

HANFORD ELEMENTARY SCHOOL DISTRICT

COUNTY OF KINGS  
HANFORD, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2002

TOGETHER WITH AUDITOR'S REPORT

HANFORD ELEMENTARY SCHOOL DISTRICT

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**DIANE M. AUGUSTO**

Certified Public Accountant

560 W. Grangeville Blvd., Suite A • Post Office Box 1153  
Hanford, California 93232

Telephone  
(559) 585-3590

Fax  
(559) 585-3594

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Trustees  
Hanford Elementary School District  
Hanford, California:

We have audited the accompanying general purpose financial statements of the HANFORD ELEMENTARY SCHOOL DISTRICT as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Hanford Elementary School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraphs, 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. 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 the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 of notes to financial statements, the District has not maintained a complete record of its general fixed assets, and accordingly, the general purpose financial statements do not include the general fixed assets account group, which should be included to conform with generally accepted accounting principles. The amount that should be recorded in the General Fixed Assets Account Group is not known.

Lack of certain internal control procedures and supporting records limited our scope to expressing an opinion on the recorded transactions of the Student Body Funds (See Note 10). ← See Pg. 18

The Hanford Elementary School District maintained a self-insured health insurance program. Our examination was limited in that we did not examine the claims paid by the program administrator. Therefore, we do not express an opinion on the accompanying financial statements pertaining to the Self-Insurance Fund.

In our opinion, except for the effects on the general purpose financial statements of the omission of the General Fixed Assets Account Group, and except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to audit the activity of the Student Body Fund and had we audited the claims paid by the Self-Insurance Fund, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hanford Elementary School District as of June 30, 2002, and the results of its operations

and the cash flows of its proprietary fund type 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 December 6, 2002 on our consideration of the Hanford Elementary School 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.

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

*Diane M. Augusto*  
December 6, 2002.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINED BALANCE SHEET -  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 AS OF JUNE 30, 2002

	GOVERNMENTAL		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
<u>ASSETS</u>			
Cash in County Treasury (Note 2)	\$ 3,931,755	\$ 182,281	\$ 371,139
Cash on Hand and in Banks (Note 2)	-	255	-
Cash in Revolving Fund (Note 2)	5,050	905	-
Cash with Fiscal Agent (Note 2)	2,803,797	-	-
Accounts Receivable-			
Federal Government (Note 4)	323,018	392,056	-
State Government (Note 4)	850,238	167,614	-
Interest	120,437	182	-
Other (Note 4)	118,270	121,923	-
Due from Other Funds (Note 5)	-	-	-
Prepaid Expenditures	25,824	-	-
Stores Inventory	50,511	26,390	-
Amount Available in Debt Service Fund	-	-	-
Amount to be Provided for Payment of General Long-Term Debt	-	-	-
	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 8,228,900</b>	<b>\$ 891,606</b>	<b>\$ 371,139</b>
<u>LIABILITIES AND FUND EQUITY</u>			
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Payroll	\$ 2,918,243	\$ 29,400	\$ -
Deferred Revenue	363,878	-	-
Due to Other Funds (Note 5)	-	-	-
Due to Student Groups	-	-	-
Medical and Dental Claims Payable	-	-	-
Compensated Absences	149,972	-	-
Notes Payable - TRANS (Note 6)	2,780,000	-	-
Interest Payable	111,200	-	-
Capital Leases (Note 8)	-	-	-
General Obligation Bonds Payable (Note 7)	-	-	-
	6,323,293	29,400	-
<b>Total Liabilities</b>	<b>6,323,293</b>	<b>29,400</b>	<b>-</b>
<b>FUND EQUITY (Note 1):</b>			
Reserved for Revolving Fund	5,050	905	-
Reserved for Stores Inventory	50,511	26,390	-
Reserved for Prepaid Expenditures	25,824	-	-
Reserved for Debt Service	-	-	371,139
Unreserved -			
Designated for Economic Uncertainties	1,080,625	-	-
Designated for Equipment Replacement	-	157,000	-
Undesignated	743,597	677,911	-
Retained Earnings	-	-	-
<b>Total Fund Equity</b>	<b>1,905,607</b>	<b>862,206</b>	<b>371,139</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 8,228,900</b>	<b>\$ 891,606</b>	<b>\$ 371,139</b>

The notes to the financial statements

<u>FUND TYPES</u>	<u>PROPRIETARY FUND TYPES</u>	<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUPS</u>	
<u>CAPITAL PROJECTS</u>	<u>INTERNAL SERVICE</u>	<u>TRUST AND AGENCY</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ 1,488,356	\$ 123,451	\$ -	\$ -	\$ 6,096,982
-	-	5,706	-	5,961
-	-	-	-	5,955
-	7,000	-	-	2,810,797
-	-	-	-	715,074
71,041	-	-	-	1,088,893
-	-	-	-	120,619
84,799	1,404	-	-	326,396
142,079	-	-	-	142,079
-	-	-	-	25,824
-	-	-	-	76,901
-	-	-	371,139	371,139
-	-	-	13,530,007	13,530,007
<u>\$ 1,786,275</u>	<u>\$ 131,855</u>	<u>\$ 5,706</u>	<u>\$ 13,901,146</u>	<u>\$ 25,316,627</u>
\$ 187,572	\$ 4,328	\$ -	\$ -	\$ 3,139,543
-	-	-	-	363,878
142,079	-	-	-	142,079
-	-	5,706	-	5,706
-	89,386	-	-	89,386
-	-	-	71,578	221,550
-	-	-	-	2,780,000
-	-	-	-	111,200
-	-	-	214,317	214,317
-	-	-	13,615,251	13,615,251
<u>329,651</u>	<u>93,714</u>	<u>5,706</u>	<u>13,901,146</u>	<u>20,682,910</u>
-	-	-	-	5,955
-	-	-	-	76,901
-	-	-	-	25,824
-	-	-	-	371,139
-	-	-	-	1,080,625
-	-	-	-	157,000
1,456,624	-	-	-	2,878,132
-	38,141	-	-	38,141
<u>1,456,624</u>	<u>38,141</u>	<u>-</u>	<u>-</u>	<u>4,633,717</u>
<u>\$ 1,786,275</u>	<u>\$ 131,855</u>	<u>\$ 5,706</u>	<u>\$ 13,901,146</u>	<u>\$ 25,316,627</u>

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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	<u>GENERAL</u>
<b>REVENUE:</b>	
Revenue Limit Sources-	
State Apportionments	\$ 18,054,841
Local Sources	<u>4,353,972</u>
Total Revenue Limit Sources	22,408,813
Federal Revenue	3,278,456
Other State Revenue	9,625,233
Other Local Revenue	<u>463,475</u>
Total Revenue	<u>35,775,977</u>
<b>EXPENDITURES:</b>	
Certificated Salaries	16,625,959
Classified Salaries	6,408,161
Employee Benefits	6,873,386
Books and Supplies	2,990,612
Services and Other Operating Expenditures	2,507,009
Capital Outlay	62,854
Other Outgo	48,587
Debt Service -	
Principal Retirement	23,149
Interest	<u>6,962</u>
Total Expenditures	<u>35,546,679</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>229,298</u>
<b>OTHER FINANCING SOURCES (USES):</b>	
Operating Transfers In (Note 5)	-
Operating Transfers Out (Note 5)	<u>(170,000)</u>
Total Other Financing Sources (Uses)	<u>(170,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	59,298
FUND BALANCES - JULY 1, 2001	<u>1,846,309</u>
FUND BALANCES - JUNE 30, 2002	<u>\$ 1,905,607</u>

The notes to the financial statements



<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ -	\$ -	\$ -	\$ 18,054,841
-	-	-	4,353,972
-	-	-	22,408,813
1,405,251	-	-	4,683,707
444,734	32,238	71,041	10,173,246
<u>330,655</u>	<u>927,586</u>	<u>571,412</u>	<u>2,293,128</u>
<u>2,180,640</u>	<u>959,824</u>	<u>642,453</u>	<u>39,558,894</u>
4,703	-	-	16,630,662
797,550	-	-	7,205,711
147,161	-	-	7,020,547
921,718	-	378,588	4,290,918
247,232	-	367,708	3,121,949
(26)	-	2,548,918	2,611,746
89,695	-	-	138,282
-	290,809	102,832	416,790
-	<u>658,146</u>	<u>11,709</u>	<u>676,817</u>
<u>2,208,033</u>	<u>948,955</u>	<u>3,409,755</u>	<u>42,113,422</u>
<u>(27,393)</u>	<u>10,869</u>	<u>(2,767,302)</u>	<u>(2,554,528)</u>
170,000	-	1,430,794	1,600,794
-	-	<u>(1,430,794)</u>	<u>(1,600,794)</u>
<u>170,000</u>	-	-	-
142,607	10,869	(2,767,302)	(2,554,528)
<u>719,599</u>	<u>360,270</u>	<u>4,223,926</u>	<u>7,150,104</u>
<u>\$ 862,206</u>	<u>\$ 371,139</u>	<u>\$ 1,456,624</u>	<u>\$ 4,595,576</u>

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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	FINAL BUDGET
REVENUE:	
Revenue Limit Sources-	
State Apportionments	\$ 18,277,281
Local Sources	4,113,558
Total Revenue Limit Sources	22,390,839
Federal Revenue	3,569,121
Other State Revenue	9,084,940
Other Local Revenue	274,398
Total Revenue	35,319,298
EXPENDITURES:	
Certificated Salaries	16,627,208
Classified Salaries	6,418,173
Employee Benefits	6,150,211
Books and Supplies	3,616,403
Services and Other Operating Expenditures	2,659,887
Capital Outlay	115,318
Other Outgo	74,796
Debt Service -	
Principal Retirement	23,149
Interest	6,962
Total Expenditures	35,692,107
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(372,809)
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	-
Operating Transfers Out	(170,000)
Total Other Financing Sources (Uses)	(170,000)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(542,809)
FUND BALANCES - JULY 1, 2001	1,846,309
FUND BALANCES - JUNE 30, 2002	\$ 1,303,500

<u>GENERAL FUND</u>		<u>SPECIAL REVENUE FUNDS</u>		
<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
\$ 18,054,841	\$ (222,440)	\$ -	\$ -	\$ -
<u>4,353,972</u>	<u>240,414</u>	<u>-</u>	<u>-</u>	<u>-</u>
22,408,813	17,974	-	-	-
3,278,456	(290,665)	1,404,415	1,405,251	836
9,625,233	540,293	468,993	444,734	(24,259)
<u>463,475</u>	<u>189,077</u>	<u>451,168</u>	<u>330,655</u>	<u>(120,513)</u>
<u>35,775,977</u>	<u>456,679</u>	<u>2,324,576</u>	<u>2,180,640</u>	<u>(143,936)</u>
16,625,959	1,249	4,722	4,703	19
6,408,161	10,012	800,505	797,550	2,955
6,873,386	(723,175)	165,009	147,161	17,848
2,990,612	625,791	931,855	921,718	10,137
2,507,009	152,878	296,754	247,232	49,522
62,854	52,464	-	(26)	26
48,587	26,209	89,840	89,695	145
23,149	-	-	-	-
<u>6,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>35,546,679</u>	<u>145,428</u>	<u>2,288,685</u>	<u>2,208,033</u>	<u>80,652</u>
<u>229,298</u>	<u>602,107</u>	<u>35,891</u>	<u>(27,393)</u>	<u>(63,284)</u>
-	-	170,000	170,000	-
<u>(170,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(170,000)</u>	<u>-</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
59,298	602,107	205,891	142,607	(63,284)
<u>1,846,309</u>	<u>-</u>	<u>719,599</u>	<u>719,599</u>	<u>-</u>
<u>\$ 1,905,607</u>	<u>\$ 602,107</u>	<u>\$ 925,490</u>	<u>\$ 862,206</u>	<u>\$ (63,284)</u>

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	DEBT SERVICE FUNDS		
	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUE:			
Revenue Limit Sources-			
State Apportionments	\$ -	\$ -	\$ -
Local Sources	-	-	-
Total Revenue Limit Sources	-	-	-
Federal Revenue	-	-	-
Other State Revenue	-	32,238	32,238
Other Local Revenue	-	927,586	927,586
Total Revenue	-	959,824	959,824
EXPENDITURES:			
Certificated Salaries	-	-	-
Classified Salaries	-	-	-
Employee Benefits	-	-	-
Books and Supplies	-	-	-
Services and Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Other Outgo	-	-	-
Debt Service -			
Principal Retirement	-	290,809	(290,809)
Interest	-	658,146	(658,146)
Total Expenditures	-	948,955	(948,955)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	10,869	10,869
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	10,869	10,869
FUND BALANCES - JULY 1, 2001	360,270	360,270	-
FUND BALANCES - JUNE 30, 2002	\$ 360,270	\$ 371,139	\$ 10,869

The notes to the financial statements

CAPITAL PROJECTS FUNDS			TOTALS (MEMORANDUM ONLY)		
FINAL BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 18,277,281	\$ 18,054,841	\$ (222,440)
-	-	-	4,113,558	4,353,972	240,414
-	-	-	22,390,839	22,408,813	17,974
-	-	-	4,973,536	4,683,707	(289,829)
71,041	71,041	-	9,624,974	10,173,246	548,272
535,390	571,412	36,022	1,260,956	2,293,128	1,032,172
606,431	642,453	36,022	38,250,305	39,558,894	1,308,589
-	-	-	16,631,930	16,630,662	1,268
-	-	-	7,218,678	7,205,711	12,967
-	-	-	6,315,220	7,020,547	(705,327)
388,850	378,588	10,262	4,937,108	4,290,918	646,190
631,399	367,708	263,691	3,588,040	3,121,949	466,091
3,461,261	2,548,918	912,343	3,576,579	2,611,746	964,833
-	-	-	164,636	138,282	26,354
102,832	102,832	-	125,981	416,790	(290,809)
-	11,709	(11,709)	6,962	676,817	(669,855)
4,584,342	3,409,755	1,174,587	42,565,134	42,113,422	451,712
(3,977,911)	(2,767,302)	1,210,609	(4,314,829)	(2,554,528)	1,760,301
1,168,850	1,430,794	261,944	1,338,850	1,600,794	261,944
(969,850)	(1,430,794)	(460,944)	(1,139,850)	(1,600,794)	(460,944)
199,000	-	(199,000)	199,000	-	(199,000)
(3,778,911)	(2,767,302)	1,011,609	(4,115,829)	(2,554,528)	1,561,301
4,223,926	4,223,926	-	7,150,104	7,150,104	-
\$ 445,015	\$ 1,456,624	\$ 1,011,609	\$ 3,034,275	\$ 4,595,576	\$ 1,561,301

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS -  
 PROPRIETARY FUND TYPE - SELF-INSURANCE EMPLOYEE BENEFITS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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	<u>SELF- INSURANCE EMPLOYEE BENEFITS FUND</u>
OPERATING REVENUE:	
Self-Insurance Premiums	\$ <u>301,675</u>
OPERATING EXPENSES:	
Administration Fees	20,551
Payment for Dental Insurance Claims	<u>325,274</u>
Total Operating Expenses	<u>345,825</u>
OPERATING LOSS	(44,150)
NON-OPERATING REVENUE:	
Interest Income	<u>3,916</u>
NET LOSS	(40,234)
RETAINED EARNINGS - JULY 1, 2001	<u>78,375</u>
RETAINED EARNINGS - JUNE 30, 2002	<u>\$ 38,141</u>

The notes to the financial statements are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - SELF-INSURANCE EMPLOYEE BENEFITS FUND  
INCREASE (DECREASE) IN CASH  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>SELF-INSURANCE EMPLOYEE BENEFITS FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received From Premiums	\$ 300,271
Cash Paid for Claims and Other Operating Expenses	<u>(335,283)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(35,012)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest Income	<u>3,916</u>
<b>DECREASE IN CASH</b>	<b>(31,096)</b>
<b>CASH - JULY 1, 2001</b>	<u>161,547</u>
<b>CASH - JUNE 30, 2002</b>	<u><u>\$ 130,451</u></u>
 <b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</u></b> 	
<b>OPERATING LOSS</b>	<b>\$ (44,150)</b>
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Increase in Accounts Receivable	(1,404)
Increase in Accounts Payable	<u>10,542</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u><u>\$ (35,012)</u></u>

The notes to the financial statements are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-

- a. Reporting Entity - The Hanford Elementary School District (the District) does not have any financial or operational relationship with other related activities, organizations or functions of government which should be included in the financial reporting of the District as required by GASB Statement No. 14, The Financial Reporting Entity.
- b. Accounting Policies - The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The accompanying statements include all funds and account groups of the District. The District has not maintained a complete record of its fixed assets; therefore, a statement of general fixed assets is not included in the accompanying financial statements.
- c. Fund Accounting - The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into three broad categories, which in aggregate include six fund types and one account group as follows:

Governmental Fund Types-

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 the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following special revenue funds:

1. Child Development Fund is used to account for resources committed to child development programs maintained by the District.
2. Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.
3. Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias.

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. The District maintains two debt service funds: the 1993 General Obligation Bond Fund and the 1998 General Obligation Bond Fund which are used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.



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

1. Special Reserve Fund - Capital Facilities is used for capital building costs.
2. Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.
3. Special Reserve Fund-Instructional Materials Project is used to account for costs of the District's instructional materials project.
4. Special Reserve Fund-Buses is used for transportation capital outlay.
5. School Facilities Fund is used to account for state apportionments provided for construction of new school facilities (Education Code Sections 17070-17080).
6. Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
7. Prison Impact Aid Fund is used to account for revenue received as funding for mitigation of impacts on school facilities associated with prison expansions.

#### Proprietary Funds-

Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the District. The District maintains one internal service fund, the Self-Insurance Employee Benefits Fund, which is used to provide dental benefits to its employees.

#### Fiduciary Funds-

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains agency funds for two schools' student body.

#### Account Group-

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

General Long-Term Debt Account Group accounts for long-term liabilities expected to be financed from governmental funds.

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

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current 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.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The district applies all applicable Financial Accounting Standards Board (FASB) pronouncements in accounting and reporting for its proprietary operations.

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

- e. Budgets and Budgetary Accounting - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

- f. Encumbrances - Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

- g. Assets, Liabilities, and Equity-

Deposits and Investments - Cash balances held in banks and in revolving funds are insured to \$100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kings County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Kings County Treasury was not available.

Stores Inventories and Prepaid Expenditures - Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventory of the Cafeteria Fund is valued at average cost and consists of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

Deferred Revenue - Cash received for Federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

Compensated Absences - Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year-end. The noncurrent portion of the liabilities is recognized in the general long-term debt account group.

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

Long-Term Obligations - The District reports long-term debt of governmental funds at face value in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Fund Balance Reserves and Designations - Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The Reserve for Revolving Fund and Reserve for Stores Inventory reflect the portions of fund balance represented by revolving fund cash and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

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

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

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

2. CASH AND INVESTMENTS -

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kings County Treasury as part of the common investment pool (\$6,657,657 as of June 30, 2002). The fair market value of this pool as of that date, as provided by the pool sponsor, was \$6,668,110. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Cash on Hand, in Banks, in Revolving Fund and Cash with Fiscal Agent

Cash balances on hand and in banks (\$21,742 as of June 30, 2002) and in the revolving fund (\$2,617) are insured up to \$100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized. Cash with fiscal agent was \$2,810,797 at year end.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS-

As of June 30, 2002, expenditures exceeded appropriations in individual funds as follows:

<u>APPROPRIATIONS CATEGORY</u>	<u>EXCESS EXPENDITURES</u>
General Fund:	
Employee Benefits	\$ 723,175
Debt Service Funds:	
1993 General Obligation Bonds-	
Principal Retirement	\$ 230,809
Interest	\$ 305,581
1998 General Obligation Bonds-	
Principal Retirement	\$ 60,000
Interest	\$ 352,565
Capital Projects Funds:	
Special Reserve - Capital Facilities-	
Debt Service - Interest	\$ 11,709

General Fund - The District did not budget for PERS and STRS on-behalf payments made by the State of California.

Debt Service Fund - The District did not establish a budget for the Debt Service Funds.

Special Reserve-Capital Facilities Fund - The District budgeted for this debt service payment in another fund.

4. ACCOUNTS RECEIVABLES-

Accounts receivables as of June 30, 2002, consist of the following:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>INTERNAL SERVICE FUND</u>	<u>TOTALS</u>
Federal Government:					
National School Lunch	\$ -	\$ 303,910	\$ -	\$ -	\$ 303,910
School Breakfast Program	-	88,146	-	-	88,146
Migrant Education	33,834	-	-	-	33,834
IASA - Title VII	50,205	-	-	-	50,205
Technology Literacy	27,400	-	-	-	27,400
After School Learning Center	125,811	-	-	-	125,811
Class Size Reduction-Title VI	40,178	-	-	-	40,178
Bilingual Education-Title III	<u>45,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,590</u>
Total Federal Government	<u>\$ 323,018</u>	<u>\$ 392,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,074</u>
State Government:					
Child Nutrition Program	\$ -	\$ 27,151	\$ -	\$ -	\$ 27,151
Lottery	381,765	-	-	-	381,765
Deferred Maintenance	-	140,463	-	-	140,463
Staff Development	68,890	-	-	-	68,890
Class Size Reduction	201,865	-	-	-	201,865
Governor's Reading Award	30,000	-	-	-	30,000
Healthy Start	5,993	-	-	-	5,993
Math Teacher Inst. Grant	2,410	-	-	-	2,410
State School Facilities	-	-	71,041	-	71,041
Tabacco Use Prevention	6,904	-	-	-	6,904
Immediate Intervention/ Underperforming Schools	90,268	-	-	-	90,268
Star Program	10,759	-	-	-	10,759
Energy Grant	<u>51,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,384</u>
Total State Government	<u>\$ 850,238</u>	<u>\$ 167,614</u>	<u>\$ 71,041</u>	<u>\$ -</u>	<u>\$ 1,088,893</u>
Other:					
Facilities Use	\$ 24,102	\$ -	\$ -	\$ -	\$ 24,102
SELPA	10,468	-	-	-	10,468
Developer Fees	-	-	84,799	-	84,799
Food Service Sales	-	121,923	-	-	121,923
Miscellaneous	<u>83,700</u>	<u>-</u>	<u>-</u>	<u>1,404</u>	<u>85,104</u>
Total Other	<u>\$ 118,270</u>	<u>\$ 121,923</u>	<u>\$ 84,799</u>	<u>\$ 1,404</u>	<u>\$ 326,396</u>

5. INTERFUND TRANSACTIONS-

Due From/Due To Other Funds - Individual fund interfund receivable and payable balances as of June 30, 2002 are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
Special Reserve-Capital Facilities Fund	\$ 142,079	\$ -
Building Fund	-	113,199
Capital Facilities Fund	-	28,880
Totals	<u>\$ 142,079</u>	<u>\$ 142,079</u>

Interfund Transfers - Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2001-2002 fiscal year are as follows:

<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>AMOUNT</u>
Building Fund	School Facilities	\$ 490,832
Deferred Maintenance Fund	General Fund	170,000
Capital Facilities	School Facilities	277,692
School Facilities	Building Fund	100,324
School Facilities	Special Reserve-Capital Facilities	561,946
Total		<u>\$1,600,794</u>

6. NOTES PAYABLE - TRANS

On July 3, 2001, the District issued \$2,780,000 of 2001-2002 Tax and Revenue Anticipation Notes at a premium of \$33,777. The Notes were sold by the District to supplement its cash flow. The Notes bear interest at 2.65 percent and were repaid by the District on July 3, 2002.

7. GENERAL OBLIGATION BONDS PAYABLE -

1993 General Obligation Bonds:

On July 1, 1993, the District issued \$7,500,000 of general obligation bonds in the aggregate. The proceeds from the sale of these bonds were used to finance the acquisition and construction of a new junior high school and for the making of safety improvements to existing school facilities. The bond interest rates range from 5.15% to 5.80%.

The annual requirements to amortize the general obligation bonds payable outstanding at June 30, 2002 are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL PAYMENTS</u>
2003	\$ 252,669	\$ 305,401	\$ 558,070
2004	279,603	309,107	588,710
2005	315,731	312,179	627,910
2006	340,800	315,150	655,950
2007	394,889	317,811	712,700
Thereafter	<u>4,791,559</u>	<u>3,689,841</u>	<u>8,481,400</u>
Totals	<u>\$ 6,375,251</u>	<u>\$ 5,249,489</u>	<u>\$ 11,624,740</u>

The Current Interest Bonds amount to \$5,240,000 and are subject to optional redemption prior to their stated maturity beginning July 1, 2004. The Capital Appreciation Bonds in the amount of \$1,750,000 are not subject to redemption prior to their respective maturity dates.

1998 General Obligation Bonds:

On September 1, 1998, the District issued \$7,350,000 of general obligation bonds in the aggregate. The proceeds from the sale of these bonds are to be used for the acquisition and construction of a new elementary school, the upgrade of classrooms for computer technology to insure internet access, and for safety improvements to existing school facilities. The bond interest rates range from 4.40% to 5.00%.

The annual requirements to amortize the general bonds payable outstanding at June 30, 2002 are as follows:

<u>YEAR ENDED</u> <u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>PAYMENTS</u>
2003	\$ 75,000	\$ 349,190	\$ 424,190
2004	100,000	344,815	444,815
2005	125,000	339,190	464,190
2006	150,000	332,315	482,315
2007	175,000	324,190	499,190
Thereafter	<u>6,615,000</u>	<u>3,205,272</u>	<u>9,820,272</u>
Totals	<u>\$ 7,240,000</u>	<u>\$ 4,894,972</u>	<u>\$ 12,134,972</u>

The 1998 General obligation Bonds mature through 2023.

The bonds are general obligations of the District, and the Board of Supervisors of the County of Kings has the power and is obligated to levy and collect ad valorem taxes for payment of both principal and interest upon all property located within the Hanford Elementary School District subject to taxation by the District.

<u>DESCRIPTION</u>	<u>INTEREST</u> <u>RATE</u>	<u>AMOUNT OF</u> <u>ORIGINAL</u> <u>ISSUE</u>	<u>BALANCE</u> <u>OUTSTANDING</u> <u>JULY 1, 2001</u>	<u>REDEEMED</u> <u>CURRENT</u> <u>YEA R</u>	<u>BALANCE</u> <u>OUTSTANDING</u> <u>JUNE 30, 2002</u>
1993 G.O Bonds	5.15% to 5.8%	\$ 7,500,000	\$ 6,606,060	\$ 230,809	\$ 6,375,251
1998 G.O. Bonds	4.40% to 5.0%	\$ 7,350,000	<u>7,300,000</u>	<u>60,000</u>	<u>7,240,000</u>
Total Bonds Payable			<u>\$ 13,906,060</u>	<u>\$ 290,809</u>	<u>\$ 13,615,251</u>

8. LEASES-

a. Capital Leases-

The District leases portable classrooms and buses valued at \$858,937 under agreements which provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

<u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>LEASE PAYMENT</u>
2003	\$ 144,652
2004	30,111
2005	30,111
2006	<u>30,112</u>
Total	234,986
Less-Amount Representing Interest	<u>(20,669)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 214,317</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for the portable classrooms and other equipment.

b. Operating Leases-

The District has three operating leases for portable classrooms with lease terms in excess of one year. These agreements do not contain purchase options and contain a termination clause providing for cancellation after a specified number of days written notice to lessors but it is unlikely the District will cancel the agreements prior to the expiration dates.

<u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>LEASE PAYMENT</u>
2003	\$ 168,780
2004	150,780
2005	41,880
2006	41,880
2007	<u>41,880</u>
Total	<u>\$ 445,200</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for these portables.

9. GENERAL LONG-TERM DEBT-

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

	<u>BALANCE</u> <u>JULY 1, 2001</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2002</u>
Compensated Absences	\$ 51,146	\$ 20,432	\$ -	\$ 71,578
Capital Leases	340,297	-	(125,980)	214,317
Bonds payable	<u>13,906,060</u>	<u>-</u>	<u>(290,809)</u>	<u>13,615,251</u>
Totals	<u>\$ 14,297,503</u>	<u>\$ 20,432</u>	<u>\$ (416,789)</u>	<u>\$ 13,901,146</u>



10. STUDENT BODY FUNDS-

The Student Body Fund often engages in activities which involve cash transactions. These transactions are not subject to adequate internal accounting control prior to deposits being recorded in the bank accounts. It has been determined on a cost benefit basis that providing increased internal control in this area does not justify the additional costs that would be necessary to control receipts prior to the point of deposit.

11. JOINT VENTURES (JOINT POWERS AGREEMENTS)-

The District participates in the following joint ventures under joint powers agreements (JPA):

- a. Self-Insured Schools of California - whose members have pooled funds to be self-insured for liability and property coverage and
- b. Kings County Self-Insured Schools - whose members have pooled funds to be self-insured for workers' compensation.

The relationships between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs are each individually governed by a Board of Directors which controls their operations, including selection of management and approval of operating budgets, independent of any influence by the member districts. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

12. 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, it is believed that any required reimbursement will not be material.

Litigation - There is a legal action currently pending against the District. The District is appealing the verdict against it which awarded the plaintiff \$2,225,000. The District's liability insurance carrier is handling the action.

13. SUBSEQUENT EVENT-

The District issued \$3,880,000 of 2002-2003 Tax and Revenue Anticipation Notes, the (Notes) on July 3, 2002 at a premium of \$46,870. The Notes mature on July 3, 2003 with an estimated yield of 2.825 percent. The Notes were sold by the District to supplement its cash flow.

14. EMPLOYEE RETIREMENT SYSTEMS-

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

## Plan Description and Provisions

### State Teachers' Retirement System (STRS)

#### Plan Description

The Hanford Elementary School District contributes to the 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, disability, 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 the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

#### Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2001-2002 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Hanford Elementary School District's contributions to STRS for the fiscal year ending June 30, 2002, 2001, and 2000 were \$1,335,390, \$1,211,906, and \$1,082,422, respectively, and equal 100% of the required contributions for each year.

### Public Employees' Retirement System (PERS)

#### Plan Description

The Hanford Elementary School 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 Law. 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, California 95814.

#### Funding Policy

Active plan members are required to contribute 7.0% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the Hanford Elementary School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2001-2002 was 0.00% of annual payroll. The contribution requirements of the plan members are established by state statute. The Hanford Elementary School District's contributions to CalPERS for the fiscal year ending June 30, 2002, 2001 and 2000 were \$0, \$0, and \$0, respectively, and equal 100% of the required contributions for each year.

15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS-

In addition to the pension benefits described in Note 14, the District provides postemployment health care benefits to the following: (1) certificated employees who retire from the District on or after attaining age 55, have served in the District during the last 5 years and have served a total of at least 13 years in the District; (2) management/confidential employees who retire from the District on or after attaining age 55, have served in the District during the last 5 years prior to retirement and have served a total of 10 years of full-time service in the District. For classified employees who retire from the District on or after attaining age 55, have completed 15 consecutive years of service, and participating in the District group medical insurance program at the time immediately prior to retiring, or prior participation in the group medical insurance program but no longer eligible due to involuntary reduction in hours or 30 years of service. On June 30, 2002, 20 retirees met these eligibility requirements.

The District pays: (1) the total premium for the health and dental benefits plans for certificated retirees and their dependents until such time as the retiree reaches age 65; (2) 50% of the maximum contribution for active classified employees towards the premium for the current District plan for major medical coverage only for the classified retiree and spouse for a period of 3 years or until reaching age 65, whichever comes first; and (3) an amount equal to that granted active management/confidential employees toward the cost of medical and dental benefits for management/confidential retirees and their eligible dependents, until such time as the retiree reaches at 65. Expenditures for postemployment health care benefits are recognized as retirees report claims. During the fiscal year ended June 30, 2002, expenditures of \$138,333 were recognized for postretirement health care.

The District also provided for one retiree a "split-dollar" life insurance policy whereby the District pays the annual premium of \$5,252, and the District is named as one beneficiary under the policy. Upon the retiree's death, the District shall recover the greater amount of either the cash value of the policy or the total premium paid. The retiree's other named beneficiary shall receive the balance of the proceeds of the policy (the face amount less the amount repaid to the District).

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS  
 AS OF JUNE 30, 2002

	CHILD DEVELOPMENT FUND	DEFERRED MAINTENANCE FUND	CAFETERIA FUND	TOTAL
<u>ASSETS</u>				
Cash in County Treasury	\$ 7,126	\$ 142,166	\$ 32,989	\$ 182,281
Cash in Banks	-	-	255	255
Cash in Revolving Fund	-	-	905	905
Accounts Receivable-				
Federal Government	-	-	392,056	392,056
State Government	-	140,463	27,151	167,614
Interest	-	-	182	182
Other	-	-	121,923	121,923
Stores Inventory	-	-	26,390	26,390
<b>TOTAL ASSETS</b>	<b>\$ 7,126</b>	<b>\$ 282,629</b>	<b>\$ 601,851</b>	<b>\$ 891,606</b>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
Accounts Payable	\$ 7,126	\$ -	\$ 22,274	\$ 29,400
FUND BALANCES:				
Reserved for Revolving Fund	-	-	905	905
Reserved for Stores Inventory	-	-	26,390	26,390
Unreserved - Designated				
For Equipment Replacement	-	-	157,000	157,000
Unreserved - Undesignated	-	282,629	395,282	677,911
<b>Total Fund Balances</b>	-	282,629	579,577	862,206
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,126</b>	<b>\$ 282,629</b>	<b>\$ 601,851</b>	<b>\$ 891,606</b>

The notes to the financial statements are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 ALL SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	CHILD DEVELOPMENT FUND	DEFERRED MAINTENANCE FUND	CAFETERIA FUND	TOTAL
<b>REVENUE:</b>				
Federal Revenue-				
National School Lunch	\$ -	\$ -	\$ 1,103,679	\$ 1,103,679
Other	-	-	301,572	301,572
Total Federal Revenue	-	-	1,405,251	1,405,251
Other State Revenue-				
Child Nutrition	-	-	95,966	95,966
Other	220,090	128,678	-	348,768
Total Other State Revenue	220,090	128,678	95,966	444,734
Other Local Revenue-				
Food Service Sales	-	-	319,164	319,164
Interest	841	1,616	7,711	10,168
Other	-	-	1,323	1,323
Total Other Local Revenue	841	1,616	328,198	330,655
Total Revenue	220,931	130,294	1,829,415	2,180,640
<b>EXPENDITURES:</b>				
Certificated Salaries	4,703	-	-	4,703
Classified Salaries	155,775	-	641,775	797,550
Employee Benefits	25,989	-	121,172	147,161
Books and Supplies	3,535	-	918,183	921,718
Services and Other Operating Expenditures	19,280	212,997	14,955	247,232
Capital Outlay	-	-	(26)	(26)
Other Outgo	11,649	-	78,046	89,695
Total Expenditures	220,931	212,997	1,774,105	2,208,033
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	(82,703)	55,310	(27,393)
<b>OTHER FINANCING SOURCES:</b>				
Operating Transfers In	-	170,000	-	170,000
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	87,297	55,310	142,607
FUND BALANCES - JULY 1, 2001	-	195,332	524,267	719,599
FUND BALANCES - JUNE 30, 2002	\$ -	\$ 282,629	\$ 579,577	\$ 862,206

The notes to the financial statements are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>CHILD DEVELOPMENT FUND</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>			
Federal Revenue-			
National School Lunch	\$ -	\$ -	\$ -
School Breakfast Program	-	-	-
Total Federal Revenue	-	-	-
Other State Revenue-			
Child Nutrition	-	-	-
Other	226,994	220,090	(6,904)
Total Other State Revenue	226,994	220,090	(6,904)
Other Local Revenue-			
Food Service Sales	-	-	-
Interest	-	841	841
Other	-	-	-
Total Other Local Revenue	-	841	841
Total Revenue	226,994	220,931	(6,063)
<b>EXPENDITURES:</b>			
Certificated Salaries	4,722	4,703	19
Classified Salaries	158,702	155,775	2,927
Employee Benefits	28,159	25,989	2,170
Books and Supplies	4,441	3,535	906
Services and Other Operating Expenditures	19,300	19,280	20
Capital Outlay	-	-	-
Other Outgo	11,670	11,649	21
Total Expenditures	226,994	220,931	6,063
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-
<b>OTHER FINANCING SOURCES:</b>			
Operating Transfers In	-	-	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCES - JULY 1, 2001	-	-	-
FUND BALANCES - JUNE 30, 2002	\$ -	\$ -	\$ -

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>DEFERRED MAINTENANCE FUND</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>			
Federal Revenue-			
National School Lunch	\$ -	\$ -	\$ -
School Breakfast Program	-	-	-
Total Federal Revenue	-	-	-
Other State Revenue-			
Child Nutrition	-	-	-
Other	<u>148,215</u>	<u>128,678</u>	<u>(19,537)</u>
Total Other State Revenue	<u>148,215</u>	<u>128,678</u>	<u>(19,537)</u>
Other Local Revenue-			
Food Service Sales	-	-	-
Interest	2,000	1,616	(384)
Other	-	-	-
Total Other Local Revenue	<u>2,000</u>	<u>1,616</u>	<u>(384)</u>
Total Revenue	<u>150,215</u>	<u>130,294</u>	<u>(19,921)</u>
<b>EXPENDITURES:</b>			
Certificated Salaries	-	-	-
Classified Salaries	-	-	-
Employee Benefits	-	-	-
Books and Supplies	-	-	-
Services and Other Operating Expenditures	212,998	212,997	1
Capital Outlay	-	-	-
Other Outgo	-	-	-
Total Expenditures	<u>212,998</u>	<u>212,997</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(62,783)	(82,703)	(19,920)
<b>OTHER FINANCING SOURCES:</b>			
Operating Transfers In	<u>170,000</u>	<u>170,000</u>	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	107,217	87,297	(19,920)
FUND BALANCES - JULY 1, 2001	<u>195,332</u>	<u>195,332</u>	-
FUND BALANCES - JUNE 30, 2002	<u>\$ 302,549</u>	<u>\$ 282,629</u>	<u>\$ (19,920)</u>

The notes to the financial statements

CAFETERIA FUND			TOTALS		
FINAL BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
\$ 1,102,843	\$ 1,103,679	\$ 836	\$ 1,102,843	\$ 1,103,679	\$ 836
<u>301,572</u>	<u>301,572</u>	<u>-</u>	<u>301,572</u>	<u>301,572</u>	<u>-</u>
<u>1,404,415</u>	<u>1,405,251</u>	<u>836</u>	<u>1,404,415</u>	<u>1,405,251</u>	<u>836</u>
93,784	95,966	2,182	93,784	95,966	2,182
<u>-</u>	<u>-</u>	<u>-</u>	<u>375,209</u>	<u>348,768</u>	<u>(26,441)</u>
<u>93,784</u>	<u>95,966</u>	<u>2,182</u>	<u>468,993</u>	<u>444,734</u>	<u>(24,259)</u>
401,693	319,164	(82,529)	401,693	319,164	(82,529)
7,511	7,711	200	9,511	10,168	657
<u>39,964</u>	<u>1,323</u>	<u>(38,641)</u>	<u>39,964</u>	<u>1,323</u>	<u>(38,641)</u>
<u>449,168</u>	<u>328,198</u>	<u>(120,970)</u>	<u>451,168</u>	<u>330,655</u>	<u>(120,513)</u>
<u>1,947,367</u>	<u>1,829,415</u>	<u>(117,952)</u>	<u>2,324,576</u>	<u>2,180,640</u>	<u>(143,936)</u>
-	-	-	4,722	4,703	19
641,803	641,775	28	800,505	797,550	2,955
136,850	121,172	15,678	165,009	147,161	17,848
927,414	918,183	9,231	931,855	921,718	10,137
64,456	14,955	49,501	296,754	247,232	49,522
-	(26)	26	-	(26)	26
<u>78,170</u>	<u>78,046</u>	<u>124</u>	<u>89,840</u>	<u>89,695</u>	<u>145</u>
<u>1,848,693</u>	<u>1,774,105</u>	<u>74,588</u>	<u>2,288,685</u>	<u>2,208,033</u>	<u>80,652</u>
98,674	55,310	(43,364)	35,891	(27,393)	(63,284)
<u>-</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
98,674	55,310	(43,364)	205,891	142,607	(63,284)
<u>524,267</u>	<u>524,267</u>	<u>-</u>	<u>719,599</u>	<u>719,599</u>	<u>-</u>
<u>\$ 622,941</u>	<u>\$ 579,577</u>	<u>\$ (43,364)</u>	<u>\$ 925,490</u>	<u>\$ 862,206</u>	<u>\$ (63,284)</u>

are an integral part of this statement.



HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - ALL DEBT SERVICE FUNDS  
 AS OF JUNE 30, 2002

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	<u>1993 GENERAL OBLIGATION BOND</u>	<u>1998 GENERAL OBLIGATION BOND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash in County Treasury	\$ <u>62,706</u>	\$ <u>308,433</u>	\$ <u>371,139</u>
<u>FUND BALANCES</u>			
Fund Balances:			
Reserved for Debt Service	\$ <u>62,706</u>	\$ <u>308,433</u>	\$ <u>371,139</u>

The notes to the financial statements are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL DEBT SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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	1993 GENERAL OBLIGATION BONDS	1998 GENERAL OBLIGATION BONDS	TOTAL
REVENUE:			
Other State Revenue	\$ 18,024	\$ 14,214	\$ 32,238
Other Local Revenue-			
Interest	5,532	8,322	13,854
Other	<u>512,169</u>	<u>401,563</u>	<u>913,732</u>
Total Other Local Revenue	<u>517,701</u>	<u>409,885</u>	<u>927,586</u>
Total Revenue	<u>535,725</u>	<u>424,099</u>	<u>959,824</u>
EXPENDITURES:			
Debt Service -			
Principal Retirement	230,809	60,000	290,809
Interest	<u>305,581</u>	<u>352,565</u>	<u>658,146</u>
Total Expenditures	<u>536,390</u>	<u>412,565</u>	<u>948,955</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(665)	11,534	10,869
FUND BALANCES - JULY 1, 2001	<u>63,371</u>	<u>296,899</u>	<u>360,270</u>
FUND BALANCES - JUNE 30, 2002	<u>\$ 62,706</u>	<u>\$ 308,433</u>	<u>\$ 371,139</u>

The notes to the financial statements are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL DEBT SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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1993 GENERAL OBLIGATION BONDS

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Other State Revenue	\$ -	\$ 18,024	\$ 18,024
Other Local Revenue-			
Interest	-	5,532	5,532
Other	-	512,169	512,169
Total Other Local Revenue	-	517,701	517,701
Total Other Revenue	-	535,725	535,725
EXPENDITURES:			
Debt Service -			
Principal Retirement	-	230,809	(230,809)
Interest	-	305,581	(305,581)
Total Expenditures	-	536,390	(536,390)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	(665)	(665)
FUND BALANCES - JULY 1, 2001	63,371	63,371	-
FUND BALANCES - JUNE 30, 2002	<u>\$ 63,371</u>	<u>\$ 62,706</u>	<u>\$ (665)</u>

The notes to the financial statements

<u>1998 GENERAL OBLIGATION BONDS</u>			<u>TOTALS</u>		
<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>
\$ -	\$ 14,214	\$ 14,214	\$ -	\$ 32,238	\$ 32,238
-	8,322	8,322	-	13,854	13,854
-	401,563	401,563	-	913,732	913,732
-	409,885	409,885	-	927,586	927,586
-	424,099	424,099	-	959,824	959,824
-	60,000	(60,000)	-	290,809	(290,809)
-	352,565	(352,565)	-	658,146	(658,146)
-	412,565	(412,565)	-	948,955	(948,955)
-	11,534	11,534	-	10,869	10,869
296,899	296,899	-	360,270	360,270	-
<u>\$ 296,899</u>	<u>\$ 308,433</u>	<u>\$ 11,534</u>	<u>\$ 360,270</u>	<u>\$ 371,139</u>	<u>\$ 10,869</u>

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS  
 AS OF JUNE 30, 2002

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<u>ASSETS</u>	<u>SPECIAL RESERVE- CAPITAL FACILITIES</u>	<u>BUILDING FUND</u>	<u>SPECIAL RESERVE- INSTRUCTIONAL MATERIALS PROJECTS</u>
Cash in County Treasury	\$ 298,218	\$ 547,083	\$ 123,974
Accounts Receivable -			
State	-	-	-
Other	-	-	-
Due from Other Funds	<u>142,079</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 440,297</u>	<u>\$ 547,083</u>	<u>\$ 123,974</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable	\$ 159,436	\$ 12,516	\$ 5,383
Due to Other Funds	<u>-</u>	<u>113,199</u>	<u>-</u>
Total Liabilities	159,436	125,715	5,383
FUND BALANCES:			
Unreserved - Undesignated	<u>280,861</u>	<u>421,368</u>	<u>118,591</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 440,297</u>	<u>\$ 547,083</u>	<u>\$ 123,974</u>

The notes to the financial statements

<u>SPECIAL RESERVE- BUSES</u>	<u>SCHOOL FACILITIES</u>	<u>CAPITAL FACILITIES</u>	<u>PRISON IMPACT AID</u>	<u>TOTAL</u>
\$ 5,749	\$ 165,309	\$ 332,321	\$ 15,702	\$ 1,488,356
-	71,041	-	-	71,041
-	-	84,799	-	84,799
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,079</u>
<u>\$ 5,749</u>	<u>\$ 236,350</u>	<u>\$ 417,120</u>	<u>\$ 15,702</u>	<u>\$ 1,786,275</u>
\$ -	\$ -	\$ 10,237	\$ -	\$ 187,572
<u>-</u>	<u>-</u>	<u>28,880</u>	<u>-</u>	<u>142,079</u>
-	-	39,117	-	329,651
<u>5,749</u>	<u>236,350</u>	<u>378,003</u>	<u>15,702</u>	<u>1,456,624</u>
<u>\$ 5,749</u>	<u>\$ 236,350</u>	<u>\$ 417,120</u>	<u>\$ 15,702</u>	<u>\$ 1,786,275</u>

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - ALL CAPITAL PROJECTS FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	SPECIAL RESERVE- CAPITAL FACILITIES	BUILDING FUND	SPECIAL RESERVE- INSTRUCTIONAL MATERIALS PROJECT
REVENUE:			
Other State Revenue- School Facilities Apportionment	\$ -	\$ -	\$ -
Other Local Revenue- Interest	90,056	15,304	8,070
Developer Fees	-	-	-
Total Other Local Revenue	<u>90,056</u>	<u>15,304</u>	<u>8,070</u>
Total Revenue	<u>90,056</u>	<u>15,304</u>	<u>8,070</u>
EXPENDITURES:			
Books and Supplies	86,852	4,816	39,795
Services and Other Operating Expenditures	116,929	31,384	-
Capital Outlay	1,776,308	682,631	42,747
Debt Service- Principal Retirement	-	102,832	-
Interest	<u>11,709</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,991,798</u>	<u>821,663</u>	<u>82,542</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,901,742)</u>	<u>(806,359)</u>	<u>(74,472)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	490,832	-
Operating Transfers Out	<u>(561,946)</u>	<u>(100,324)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(561,946)</u>	<u>390,508</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(2,463,688)</u>	<u>(415,851)</u>	<u>(74,472)</u>
FUND BALANCES - JULY 1, 2001	<u>2,744,549</u>	<u>837,219</u>	<u>193,063</u>
FUND BALANCES - JUNE 30, 2002	<u>\$ 280,861</u>	<u>\$ 421,368</u>	<u>\$ 118,591</u>

The notes to the financial statements are

<u>SPECIAL RESERVE- BUSES</u>	<u>SCHOOL FACILITIES</u>	<u>CAPITAL FACILITIES</u>	<u>PRISON IMPACT AID</u>	<u>TOTAL</u>
\$ -	\$ 71,041	\$ -	\$ -	\$ 71,041
224	2,680	9,329	192	125,855
-	-	445,557	-	445,557
<u>224</u>	<u>2,680</u>	<u>454,886</u>	<u>192</u>	<u>571,412</u>
<u>224</u>	<u>73,721</u>	<u>454,886</u>	<u>192</u>	<u>642,453</u>
-	-	247,125	-	378,588
-	-	219,395	-	367,708
-	-	47,232	-	2,548,918
-	-	-	-	102,832
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,709</u>
-	-	513,752	-	3,409,755
<u>224</u>	<u>73,721</u>	<u>(58,866)</u>	<u>192</u>	<u>(2,767,302)</u>
-	662,270	277,692	-	1,430,794
<u>-</u>	<u>(768,524)</u>	<u>-</u>	<u>-</u>	<u>(1,430,794)</u>
-	(106,254)	277,692	-	-
224	(32,533)	218,826	192	(2,767,302)
<u>5,525</u>	<u>268,883</u>	<u>159,177</u>	<u>15,510</u>	<u>4,223,926</u>
<u>\$ 5,749</u>	<u>\$ 236,350</u>	<u>\$ 378,003</u>	<u>\$ 15,702</u>	<u>\$ 1,456,624</u>

an integral part of this statement.



HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL CAPITAL PROJECTS FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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	SPECIAL RESERVE -	
	FINAL BUDGET	ACTUAL
REVENUE:		
Other State Revenue-		
School Facilities Apportionment	\$ -	\$ -
Other Local Revenue-		
Interest	100,000	90,056
Developer Fees	-	-
Total Other Local Revenue	100,000	90,056
Total Revenue	100,000	90,056
EXPENDITURES:		
Books and Supplies	88,800	86,852
Services and Other Operating Expenditures	236,500	116,929
Capital Outlay	2,222,500	1,776,308
Debt Service-		
Principal Retirement	-	-
Interest	-	11,709
Total Expenditures	2,547,800	1,991,798
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,447,800)	(1,901,742)
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	-	-
Operating Transfers Out	(100,324)	(561,946)
Total Other Financing Sources (Uses)	(100,324)	(561,946)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,548,124)	(2,463,688)
FUND BALANCES - JULY 1, 2001	2,744,549	2,744,549
FUND BALANCES - JUNE 30, 2002	\$ 196,425	\$ 280,861

CAPITAL FACILITIES

BUILDING FUND

VARIANCE- FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ -
(9,944)	15,999	15,304	(695)
-	-	-	-
(9,944)	15,999	15,304	(695)
(9,944)	15,999	15,304	(695)
1,948	5,000	4,816	184
119,571	50,600	31,384	19,216
446,192	683,114	682,631	483
-	102,832	102,832	-
(11,709)	-	-	-
556,002	841,546	821,663	19,883
546,058	(825,547)	(806,359)	19,188
-	790,833	490,832	(300,001)
(461,622)	(101,000)	(100,324)	676
(461,622)	689,833	390,508	(299,325)
84,436	(135,714)	(415,851)	(280,137)
-	837,219	837,219	-
\$ 84,436	\$ 701,505	\$ 421,368	\$ (280,137)

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL CAPITAL PROJECTS FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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	SPECIAL RESERVE - INSTRUCTIONAL MATERIALS PROJECT		
	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUE:			
Other State Revenue-			
School Facilities Apportionment	\$ -	\$ -	\$ -
Other Local Revenue-			
Interest	8,000	8,070	70
Developer Fees	-	-	-
Total Other Local Revenue	8,000	8,070	70
Total Revenue	8,000	8,070	70
EXPENDITURES:			
Books and Supplies	47,650	39,795	7,855
Services and Other Operating Expenditures	-	-	-
Capital Outlay	64,300	42,747	21,553
Debt Service-			
Principal Retirement	-	-	-
Interest	-	-	-
Total Expenditures	111,950	82,542	29,408
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(103,950)	(74,472)	29,478
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(103,950)	(74,472)	29,478
FUND BALANCES - JULY 1, 2001	193,063	193,063	-
FUND BALANCES - JUNE 30, 2002	89,113	118,591	29,478

SPECIAL RESERVE - BUSES

SCHOOL FACILITIES FUND

<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>
\$ -	\$ -	\$ -	\$ 71,041	\$ 71,041	\$ -
200	224	24	3,000	2,680	(320)
<u>200</u>	<u>224</u>	<u>24</u>	<u>3,000</u>	<u>2,680</u>	<u>(320)</u>
<u>200</u>	<u>224</u>	<u>24</u>	<u>74,041</u>	<u>73,721</u>	<u>(320)</u>
-	-	-	-	-	-
-	-	-	118,597	-	118,597
-	-	-	443,347	-	443,347
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	<u>561,944</u>	<u>-</u>	<u>561,944</u>
<u>200</u>	<u>224</u>	<u>24</u>	<u>(487,903)</u>	<u>(73,721)</u>	<u>561,624</u>
-	-	-	100,324	662,270	561,946
-	-	-	<u>(768,526)</u>	<u>(768,524)</u>	<u>2</u>
-	-	-	<u>(668,202)</u>	<u>(106,254)</u>	<u>561,948</u>
200	224	24	(1,156,105)	(32,533)	1,123,572
<u>5,525</u>	<u>5,525</u>	<u>-</u>	<u>268,883</u>	<u>268,883</u>	<u>-</u>
<u>\$ 5,725</u>	<u>\$ 5,749</u>	<u>\$ 24</u>	<u>\$ (887,222)</u>	<u>\$ 236,350</u>	<u>\$ 1,123,572</u>

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL CAPITAL PROJECTS FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	CAPITAL FACILITIES FUND		
	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUE:			
Other State Revenue-			
School Facilities Apportionment	\$ -	\$ -	\$ -
Other Local Revenue-			
Interest	7,999	9,329	1,330
Developer Fees	400,000	445,557	45,557
Total Other Local Revenue	407,999	454,886	46,887
Total Revenue	407,999	454,886	46,887
EXPENDITURES:			
Books and Supplies	247,400	247,125	275
Services and Other Operating Expenditures	225,702	219,395	6,307
Capital Outlay	48,000	47,232	768
Debt Service-			
Principal Retirement	-	-	-
Interest	-	-	-
Total Expenditures	521,102	513,752	7,350
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(113,103)	(58,866)	54,237
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	277,693	277,692	(1)
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	277,693	277,692	(1)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	164,590	218,826	54,236
FUND BALANCES - JULY 1, 2001	159,177	159,177	-
FUND BALANCES - JUNE 30, 2002	\$ 323,767	\$ 378,003	\$ 54,236

The notes to the financial statements

PRISON IMPACT AID FUND

TOTALS (MEMORANDUM ONLY)

<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>
\$ -	\$ -	\$ -	\$ 71,041	\$ 71,041	\$ -
192	192	-	135,390	125,855	(9,535)
-	-	-	<u>400,000</u>	<u>445,557</u>	<u>45,557</u>
<u>192</u>	<u>192</u>	<u>-</u>	<u>535,390</u>	<u>571,412</u>	<u>36,022</u>
<u>192</u>	<u>192</u>	<u>-</u>	<u>606,431</u>	<u>642,453</u>	<u>36,022</u>
-	-	-	388,850	378,588	10,262
-	-	-	631,399	367,708	263,691
-	-	-	3,461,261	2,548,918	912,343
-	-	-	102,832	102,832	-
-	-	-	<u>-</u>	<u>11,709</u>	<u>(11,709)</u>
-	-	-	<u>4,584,342</u>	<u>3,409,755</u>	<u>1,174,587</u>
<u>192</u>	<u>192</u>	<u>-</u>	<u>(3,977,911)</u>	<u>(2,767,302)</u>	<u>1,210,609</u>
-	-	-	1,168,850	1,430,794	261,944
-	-	-	<u>(969,850)</u>	<u>(1,430,794)</u>	<u>(460,944)</u>
-	-	-	<u>199,000</u>	<u>-</u>	<u>(199,000)</u>
192	192	-	(3,778,911)	(2,767,302)	1,011,609
<u>15,510</u>	<u>15,510</u>	<u>-</u>	<u>4,223,926</u>	<u>4,223,926</u>	<u>-</u>
<u>\$ 15,702</u>	<u>\$ 15,702</u>	<u>\$ -</u>	<u>\$ 445,015</u>	<u>\$ 1,456,624</u>	<u>\$ 1,011,609</u>

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
COMBINING BALANCE SHEET - ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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	<u>WOODROW WILSON STUDENT BODY FUND</u>	<u>JOHN F. KENNEDY STUDENT BODY FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash in Banks	\$ <u>5,377</u>	\$ <u>329</u>	\$ <u>5,706</u>
<u>LIABILITIES</u>			
Due to Student Groups	\$ <u>5,377</u>	\$ <u>329</u>	\$ <u>5,706</u>

The notes to the financial statements are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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	<u>BALANCE</u> <u>JULY 1, 2001</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2002</u>
 <u>WOODROW WILSON STUDENT BODY FUND</u>				
<u>ASSETS</u>				
Cash in Banks	\$ 389	\$ 61,097	\$ 56,109	\$ 5,377
<u>LIABILITIES</u>				
Due to Student Groups	\$ 389	\$ 61,097	\$ 56,109	\$ 5,377
 <u>JOHN F. KENNEDY STUDENT BODY FUND</u>				
<u>ASSETS</u>				
Cash in Banks	\$ 25	\$ 24,083	\$ 23,779	\$ 329
Due from Other Funds	2,389	-	2,389	-
Total Assets	<u>\$ 2,414</u>	<u>\$ 24,083</u>	<u>\$ 26,168</u>	<u>\$ 329</u>
<u>LIABILITIES</u>				
Due to Student Groups	\$ 25	\$ 24,083	\$ 23,779	\$ 329
Accounts Payable	2,389	-	2,389	-
Total Liabilities	<u>\$ 2,414</u>	<u>\$ 24,083</u>	<u>\$ 26,168</u>	<u>\$ 329</u>
 <u>TOTAL ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash in Banks	\$ 414	\$ 85,180	\$ 79,888	\$ 5,706
Due from Other Funds	2,389	-	2,389	-
Total Assets	<u>\$ 2,803</u>	<u>\$ 85,180</u>	<u>\$ 82,277</u>	<u>\$ 5,706</u>
<u>LIABILITIES</u>				
Due to Student Groups	\$ 414	\$ 85,180	\$ 79,888	\$ 5,706
Accounts Payable	2,389	-	2,389	-
Total Liabilities	<u>\$ 2,803</u>	<u>\$ 85,180</u>	<u>\$ 82,277</u>	<u>\$ 5,706</u>

The notes to the financial statements are an integral part of this statement.



SUPPLEMENTARY INFORMATION

SECTION

HANFORD ELEMENTARY SCHOOL DISTRICT  
ORGANIZATION  
JUNE 30, 2002

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The Hanford Elementary School District comprises an area of approximately thirteen square miles located in Kings County and operates nine schools, providing instruction from kindergarten through eighth grade. There were no changes in the boundaries of the District during the current year.

The Board of Trustees for the fiscal year ended June 30, 2002 was composed of the following members:

<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Kathy Neighbors	President	November, 2002
Kenneth Baird	Vice President	November, 2004
Debra Davis-Haley	Clerk	November, 2002
Dennis Hill	Member	November, 2004
Lupe Herndandez	Member	November, 2002

ADMINISTRATION

Rebecca Presley - Superintendent

Nancy White - Business Director

HANFORD ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	SECOND PERIOD REPORT	ANNUAL REPORT
ELEMENTARY-		
Kindergarten	554	553
Grades One through Three	1,711	1,711
Grades Four through Six	1,599	1,593
Grades Seven and Eight	926	918
Special Education - Master Plan	97	96
Special Education - Nonpublic, Nonsectarian	1	1
Home and Hospital	6	8
Opportunity	13	13
Community Day School	20	22
TOTALS	4,927	4,915

	HOURS OF ATTENDANCE
SUMMER SCHOOL-	
Elementary	3,724

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

HANFORD ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<u>GRADE LEVEL</u>	<u>1982-83 ACTUAL MINUTES</u>	<u>1986-87 MINUTES REQUIREMENT</u>	<u>2001-2002 ACTUAL MINUTES</u>	<u>NUMBER OF DAYS TRADITIONAL CALENDAR</u>	<u>NUMBER OF DAYS MULTITRACK CALENDAR</u>	<u>STATUS</u>
Kindergarten	31,680	36,000	50,588	180	-	Complied
Grades 1 Through 3	42,240	50,400	54,028	180	-	Complied
Grades 4 Through 8	48,224	54,000	57,468	180	-	Complied

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

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

HANFORD ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<u>General Fund</u>	<u>(Budget)</u> <u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenue and Other Financial Sources	\$ 34,113,325	\$ 35,775,977	\$ 32,426,440	\$ 28,934,098
Expenditures	33,996,312	35,546,679	326,687,250	28,852,179
Other Uses and Transfers Out	<u>175,000</u>	<u>170,000</u>	<u>168,000</u>	<u>390,000</u>
Total Outgo	<u>34,171,312</u>	<u>35,716,679</u>	<u>32,855,250</u>	<u>29,242,179</u>
Change in Fund Balance	\$ (57,987)	\$ 59,298	\$ (428,810)	\$ (308,081)
Ending Fund Balance	<u>\$ 1,847,620</u>	<u>\$ 1,905,607</u>	<u>\$ 1,846,309</u>	<u>\$ 2,275,119</u>
Available Reserves	<u>\$ 1,766,235</u>	<u>\$ 1,824,222</u>	<u>\$ 1,805,731</u>	<u>\$ 2,232,718</u>
Designated for Economic Uncertainties	<u>\$ 1,170,000</u>	<u>\$ 1,080,625</u>	<u>\$ 1,372,500</u>	<u>\$ 1,305,000</u>
Undesignated Fund Balance	<u>\$ 629,268</u>	<u>\$ 743,597</u>	<u>\$ 433,231</u>	<u>\$ 927,718</u>
Available Reserves as a Percentage of Total Outgo	5.2%	5.1%	5.5%	7.6%
Total Long-Term Debt	\$ 13,440,550	\$ 13,901,146	\$ 14,297,503	\$ 14,639,018
Average Daily Attendance at P-2	4,976	4,927	4,789	4,732

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.

The general fund balance has decreased by \$369,512 over the past two years. The fiscal year 2002-2003 budget projects a decrease of \$57,987. For a district this size, the state recommends available reserves of the greater of 3 percent of total general fund expenditures, transfers out, and other uses (total outgo) or \$50,000.

The long-term debt has decreased by \$737,872 over the past two years.

Average daily attendance has increased by 195 ADA over the past two years, and is expected to increase by 49 ADA during fiscal year 2002-2003.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
FEDERAL PROGRAMS:			
U.S. Department of Education:			
Maintenance and Operation (P.L. 84-874)	84.041		\$ 5,042
Title IV Drug Free Schools (P.L. 99-570)	84.186		107,716
IASA - Title VII Bilingual Education	84.290U		233,583
21st Century After School Learning Centers	84.287B		784,077
Passed through California Department of Education (CDE):			
IASA - Title I	84.010	03064	1,477,341
Migrant Education	84.011	03239	267,290
IASA - Title VI Innovative Strategies	84.151	03340	41,078
Title II Dwight D. Eisenhower Program	84.168	03699	47,798
Title VI Class Size Reduction (P.L. 105-277)	84.340A	03073	188,842
IASA - Title III Education Technology Literacy Challenge Grant	84.318X	03285	<u>125,689</u>
Total U.S. Department of Education			<u>3,278,456</u>
U.S. Department of Agriculture:			
Passed through CDE:			
National School Lunch	10.555	03755	1,103,679
School Breakfast Program	10.553	03157	<u>301,572</u>
Total U.S. Department of Agriculture			<u>1,405,251</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,683,707</u>

- NOTE: 1. Basis of Presentation-  
 The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Hanford Elementary School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.
2. Subrecipients-  
 Of the federal expenditures presented in the schedule, Hanford Elementary School District provided no federal awards to subrecipients.
3. Non-cash assistance in the form of donated commodities was received from California Department of Education as a pass-through grant from the U.S. Department of Agriculture. The total market value of the commodities received during 2001-2002 was \$102,578.

The accompanying notes are an integral part of this schedule.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
 REPORT (J-200) WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	GENERAL FUND
June 30, 2002 Annual Financial and Budget Report (Form J-200) Fund Balance	\$ 2,088,612
Adjustments Increasing (Decreasing) Fund Balances-	
Record Accrued Compensated Absences	(149,972)
Overstatement of Interest Revenue	(33,033)
June 30, 2002 Audited Financial Statement Fund Balances	\$ 1,905,607
	GENERAL LONG-TERM DEBT ACCOUNT GROUP
June 30, 2002 Annual Financial and Budget Report (J-200) Total Liabilities	\$ 13,912,332
Adjustments Increasing Total Liabilities-	
Overstatement of General Obligation Bonds Payable	(31,618)
Understatement of Compensated Absences	20,432
June 30, 2002 Audited Financial Statement, General Long-Term Debt Total Liabilities	\$ 13,901,146

NOTE: There were no adjustments to the following funds:

- Cafeteria Fund
- Deferred Maintenance Fund
- Capital Facilities Fund
- Self-Insurance Fund
- Child Development Fund
- Building Fund
- School Facilities Fund
- Prison Impact Aid Fund
- 1993 General Obligation Bond Fund
- Special Reserve Fund-Instructional Materials Project
- Special Reserve Fund - Buses
- Special Reserve - Capital Facilities
- 1998 General Obligation Bonds

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the Form J-200 to the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



**DIANE M. AUGUSTO**

Certified Public Accountant

560 W. Grangeville Blvd., Suite A • Post Office Box 1153  
Hanford, California 93232

Telephone  
(559) 585-3590

Fax  
(559) 585-3594

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

To the Board of Trustees  
Hanford Elementary School District  
Hanford, California:

We have audited the general purpose financial statements of the Hanford Elementary School District as of and for the year ended June 30, 2002, and have issued our report thereon dated December 6, 2002, which was qualified because of a scope limitation regarding Student Body Fund records, because of the omission of the general fixed assets account group and because we did not audit the claims paid on behalf of the Self-Insurance Fund by the administrator of the plan. Except as discussed in the preceding sentence, 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 the Hanford Elementary School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hanford Elementary School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

*Diane M. Augusto*  
December 6, 2002.

# DIANE M. AUGUSTO

Certified Public Accountant

Telephone  
(559) 585-3590

560 W. Grangeville Blvd., Suite A • Post Office Box 1153  
Hanford, California 93232

Fax  
(559) 585-3594

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

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To the Board of Trustees  
Hanford Elementary School District  
Hanford, California:

### Compliance

We have audited the compliance of Hanford Elementary School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2002. Hanford Elementary School District's major Federal programs are identified in the summary of auditor's 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 the Hanford Elementary School District's management. Our responsibility is to express an opinion on the Hanford 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 Hanford 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 the Hanford Elementary School District's compliance with those requirements.

In our opinion, Hanford Elementary School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2002.

### Internal Control Over Compliance

The management of Hanford Elementary School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Hanford 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 the 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, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Diane M. Augusto*  
December 6, 2002.

# DIANE M. AUGUSTO

Certified Public Accountant

Telephone  
(559) 585-3590

560 W. Grangeville Blvd., Suite A • Post Office Box 1153  
Hanford, California 93232

Fax  
(559) 585-3594

## AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Trustees  
Hanford Elementary School District  
Hanford, California:

We have audited the general purpose financial statements of the Hanford Elementary School District, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 6, 2002. In our report, our opinion was qualified due to a scope limitation regarding Student Body Fund records, because of the omission of the general fixed assets account group, and because we did not audit the claims paid on behalf of the Self-Insurance Fund by the administrator of the plan. Except as discussed in the preceding sentence, our audit was made in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the 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 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.

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

<u>Description</u>	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting:		
Attendance reporting	4	Yes
Kindergarten Continuation	3	Yes
Independent study	13	No (see below)
Continuation education	11	Not applicable
Adult education	8	Not applicable
Regional occupational center/programs	4	Not applicable
Staff development days	3	Yes
Incentive 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	Yes
Community day schools	8	Yes
Class Size Reduction Program:		
Option one classes	11	Yes
Option two classes	10	Yes
Option one and two classes	16	Yes
Program to Reduce class size in two courses in grade 9	8	Not applicable
State Instructional Materials Fund		
K-8	10	Yes
9-12	7	Not applicable
Schiff-Bustamante Standards-Based Instructional Materials	9	Yes
Digital High School Education Technology Grant Program	5	Not applicable
California Public Schools Library Act of 1998	4	Yes
Office of Criminal Justice Planning	-	Not applicable

We did not perform testing for independent study because the independent study ADA was under the level that requires testing.

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

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

*Diane M. Augusto*  
December 6, 2002.

FINDINGS AND  
RECOMMENDATIONS SECTION

HANFORD ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2002

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ Yes X No

Reporting condition(s) identified not considered to be material weaknesses?

X Yes \_\_\_ None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_ Yes X No

Reporting condition(s) identified not considered to be material weaknesses?

\_\_\_ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)

\_\_\_ Yes X No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.290U	IASA - Title VII Bilingual Education
10.555	National School Lunch
10.553	School Breakfast Program
84.287B	21st Century After School Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes X No

State Awards

Internal control over state programs:

Material weakness(es) identified?

\_\_\_ Yes X No

Reporting condition(s) identified not considered to be material weaknesses?

\_\_\_ Yes X None reported

Type of auditor's report issued on compliance for state programs:

Unqualified

SECTION II - FINANCIAL STATEMENT FINDINGS

02-1. PROPERTY, PLANT AND EQUIPMENT-  
Inventory of Equipment Finding Type - Code 20000

Finding:

Although the District has established a fixed assets inventory listing, the listing has not been properly updated for current asset additions and retirements due to computer problems in the processing of the updating information. We understand that the District will be placing their fixed assets inventory listing on a new computer system.

Recommendation:

We recommend that the District manually update their computerized fixed asset inventory listings for additions and deletions until such time that they place the fixed asset listings on the new computer system.

District Response:

In process.

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV- STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



HANFORD ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2002

1. PROPERTY, PLANT AND EQUIPMENT-

Finding:

Although the District has established a fixed assets inventory listing, the listing has not been properly updated for current asset additions and retirements due to computer problems in the processing of the updating information. We understand that the District will be placing their fixed assets inventory listing on a new computer system.

Recommendation:

We recommend the District manually update their computerized fixed asset inventory listings for additions and deletions until such time that they place the fixed asset listings on the new computer system.

Current Status:

In process. See current year recommendation.