1,485
Other Local Sources	823,045	70,904	\$ 2,590		896,539
Total	<u>\$ 1,285,869</u>	<u>\$ 315,126</u>	<u>\$ 2,590</u>	<u>\$ 1,485</u>	<u>\$ 1,605,070</u>

NOTE #5 – INTERFUND TRANSACTIONS

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

Individual fund interfund receivable and payable balances at June 30, 2001, are as follows:

Funds	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 187,743	
Cafeteria		\$ 25,800
Child Development		161,943
Total	<u>\$ 187,743</u>	<u>\$ 187,743</u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

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, 2001, are as follows:

The General Fund transferred to the Deferred Maintenance Fund for the required state match.	\$ 102,059
The Child Development Fund transferred to the General Fund to repay a temporary operating loan.	161,943
The Special Reserve-Capital Projects Fund transferred to the Qualified Zone Academy Debt Service Fund the required amount per the issuance agreement.	<u>883,096</u>
Total	<u><u>\$1,147,098</u></u>

NOTE #6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2001, consists of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Vendor invoices	\$ 459,399	\$ 15,292	\$ 2,710	\$ 477,401
Accrued payroll	280,965	16,275		297,240
TRANS	2,735,000			2,735,000
Total	<u>\$ 3,475,364</u>	<u>\$ 31,567</u>	<u>\$ 2,710</u>	<u>\$ 3,509,641</u>

NOTE #7 – DEFERRED REVENUE

Deferred revenue at June 30, 2001, consists of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Federal financial assistance	\$ 75,650		\$ 75,650
State categorical aid	130,191	\$ 9,482	139,673
Local Programs	2,594		2,594
Total	<u>\$ 208,435</u>	<u>\$ 9,482</u>	<u>\$ 217,917</u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

NOTE #8 – FUND BALANCES

Fund balances are composed of the following elements:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Reserved				
Revolving cash	\$ 5,000			
Stores inventory		\$ 33,400		
Restricted programs	1,125,615			
Total Reserved	<u>1,130,615</u>	<u>33,400</u>		
Unreserved				
Designated				
Economic uncertainties	1,095,010			
Other designations	942,153			
Total Designated	<u>2,037,163</u>			
Undesignated	572,608	655,564	\$ 1,450,313	\$ 11,052,374
Total Unreserved	<u>2,609,771</u>	<u>655,564</u>	<u>1,450,313</u>	<u>11,052,374</u>
Total	<u>\$ 3,740,386</u>	<u>\$ 688,964</u>	<u>\$ 1,450,313</u>	<u>\$ 11,052,374</u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

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, 2001, is shown below:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year
General obligation bonds	\$2,485,000		\$(125,000)	\$2,360,000
Certificates of Participation-2001		\$ 3,000,000		3,000,000
Qualified Zone Academy Bond Program		2,000,000		2,000,000
Accumulated vacation - net	13,650	1,888		15,538
Postemployment benefits	77,694	144,401	(11,689)	210,406
Capital leases	107,000		(107,000)	
	<u>\$2,683,344</u>	<u>\$ 5,146,289</u>	<u>\$(243,689)</u>	<u>7,585,944</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			223,894	
Qualified Zone Academy Program Fund			878,375	1,450,313
Amount to be provided for retirement of general long-term debt				<u>\$ 6,135,631</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	\$ 1,430,000		\$ 40,000	\$ 1,390,000
1996	2009	5.00-5.25%	1,315,000	1,055,000		85,000	970,000
				<u>\$ 2,485,000</u>		<u>\$ 125,000</u>	<u>\$ 2,360,000</u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

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>
2002	\$ 40,000	\$ 73,410	\$ 113,410
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
Thereafter	1,165,000	544,046	1,709,046
Total	<u>\$ 1,390,000</u>	<u>\$ 888,971</u>	<u>\$ 2,278,971</u>

General Obligation 1996 Refunding Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2002	\$ 90,000	\$ 47,975	\$ 137,975
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
Thereafter	485,000	53,063	538,063
Total	<u>\$ 970,000</u>	<u>\$ 245,313</u>	<u>\$ 1,215,313</u>

Total District General Obligation Bonds Outstanding:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2002	\$ 130,000	\$ 121,385	\$ 251,385
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
Thereafter	1,650,000	597,109	2,247,109
Total	<u>\$ 2,360,000</u>	<u>\$ 1,134,284</u>	<u>\$ 3,494,284</u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

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,	Principal	Interest	Total
2002	\$ 65,000	\$ 146,952	\$ 211,952
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
Thereafter	2,650,000	1,686,235	4,336,235
Total	\$ 3,000,000	\$ 2,399,891	\$ 5,399,891

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

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
2002	\$ 53,288	\$ 923,884
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 ¹	115,359	\$ 2,000,000
	<u>\$ 1,129,404</u>	

¹ 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, 2001, amounted to \$15,538.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

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, 6 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 \$11,689 were recognized for retirees' health care benefits.

The approximate accumulated future liability for the District at June 30, 2001, amounts to \$210,406. 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, 2001, multiplied by the number of years of payments remaining until the respective retirees reach age 65.

G. Capital Leases

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

	Portable Classrooms and Property
Balance, Beginning of Year	\$ 110,000
Payments	(110,000)
Balance, End of Year	<u><u> </u></u>

NOTE #10 – GENERAL FIXED ASSETS

A summary of general fixed assets for the year ended June 30, 2001, follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Sites and improvements	\$ 2,085,645			\$ 2,085,645
Building and improvements	16,481,174	\$ 10,392,953		26,874,127
Equipment	3,056,899	1,840,021	\$ 59,746	4,837,174
Total	<u><u>\$ 21,623,718</u></u>	<u><u>\$ 12,232,974</u></u>	<u><u>\$ 59,746</u></u>	<u><u>\$ 33,796,946</u></u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

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).

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 (prior to January 1, 2001, 7.0 percent of monthly salary over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2000-2001 was zero percent of annual payroll. The contribution requirements of the plan members are established by State statute. There were no District contributions required to CalPERS for the fiscal years ending June 30, 2001, 2000, and 1999.

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.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

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 2000-2001 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, 2001, 2000, and 1999, were \$722,515, \$616,080, and \$515,318, respectively, and equal 100 percent of the required contributions for each year.

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 \$441,260 (5.0385 percent of salaries subject to STRS) and \$2191 (.092 percent of salaries subject to PERS). 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.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

NOTE #13 – COMMITMENTS AND CONTINGENCIES

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.

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 JPAs. 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.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

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.
E. <u>Condensed Audited Financial Information Follows</u>		
	June 30, 2000*	June 30, 2000*
Assets	\$ 15,047,899	\$ 109,663,001
Liabilities	4,388,425	50,258,971
Fund Equity	\$ 10,659,474	\$ 59,404,030
Revenues	9,844,214	13,318,569
Expenses	9,022,266	(721,004)
Net Decrease in Fund Equity	\$ 821,948	\$ 14,039,573

*Most recent audited financial statements available.

None of the JPA's had long-term debts outstanding at June 30, 2000. 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, 2001.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE #15 – EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2001, the following District funds exceeded the budgeted amounts as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
Bond Interest and Redemption			
Debt service - principal payments		\$ 125,000	\$ 125,000
Qualified Zone Academy Bonds (Debt Service)			
Services and operating expenditures		\$ 99,729	\$ 99,729
Financing Corporation (Capital Projects)			
Services and operating expenditures		\$ 52,612	\$ 52,612

NOTE #16 – SUBSEQUENT EVENTS

The District issued \$2,000,000 of Tax And Revenue Anticipation Notes dated July 3, 2001. The notes mature on July 3, 2002, and yield 4.3 percent interest. The notes were sold to supplement cash flow.

Repayment requirements are that the principal and interest due of \$2,080,000 is deposited with the trustee by July 3, 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." 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)

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

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.

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SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001**

	Cafeteria	Child Development	Deferred Maintenance	Total
ASSETS				
Cash	\$ 500			\$ 500
Investments		\$ 216,981	\$ 364,909	581,890
Accounts receivable	143,046	37,615	134,465	315,126
Stores inventory	33,400			33,400
Total Assets	<u>\$ 176,946</u>	<u>\$ 254,596</u>	<u>\$ 499,374</u>	<u>\$ 930,916</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Deficit cash balances	13,160			13,160
Accounts payable	20,083	7,584	3,900	31,567
Due to other funds	25,800	161,943		187,743
Deferred Revenue		9,482		9,482
Total Liabilities	<u>59,043</u>	<u>179,009</u>	<u>3,900</u>	<u>241,952</u>
FUND EQUITY				
Fund balances				
Reserved	33,400			33,400
Unreserved				
Undesignated	84,503	75,587	495,474	655,564
Total Fund Equity	<u>117,903</u>	<u>75,587</u>	<u>495,474</u>	<u>688,964</u>
Total Liabilities and Fund Equity	<u>\$ 176,946</u>	<u>\$ 254,596</u>	<u>\$ 499,374</u>	<u>\$ 930,916</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, 2001**

	Cafeteria		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Federal revenues	\$ 578,027	\$ 476,883	\$ (101,144)
Other state revenues	42,190	45,466	3,276
Other local revenues	300,490	386,949	86,459
Total Revenues	<u>920,707</u>	<u>909,298</u>	<u>(11,409)</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries	354,637	353,660	977
Employee benefits	64,068	62,788	1,280
Books and supplies	454,837	436,822	18,015
Services and operating expenditures	26,354	26,354	
Other outgo			
Capital outlay	23,554	23,554	
Total Expenditures	<u>923,450</u>	<u>903,178</u>	<u>20,272</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(2,743)</u>	<u>6,120</u>	<u>8,863</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Operating transfers out			
Other uses	(11,409)	(11,409)	
Total Other Financing Sources/(Uses)	<u>(11,409)</u>	<u>(11,409)</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(14,152)	(5,289)	8,863
FUND BALANCE, BEGINNING OF YEAR	123,192	123,192	
FUND BALANCE, END OF YEAR	<u>\$ 109,040</u>	<u>\$ 117,903</u>	<u>\$ 8,863</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)
\$ 138,269		\$ (138,269)			
259,831	\$ 430,790	170,959	\$ 99,308	\$ 146,585	\$ 47,277
258,902	173,468	(85,434)	11,766	17,389	5,623
657,002	604,258	(52,744)	111,074	163,974	52,900
135,587	129,146	6,441			
153,492	136,437	17,055			
72,646	53,704	18,942			
32,721	26,067	6,654			
25,093	12,702	12,391			
29,511	29,511				
26,550	26,550		150,500	67,404	83,096
475,600	414,117	61,483	150,500	67,404	83,096
181,402	190,141	8,739	(39,426)	96,570	135,996
			102,059	102,059	
(161,943)	(161,943)				
(9,435)	(9,435)				
(171,378)	(171,378)		102,059	102,059	
10,024	18,763	8,739	62,633	198,629	135,996
56,824	56,824		296,845	296,845	
\$ 66,848	\$ 75,587	\$ 8,739	\$ 359,478	\$ 495,474	\$ 135,996

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, 2001**

	Total		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Federal revenues	\$ 716,296	\$ 476,883	\$ (239,413)
Other state revenues	401,329	622,841	221,512
Other local revenues	571,158	577,806	6,648
Total Revenues	<u>1,688,783</u>	<u>1,677,530</u>	<u>(11,253)</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	135,587	129,146	6,441
Classified salaries	508,129	490,097	18,032
Employee benefits	136,714	116,492	20,222
Books and supplies	487,558	462,889	24,669
Services and operating expenditures	51,447	39,056	12,391
Other outgo	29,511	29,511	
Capital outlay	200,604	117,508	83,096
Total Expenditures	<u>1,549,550</u>	<u>1,384,699</u>	<u>164,851</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>139,233</u>	<u>292,831</u>	<u>153,598</u>
OTHER FINANCING SOURCES(USES)			
Operating transfers in	102,059	102,059	
Operating transfers out	(161,943)	(161,943)	
Other uses	(20,844)	(20,844)	
Total Other Financing Sources/(Uses)	<u>(80,728)</u>	<u>(80,728)</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	58,505	212,103	153,598
FUND BALANCE, BEGINNING OF YEAR	<u>476,861</u>	<u>476,861</u>	
FUND BALANCE, END OF YEAR	<u>\$ 535,366</u>	<u>\$ 688,964</u>	<u>\$ 153,598</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, 2001**

	<u>Bond Interest and Redemption</u>	<u>Financing Corporation</u>	<u>Qualified Zone Academy Bonds</u>	<u>Total</u>
ASSETS				
Cash		\$ 223,894	\$ 7,779	\$ 231,673
Investments	\$ 345,454		870,596	1,216,050
Accounts receivable	2,590			2,590
Total Assets	<u>\$ 348,044</u>	<u>\$ 223,894</u>	<u>\$ 878,375</u>	<u>\$ 1,450,313</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Total Liabilities				
FUND EQUITY				
Fund balances				
Unreserved				
Undesignated	348,044	223,894	878,375	1,450,313
Total Fund Equity	<u>348,044</u>	<u>223,894</u>	<u>878,375</u>	<u>1,450,313</u>
Total Liabilities and Fund Equity	<u>\$ 348,044</u>	<u>\$ 223,894</u>	<u>\$ 878,375</u>	<u>\$ 1,450,313</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, 2001**

	Bond Interest and Redemption		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other state revenues		\$ 2,729	\$ (2,729)
Other local revenues		169,752	(169,752)
Total Revenues		172,481	(172,481)
EXPENDITURES			
Current Expenditures			
Services and operating expenditures			
Debt service - principal		125,000	(125,000)
Debt service- interest and other	\$ 127,760	127,760	
Total Expenditures	127,760	252,760	(125,000)
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(127,760)	(80,279)	(47,481)
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Other sources			
Total Other Financing Sources/(Uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(127,760)	(80,279)	(47,481)
FUND BALANCE, BEGINNING OF YEAR	428,323	428,323	
FUND BALANCE, END OF YEAR	\$ 300,563	\$ 348,044	\$ (47,481)

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)
				\$ 8	\$ 8
				8	8
				99,729	(99,729)
				99,729	(99,729)
				(99,721)	(99,721)
				883,096	883,096
	\$ 223,894	\$ 223,894		95,000	95,000
	223,894	223,894		978,096	978,096
	223,894	223,894		878,375	878,375
	\$ 223,894	\$ 223,894		\$ 878,375	\$ 878,375

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, 2001**

	Total (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other state revenues		\$ 2,729	\$ 2,729
Other local revenues		169,760	169,760
Total Revenues		172,489	172,489
EXPENDITURES			
Current Expenditures			
Services and operating expenditures		99,729	(99,729)
Debt service - principal		125,000	(125,000)
Debt service- interest and other	\$ 127,760	127,760	
Total Expenditures	127,760	352,489	(224,729)
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(127,760)	(180,000)	(52,240)
OTHER FINANCING SOURCES/(USES)			
Operating transfers in		883,096	883,096
Other sources		318,894	318,894
Total Other Financing Sources/(Uses)		1,201,990	1,201,990
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(127,760)	1,021,990	1,149,750
FUND BALANCE, BEGINNING OF YEAR	428,323	428,323	
FUND BALANCE, END OF YEAR	\$ 300,563	\$ 1,450,313	\$ 1,149,750

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, 2001**

	<u>1988 Bond Fund</u>	<u>Capital Facilities</u>	<u>County School Facilities</u>	<u>Mello- Roos</u>
ASSETS				
Cash				
Investments	\$ 377,460	\$ 228,711	\$ 2,596,125	\$ 142,333
Accounts receivable	1,485			
Total Assets	<u>\$ 378,945</u>	<u>\$ 228,711</u>	<u>\$ 2,596,125</u>	<u>\$ 142,333</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable			500	
Total Liabilities			<u>500</u>	
FUND EQUITY				
Fund balances				
Unreserved				
Undesignated	<u>378,945</u>	<u>228,711</u>	<u>2,595,625</u>	<u>142,333</u>
Total Fund Equity	<u>378,945</u>	<u>228,711</u>	<u>2,595,625</u>	<u>142,333</u>
Total Liabilities and Fund Equity	<u>\$ 378,945</u>	<u>\$ 228,711</u>	<u>\$ 2,596,125</u>	<u>\$ 142,333</u>

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

Special Reserve	Financing Corporation	Qualified Zone Academy Bonds	Total
	\$ 1	\$ 1,806,739	\$ 1,806,740
\$ 3,273,699	2,628,531		9,246,859
			1,485
<u>\$ 3,273,699</u>	<u>\$ 2,628,532</u>	<u>\$ 1,806,739</u>	<u>\$ 11,055,084</u>
2,210			2,710
<u>2,210</u>			<u>2,710</u>
3,271,489	2,628,532	1,806,739	11,052,374
<u>3,271,489</u>	<u>2,628,532</u>	<u>1,806,739</u>	<u>11,052,374</u>
<u>\$ 3,273,699</u>	<u>\$ 2,628,532</u>	<u>\$ 1,806,739</u>	<u>\$ 11,055,084</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, 2001**

	1988 Bond Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other state revenues			
Other local revenues	\$ 22,926	\$ 25,854	\$ 2,928
Total Revenues	<u>22,926</u>	<u>25,854</u>	<u>2,928</u>
EXPENDITURES			
Current Expenditures			
Books and supplies			
Services and operating expenditures	1,324	1,324	
Capital outlay			
Total Expenditures	<u>1,324</u>	<u>1,324</u>	
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>21,602</u>	<u>24,530</u>	<u>2,928</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers out			
Other sources			
Other uses			
Total Other Financing Sources/(Uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	21,602	24,530	2,928
FUND BALANCE, BEGINNING OF YEAR	<u>354,415</u>	<u>354,415</u>	
FUND BALANCE, END OF YEAR	<u>\$ 376,017</u>	<u>\$ 378,945</u>	<u>\$ 2,928</u>

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)
				\$ 2,548,413	\$ 2,548,413
\$ 138,363	\$ 139,608	\$ 1,245	\$ 623,703	637,831	14,128
138,363	139,608	1,245	623,703	3,186,244	2,562,541
14,560	14,560				
137,527	133,327	4,200	6,677,473	6,579,103	98,370
152,087	147,887	4,200	6,677,473	6,579,103	98,370
(13,724)	(8,279)	5,445	(6,053,770)	(3,392,859)	2,660,911
			(2,548,413)	(2,548,413)	
			(2,548,413)	(2,548,413)	
(13,724)	(8,279)	5,445	(8,602,183)	(5,941,272)	2,660,911
236,990	236,990		8,536,897	8,536,897	
\$ 223,266	\$ 228,711	\$ 5,445	\$ (65,286)	\$ 2,595,625	\$ 2,660,911

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, 2001**

	Mello-Roos		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other state revenues			
Other local revenues		\$ 22,784	\$ 22,784
Total Revenues		22,784	22,784
EXPENDITURES			
Current Expenditures			
Books and supplies			
Services and operating expenditures			
Capital outlay			
Total Expenditures			
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES		22,784	22,784
OTHER FINANCING SOURCES(USES)			
Operating transfers out			
Other sources			
Other uses			
Total Other Financing Sources/(Uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES		22,784	22,784
FUND BALANCE, BEGINNING OF YEAR	\$ 119,549	119,549	
FUND BALANCE, END OF YEAR	\$ 119,549	\$ 142,333	22,784

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)
\$ 283,382	\$ 305,212	\$ 21,830	\$	\$ 38	\$ 38
283,382	305,212	21,830		38	38
1,450	1,403	47			
3,120	104	3,016		52,612	(52,612)
338,877	275,552	63,325			
343,447	277,059	66,388		52,612	(52,612)
(60,065)	28,153	88,218		(52,574)	(52,574)
(883,096)	(883,096)				
	5,000	5,000		2,681,106	2,681,106
(883,096)	(878,096)	5,000		(2,681,106)	(2,681,106)
(943,161)	(849,943)	93,218		2,628,532	2,628,532
4,121,432	4,121,432				
\$ 3,178,271	\$ 3,271,489	\$ 93,218	\$	\$ 2,628,532	\$ 2,628,532

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, 2001**

	Qualified Zone Academy Bonds		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other state revenues			
Other local revenues		\$ 1,739	\$ 1,739
Total Revenues		1,739	1,739
EXPENDITURES			
Current Expenditures			
Books and supplies			
Services and operating expenditures			
Capital outlay			
Total Expenditures			
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES		1,739	1,739
OTHER FINANCING SOURCES(USES)			
Operating transfers out			
Other sources		1,805,000	1,805,000
Other uses			
Total Other Financing Sources/(Uses)		1,805,000	1,805,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES		1,806,739	1,806,739
FUND BALANCE, BEGINNING OF YEAR			
FUND BALANCE, END OF YEAR		\$ 1,806,739	\$ 1,806,739

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

Total		
Budget	Actual	Variance Favorable (Unfavorable)
	\$ 2,548,413	\$ 2,548,413
\$ 1,068,374	1,133,066	64,692
1,068,374	3,681,479	2,613,105
1,450	1,403	47
19,004	68,600	(49,596)
7,153,877	6,987,982	165,895
7,174,331	7,057,985	116,346
(6,105,957)	(3,376,506)	2,729,451
(883,096)	(883,096)	
	4,491,106	4,491,106
(2,548,413)	(2,548,413)	
(3,431,509)	1,059,597	4,491,106
(9,537,466)	(2,316,909)	7,220,557
13,369,283	13,369,283	
\$ 3,831,817	\$ 11,052,374	\$ 7,220,557

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**FIDUCIARY FUND TYPES
STUDENT BODY FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Boer</u>	<u>Perkins</u>	<u>Sisk</u>	<u>Salida Middle</u>	<u>Total</u>
ASSETS					
CASH ON HAND AND IN BANKS					
Cash	\$ 4,181	\$ 19,986	\$ 9,959	\$ 70,389	\$ 104,515
Total Assets	<u>\$ 4,181</u>	<u>\$ 19,986</u>	<u>\$ 9,959</u>	<u>\$ 70,389</u>	<u>\$ 104,515</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to student groups	<u>4,181</u>	<u>19,986</u>	<u>9,959</u>	<u>70,389</u>	<u>104,515</u>
Total Liabilities and Fund Balance	<u>\$ 4,181</u>	<u>\$ 19,986</u>	<u>\$ 9,959</u>	<u>\$ 70,389</u>	<u>\$ 104,515</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, 2001**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
BOER ELEMENTARY SCHOOL				
ASSETS				
Cash	\$ 5,027	\$ 18,898	\$ (19,744)	\$ 4,181
LIABILITIES				
Due to student groups	\$ 5,027	\$ 18,898	\$ (19,744)	\$ 4,181
PERKINS				
ASSETS				
Cash	\$ 2,225	\$ 54,241	\$ (36,480)	\$ 19,986
LIABILITIES				
Due to student groups	\$ 2,225	\$ 54,241	\$ (36,480)	\$ 19,986
SISK				
ASSETS				
Cash	\$ 16,229	\$ 87,673	\$ (93,943)	\$ 9,959
LIABILITIES				
Due to student groups	\$ 16,229	\$ 87,673	\$ (93,943)	\$ 9,959
SALIDA MIDDLE SCHOOL				
ASSETS				
Cash	\$ 55,986	\$ 119,817	\$(105,414)	\$ 70,389
LIABILITIES				
Due to student groups	\$ 55,986	\$ 119,817	\$(105,414)	\$ 70,389
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 79,467	\$ 280,629	\$(255,581)	\$ 104,515
LIABILITIES				
Due to student groups	\$ 79,467	\$ 280,629	\$(255,581)	\$ 104,515

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, 2001**

PROGRAM	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Entitlements		
			Current Year	Prior Year	Total Entitlement
FEDERAL					
U.S. DEPARTMENT OF EDUCATION					
Passed through the California					
Department of Education:					
21st Century After School Learning Center	84.287	10042	\$ 144,037		\$ 144,037
Drug-Free Schools	84.184	03453	44,473	\$ 4,724	49,197
Eisenhower Math and Science	84.164	03094	9,082	3,359	12,441
Elementary and Secondary Education Act					
Title I - Basic School Support	84.010A	13064	156,498	12,133	168,631
Title VI - Federal Class Size Reduction	84.340	03073	35,546	1,599	37,145
Title VI - Innovative Ed Strategy	84.298	13340	12,231	8,794	21,025
Goals 2000 - Math Professional Development	84.276	03894	4,927		4,927
Subtotal					
U.S. DEPARTMENT OF AGRICULTURE					
Passed through the California					
Department of Education:					
National School Lunch Program [2]	10.555	13391			[1]
Subtotal					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through the California					
Department of Education:					
Medical Billing			27,124		27,124
Head Start - Basic [2]	93.600	10016	1,245,554	160,031	1,405,585
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.

Program Revenues				
Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 144,037		\$ 35,514	\$ 108,523	\$ 108,523
49,197		18,843	30,354	30,354
12,441			12,441	12,441
168,631		12,296	156,335	156,335
1,598	\$ 35,546	5,725	31,419	31,419
21,025		2,164	18,861	18,861
4,927		1,108	3,819	3,819
<u>401,856</u>	<u>35,546</u>	<u>75,650</u>	<u>361,752</u>	<u>361,752</u>
347,887	128,996		476,883	476,883
<u>347,887</u>	<u>128,996</u>		<u>476,883</u>	<u>476,883</u>
27,124			27,124	27,124
1,245,554			1,245,554	1,245,554
1,272,678			1,272,678	1,272,678
<u>\$2,022,421</u>	<u>\$ 164,542</u>	<u>\$ 75,650</u>	<u>\$2,111,313</u>	<u>\$ 2,111,313</u>

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Second Period Report</u>	<u>Annual Report</u>
ELEMENTARY		
Kindergarten	332	335
First through third	1,017	1,022
Fourth through sixth	946	946
Seventh and eighth	512	504
Opportunity schools	12	12
Special education	70	76
Total Elementary	<u>2,889</u>	<u>2,895</u>
		<u>Hours of Attendance</u>
SUMMER SCHOOL		
Core Instruction		6,320
Remedial Instruction		5,078
Pupils Retained/Recommended for Retention		9,158
Pupils at Risk of Retention		6,023
Low STAR Score		2,639
Intensive Reading Program		6,868
Intensive Algebra Instruction		1,710
Total Hours		<u>37,796</u>

See accompanying note to supplementary information.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>2000-01 Actual Minutes</u>	<u>Status</u>
Kindergarten	36,000	33,325	36,750	In Compliance
Grades 1 - 3	50,400	50,580	51,935	In Compliance
Grades 4 - 8	54,000	56,790	58,215	In Compliance

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, 2001

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

	<u>General Long- Term Debt Account Group</u>
GENERAL LONG-TERM LIABILITIES	
Total Liabilities, June 30, 2001	\$ 2,965,217
Adjustments	
Increase in:	
Compensated Absences	5,166
Post employment benefits	41,511
Certificates of Participation	3,000,000
Qualified Zone Academy Bonds	2,000,000
Decrease in:	
General Obligation Bonds	(240,000)
Obligations under Capital Leases	(185,950)
Total Liabilities, June 30, 2001, Audited Financial Statement	<u>\$ 7,585,944</u>

See accompanying note to supplementary information.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2001

	(Budget) 2002 ¹	2001	2000	1999
GENERAL FUND				
Revenues	\$ 19,975,571	\$ 18,932,341	\$ 16,003,428	\$ 14,364,350
Other sources and transfers in		161,943		26,772
Total Revenues and Other Sources	19,975,571	19,094,284	16,003,428	14,391,122
Expenditures	20,258,479	18,056,311	15,074,933	12,539,607
Other uses and transfers out	110,012	190,150	1,309,954	1,187,000
Total Expenditures and Other Uses	20,368,491	18,246,461	16,384,887	13,726,607
INCREASE/(DECREASE) IN FUND BALANCE	\$ (392,920)	\$ 847,823	\$ (381,459)	\$ 664,515
ENDING FUND BALANCE	\$ 3,347,466	\$ 3,740,386	\$ 2,892,563	\$ 3,274,022
AVAILABLE RESERVES ²	\$ 930,386	\$ 1,667,618	\$ 913,796	\$ 637,560
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	4.6%	9.1%	5.6%	4.6%
LONG-TERM DEBT	N/A	\$ 7,585,944	\$ 2,683,344	\$ 2,469,070
AVERAGE DAILY ATTENDANCE AT P-2	2,889	2,889	2,731	2,503

The General Fund balance has increased by \$466,364 over the past two years. The fiscal year 2001-02 budget projects a decrease of \$392,920 (10.5 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 operating surpluses in two of the past three years, but anticipates incurring an operating deficit during the 2001-02 fiscal year. Total long-term debt has increased by \$5,116,874 over the past two years.

Average daily attendance has increased by 158 over the past year. No change in ADA is anticipated during fiscal year 2001-02.

¹ Budget 2002 is included for analytical purposes only and has not been subjected to audit.

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

See accompanying note to supplementary information.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**GENERAL FUND SELECTED FINANCIAL INFORMATION
TWO-YEAR SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001**

(Amounts in thousands)

	Actual Results for the Years			
	2000-2001		1999-2000	
	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES				
Federal revenue	\$ 1,634	8.6	\$ 1,633	8.6
State and local revenue included in revenue limit	12,587	66.5	10,539	55.7
Other state revenue	3,675	19.4	2,785	14.7
Other local revenue	481	2.5	1,046	5.5
Tuition and transfers	555	2.9		
Total Revenues	<u>18,932</u>	<u>97.1</u>	<u>16,003</u>	<u>84.5</u>
EXPENDITURES				
Salaries and Benefits				
Certificated salaries	9,304	49.1	7,804	41.2
Classified salaries	2,838	15.0	2,360	12.5
Employee benefits	2,455	13.0	1,858	9.8
Total Salaries and Benefits	<u>14,597</u>	<u>77.1</u>	<u>12,022</u>	<u>63.5</u>
Books and supplies	980	5.2	866	4.6
Contracts and operating expenses	1,419	7.5	1,117	5.9
Capital outlay	542	2.9	439	2.3
Other outgoing	518	2.7	630	3.3
Total Expenditures	<u>18,056</u>	<u>95.4</u>	<u>15,074</u>	<u>79.6</u>
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	876	1.7	929	4.9
OTHER FINANCING SOURCES/(USES)				
Transfers in	162	0.9		
Transfers out	(102)	(0.5)	(1,310)	(6.9)
Other uses	(88)	(0.5)		
Total Other Financing Sources (Uses)	<u>(28)</u>	<u>0.3</u>	<u>(1,310)</u>	<u>(6.9)</u>
INCREASE/(DECREASE) IN FUND BALANCE	848	2	(381)	(2)
FUND BALANCE, BEGINNING	2,892	0.2	3,273	0.2
FUND BALANCE, ENDING	<u>\$ 3,740</u>		<u>\$ 2,892</u>	
ENDING FUND BALANCE TO TOTAL REVENUES		<u>0.2</u>		<u>0.2</u>
BASE REVENUE LIMIT PER ADA				
Regular K-12	<u>\$ 4,234</u>		<u>\$ 4,102</u>	

See accompanying note to supplementary information.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**CAFETERIA ACCOUNT SELECTED FINANCIAL INFORMATION
TWO-YEAR SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001**

(Amounts in thousands)

	Actual Results for the Years			
	2000-2001		1999-2000	
	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES				
Federal - NSLP	\$ 477	52.5	\$ 432	47.5
State meal program	45	5.0	41	4.5
Food sales	387	42.6	289	31.8
Other and transfers in			104	11.4
Total Revenues	<u>909</u>	<u>100.0</u>	<u>866</u>	<u>95.3</u>
EXPENDITURES				
Salaries and employee benefits	416	45.8	321	35.3
Food	393	43.2	15	1.7
Supplies	44	4.8	371	40.8
Other and transfers out	61	6.7	210	23.1
Total Expenditures	<u>914</u>	<u>100.6</u>	<u>917</u>	<u>100.9</u>
INCREASE/(DECREASE) IN FUND BALANCE	(5)	(1)	(51)	(6)
FUND BALANCE, BEGINNING	123		174	
FUND BALANCE, ENDING	<u>\$ 118</u>		<u>\$ 123</u>	
ENDING FUND BALANCE TO TOTAL REVENUES		<u>0.1</u>		<u>0.1</u>

* * * * *

TYPE 'A' LUNCH/BREAKFAST PARTICIPATION

	2000-2001	
	Amount	Percent
TYPE 'A' LUNCHES		
Paid	116,119	37
Reduced price	38,117	12
Free	155,956	50
Total Lunches	<u>310,192</u>	<u>100</u>
BREAKFAST		
Paid	12,356	16
Reduced price	8,696	11
Free	55,456	72
Total Breakfast	<u>76,508</u>	<u>100</u>

See accompanying note to supplementary information.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2001

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 46201 through 46206.

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

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the 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, 2001**

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 financial statements of Salida Union Elementary School District as of and for the year ended June 30, 2001, and have issued our report thereon November 8, 2001. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Trustees, management, the California Department of Education, the State Controller's Office and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Jaurinek, Irine, Day & Co., LLP

Fresno, California
November 8, 2001



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, 2001. 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, 2001.

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

Uaurinek, Urine, Day & Co., LLP

Fresno, California
November 8, 2001



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
 Salida Union Elementary School District
 Salida, California

We have audited the financial statements of the Salida Union Elementary School District as of and for the year ended June 30, 2001, and have issued our report thereon dated November 8, 2001. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The management of 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	3	Yes
Staff development days	3	Yes
Kindergarten enrollment	4	Yes
Independent study	13	No, see below.
Continuation education	12	Not Applicable
Adult education	8	Not Applicable
Regional occupational centers/programs	5	Not Applicable
County Office of Education programs	9	Not Applicable
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

	Procedures in Controller's Audit Guide	Procedures Performed
Community day schools	8	Not Applicable
Class size reduction program:		
Option one classes	11	Not Applicable
Option two classes	10	Not Applicable
Both options one and two classes	16	Yes
Reduce class size in two courses in grade 9	8	Not Applicable
State instructional materials fund (K-8)	8	Yes
Schiff-Bustamante standards-based instructional materials	3	Yes
Digital High School Education Technology Grant Program	5	Not Applicable
California Public School Library Act of 1998	4	Yes
Computer Usage	2	Yes
Office of Criminal Justice Planning	-	Not Applicable

We did not perform testing for Independent Study because the attendance was below the state recommended testing level.

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. 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.

Lawrence R. Urine, Day & Co., LLP

Fresno, California
November 8, 2001

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2001**

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>None reported</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>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I</u>
<u>10.553, 10.555</u>	<u>Department of Agriculture Cluster</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

STATE AWARDS

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

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

There were no findings representing reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that would be required to be reported in accordance with generally accepted government audit standards within this report.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001**

There were no findings representing reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that would be required to be reported by OMB Circular A-133.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001**

There were no findings representing instances of noncompliance relating to state program laws and regulations that were required to be reported within this report.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

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

INTERNAL ACCOUNTING CONTROLS

DISTRICT CLEARING ACCOUNT AND REVOLVING CASH

2000-1 Finding (30000)

In reviewing the clearing account internal control system we noted the following:

- Checks were issued from the clearing account to an entity other than the county treasurer's office. The condition arose when refunds were due, at the end of the fiscal year, to students who had paid for lunches but did not use all of the prepaid lunches. Instances were also noted where checks were issued to students for returned lost book fines and to publishers such as Scholastic. The District's policy is to leave the revolving account cash balance at \$5,000, which is where the checks should have been issued out of, so the checks were issued out of the clearing account to expedite the refunds. It is common practice for school Districts' revolving accounts to not have exactly \$5,000 in them at the end of the fiscal year. The amount involved (at most \$5,000) is immaterial to the financial statements and any checks unreimbursed at June 30 would just be recorded in the next fiscal year when the reimbursement is received and the expenditures are recorded.
- We noted that when the funds are transmitted to the District Office from book fairs, there is no reconciliation of the funds that were received to any receipts written or a summary of items sold that would indicate the amount to be deposited. We also noted that in many cases the person bringing in the funds has no idea what the deposit amount should be.

Recommendation

The District should use their Revolving Accounts to facilitate these payments in the future even if the check will cause the account to be less than \$5,000 at June 30. Again, the shortage is immaterial to the financial statements and will be reported in the next fiscal year.

Current Status

Implemented.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

The purpose of the clearing account is to take the funds that the District has received and deposit them into the bank intact. These funds will then be transmitted to the county treasurer once the funds have cleared the bank. Checks written from the clearing account should only be written to the order of the District/county treasurer.

The District should adopt procedures for the collection and subsequent transmittal of funds from the book fairs to the District Office that will summarize:

- The amounts sold, both in quantity and amount, or a summary of receipts issued.
- The funds that should have been collected.

The transmittal should also include a cash count sheet that will show what actually was collected and forwarded to the District Office with the other documentation and actual funds received for ease of verification of funds transmitted to the District Office.

The District may want to consider running the book fair collections and vendor payment through the student body account. Per our sample review, the controls of the student body accounts appear sufficient to safeguard this money. In addition, the money would not have to be transported to two locations (District Office then to bank); it could go straight to the student body bank.

2000-2 Finding (30000)

We found that funds received at the District office are sometimes deposited immediately to the county treasurer while others, of small amounts, are deposited to the clearing account and subsequently clear the funds to the Treasurers office. The Districts system currently involves receipting or logging in all funds received in the District office but does not involve reconciling the receipts and log entries to the deposit to be made.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2001**

Recommendation

Current Status

A reconciliation from the record of initial receipt to the related deposit is a key control in all cash control systems. The reconciliation totals recorded receipts/log entries since the last deposited entry and ensures that all funds on hand and ready for deposit are accounted for. If a check is lost or cash is stolen the District would not know as the record of initial receipt is not used or reconciled to. It is common practice, when using a clearing account, to deposit all funds received at the District office into the clearing account. The record of initial receipt (receipts/log) should be footed since the last deposited entry to determine the amount of funds that should be included in the deposit. In this procedure, the clearing account may need to be cleared to the County weekly or bi-monthly rather than monthly as it is now.

Implemented.

The Districts current practice of depositing large receipts to the County immediately can still be followed as long as the County Transmittal Number and deposit date is noted on the initial receipt log maintained by the office receptionist.

CASH RECEIPTS – PRESCHOOL PROGRAMS

2000-3 Finding (30000)

In documenting the cash receipts system used by the Child Development/Preschool Department we noted the following procedures that limit the internal controls over revenues:

- Site Level – Teachers who usually initially collect fee's from parents and turn them into the District office do not issue receipts to the parents. There are a few problems with this practice, the first is that the teacher is not protected should a parent accuse the teacher of not turning the money in and therefore, a balance due being assessed against the parent. The second is that there is not record of initial receipt to ensure that someone in the classroom did not steal any money. The teachers should use the receipt book to tally the collections since they last forwarded the money to the District Office and agree this to the actual money/checks being deposited. A carbon of the receipts should accompany the deposit even if funds are lost so that the parents can be contacted to cancel a check, if necessary, and issue a new one.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

- Site Level – A large problem with the current fee collection system is the amount of non-sufficient funds checks. A large cause of this problem is the large amount of time between when a check is written and given to the teacher and when it is actually deposited into the Districts account. We noted one instance that spanned several months. Since receipts are not issued either in the classroom or in the Child Development/Preschool office, we could not determine when the lag time occurred.
- Department Level – Summaries of collections are prepared by the department and forwarded to the business office to ensure that the deposits made by the department have all been recorded on the general ledger properly. There are no other reports generated and forwarded to the business office to prove that all collections by the department were actually deposited. Parent invoices are maintained on Excel (spreadsheet program) making it possible for invoices and contract to exist with the business office not knowing. A revenue potential is also not prepared based on site enrollment/participation reports which should let the business office determine an estimate of how much in fee's should have been collected and deposited.

Recommendation

The controls over revenue relating to the Child Development/Preschool programs must be strengthened as outlined above in order to protect all district employees and ensure that the revenue that should be generated by fee payments is being collected and deposited. The basic controls that should be put into place as soon as possible include:

- Any employee that collects more than a minimal amounts of funds should always issue a receipt. The issuance documents the initial change of custody and also gives the individual a record to balance the deposit to. The receipting procedure should be implemented at the site, whereby the teachers issue receipts, balance to them, and forward a copy to the department. The department should issue a receipt to the teacher upon change of custody which should obviously agree to the cash/checks and the total of all the carbons. The business office should obtain all of the following when they reconcile the fund:
- Deposit summary/log maintained by deposit.

Current Status

Implemented.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2001**

- Receipt carbon from department to teachers relating to departmental deposit. These should all sum to the deposit total. Numeric sequence of department receipts should be verified.
- Teacher source receipts submitted with their deposit to the department. These should agree to the receipt issued to the teacher by the department.
- Many districts who have similar programs use a program like Quicken or Quickbooks to track the revenues and activity. We suggest that the District look into this option.

PERSONNEL – I-9 FORMS

2000-4 Finding (30000)

We noted the I-9 Forms for each new employee are not consistently being completed and signed by the District employee who certifies the information is correct and valid. The District assumed that photocopies of the required documentation was sufficient. However, the information is required to be on the certified form.

Recommendation

The District employees who certify the information on the I-9 should sign the Form as required by the Federal immigration laws.

Current Status

Implemented.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

ATTENDANCE

HOURLY PROGRAMS

2000-5 Finding (10000)

During our review of the current system for accounting for the student hours generated from the District's hourly programs (intercession, tutorials, push-in, summer school, etc.), we noted the following:

- The District's current system, which is still being revised and fully implemented, should be finalized and documented for submission to the California Department of Education's approval of the attendance accounting system. All attendance systems must be approved by the CDE within a reasonable time frame of the systems implementation.
- The "S.U.S.D. Attendance Report," which was recently developed and not consistently used by all District personnel involved with the hourly programs, meets the CDE requirement of accounting for each hour of attendance as long as the teachers note the length of student contact time in the applicable days box. We found, while reviewing a sample of forms, that inconsistent symbols to reflect length of time were used and that some teachers only noted the student as being present but did not note the length of student contact. We also noted many teachers that were not using the form at all, which is probably due to the fact that the form was not complete at the time. However, in our sample, we feel the hours credited from the teachers' register/attendance report were reliable. We feel there are a few revisions to the form that the District should consider to simplify the system:
 - The hourly increments are suggested to be accounted for using fractional representation that we feel may be better and more efficiently reflected using decimals. This would make summing the student hours easier as we noted numerous errors that the District office had to correct. The District office, by re-footing the attendance reports, caught and corrected the mathematical errors made by the teachers.

SALIDA UNION ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

- The "For District Office Use Only" section appears to try and capture student contact hours for attendance reporting purposes, as well as teacher work hours, to support pay. There is no notation reflecting this, which may have caused one attendance record to report the teachers' work hours as student hours. The actual student hours were 24 while only the 7 teacher work hours were claimed for attendance credit. The District office discovered the error and penned in the corrected hours, however, the District spreadsheet was never actually revised and the 7 hours were claimed on the attendance reports. At \$2.53 an hour, this error only meant a \$43.01 loss of revenue (24-7=17 hours x \$2.53) and we do not feel a revision to the attendance reports is necessary, but the possibility of this type of error occurring again is possible. In our expanded samples of tracing total hours from the attendance reports to the District's spreadsheet used to accumulate these hours for reporting purposes, we found no other discrepancies.
- We feel that the District's system is reliable during the current year for the hours reported on the attendance reports. The suggested form revisions would simplify the processes and reduce the errors that the District office needs to correct.

Recommendation

The District should consider the recommended revisions to the attendance form and communicate the requirement of its use for all hourly programs. In finalizing the form, the District should narrate the current attendance accounting system and submit examples of all forms and spreadsheets used to accumulate the data to the CDE for approval of its hourly programs attendance accounting system.

Current Status

Implemented.

